MINISTERO del LAVORO
e delle POLITICHE SOCIALI

SEVENTH ANNUAL REPORT

Migrants in the Italian Labour Market

SUMMARY OF THE KEY FACTS

by the
General Directorate for Immigration and Integration Policies

2017

HIGHLIGHTS OF THE *SEVENTH ANNUAL REPORT 2017 "FOREIGNERS IN THE ITALIAN LABOUR MARKET"*

The *Annual Report "Foreigners in the Italian labour market"* is a tool to collect and analyse data on foreign presence and the importance that citizens with a migration background have in the Italian employment system, above all, those who are non-EU. The databases used are many and of various kinds, both sample and administrative, and are the result of the activities of the various institutional players who have taken part in the research. In fact, the Report has come out of a collaboration between the Directorate General for Immigration and Integration Policies, the Directorate General of Information Systems, Technological Innovation, Data Monitoring and Communication, INPS, INAIL and Unioncamere, with the coordination of Anpal Servizi Spa.

Compared to the previous editions, the 2017 Report contains new sections that examine pay gaps and transitions between diverse employment statuses, temporary work and extra-curricular traineeships, in addition to devoting space, as usual, to the reconstruction of demographic and employment dynamics and an analysis of the demand for full-time and parasubordinate employment, social security positions and the participation of foreign workers in passive welfare policies.

➢ MIGRATORY FLOWS AND POPULATION

In 2016, the majority of foreign residents (both EU and non-EU) were distributed among five countries: Germany (8,652 million), United Kingdom (5,641 million), Italy (5,026 million), Spain (4,418 million) and France (4,408 million). In Italy, between 2010 and 2016, the resident foreign population increased by 37.8%, with an increase in absolute value of about 1.4 million units.

The resident foreign population in Italy as of 1 January 2016 was 5 million 26,000 people, equal to 8.3 % of the total population. The increase with respect to 2015 was minimal. In 2016, an estimate of the migration balance was +135 thousand units, while in 2015 this balance numbered +133 thousand units.

In the communities of non-EU origin, residing at 1 January 2016, in prime position were citizens from Albania (467,687 individuals), followed by Morocco (437,485), China (271,330), Ukraine (230,728), Philippines (165,900), India (150,456), Moldova (142,266), Bangladesh (118,790), Egypt (109,871), and Peru (103,714).

➢ THE LABOUR MARKET

2015 marked a reversal in employment dynamics. The introduction of incentives by the 2015 and 2016 Stability Laws, as well as the innovations introduced by Legislative Decree No. 23 of 4 March 2015 ("Measures on Permanent Employment Contracts and Increasing Protection"), in addition to a moderate growth in GDP, were among the main factors that contributed to increasing the number of employed and, at the same time, to partially eroding unemployment. In 2016, the employment data confirmed the positive trend whose early stages had already been discerned the previous year.

✓ *Employed, unemployed and inactive*

Analysis of the variations found between 2015 and 2016 highlighted three structural phenomena:

1. A consolidation of the rate of growth of **foreigners in work**, parallel to the growth in native employment. There was a **rising trend with more than 19,000 units in the case of EU citizens** (equivalent to +2.4%)

and 22,758 units in the case of non-EU citizens (equal to +1.4%), together with an increase in the number of employed in Italy of over 250,000 units (+1.2 %).

2. The falling trend in unemployment was consolidated. **The number of foreigners in search of work significantly decreased**, passing from the 456,115 units of 2015 to 436,853 in 2016, with a reduction in the EU (-5.0%) and non-EU (-3.9%) components.
3. **Within one year,** the non-EU inactive decreased by about 13,750 units (-1.6%), the Italian ones by 414,153 units (-3.2 percentage points), **while the inactive EU between 15 and 64 years increased**, with a growth in absolute terms of just under 18 thousand units (equal to +5.7%).

With reference to **the employment rate** among 15-64-year-olds, in the last year available a value of **63.3%** can be seen in the case of **EU** nationals (unchanged compared to 2015) and a value of **57.8%** in the case of **non-EU** (a growth of 0.9%).

In 2016, the **unemployment rate** among the foreign population saw a significant reduction. In the case of **EU** citizens in search of work, the rate went from 7.4% in 2007 to 15.8% (the peak value found) in 2013, to finally level out at **14.1%** in **2016**. The unemployment rate among the **non-EU**, after having seen a constant increase (in 2007 it was 8.6% and in 2013, 17.9%), in 2014 saw a reverse trend until it touched **16.0%** in **2016**.

