

## **MIGRATION AND HUMAN CAPITAL IN ITALIAN AGRICULTURAL LABOUR MARKET: A CASE STUDY ANALYSIS**

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# MIGRATION AND HUMAN CAPITAL IN ITALIAN AGRICULTURAL LABOUR MARKET: A CASE STUDY ANALYSIS<sup>1</sup>

## Abstract

During the last years Italy, a country characterized by a long history of emigration, has seen a quickly growth of the phenomenon of immigration. Our Nation seems to be a “docking point” for new and substantial flow of immigrants mainly from Eastern Europe looking for new work opportunities. The profile of these people is usually characterized by high level of education as well as flexibility and adaptability. For the national economy in general, and for the agricultural sector in particular, this new migration flows represent an effective answer to the aversion for the agricultural job expressed by many potential autochthon workers.

Which are the characteristics of extra-community agricultural labour? Which are the characteristics of migration flows linked to the agricultural labour in three provinces of one of the main agricultural regions in Italy?

Based on National Institute of Welfare information's (INPS), the research underlines the diversification of this phenomenon among Italian regions as well as its dynamism. In Italy, during the last five years, the proportions of foreign agricultural workers increased up to 50%, and peaked in four Italian regions: Friuli Venezia Giulia, Campania, Piemonte and Emilia-Romagna. In Emilia-Romagna, in particular, immigrants represent almost a quarter of total agricultural workers and most of them aged less than forty years. The analysis of information about labour market in the agricultural sector in some Emilia-Romagna provinces shows that immigrants are concentrated in few farms. Farmer prefers to engage homogeneous ethnic groups to assure cultural affinity among the employees. In the local agricultural labour market the immigrants coming from Eastern Europe, in particular from Poland and Romania, are aged between 22 and 36 years, are unemployed in their country, they have a driving license and a good knowledge of Italian and English language.

**Key words (JEL Classification):** Agricultural Labour Markets (J43), Immigrant Workers (J61), Human Capital, Skills (J24)

## Introduction

The metaphor of “useful invaders” (Ambrosini, 1999) accurately sums up society's attitude towards immigrants. Business leaders are increasingly accustomed to regarding immigrants as a vital resource for the local economy, as they constitute a predominantly young

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<sup>1</sup> This paper is the result of a strict collaboration among the authors, and the analysis was jointly designed and implemented.

workforce with a good level of education and a flexible, adaptable attitude, even towards the least desirable and least stable jobs, of the kind that indigenous workers often refuse. At the same time, society at large expresses concern about the influx of immigrants, because their willingness to take on any work casts them in the role of “invaders”, threatening to take away jobs from the indigenous population. The management of immigration and the desire to institute a lean, responsive system of recruiting migrant workers thus constitute a dilemma for policy-makers, who find themselves caught between opposing and not readily reconciled forces.

As in many European countries, immigration in Italy has seen increasing growth in recent decades. While the number of residence permits issued at the end of the 1980s stood at over 300,000 (Venturini et al, 2004, 3-4), by 2007 it had reached almost 2.5 million, equating to 4% of the population. In the decade from 1998 to 2007 alone, according to official statistics, the number of foreigners to whom residence permits were granted rose by almost 1.4 million, at an annual rate of approximately 11%. Of the various routes of access, employment, controlled by the issue of annual quotas and governed by specific decrees, was found – together with family reunification – to be the main reason for granting residence permits. In 2007, jobs carrying contracts of employment accounted for 61% of residence permits issued. Whereas in the 1990s the largest number of immigrants to whom residence permits were issued originated from Africa, in recent years their number has been exceeded by that of immigrants from Eastern Europe. The percentage of resident immigrants working in agriculture is particularly high in the south and islands (over 16%). In the central and northern regions of Italy, by contrast, the foreign workforce is absorbed chiefly by the secondary sector.

