MIGRATION FLOWS AND LABOUR MARKET IN THE ITALIAN SYSTEM: COMPARATIVE ANALYSIS BETWEEN THE NORTH AND SOUTH ITALY

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1. Introduction

Migration flows experienced a steadily increasing trend mainly due to the increase of landings of immigrants who seek shelter in European "lands of opportunities". The huge size of phenomenon has profoundly changed the composition of host society modifying social, demographic and economic balances.

Therefore, socio-economic integration of foreign population is the main issue to harness full integration into the host environment. Economic assimilation of foreigners comes from the absorption of labor market, which is the royal road to social emancipation and integration of immigrants.

For these reasons the present study aims to analyze the composition of Italian labor market, which is unique in the European scenario because of the presence of a foreign employment rate higher than the native population one.

In order to understand nature and changes of phenomenon, first paragraph makes a brief analysis of contributions in literature in order to understand how the dynamics of immigrants’ economic integration has evolved in labor market.

To defining the phenomenon in Italian context, the second paragraph sets out the composition of foreign population in our country, placing particular emphasis on the differences between northern and southern areas of the country.

Finally, third section investigates certain variables that could affect heterogeneous foreign unemployment composition between North and South Italy, highlighting the possible relations existing between selected variables and composition of Italian labor market.

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1 Vincenzo Marinello wrote the Introduction, the Paragraph 3 and the Conclusions; Deborah Gervasi wrote the Paragraph 1 and the Paragraph 2. In any case, this essay is the result of a common commitment by the two Authors.
2. Immigrants economic integration in labor market: literature review

Migration has profoundly changed society, host countries have become more diversified and presenting strong differences from ethnic point of view.

As stated by Castles and Miller (2012), migration’s era has so affected the composition of populations that countries "now have to compete with a new form of pluralism that, even if migration were to stop suddenly, will affect society for generations ".

The main consequence, immediately related to the presence of migratory phenomenon, is the formation of a cultural and social opposition between natives and immigrants: the first associated by collective imagination with prosperous, rich and innovative society, the second, in contrast, describes as the excluded, those living on margins of society (Castles and Miller, 2012).

This stereotype comes from actual condition of immigrants in host society, who often find themselves victims of unemployment and marginalization because of the absence of an adequate process of migrant labor absorption in native labor market.

There are several contributions in literature about economic assimilation of immigrants. Often scholars have focused their analysis on wage differentials between foreign and local workers; among these studies it is possible count the analysis carried out by Chiswick (1978) in United States which shows that the gap between immigrants and natives wages known a downward trend as foreign population beginning to closely integrate inside the host country.

Results achieved by researcher have been contradicted by other studies such as those conducted by Borjas and Friedberg (2006) which show how the times of foreign population integration are complex and depend on a variety of factors such as the economic situation crossed from country of destination at the time of settlement.

Pay gap phenomenon is also present in Italy where it has appreciable fluctuations that depends on examined geographical area. According to data compiled by Fondazione Leone Moressa (2011) the average wage of a worker in Calabria amounts at about € 700 monthly against € 1.150 earned in Friuli Venezia Giulia; not only rate of pay is on average lower, but also gap is more marked in southern regions, considering that the average wage gap in Calabria is 40.8%.

Some scholars focused on quality of foreigner’s work. In particular, it is possible to find as immigrants usually play roles for which are required lower skills than those possessed fomenting, in this way, the phenomenon of so-called “waste skill”. Such conclusions can be drawn, for example, from reading studies of Chiswick and Miller (2009) according to which the improvement of professionalism of foreign worker is accompanied by an increase of probability that he covers low skilled roles.
Analysis of CNEL data (2012) show that “waste skill” phenomenon is particularly widespread even in Italian territory; according to the study conducted by Fondazione Leone Moressa (2011), correlation between educational qualification and salary level is not clear, especially considering the fact that average salary of a qualified foreign worker, which amounts at about 980 euro monthly, is quite different from wage of a worker with primary school of about 963 euro per month.

These figures are confirmed by analyzes conducted by Fullin (2011) showing that, for equal qualifications, foreign workers resident in Italy are generally intended to cover manuals jobs; moreover, from a survey conducted by INPS (2011) emerges as just a quarter of foreign workers interviewed believe that they do a job relevant to their studies.

