

ACCESS TO THE LABOUR MARKET: A COMPARISON BETWEEN FOREIGN AND “NEW ITALIAN” WORKERS¹

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Abstract. The scientific literature examining the relationship between immigration and the labour market is extensive, with a particular focus on the economic impact of immigration on the host country's welfare system, particularly when addressing the issue of so-called “failed immigrants.”

The theoretical framework for the integration of immigrants into the host country's labour market is based on the international transferability of human capital (Chiswick and Miller, 2009). At the same time, the economic theory of labour market integration suggests that it is primarily influenced by the characteristics of the country of origin, the reason for migration, and the expected duration of migration (Ambrosini and Panichella, 2023).

This study aims to update previous research on foreign workers and the labour market focusing on (still) foreign workers and naturalised ones. We used microdata from the “Labour Force Survey” conducted by Istat.

1. Introduction

The scientific literature examining the relationship between immigration and the labour market is extensive, with a particular focus on the economic impact of immigration on the host country's welfare system. Understanding the connections between migratory dynamics and the labour market characteristics of host societies is therefore essential, especially in terms of the economic and financial costs on welfare, particularly when addressing the issue of so-called “failed immigrants.”

The theoretical framework for the integration of immigrants into the host country's labour market is based on the international transferability of human capital (Chiswick and Miller, 2009). The extent to which this transferability is possible depends on individual skills and the reason for migration (e.g., income maximisation, political situation in the country of origin, ethnic enclaves, etc.). Following these studies economic impact of immigration ultimately depends on the skill composition of the immigrant population.

¹ The paper is the result of the common work of the authors. In particular, the sections are attributed as follows: paragraphs 1 and 4 to M.C. Pellicani, paragraph 2 to M. Carbonara and R.A. Palumbo, paragraphs 3 to the three authors.

Not surprisingly, much of the research in the economics of immigration focuses on examining the evolution of skills in the foreign-born workforce, both in terms of their pre-existing human capital (which depends on the rule that selects the immigrants from the population of the origin countries) and in terms of the rate at which immigrants acquire additional skills in the post-migration period (Borjas, 2014).

Beginning with Chiswick (1978), there has been a great deal of empirical research that attempts to measure the extent of economic assimilation, defined as the rate of wage convergence between immigrants and natives.

At the same time, the economic theory of labour market integration suggests that it is primarily influenced by the characteristics of the country of origin, the reason for migration, and the expected duration of migration (Ambrosini and Panichella, 2023). Some other authors suggest that migration regulates labour markets through processes of social distinction, cultural judgement and the strategic deployment of citizenship (Bauder, 2006). Considering this last aspect, we distinguished two different categories: foreign workers and naturalised ones wishing to highlight what we regard as the most significant reason for interest of our study. Research on those we may term “new Italians” – that are foreigners who have acquired citizenship – remains scarce, largely due to the relative “youth” of the migratory phenomenon in Italy.

Nonetheless, we argue that this population has now reached a sufficient scale to enable reliable statistical and demographic analyses. Such analyses can help shed light on a crucial issue, widely debated also in political arenas: the extent to which the acquisition of citizenship contributes to the integration of migrants into the Italian socio-economic context.

Finally, while numerous studies have focused on countries with a long history of immigration, it is also interesting to examine what happens in European countries with more recent immigration patterns. Among these, Italy stands out as immigration is still considered a relatively “young” phenomenon and is often treated more as an ongoing emergency rather than as a structural reality. This perspective, of course, hinders the development - let alone the implementation - of specific inclusion policies.

2. Methodology and Data

Numerous variables influence the successful integration into the labour market, including age, gender, family structure, level of education, social capital, family background, and the presence or absence of a support network, etc.

For foreign workers, additional factors such as country of origin, length of stay, and language proficiency also play a crucial role. However, data on some of these

key variables are often unavailable, as they are not collected through census or sample surveys.

This study aims to update previous research on foreign workers and the labour market. More precisely, our analysis focuses specifically on a comparison between foreign workers who have acquired Italian citizenship (“new Italians”) and those who have retained exclusively the citizenship of their country of origin.

Consequently, our analysis will be limited to first-generation foreign workers who have acquired Italian citizenship, excluding second-generation foreign workers (born in Italy) due to their still very small numbers, as will be further discussed below.