In Italy, as in the majority of Mediterranean countries, the foreigners working in agriculture now constitute an essential part of the workforce, capable of filling the shortfall in labour suffered by the agricultural production system and not fully met by the local pool of labour. In this respect, recourse to the use of immigrant seasonal workers is an effective response to the tensions that characterise the labour market in various regions of Italy, and serves as a strategic lever in the competitiveness of the primary sector (Ghelfi et al., 2005). The use of agricultural labour from outside the European Union is relatively diversified in Italy and is marked by a high degree of dynamism. While there was a progressive increase in recourse to extra-EU labour until 2002, the five subsequent years saw a progressive fall, from almost 120,000 employees from outside the European Union in 2003, to just under 85,000 in 2007. Remaining within the context of Italy, in the five-year period examined the share of extra-EU employees in agriculture rose from almost 8% in 2000 to 11% in 2004, before returning gradually to the original figures in 2007. If we focus exclusively on the Emilia-Romagna region, in which rates of migration for the purposes of agricultural work are especially high, we find that the percentage of extra-EU employees stands significantly above 22%, thus substantiating the structural nature of the phenomenon. The extent and the structural nature of the phenomenon is also borne out by an analysis of performance in

terms of working days. The number of days worked by migrants is comparable to the number worked by EU personnel, and also manifests a faster rate of growth. The analysis shows that foreigners legally employed in agriculture are generally aged between 22 and 49 years. Within this range, the highest concentration of extra-EU employees is to be found in the 30-39 age brackets.

In order to highlight the distinctive characteristics of the supply and demand of foreign labour, we shall present the results of a direct survey conducted in three provinces particularly subject to the phenomenon: Ferrara, Ravenna and Forli-Cesena. For this purpose, we shall use the results of a direct survey conducted at the Ravenna Police Headquarters on a group of extra-EU immigrants, who arrived in Italy after receiving authorisation to undertake seasonal work in agriculture.

### **Materials and methods**

For the purpose of analysing the characteristics of employers, workers and jobs undertaken, a direct survey was conducted at the Provincial Labour Office and the Provincial Social Security Office of Ferrara, Ravenna and Forli-Cesena. The use of the Lorentz curve as a tool for examining the distribution of seasonal agricultural workers taken on by the employers involved, brought to light a number of interesting profiles of the phenomenon under investigation. The survey was completed with a questionnaire aimed at determining the characteristics of extra-EU agricultural workers. The questionnaire was first tested and then distributed to 135 immigrant workers contacted at the Police Headquarters of Ravenna and the Commissariats of Lugo and Faenza, in the period July to September 2005.

### **Results**

Analysis of seasonal work permits issued by the Provincial Labour Office of the provinces of Ferrara, Ravenna and Forli-Cesena reveals that, in the period 2003-04, the number of permits issued in the first two provinces remained broadly stable, while in the province of Forli-Cesena, the total number fell by 31%. The same trend was found to apply to the number of employers requesting seasonal workers. Excluding the province of Forli-Cesena, in the two-year period under examination, there was a rise in the number of agricultural businesses that had recourse to immigrants to meet their labour requirements (Table 1). This appears to be a first sign of the difficulty experienced by agricultural businesses in sourcing indigenous labour to perform their core tasks. The total number of work contracts and workers involved, and the data relating to rights of precedence, highlight the extent and structural nature of the phenomenon: in the province of Ravenna, in fact, no less than 49% of the workers were employed by the same companies in both the years considered. An analysis of distribution by quartiles yields a more detailed breakdown of the supply of agricultural work. The median value for workers employed in agricultural businesses is fewer than five employees in all three provinces and, taking account of the

