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East-European Immigrants Responding to the Recession in Britain: Is there a trade-off
between unemployment and over-qualification?

Abstract:

Most studies demonstrating the vulnerability of labour migrants following the recession have focused on unemployment. This article examines how the labour market performance of East European workers in the UK has been affected by the recession by focussing on four possible employment outcomes: unemployment, self-employment, over-qualification and part-time jobs. By showing the relatively low rates of unemployment amongst East European migrants, which have become even lower following the recession, it argues that the vulnerability of immigrants in periods of economic downturn cannot always be solely measured in higher rates of immigrant unemployment. Labour migrants may be prompted to take jobs (any jobs) below their skills and qualifications, thus suggesting a ‘trade-off’ between unemployment and over-qualification.

Introduction

Immigrants tend to be more vulnerable in the labour market than natives as they cluster in secondary labour market jobs (e.g. unstable, temporary, low-paid and physically demanding jobs) (Bailey and Waldinger 1991, Gordon 1995, King 1974) and possess lower levels of human capital (Duleep and Regets 1999, Mincer 1958). Previous studies on the influence of business cycles and periods of recession on labour market outcomes amongst immigrants have suggested that immigrants face greater job losses and experience a higher risk of unemployment (Barrett and Kelly 2012, Dustmann, Glitz and Vogel 2010, Kochhar and Center 2009, Kogan 2004). In the case of East European migrants living and working in the UK during the post downturn of 2008, however, we find no evidence of increased unemployment; indeed, we find that East Europeans actually enjoy *lower* rates of unemployment during years following the recession (2009 onwards). What might explain this apparent competitive advantage in the labour market? Are East European workers better off in times of recession, contrary to the experiences of other migrant workers? Do East Europeans pay the price of the recession in different ways? The aim of this paper is to examine the labour market performance of East European workers in the UK during the post 2008 period to understand how that performance is impacted by the recession.

This article answers the above questions by analysing the impact of the recession on unemployment, over-qualification, self-employment and part-time jobs. In the first stage, we analyse Labour Force Survey data (2005-2013) to model each of the labour market outcomes and examine whether there was any differences in these outcomes before and after the recession. In the second stage, we utilise longitudinal data obtained from Waves 1-3 of the UK Household Longitudinal Study (UKHLS) (2009-2012) to examine how moving to self-employment, accepting part-time jobs or accepting jobs that do not commensurate with qualifications change the extent of unemployment penalty amongst East European migrants

compared to White-British workers. The results of the logistic regression models show that East-European migrants were more likely to move to self-employment and accept jobs for which they were over-qualified during the post-recession period. However, the fixed effect model of the longitudinal data shows that East European have managed to reduce the risk of unemployment only by accepting jobs below their qualifications. Conversely, accepting jobs below qualification levels among White-British is associated with a higher unemployment penalty. In light of the differential impact of over-qualification on reducing the unemployment penalty, we argue that a trade-off between labour market penalties, in this case between unemployment and over-qualification (between no job and any job) is fundamental to the understanding of the responses of East-European migrants to the recession in the UK. We begin, however, by considering theoretical and empirical literatures.

Explaining the disadvantage of immigrants in the labour market

The overarching picture that emerges from research concerning the impact of recession on labour market outcomes suggests that the same vulnerable groups in good economic times are those most affected by the recession and the most likely to lose their jobs first and at a faster rate in times of economic downturn (Barrett and Kelly 2012, Dustmann, Glitz and Vogel 2010, Hoynes, Miller and Schaller 2012, Kogan 2004). For example, in their study on the impact of the recession in the US, Hoynes et al. (2012) showed that Hispanics and Blacks experienced greater unemployment than Whites. In a similar study comparing the UK and Germany, Dustmann et al. (2010) found significant differences in the unemployment rates between immigrants and natives in both countries, with immigrants experiencing higher levels of unemployment.

This scholarship posits three explanations for why immigrants experience higher rates of unemployment in times of recession. First, many migrants possess relatively low levels of

human capital (Chiswick 1999, Lerner and Menahem 2003, Nielsen 2011, Stier and Levanon 2003); this in turn fixes their position in particular (typically low-skilled) segments of the economy. Second, this labour market segmentation is exacerbated by racism and discrimination (Heath, Cheung and Britain 2006, Kingston, McGinnity and O'Connell 2013). A third explanation looks to the labour market strategies and processes of the migrants themselves and argues that for various reasons some migrants opt to self-exclude from active employment, especially from more ambitious employment possibilities (Kalter and Kogan 2006).

