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Employing human capital: a comparative analysis of migrant overqualification in Italy and Canada

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#### Abstract

Overqualification is one of the indicators used to assess migrant integration into the social fabrics and the labor market of contemporary host societies. This study aims to contribute to a deeper understanding of the phenomenon of overqualification among immigrant populations and their descendants, understood as the mismatch between educational qualifications and occupational skill requirements. Focusing on Italy and Canada as countries of studies, it explores the factors contributing to its perpetuation among these groups, considering not only the economic dynamics and labor market performances but also the broader structural factors concerning the destination countries. These significantly divergent approaches result in distinct compositions of immigrants, particularly in terms of educational levels. The emphasis is on the Italian and Canadian divergent historical immigration backgrounds and approaches on immigration policies, especially considering labor migration. Through a comparative analysis of these two destination countries, this research sheds light on the higher overqualification rate among foreign skilled workers and their children compared to equally skilled native-workers. The study finds that the low share of tertiary educated workers in the Italian workforce, results in a reduced probability of overqualification for both native and migrant workers in Italy. In contrast, Canada's highly educated workforce contributes to high overqualification rates among both native and immigrant groups, as there is a mismatch between the supply and demand of highly educated workers. Moreover, it sees that Italy's less selective immigration policies lead to a larger disparity between the overqualification rates of foreign-born and native workers, with tertiary educated migrants experiencing higher rates of overqualification. Canada exhibits a narrower gap between the overqualification rates of skilled immigrants and native workers, suggesting that its immigration policies may contribute to a more balanced distribution of human capital in the labor market.

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#### 1. Introduction

Over the last years, there has been a significant increase in global migration, reaching historically high levels. As indicated by the United Nations Department of Economic and Social Affairs (2020), the global estimate of the international migrant stock in 2020 was approximately 281 million, 128 million more than in 1990. Representing 3.6% of the world population living in a country other than their country of birth, it becomes clear that human movement has become a prominent feature of contemporary society,

To acknowledge the growing scale of this global reality, democratic societies and international organizations have been increasingly focused on migrants' wellbeing and successful settlement into the host countries. Over the last two decades, migrants' integration has been at the top of the EU and OECD policy agendas, being defined as "the ability of immigrants to achieve the same social and economic outcomes as the native-born, while taking into account their characteristics" (OECD & European Commission, 2023). The emphasis lies on ensuring equitable opportunities for the newcomers by granting access and possibilities in employment, education, healthcare and all other spheres of society, reflecting a commitment to build a cohesive community acknowledging the essential contribution that migrants can make in their host nations.

While much progress and improvement has been reached over the years, despite the efforts towards the promotion of integration, migrants continue to experience challenges and disparities with respect to their native-born peers. For instance, OECD-wide gaps can be observed in different areas, such as employment rates, poverty level, living conditions, as well as the perception of discrimination (OECD & European Commission, 2023). The persistence of these disparities suggests the existence of numerous barriers that still have to be overcomes in order to achieve similar social and economic outcomes to natives and harness the full potential of migration.

Employment serves as an essential determinant of migrants' integration in the host country's social fabric. While providing an income, it also affects the opportunity to become an active member of society, by allowing people to learn the host-country language and to interact with the host population (Ramirez et al., 2018). However, to determine migrants' full integration, their labor market participation rate cannot be the only indicator to take into account when looking at employment. Additional factors need

to be monitored as well, such as job quality or skillfulness and immigrants' skills. In fact, by definition, to reach labor market integration, migrants would not only have to achieve similar levels of labor market participation to the native-born individuals, but they would also use their skills to realize their full economic potential (Ramirez et al., 2018). Therefore, it is crucial for policymakers and international authorities to focus on a comprehensive approach to integration that encompasses various dimensions of employment, improving job quality and assuring that migrants fully utilize their human capital.

Research conducted globally highlights that upon migrants' arrival in the country of migration, they tend to encounter many obstacles in finding adequate occupations to the skills and qualifications that they held and have acquired through time and effort prior to migrating. The migrant workforce tends to be employed in the lower skilled occupations, characterized by manual labor. Despite possessing tertiary education qualifications, such as bachelor's degree or higher, many migrant workers are compelled to work in low level roles that require fewer skills than those possessed, although being suitable for higher skilled jobs.

This situation results in a discrepancy between the human capital that an individual has accumulated through education and professional experience and that required by their roles. This phenomenon in which an individual experiences skill downgrading has been discussed broadly and has been defined as "overqualification". Moreover, when specifically referring to the underutilization of migrants' skills, this phenomenon has been referred to as "brain waste", thus associating it with the waste of immigrants' potential in particular (Reitz, 2001). At its core, the issue of overqualification and brain waste involves a competence mismatch between the demand and the supply of human capital in the labor market. Recognizing its importance and its diffusion among the immigrant population, the overqualification rate serves as a key labor market parameter included in the "Zaragoza indicators". These indicators are used to research the degree of migrant integration within a host country, facilitating a comparison at an international level, and monitoring integration policies evaluating their effectiveness.

The prevalence of overqualification among migrant populations carries profound consequences, both for individuals and for the societies they seek to integrate to, as explained in Quintini's (2011) comprehensive review of existing literature on the subject.

One significant consequence of qualification mismatches is the incidence that an occupation of lower level has on the employer wages, resulting in a wage penalty (Hartog, 2000). Overqualified employees tend to receive a lower wage on average compared to workers that share similar levels of human capital but are in skill-appropriate occupations, leading to a lower return on their education. Additionally, overqualified workers report lower job satisfaction and personal professional fulfillment, together with a higher job mobility with respect to employers in matched job positions. Some researchers argue that this has not only consequences on the affected individual's productivity, but also hinders the overall productivity at the firm level, which is expected to decrease.

Moreover, the implication of overqualification extend beyond the single individual, being increasingly pressing on the whole society. Considering migrants overqualification in particular, the skills and experience that migrants bring in their journey with them add to the host country's human capital, contributing to strengthen a nation's economy and to successfully compete in the global economy, as highlighted by Esses et al. (2006). On one hand, by taking into consideration the talents of skilled immigrants, host nations can make technological advancements, fuel innovation and boost research, as data from the United States suggests (as cited in Dumont & Liebig, 2014; Hunt, 2010). On the other hand, the underutilization of migrants' skills leads to the nation's loss of economic potential. For instance, Reitz (2005) estimated that the Canadian economy has experienced a significant loss of approximately \$1.6 billion<sup>1</sup> due to the unutilized foreign-acquired skills of migrants that, had been used, would have otherwise been productive for Canada, contributing to the nation's growth.

Due to its significant implications for both individuals and societies, the phenomenon of migrant overqualification has gained importance leading to the existence of a broad field of investigation that takes into account various aspects. A considerable body of research has focused on the overqualification gap among native- and foreign-born populations in a wide range of nations across the globe, including in more comprehensive areas such as the European Union and OECD area. Additional research has focused on the causes that influence the discrepancy between individuals' educational attainment and that required by their jobs, bringing attention to the numerous challenges

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<sup>&</sup>lt;sup>1</sup> This figure represents only a fraction of the total of \$2.4 billion of lost wages that has been lost by the underutilization of immigrants' skills.

and barriers in the labor market that people experiencing a migration may face. These include discrimination based on their ethnical and national origin, linguistic barriers that hinder the communication, or credential recognition issues among different countries. However there remains a notable gap in the literature capable of identify cohesive strategies that policymakers can follow to address this issue effectively, promoting a successful integration of migrants into the labor markets of their host societies, and assuring appropriate returns to their investments in human capital.

The scope of the present study is to contribute to a more comprehensive understanding of the phenomenon of overqualification among immigrant populations by examining the factors that lie at its perpetuation in contemporary societies. To achieve his goal, this research aims to explore not only the economic dynamics and labor market characteristics but also the interplay of broader structural factors of the destination countries, such as the historical immigration background and the regulatory framework concerning immigration, based on the assumption that these aspects affect the economic performance of migrants.

The investigation is centered on Italy and Canada, two major immigrant destination countries that are characterized by high levels of immigration and high overqualification rates of foreign-born workers. Specifically, the choice upon Canada and Italy as case studies to investigate the overqualification trends has been made due to their contrasting approaches to immigration policies and cultural-historical contexts. While considering these broad features for both countries, additional focus is posed on the respective legislative framework that regulate human movement especially in case of migration for economic purposes.

Both Italy and Canada are recognized by the latest report of OECD and the European Commission (2023) among countries with notably high rates of overqualification among skilled foreign-born workers. In Italy approximately 49.31% of skilled immigrant workers were employed in positions that require less skills than they possess in 2021. In contrast, the share of those in the native-born workforce in the same situation was only 18.53%, indicating a vast difference between the two groups in terms of opportunities and possibility to employ one's human capital. Similarly, in the same year in Canada the overqualification rate accounted to 57.43% for the immigrant group

and to 53.71% for the native one, signaling a narrower gap between immigrants and natives in the country, although negative implications for both groups.

Italy and Canada exhibit various differences in their approaches to immigration, shaped by historical and cultural factors, that contribute to variations in overqualification trends between the two countries. After being historically known as an emigration country, Italy has become an important destination country only in recent times. Starting from the '80s, the country started to host consistent migratory inflows, influenced by its location of proximity with the northern African coasts and Eastern Europe. On the contrary, human movement is on the basis on Canada's nation building, leading to consider multiculturalism and migration its country's identity.

Considering the recent feature of the migratory phenomenon, the Italian regulatory system aimed at addressing the inflows of newcomers reflects the struggle to manage the phenomenon effectively. Being often fueled by public discourses that pictured migration as an emergency and threat issue, the development of the Italian regulatory system has been shaped to tackle the influx of undocumented migrants, a persistent feature of the Italian immigration system, rather than to find effective strategies to adapt immigration to labor market needs. For these reasons, Italy is considered to lack of a structured policy for labor migration, which relies almost solely on established annual quotas open to third-country nationals. These entries are conceived upon the single employer nomination of a specific employee living outside the country's borders, without much emphasis on its human capital.

By contrast, Canada has a long tradition of valuing foreign skills and expertise, which are consider to have positive implications in favoring the Canadian economy, the fabric of society and its demographic aging trends. Economic immigration is a priority in the Canadian immigration system, and it is managed mainly through a point system in which potential migrants are evaluated and later selected based on their human capital. The selective criteria consist in factors such as education, professional experience and language proficiency, which are considered to amplify foreign-born workers contribution to the country's labor market and a greater possibility to integrate into society.

Seen these two divergent approaches to immigration policy and attitudes, the expectation is that Canada's emphasis on attracting foreign human capital would result in a better employment on its labor market, and thus significantly lower overqualification

rates among the immigrant population compared to Italy, where this emphasis is lacking. However, the two countries share similar levels of overqualification, distinguishing themselves in the OECD area among other countries. The more nuanced reality suggests that a complex interplay of factors, including labor market dynamics, immigration policies and cultural context influences the prevalence of overqualification among the skilled immigrant population in both countries.

The exploration of the phenomenon of overqualification among immigrants will be developed in the present study into several chapters. Chapter 2 will provide a comprehensive overview of the theoretical framework examining the existing relevant research on the topic. Among the existent shades of overqualification in literature, that by the OECD and European Commission (2023) using education and occupation as parameters will be chosen to establish a theoretical foundation for the subsequent analysis. The chapter then continues emphasizing the particular significance that overqualification has for people with a migratory experience, as it directly hinders the returns expected on education and migration intended as investments. Furthermore, the particular incidence of the phenomenon on the descendants of immigrants will be highlighted. Finally, the discussion will shift to the identification of the main factors contributing to the mismatch between education qualifications and job opportunities among immigrants and their offspring. These will focus on the imperfect transferability of human capital, discussing the difficulty in the recognition of foreign educational credentials and linguistic barriers, and on discrimination in the labor market along ethnic lines.

In the two following chapters, Chapter 3 and 4, the focus will shift on the experiences of immigrants in two countries chosen as case studies, examining separately first Italy and then Canada, with a particular emphasis on employment purposes. The chapters begin by providing a comprehensive overview of the Italian and Canadian immigration histories, retracing the evolution of their main immigration policies over time. This sets the stage for a detailed analysis of current regulations in both countries, exploring in particular the mechanisms through which foreign-born workers can enter the Italian and Canadian labor market. In chapter 3, the system of Italian annual quotas will be presented in detail, together with the other two mechanisms destinated to migrants wishing to enter Italy for work, namely pre-immigration vocational and civil-linguistic

trainings in origin countries and the EU Blue card for skilled workers. For Canada, chapter 4 will delve on the numerous programs provided for potential immigrants aimed at attracting foreign talents at both federal and provincial levels. After the examination of the legislative frameworks, both chapters will turn the attention to the demographic compositions of the immigrant populations on the Italian and Canadian soil, drawing on available official data. The chapters then explore the employment patterns and labor market participation of foreign-born individuals shedding light on their socio-economical outcomes. Finally, the chapters explore the phenomenon of overqualification among immigrant workers in Italy and Canada, analyzing its trends and targets that result more affected by it.

By gaining a deeper understanding of the factors contributing to the education-occupation mismatch among migrants, the findings of such research could have significant implications for their lives. Upon deciding to change their lives in search of a better future for themselves and their descendants, it is fundamental that ensure that the investment in education taken prior to migrating and that of migration itself receive the adequate returns in the host countries. To address this issue effectively, policymakers, international organizations and employers are required to develop targeted interventions to reduce barriers to complete integration of newcomers, both in the host countries' labor markets and in their societies. By considering migrant workers' talents and expertise, this step can contribute towards the development of more equitable and prosperous societies.

### 2. Theoretical review on migrant overqualification

# 2.1 Defining overqualification

Overqualification generally describes a situation in which there is a mismatch between individuals' human capital, intended as their education, skills, and professional experiences, and that required by a job in which they are employed. In existing literature, there are different ways to measure these imbalances: while some studies use skills as a proxy, other use qualifications. The most researched type of mismatch is by far the one that has as a main indicator the education, i.e., the academic qualifications, held by the workers and that required by their job. Although a body of literature investigates directly skills mismatch, schooling represents a much easier parameter to measure competence (Quintini, 2011).

The EU and OECD define overqualified those workers who are highly educated (ISCED LEVELS 5-8) but work in a job that has been classified as low or medium skilled, (ISCO Levels 4-9) (OECD & European Commission, 2023). When there is a positive difference between the employee's qualification level and the qualification level required in his/her job, he/she is considered overqualified. For the overqualification rate to be calculated, two variables are taken into consideration: a workers' highest educational level and their occupation. This is built on a "normative" approach "based on the assumption that all jobs with the same title have the same educational requirement and that this is true in all countries using the same occupational classification" (Quintini, 2011, p. 13).

On one hand, to analyze educational levels, statistical data employs the International Standard Classification of Education (ISCED-2011), developed by the UNESCO Institute for Statistics (2012), which permits an international classification and comparison of educational programs and related qualifications. Following the ISCED-2011 classification system, a worker is considered skilled if his/her highest educational qualification varies from a short-cycle tertiary education (ISCED 5), a bachelor's degrees (ISCED 6), a master's degree (ISCED 7), or a doctoral degree (ISCED 8) or equivalent tertiary education levels

On the other hand, the International Standard Classification of Occupations (ISCO-08) is a fundamental tool for classifying employment occupations through the

similarities in the skill levels and skill specialization, according to the tasks and duties performed. This mechanism classifies the existing occupations in 436 unit groups, 130 minor groups, 43 sub-major groups and 10 major groups. Skills are the main criteria used by the ISCO classification standard to group the occupations, being defined as the ability to carry out the duties and tasks undertaken into a given job. To each unit there is a determined skill level, which is "a function of the complexity and range of tasks and duties to be performed in an occupation", being measured among other factors upon the level of formal education required for a competent performance of the tasks and duties involved (International Labour Office, 2012a). Given this a-priori presumed correspondence between education and occupations, as shown in Figure 1, the major groups 1 - 3 correspond to the highest skill levels, i.e., levels 3 and 4, for which having tertiary education is required.

Figure 1. ISCO-08 major groups and skill levels

ISCO-08 major groups				
1	Managers			
2	Professionals	4		
3	Technicians and Associate Professionals	3		
4 5 6 7 8	Clerical Support Workers Services and Sales Workers Skilled Agricultural, Forestry and Fishery Workers Craft and Related Trades Workers Plant and Machine Operators, and Assemblers	2		
9	Elementary Occupations	1		
0	Armed Forces Occupations	1 + 2 + 4		

Source: International Labour Office, 2012a

Following these remarks, the EU and OECD definition of an overqualified worker includes those workers who, despite having acquired a tertiary level education qualification, are not in posts included in the categories of managers (ISCO 1), professionals (ISCO 2), or technicians and associate professionals (ISCO 3), but in occupations included in the major groups between ISCO 4 and ISCO 9, which are considered to be of low or medium skill level, since they do not require a tertiary education degree.