The Italian case, as mentioned, is particularly complex, analysis conducted by Pastore et al. (2013) highlights the anomaly of our country compared to European reality; Italy is one of the few countries where increase in migration flows has been accompanied by a stagnant economy. According to authors explanation of this phenomenon is to be found in sparsely costly migration pattern used by our country.

The strong presence of waste skill phenomenon, witnessed by cited studies, has contributed to the development of immigrant entrepreneurship that often becomes a refuge activity for foreign worker, who can improve, in this way, their economic and social condition. In fact, thanks to self-employment immigrant can get out of stereotypical type of employment which generally can aspire (Ambrosini 2011); the analysis conducted by Solano (2015), shows how the immigrant contractor perceives a marked improvement of their social prestige, and this contributes to a positive change in the quality of relations with native population.

Another important aspect that is usually analyzed by literature is related to the role that immigrants have in labor market, particularly the investigations are trying to figure out if there is a crowding out effect, due to the presence of immigrant workers, or we can more appropriately speak of complementarity.

Empirical research conducted testify the presence of highly divergent results that depend on the characteristics of the territories object of analysis; from this point of view it would seem that there is a greater crowding out effect within the European market and a prevalence of complementarity in US market (Venturini 2001).

However, other studies have found how difficult it can be to talk about crowding out, generally foreign workers appear to be complementary to the native ones; these conclusions can be found in contributions of Staffolani and Valentini (2010), Villosio and Venturini (2006) and Romiti (2011).
Most accomplished works in this direction have analyzed the phenomenon by making a labor market breakdown in appropriate subgroups.

Within this type of work, it is possible to cite the analysis of Ottaviano and Peri (2007); authors identified some labor market segments on the basis of required education levels and showed a complementary effect in subgroups that require higher qualifications and a crowding-out effect where are requested less educated workers.

A segmented approach to the analysis of immigration effect on labor market is also used by Saraceno and Brandolini (2007) according to which in countries of recent immigration, such as Italy, foreigners have not had any particular insertion problems because they have fulfilled an existing job request not filled by local labor.

According to authors, in South immigrants’ unemployment rate is lower than natives’ one because foreigners have a higher geographical mobility and this allowed them to move more easily in place where they can find work more easily. Therefore, it is possible conclude that immigrants are well integrated in richest regions where there is still a labor request not filled as a result of natives professional aspirations.

3. Brief analysis of foreign population living in Italy

“Forced migration have a great influence on our times. They touch lives of millions of human beings like us” these are the words with which Antonio Guterres, the UN High Commissioner for Refugees, has expressed in 2015. Indeed, within European framework, analysis of data on foreign population assumed a major role due to steady increase in size of migratory stream (Fondazione Leone Moressa, 2016).

In January 2014, foreigners in Italy accounted for about 8.1% of population putting our country in tenth place in European Union, preceded by Germany (8.7%) and followed by United Kingdom (7.8%) and France (6.3%).

The presence of foreigners in Italian territory has experienced a steadily increasing trend; this trend was also confirmed by data relating to 2015 when the number of foreign nationals residing in Italy rose to 5 million with an increase of 1.9% over the previous year and representing 8.2% of population (Noi Italia2016).

The phenomenon is fueled by the presence of non-EU foreigners whose number has increased by more than 55 thousand units compared to 2014; notwithstanding such absolute terms, it should be remembered that the non-EU migration into our country is experiencing a certain decline with a decrease of about 3% of the inputs compared to 2014.
It should be specified that the presence of foreigners on Italian territory is increased by irregular migration which, according to Frontex data, in 2015 in Europe have attested to 1.8 million, five times higher than 2014 (Fondazione Leone Moressa 2016).

Figure 1 – Trend of foreign residents in Italy 2002-2016 – Data expressed in millions

From the point of view of territorial distribution, regions most affected by migration remain those of center-north with Lombardy, Lazio and Emilia-Romagna to first three places for number of foreign residents. However, in recent years there has been a turnaround: if Northeast regions recorded a decrease of 13.5% in migration flow, in the South there was an increase of 15.9% mainly due to arrivals by sea of people seeking international protection.

As regards the level of foreigners education it is possible to see that it does not particularly different than native population; approximately 10.1% of foreigners possess a degree compared to 15.5% of Italians. However, there are strong differences related to gender and geographical distribution; foreign population with the lowest education level is concentrated in South Italy.