However, in the case of East European migrants in the UK, these explanations do not provide a satisfactory understanding for East Europeans' labour market performance in the UK in times of recession. Although East European migrants might face some discrimination and hostility (Burrell 2010), they are less likely to face the same level of labour market discrimination due to colour racism as do other non-white minorities (but see Author 2). As white European migrants, East Europeans are ethnically less visible (Favell 2008), thus buffering them (in part) from the deleterious effects of racism and discrimination. More importantly, these migrants, who moved to the UK as part of the European Union enlargement in 2004, were not subject to any movement or employment restrictions (Gilpin and Britain 2006). And whilst there is evidence of migrant self-exclusion in other contexts (notably non-European migrants in Spain; see Kalter and Kogan 2006: 270-72), we do not uncover consistent evidence of self-exclusion in our case; to the contrary East Europeans prefer any job over no job. For these reasons, the above explanations are likely to only provide a partial understanding at best of the labour market position of recent East European migrants following the recession in the UK.

In this study we therefore propose an alternative approach to explain the effect of the recent recession on migrants from East Europe in the UK. This approach draws on insights from rational choice theory to examine and explain the particular labour market strategies employed by East European migrant workers in the UK. In what follows we elaborate our approach and

explain why and how it is more useful than human capital deficit and discrimination approaches for understanding the labour market performance of East Europeans in the UK in times of recession.

East European migrants in the UK – the study context

East Europeans are concentrated in the low-end sector of the economy where they work in occupations beneath their skill levels (Dobson 2009; see also Campbell 2013: 24-33; Clark and Drinkwater 2008: 511-12; Drinkwater, Eade, and Garapich 2009: 171-73, 178-80). Although these migrants have higher than average levels of education (human capital) (Drinkwater, Eade, and Garapich 2009), like in the case of earlier migrants, the human capital they acquired in their home countries has not always arrived unscathed in the UK, where foreign credentials and qualifications have been less than fully appreciated by British employers (Currie 2007). The main factor pushing East Europeans into this low-end sector of the economy was the immigration policy that sought to fill a gap left vacant by native workers (Home Office 2006: 6). Another important factor was their social circumstances and motivation for migration. Most of these migrants are young (Home-Office 2007) and with high economic motivation (Burrell 2010, Eade, Drinkwater and Garapich 2006). While some of them intend to settle in the UK permanently, many others have no such intention (for the differences between these types see: Eade, Drinkwater and Garapich 2006). Those economic migrants looking to settle permanently in the UK would be more likely to seek to progress through the job ladder from ‘any job’ towards a ‘better job’ and finally to obtain a ‘dream job’ (Parutis 2014). However, East European migrants who do not see themselves remaining permanently in the UK, would be more likely to take any job, especially if that job fit their financial requirements (Piore 1979). As rational actors, they are therefore likely to adopt strategies to help maximise their economic returns (Harris and Todaro 1970, Hechter and Kanazawa 1997). Indeed, most economic

migrants seek to maximise their economic returns, but what makes East European migrants different than earlier cohorts of migrants to the UK is the protection afforded them by their status – and visibility – as European and white. Moreover, and again in comparison with these earlier cohorts, East Europeans have had to make relatively low initial investments in migration (e.g. traveling from East Europe to Britain) and their legal status (under the freedom of movement and work within the EU) means that many of them can come while keeping the option of returning open. Thus some come to work only on a seasonal basis earning lower wages than the average British worker, and then return home once the work is done (McCollum and Findlay 2011). Given minimum wage regulations in the UK, the pay they will get for any job (including seasonal jobs in agriculture) in the UK will still be much higher than what would they receive in their countries of origin, especially if they manage to reduce the cost of living in the UK by sharing accommodations with other migrants.

Therefore, for most of these workers, any job is preferable to no job (Fullin and Reyneri 2011). In times of economic recession, we should thus not necessarily expect immigrants to be the first to become unemployed (see Freeman (1973); Kogan (2004)). Rather, many workers will be willing to ‘trade-off’ undesirable jobs against the even more undesirable prospects of unemployment. These workers are thus able to remain in employment (see Dustmann, Glitz, and Vogel 2010; Kochhar and Center 2009; Kogan 2004), but not without a cost, as it pushes them into jobs for which they’re overqualified.