# 2.2 Overqualification hindering the migration investment

Although overqualification may affect all members of societies, the phenomenon especially concerns the category of migrants which results to be more affected by it with respect to the native-born workforce. Following the pioneering work of Sjaastad (1962), in this framework migration<sup>2</sup> is seen from the point of view of the human capital theory, and thus is treated as an investment decision that, as education, increases the productivity of human resources, involving costs and rendering returns. He distinguished two types of private costs that an individual who migrates has to consider: the first are money costs, that are the actual monetary expenses that one spends for moving, that marginally increase depending on the distance of the destination; the second are non-money costs, which include the "psychic" costs of leaving family, friends and the habitual surroundings, and the foregone earnings that could be otherwise earned in the time spent travelling, searching for a new job and learning how to perform it correctly and efficiently.

Being an investment, migration has also effects on the future well-being of the individual, given by the returns, which are both monetary and non-monetary. Focusing on the first type, these consist in "a positive or negative increment to his [the migrant's] real earnings stream to be obtained by moving to another place" (Sjaastad, 1962, p. 85). With this perspective, individuals make the decision to migrate if the costs of moving to a new location are worth the earnings that the individual expects to earn at the destination, which are perceived higher with respect to the earnings that are expected at the original location.

Taking into consideration these remarks, overqualification might represent a risk for the migrants' investments, affecting skilled individuals' returns to both education and migration. This may happen when individuals incur in the costs of education and migration but, being exposed to uncertain returns to education at the destination country, i.e., future earnings, they are subject to a kind of lottery of having or not access to the full returns to their skills, depending on whether or not their skills are recognized in the destination country. Given this uncertainty, despite being skilled, one may end up

<sup>&</sup>lt;sup>2</sup> His study regards voluntary migration, thus excluding forced migration such as in the case of asylum seekers and refugees, and assumes that the economy is competitive as to permit an 'optimal' allocation of resources.

working as unskilled in the destination country, with the result of not benefiting from the acquisition of human capital, and thus being rewarded with lower returns than those expected from higher education and migration (Garcia Pires, 2015).

The category of migrants has been found much more likely to be overqualified in their positions with respect to the native-born workforce. Recent studies evidence that the rate of overqualification of the foreign-born workforce is 36,46% on average in the OECD countries, meaning that around one-third of the highly educated immigrants in the OECD area is employed in a job position that requires less skills and education actually held (OECD & European Commission, 2023). Although the gap between the native born and the foreign born in the OECD area is not very wide<sup>3</sup>, this remains a serious issue, because leaving aside some countries in which the gap is not observable, other countries have exacerbated differences. The countries where the overqualification gaps between the foreign- and native-born workforce are greatest are Israel, Latin America (except Mexico), Korea, and most Nordic and Southern European countries (except Greece). In the EU a wider difference can be observed, consisting in 12 percentage points between the overqualified educated immigrants and natives. "EU-wide, 47% of highly educated immigrants are either overqualified or not in employment, against 30% of their native-born peers" (OECD & European Commission, 2023, p. 94).

However, numerous studies have acknowledged that a longer duration of migrants' residence in their destination country leads to increasing improvement in their labor market outcomes, resulting in a narrower disparity compared to the native-born population. While many studies have confirmed the positive trends in earnings over time, similar patterns can be observed for overqualification. Indeed, the effects that a longer residence in the country of immigration have on the match of educational level with the skillfulness of occupation has been explored by Chiswick and Miller (2009), looking at the case of the United States. Comparing employed native- and foreign-born men aged between 25-64 years, it has emerged that the incidence of overqualification is higher on immigrants entering more recently in the labor market, highlighting that the longer a migrant man has resided in the United States, the lower the probability of being overqualified in his occupation. More specifically, the probability of being overeducated

<sup>&</sup>lt;sup>3</sup> In the OECD countries, the overqualification rate for the native-born workforce accounts to 31,99%, only -4.47 percentage points less than the foreign-born workforce.

after 30 years of residence in the host country decreases of about -10 percentage points compared to the first year of arrival, shifting from 34,28% for the first year of residence to 24,96% after 30 years.

Behind the decrease in the likelihood of overqualification among migrants as more time passes from migration, the reason can be attributed to numerous factors that explain the outcomes influencing labor market integration. Although not using overqualification as a specific parameter, but rather the earnings gap, Chiswick (1978)'s study on foreign-born men in the United States provides important insights on how spending time in the host country determines less disparity between natives and immigrants over time, explaining the following:

Recent immigrants ... have less knowledge of the customs and language relevant to U.S. jobs, have less information about U.S. job opportunities, and have less firm-specific training (i.e., they are likely to have been at their current U.S. job fewer years than native-born workers). They are also less likely to have acquired the union card or occupational license relevant in the United States to apply the skills acquired in their country of origin. As time passes, however, the immigrant gains knowledge of the United States, acquires job-specific training, and either acquires the union card or modifies his skills accordingly. (p. 899)

In other words, as migrants reside in the country of migration, they gradually acquire with time country-specific human capital that favor their integration in the foreign labor market, narrowing the gap among native workers. In this sense, foreign human capital is intended as investments that can be more explicit, i.e., schooling, or implicit, when indicating those skills that are learned by living, such as those acquired during work experience or language skills (Chiswick & Miller, 2008). Being considered as means of workers' productivity, these aspects can be valued positively and thus are expected to have a beneficial impact on the returns associated to human capital. Moreover, when migrants arrive, independently from their level of educational attainment, they lack information about the functioning of the foreign labor market, causing difficulties in the search for employment, earning opportunities, and a proper education-occupation match. Friedberg (2000) explains that, while gaining exposure to the new labor market, migrants have easier access to country-specific information, and thus can experience a rise in labor market performances maximizing their returns.

# 2.3 The issue of overqualification among the descendants of migrants

In addition to immigrant populations, research has observed that overqualification is also a concern for the descendants of immigrants. This category of people is often referred to as "people with a migrant background" or "second-generation migrants", in contrast with proper migrants that are being designated as "first generation". However, a debate exist on the appropriateness of these terms for migrants' offspring, as they encompass individuals who have not personally undertaken a migration experience, but only have at least one parent who entered the country in which they were born in as a migrant (European Commission, n.d.).

Over the last decade, the share of native-born people with foreign-born parents have come to represent a growing share of the population in many countries worldwide. Although considering only a restricted age group including individuals between 15- and 34- years old, the report conducted in the OECD area reports that those with one or both parents born in a foreign country represent 13,8% of the share of the population in that age (OECD & European Commission, 2023). This demographic shift reflects the ongoing processes of international migration, which have been steadily increasing on a global scale in the last decades.

In spite of the fact that migrants' offspring have been raised and educated in the country they were born in, the migratory background of their families is extended beyond generations, posing challenges that affect their outcomes in society. Children of foreign-born parents they often face inequality gaps compared to children of native-born parents, in both schooling and labor market performance. For instance, investigating the state of learning and equity in education among students, the Programme for International Student Assessment (PISA) gives insights on disparities in performances differentiating students by immigrant background<sup>4</sup>. PISA 2022 evidences that among the 81 participating countries, students from families without an immigrant background show on average better performances in all PISA subjects (reading, mathematics and science) compared to students with immigrant backgrounds (OECD, 2023).

<sup>&</sup>lt;sup>4</sup> For students with immigrant background is intended students who have both of their parents born in a country other than the one where the student took the test.

These challenges are also evident in the overqualification rates, since individuals with families with migrant background are more affected by mismatches between their educational qualifications and skill requirements of their employment. Notably, comparing young educated people between 15 and 34 years old in the EU countries distinguishing among those with native- and foreign-born parents, it emerged that rates are higher for children of the latter category (OECD & European Commission, 2023). These results highlight the complex dynamics of integration suggesting an intergenerational transmission of societal outcomes, as well as of the condition of overqualification.

When considering both schooling and labor market disparities, including challenges in finding employment correctly matching their skill level acquired through education, numerous researchers take into account the relevance of social origin. The family's background has several implications on the outcomes of children in the labor market both directly, through material resources and social networks, and indirectly, through educational outcomes, language skills and cultural resources (Corak, 2013; Gabrielli & Impicciatore, 2022, p. 2312). This means that a lower socioeconomic status of the parents is likely to determine a limited economic mobility for their descendants, shaping their earnings in adulthood. Since migrant families have on average a lower socioeconomic status, there is a higher risk for children of migrant parents of being socioeconomic disadvantaged in the labor market, as well as performing worse in the schooling system.

Moreover, family's limited social networks play a predominant role as well, affecting connections for schools and jobs opportunities. In fact, "finding a suitable job that matches the degree obtained is easier for the socio-economically advantaged with wider social networks, among whom the native-born children of foreign-born are underrepresented, particularly if those immigrants are of non-EU parentage" (OECD & European Commission, 2023, p. 198).

However, a positive insight on the improving disadvantages that children of immigrant parents experience in the labor market in comparison to children of native-born parents is presented by Monscheuer (2023). On the basis of the link between an individual's ethnic identity economic and their economic integration into their host country's labor market, the research focuses on the effects that immigrants' strong

national identity has on the integration outcomes of their children. He finds that as migrants' descendants grow older, the strong bond with the origin country identity of their parents become less important on their lives because other factors gain prominence. The result is that their schooling performance and labor market outcomes improve.

These results are confirmed on overqualification outcomes in the analysis conducted by Belfi et al. (2022) on higher educated graduates in the Netherlands, which compares the early career trajectories of first- and second- generation ethnic minority workers who entered the labor market in the decade between 2007 and 2017. Through one first investigation the research shows that ethnic minorities, both first- and second-generation, experience a higher level of skills mismatch in their occupations than their native peers. A follow-up survey conducted four to eight years after graduation shows that while first-generation migrants' skills are still underutilized in their occupations, although to a less extent than before, their descendants have improved their situation in terms of skill utilization, narrowing the gap with their native Dutch peers.

#### 2.4 Causes of migrant overqualification

The phenomenon of overqualification is a complex issue, and results detrimental for the expected returns on human capital acquired through education. Taking into consideration the major incidence that overqualification poses on both migrants and their descendants compared to native-born workers, this condition not only hinders the expected returns on education but also on the costly migration investment. For this reason, it is crucial to understand what are the causes behind the perpetuation of this mismatch between educational qualifications and occupational skills requirements on migrants and their offspring in particular, so as to effectively address the challenges faced by these groups and create more equitable solutions.

While for natives the main determinant is the difference between the level of demand and supply of labor in particular sectors and/or occupations, for migrant populations and their children there are several additional factors that come into play. However, a further distinction needs to be clarified in order to fully comprehend the causes impacting migrants on one side and their children on the other. Their experiences are significantly different, necessitating additional exploration of the unique factors influencing each group exposure to the overqualification risk.

In this chapter two main causes that hamper education-job matching for migrants will be explored. First, in the following section, the focus will be on the imperfect transferability of human capital among different countries, determined by aspects such as difficulties in the recognition of foreign credentials and barriers in language skills. These factors mainly concern first-generation migrants, since they are the ones that first-hand experience of migration bring with them human capital acquired abroad, like linguistic competency and education credentials, whose value may decrease when in the country of destination. However, although to a lesser degree, language concerns arise also for second-generation migrants, because of the exposure to their parents' origin language. In the succeeding section discrimination in the labor market on the basis of ethnicity will be analyzed as a further element influencing the higher exposure of being overqualified of both first-generation migrants and their descendants.

#### 2.4.1 Imperfect human capital transferability

Educational-based skills are becoming more and more in demand in today's knowledge-based economy, and their importance is being increasingly valued for employment performance in a wide range of occupations. For any labor market to be functional, employers should be able to assess how productive are the potential workers' skills for the available jobs, through the existence of institutionalized means. However, when it comes to foreign-born candidates, assessing those skills is not as straightforward as it is for native candidates. In these circumstances, foreign skills transferability between one country and another is essential to overcome the barriers to access adequate jobs that match the skills and the education of foreign candidates (J. Reitz, 2005).

Many migrants complete their education and acquire skills and experience in their origin country's labor market, so that when migrating, they bring with them human capital that was acquired abroad. Others migrated at a young age and acquired human capital directly in the host country, and others acquired it both before and after migrating. The geographical difference in the skills origin leads to significant changes in the lives of migrants, due to the fact that foreign human capital and the domestic one are not always considered homogeneous, and may in fact be valued differently in the labor market. If acquired in the origin country prior to migrating, the qualifications of skilled migrants could be valued less in the labor market than those of their native counterpart with the

same level of human capital. An explanation can be found in the fact that, when considering a potential employer with foreign credentials, importance is given to the global rankings of tertiary education institutions, where institutions of the so-called developing countries typically have lower scores (International Organization for Migration, 2015).

In the existing literature, imperfect human capital transferability has broadly demonstrated to be a determining factor in labor market disparity between native and foreign-born workers. For example, Aldashev et al. (2012), comparing the immigrant-native wage gap in Germany, have demonstrated that by removing immigrants who have finished their education abroad from the sample, the salary disparity is significantly narrowed. This proves how the education acquired abroad has less value than that acquired in the country of migration. Looking at overqualification, the same conclusion emerges from Chiswick and Miller's analysis (2009) on the US 2000 census, which evidence that the longer a foreign-born person has worked in their home country before immigration, the less successful will be the match between their skills and their job. Due to less-than-perfect international transferability of human capital, professional experience and skills learned abroad are devalued after migration in a host country, in which a different kind of human capital is considered productive.

A primary key factor related to the imperfect human capital transferability between countries is the difficulty in the recognition of foreign qualifications, such as diplomas or degrees, in the host countries. This is specifically related to migrants who have acquired their education in their origin country prior to the migration experience. Credential recognition is crucial for shaping migrants' employment outcomes and can significantly impact their risk of overqualification in the host country's labor market, depending on whether or not their skills will be put to good use once arrived in the country of destination. If host countries and their employers acknowledge and accept migrants' qualifications, individuals would be more likely to find an employment that aligns with those qualifications, based on the skills and education they hold. On the contrary, a skilled individual whose qualifications acquired in the country of origin are not recognized in the country of destination could not qualify for the job posts in line with his/her human capital, and thus be forced to apply and work for lower-level jobs that do not match the qualifications held, with the result of ending up as an overqualified worker.

Over the years, the issue of foreign qualifications recognition has received growing attention and different validation pathways exist in most immigrant-receiving countries. Each country has its own "unilateral" policies for foreign credential recognition, which "assess an individual's [foreign] competence and then seek to compare it to domestic standards. By contrast, in some areas regulatory bodies and practitioners have cooperated internationally to create recognized, shared standards to reduce the need for case-by-case assessment when professionals move between participating jurisdictions" (Sumption, 2013, p. 9). Moreover, qualification recognition agreements can be field-specific, as many arrangements for the engineering profession demonstrate; most notably, the 1989 Washington Accord comprising 15 countries, under which the "signatory bodies agree to accept graduates of programs accredited by any other signatory body as having met the educational requirements for registration as a professional engineer" (Sumption, 2013, p. 10). Figure 2 shows a brief list that the OECD provide of the main bilateral and transnational agreements in selected OECD countries.

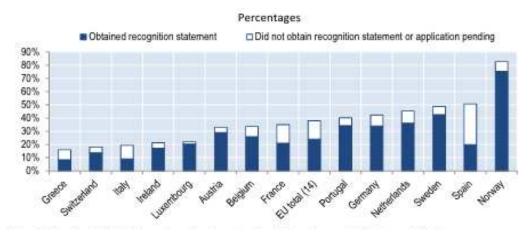
Although several tools have been implemented to facilitate the transferability of foreign qualifications and skills, a range of barriers still exists, explaining the reason why only a relatively small portion of immigrants use the recognition services. In fact, studies conducted in European OECD countries evidence that among tertiary educated immigrants only 38% has applied for having their qualifications recognized in the host country, although positive information is that the majority of the applicants succeed (Figure 3). Moreover, "immigrants who came to the host country to study are more likely to apply for recognition than labor, family and humanitarian migrants. Among those who apply, those with qualifications in the health and welfare sector are clearly overrepresented, followed by persons with qualifications in teaching, training and education" (OECD, 2017).