The most important aspect for the conducted analysis is related with labour market. In European Union it is possible to record an increase in foreign employment rate greater than native population one, on the other hand the percentage of foreign workers is lesser than natives; this means that Italian case continues to be a unique example in European scenario.

Istat data show that, although the gap in employment rates between Italians and foreigners tend to fade, even in 2014 foreign occupation exceeded the native one by 2.5 percentage points (Noi Italia 2016).

The employment increase recorded in 2014 is almost attributable to foreign occupation that in recent years, characterized by economic crisis, offsets the employment decrease of Italians.
If in other European countries, such as Germany and UK, there is a symmetrical trend between native and foreign employment rates, in Italian case, it can be observed an asymmetrical trend where there has been an increase of foreign occupation in the face of drastic reduction of Italian workers.

However, from closer analysis it is possible to see that gap in employment rates is not uniform across the country: employment rate of foreign population is growing especially in the South, on the contrary in central and northern regions employment rate of natives is higher.

**Figure 2 – Foreign and Italian unemployment rate gap**

How it is possible to see from Fig. 2, in 2015 the difference between unemployment rate of foreigners and Italians is positive for northern regions (9.68 %) and negative for southern Italy regions (-4.88%); furthermore gap appears to be growing for almost all the time horizon considered (Fig. 3).

**Fig. 3 – Trend of unemployment rate gap between North and South Italy**

Source: elaboration on Istat data
4. The composition of Italian labor market: analysis of some significant variables

Present work is aimed at understanding reasons behind the divergence seen in employment rates between foreigners and natives that it is possible to see in different areas of our country. To achieve this object, it proceeded through the analysis of relationship between gap in unemployment rates and presence of certain context factors of examined areas.

In particular, the examined variables are: incidence of agricultural sector in local economy, foreign agricultural employment, employment irregularities rate, crime perception, family annual net income, cost of living, education level. The choice of listed variables derived from those that are the research assumptions used in the present work.

With regard to the first two items, incidence of agricultural and foreign occupation percentage in the same sector, it wanted to understand how the local structure of economy will affect on increasing foreign occupation.

Data on immigrant labor clearly show a strong presence of foreign workers in manufacturing sector, especially in northern regions where this sector is particularly flourishing; but the presence of a negative spread between foreign and Italian unemployment rate in southern regions, where agricultural sector play a role of primary importance, would seem to suggest a link between foreign occupation and primary sector.

Table 1 – Incidence of agriculture and foreign occupation

<table>
<thead>
<tr>
<th>Agriculture Incidence (%)</th>
<th>Foreign Occupation in Agriculture (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>1,73</td>
</tr>
<tr>
<td></td>
<td>35,51</td>
</tr>
<tr>
<td>Centre</td>
<td>0,93</td>
</tr>
<tr>
<td></td>
<td>36,61</td>
</tr>
<tr>
<td>South</td>
<td>5,58</td>
</tr>
<tr>
<td></td>
<td>27,43</td>
</tr>
</tbody>
</table>

Source: elaboration on Istat and Inea data

How it is possible to see from table 1, in South the burden assumed primary sector in economy appears to be considerably higher than that of the areas of central and northern Italy, this would seem to suggest how the incisive presence of agriculture can be an important variable in determining a higher foreigners employment rate, which are widely used in low-skilled roles.

However, that statement was partially contradicted by comparison of people employed percentage in the sector between identified areas; although South uses a high percentage of foreign workers (27.43%) it recorded the lowest performance compared with North and Center. It is worth mentioning that in southern regions is particularly incisive the presence of irregular employment in agricultural sector.
Table 2 shows data on Italians and foreigners unemployment rate by geographical area, highlighting the gap, and data on variables introduced in the present study.

