

EU Labour Markets from Boom to Recession: Are Foreign Workers More Excluded or Better Adapted?

Fernando GIL-ALONSO
Universitat de Barcelona
fgil@ub.edu

Elena VIDAL-COSO
Universitat Pompeu Fabra
elena.vidalcoso@upf.edu

Paper's aim

The paper's aim is to use Eurostat's European Union Labour Force Survey (EU-LFS) data to analyse, under an EU cross-country comparative perspective, foreigner's labour market insertion in Europe during two contrasting and successive periods. On the one hand, the economic expansion period, focusing on foreigners' insertion in their economic sectors and therefore comparing these patterns to those of local workers. On the other, the impact of 2008 recession on these previous patterns.

Indeed, between 1995 and 2007, the European Union experienced positive migratory growth; however, inflow size was extremely diverse, the highest relative increases being at Southern EU countries and Ireland. There, this massive arrival of foreign immigrants seemed to complement educational, social and labour promotion of the autochthonous (especially female) workforce. This upwards mobility would, in turn, have attracted foreign workers who, in segmented or dual labour markets, fill the vacant jobs in low-paid, highly flexible sectors that national workers do not want, or are no longer able, to cover. According to this hypothesis, which we intend to verify in the paper's first section, each of the host societies' specific socio-demographic and labour market characteristics –and not “replacement migration” triggered by decreasing size of birth cohorts entering the labour market– would explain inflow differences among EU countries.

From 2008 onwards, recession has however changed previous trends, weakening local workers' promotion, decreasing foreigners' job opportunities, and raising both populations' unemployment. The second section focuses on this recent period, where, following the 'segmented labour market' logics, we do not only intend to assess the crisis impact on each of the Member States' population by sex and nationality, but also to study how autochthonous people and foreigners have been affected –either by being expelled from the labour market, by weakening their working conditions, or by redirecting them to specific occupational sectors.

Data sources

Several waves of the European Union Labour Force Survey (EU-LFS) are used in the research. This is a large survey coordinated by Eurostat which, without doubt, represents the key tool to study the labour market in the European Union and its member states. The EU-LFS is based on a list of variables, established at the EU level, which enumerates the kind of data to be collected from national labour market surveys. Therefore, it derives from close collaboration between Eurostat and national statistical

institutes. These are responsible for the sample selection, the questionnaire preparation, the household interviews and result transmission to Eurostat, following common procedures. On its hand, Eurostat develops, the program to tabulate and analyse results and ensures data exploitation and diffusion. Therefore, results are considerably more harmonised and comparable than those of any other activity, employment or unemployment statistic currently available for member states. This is due to a tight correspondence between the EU-defined list of questions and national questionnaires, the application of the same definitions in all of the member states, the use of common response codes and nomenclature (for example, the NACE for economic activity), the synchronization of the annual and quarterly surveys, and the centralised exploitation of data by Eurostat.

Although the EU-LFS is a survey which is not specifically oriented to study international immigration, its large sample (about 1.7 million individuals across the EU) allows studying the main characteristics of the foreign population and its comparison with the national one.