**Figure 2.** Bilateral and/or transnational agreements on foreign qualifications agreements in selected OECD countries, 2016

Australia	Documents resulting from the recognition procedure     Lisbon Convention on the Recognition of Qualifications concerning Higher Education
Australia	그 하지만 아버트 과어 전혀 남아들은 얼마나 이 회에 가장하다 나가 하실하는 하실 때문에 가장하는 사람이 사람이 가장하는 사람이 되었다. 그는 사람이 되었다는 사람이 되었다.
	Asia-Pacific Regional Convention on the Recognition of Qualifications in Higher Education     As Education and Training formal agreements, including Management and Understanding
	<ul> <li>34 Education and Training formal agreements, including Memorandum of Understanding</li> </ul>
	some of which include qualifications recognition issues
	Washington Accord, Dublin Accord and Sydney Accord i.e. with regards to Engineering
20.02020	and the Canberra Accord with regards to Architects
Austria	EU Professional Qualifications Directive (2013/55/EC)
Market No. of Co.	Bilateral agreements with Germany, Hungary, Italy (regional) on apprenticeship level
Canada	<ul> <li>Many Mutual Recognition Agreements – MRAs (i.e. NAFTA)</li> </ul>
	<ul> <li>Individually developed bilateral and/or multilateral agreements in some occupations for</li> </ul>
	the recognition of foreign qualifications
Chile	Agreement for mutual recognition with Argentina
	Bilateral Agreements: Brazil, Colombia, Ecuador, Peru and Uruguay
	<ul> <li>Multilateral Agreements: Bolivia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua</li> </ul>
	and Peru
Czech Republic	EU Professional Qualifications Directive (2013/55/EC)
- A	Bilateral agreements with Slovakia, Poland, Hungary, Germany and Slovenia
Denmark	EU Professional Qualifications Directive (2013/55/EC)
	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
	Bilateral agreement (Memorandum of Understanding (MoU)) with China on research and
	innovation
France	EU Professional Qualifications Directive (2013/55/EC)
	<ul> <li>Lisbon Convention on the Recognition of Qualifications concerning Higher Education</li> </ul>
SANATURA COLO	Agreements with universities or schools
Germany	EU Professional Qualifications Directive (2005/36/EC)
	<ul> <li>Lisbon Convention on the Recognition of Qualifications concerning Higher Education</li> </ul>
	Bilateral agreements with Austria, France and Switzerland
Hungary	Several bilateral agreements
	(www.oktatas.hu/kepesitesek_elismertetese/jogszabalyok?itemNo=2)
Italy	Bilateral agreements with Argentina, Australia, Austria, China, Cyprus, Ecuador, France,
	Germany, Former Yugoslavia, Malta, Mexico, United Kingdom, Slovenia, San Marino, Spain,
	Holy See and Switzerland
	EU Professional Qualifications Directive (2013/55/EC)
	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
	Convention on the recognition of studies, diplomas and degrees of Higher Education in
	the Arab and European states in the Mediterranean
	the Arab and European states in the Mediterranean
lapan	Economic Partnership Agreements (EPAs) between the Philippines/Indonesia/Vietnam and
	Japan for foreign nurses and caretakers
Korea	Mutual recognition agreements with other countries (e.g. for engineers)
Lithuania	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
	Bilateral agreements with Poland, the Holy See, Germany and Ukraine
	Multilateral agreement with Estonia and Latvia
Luxembourg	EU Professional Qualifications Directive (2013/55/EC)
Luxembourg	
Nam Zaalaad	Lisbon Convention on the Recognition of Qualifications concerning Higher Education     Second free trade agreement in which any lifestions are markinged.
New Zealand	Several free trade agreements in which qualifications are mentioned
	<ul> <li>Attempts to promote each other's qualifications with China, Malaysia and Hong Kong</li> </ul>
	Lisbon Recognition Convention
Norway	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
	<ul> <li>Nordic Declaration on the Recognition of Qualifications Concerning Higher Education (The</li> </ul>
	Reykjavik Declaration)
	EU Professional Qualifications Directive (2005/36/EC and 2013/55/EU)
Poland	Agreements with Austria, Belarus, Czech Republic, France, Germany, Lithuania, Libya,
	Ukraine and Slovakia
Portugal	EU Professional Qualifications Directive (2005/36/EC and 2013/55/EC)
	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
	Bilateral agreement with Brazil that includes the recognition of qualifications
Slovenia	Agreements with Romania, Libya, Bulgaria, Iraq, Algeria, Russia, Poland, Austria, Italy,
JIO V CING	Slovak Republic, Czech Republic, Hungary and Croatia
Curadan	
Sweden	EU Professional Qualifications Directive (2013/55/EC)      Use a Company of Conference of Confe
	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
Switzerland	Bi- and multilateral agreements with various countries
Turkey	Lisbon Convention on the Recognition of Qualifications concerning Higher Education
	Bilateral agreement with the former Yugoslav Republic of Macedonia

Source: (OECD, 2017)

**Figure 3.** Foreign-born workers with foreign tertiary education qualifications who applied for qualifications recognition by outcome of the recognition procedure, 2008



Source: (OECD, 2017, p. 10)

The fact that migrants decide to not validate their foreign credentials underscores the persistent barriers both in accessing the process of qualifications recognition and/or in succeeding. This is partly due to the extreme complexity of licensing systems and the vast number of agencies, associations, government departments and subnational ones, employers, and public, private and nonprofit organizations involved in the recognition process (Sumption, 2013). Alongside the fragmentation of the responsibility among the different actors involved, a second challenge of granting foreign professionals access to employment is the global diversity in content and quality of the education systems worldwide (OECD, 2017). Moreover, each destination country or territory in a country has its own regulations, which vary depending on the occupation and on the country of origin of the migrant involved. Consequently, governments find it challenging to ensure that policies for foreign qualification assessment are implemented consistently. Finally, difficulties may arise from migrants' lack of awareness of the existence of these recognition procedure, also due to language barriers (International Organization for Migration, 2015).

There are different kinds of foreign qualifications that need to be transferred among countries in order to ensure immigrants' employability in the foreign labor market. The first and most relevant for the scope of this paper<sup>5</sup> is the category of academic

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<sup>&</sup>lt;sup>5</sup> In this study, the overqualification phenomenon is analyzed from the point of view of academic qualifications rather than a skills mismatch. For this reason, among qualification recognitions, academic ones are the ones of interest.

qualifications, such as diplomas, bachelor's degrees, etc., as academic attainment is often considered by employers and regulators a necessary condition for employment in some occupations. While some approaches only focus on the length of the education (doing a quantitative comparison with domestic qualifications), in others "learning outcomes are taken into account for the evaluation of a foreign qualification" in the sense that "the recognition procedure may focus more on results reached and competences obtained, rather than only on input criteria such as the program workload and content" (International Organization for Migration, 2015, p. 22).

Although educational attainment is a way of assessing the qualifications of immigrants, in some cases it is not enough to properly demonstrate immigrants' competence. This is the case of regulated occupations, for which "a license or certificate from a regulatory body [is needed] in order to work and use the specific job title associated with that career" (ENIC-NARIC, 2023). Although regulated occupations vary between countries, together with the specific tasks for the same occupation that need a regulation to be performed, the most notable professions of this kind are those in the health sector, such as nurses and doctors, those in the safety field, lawyers, and a range of self-employed professions in the fields of architecture, engineering and accountancy who want to sell their services to the public (Sumption, 2013).

Where migrants have work experience in a regulated occupation in the origin country and desire to continue to work in that occupation, they generally require an authorization from competent authorities. Depending on the situation, they could either be granted full or partial recognition of their domestic licenses. In the first case their foreign certification would be considered equivalent to the domestic one, while in the second scenario migrants could have the possibility to earn missing credits or requirements. By enrolling in specific programs, migrants desiring to continue to work in a regulated profession should pass additional examinations or work supervised for a determined period of time before being able to work autonomously.

A debate exists for each of these approaches since there are barriers for foreign individuals who wish to have their educational qualifications and experience earned prior to migrating validated and considered useful in the host country. These processes are considered time consuming and their access is conditional on the costs, both of the procedure itself and on the fact that additional training may be unpaid or be paid low

rates. This difficulty in accessing and completing the recognition process for foreign qualifications increases the challenge in finding employment matching their educational background. As a consequence, they may be compelled to accept positions that do not fully utilize their qualifications, and are in fact demanding lower skills than those possessed, resulting in being overqualified.

The recognition of foreign educational credentials in the host country's foreign labor market is of great significance in reducing the risk of overqualification among immigrants. A prominent example of an efficient mutual recognition agreement (MRA) lies in the Professional Qualifications Directive of the European Union (Directive 2005/36/EC, later amended in the Directive 2013/55/EU), a regional-specific arrangement which not only covers the mutual and automatic recognition of EU/EEA<sup>6</sup> academic qualifications but also of the certificates necessary for the practice of registered occupations among EU/EEA Member Countries, harmonizing the minimum training requirements for the professions of nurses, midwives, doctors, dental practitioners, pharmacists, architects and veterinary surgeons (Directive 2013/55/EU of the European Parliament and of the Council, 2013; OECD, 2017).

Comparing the incidence of overqualification among skilled workers in the EU, it emerged that tertiary-educated workers who are originated from another EU Member State with respect to where they are residing are in jobs that better match their skill level compared to individuals with the same high level of education who live in the same nation but originate from a non-EU country. Looking at 2021 data for persons aged 20-64 years, it emerged that EU migrants register lower rates of overqualification with respect to third country nationals, standing at 32% and 39% respectively, compared to 39% for nationals (Eurostat, 2023a). Despite experiencing more cases of overqualification compared to native-born workers, the fact that foreign-educated EU migrants are in better matched employment reflects the automatic or facilitated recognition of foreign credentials among EU Member Countries, making it less complicated for people wanting to reside and work in another state to use their human capital acquired through time and experience in a properly adequate employment.

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<sup>&</sup>lt;sup>6</sup> The European Economic Area (EEA) unites the EU member states and three of the states of the European Free Trade Association (EFTA), namely Iceland, Liechtenstein, and Norway.

Language barriers separating foreigners from natives in the host country are a second key element that determines the devaluation of immigrant human capital with their consequent overqualification. Indeed, language skills, intended as ability in listening, speaking, reading, and writing, play an essential role for migrants, who could face significant challenges due to the lack of host language proficiency, despite possessing high levels of competence and qualifications. Being able to communicate in the local language is fundamental for successfully integrating into both the host country and its labor market. In fact, weak language proficiency in the labor market may result in a reduced possibility to understand the job tasks and less or poorer interactions with colleagues. Moreover, Chiswick and Miller (2015) highlight the productivity significance that language proficiency has on the labor market, confirming that for immigrants higher dominant language skills are rewarded by higher earnings in the host country.

Furthermore, as numerous studies demonstrate, proficiency in the dominant language is closely linked with a successful transfer of occupational human capital from the source country to the host country's labor market; vice versa, in case of scarce host language proficiency, a complete human capital transferability could be hindered (Imai et al., 2019). Due to communication barriers, migrants with lower language proficiency may find it challenging to access job opportunities that match their qualifications, and may be therefore limited to lower positions that do not require advanced language skills, even if their educational and professional background qualifies them for higher-level positions.

Investigating occupational mismatch through the comparison of workers' occupations prior and post migrating, a recent study has found that language competency is more important for the transmission of cognitive skills than it is for manual skills. The explanation lies in the fact that "cognitive tasks tend to be carried out in environments that also require communication and interactions with others, while manual tasks can be performed in isolation or with minimum coordination and communication with clients and colleagues" (Imai et al., 2019, p. 918). Considering that highly skilled occupations are generally based more on cognitive skills than manual ones, this result can be interpreted as a scarce possibility for qualified workers to have their human capital transferred appropriately from their country of origin to their country of destination, and thus a poorer qualification match in the country of migration.

Moreover, although to a lesser extent, language barriers also influence the outcomes of second-generation migrants in the host country, determining a higher incidence of overqualification with respect to their peers with native-born parents. Indeed, immigrants' descendants are native-born and native speakers of the dominant language. However, considering the foreign origin of one or both of their parents, since a young age they are exposed, raised and educated in an environment and a language that may differ from that to which the majority of children is exposed. This dual linguistic exposure can create significant challenges in educational and professional settings for second-generation immigrants.

#### 2.4.2 Discrimination

A second major cause of a high incidence of overqualification on immigrant workers and their offspring is the presence of prejudice and discrimination against different cultures and experiences on the side of the employers. Since prejudices are eradicated into society, being defined as negative evaluations of a category of people or of an individual based on his/her group membership (Crandall & Eshleman, 2003), they may unconsciously play a predominant role in the employer choice on a discriminatory basis. In fact, although prejudicial thoughts tend to be suppressed due to social norms, prejudicial attitudes are in some circumstances expressed, resulting in discriminatory behavior (Esses et al., 2006). For instance, although who is responsible to evaluate the candidates for the hiring decisions of a position may intentionally try to avoid bias and discrimination, employers' personal attitudes and beliefs may still influence decisions and assessments.

Discrimination in the labor market is generally understood as a differential treatment on the basis of other personal characteristics not associated to productivity, such as age, gender, ethnicity, nationality, or immigrant status, in terms of access to an occupation, career progression, tasks assignment, wages disparities, or firing decisions (Ramos, 2014). The uncertainty and limited information on people from particular ethnic groups, both first- and second- generation immigrants, may make employers not fully recognize their qualifications and previous job experiences, therefore considering their ethnicity or nationality as a proxy for skills (Fibbi et al., 2021).

For a job post, this might lead towards a preference for workers who are members of the majority group of a country instead of foreign workers or children of migrant parents who could be equally or more qualified. The implication is that, with respect to members of the majority group, immigrant workers and their descendants face a lack of opportunities in the labor market and thus skilled individuals might be rejected in the hiring process of occupations matching their qualifications and forced to accept a job which requires lower competences and qualifications than theirs, thus resulting in being overqualified.

Economic theory distinguishes between two different mechanisms that give rise to discrimination in the labor market, namely taste-based and statistical discrimination. On one hand, Gary Becker's (1971; as cited in GEMM 2016) taste-based discrimination theory considers discrimination towards an individual the result of people' personal preferences, or tastes, not mentioning any particular reason for such preference other than an attitudinal one on the employer's behalf.

On the other hand, the second theory believes that discrimination has some statistical foundation, and the ethnicity of an individual becomes representative for some preconceptions on the qualifications of any member of a group. According to this theory, statistical discrimination is closely linked with the uncertainty about the job applicants' human capital, due to a lack of information about them and/or of resources. In fact, since the assessment of applicants' real skills is a process that involves some sunk costs in terms of resources and time, hirers chose to discriminate against minority group members according to the fact that on average members of these groups possess lower human capital than the native group of job applicants, i.e., due to scarce language proficiency, or perceived invalidity of foreign qualifications. In other words, to make efficient employment decisions without incurring in wasting resources, employers use candidates membership to specifics groups or ethnicity as a cheap determinant of their human capital (Arrow, 1973; as cited in GEMM, 2016; Phelps, 1972).

Numerous researches have investigated ethnic discrimination, using both of these theories. In the Canadian context, Reitz (2005) affirmed that racial discrimination is one of the causes that affect migrants' skills underutilization. Focusing on the hiring process, Oreopoulos (2011) demonstrates that candidates in Canada receive a differential treatment in the labor market based on their race. A great number of mock resumes with

tertiary degrees have been created and sent to a variety of job posts in the area of Toronto, some with English sounding names and some others with foreign ones, namely from India, Pakistan, China and Greece. Overall, the study reveals that there is a difference in the callback rate depending on the perceived ethnicity of the candidates, registering a 39% higher chance of callback for candidates with English sounding names, with respect to Indian, Pakistani, or Chinese names<sup>7</sup>. When employers were asked to explain their choices, it emerged that names were treated as a proxy to assess language proficiency for the job.

Moreover, to test if the employers are statistically discriminating, the researchers have included additional information in the resumes to point out that some of the applicants, although foreign-named, are born in Canada and possess domestic education. Given these additional details on the origin of the candidates and that of their human capital, there should be less language, communication, and cultural concerns. The result shows that even when Canadian-born, an applicant with a foreign name has lower chances of a callback for a job interview than one with a common English name, respectively of 15,7% and 11,3%. The empirical data evidences that the discrimination observed cannot be completely statistically driven by language skills concerns, but should be connected to employers' personal preferences, or tastes, for particular social groups instead. In this framework, the implication is that the discrimination against immigrant workers in the labor market, and their scarcer possibilities, are not completely linked to a lack of some particular skills or qualifications, but are the result of bias and discriminatory attitudes on the side of the employers.