Data and methods

To examine the dynamics of labour market penalties both before and after the recession in the UK, we make use of nine April-June quarters of the Labour Force Survey (LFS) between 2005 and 2013 and the first three waves of the UK Household Longitudinal Study (UKHLS), also known as the Understanding Society Survey (2009-2012). The LFS data provide a good and

balanced coverage for the pre-2009 and post-2008 recession. The LFS survey is ideal for studies on labour market issues such as unemployment, over-qualification, occupational mobility, and other employment patterns. Additionally, the LFS provides a very detailed and wide range of background variables (such as qualifications, family status, age, gender, ethnic background, nationality, region of residence, employment experience and so on) that are essential for studies on labour market inequalities. We analyse four labour market outcomes (unemployment, self-employment, over-qualification and part-time employment) among two groups (derived from nationality, country of birth and ethnicity): White-British natives (those who reported their ethnicity as White British, English, Scottish or Welsh) and East European migrants whose countries joined the EU in 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.). This provided a sample of 521,277 individuals aged 16-65: 7,755 of those were East Europeans and 513,522 were British natives. All of the respondents within the East European sample arrived in the UK in 2004 or later, with 87% arriving by 2008.

Understanding Society, the UK Household Longitudinal Study (UKHLS), is a longitudinal survey of the members of approximately 40,000 households in the United Kingdom. It allows us to longitudinally examine the relationship between the labour market outcomes over a period of four years (2009 to 2012) for the same respondents. In this case, we will eliminate influences on unemployment due to migrants returning to their countries of origin following job losses in the UK. Only Polish migrants were identified in the data, so the analysis of the UKHLS data has been limited to Poles and White-British. However, since Poles are the largest East European group in the UK (about two-thirds of all 2004 migrants are Poles), the risk for selection bias remains low. The final sample includes 21,414 respondents of whom 252 were Poles - (for more information on the UKHLS, please see McFall et al. 2013). In what follows we discuss the dependent and independent variables which have been defined in this study.

Dependent variables:

Unemployment was measured using the LFS economic activity question, recoded into: unemployed people seeking work (1) and people in employment, both self-employed and employees (1). Those economically inactive have been excluded from the analysis; for the unemployed their occupation was recorded as their most recent job.

Self-employment was measured using the LFS question on employment status. Those who reported that they were self-employed were recoded as 1; otherwise they were 0.

Over-qualification was derived using the equation (following (Groot and Brink 2000, Oliveira, Santos and Kiker 2000)):

$$EOM_i = E_{ij} - \check{E}_j$$

where

EOM_i is the educational-occupational mismatch (over- and under-qualification) for individual i ;

E_{ij} is respondent i in occupation j 's highest educational qualification (using the ILO two-digit standard classification of occupations); and

\check{E}_j is the modal qualification level for all individuals in occupation j within the LFS data set.

The resulting EOM_i scale includes eleven different levels of match and mismatch between qualification and occupation ranging from -5 (the highest value of under-qualification) to +5 (the highest value of over-qualification) with 0 indicating a complete match between the actual qualification and the modal qualification for that occupation. These EOM_i values have been recoded into five categories, two comprising those either mildly (-1 and -2) or severely under-

qualified (-3, -4 and -5), one in which the respondents' qualifications matched the mode for their occupation (0), and two for mildly (1 and 2) and severely over-qualified (3, 4 and 5) respondents. In the logistic regression analysis, we contrast the severely over-qualified category (SOQ) with the rest of categories.

Part-time employment has been measured using the question on whether the respondent works full-time or part-time within his or her main job. Part-time employment was coded as 1 and full-time employment was coded 0.

Independent variables:

Nationality was used to differentiate between White-British natives and East Europeans (from their eight countries of origin) who arrived in Britain after 2004. The group of White-British natives has been used as the reference group. In the UKHLS data, we used the question on country of birth to identify the Polish group and the question on ethnicity to identify White-British.

Sex was recoded as 1 for males and 0 for females. Since we are interested in exploring the possible employment penalties that East Europeans might be facing in the British labour market as a group, we include sex as an independent variable in all of the models. We are aware that the general labour market profiles of men and women are different, and they are also likely to be differentially impacted by different mechanisms (e.g. the impact of qualification, or the impact of family formation and status).

Age is a continuous variable.