For our purposes, we draw on microdata of the “Labour Force Survey” conducted on a regular base by ISTAT. As is well known, the Labour Force Survey is an ongoing study that provides estimates of key labour market aggregates (employment status, type of employment, work experience, job search, etc.) based on major sociodemographic characteristics (ISTAT, 2023a).

Methodologically, while such an approach might have been of considerable interest, we ultimately opted against a longitudinal analysis in favour of a cross-sectional one. In our view, a longitudinal analysis would have been unsuitable given the frequent reconfiguration of the sample employed by ISTAT in its “Labour Force Survey”. The households included in the survey sample are interviewed on four occasions over a period of 15 months, after which new households are rotated into the sample².

For the comparison between foreign nationals and new Italians in relation to selected socio-demographic variables, the Chi-squared test was employed. The variables considered are: gender (male and female), nationality (“new Italians”, foreigners), age group (15–34 years, 35–44 years, 45–54 years, 55+ years), education level (up to lower secondary school, upper secondary school diploma, university degree³), macro-region of residence (North, Centre, South), duration of stay (0-9 years, 10-19 years, 20-29 years, 30+ years).

Finally, to analyse the relationship between employment and the aforementioned socio-demographic variables, a multivariable logistic regression was applied to both

² Each household is interviewed for two consecutive quarters, followed by a two-quarter break, and subsequently interviewed again for a further two consecutive quarters.

³ A university degree also includes diplomas from academies (e.g., Fine Arts, National Academy of Dramatic Art, National Academy of Dance); Higher Institute for Artistic Industries; State Conservatory of Music; Recognised Music Institutes; Two/three-year university diplomas; Special-purpose training schools; Para-university schools.

foreign and “new Italian” workers where the employment status⁴ was the dependent variable.

A brief descriptive overview of both foreign and “new Italian” workers concludes our analysis.

3. Some results

By the data of the Labour Force Survey, in 2023 the total labour force was composed by 84.9% Italians by birth, 4.6%⁵ “new Italians” and 10.4% foreigners (Table 1).

Table 1 - *Labour force by country of birth and nationality - Italy, 2023 (values in thousands and percentage composition).*

| Italian nationality | Values in thousands (2023) | | | Percentage composition (2023) | | | Values in thousands 2014 | | |
|---------------------|----------------------------|-------------------|--------|-------------------------------|-------------------|-------|--------------------------|-------------------|--------|
| | Country of birth | | | Country of birth | | | Country of birth | | |
| | Italy | Foreign countries | Total | Italy | Foreign countries | Total | Italy | Foreign countries | Total |
| Yes | 21,680 | 1,169 | 22,850 | 84.9 | 4.6 | 89.5 | 21,977 | 785 | 21,762 |
| No | 31 | 2,646 | 2,677 | 0.1 | 10.4 | 10.5 | 8 | 2,838 | 2,846 |
| Total | 21,712 | 3,815 | 25,527 | 85.1 | 14.9 | 100.0 | 21,985 | 3,623 | 25,608 |

Source: own calculations based on Labour Force Survey data, 2023.

⁴ The category of employed persons comprises individuals aged between 15 and 89 years who, during the reference week:

- performed at least one hour of work for pay or profit, including unpaid contributing family workers;
- were temporarily absent from work owing to holidays, flexible working arrangements (such as vertical part-time or recovery of hours), illness, compulsory maternity/paternity leave, or employer-funded vocational training;
- were on parental leave while receiving and/or entitled to income or work-related benefits, irrespective of the duration of the absence;
- were absent as seasonal workers yet continued to regularly perform tasks and duties necessary for the continuation of the activity (excluding the fulfilment of legal or administrative obligations);
- were temporarily absent for other reasons, provided that the expected duration of the absence did not exceed three months.

These conditions apply irrespective of the existence of a formal employment contract. Consequently, estimates of employment derived from the Labour Force Survey also encompass irregular forms of work.

⁵ Among the 1,169,000 Italian workers born abroad, alongside the “new Italians”, there is also a small group of citizens who acquired nationality at birth through *ius sanguinis* as children of at least one Italian parent. Their number, however, is negligible.