The phenomenon of discrimination in the labor market not only affects immigrants themselves but is transgenerationally extended to subsequent generations, such as migrants' children. For individuals that experienced migration firsthand, the employer preference for native-born candidates could be partially explained by the uncertainty of factors associated with their productivity, such as the possession of foreign qualifications that may be perceived as inferior to domestic ones, or low domestic language proficiency. In contrast, for second generation immigrants the same would not be reasonable. In fact, the children of immigrant parents have not lived a migratory

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<sup>&</sup>lt;sup>7</sup> A similar study was conducted in the United States by Bertrand & Mullainathan (2004) to investigate the difference in the callbacks for interviews of applicants with African-American- or White-sounding names.

experience, but rather were born in their parents' host country and thus have been educated domestically and are mother tongue speakers of the language. For these reasons, discrimination against them in the labor market cannot be based on a statistical ground, suggesting a strong taste-based component.

Evidence is provided in a prominent research conducted in Italy by Busetta et al. (2018), which consisted in assessing discriminatory practices in the hiring process, similarly to the last study mentioned. Thousands of fictitious resumes of natives, first-and second-generation migrants were sent to online job postings to analyze the effects that the ethnical component has on the probability of being called back by the hirers for an interview. The data evidence that second-generation migrants, although in lower dimension with respect to first-generation migrants, have lower callback rates with respect to native applicants, although their resumes included equivalent qualifications and experience in terms of human capital.

Even if the second-generation applicants do not present any linguistic and cultural concerns, because they were born, raised and educated in the same country, the outcomes of the study where different. This suggests that the hirers' preference for native candidates cannot be explained by a presumed lack in human capital considered productive in the labor marker, but lies on a taste-based discriminatory choice. The persistence of ethnoracial disadvantages has severe implications on integration because "instead of experiencing equal access to the labor market, they encounter attitudes and stereotypes attached to their parents' generation, making their domestic educational qualifications and linguistic fluency "invisible" in the eyes of employers" (Fibbi et al., 2021, p. 46).

### 3. Immigrants in Italy

# 3.1 Italian immigration history and the evolution of its immigration policies

In this chapter attention will be given to the timeline of the immigration phenomenon in Italy (Figure 4), characterized by recent dynamics compared to other states where immigration has always been part of the national history, such as Canada. Focusing on the interplay between societal changes and legal responses over the years, the composition of the main flows of immigrants in the country, together with what have been the milestones of the legislative framework adopted will be analyzed. For the purposes of this thesis, employment will be the key element that will be highlighted in the legal frameworks presented, although much concerned with other fundamental matters, such as asylum, social and civic rights, integration, and irregular migration, a consistent feature of Italian migratory flows. Major emphasis will be given on the types of residence permits that have allowed foreign workers to enter the country, contributing to shaping the present Italian multicultural identity and its socio-economic landscape.

1958-63 1998 Italian 'Economic Turco-Napolitano unification miracle Law (il boom 1990 economico) Martelli Law 1880-1915 1958 Great Emigration Italy joins the EU Foschi Law Bossi-Fini Act 2011 1960-1980 Shift from emigration to immigration North Africa Emergency provision Increasing number of refugees and other migrants arrive in Europe

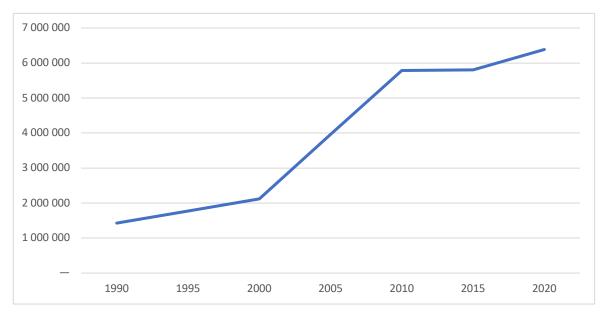
Figure 4. Timeline of the immigration phenomenon in Italy

Source: elaboration of Holloway et al., 2021

The Italian migration history is marked by complex flows, with the country experiencing emigration at first, and becoming a primary destination country for foreigners only in recent times, attracting an increasing number of foreign citizens (Figure 5). In fact, starting from the unification of the country, the late 19<sup>th</sup> and 20<sup>th</sup> centuries witnessed a massive wage of Italian emigration, mainly driven by economic factors. From

1861 to 1940 about 20 million people migrated to seek new opportunities abroad and to escape poverty (Di Salvo, 2021). The primary destinations that hosted the majority of Italian immigrants were at first the Americas, mainly the United States and Argentina, and secondly, the neighboring European countries, such as Germany and Belgium. Following the Second World War, in the late 1950s and 1960s Italy experienced an unprecedented economic boom leading to the industrial development of some particular areas, especially of the economic triangle composed by the regions of Lombardy, Piedmont and Liguria. Economic growth acted as a great pull factor for migratory flows, encouraging the movement of both rural workers from the Southern regions and of significant flows of international migrants, determining a shift from an emigration to immigration country.

**Figure 5**. International migrant stock at mid-year, in Italy both sexes combined, 1990-2020



Source: elaboration of United Nations Department of Economic and Social Affairs, Population Division (2020)

Although being sharply different from other European countries, in the 60s the phenomenon started to have a significant impact, with the main flows of international migrants consisting of international students deciding to study in Italian Universities and postcolonial immigrants coming from former Italian colonies, such as from Libya, Eritrea, Somalia and Ethiopia. The latter mainly consisted of women that penetrated into the Italian labor market as domestic workers. Moreover, a consistent flow of workers

arriving from Tunisia were incorporated into the fishing sector in Mazara del Vallo, in Sicily, and soon became a workforce characterized by very low wages and irregular employment (Colucci, 2018b). Other workers, especially from the former Yugoslavia, moved to Friuli Venezia Giulia to look for employment.

A summary on the history of migration in Italy, conducted by IOM (Centro Studi e Ricerche Idos, 2011) resumes the influence that this first immigration flows had on the Italian public opinion, and consequently on the authorities, as one of neutrality, mainly based on a mix of curiosity about foreigners and indifference towards them. This period was also characterized by a positive attitude of labor unions, the church and other voluntary associations. This behavior completely changed in the next decades, as migration started to become an exponential reality throughout the peninsula, with an arbitrary estimation of around 280,000 to 400,000 foreigners in 1978, acknowledging that most of the new residents entered the country through illegal channels and were subsequently legalized through the following decades (Colucci, 2018a).

In the 80s Italy confirmed its position as a destination country attracting foreigners, especially those in search of occupation, leading governments to acknowledge the issue under a legislative point of view. From the introduction of the first law on migration policy in 1986 to the legislation in force today, Italian immigration laws have undergone significant changes over the years to address the challenges and opportunities presented by the migratory flows that arrived in the country, reflecting the different points of view and interests of the governments and other parties involved. At the same time, they have deeply influenced the lives and opportunities of the migrants who arrived in Italy, regulating their entry, their working conditions, citizenship rights, and often their illegal status in the country.

The first law aimed at containing the alarming migration phenomenon, at the time considered a matter of national security, was emanated in 1986 and denominated "Legge Foschi" (Legge 30 Dicembre 1986, n.943 "Norme in Materia Di Collocamento e Di Trattamento Dei Lavoratori Extracomunitari Immigrati e Contro Le Immigrazioni Clandestine," 1986). On one hand, it proclaimed that foreign workers had equal treatment and rights as Italian workers, authorized family reunifications, and regulated about 120,000 undocumented foreigners (Centro Studi e Ricerche Idos, 2011). On the other hand, it focused on regulating the entry of foreign workers into the Italian labor market,

aiming to tackle irregular migration. Anticipating current immigration policies, this was done through an analysis of the demand and supply of labor, and the creation of numeric lists of individuals that were residing abroad but desired to move to Italy, thus granting the permission of entry only to a limited number of foreign workers. Moreover, the law was considered restrictive because for employers to hire a foreign worker, they had to prove that there was no other Italian worker available to fill that job.

After the tragical episode of violence towards Jerry Essan Masslo, a Sud African agricultural worker brutally killed in the shacks of Villa Literno where he lived, in Campania, foreign migration caused an unprecedented season of debate and became a central issue in the Italian society. Around 200,000 people gathered in Rome for an antiracism protest, and the favorable public opinion on migrants influenced political decisions, thus leading to the approval in 1990 of the so-called "Legge Martelli" (Legge 28 Febbraio 1990, n. 39 "Conversione in Legge, Con Modificazioni, Del Decreto-Legge 30 Dicembre 1989, n. 416, Recante Norme Urgenti in Materia Di Asilo Politico, Di Ingresso e Soggiorno Dei Cittadini Extracomunitari e Di Regolarizzazione Dei Cittadini Extracomunitari Ed Apolidi Già Presenti Nel Territorio Dello Stato. Disposizioni in Materia Di Asilo," 1990).

The new law addressed all kinds of migration motives, thus allowing people to request for asylum from anywhere in the world, and defined alternative methods for entering the country, other than employment as the previous laws. More precisely, the types of residence permit were distinguished between entry for self-employment and employment, tourism, religion, medical treatment, and study. In addition, it also regularized the position of 218,000 unregulated migrants that were residing in Italy as of December 31, 1989 and introduced a system of annual planning of entry flows, to create a legal channel of entry as an alternative to illegal entry.

Meanwhile the 90s marked a transformative period in Italy's migration history, characterized by complex dynamics of geopolitical events, economic opportunities, and humanitarian reasons which led to the arrival of numerous individuals. An ISTAT report (1998) registered on 31st December, 1995 a number of 729,159 issued residence permits, a number accounting only for regular residents, thus excluding numerous undocumented migrants. The main migratory flows were mainly driven by the political turmoil due to the dissolution of the Soviet Union in 1991. This resulted in a significant wave of

migration from the East, especially from Albania, marked from the iconic event of the arrival of ship Vlora in the port of Bari on 8<sup>th</sup> August, 1991 with around 20,000 people on board (Ella, 2021). Another important change for Italy was due to the Schengen Agreement, which the nation signed in 1990 entering the Schengen Area in 1997, characterized by the abolition of internal border controls and free movement throughout the countries that signed the Agreement.

From a legislative perspective, a step further was accomplished in 1998, with a new law known as "Turco-Napolitano" (Legge 6 Marzo 1998, n. 40 "Disciplina Dell'immigrazione e Norme Sulla Condizione Dello Straniero," 1998). In the same year, the "Turco-Napolitano" Law and other existing norms on immigration were consolidated in the Decreto Legislativo 25 Luglio 1998, n. 286 "Testo Unico Delle Disposizioni Concernenti La Disciplina Dell'immigrazione e Norme Sulla Condizione Dello Straniero" (1998), which is still in force nowadays, although several amendments and updates have succeeded in the following years after its enactment in 1998.

An enhanced management of the migratory phenomenon and a concern for migrant integration were the main innovations introduced by the new "Testo Unico". For the integration into the Italian society, it granted migrants a wide range of rights, such as healthcare, education, involvement in political life, and social inclusion. For what concerns proper immigration laws, the regulation demonstrated the awareness of immigration as a structural phenomenon, defining the rules of entry, stay, control, and deportation, in cases of entry through illegal channels.

As far as entries for employment are concerned, this new law entailed a broader planning of the migration flows, consisting in a three years plan to be applied by annual decrees. This system is still in force today, and will be analyzed more in depth in the next section. Moreover, the main countries of emigration were involved through the provision of bilateral agreements in consideration of the labor needs. In other words, preferential access to the Italian labor market was provided for foreign workers whose country of origin was collaborative to tackle illegal entry in Italy. Other important innovations for employment were given by the diversification of the mechanisms for accessing employment and the possibility of entering the country to search an occupation. This meant that the new law overcame the criterion of assessing the unavailability of Italians for a position to be filled, making more job posts available to foreigners.

The immigration narrative changed in the new millennium, towards a popular opinion that viewed migration as a threat to national security. This is demonstrated through the introduction of a new law, known as "Bossi-Fini" Act in 2002 by the centerright government led by Silvio Berlusconi, introducing several changes and restrictions to the previous regulations. Once again, residence permits were linked with job availability, requiring immigrants to have a valid work contract before entering Italy. Looking more in depth, employing third-country nationals was discouraged and life was made more difficult for them because their entry, permanent stay and rights guarantees were conditional on his/her work contract (Ambrosetti & Paparusso, 2018, p. 16). The duration of residence permits was shortened to make controls more frequent, and administrative paperwork was centralized in a one-stop shop. As in all previous cases, the law was accompanied by regularization, which became the largest in European history (650,000 permits issued).

Meanwhile, ISTAT data shows that between 2003 and 2010, the population of registered foreign residents almost tripled, rising from 1.5 to 4.2 million individuals. Part of the increase was due to the enlargement of the EU from 15 states in 2003 to 27 by 2007, comprising countries such as Poland, the Czech Republic, Hungary, Slovenia, Slovakia, Lithuania, Estonia, Latvia, Cyprus, and Malta in 2004, and Bulgaria and Romania in 2007 (Figure 6). In fact, many new EU citizens from these countries took advantage of the right of free movement in the EU area, migrating to Italy without the need of any visa or permit. An important phenomenon registered in this decade is the feminization of immigration in Italy, with an increasing female population mainly originating from Eastern Europe and Latin American countries. This is explained by the insufficient Southern European social system, which made the presence of immigrant women necessary in the care-giving and domestic services sectors. Moreover, in an analysis of the changing demographics of immigrants in Italy, Tragaki & Rovolis (2014) evidence that migratory movements towards the country continued even through-out the outbreak of the economic crisis of 2008. It has been proposed that the reason lies in an increase of visas issued for family reunification, rather than employment.

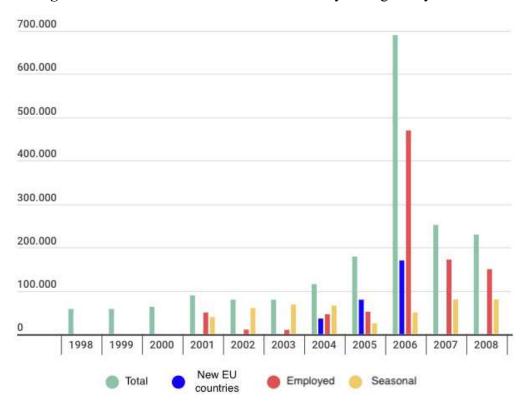


Figure 6. Numbers of workers admitted in Italy through the years 1998-2008

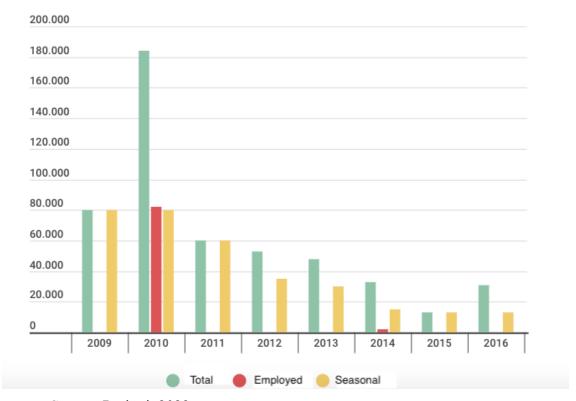
Source: Proietti, 2023

As regards the composition of new arrivals in this decade, other than Eastern European populations, this was made of people from North Africa, mainly Moroccans and Tunisians, due to the social and economic turmoil. The latter flow gained major importance in the following years due to the Arab Spring of 2011, which caused a spike in immigration across the sea directed towards the Italy costs, mainly from countries of Egypt, Libya, Tunisia and Yemen, although their stock soon returned almost to pre-Arab Spring levels (Zupi, 2012). The influx of asylum seekers to Europe reached the highest level in 2015, with more than 911,000 refugees and migrants arriving on European shores, the majority of whom arriving from conflict and persecution of Syria, Afghanistan and Iraq (Spindler, 2015). Looking at the arrivals in Italy, the number of asylum seekers and migrants who arrived in 2015 accounted for 154,000 and 181,000 in 2016 (Scotto, 2017).

These economic and humanitarian crises affected the policies towards a more restricting path and more severe internal and external controls. Differently form the first policies that were driven by the economical demand, Caponio & Cappiali (2018) evidence that in the decade between 2007 and 2017 policies were the result of the political-institutional sphere. The quotas established for migrant workers entering for employment

purposes was reduced (Figure 7), in fact "while work permits accounted for between 50 and 60 percent of the total permits released each year between 2007 and 2010, starting in 2011, they started to decrease, reaching the lowest percentage in 2015 (9.1 per cent)" (Caponio & Cappiali, 2018, p. 10). The nature of immigration in Italy changed as the main migratory flows were substituted by asylum seekers. From the point of view of the legislation, attention was given to the criminalization of undocumented migrants and more selective criteria for regularization, which in 2009 was granted only to workers in the care sector (Legge 3 Agosto 2009, n.102 "Conversione in Legge, Con Modificazioni, Del Decreto-Legge 1° Luglio 2009, n. 78, Recante Provvedimenti Anticrisi, Nonchè Proroga Di Termini e Della Partecipazione Italiana a Missioni Internazionali," 2009).