Age² is used to test whether, as much research shows, the relationships with age are curvilinear.

Marital status was coded into currently married (or living with a partner), single, and divorced or separated. The category of single was the omitted (reference) category.

Number of dependent children below the age of ten is a continuous variable.

Region was used to take into account the over-concentration of East Europeans in some areas (e.g. London) and potential peculiarities in the labour market there (Carmichael and Woods 2000). It was recoded into Inner London (1), Outer London (2), and Other (3), with inner London used as the reference category.

Educational qualifications have been recoded into those with higher qualifications (1), higher and lower secondary (2), and no qualifications (3). The last of these categories was the comparator.

The Recession was used to measure the impact of the recession with a dummy variable for pre- and post-recession being defined. We have regrouped the years into pre-2009 (2004-2008) (0) and post-2008 (2009-2013) (1). This was included to measure any changes in the dependent variables not due to aggregate changes in the respondents' individual characteristics over time, such as qualifications, family status or experience.

An interaction term between nationality and recession measures any changes in the impact of being an East European on the labour market outcomes in the post-2008 period.

The analytical approach

We utilise two different analytical approaches which were performed in two stages each: binary logistic regression analysis and longitudinal analysis.

Logistic regression analysis

In the first stage of this analysis we run logistic regression models to estimate whether the performance of East Europeans has significantly changed in the post-2008 period. The same analysis was conducted for the entire sample and repeated while excluding East Europeans arriving after 2008. The results were similar and no significant differences have been observed. Hence, we report here (Table 2) the analysis using the entire sample.

In the second stage of this analysis we reran the previous models, but this time without taking nationality into account. We calculated the predicted probabilities for each labour market outcome twice, first with nationality included in the model (as in Table 2), and the second time without nationality. Then we calculated the difference between the two predicted probabilities for a typical person (defined as a man, aged 25-34, and possessing low to high secondary education). The difference between the two probabilities gives an indication whether a penalty (or a difference) exists (Carmichael and Woods 2000: 78). This analysis is presented in Table 3.

The longitudinal analysis

This analysis has been conducted in two stages. Like in the previous approach, here too we draw on the work of Carmichael and Woods (2000) and Brynin and Güveli (2012) to calculate the predicted unemployment rate for each respondent at each wave as it should be in the real world without the impact of ethnic background.

In the second stage of the analysis we employed a longitudinal fixed effect model to regress the ethnic penalty in unemployment against over-qualification, self-employment, and part-time

employment. This fixed effect model allows us to assess the impact of over-qualification, self-employment and part-time jobs on the ethnic penalty in unemployment for both Poles and White-British separately while controlling for the covariance across the three UKHLS waves because the observations across the waves for each respondent are not independent.

These analyses have been carried out using the same sample of respondents for each of the three waves. Respondents with missing variables were excluded. The proportion of Poles dropped from 1.2% in Wave 1 to 1% in Wave 2, but remains stable for Wave 3 at 1%. The greater attrition among Poles between Wave 1 and 2 is likely to be associated with their age structure. In the general sample, re-enumeration rates were lowest for sample members aged 20-29 (Lynn et al. 2012). For example, the proportion of respondents aged 20-30 was 16.2% in Wave 1, but dropped to 13.3% in Wave 2 and a further drop to 12.3% in Wave 3. Given that most Poles are young labour migrants, their greater attrition between the first and the second waves is likely to be explained by the greater attrition among young people in the sample rather than to their nationality. However, we should not rule out the possibility that the attrition rate among Poles between Wave 1 and 2 is in fact a result of job losses and return migration rather than a typical age-based behaviour. Therefore, we should treat the UKHLS results with some caution.

The effect of the recession – descriptive patterns

The differences between East Europeans and the native White-British population are notable in relation to most of the labour market outcomes presented in Table 1 (unemployment, self-employment, substantial over-qualification and part-time jobs). In the pre-recession period (2005-2008), East Europeans experienced greater unemployment (6.1%) than British workers (3.9%), they were under-represented among the self-employed (5.7% vs. 12.9%), they were

more likely to be substantially over-qualified (7.1% vs. 4.7% amongst British) and they were significantly less likely to be in part-time jobs (10.1% vs. 26.2%).