Table 2 – Unemployment rates and analyzed variables

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Italian unemployment rate</td>
<td>North</td>
<td>4.6</td>
<td>5.0</td>
<td>4.8</td>
<td>6.4</td>
<td>7.0</td>
<td>7.4</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>Centre</td>
<td>6.7</td>
<td>7.2</td>
<td>7.0</td>
<td>8.9</td>
<td>9.8</td>
<td>10.5</td>
<td>9.7</td>
</tr>
<tr>
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<td>13.5</td>
<td>13.7</td>
<td>17.3</td>
<td>19.8</td>
<td>20.9</td>
<td>19.7</td>
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<td>Foreign unemployment rate</td>
<td>North</td>
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<td>14.3</td>
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<td>9.8</td>
<td>11.4</td>
<td>13.1</td>
<td>16.5</td>
<td>16.9</td>
<td>16.3</td>
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<td></td>
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<td>9.5</td>
<td>10.6</td>
<td>14.1</td>
<td>17.4</td>
<td>16.8</td>
<td>14.8</td>
</tr>
<tr>
<td>S. Italian and Foreign Unemployed</td>
<td>North</td>
<td>-6.8</td>
<td>-7.7</td>
<td>-7.8</td>
<td>-8.1</td>
<td>-10.5</td>
<td>-9.5</td>
<td>-9.6</td>
</tr>
<tr>
<td></td>
<td>Centre</td>
<td>-5.1</td>
<td>-6.6</td>
<td>-4.4</td>
<td>-4.2</td>
<td>-6.7</td>
<td>-6.5</td>
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<tr>
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<td>South</td>
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<td>3.0</td>
<td>3.1</td>
<td>2.4</td>
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<td>Crime Persecution</td>
<td>North</td>
<td>29.4</td>
<td>36.8</td>
<td>36.5</td>
<td>36.2</td>
<td>31.4</td>
<td>32.1</td>
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<tr>
<td></td>
<td>Centre</td>
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<td>28.9</td>
<td>26.7</td>
<td>28.7</td>
<td>34.5</td>
<td>31.9</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>South</td>
<td>29.2</td>
<td>26.5</td>
<td>26.7</td>
<td>25.0</td>
<td>28.2</td>
<td>25.9</td>
<td>-</td>
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<tr>
<td>Work Irregularities</td>
<td>North</td>
<td>8.9</td>
<td>8.7</td>
<td>8.8</td>
<td>8.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Centre</td>
<td>10.3</td>
<td>10.4</td>
<td>10.1</td>
<td>9.9</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>South</td>
<td>19.8</td>
<td>20.0</td>
<td>19.5</td>
<td>20.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Household Income</td>
<td>North</td>
<td>33071.0</td>
<td>33470.0</td>
<td>33218.5</td>
<td>31240.0</td>
<td>30931.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Centre</td>
<td>32543.0</td>
<td>31950.0</td>
<td>31091.0</td>
<td>30818.0</td>
<td>30750.0</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>South</td>
<td>25154.5</td>
<td>25968.0</td>
<td>24969.0</td>
<td>23713.0</td>
<td>23762.5</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Education degree</td>
<td>North</td>
<td>10.8</td>
<td>10.6</td>
<td>10.0</td>
<td>10.5</td>
<td>10.2</td>
<td>10.6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Centre</td>
<td>10.3</td>
<td>10.7</td>
<td>9.7</td>
<td>10.7</td>
<td>10.3</td>
<td>10.9</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>South</td>
<td>7.1</td>
<td>6.1</td>
<td>6.5</td>
<td>6.2</td>
<td>6.5</td>
<td>6.6</td>
<td>-</td>
</tr>
<tr>
<td>Cost of living</td>
<td>North</td>
<td>-</td>
<td>-</td>
<td>102.9</td>
<td>103.9</td>
<td>108.6</td>
<td>108.3</td>
<td>109.6</td>
</tr>
<tr>
<td></td>
<td>Centre</td>
<td>-</td>
<td>-</td>
<td>102.4</td>
<td>104.8</td>
<td>107.4</td>
<td>107.3</td>
<td>108.7</td>
</tr>
<tr>
<td></td>
<td>South</td>
<td>-</td>
<td>-</td>
<td>101.9</td>
<td>104.2</td>
<td>106.3</td>
<td>106.8</td>
<td>107.7</td>
</tr>
</tbody>
</table>

Source: elaboration on Istat data

A first fact of primary importance is represented by work irregularity; this variable was calculated as ratio of irregular work units to total units of labor. How it is possible to see from the table, Southern regions have higher work rate irregularities, the same that recorded a lower level of foreign unemployment; this observation suggests the existence of a link between the presence of undeclared work and lower unemployment rate. It is possible encounter the existence of a contrarity outcome between North and South Italy: if in the first case there is a strong inverse relation, in the latter case, the two variables influence positively.

This analysis seems to show that the irregularities represent a safety valve for southern labor market, a "lubricant" that allowing unemployment reduction of
foreign population often more willing to accept an irregular work than native population.