**Figure 7.** Numbers of workers admitted through the "Decreti Flussi" during the years 2009-2016



Source: Proietti, 2023

Finally, it is worth noting that the Italian immigration system has been characterized by a lack of effective strategies, making entry for employment limited for foreigners. This is highlighted by the government necessity of a systemic regularization of undocumented migrants through the years, which underlines the limits that restrictive immigration policies have in comparison to the demand and supply of foreign-labor. In

fact, undocumented migrants represent a significant component of the total immigrant population over the years, consisting of individuals that either entered the country through illegal channels outside or that overstayed in the country after their residence permits expired. This may occur due to economic issues, political instability, or other personal reasons. Their presence has been often linked to the existence of a vast informal labor market in which they are employed (Ambrosetti & Paparusso, 2018).

To briefly summarize, this section outlined the main trends of immigration flows from the 60s through the following decades, witnessing a significant increase in immigration, marking a transformative shift in its demographic structure. From a legislative point of view, this has gone hand in hand with the introduction and evolution of migration policies, aiming at containing and regularizing the phenomenon while taking into consideration the different actors involved, such as the public opinion, governmental bodies, economical needs of the labor market and employees, industry stakeholders, and integration with European forces. A key element of the investigation has been the evolution of the legal entry channels for immigrants for the purpose of employment in Italy, through the planning of numeric lists, called quotas, that permit the entry only to a limited number of foreign workers. An up-to-date picture of this legislative framework will be outlined in the following section.

### 3.2 Immigration policies in Italy for employment purposes

As it has been shown in the last section, employment is for migrants one of the most common reasons for entering Italy. The pathways for entering Italy as a migrant worker are diverse and can depend on factors such as the type of employment, qualifications, and the individual's country of origin. For instance, a first substantial difference needs to be made among two groups from a geo-political perspective, namely European Union (EU) and non-EU citizens.

Citizens of any Member State of the EU have the right to free movement, and more importantly EU workers are entitled to be employed in another EU country, look for a job there, reside there when the employment contract has ceased, and enjoy equal treatment with nationals. For this reason, an EU citizen deciding to migrate to Italy for employment can do that freely without any need to hold any visa, nor a work permit, or have certain entry requirements.

The situation is substantially different for non-EU citizens, because their entry and employment in the country is dependent upon valid authorizations, regardless of their country of origin. In order to work in Italy, Italian immigration and labor authorities require a permit. As stated in the last report on non-EU citizens in Italy by ISTAT (2023b), the possible alternative reasons to obtain a permit are the following:

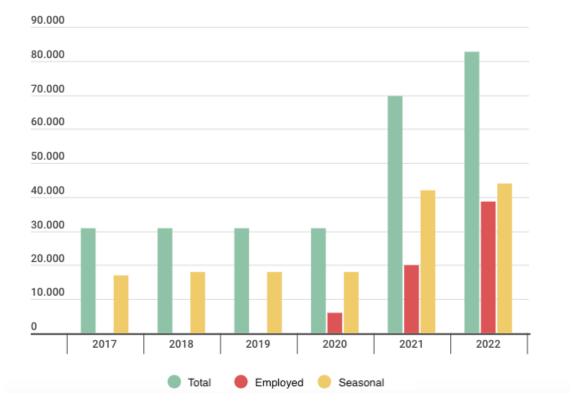
- for employment, upon the issue of a visa for employment purposes and a authorization called Nulla Osta, including for individuals that are waiting or looking for an occupation;
- for family, to a family member of a registered foreign resident who already has a
  permit for employment, self-employment, asylum, study, and for familiar or
  religious reasons;
- for study, to foreigners wishing to study in Italy upon the issue of a study visa, with the validity of the duration of the course, and the possibility of taking a parttime job;
- for political asylum, to refugees, and political asylum requests, to who has applied for asylum but is still waiting for the request to be evaluated;
- for humanitarian reasons, in case of other forms of protection other than political asylum;
- for other reasons, including religion, elective residence, health, reason of justice, minor integration, stateless person, sports activity, etc.

Focusing now on residence permits for the purpose of employment, entering in the Italian labor market for non-EU workers is possible through various channels, outlined in the competent Ministry's website (Ministero del Lavoro e delle Politiche Sociali, 2023b). Except for certain occupational profiles, for the majority of foreign workers residing abroad, accessing Italy for employment, including seasonal employment and self-employment, is allowed through established entry quotas. After monitoring internal labor market needs and consulting regions, trade associations, and major labor organizations, the Italian Ministry of Labor and Social Policies (Ministero del Lavoro e delle Politiche Sociali), plans and set together with other administrative bodies the maximum amount of entry quotas permitted for employment reasons. Then, these quotas are published by the Italian Government Presidency of the Council of Ministers (Presidenza del Consiglio dei Ministri) through the so called "Decreti Flussi".

Aiming to manage the legal entry flows, the latest quotas were published in the Decreto Del Presidente Del Consiglio Dei Ministri 27 Settembre 2023 "Programmazione Dei Flussi d'ingresso Legale in Italia Dei Lavoratori Stranieri per Il Triennio 2023-2025" (2023), an update of the Testo Unico sull'Immigrazione (D.Lgs 286/1998), in the Gazzetta Ufficiale on 2<sup>nd</sup> October 2023. This manages the admission of foreign workers in Italy for a period of three years, from 2023 to 2025. Overall, the quotas established will permit the admission of a total of 452,000 foreign nationals to Italy. The quotas are broken down as follows: 136,000 foreign nationals for the year 2023; 151,000 foreign nationals for the year 2024; 165,000 foreign nationals for the year 2025. Although the aim is to converge the supply and demand of labor, also based on the needs of the most significant trade unions, the use of quotas often fails to meet this balance. For instance, there is an estimated demand of 833,000 workers in the next three years, which almost corresponds to double the number of allowed entries (D'Aleo, 2023).

These quotas are then divided distinguishing between several categories. On one side, there is a neat difference based on the duration of the employment between seasonal and non-seasonal employment. Planned admissions for seasonal employment are overall in neat majority with respect to non-season ones (Figure 8). For instance, in 2023, 60% of the total admission for employment was destined to the first category, in comparison with 38.8% of the latter (Ministero del Lavoro e delle Politiche Sociali, 2023a). This distribution is not surprising because foreign employment in Italy has been for long characterized by temporary workers, often employed in the agriculture sector. In fact, non-seasonal entries had not been considered in the quotas as a channel for entering Italy through employment since 2011, and they have been reintroduced only in 2020. However, upon hiring a non-seasonal foreign worker through the quota system, the employer must declare and verify with the competent office that no other Italian citizen is available for that position.

**Figure 8.** Numbers of workers admitted through the "Decreti Flussi" during the years 2017-2022



Source: Proietti, 2023

Furthermore, for the three-year period the Italian government has specified that quotas are destined to some specific sectors and professions: passenger transport; tourist-hotel sector; mechanics; telecommunications; food sector; shipbuilding; fishing sector, workers of leather, electricians and plumbers; family and socio-health care; agriculture and tourism sector. Among these, professions are given preference under the "Decreto Flussi", perhaps because they have a higher demand for foreign labor than others, and a portion of the total admissions is reserved for them. For instance, for seasonal employment 41,000 entries are reserved for foreign workers in the agricultural sector and 31,000 for the hospitality one, while for non-seasonal employment 9,500 entries are destined to workers in the family and socio-health care (Ministero del Lavoro e delle Politiche Sociali, 2023a).

Moreover, the recruitment and hiring of foreign employees is favored upon other conditions. For instance, among the total planned admissions, either for autonomous, seasonal or non-seasonal employment, some quotas are reserved for foreign workers originated from particular countries. Italian immigration policies favor the entries of

citizens from countries that, either in the present or future, have signed or will sign some agreements on migration matters, primarily aiming at controlling the flows of undocumented immigration towards Italy. A prominent example is Tunisia, whose citizens are granted 4,000 entries reservation for employment annually, due to the EU-Tunisia Memorandum of Understanding, which has been reported for violation of human rights (Openpolis, 2023).

Finally, a last remark on the immigration quotas for employment in Italy concerns the application procedure. This is based on the so-called "click day", consisting in one or more designated days in which the applications need to be submitted in an online centralized platform. The application process is responsibility of the employer, who needs to submit all the documentation and the required information on time for each non-EU worker living abroad that desires to be employed in Italy. The allocation of residence permits for employment is then based upon the chorological order in which the applications are received.

To summarize, the Italian immigration mechanism of the quotas established by the "Decreto Flussi" is a system primarily geared to fulfill the demand of a non-EU workforce in particular sectors of the economy. Priority is given to citizens from particular countries that have some kind of agreement on immigration matters with Italy and to workers in the agricultural, care and hospitality sectors. The implication of these industry demands is that the Italian immigration system of quotas aims to attract a low and medium skilled foreign workforce, destined to jobs that are considered physically demanding and with low wages.

Moreover, in migratory flows entering Italy through the mechanism of the "Decreti Flussi", non-EU workers are not selected based on any form of human capital, meaning that their entry is not conditional neither upon their language skills, not educational attainment or professional experience. Instead, the mechanism is purely based on a quantitative selection, determining access to the Italian labor market on those whose prospective employer is able to submit their application procedure faster. The result is that the system does not prioritize the skills or education of foreign workers, potentially leading to a mismatch between the jobs in which incoming migrants are employed and their skills.

Outside the annual quotas, the entry in the Italian labor market is permitted for foreign individuals already staying in the country through a valid residence permit, through a conversion of their permit into one for employment purposes, such as in the case of foreign students studying in Italy, wishing to work in the country after finishing their studies. Moreover, as outlined in the competent Ministry website (Ministero del Lavoro e delle Politiche Sociali, 2023c), in cooperation with Regions, Autonomous Provinces, other local authorities, and employers, there is the possibility for foreigners to acquire pre-immigration vocational and civil-linguistic training in their country of origin, with the specific aim of insertion into the Italian productive sectors, outside of the "Decreti Flussi" established quotas. Through this program, foreigners wishing to work in Italy not only acquire a linguistic qualification assessing a minimum of A1 level, but also learn civic principles of the Italian Republic and its culture together with a training that provides knowledge-specific information on the practice of a particular occupation (Ministero del Lavoro e delle Politiche Sociali, 2023c).

Finally, entry in the Italian labor market for non-EU workers is permitted outside the annual quotas for highly qualified individuals, through the system of the EU Blue Card, a specific residence permit introduced in 2012. This permits the occupational mobility of highly qualified workers from third countries into any Member States of the EU<sup>8</sup> (each presenting minor particular admission criteria), granting the freedom of movement within the EU, for employment purposes included (EUR-Lex, 2023).

To qualify as a highly skilled worker for the EU Blue Card in Italy, qualifications issued by higher education institutions are required to assess the achievement of a post-secondary higher education diploma, such as a university degree, a diploma or any certificate, of a program of the duration of at least three years. Moreover, a recent decree (Decreto Legge Del 18 Ottobre 2023, n. 152 "Attuazione Della Direttiva (UE) 2021/1883 Del Parlamento Europeo e Del Consiglio, Del 20 Ottobre 2021, Sulle Condizioni Di Ingresso e Soggiorno Di Cittadini Di Paesi Terzi Che Intendano Svolgere Lavori Altamente Qualificati, e Che Abroga La Direttiva 2009/50/CE Del Consiglio," 2023) opens the criteria to obtain the EU Blue Card in Italy also to workers holding a higher vocational qualification with at least five years of professional experience, or to those holding a higher vocational qualification with at least three years of professional

<sup>&</sup>lt;sup>8</sup> The EU Blue Card is valid for all EU Member States except for Denmark and Ireland.

experience in the field of information and communication technology. For the latter, the professions demanded correspond to ISCO-08 Minor groups number 133, and 25, namely information and communications technology service managers and information and communications technology professionals. As regards regulated professions, a foreign worker needs to assess that the national legal requirements are met (integrazionemigranti.gov.it, 2021).

In comparison with the annual quotas, the EU Blue Card program permits a more sustainable and more flexible migrant admission in the Italian labor market, giving the opportunity and possibility of a better use of migrants' skills, enabling them to receive adequate returns to education. An investigation by Eurostat (2023b) on the residence permits trends shows that in 2022 about 82,000 highly qualified non-EU workers received an EU Blue Card, obtaining comprehensive socio-economic rights and EU residence.

Nonetheless, this instrument has not be sufficiently employed through-out the EU area, and its utilization varies among EU Member States, with Italy issuing very few permits to highly-skilled workers. In 2022, the share of Blue Card permits issued in Italy accounted only for 0.7% of the EU total, corresponding to only 572 entries of highly skilled workers (Table 1). Looking at the period 2013-2020, Di Pasquale and Tronchin (2022) highlight that the number of Blue Cards that were granted only amounted to 2135, consisting in 1% of the overall permits issued in that period for employment. On the contrary, among the countries that have effectively benefited from this immigration channel, Germany has issued the highest number of EU Cards in the years 2013-2020, accounting for 51,815 permits, almost two thirds of the EU total. The high skilled workers that entered Germany with this kind of work permit represent 16.6% over the total of work permits issued. The limited utilization of this instrument to attract a foreign workforce with high level of human capital may suggest a lack of interest for the highly skilled in the Italian immigration system and its labor market, preferring a lower skilled foreign workforce.

**Table 1**. EU Blue Cards issued to highly qualified non-EU citizens in EU and Italy<sup>9</sup>.

TIME	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
European										
Union - 27										
countries	:	:	:	:	24.305	32.674	52.127	50.234	67.730	81.851
(from										
2020)										
Italy	87	165	237	254	301	462	418	211	409	572

Source: Eurostat, 2023

### 3.3 Data on foreign population residing in Italy

The latest data collected by ISTAT (2023) shows that on 1<sup>st</sup> January 2023 the registered foreign population in Italy accounted for 5,141,341, corresponding to 8.7% of the population living in the country (+2.2% compared to 2021). It is worth mentioning that this share not only represents foreign-born people that have come on the Italian soil after a migratory experience, but also includes a number of 852,619 descendants of immigrants, who although were born on the Italian soil are not Italian citizens. This is due to citizenship laws based on the principle of *ius sanguinis*, assigning Italian citizenship only on the basis of parentage, without taking into account the country of birth. For this reason, other than some exceptions, the children of people migrated to Italy born on Italian soil are not entitled to Italian citizenship but will inherit the one of their parents' country of origin, unless at least one parent has an Italian citizenship (Rossi, 2021).

Nearly half of the foreigners registered in 2022 come from European countries (47.0%), 23.0% from Asia, 22.4% from Africa, and 7.6% from America (Figure 9). Among them, 3,727,706 are non-EU citizens holding a valid residence permit in Italy (72.9%), while a share of 27.1% comes from an EU Member State. More specifically, foreign nationals residing in Italy possess 194 different nationalities, although there are some origin countries which are over represented. For instance, the country from where most of foreign inhabitants come from, or descend from in case of second-generation

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<sup>&</sup>lt;sup>9</sup> The symbol ":" indicates that there is not available data.

migrants, is Romania, accounting for 21.0% of the total share of foreign nationals. Albania and Morocco are the second and third largest collectivities, both accounting for 8.1 percent of the foreign presence in Italy. Next, there are China (6% of the total) and Ukraine (4.9%), the latter group increased by +66,5% with respect to the previous year, followed by Bangladesh, India, the Philippines, Egypt, and Pakistan.

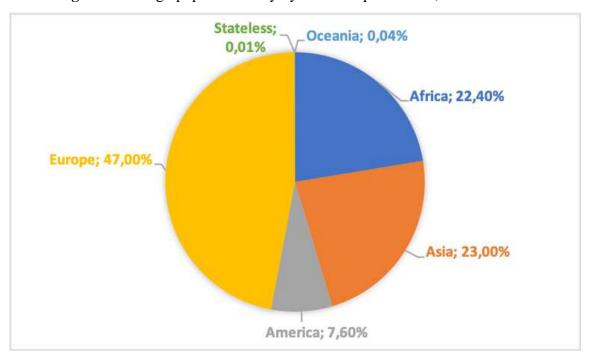


Figure 9. Foreign population Italy by citizenship continent, 2022

Source: ISTAT, 2023

As to the gender of the foreign population, the ratio shows a slight majority of women (51.0%) over men (49.0%), with a masculinity ratio of 96 men over 100 women, although there are profound differences in the gender structure in terms of individual citizenship (Table 2). A notable distinction arises when comparing European and African citizens, with women constituting 61.5% of the former and 39% of the latter groups. Furthermore, for foreign individuals from Ukraine, women are overrepresented, as the masculinity ratio of 29.8 demonstrates. A prevalent women presence is seen also for the Filipino and Romanian communities, with a masculinity ratio of 75.9 and 75.6, respectively. On the contrary, high men presence is found for the Pakistani and Bangladeshi and Egyptian communities, at 266, 249.6, and 196.4 men per 100 women, respectively.