Unexpectedly, though, in the post-recession period (2009-2013), their unemployment rate dropped to 4.7%, whereas unemployment for British native workers increased to 4.9%. A remarkable increase also occurred in relation to self-employment (from 5.7% to 7.5%). The proportion of British natives within the self-employed also dropped during that period by 2.5% (from 12.9% to 10.4%).

However, the most extraordinary change in relation to the East Europeans' employment profile is the increase in the proportion of workers experiencing substantial over-qualification and finding themselves in part-time jobs. The proportion of over-qualified East Europeans more than doubled (from 7.1% to 14.8%) and there is an increase from 10.1% to 16.5% of East Europeans in part time employment (an increase of more than 50%). Amongst British workers, there was also an increase, but it was very modest (from 4.7% to 5.5% for over qualification and from 26.2% to 27.6% for part time jobs).

These findings provide an initial indication of the very different employment dynamics amongst East Europeans and British native workers. They also provide a preliminary picture of the nature of employment penalties facing East European immigrants, which indicates that unlike immigrants in other contexts (Barrett and Kelly 2012; Dustmann, Glitz, and Vogel 2010), East Europeans have managed to escape the unemployment penalty in the post-recession period. However, escaping unemployment seems to have come at a price, with East Europeans experiencing potential penalties in terms of over-qualification, part-time employment, and to a lesser degree self-employment. In order for us to explore these differences between the groups and the net impact of the recession (across the two periods), we turn now to Table 2 which presents the results obtained from four logistic regression models.

The impact of the recession on East European immigrants – a multivariate analysis

Table 2 presents one model for each of the four labour market outcomes we have analysed: unemployment, self-employment, over-qualification and part-time jobs. The results from Model 1 (unemployment) show that East Europeans' unemployment rate was similar to that amongst British natives in the pre-recession period (2005-2008). This can be seen at the top of the table in the statistically insignificant coefficient associated with the main effect of ethnicity (East European vs, White-British). However, in the post-2008 period (with the effect of the interaction term at the bottom of the table), it seems that East Europeans have experienced a significantly lower unemployment rate relative to White-British natives (odds-ratio of 0.72 with $p < 0.01$). This suggests that, unlike non-white minorities (author 1 2013), East Europeans do not face an unemployment penalty in the UK.

The story in relation to self-employment is different. In the pre-2009 period, East Europeans were significantly less likely to be self-employed (odds ratio of 0.62 with $p < 0.01$), but in the post-recession period, the proportion of East European workers turning to self-employment significantly increased at the same time that it significantly decreased amongst White-British workers. This can be seen in effect of the 2009-2013 period amongst White-British workers (odds-ratio of 0.77) and the effect of the interaction term (odds-ratio of 1.56 with $p < 0.01$).

Table 2 also shows that the story changes once again in relation to substantial over-qualification. In the pre-recession period, East Europeans had the same level of substantial over-qualification as the British native population. However, in the post-recession period, East Europeans became significantly more likely than British natives to experience substantial over-qualifications as demonstrated by the coefficient of the interaction term between East Europeans and post-recession (odds ratio of 2.17 with $p < 0.01$). The likelihood for experiencing

substantial over-qualification increased for all workers as can be seen in the impact of the 2009-2013 period (odds ratio of 1.21 with $p < 0.01$), but this increase was significantly greater for East Europeans.

Table 2 also shows that a similar pattern emerges in relation to part-time jobs. It appears that even amongst British native workers there was a significant shift towards part-time jobs following the recession (odds ratio of 1.07 with $p < 0.01$). However, this shift amongst East Europeans was significantly greater (odds-ratio of 1.33 with $p < 0.01$).

Table 2 shows that other factors operate in the expected directions. For instance, men are more likely than women¹ to face unemployment and more likely to be represented in the self-employment category, but less likely to experience substantial over-qualification or to work part-time. Age seems to reduce the risk of unemployment, the risk of over-qualification, and part-time jobs, and it increases the chances for self-employment. Married people and those separated or divorced are less likely than single people to face unemployment or over-qualification, but the number of dependent children increases unemployment and part-time jobs. Living in regions other than Inner-London reduces the risk of unemployment and over-qualification, but it also reduces the chances for self-employment. Furthermore, the impact of qualifications operates in the expected direction in relation to unemployment, self-employment and working part-time.

The analysis so far has uncovered a very interesting picture of the labour market penalties facing East Europeans in the British labour market. It seems that they have managed to escape higher rates of unemployment and have even improved their employability during this period.