✓ *Economic Sectors*

The importance of EU and non-EU workers has grown over the past two decades: **The percentage incidence on total employment increased from 6.3% in 2007 to 10.5% in 2016, with notable sectoral differences**. In the case of *Agriculture*, the foreign labour force accounts for 16.6% of the total, approximately 3 times the incidence recorded ten years earlier; in *Commerce*, it went from the 3.7% found in 2007 to 7.2% of the total number of employed in 2016; in *Other Service Sectors,* the foreign presence rose from 5.9% to 10.7%. The trends therefore show an increasing number of foreign workers in the labour market.

✓ *Professional profiles and levels of education*

Almost all the **foreign workers work under contract and a little fewer than 80 % are employed with the status of *"blue-collar worker"***. The professional segmentation on white-collar profiles is confirmed by the limited presence of foreign workers among managerial roles and the like: **Just 0.9% of employees have a position as *manager* or *executive*.**

With reference to levels of education, the data show that:

- Twenty-one per cent of EU and non-EU workers employed with low level duties have a degree, and 36.4% of graduates work as *managers,* or have careers in *intellectual and technical professions*;
- Foreign workers with no more than a junior secondary qualification who carry out technical work number 32.1%;
- In the case of workers with senior secondary education equivalent to a diploma, 31.2% of EU and non-EU nationals do *specialized manual work*.

✓ *Job satisfaction and remuneration*

Recently, in a survey of the labour force, ISTAT introduced a new section called "job satisfaction", which includes a battery of questions to directly measure the level of satisfaction for current work as well as some of its more specific aspects.

To the question "How much are you satisfied with your current job?", based on a scale between 0 and 10 (where 0 indicates "Not at all satisfied" and 10 "Very satisfied"), **41.3% of non-EU workers of 15 years and older and 48.5% of EU workers declared a high level of satisfaction** compared to 54.8% of Italian workers. In the case of non-EU, the number of highly satisfied individuals was smaller compared to EU and native citizens, while the percentage of those who put themselves in the lowest band of satisfaction was proportionally higher (11.4%).

The overall profile of the dissatisfaction of foreign nationals, in particular, non-EU, that emerges from the data, is linked to a set of problems relating to occupational mobility, remuneration, career development and professional qualifications.

For example, with reference to the degree of satisfaction for remuneration, only 23.4 percent of non-EU nationals put themselves in the "high" band, against 30.4% of Italians and 29.3% of EU citizens, as well as 23.8% who say they are "not at all satisfied".

The salary aspect is one of the major causes of dissatisfaction expressed by foreign citizens in relation to their employment. With respect to the value of the average wage of Italian workers (full-time employees), **non-EU nationals earn 25.2% less and EU 19.9% less,** also as a reflection of differences in terms of professional profile and position. Specifically, a non-EU graduate earns 1,251 Euro per month, 31.1% less than an Italian with the same qualification, just as an employee earns 23.1% less, and a blue-collar worker 11.4% less.

The crude pay gap widens according to gender: in the case of non-EU women, whose remuneration is little more than 1,000 Euro, the gap with respect to Italians is 28.1%.

- ✓ ***Labour demand: Compulsory Notification data on full-time and parasubordinate employment***

In 2016, the Statistical Information System of Compulsory Notifications registered a volume of new **working relationships involving foreign citizens of 1,881,918 Units**, of which 731,659 were EU workers (38.9% of the total) and 1,150,259 were non-EU (61.1%).

With respect to the volume of recruitments measured in 2015, a negative variation of -6.8% can be observed among EU citizens and -3.6% for non-EU. Generally, the contracts awarded to foreigners therefore decreased by 4.9 percentage points, compared to -10.9 % in the number of relationships involving Italians.

The downsizing of the volume of contracts observed by comparing the 2016 recruitments with those of 2015, **seems to be the fruit of a "rebound effect" and a greater stability of ongoing employment relationships**. The introduction of incentives by the 2015 Stability Law (Art. 1, paragraph 118) and the novelties introduced by Legislative Decree No. 23 of 4 March 2015 ("Measures on Permanent Employment Contracts and Increasing Protection") generated high growth rates in the number of contracts in 2015. In 2016, also thanks to several professional needs expressed by employers already satisfied with the recruitments made in the previous 12 months (in particular full-time ones), as well as reducing the incentives provided for by the 2016 Stability Law, the number of contracts saw a dip. The decrease in the number of recruitments corresponded to a **reduction in the number of contracts *per capita*** and therefore a redisposition of contractual fragmentation around longer-term employment histories.