Preliminary results

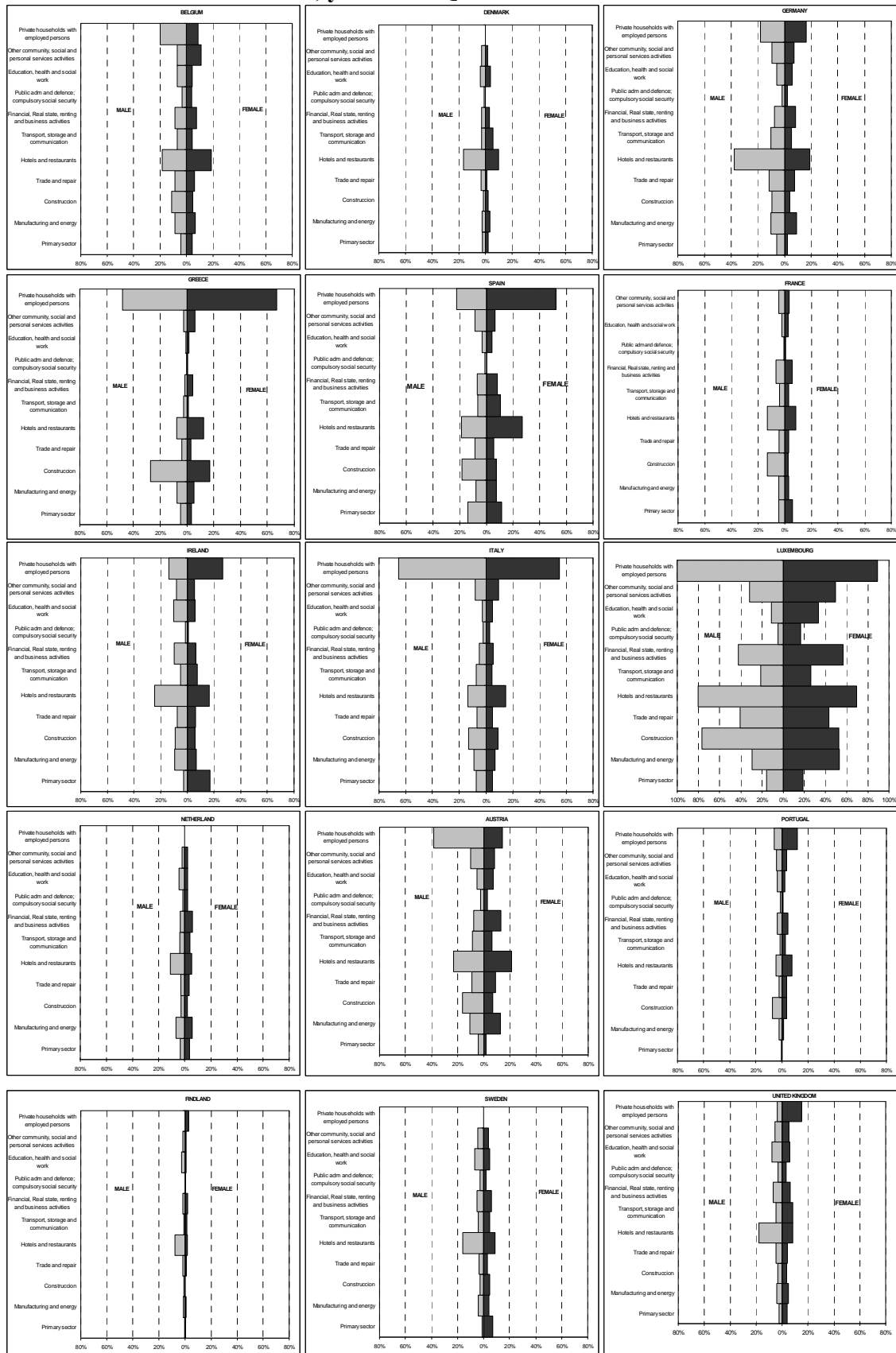
The expansion period

The papers' first section describes how European young generations, especially women, have improved their educational level and which are the most relevant EU country activity trends by age, sex and nationality. Foreign immigration levels by country (12 new member states not included) are then analysed. Analysing all these variables together through cluster analysis, 3 country groups are obtained:

- Cluster 1: Austria, United Kingdom, Finland, Denmark, Germany, and Sweden.
- Cluster 2: France, Netherland, Belgium, and Portugal.
- Cluster 3: Spain, Italy, Ireland, Luxembourg, and Greece.