To examine these penalties further, we compare the predicted probabilities for each of the labour market outcomes between the two groups and both periods (pre and post-recession).

Uncovering the net penalties

The results of this analysis (Table 3 below) provide evidence for a possible trade-off between unemployment on the one hand and self-employment, over-qualification and part-time jobs on the other hand. The analysis shows a diminished probability for unemployment amongst East Europeans between the two periods (-0.016 to 0.035). This means that the predicted probability of unemployment for a typical East European man covering the post-recession period and controlling for nationality was in fact lower than the equivalent model omitting nationality. This in turn suggests that East Europeans experienced lower levels of unemployment than British native workers as the latter had the same predicted probability in both models.

Likewise, Table 3 shows that during the pre-recession 2005-2008 period the model which takes nationality into account predicts a greater probability for self-employment than the model without nationality. This suggests a clear under-representation of East Europeans in-self-employment during the 2005-2008 period (about 4% difference). However, in the post-2008 period, both models (with and without nationality) predict very similar probabilities (0.02%), suggesting that East Europeans have significantly increased their representation within the self-employment category during the post-recession period. This finding is in line with the results presented in Table 2 in relation to the greater propensity amongst East Europeans towards self-employment following the recession.

Table 3 about here

The analysis also shows an increased penalty in the post-recession period in relation to substantial over-qualification. In the pre-recession period there was almost no penalty (-0.002), as the predicted probability in both models (with and without controlling for nationality) was almost the same for a typical East European man. However, the penalty rocketed to -0.068 in the post-recession period. The predicted probability during that period obtained from the model

controlling for nationality was significantly larger than the equivalent probability obtained from the model in which nationality was omitted.

In order to examine whether the decline in unemployment rate was causally connected to the increased penalty of over-qualification, we turn to our longitudinal analysis which was conducted using the UKHLS panel data (2009-2012). This analysis is presented in Table 4. As previously discussed, the sample in the UKHLS study remains relatively stable across the three waves, especially between Waves 2 and 3. We have no reason to assume that the attrition rate of unemployed Poles was greater than among the majority group.

There are four different models in Table 4. The first model does not include any interaction effects and shows that compared to majority White-British workers, Polish migrants have significantly higher rates of predicted unemployment. While being self-employed or having part-time jobs is negatively associated with predicted unemployment rates for all respondents, over-qualification is positively associated with the predicted unemployment probability.

However, the interaction effect of over-qualification with Poles in Model 2 shows that while the general trend among the majority White-British is that experiencing over-qualification is positively associated with higher unemployment probability, among Poles this trend is reversed. The greater tendency of over-qualification amongst Polish migrants has substantially reduced the predicted probability of their unemployment. The same impact is observable in relation to part-time jobs (Model 4), but it is not significant for the Poles, which suggests that moving to part-time jobs decreases the predicted probability of unemployment for all workers, without any special effect for Poles.

Table 4 about here

Model 3 shows that while self-employment is negatively associated with the predicted unemployment probability among White-British workers, the interaction term between Poles and self-employment shows that self-employment has an opposite influence on Poles. For them, self-employment is associated with a higher unemployment probability. Unlike some recent studies showing a positive effect of self-employment on reducing the risk of unemployment among some migrant groups (Abada, Hou and Lu 2014, Modood and Khattab 2015), here we find that self-employment can lead to further penalization among Poles. This is an interesting finding which requires further analysis and investigation. This reversed relationship between self-employment and unemployment among Poles can be explained by the large proportion of self-employed Poles concentrated in a construction industry particularly hard hit by the recession (Meardi, Martín and Riera 2012).

The above analysis provides substantial evidence for the trade-off between unemployment and other less punitive labour market options such over-qualification. This suggests that from the East European perspective, and especially for Poles (as evidenced through the longitudinal analysis), ‘any job is better than no job’. This is an interesting and unusual finding which has not been uncovered by other studies examining the behaviour of immigrants and minority workers due to economic recessions (see Dustmann, Glitz, and Vogel 2010; Kochhar and Center 2009; Kogan 2004). In the next section we will discuss these findings further and draw some conclusions in relation to the mechanisms determining the behaviour of East European immigrants in the UK labour market.