Table 2. Top 10 communities ranking by sex in Italy, 2022

Country of origin	Males	Women	Total	For 100 foreigners
Romania	465,632	616,204	1,081,836	21.0
Albania	213,047	203,782	416,829	8.1
Morocco	224,516	190,572	415,088	8.1
China	154,993	152,045	307,038	6.0
Ukraine	57,263	192,350	249,613	4.9
Bangladesh	124,275	49,783	174,058	3.4
India	96,741	70,592	167,333	3.3
Philippines	68,580	90,346	158,926	3.1
Egypt	97,932	49,865	147,797	2.9
Pakistan	104,754	39,375	144,129	2.8
Total first 10 countries	1,607,733	1,654,914	3,262,647	63.5
Total other countries	909,806	968,888	1,878,694	36.5
Total	2,517,539	2,623,802	5,141,341	100.0

Source: ISTAT, 2023

Overall, given the relatively recent dimension of the immigration phenomenon in Italy and the inclusion of migrants' children in the sample, the foreign component is relatively younger than the population with Italian citizenship, having positive effects towards a lower average age of the total population. As far as the age structure is concerned there is a slight rise in the average age among foreign nationals, from 35.7 years in 2021 to 36.2 in 2022. First of all, the foreign community presents a higher proportion of minors, with approximately 21% of individuals being under the age of 18, compared to 15.1% of minors in the Italian population.

However, the demographic profile of Italy's foreign population shows notable differences in age distribution among diverse groups. For instance, the group of foreigners born abroad (83%) has a minimal share of minors (5.7%), and therefore, it is not particularly young. This is compensated by the 17% of foreign population born in Italy, consisting in migrants' offspring, of whom the great majority is a minor (94.9%). The age dynamics further differs within specific nationalities since the incidence of children and young people in the total population is particularly significant for African nationalities (approximately 29.2% of the total). For North Africa, the percentage of children and young people is 31%, with a maximum influence among Egyptians, where minors constitute over 43% of those regularly present. Individuals over 60 years old represent only 10.8% of the total, but this figure reaches 22.2% among citizens of Ukraine.

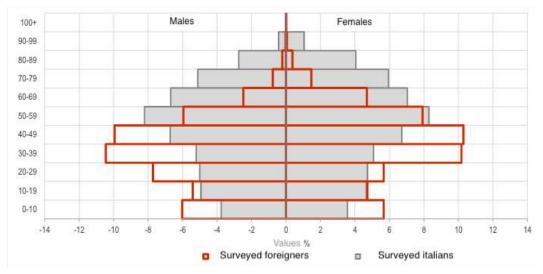


Figure 10. Age pyramids of the foreign and Italian population, 2022

Source: ISTAT, 2023

Moreover, the age pyramids in Figure 10 shows that the number of foreigners further widens in the 20-29 and 30-39 age groups, and then begins to shrink in the 40-49 age group, although it is still a much larger percentage than the corresponding age group of Italians. The percentage of foreigners starts to shrink in comparison with the Italian population in the 50-59 age groups.

Another relevant information to understand who is a foreign citizen in Italy is the average time spent in the country after the arrival, in case of foreign-born people with a migratory experience. In 2020, nearly four out of five immigrants in the working age, between 15 and 64 years, had been residing in Italy for at least a decade. Moreover, only 7.5 % percent had arrived in the previous five years, reflecting the sharp decline in arrivals during the 2010s after the high flows of the 2000s.

## 3.4 Foreign population in the Italian labor market

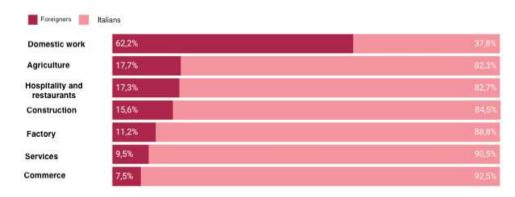
Employment is a great pull factor when looking at the reasons that led migrants to arrive in Italy. After a stop in the trends from 2015-2020, a large number of residence permits in Italy have been issued for this reason. Between 2021 and 2022, new permits for employment increased by 32.2%. Entries for employment accounted for 21% of the total of residence permits in 2021, only second to family reasons (50.9%) (ISTAT, 2022) and 15% in 2022, following humanitarian reasons (45.1%) and family reasons (28.1%) (ISTAT, 2023b). This is the highest number of new entries for work activity since 2013. Moreover, integrating 2022 data with that of 2021, it shows that many more work permits were issued in these two years than in the period between 2015 and 2020.

This section will provide a detailed analysis of the presence and performance of immigrants, both EU nationals and third-country nationals, in the Italian labor market, looking at the most recent annual report issued by the Minister of Labor and Social Policies (Direzione Generale dell'Immigrazione e delle Politiche di Integrazione, 2023), which refers to data as of 1<sup>st</sup> January, 2023. To understand how the foreign-born population in Italy is performing into the labor market the first and most looked at parameter is occupation. Overall, there are 2.4 million foreigners employed in Italy, representing a share over the total population in the working age (15-64 years old) of 10.3%. Looking at the unemployed, the incidence of the total population is bigger, reaching 16.0%. In particular, the employment rate for immigrants is at 60.6%, (compared to 60.1% among Italians), unemployment at 12% (7.6% for the Italian counterpart), and inactivity rate at 31.2% (34.8% for Italians).

In general, the report shows that all the indicators have registered an improvement with respect to 2021, recovering from the COVID-19 pandemic effects on the economy, with particular negative outcomes on the economic performance of the foreign workforce.

There has been an improvement in migrant participation in the labor market shown by an increase of the number of the foreigners employed of +5.2% in a year, compared to an increase of +2.1% for Italians. Moreover, a growing number of employment contracts have been activated with foreign citizens: +12.4% compared to 2021 (in contrast with +10.5% for Italian workers), and more specifically +14.9% for non-EU workers than EU ones (+5.8%). Between 2021 and 2022, the number of job seekers declined considerably, and similarly for all the nationalities. The decline in unemployment was accompanied by a reduction in inactivity (-484 thousand; -3.6%), which was sharper among EU foreigners (-12.7%) than among those with Italian citizenship (-3.7 percent). In contrast, there was a slight increase in the number of inactive persons (+0.6%) among non-EU foreigners.

**Figure 11**. Incidence of foreigners over the total of workers in business sectors, 2022



Source: Centro Studi e Ricerche Idos, 2023

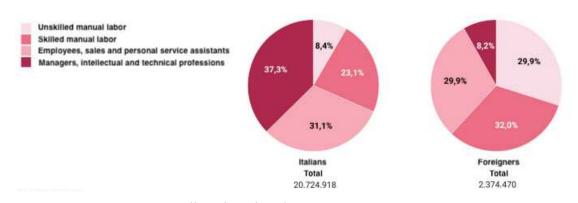
Despite the positive trends showing improvements from the pandemic, to understand the immigrant performance it is important to consider other aspects that determine their integration in the labor market, such as job sectors and skills. The most recent annual statistical report conducted by IDOS (2023) sheds light on a situation of high disparity in terms of employment opportunities and access to skilled positions between natives and the immigrant population in Italy. The foreign workforce has long been a key element in various sectors of the labor market, contributing significantly to various productive activities (Figure 11). The occupations in sectors such as domestic care, agriculture, hospitality, and construction have benefited from the input of foreign workers, who represent a numerous component over the total of the workers of 62.2%, 17.7%, 17.3%, and 15.7% respectively, thus contributing to economic growth and to compensate the demographic dynamics of the aging of the population. On the contrary,

foreign workers contribution is very scarce in the sectors of public administration (1%), insurance (2%) and education (2%).

While it's common to assess the impact of immigrants on specific business sectors, a broader perspective is crucial to harness the full potential of immigration by considering their distribution across skill levels, and understanding the incidence of immigrants in both low and high-skilled positions. Data from the IDOS report (2023) shows that foreign workers in Italy are overrepresented in lower skilled positions, which are elementary jobs usually characterized by simple tasks and manual force, in contrast with a very low contribution in higher skilled ones, having important reflections on their salaries.

A shown in Figure 12, in 2022, more than 6 foreign people over 10 were employed in manual and unskilled occupations, accounting for 61.9%, the double with respect to 30.5% of Italian workers. This sharp difference is shown for higher skilled positions too, as 37.3% of the Italian workforce held professions of executives, intellectual and technical professions, compared to the 8.2% of the foreign counterpart. In other words, the share of native-born individuals in highly skilled positions exceeds that of the foreign-born counterpart by 29.1 percentage points, compared to an average gap of 12 percentage points among other EU Member States (OECD & European Commission, 2023). Similar incidence of the two groups is otherwise seen for medium skilled professions, such as office workers, salespersons, and personal services workers, taking up 31.1% of the Italian workforce and 29.9% of the foreigners.

Figure 12. Distribution of Italian and foreign workers across professions, 2022



Source: Centro Studi e Ricerche Idos, 2023

Immigrants' contribution is beneficial across all the skill spectrum. On hand, it helps filling crucial gaps for lower-skilled professions in essential sectors and boosting economic growth. On the other hand, it brings expertise, innovation, and a global

perspective for more skilled professions. However, lower skilled occupations often involve additional challenges, such as low incomes and limited job security. For instance, it has been found that in Italy, similarly to other countries with numerous non-EU migrants and low educational levels, immigrants earn on average only three-quarters of the average income earned by native residents (OECD & European Commission, 2023).

A bigger remark concerns educational levels. Although migrants' successful integration into the host society is a multifaceted process that is not solely dependent on their level of education, educational attainment emerges as a key determinant that impacts both the social assimilation of immigrants in the new host society and their economic prospects in the labor market. Looking at how educated is the immigrant population in Italy using OECD data (Direzione Generale dell'Immigrazione e delle Politiche di Integrazione, 2023; OECD & European Commission, 2023), it emerges that nearly half of the foreign population has only acquired low education, being the second highest percentage in the OECD after Costa Rica, in contrast with one-third of natives.

At the opposite end of the educational spectrum, Italy has the lowest percentage of immigrants with tertiary education qualification in the OECD area (only 12% compared to 20% of natives). Moreover, while the share of the highly educated immigrants generally increases over time, in Italy it increased only marginally, by less than 1% in the decade 2010-2020, the lowest figure in the OECD. Even if for low-educated immigrants there is the option of continuing their education during their stay in the country of destination, only a small percentage of immigrants in Italy (2%) participated in adult education courses in 2020, compared to about 6% in the EU as a whole.

However, statistical data in Italy refers to the broad category of foreigners without distinguishing between immigrants and their descendants. As mentioned before, due to children acquisition of their parents' nationality under Italian law, immigrants' children are de facto recognized as foreigners, excluding those who have obtained the Italian citizenship. Indeed, these two groups share different life experiences which translate in diverse performances than immigrants in both schooling and the labor market.

An analysis of data elaborated from Eurostat (2019) on the educational attainment level of individuals aged between 15- and 64-years-old in Italy, reveals distinctions between the two groups and permits a comparison with the children of native-born

parents. According to Table 3, it emerges that in 2014 comparable shares of first-generation migrants (46.4%) and children of migrants (47.2%) had a low level of education, corresponding to less than primary, primary and lower secondary education (ISCED levels 0-2). These are marginally higher than the share of children of native-born parents (41.7%). Similarly, among the three groups there is a similar share of individuals with upper and post-secondary and non-tertiary education (ISCED levels 3 and 4). On the contrast, higher disparity emerges for tertiary education (ISCED 5-8), because 15.5% of native-born individuals with native-born parents have attained this educational level, in comparison with a smaller share among second-generation migrants (12.5%) and even smaller among first-generation immigrants (11.7%).

Although it is true that a higher educational attainment typically leads to more favorable outcomes in the labor market compared to those with lower educational attainment, in terms of employability, earning potential and stability, and occupational mobility, this works to a lesser extent for immigrants than the native-born counterpart. It has been found that immigrants generally encounter many more obstacles in the labor market with respect to natives. For instance, in each OECD country immigrants who possess tertiary degrees are less likely to be employed with respect to the natives. In Italy, this disparity accounted for -17 percentage points in 2021, in comparison with an average of -10 percentage points for EU countries and -4 points for the OECD area, being the highest in both (OECD & European Commission, 2023). This is of fundamental importance as "if highly educated immigrants were as widely employed as their native-born counterparts, there would be over 1 million more highly educated people working in the EU" (OECD e European Commission, 2023, p. 78).

**Table 3.** Educational attainment level distribution by migration status of parents in Italy, 15 to 64 years, 2014, percentage

		All ISCED 2011 levels	Less than primary, primary and lower secondary education (levels 0-2)	Upper secondary and post- secondary non- tertiary education (levels 3 and 4)	Tertiary education (levels 5-8)
Native-born with bot born	h parents native-	100.0	41.7	42.8	15.5
	Native-born with mixed background and foreign background (second generation of immigrants)	100.0	40.5	43.6	15.9
Second-generation of immigrants	Native-born with mixed background (second generation of immigrants)	100.0	36.4	45.7	17.9
	Native-born with foreign background (second generation of immigrants)	100.0	64.8	31.4	3.8
	Tot second generation of immigrants	100.0	47.2	40.2	12.5
Foreign-born (first generation)		100.0	46.4	41.9	11.7

Source: own elaboration of Eurostat, 2019

# 3.5 Overqualification among foreign workers in Italy

This data helps to shift the focus on the importance of assuring that migrants utilize their full potential once they come to the host country. Other than employability

possibilities, another crucial issue contributing to the challenges faced by immigrants is overqualification. It is fundamental that migrants' career paths are adequate to their potential, matching their level of education with the level of skillfulness that the jobs they hold require. This has been investigated in the recent report on immigrants in the Italian labor market (Direzione Generale dell'Immigrazione e delle Politiche di Integrazione, 2023), which indicates that a significant percentage of foreign workers with a tertiary degree qualification is not employed in high skilled positions, adequate to their knowledge, but in low or medium-skill professions, thus is overqualified.

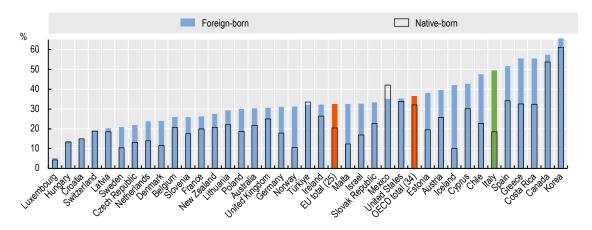
The report shows that foreign-educated non-EU workers are much more likely to be overqualified than their EU-born counterpart, with rates of overqualification of 60.2% and 42.5% respectively, compared to 19.3% for Italian peers in the age group 15-64. In other words, on one hand, among 100 foreign workers with tertiary education, 60 have skills above the requirements for their paid position among non-EU citizens, and 42 among EU citizens. On the other hand, only 19 out of 100 Italians share this problematic concern.

Perhaps part of this difference among EU and non-EU citizens lies in the concern of having foreign qualifications recognized in the host country. Clearly, this reflects only the proportion of foreign citizens which is a migrant, leaving aside the category of migrants' offspring who have domestic education. For EU migrants, the educational credentials recognition is definitely an easier process due to the harmonization of educational standards within the European Union. This allows for a smoother transition of qualifications across member states, facilitating the recognition of credentials obtained in one EU country within another. Consequently, EU-born migrants may face fewer barriers when entering the labor market in another EU country compared to their non-EU counterparts, which may more often end up accepting positions that do not fully utilize their skills and education, leading to higher rates of overqualification among this group.

Comparing the phenomenon in the OECD area and in the EU countries among the age group 15-64, it emerges that, in spite of the relatively low qualifications of the natives, as compared with other OECD countries, in 2021 Italy presented the highest disparity in overqualification between foreign workers (49.31%) and natives (18.53%), meaning that the former group is 30.77 percentage points more likely to be overqualified than the latter. When looking at the foreign and native gap in terms of overqualification in the EU

Member Countries for (Figure 13), it emerges that the disparity is significantly reduced to 12.03 percentage points, lowering to 4.47 percentage points for the OECD area (OECD & European Commission, 2023). A lower the difference indicates similar rates of overqualification for native- and foreign-workers and thus the access to similar opportunities in the labor market.