Cluster 3 is clearly the most different, confirming, here again, how specific have international immigration flows and female empowerment (in this case in relation to education and labour market participation) been in southern EU countries (plus Ireland and Luxembourg, being Portugal the exception) in the last expansion period. Then, in order to test our initial hypothesis on complementarity between immigrants and national workers, we analyse both sex percentages of non-national workers in each activity sector. The results show that the highest foreigner shares are concentrated in three sectors –i.e. hotels and restaurants, private households with employed persons, and construction (figure 1). Again, countries with similar characteristics seem to be geographically grouped. For instance, in southern European countries, demographic factors seem to play a minor role in foreign worker demand, which seems to be impelled by certain activity sectors where there is a high demand for foreign workers. In these Mediterranean countries, complementarity would translate into a labour promotion of the national population, especially the female one, generating a foreign worker demand to cover the less remunerated jobs and child and elderly care, that had formerly been carried out by local women.

FIGURE 1. Percentages of foreign workers by activity sector and sex. Former EU-15 Member States. LFS data, year 2005 Quarter 2



Source Data: Eurostat– EU Labour Force Survey 2005.

The recession period

Preliminary results, for the moment, are limited to Spain, a country particularly affected by the present global economic crisis starting in 2008, when its “construction bubble” burst and therefore is housing market and construction sector collapsed. In fact, this latter sector had been one of Spain’s economic engines, creating, during the 2000-2007 expansive phase, large amounts of jobs which attracted thousands of foreign migrants. Nearly half of the jobs lost by Spanish men have been in this sector and its impact is even stronger among foreign males: Job losses in this specific sector, together with the high volumes of active population which have continued arriving to Spain from other countries since 2008, would explain why foreigner unemployment rates are much higher than those of Spaniards. However, if in the 2008-2011 period construction is ignored, male immigrants would have actually gained jobs (table 1 and figure 2). Female immigrants have also maintained their occupation levels, while those of Spanish women have decreased –though much less than those of autochthonous men. These surprising results allow answering the title’s question – are foreigners more excluded or better adapted to recession than local workers?– by saying that “better adapted” seems to be the correct answer, at least in Spain, as immigrants’ employment levels (excluding construction), and particularly those of women, seem to have resisted the crisis much better than those of local workers. A possible explanation is that, as recession has led to massive job destruction and salary and labour condition deterioration, foreigners –who are more used to working in harder sectors, and to being more flexible and poorly paid– seem to have kept jobs better than Spanish workers. The complete paper will offer evidence to justify if the result obtained for Spain can be extrapolated or not to other EU countries and especially to the Mediterranean ones.

TABLE 1. Employment changes in absolute (in thousands) and relative figures, by nationality, activity sector and sex. Spain, 2nd quarter of 2007 and 2011.