Discussion and conclusions

Since EU enlargement in 2004, East European workers have become an important component of the UK labour market (and that of many other West European labour markets). The very

few studies on the impact of the recession on East European workers in West Europe have found huge job losses and a greater risk of unemployment for East European immigrants (Barrett and Kelly 2012), consistent with the impact of recession on immigrants in other contexts. In this paper we examined the effect of the recession on the labour market performance of East European workers in the UK to examine: 1. the extent to which East European migrants in the UK experienced greater penalties following the recession and, 2. how these penalties are reflected in different labour market outcomes.

We argued that a shift from employment to unemployment during business cycles is only one possible outcome amongst labour migrants. This outcome is very well documented in the literature (Barrett and Kelly 2012, Kochhar and Center 2009, Kogan 2004). Self-employment is another possible outcome (Abada, Hou and Lu 2014, Modood and Khattab 2015) as some immigrant workers attempt to reduce their exposure to unemployment. However, for many immigrants, turning to self-employment is not always a viable option, especially as some workers need to possess certain human and social capital to make such a conversion possible (Fullin and Reyneri 2011). For others, it is not a legal option where immigration controls preclude this option.

The findings of our study suggest that East European workers in Britain have managed to manoeuvre between unemployment on the one hand and over-qualification on the other hand, but they have not been as successful in moving to part-time jobs or self-employment. They have managed to steer away from unemployment but inter alia by taking jobs below their qualification levels. Business cycles therefore do not always translate into higher rates of unemployment for all segments of the population. The findings of this study suggest that during the post-recession period, East European workers have been further penalised by experiencing greater levels of over-qualification compared to pre-recession levels, which appears to have contributed to lower levels of unemployment. This implies that these workers preferred, more

likely as out of necessity, ‘any job’ over ‘no job’, thus supporting our argument about the possible trade-off between unemployment and over-qualification. This finding was supported by the analysis of the LFS data and the longitudinal data presented in the previous section.

Another possible explanation for their lower rates of unemployment matched by their higher rate of over-qualification during the post-2008 period is that East European migrants were concentrated in economic sectors that were less sensitive to fluctuations of the economic cycles, such as in agriculture and the food processing industry (McCollum and Findlay 2011).

Because East European are primarily labour migrants and employment is their main objective, it is possible that the recession has made them even less ‘picky’ when looking for work (see Fullin and Reyneri 2011 for the case of Italy), compelling them to accept any job, even when doing so results in an occupational downgrade. However, these strategies used by East European workers to circumvent unemployment would have not been very effective without the impact of other factors at play. An increase in unemployment following the recession affected all groups, which means that nearly all workers were confronted with the same sort of pressure to accept any job. However, East European migrants were able to secure jobs within these low-end jobs better than others. This might be attributable in part to employer preferences (and their view that East Europeans possess a good work ethic) (see MacKenzie and Forde 2009:149-51). It might also be connected to the privileged status East Europeans enjoy as white European workers, protecting them from discrimination and racism (but see author 2 2012, author 2 and 1 2014), thus giving them a competitive edge in securing jobs (see Dustmann, Glitz, and Vogel 2010), even when those jobs meant harsher conditions.

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Table 1: Pre and post-recession labour market outcomes amongst Eastern European and UK workers

	East Europeans		UK	
	2005-08	2009-13	2005-08	2009-13
Unemployment	6.1%	4.7%	3.9%	4.9%
Self-employment	5.7%	7.5%	12.9%	10.4%
Substantially over-qualified	7.1%	14.8%	4.7%	5.5%
Part-time jobs	10.1%	16.5%	26.2%	27.6%
N	1,634	5,016	152,356	238,247

Source: Labour Force Survey 2005-2013

Table 2: Logistic regression models (Odds ratios and SE) for each of the labour market outcomes with interaction terms between ethnicity and post-recession. (N=393,125)