Over the past ten years, the total labour force in Italy has slightly decreased (-0.3%), a decline that can be attributed to the reduction in the foreign-born foreign labour force, which more than offset the increase in the Italian labour force (+0.4%). Notably, this increase is entirely due to the substantial rise in the number of Italians born abroad (+48.9%).

Just a brief mention should be made of the sharp increase in the foreign labour force born in Italy (+279.7%), which, however, due to its still limited size, continues to account for only a very marginal share of the overall labour force (0.1% in 2023). This compels us to refrain from any further comment, as such an analysis would risk being highly misleading, if not incorrect.

The labour force born abroad, which in 2023 includes almost one-third Italian citizens born abroad (4.6% compared to 10.4% of foreign nationals born abroad), the decline in the foreign-born foreign labour force (-6.8%), and the 48.9% increase (over the past ten years) in the Italian labour force born abroad all point to the same conclusion regarding the outcomes of the numerous acquisitions of Italian citizenship by foreign nationals, whether born in their country of origin or in the host country.

The transformation of the labour force in terms of its composition by citizenship is clear, and this prompts an interest in the characteristics of each of its components and how these may impact actual employability.

The comparison by gender, age class, educational level, macro-region and duration of stay between foreigner and “new Italian” workers included in the sample⁶ of the Labour Force Survey reveals that there is a statistically significant difference between the two components.

Table 3 shows the parameter estimates with their corresponding standard errors, the test statistics, the p-value and odds ratios⁷, used to test the null hypothesis that the regression coefficient of each individual predictor is equal to zero, given the other explanatory variables of the model.

The conditions that contribute to increase the probability to be employed are being a male foreigner, residing in the North for a duration of stay > 10 years.

The comment on the role of the education level deserves more attention. Having an education level corresponding to upper secondary school helps in improving the probability to be employed. At the same time, paradoxically, a higher level of education – a university degree – becomes a factor that hinders employability. A

⁶ The sample size is 14,726.

⁷ The odds ratio expresses the variation in the dependent variable as a function of changes in the explanatory variable. If the value is greater than 1, an increase in the explanatory variable corresponds to a higher probability of being employed. If the value is less than 1, an increase in the explanatory variable corresponds to a lower probability of being employed.

possible explanation may lie in the characteristics of the Italian labour market, which may not provide a context that adequately values higher-level skills.

Table 2 – *Labour Force by foreigners and new Italians components - Italy, 2023.*

| Variables | New Italians | | Foreigners | | P |
|---------------------------------|--------------|------|------------|------|---------|
| | N | %. | N | % | |
| Gender | | | | | |
| Male | 2,349 | 49.6 | 5,361 | 53.7 | <0.0001 |
| Female | 2,388 | 50.4 | 4,628 | 46.3 | |
| Age class (years) | | | | | |
| 15-34 | 681 | 14.4 | 2,453 | 24.6 | <0.0001 |
| 35-44 | 1,103 | 23.3 | 3,128 | 31.3 | |
| 45-54 | 1,644 | 34.7 | 2,691 | 26.9 | |
| 55+ | 1,309 | 27.6 | 1,717 | 17.2 | |
| Educational level | | | | | |
| Up to lower secondary school | 1,496 | 31.6 | 4,441 | 44.5 | <0.0001 |
| Upper secondary school | 2,298 | 48.5 | 4,289 | 42.9 | |
| University degree | 943 | 19.9 | 1,259 | 12.6 | |
| Macro-region | | | | | |
| North | 2,746 | 58.0 | 5,930 | 59.4 | <0.0001 |
| Centre | 956 | 20.2 | 2,465 | 24.7 | |
| South | 1,035 | 21.8 | 1,594 | 16.0 | |
| Duration of stay (years) | | | | | |
| 0-9 | 121 | 2.6 | 2,073 | 20.8 | <0.0001 |
| 10-19 | 919 | 19.4 | 4,645 | 46.5 | |
| 20-29 | 1,630 | 34.4 | 2,667 | 26.7 | |
| 30+ | 2,067 | 43.6 | 604 | 6.0 | |

Source: own calculations based on Labour Force Survey data, 2023

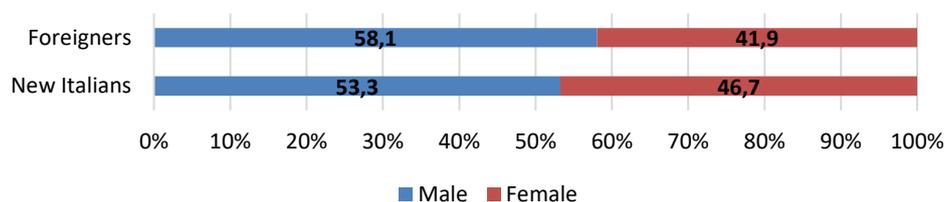
In the descriptive analysis, we consider only the employed, in order to also examine the sectors of economic activity and the occupations.