third quartile, does not exceed 11 units. This finding points to a considerable concentration of the majority of workers within a few medium and large enterprises, or in cooperative companies which employ seasonal staff not only for work in the fields but also for duties connected with the initial treatment of the raw material. A look at the Lorentz curve (Figure 1) shows that, in all three provinces, more than 60% of workers are concentrated in little more than 20% of companies. In view of the high concentration of workers absorbed by 20% of employers, we decided to divide the sample into two groups: the first corresponds to 80% of employers (Group 1), while the second is made up of the remaining 20% (Group 2). The first group is made up of relatively small farms, with an average area not exceeding 53 hectares. The second group, in which the majority of immigrant agricultural workers are employed, is made up of large farms, with an average area, in the province of Ravenna, approaching 159 hectares (Table 2). Furthermore, in the province of Ravenna, the average number of days per worker is the highest of the provinces surveyed, with a total of almost 65 days per head. The analysis of the structural characteristics of the farms does not reveal any significant differences between the production profiles of each group. In particular, it should be noted that the sample analysed consists chiefly of farms with an intensive approach to production, in which the percentage of land given over to the cultivation of fruit and vegetables exceeds 60% of the total (Table 3). In the majority of cases, employers show a preference for employing groups of homogeneous ethnic origin. As well as simplifying bureaucratic procedures, this preference appears to derive from a desire to form culturally compatible groups. In the majority of cases, the immigrants originate from Eastern Europe, with a marked prevalence from Poland and Romania, and are aged between 22 and 36 years. Excluding the province of Ferrara, where approximately 50% of permits have duration of less than 4 months, the period of validity of work permits tends to approach the maximum allowed under the relevant legislation. In line with the findings of other studies (Ambrosini, 1999; Ambrosini, 2001; Allasino, 2004), the questionnaire-based survey revealed that the level of education of the immigrants involved is medium/high, to the extent that 75% hold a high-school diploma and 6% are graduates (Table 4). Their knowledge of Italian is normally average and they speak at least one additional language fluently, predominantly English. They generally hold at least a level B driving licence (72.5%) and are often capable of driving heavy vehicles. The validity of their residence permits ranges from 7 to 9 months, and while the women are chiefly employed for warehouse work, the men are normally assigned to more physically demanding agricultural tasks such as fruit-picking.

### **Final remarks**

Over two million migrants currently reside in Italy with a valid residence permit for working under a contract of employment. In agriculture in particular, the presence of foreign workers has assumed highly significant proportions. In various areas of production, the share of foreign workers now exceeds 25% of the total workforce. The people involved

are generally young and qualified, with previous work experience, and offer the highest levels of flexibility and willingness to work. Despite this, companies which intend to employ foreign seasonal workers are faced with an extremely complex bureaucratic process, whose throughput times are sometimes not compatible with the speed of response required by agricultural production systems. Complexity and inefficiency thus oblige businesses to incur substantial transaction costs, and result in less than optimum use of resources. On the one hand, the high number of applications for revocation of work permits shows that, in addition to factors relating to the economic climate, employers protect their interests by applying for higher numbers of workers than they expect to need, with a view to then cancelling accepted applications on the basis of actual requirements. On the other, the duration of service of workers does not generally exceed 25% of the maximum duration allowed by their residence permit. A sign of the complexity of the bureaucratic process for the employment and mobility of foreign workers also finds expression in the changes observed in migratory flows. The “ethnicisation” of the labour market does not appear to be due to real specialisation or cultural factors or the tradition of migrants. Various opinions reach agreement on the notion that the concentration of migrant workers in certain sectors of production and certain niches of work is predominantly influenced by Italy’s procedures for placing migrant workers in work (Ambrosini, 2001; Allasino et al, 2004). In this respect, the social networks created between foreign workers already present in Italy and the potential migrants still in their country of origin, constitute a plausible hypothesis for explaining the characterisation of foreign labour, the evolution of migratory flows and the integration of immigrants into the host society (Portes et al., 1989). One question which remains to be answered many years since it was first posed, and which finds echoes in various contributions on the subject of immigration (Grossman, 1982; Card, 2005), relates to the impact of these new migratory flows on the opportunities which the local agricultural labour market could potentially offer indigenous workers. While for some authors, new migrants constitute the main competitors of the less qualified indigenous workforce (Borjas et al., 1997; Borjas, 2003), for others, a natural and “peaceful” coexistence between the local and foreign workforce appears plausible, in a scenario which sees the two groups operating in conjunction rather than competition with each other (Reyneri, 1996; Ambrosini, 2001; Linton, 2002).