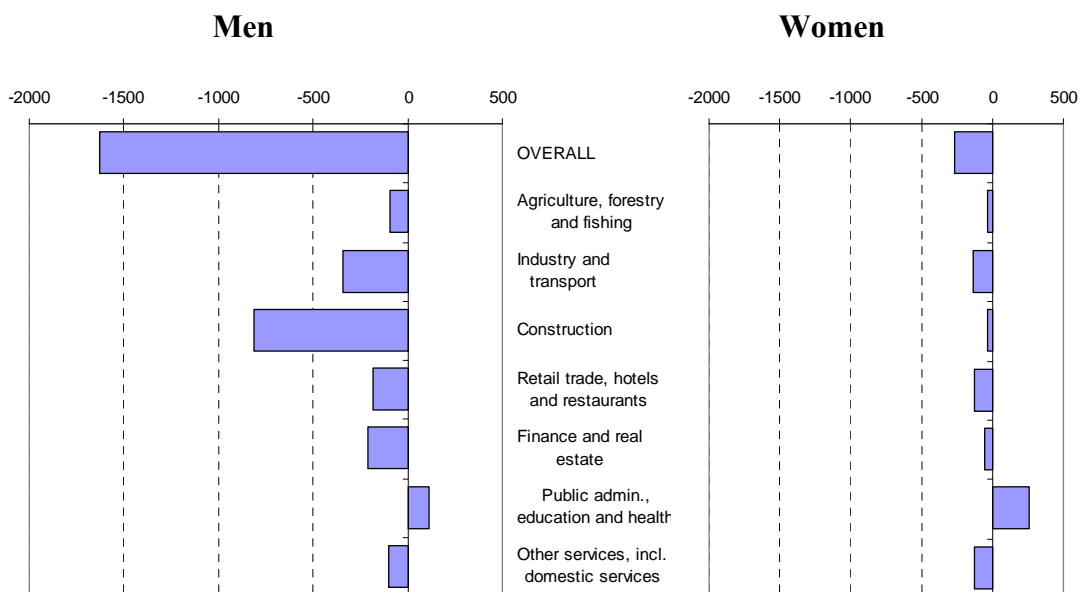
Nationality	SECTORS	Sex	2007		2011		2007-2011 growth	
			Employed	sex distrib.	Employed	sex distrib.	absolute	relative (%)
Spanish	Agriculture, forestry and fishing	Men	544.6	72.9	450.0	73.2	-95	-17.4
		Women	202.7	27.1	165.1	26.8	-38	-18.6
	Industry and transport	Men	3,047.2	75.4	2,705.3	75.9	-342	-11.2
		Women	995.1	24.6	857.6	24.1	-137	-13.8
	Construction	Men	1,904.5	93.1	1,093.4	91.1	-811	-42.6
		Women	141.9	6.9	106.4	8.9	-36	-25.0
	Wholesale and retail trade, hotels and restaurants	Men	1,942.6	50.4	1,757.9	49.6	-185	-9.5
		Women	1,913.8	49.6	1,784.2	50.4	-130	-6.8
	Finance and real estate	Men	1,192.5	51.9	983.8	48.4	-209	-17.5
		Women	1,103.8	48.1	1,049.0	51.6	-55	-5.0
	Public administration, education and health	Men	1,384.7	39.7	1,498.6	38.8	114	8.2
		Women	2,103.2	60.3	2,362.1	61.2	259	12.3
	Other services, including domestic services	Men	421.9	37.1	321.8	35.4	-100	-23.7
		Women	714.8	62.9	586.5	64.6	-128	-18.0
Overall	Men	10,438.1	59.3	8,810.7	56.0	-1,627	-15.6	
	Women	7,175.4	40.7	6,910.9	44.0	-265	-3.7	
Foreign	Agriculture, forestry and fishing	Men	131.8	75.9	128.6	76.4	-3	-2.4
		Women	41.8	24.1	39.6	23.6	-2	-5.2
	Industry and transport	Men	304.9	76.4	294.7	77.8	-10	-3.3
		Women	94.0	23.6	83.9	22.2	-10	-10.8
	Construction	Men	655.7	98.3	286.2	97.3	-369	-56.3
		Women	11.6	1.7	8.1	2.7	-4	-30.8
	Wholesale and retail trade, hotels and restaurants	Men	305.0	43.0	303.2	44.3	-2	-0.6
		Women	404.5	57.0	381.1	55.7	-23	-5.8
	Finance and real estate	Men	81.7	39.7	124.5	48.6	43	52.4
		Women	123.9	60.3	131.9	51.4	8	6.5
	Public administration, education and health	Men	35.2	32.0	55.6	33.4	20	57.7
		Women	74.9	68.0	111.0	66.6	36	48.2
	Other services, including domestic services	Men	55.3	11.3	55.2	11.5	0	-0.1
		Women	433.5	88.7	426.3	88.5	-7	-1.6
Overall	Men	1,569.6	57.0	1,248.1	51.4	-322	-20.5	
	Women	1,184.2	43.0	1,181.9	48.6	-2	-0.2	

Source: Encuesta de Población Activa (EPA).

Note: Grey shading – employment growth in absolute terms (dark grey) or in relative terms (light grey).

FIGURE 2. Employment change (in thousands) between 2007-2011 by sector, nationality and sex. Spain, 2nd quarter of 2007 and 2011.

SPANIARDS



FOREIGNERS



Source: Encuesta de Población Activa (EPA).