Starting with the structure by sex and age, we observe that, although still skewed in favour of males, the gender composition of employed “new Italians” appears more balanced (Figure 1).

Table 3 - Logistic Regression: Analysis of Maximum Likelihood Estimates – Labour force by foreigners and new Italians components – Italy, 2023

| Variables | B | S.E. | Wald Chi-square | Sig. | Exp(B) |
|--|---------|--------|-----------------|-------------------|--------|
| Gender | | | | | |
| Female | -0.2625 | 0.069 | 14.4646 | 0.0001 | 0.769 |
| Male (<i>baseline</i>) | | | | | |
| Nationality | | | | | |
| Foreigners | 0.3531 | 0.0536 | 43.1357 | <0.0001 | 1.422 |
| New Italians (<i>baseline</i>) | | | | | |
| Age class (years) | | | | | |
| 35-44 | -0.0712 | 0.0763 | 0.8719 | 0.3504 | 0.931 |
| 45-54 | -0.1233 | 0.0772 | 2.5547 | 0.11 | 0.884 |
| 55+ | -0.5592 | 0.0908 | 37.9352 | <0.0001 | 0.572 |
| 15-34 (<i>baseline</i>) | | | | | |
| Educational level | | | | | |
| Upper secondary school | 0.5124 | 0.0607 | 71.2215 | <0.0001 | 1.669 |
| University degree | -0.7292 | 0.0714 | 104.2099 | <0.0001 | 0.482 |
| Up to lower secondary school (<i>baseline</i>) | | | | | |
| Macro-region | | | | | |
| Centre | -0.1 | 0.065 | 2.3653 | 0.1241 | 0.905 |
| South | -0.8069 | 0.0684 | 139.2759 | <0.0001 | 0.446 |
| North (<i>baseline</i>) | | | | | |
| Duration of stay (years) | | | | | |
| 0-9 | 0.2897 | 0.0732 | 15.6785 | <0.0001 | 1.336 |
| 10-19 | 0.3567 | 0.076 | 22.0325 | <0.0001 | 1.429 |
| 20-29 | 0.4158 | 0.1042 | 15.9379 | <0.0001 | 1.516 |
| 30+ (<i>baseline</i>) | | | | | |

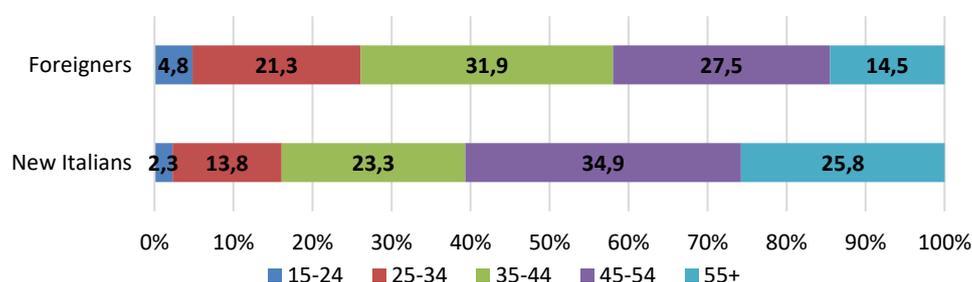
Source: own calculations based on Labour Force Survey data, 2023.

Figure 1 - Foreigners and new Italians employed by gender – Italy, 2023.

Source: own calculations based on Labour Force Survey data, 2023.

Foreign workers are clearly younger than “new Italians”. The average age of the former is 42.3 years, compared to 46.7 years for the latter – a difference of more than four years, which suggests a longer duration of stay in the country (Figure 2).