Second variable is related to perception of crime; the figure comes from a survey conducted by Istat with the Italian families. Looking at the data it is possible to see that crime perception is higher in Northern Italy, where there is more foreign unemployment; also in this case it has the presence of a strong positive relation in northern area and a negligible inverse relation in southern regions. These results suggest that the increase of foreign unemployment forces people to pour into the world of lawlessness; however, in the South this relation does not seem to be evident even to already mentioned presence of a large area of undeclared work.

Another variable analyzed to understand the different articulation of Italian labor market is the affluence level; this variable has been translated with the measurement of average annual household income. In this case it shows the presence of an inverse relation in both areas since it is self-evident the fact that increase in unemployment is reduced to earnings level and vice versa. However, achieved results are divided between North and South Italy: in fact, in the South this relation is more moderate, and this seems to suggest that the income level reduction is not strongly linked with an increase in foreign unemployment rate, this explains why foreign unemployment rate is lower than that of Northern Italy, despite South income level is lower.

Another considered statistic is related to cost of living; values included in this analysis take as reference the trend in food prices. Analysis shows a strong positive relationship between the two examined variables; this means that the increase of foreign unemployment rate during the years in question was accompanied by an increase in cost of living, which explains why foreign population has a lower unemployment rate in southern regions where there is a lower cost of living.

One last examined variable pertains to education grade of immigrant population measured by possession of a university degree. Data show that there is a wide gap between examined geographic areas: if in the North about 10% of foreign population has a university degree, this percentage is reduced to about 6% in the South. By calculating the correlation coefficient between percentage of foreigners in possession of a university degree and unemployment rate, it is possible to find an inverse relationship to both North and South Italy, this means that the increase in education level is accompanied by a reduction in unemployment rate. This relation is almost negligible in southern regions, this shows how the presence of foreigners with a higher education degree does not negatively affect unemployment rate in South because, in these regions, the majority of foreigners are employed in low-skilled roles often neglected by local population. Therefore, this conclusion stigmatizes the presence of a strong waste skill phenomenon in South.
From presented analysis it is possible to understand as these variables have an effect on Italian labor market composition and how it is important to consider the particular nature of each region of our country.

The understanding of dynamics below foreign unemployment rates divergence is the first step towards the exploitation of decision-making levers that can lead to a faster and more effective economic absorption of foreigners who land in Italy.

5. Conclusions

The importance of immigrant population economic integration makes dutiful analysis of reasons below labor market's capacity to absorb foreign labor. The Italian case is a special opportunity for study due to the presence of foreign unemployment rate lower than Italian’s one; however, this phenomenon is driven by the composition of southern Italy labor market. Based on the lack of homogeneity of Italian territory, present study investigates variables that can influence this phenomenon.

Results show the presence of a certain relation between the homogeneity lack and identified variables such as rate of labor irregularities, incidence of agricultural sector, crime perception, family annual net income, cost of living and education level.

To analyze the variables that influence the degree of foreign labor job market absorption is really important so that these variables can be manipulated in order to increase stranger employment rate and, consequently, whole nation income level.

Future analyzes will be carried out taking into account a greater number of variables and their mutual interaction; they will also be conducted in-depth investigations that take into account a longer period of time.

References


SUMMARY

Migration flows and labour market in the Italian system: comparative analysis between the north and south Italy

Migration flows have a significant impact on today's economic scenario; the analysis of immigrants' assimilation into labor market rises to a role of primary importance for understanding economic implications of phenomenon.

This paper analyzes foreigners' integration in Italian labor market, focusing the observation of a feature that makes Italian system a unique example in European scenario: the presence of a foreign employment rate higher than the native labor one.

Statistical data show that the presence of this phenomenon should be attribute mainly to composition of South regions labor market, where there is a higher foreign employment rate. Based on this observation, the present study seeks to understand what may be the reasons behind this phenomenon.

After a brief examination of main contributions in literature and following the presentation of economics and statistics Italian scenery, article presents the analysis of the relation between presence of a higher foreign employment rate in southern regions and some variables that could affect the composition of labor market.

Research hypothesis assumes existence of a link between selected variables and the presence of territorial inequalities between North and South Italy; collected evidence appears to support the initial conjectures, in fact it is adjustable a relation between the different examined elements that could represent some reasons behind the composition of Italian labor market.

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