	unemployment		Self-employment		Substantially over-qualified		Part-time jobs	
	Exp(B)	S.E.	Exp(B)	S.E.	Exp(B)	S.E.	Exp(B)	S.E.
Ethnicity, base=UK								
East Europeans (A8 nations)	0.85	0.10	0.62**	0.11	1.12	0.10	0.38**	0.08
Male	1.31**	0.02	2.42**	0.01	0.94**	0.01	0.11**	0.01
Age	0.90**	0.00	1.08**	0.00	0.94**	0.00	0.85**	0.00
Age squared	1.00**	0.00	1.00**	0.00	1.00**	0.00	1.00**	0.00
Marital status, base=single								
Divorced/separated	0.92**	0.03	0.93**	0.02	0.68**	0.03	0.99	0.01
Married	0.33**	0.02	0.95**	0.02	0.75**	0.02	1.32**	0.01
No. of dependent children less than 10	1.20**	0.01	1.24**	0.01	0.93**	0.01	1.65**	0.01
Regions, base=inner London								
Outer London	0.93	0.06	0.69**	0.04	0.60**	0.05	1.18**	0.04
Rest of the UK	0.87**	0.05	0.54**	0.03	0.61**	0.04	1.37**	0.03
Qualification, base=no qualification								
Higher qualification	0.20**	0.03	0.80**	0.02	XX	XX	0.56**	0.01
Lower / higher secondary	0.43**	0.02	0.89**	0.02	XX	XX	0.78**	0.01
2009-2013	1.37**	0.02	0.77**	0.01	1.21**	0.02	1.07**	0.01
Interaction terms								
A8 nations X 2009-13	0.72**	0.20	1.56**	0.12	2.17**	0.11	1.33**	0.09
Constant	1.42	0.10	0.02	0.08	0.46	0.09	8.44	0.05
Chi-square	12643.9	P<0.01	14881.0	P<0.01	3182.91	P<0.01	98703.3	P<0.01
Nagelkerke R Square	0.098		0.07		0.024		0.28	

Source: Labour Force Survey 2005-2013

Table 3: Differences in the predicted probabilities between models controlling for nationality and those omitting nationality for each labour market outcome in the pre and post-recession for a typical person*. (N=25,389)

	Unemployment		Self-employment		SOQ**		PT	
	2005-08	2009-13	2005-08	2009-13	2005-08	2009-13	2005-08	2009-13
Eastern-Europeans	-0.016	0.035	0.0389	0.0035	-0.002	-0.068	0.052	0.051
UK	0.005	0.004	-0.0006	0.0009	0.003	0.010	0.009	0.011

* a typical person was defined as a man aged 25-34 and holds a low to high secondary qualification

** Substantially Overqualified

Source: Labour Force Survey 2005-2013

Table 4: Multivariate fixed effect model for the impact of self-employment, over-qualification and part-time jobs on unemployment penalties.

	Model 1		Model 2		Model 3		Model 4	
	B	SE	B	SE	B	SE	B	SE
Intercept	3.64	0.07	3.73	0.05	3.76	0.05	3.76	0.05
Wave 1	0.87**	0.02	0.87**	0.02	0.87**	0.02	0.87**	0.02
Wave 2	0.14**	0.02	0.14**	0.02	0.14**	0.02	0.14**	0.02
Wave 3								0.00
Self-employment	-0.12*	0.05	-0.13**	0.05	-0.15**	0.05	-0.12*	0.05
								0.00
Over-qualification	0.11*	0.05	0.21**	0.05	0.12*	0.05	0.11*	0.05
								0.00
Part-time	-0.11*	0.04	-0.11**	0.04	-0.11**	0.04	-0.11**	0.04
								0.00
Poles	7.18**	0.24	10.20**	0.31	6.99**	0.24	7.17**	0.33
								0.00
Poles X over-qualification			-5.90**	0.39				
Poles X self-employment					1.57**	0.36		
Poles X part-time jobs							-0.01	0.28
Level-2 variance	7.13		6.95		7.11		7.13	
Schwarz's Bayesian Criterion (BIC)	66604.73		66390.75		66595.18		66614.45	

Source: UK Household Longitudinal Study (UKHLS) 2009-2012

¹ Gender features in our analysis in two ways. First, we compared the rates of economic inactivity by gender during the pre-2009 and post-2008 periods. This revealed that the rate of economic inactivity among East European women has not increased; in fact it dropped from 15.6% to 14.8%. Second, we ran the logistic model for the four labour market outcomes (unemployment, self-employment, over-qualification and part-time jobs as in Table 2 but separately for men and women, and the same patterns have been observed. For example, the odds ratio for female and male migrants interacted with post-2008 period was 0.61 and 0.79 respectively in the case of unemployment, 1.91 and 1.37 in the case of self-employment, 2.5 1.8 in the case of over-qualification and in the case of part-time jobs these coefficients were 1.3 and 1.4 for females and males respectively. This suggests that both males and females have experienced lower unemployment rates in the post-2008 period, but greater tendency for self-employment, over-qualification and part-time jobs.