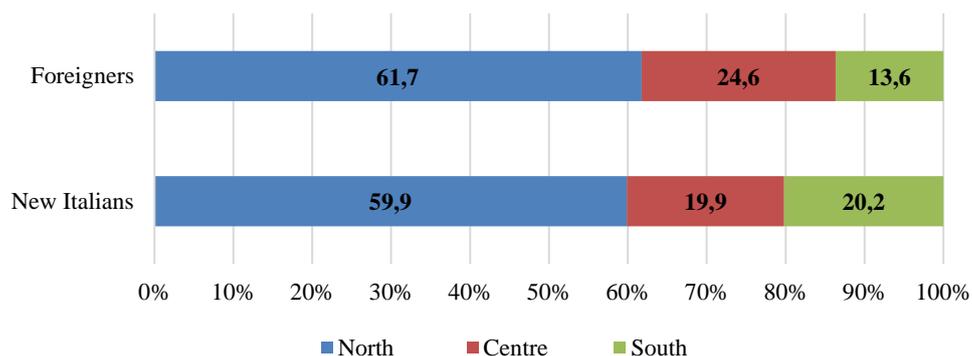
Figure 2 - *Foreigners and new Italians employed by age class (years) – Italy, 2023.*



Source: own calculations based on Labour Force Survey data, 2023.

More than 60% of naturalised employed individuals are aged 45 or over, compared to just 42.0% of foreign workers. This significant difference could also help explain the lower employability of “new Italians”, unlike that of foreign workers. In terms of territorial distribution, around 60% of workers (both groups) are concentrated in Northern Italy while “new Italians” are equally distributed between the Centre and the South (Figure 3).

Figure 3 – *Foreigners and new Italians employed by macro-region – Italy, 2023.*

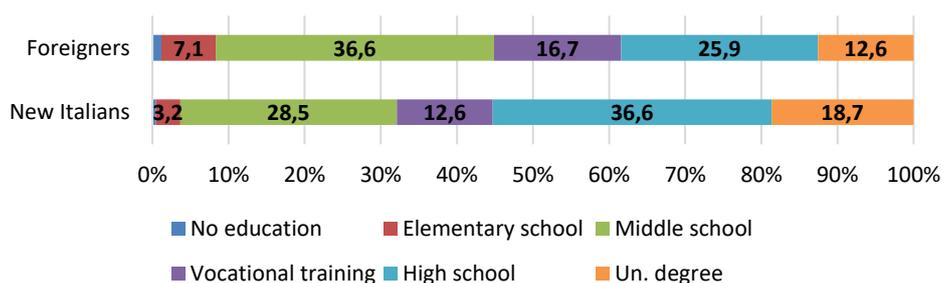


Source: own calculations based on Labour Force Survey data, 2023.

The last three graphs should be observed and interpreted jointly.

Naturalised and foreign workers also differ in their level of education. Foreigners are on average less educated: 44.9% have a middle school diploma at most, compared to 32.1% of naturalised ones (Figure 4).

Figure 4 – *Foreigners and new Italians employed by education level – Italy, 2023.*

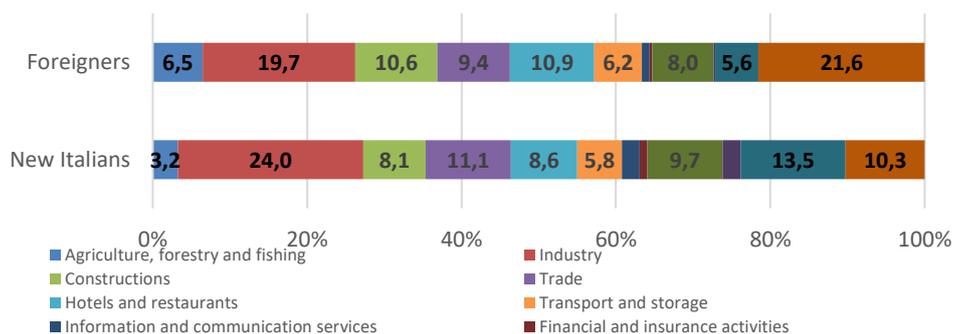


Source: own calculations based on Labour Force Survey data, 2023.

Among “new Italians”, those with no formal education or only primary-level education are extremely rare. Vocational training is also less common among the latter. Conversely, academic qualifications are noticeably more frequent. “New Italians” show the highest share of graduates, 18.7% compared to only 12.6% of foreigners.