**Figure 13.** Overqualification rates of highly educated people in employment, 15-to 64-year-olds, 2021



Source: OECD & European Commission, 2023

The phenomenon appears to take on significantly larger proportions when considering the female component of the workforce: non-EU women are even more overqualified, with a 66.5% overqualification rate, compared to 44.7% of EU migrant women and 22.5% of Italian women (Direzione Generale dell'Immigrazione e delle Politiche di Integrazione, 2023). This striking disparity suggests that the female migratory workforce face challenges in labor market integration not only related to their migrant status but also due to the intersection of gender-specific barriers that disproportionately affect migrant women.

Moreover, the type of employment opportunities available to migrant women, particularly those from non-EU countries, may be constrained by stereotypical perceptions of their capabilities or by sectors with lower skill requirements. In particular, the main sector of employment for migrant women in Italy over the past decades has been that of domestic care, by providing housekeeping and care services to Italian households. On one side, the increasing demand for domestic labor in Italy has fueled a proper migratory system, encouraging individuals to migrate and look for employment in this sector of the labor market, making it a proper channel of entry in the country. However,

"a significant proportion of workers, mainly women, arrived in Italy through migratory paths that were not intentionally aimed at such an outcome but found limited options to work outside the domestic sector, with an evident de-skilling and segregation effect" (International Labour Office, 2012b). As a result, many highly educated migrant women may find themselves relegated to positions that do not fully utilize their qualifications, contributing to the high rates of overqualification observed in this group.

Shifting the focus on the overqualification rates in the different business sectors, from the latest report on foreign workers in Italy published by Direzione Generale dell'Immigrazione e delle Politiche di Integrazione (2023) it can be observed that in each one the graduates from non-EU countries suffer more from overqualification than the migrants from EU countries, and even more from the Italian candidates. One striking data is in agriculture, where even though the number of non-EU graduates employed in the sector is small, the total of 100% of them are overqualified. This is more pronounced compared to both EU citizens (whose overqualification rate in the sector is 91.5%) and native citizens (for whom there is a rate of 74.2%). Other business sectors that register a high incidence of overqualified migrant workers, especially originating from non-EU countries, are those of hospitality, consisting in restaurants and hotels (96.0%), transportation (90.8%), and other collective and personal service sectors (77.0%). For the same sectors, the EU migrant and Italian counterparts share relatively lower rates, meaning that more workers in those sectors with a tertiary degree qualification are in occupation adequate to their skills.

When looking at the presented data, it is important to take into account that it does refer both to first generation immigrant and their children. However, an online publication by Eurostat (2017) permits to differentiate these two groups through the individuals' countries of birth, analyzing they perform in the labor market based on their highest educational attainment. It is shown that in 2014 immigrant workers in the 25-54 age group were more exposed to overqualification in their occupations, followed by second-generation immigrants and native-born individuals. More precisely, over half (53.0%) of immigrant workers with a tertiary degree was employed in a job that didn't require such a high level of education, as compared with around one fifth of native-born workers with foreign-born parents (20.9%), and even less for native-born workers with native-born parents (16.1%). Although workers with immigrant background are still penalized with

this respect in the labor market, these data highlight an improvement with respect to their parents.

Finally, it is important to consider is the evolution of the phenomenon over time. What emerges comparing 2011 and 2021 data is that the overqualification rates of Italians and immigrants have evolved differently over time. On one side, the overqualification rate among Italian workers has grown in this decade by +3.4 percentage points meaning that more skilled individuals possessing a higher education qualification are in low or medium skilled positions than in the past. On the other hand, the trends are positive for immigrant workers who are -3,2% less likely to be overqualified than the past (OECD & European Commission, 2023). Although these figures are not elevated, they suggest that immigrants have more chances than before to find adequate opportunities in their new labor market.

In summary, this section has recapped the history of immigration in Italy from the early waves during the postwar economic boom period to the more recent influx of migrants, experiencing a diverse array of immigration with various origins, backgrounds and motives of migrating, which have shaped the present socio-economic landscape. Over time, different entry policies have been implemented to regulate the different flows, mostly aiming at finding an equilibrium between the demand of labor by the Italian employers and industries, the supply of available migrant workers, and the numerous actors involved in the public discourse. Emphasis has been put on employment as one of the main motives for migrating in the country, mostly through the system of the annual quotas as the main entry channel for work related reasons. These quotas continue to permit the entry to a limited number of foreign-workers residing abroad each year, although the demand for foreign workers is not equilibrated into all economic spheres, but relegated to the lower-skilled positions.

After presenting the immigrant population residing in Italy today and their labor market participation, it becomes evident that the increasing presence of immigrant workers in the Italian labor market has not translated into a complete integration or equitable employment outcomes with respect to natives. Despite their growing numerical dimension, most of the migrants only have a low education and find themselves in low-skilled and precarious jobs. Among those with higher educational levels, there is a significant prevalence of overqualification among migrant workers in Italy, with many

individuals possessing skills and qualifications that are underutilized in their current employment.

### 4. Immigration in Canada

### 4.1 Canadian immigration history and the evolution of its immigration policies

Over the years, the Canadian society and its identity have been continuously shaped by immigrants, building a reputation of a nation based on multiculturalism and immigration. Overall, the history of immigration in Canada reflects a complex interplay of factors such as colonization, economic development, social attitudes, and government policies, as well as race, desirability and integration.

Differently from Italy, which is viewed as a country of recent immigration, Canada's history has been characterized by continuous flows of immigrants, starting from the 16th century, when European colonizers from France and Great Britain dispossessed Indigenous people of their lands. In the 19th and early 20th centuries, various policies that encouraged the settlement and development in rural and peripheral areas of immigrants were implemented, offering incentives and granting lands. Many of these newcomers from Europe and China were recruited to satisfy the demand for cheap labor or skilled craftsmen needed for factory and construction projects, such as the Canadian Pacific Railway.

However, in the same period restrictive immigration policies were implemented to exclude or discourage immigration from specific groups, discriminating individuals on ethnic grounds, excluding people with non-European and non-Christian backgrounds. After the first Immigration Act of 1869 discriminating along class and disability lines, other policies were imposed on the Chinese population wishing to enter the country, through the Chinese Immigration Act of 1923. Similarly, other groups were racially discriminated against, such as the immigrants from South Asian, Eastern Europe, Blacks and Jews (Dirks, 2006; Troper, 2013).

During the post-World War II era, the nation's approach to immigration shifted towards a more welcoming behavior accepting more and more refugees fleeing from dictatorship countries and political upheavals. In these years, Canada accepted refugees fleeing westward from the Hungarian uprising of 1956 and the Soviet Invasion of Czechoslovakia in 1968, together with refugees from elsewhere in the world, such as Uganda and Chile (Troper, 2013). This accepting behavior was also due to the demand of a larger workforce driven by an economic boom and a growing job market, which led

to a gradual re-opening of its doors to immigration from Europe. Differently from previous decades, postwar immigration to Canada wasn't solely directed towards agricultural or rural-based industries, as many immigrants found employment in the manufacturing and construction sectors. While some contributed to the expansion of urban infrastructure, others with higher education met the growing demand for trained professionals and skilled workers (Troper, 2013).

The racial discrimination feature of the immigration policies lasted until 1962 and few years later, in 1967, a new immigration regulation was introduced, opening the doors on the basis of non-discrimination by ethnicity and posing emphasis on educational and occupational skills as criteria for determining the desirability of a candidate for entering the territory (Dirks, 2006). New standards were set, aimed at evaluating the potential that individual immigrants had to successfully settle in Canada through a universal points system. The nine categories valued were educational, training experience, personal character, occupational skill and the demand in that occupation, age, the presence of prearranged employment, knowledge of the languages (French and English), the presence of a relative in Canada, and employment opportunities in their area of destination. For immigrants to be admitted they needed to score 50 points out of 100 (Canadian Museum of Immigration Pier 21, n.d.).

Moreover, this was a sponsorship-based system, in which, close or more distant family members could nominate a related individual wishing to enter Canada. Through this system, dependent members of the immigrant families could be reunited without having to apply and be admitted through the points system. Similarly, more distant family members could act as a sponsor for a relative, with the condition that the new arrival would not eventually turn out to be an economic burden on the country's society (Canadian Museum of Immigration Pier 21, n.d.).

This new regulation reflected Canada's attempt to attract skilled workers worldwide, posing human capital as the center of attention for the selection of immigrants (Government of Canada, 2003). Contrary to the immigration made up almost exclusively by Europeans in the post-war period, from the regulation onward the Canadian borders opened up to immigrants from all over the world, overcoming the national origin as an admission criterion. This was the most important factor that contributed to shaping the multicultural nation that Canada is today, by leading to the growth of numerous

minorities. Indeed, "for the eighteen-year period between 1968 and 1986, Canada experienced a net gain of 16,349 immigrants in professional, technical, managerial and entrepreneurial occupations from the United States. [...] In total, for the 28-year period from 1968 to 1995, Canada admitted 4.4 million immigrants, of which 39.5 percent came from Asia, 5.1 percent from Africa, and 7.1 from the Caribbean" (Government of Canada, 2003) (Table 4).

**Table 4**. Immigrant arrivals in Canada by countries of last permanent residence, 1967-1991

Period		Europe	United States	Central/ South Americas'	Caribbean	Asia	Africa	Australia	Oceania	Not stated	Total
	Nb	_									
1968-	re	387,67	114,615	24,863	53,1	112,584	22,014	18,656	0	3,622	73,124
1972	%	52.6	15.5	3.4	7.2	15.3	3	2,5	0	0.5	100
1973-	Nb re	324,131	102,141	63,598	86,627	216,837	42,748	10870	7937	0	854,88 9
1977	%	37.9	11.9	7.4	10.1	25.4	5	1.3	0.9	0	100
1978-	Nb re	196,546	49,407	36,262	39362	236,596	21,946	6,438	4,502	232	591,29 1
1982	%	33.2	8.4	6.1	6.7	40	3.7	1.1	0.8	0	100
1983-	Nb re	124,344	36,214	56,442	39,079	226,326	24,027	2,774	3,771	38	513,01 5
1987	%	24.2	7.1	11	7.6	44.1	4.7	0.5	0.7	0	100
1988-	Nb re	237,666	33,686	91061	59,911	545,41	70,744	4,771	8,534	0	1,051, 783
1992	%	22.6	3.2	8.7	5.7	51.9	6.7	0.5	0.8	0	100
1993-	Nb re	126,509	19,433	39,119	36,599	418,016	45,255	3,476	3,791	0	692,19 8
1995	%	18.3	2.8	5.7	5.3	60.4	6.5	0.5	0.5	0	100
1968-	Nb re	1,396,86 6	355,496	311,345	314,678	1,755,76 9	226,734	46,985	28,535	3,892	4,440, 300
1995	%	31.5	8	7	7.1	39.5	5.1	1.1	0.6	0.1	100

Source: Government of Canada, 2003

Important innovations were introduced by a new Immigration Act of 1976, taking effect in 1978, which declared for the first times what were the aims of Canada's immigration policy, including the promotion of the nation's demographic, economic, social, and cultural goals, posing as priorities family reunions, diversity, and non-discrimination (Dirks, 2006). Other changes regarded the policy planning, through the establishment of annual immigration levels and the possibility of the provinces governments, ethnic groups, and other organizations to express their views on

immigration policies. Moreover, meeting international agreements obligations, refugees were for the first time defined as a distinct category from other immigrants, making humanitarian reasons a valid pathway to enter Canada, alongside with the categories of independent, family member and relatives. This resulted in a growing number of individuals applying for refugee status in the 1980s, including "undocumented" migrants who sought personal security and economic opportunity [...] (and) believed that claiming asylum was their best path towards permanent residency in Canada" (Raska, 2020). Approximately 18,000 applications for refugee status were presented in Canada in 1986 alone; of them, Canadian officials judged that two thirds were unfounded to obtain the refugee status (Raska, 2020).

In these years, apart from refugee migration, Canada offered new pathways for foreign people that possessed high skills or financial capital to invest, encouraging them to migrate to Canada with the aim of contributing to the country's economic growth and the creation of employment opportunities. As a result, the proportion of entrepreneurial immigrants increased significantly, among whom a high number of entrepreneurs from Hong Kong and China, together with their families, decided to invest their capitals in Canada, forming larger communities especially in areas such as Vancouver and Toronto (Troper, 2013).

After the terrorist threat of 11 September 2001, Canada decided to tighten its immigration policy, passing a new regulation in 2002, the Immigration and Refugee Protection Act (IRPA), replacing the 1976 Immigration Act. The new legislative framework, still in force today, conserved many of the previous policy' principles, including the point system and the various classes for entering, while taking into account the changing dynamics of immigration in Canada, by providing more comprehensive provisions. The main aims of immigration into the country sets by IRPA are the "support [of] the development of a strong and prosperous Canadian economy, in which the benefits of immigration are shared across all regions of Canada", while reuniting families and promoting a successful integration into the Canadian social fabric (Immigration and Refugee Protection Act, 2001).

Another important feature of the evolution of the Canadian immigration policy is the increasing provincial involvement in the matter, reflecting the commitment to federalism and the recognition of the provinces' diverse needs. The diverse demographic growth across Canadian regions and territories is one of the key elements marking differences on the national level, one of the prime motives for more control on immigration. For instance, while Prairie provinces<sup>10</sup> had higher population growth compared to the national average, in others, i.e., the Atlantic ones<sup>11</sup>, there was a negative natural increase, meaning that there were more deaths than new births (Martel, 2015). How will be further explored, in contrast with aging trends and low fertility rates, international migration has a primary importance in shaping demographic trends. These then reflect on significant differences in the population composition and its future societal needs. For this central role that migration has on provinces' demographic trends, in the late 1990s and early 2000s several provinces began advocating for more autonomy in immigration policy.

This led to the launching of the Provincial Nominee Program (PNP) in 1998 which permits Canadian provinces to select the incoming migrants, who have expressed an interest in settling there (*PNP*, 2024). The aim was to distribute the immigrant population and their human capital throughout the country, sharing the positive effects of immigration evenly. The province of Quebec is the only exception, due to its cultural and linguistic heritage, because of the bilateral agreement Canada-Quebec Accord, signed in 1991 and still in force today. This granted more control over its immigration system compared to the other provinces, through more responsibility for immigrant selection, with different criteria than the federal ones, and for their integration (Béchard, n.d.).

Between 2001 and 2014, an average of 249,500 migrants arrived in Canada every year (Troper, 2013), playing a crucial role in increasing Canada's population growth. Due to the aging of the population and the falling of the fertility rate, the immigrant population was the major responsible for this growth, accounting for two-thirds of it (Government of Canada Statistics, 2018). Moreover, with the new legislation emphasis continued to be put on the economic benefits of migration, selecting potential immigrants in order to satisfy Canada's evolving interest with the goal of building human capital (Challinor, 2011). The effects of the expansion of the economic migration programs are shown in the changing component of the new arrivals of this period. While in 1985 approximately half of the immigrants were granted entry through the family reunification pathway, 30% for

<sup>&</sup>lt;sup>10</sup> Prairie provinces refers to the provinces of Alberta, Saskatchewan and Manitoba.

<sup>&</sup>lt;sup>11</sup> Atlantic provinces are New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island.

economic reasons, and 18% as refugees, the new millennium registered changing dynamics, with the economic class prevailing over the others (Figure 14). For instance, in 2009 46.9% of all new immigrants entered Canada for economic reasons, while those arriving for family motives and asylum were respectively 38.1% and 6.6% (Challinor, 2011).

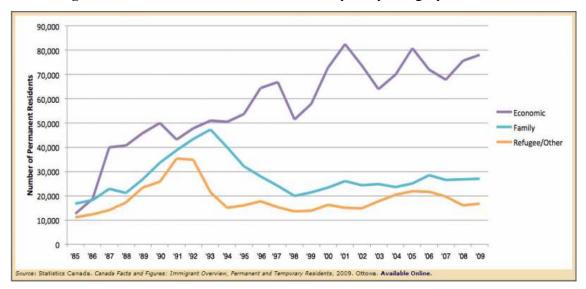


Figure 14. Permanent residents in Canada by entry category, 1985-2009

Source: Challinor, 2011

In conclusion, the history of immigration policies in Canada reflects the emphasis on the benefits of foreign human capital as a key determinant for economic growth. From a history of nation-building through different waves of immigration, Canada revised its racially discriminating policies in favor of committing to attract and integrate global talents from all over the world, to fuel an innovating and productive multicultural nation. The historical overview in this section lies the foundation to a further exploration of current immigration policies, which continue to prioritize economic immigration, family reunification, and refugee protection through the collaboration between federal, provincial, and territorial authorities.