Like the new employment relationships, **the trend in terminated contracts** showed, in the last year available, **a decrease** of -8.9%, which, in the case of EU citizens amounted to -5.4%, -3.4% in the case of non-EU, and -10% in the case of Italians. In total, the terminations involving foreigners were 1,804,887, of which 719,135 concerned the EU component and 1,085,752 the non-EU component. The phenomenon is therefore that of a market capable of generating jobs and characterized by low employment turnover.

With reference to the reasons for termination, it should be noted that in 2016, compared with the previous year, there was a **drastic contraction of terminations due to *resignations* in the case of foreign workers** (-30.4%). Instead, ***redundancies* showed an increase** both in the case of EU (8.9%) and non-EU (+15.1%). It is fair to assume that this changing picture of the reasons for termination may depend on the entry into force, from 12 March 2016, of the obligation to use online digital procedures to handle both resignations and amicable terminations in working relationships.

➢ LABOUR POLICIES AND WELFARE SYSTEMS

✓ *Passive labour policies*

Data from INPS on the number of individuals receiving income support would also seem to confirm the improvement in the general picture. In fact, **there is a decrease** in **recipients of routine non-agricultural unemployment benefit** (including the building industry), **ASpl, Mini-ASpl and NASpl** (-7% compared to 2015), recipients of **mobility allowance** (-19.1%), in addition to **beneficiaries of the Wage Supplementation Fund (CIG)** (-19.6%).

With reference to private sector pensions, the **IVS** pensions (Invalidity, Old-Age and Survivors') **provided** by INPS **to non-EU citizens at the end of 2016 numbered 43,830**, equal to 0.31% of the total INPS pensions of the same type (14,114,464). Between 2014 and 2015, the number of pension pay-outs to non-EU citizens grew by 10.4%; between 2015 and 2016 by 10.6%, and overall, in these three years, by 22.1%.

✓ *Accidents at work*

According to data as of 31.12.2016 received by INAIL (Source: Inail Open Data), in the period from January-December 2016, about 637 thousand accidents were reported, with an increase of 0.7% compared to the same period in 2015 (over 4,000 more cases). This data concerned the three main sectors handled by INAIL (Agriculture, Industry and Services, on behalf of the State). In the same period from January to December 2016, INAIL received 1,018 reports of accidents with a fatal outcome, a decrease of 13.1% (-154 cases) compared to the same period in 2015 (1,172 cases: monthly data as of 31 December 2016).

If we focus on an analysis of the **accidents occurring to foreign workers**, **over the two years 2015-2016 we can see an increase of 3.8%** (provisional data not yet confirmed); in fact, the 92 thousand-odd reports in the period January to December 2015 increased to over 95 thousand in the same period in 2016; **above all, there was an increase of 4.9% for non-EU nationals and 0.9 % for EU. There were 157 reports with a fatal outcome received by INAIL in 2016**, with a decrease of 13.7% compared to the previous year (-23.4% for EU workers and -8.5 % for non-EU).

In the period from January to December 2016, **accidents involving foreign workers, in relation to the total number of workers, accounted for 15% of the total** (95,306 cases against 636,812) **and 15.4% of mortal ones** (157 cases against 1,018).

✓ *Access to services and active labour policies*

In 2016, **around 252 thousand foreigners in search of work** declared they had at least **one contact with public employment services,** of whom slightly fewer than 80,000 were of EU origin and about 173,000 non-EU. However, more than **183 thousand unemployed foreigners had never contacted a public employment service**. Among those who had contact with the services, a significant proportion reported a fairly business-like interaction with the centres. In fact, 56.5% of foreign workers in search of work had been to a public structure in the previous 4 months, a value higher than that seen in the case of unemployed Italians (39.7%). In particular, 29.1% of non-EU citizens in search of work had had contact in the previous month. A significant share of unemployed EU citizens had also had frequent contact with public job centres (CPI) and in 22% of the cases, the contact had occurred less than 30 days earlier. At the same time, it seems worthwhile to emphasize that 26% of foreigners in search of work had had contacts with the network of services for over a year while for some (14.1%), the last contact dated back to at least three years earlier, compared to 32.1% of unemployed Italians.

Most of the foreign users in search of employment visited a public job centre in order to *verify the existence of job opportunities* (52.3%), while an equally significant proportion did so for reasons of an administrative nature, i.e. to *confirm their unemployment status* (23.7%), or to *renew their application* (26.7%), to *register* (11.9%) or make the *Declaration of Immediate Availability* (DID) for the first time (7.5%).

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