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**Table 1** - Seasonal migration in agriculture: employers, permits, work contracts, workers and working days

	Ferrara			Ravenna			Forlì-Cesena		
	2003	2004	Var%	2003	2004	Var%	2003	2004	Var%
Employers	134	145	8.2	310	316	1.9	235	141	-40.0
Permits	1,398	1,406	0.6	1,429	1,383	-3.2	746	514	-31.1
- positive result	1,037	1,202	15.9	1,177	1,383	17.5	666	437	-34.4
- extension	75	59	-21.3	0	0	0.0	2	1	-50.0
- joint	0	0	0.0	242	0	-100.0	69	68	-1.4
- revocation	286	145	-49.3	10	0	-100.0	9	8	-11.1
Work contracts (a)	1,112	1,261	13.4	1,419	1,383	-2.5	737	506	-31.3
Workers (b)	1,042	1,187	13.9	1,282	1,131	-11.8	702	466	-33.6
- right of precedence (c) (%)		25.2			27.3			49.1	
Working days	37,751	44,387	17.6	85,526	80,722	-5.6	25,805	19,191	-25.6
- by employer	282	306	8.7	276	255	-7.4	110	136	23.9
- by worker	36	37	3.2	67	71	7.0	37	41	12.0
<b>Distribution by percentile of employers of the number of workers</b>									
Min	1	1		1	1		1	1	
25	2	2		1	1		1	1	
50	4	5	*	2	2	*	1	1	*
75	11	9		3	3		2	3	
Max	145	143		296	181		141	153	

Source: Own elaboration based on DPL information

Note: (a) The work contracts represent the practices authorized minus the revocations presented by the employers; (b) A worker can work for one or more employers, for this opportunity the real number of workers is less than the number of work contracts; (c) A worker that has worked in a firm the preceding year acquires a right of precedence for the year in progress.



**Table 2** - Segmentation of the sample of employers orderly by increasing number of employees (year 2004)

	Employers (#)	Surface (hectare)		Work contracts		Days INPS	
		Total	Average by firm	Total	%	Total	By work contract s
<b>Ferrara</b>							
Cluster 1	112	5,951.25	53.14	497	39.4	10,702	22
Cluster 2	28	3,921.14	140.04	764	60.6	33,685	44
Total	140	9,872.39	70.52	1,261	100.0	44,387	35
<b>Ravenna</b>							
Cluster 1	252	7,568.67	30.03	431	31.2	19,316	45
Cluster 2	64	10,198.95	159.36	952	68.8	61,406	65
Total	316	17,767.62	56.23	1,383	100.0	80,722	58
<b>Forli-Cesena</b>							
Cluster 1	112	5,027.92	44.89	155	30.6	6,595	43
Cluster 2	29	2,003.05	69.07	351	69.4	12,596	36
Total	141	7,030.97	49.87	506	100.0	19,191	38

Source: Own elaboration based on DPL information

**Table 3** - Structural characteristics of sample (year 2004; % of employers)

	Ferrara		Ravenna		Forli-Cesena	
	Cluster 1 (n.112)	Cluster 2 (n.28)	Cluster 1 (n.252)	Cluster 2 (n.64)	Cluster 1 (n.112)	Cluster 2 (n.29)
<b>Extensive</b>	17.9	7.1	7.9	6.3	21.4	27.6
<b>Intensive</b>	50.0	64.3	65.5	64.1	43.8	41.4
<b>Mixed</b>	22.3	17.9	23.4	25.0	19.6	13.8
<b>Without surface</b>	9.8	10.7	3.2	4.7	15.2	17.2
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0

Source: Own elaboration based on INPS information

**Table 4** - Characteristics of immigrant agricultural workers in Ravenna Province (value %; year 2005; n.135)

<b>Age (number of interviewed)</b>			
Age	F	M	M+F
19-28	14	33	47
29-38	13	35	48
39-48	11	14	25
49-58	4	9	13
ND	2	0	2
Total	44	91	135

<b>Nation of origin</b>			
	F	M	M+F
Poland	68,2	30,8	43,0
Romania	27,3	40,7	36,3
Albania	4,5	28,6	20,7
Total	100,0	100,0	100,0

<b>Employment situation of immigrant agricultural workers in their country</b>			
	F	M	M+F
Unemployed	86,4	90,1	88,9
Employed	13,6	9,9	11,1
Total	100,0	100,0	100,0