The distribution of employed individuals across types of economic activity is highly differentiated in almost all sectors, with particular reference to the primary sector, personal and family services, and services related to education, health, and social care (Figure 5).

Figure 5 – *Foreigners and new Italians employed by sector of economic activity ATECO 2007 – Italy, 2023.*

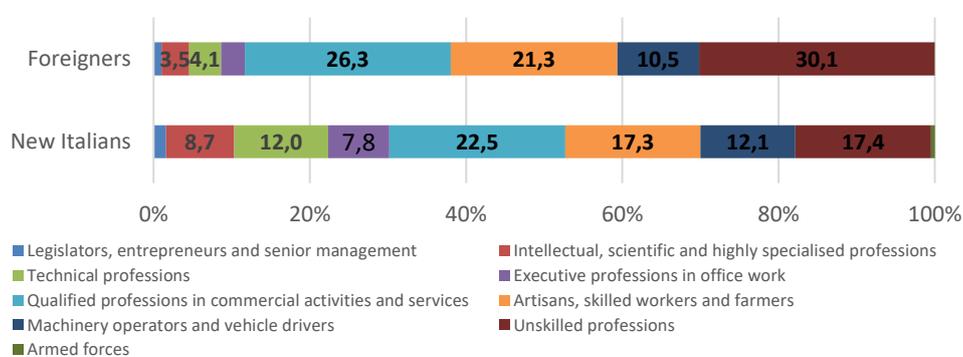


Source: own calculations based on Labour Force Survey data, 2023.

Although still limited in scale, there is a greater presence of naturalised individuals in information and communication services, financial and insurance activities, and in public administration and defence (in the latter case, holding citizenship often becomes decisive, as we will see later in the case of the Armed Forces).

These observations are consistently reflected in the breakdown by type of occupation – once again, across virtually all areas (Figure 6).

Figure 6 – *Foreigners and new Italians employed by classification of occupations – Italy, 2023.*



Source: own calculations based on Labour Force Survey data, 2023.

Jobs requiring higher qualifications are more frequent among “new Italians”, while foreign workers are nearly twice as likely to be employed in occupations that do not require specific qualifications (almost a third of them).

4. Conclusions

Future scenarios concerning employment needs across the various productive sectors will have to contend with the growing difficulty that enterprises report in recruiting personnel, as documented monthly by Unioncamere data.

In Italy, moreover, both labour shortages and skill mismatches take on particularly significant dimensions due to a range of factors – from the country's distinctive demographic situation to well-known shortcomings in the connection between the education system and the labour market (Unioncamere 2023).

In particular, with regard to foreign labour, the main critical issues can be identified as follows: excessively long waiting times due to burdensome bureaucratic procedures that delay labour market entry; complex bureaucracy requiring often redundant documentation and fragmented procedures across multiple authorities; the rigidity of quotas stemming from a system that lacks flexibility in meeting the real

needs of the labour market; and coordination difficulties caused by poor communication among the public bodies involved in these processes (Labartino, Mazzolari and Morleo, 2024).

Specifically concerning educational attainment, it is enough to mention the long-standing issue of recognising qualifications obtained abroad. The recognition rate stands at a particularly low 42% (compared to the EU average of 78%), and the average processing time is excessively long at 240 days (versus 120 in the EU) (CIMEA, 2024). Other issues include the absence of an effective national system for the validation and standardised certification of competences acquired in both formal and informal contexts, as well as the insufficient recognition of previous work experience (non-formal learning) through structured assessment tools (INAPP, 2024).

Moreover, our analysis suggests that the Italian labour market does not adequately value even “new Italians” workers holding university degrees. This is an aspect we intend to explore further in future, alongside a more focused examination of selected countries of origin of both foreign and naturalised workers.

We conclude on a positive note regarding labour market integration. From an economic perspective, foreign-run businesses – which still largely operate in sectors such as trade, construction, catering, and personal services – are gradually expanding into more technological and innovative fields, beginning to dismantle the rigid mechanisms of occupational segregation (Centro Studi e Ricerche IDOS, 2024). This dynamism contributes to GDP growth, increased tax revenues, and the diversification of the productive system.

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