<b>Instruction</b>			
	F	M	M+F
Professional	4,5	4,4	4,4
Superior	88,6	68,1	74,8
Degree	2,3	7,7	5,9
ND	4,5	19,8	14,8
Total	100,0	100,0	100,0

<b>Level of knowledge of Italian language</b>			
	F	M	M+F
Mediocre	43,2	42,9	43,0
Not so good	25,0	44,0	37,8
Good	4,5	0,0	1,5
ND	27,3	13,2	17,8
Total	100,0	100,0	100,0

<b>Knowledge other languages more than Italian</b>			
	F	M	M+F
English	41,7		
Greek	26,7		
German	13,3		
Others	18,3		
Total	100,00		

<b>Driving licence (n.80)</b>			
Type	F	M	M+F
A	0,0	4,8	3,8
a-b	100,0	65,1	72,5
a-b-c	0,0	12,7	10,0
a-b-c-d	0,0	1,6	1,3
a-b-c-d-e	0,0	14,3	11,3
a-b-c-d-e-f	0,0	1,6	1,3
Total	100,0	100,0	100,0

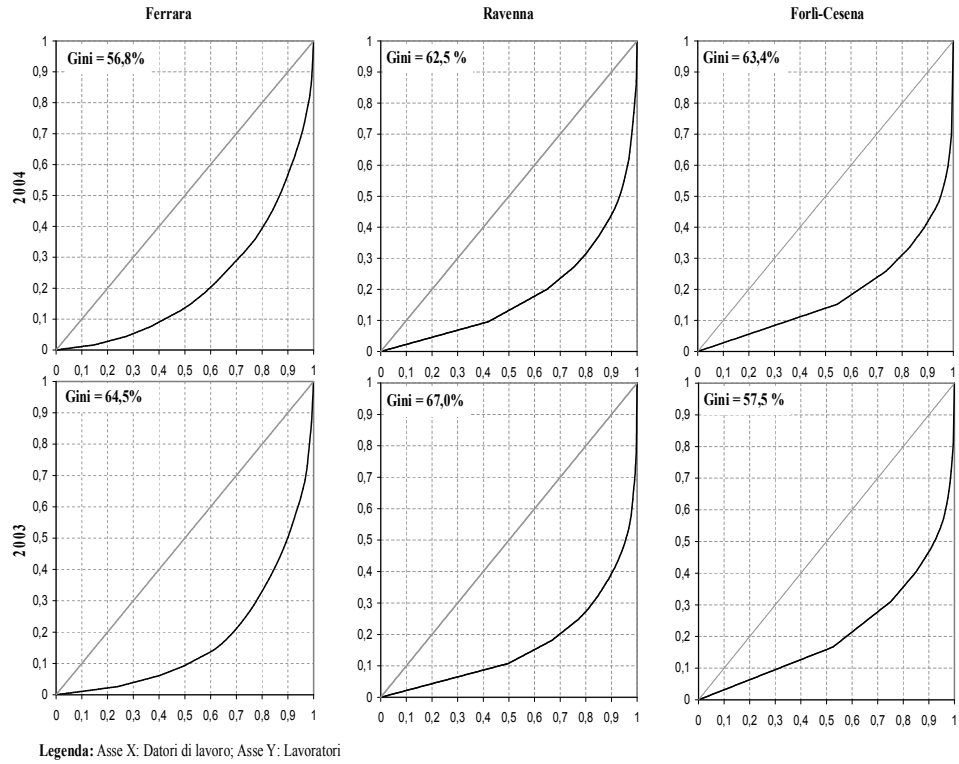
<b>Availability to work <sup>(a)</sup></b>			
	F	M	M+F
No	61,4	25,3	37,0
Yes	38,6	74,7	63,0
Total	100,0	100,0	100,0

Source: Own elaboration based on INPS information

Legenda: F=female; M=male; M+F= male and female.

Note: (a) Availability to extend the working period after the actual activity.

**Figure 1 - Agricultural seasonal migration: degree of concentration of agricultural workers migrants**



Source: Own elaboration based on DPL information