# 4.2 Immigration policies in Canada for employment purposes

Today, economic migration is the preferential pathway for entering Canada, and one of the four immigration channels, other than family reunification, refugee status and humanitarian protection. As it has been highlighted in the previous section, Canada is competing for global talent and has implemented several immigration programs and

policies for individuals seeking employment opportunities in the country, aimed at attracting educated and skilled professionals, entrepreneurs, self-employed migrants, caregivers, and lower-skilled workers. Immigrants' experiences and their human capital are considered to be vital in the Canadian society and economy, contributing to economic and productivity growth, and future prosperity.

Moreover, immigration in Canada is considered a fundamental instrument to compensate for the nation's pressing demographic reality. According to the census conducted on Canada's demographic trends in 2021 released by Statistics Canada (2022c), the Canadian population is showing record aging trends, together with a low birth rate of 1.4 children per woman in 2020. Looking at the natural increase of the Canadian population, Figure 15 shows a downgrading trend with respect to the previous decades. On the contrary, this is being balanced by a great increase in net international migration. In fact, taking into consideration immigration in the overall population growth, Canada's is experiencing a record-high rise, placing Canada first in 2022 among G7 countries for population growth. The growth of the demographic trends depends for the 95.9% on international migration, and more specifically on the rise in temporary immigration, with asylum claimants, workers and students all over the country (Statistics Canada, 2023c).

Natural increase Net international migration Net interprovincal migration

400,000

200,000

100,000

1980

1990

2000

2010

2020

Figure 15. Factors of population growth in Canada in numbers, 1975-2023

Source: Statistics Canada, 2019

Overall, immigration is regulated through a multi-year Immigration Levels Plan, a long-term managerial instrument introduced in 2017, built together with the provinces, territories, stakeholders, and the public, to set transparent priorities and targets for each immigrant category (Immigration, Refugees and Citizenship Canada, 2022a). A new Immigration Levels Plan has been released by the competent Ministry of Immigration,

Refugees and Citizenship Canada (IRCC), showing consistency in increasing the immigration levels, which have been gradually rising for 30 years, planning on welcoming more and more permanent immigrants between 2024-2026 (Figure 16). The Plan sets as targets 485,000 new permanent residents for 2024, admitting an additional 1,000,000 immigrants in 2025 and 2026, one of the highest rates per population in the world (Canadavisa.com, 2023b). Distinguishing per immigration class, the highest number of admissions are destined to immigration of economic migrants, accounting for more than half of the total planned admissions, with the aim of fueling Canadian economic growth. Moreover, for each immigration class, the Immigration Levels Plan allocates precise levels to the different programs available to potential immigrants.

**Figure 16.** Canada's Immigration Levels Plan between 2024-2026 per immigration class

<b>Fotal</b>	485,000	500,000	500,000
Humanitarian	13,750	8,000	8,000
Refugee	76,115	72,750	72,750
Family	114,000	118,000	118,000
Economic	281,135	301,250	301,250
Immigration Class	2024	2025	2026

Source: Canadavisa.com, 2023

In addition to being highly committed to increasing its foreign population, a key element that characterizes the Canadian approach to receiving immigrants is the selectivity of its immigration policies, that determine the composition of migration flows by favoring certain groups over the others, specifying which potential immigrants can be admitted and which cannot. More specifically, focusing on the economic immigration flows, the Canadian selective-system advantages the entry of highly educated immigrants keeping out foreign individuals with a lower human capital, in order to build a "stronger

Canada", which "draws the best from the world to help build a nation that is economically, socially and culturally prosperous" (Immigration, Refugees and Citizenship Canada, 2017a). This lies in the expectation that the economy of the host country is expected to benefit more from skilled immigrants than unskilled ones, because the first group pays higher taxes, requires fewer social services, and integrates more quickly than unskilled immigrants (Macaluso, 2022).

To determine the composition of migratory flows, the selective criteria that serve as the foundation for Canada's immigration policy are rooted in the country's numerous entry channels directed at selecting potential immigrants from abroad who want to work in Canada, either temporarily or through permanent residence. Although being distinguished upon federal and provincial systems, temporary or permanent programs, and being based on the skill type of the candidates and their position as employees or entrepreneurs, most of the entry channels are commonly designed to prioritize candidates who possess the skills, qualifications, and experience that are deemed more beneficial to the Canadian economy or society. By aligning the selective criteria with specific program objectives and regional needs, candidates are valued for visible personal characteristics that are considered to assess their labor market productivity, such as skills, education and language ability. Hereafter, a brief description of the main immigration channels in Canada will be presented gaining insight on the Canadian immigration management and its of selective criteria across the different entry programs.

The primary pathway for skilled workers is the Express Entry System, which represents the first economic immigration category in numbers, registering 164,416 admissions in 2021 (Immigration Refugees and Citizenship Canada, 2022). It is a fast online system, implemented for the first time in 2015, that facilitates the application of skilled workers wishing to permanently reside in the country. Express Entry provides three major pathways for highly skilled workers to immigrate and permanently settle in Canada: Federal Skilled Worker Program, for highly skilled candidates; the Canadian Experience Class, for foreign workers who have previous professional experience in the country; and the Federal Skilled Trades Program, for foreign workers with qualification in a skilled trade, such as welders, electricians, machinists, cooks, carpenters, mechanics and plumbers.

While the Express Entry System is of federal responsibility, the Provincial Nominee Programs (PNP) allow Canada's provinces and territories, except Quebec and Nunavut, to nominate skilled individuals for permanent residence in that particular area, based on the fact that they expressed the will to migrate and settle there. It is the second largest economic immigration program, accounting for about 35% of all economic admissions in 2022, based on the 2022-2024 Immigration Levels Plan (Immigration, Refugees and Citizenship Canada, 2022a). Through more than 80 provincial immigration streams, the aim is to target certain groups of potential immigrants whose human capital can be beneficial to the nominating province or territory to address specific labor market shortages, so as to evenly distribute the economic perks across the country. Other specific channels exist for some areas in particular, such as the Rural and Northern Immigration Pilot for more remote communities, the Atlantic Immigration Program for Canada's Atlantic provinces, and the Quebec Skilled Worker Program for the province of Quebec, due to the Canada-Quebec Accord granting to the region full responsibility for the selection of immigrants.

These diverse pathways to migrate as a skilled worker in Canada reflect the country's meticulous approach to immigration, to assess that each candidate has the ability to positively contribute to the country's economic, social and cultural fabric. In line with the selective criteria based on human capital factors, prospective immigrants seeking to enter and permanently settle in Canada for economic purposes need to go through a very selective path assessing their eligibility for entering into the country.

First of all, they have to meet eligibility criteria outlined in the National Occupation Classification (NOC). Introduced in 1992 and currently updated in the 2021 version, the NOC is the Canadian system for categorizing and classifying occupations relevant to immigration purposes. Each foreign skilled worker' occupation is assessed based on its degree of training, education, experience and responsibilities (TEER), meaning that to each occupation there are corresponding specific skills levels and requirements that foreign candidates must meet (Canadavisa.com, 2023a). The NOC serves to immigration authorities to ensure that foreign candidates possess the necessary qualifications to perform an occupation and to positively contribute to the Canadian economy.

Successively, candidates are valued and selected through a point-system, the Comprehensive Ranking System (CRS), assigning objective scores based on their personal factors that enhance their ability to succeed in the Canadian economy and integrate in society permanently. Their applications are ranked taking in consideration various human capital factors such as one's own skills, professional experience, and education, considering their transferability potential into the Canadian labor market, and language ability in English and/or French. The accompanying spouse's human capital factors are taken into account as well. The presence of links to the country, such as Canadian degrees, diplomas or certificates, a Canadian job offer, a nomination by a province or territory and the presence of a relative lead to extra points. Based on the scores ranking, the government of Canada then draws from the highest-scoring candidates and invites them to apply for permanent residence (Immigration, Refugees and Citizenship Canada, 2023b).

Other important federal immigration pathways are expressly aimed at foreign entrepreneurs, namely the Start-Up Visa program and Self-employed program. While both are intended primarily for entrepreneurs who are willing to permanently reside in Canada, the former is directed to those who have the potential for innovative enterprises able to create employment, and the latter for those who can bring cultural or athletic contributions to the Canadian society. Since the implementation of the Start-Up Visa program in 2018, 252 companies have been launched by foreign entrepreneurs so far (Immigration, Refugees and Citizenship Canada, 2022a).

Other than highly skilled individuals, Canadian policies are also directed to lower skilled workers, contributing to the most vital economic sectors. To address the specific labor market needs of the Canadian agri-food business sector, the Agri-Food Pilot program was launched in 2020, consisting in a new long-term immigration channel to help meet skill shortages in specific industries, such as meat processing, greenhouse, nursery and floriculture production, and livestock. In spite of the fact that this program is aimed at lower-skilled workers, the selection criteria to apply is still very selective compared to Italy, including a high school diploma, basic fluency in the language, eligible Canadian work experience and a valid job offer (Immigration, Refugees and Citizenship Canada, 2020).

An additional remark pertains the maximum annual limit of foreign workers admitted through the agri-food program, set at 2,750 applications each year, ensuring an adequate supply of workers in response to changing agricultural needs and demographic trends, maintaining the sector's competitiveness and addressing labor shortages effectively (Immigration, Refugees and Citizenship Canada, 2022b). For instance, only 187 foreign workers became residents through the pilot program in 2021 (Immigration, Refugees and Citizenship Canada, 2022a)

Another important channel for migrating to Canada as a lower-skilled foreign worker is for caregivers, providing care for children, the elderly and those with medical needs. This is possible either through temporary migration or permanent residence, through the programs of Home Child Care Provider Pilot or Home Support Worker Pilot launched in 2019. Across the different programs, in 2021 almost 2,800 caregivers and their families were welcomed as new permanent residents.

While Canada's immigration policies favor immigrants with a desire to become permanent residents, the possibility of entering Canada's labor market as a foreigner for a temporary period also exists. Outside of the targets set by the Immigration Levels Plan, temporary employment is becoming a significant source of labor, with a total of 604,882 new work permits being issued in 2022 (Immigration, Refugees and Citizenship Canada, 2023a). The number of temporary foreign workers was almost 6 times higher than in 2000, when work permit holders were just 111,000 (Statistics Canada, 2022d). The main pathways available for potential immigrants consist in the Temporary Foreign Worker Program and the International Mobility Program, leading to 135,818 and 470,033 new work permits issued in 2022 respectively (Immigration, Refugees and Citizenship Canada, 2023a). While the first one relies on the fact that no other Canadian or permanent resident is suitable to perform that job<sup>12</sup>, the latter doesn't depend on the domestic labor force allowing employers to hire temporary foreign workers in favor of "the broader economic, cultural or other competitive advantages for Canada" and "the reciprocal benefits enjoyed by Canadians and permanent residents" (Immigration, Refugees and Citizenship Canada, 2017b).

<sup>&</sup>lt;sup>12</sup> The document that employers need to issue in order to hire foreign nationals, assessing that no other Canadian or permanent resident is able or available to perform that job is the Labour Market Impact Assessment (LMIA). This is issued by the Employment and Social Development Canada (ESDC) and can have a positive or negative outcome.

By employing temporary foreign workers, employers fill temporary labor shortages and attract foreign talent across a variety of fields and occupations. Canadian employers may hire temporary foreign workers both to fill higher skilled positions and lower skilled positions. For instance, while one path is intended to fill high-skilled positions that are characterized as Global Talents Occupations, others are intended for foreign live-in caregivers and lower-skilled workers in positions related to agricultural production. However, research reveals that the proportion of the highly skilled outnumbers the lower skilled counterparts also in immigration programs aimed at temporary employment. Focusing on the period from 2000 to 2014, aggregating temporary foreign workers in Canada by their high or low skill level, the first category showed to be always prevailing in numbers with respect to the latter (Picot et al., 2022).

Moreover, temporary work permits usually function as a preliminary step before permanent residency in the country. In fact, often employers initially choose temporary foreign workers for short-term positions and then some of these proceed to become economic immigrants through the various admission programs, thus settling permanently into the country. This process is known as two-step migration selection process, and it has been argued to be beneficial for both the receiving country economy, for the possibility to "try out" future potential immigrants, and for workers themselves, demonstrating an improvement in their labor integration, especially seen through higher wages, with respect to immigrants with no previous experience in the country of immigration (Crossman et al., 2020). Of the migrants who have been admitted in Canada since 1980, 25.2% of them had resided in Canada for a temporary period prior to their admission as permanent residents, the majority of whom for employment purposes (62.9%), other than for study or asylum (Statistics Canada, 2022f). The share is even higher for the recent arrivals (36.6%, of whom 77.3% previously admitted for temporary employment), given the increasing number of temporary residents and of immigrants admitted through economic programs (Statistics Canada, 2022f).

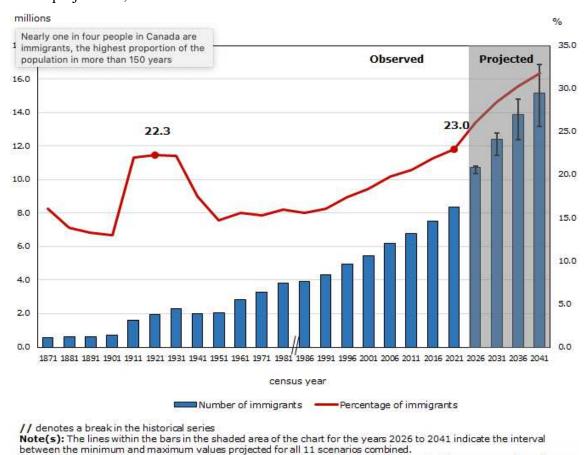
The following sections will be dedicated to an overview on the immigrant population composition in the Canadian context and in its performance in the labor market. Further discussion will be provided by an analysis of overqualification rates among foreign immigrant workers and their descendants, and the gap with their native-born counterpart. Finally, taking into consideration the different immigration policies of

Italy and Canada, their implications on the overqualification rates in the two countries will be examined.

## 4.3 Data on the foreign population residing in Canada

Canada boasts a diverse and growing immigrant population, welcoming every year a multitude of permanent residents, temporary foreign workers, families, students, and refugees. The latest population census registers that in 2021 over 8.3 million individuals residing in the country were immigrants admitted as permanent residents (Statistics Canada, 2022f). In relation to the total population, nearly one in four people was born outside the country (23.0%), being the highest share in the country, surpassing the record of 22.3% set in 1921, and the highest among G7 countries. As shown in Figure 17, the estimate is that immigrants may represent 34.0% of the population of Canada by 2041 (Statistics Canada, 2022f).

**Figure 17.** Proportion and share of the foreign-born population in Canada with future projections, 1871-2041



Source: Government Of Canada, 2022

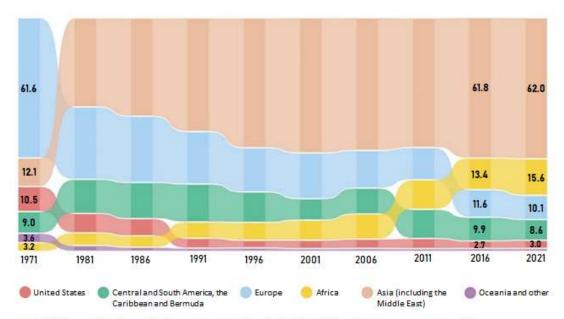
However, a broad consideration needs to be made about the sample. While for Italy, the immigrants category comprised both temporary and permanent immigrants who have not yet acquired Italian citizenship, as well as their offspring, the Canadian census of the population considers the category of immigrants as inclusive of "persons who are, or who have ever been, landed immigrants or permanent residents" (Statistics Canada, 2023a). This category is also inclusive of foreigners admitted as permanent residents who have later acquired Canadian citizenship. At the same time, non-permanent residents, consisting of people who have been granted a temporary permit for study, work or asylum purposes in Canada, are being excluded from the sample, and represent 2.5% of the total population (Statistics Canada, 2023a).

Immigrants come from various origins, bringing with them different cultural, ethnic, religious and linguistic heritages, thus contributing to shaping a multicultural nation. The 2021 Census reflected this fragmented ethnocultural picture reporting more than 450 ethnic or cultural origins in the population of Canada (Statistics Canada, 2022e), in spite of the fact that this data is not directly or solely dependent on first-hand migratory experience, but often reflect the migration of a generation's ancestors to Canada over time. Other than respondents with a "Canadian" ethnic and cultural origin (15.6%), the numerous groups in terms of ethnic and cultural origin perfectly depicts the result of centuries of immigration history, initially characterized by a European and white presence. More in particular, origins from the British Isles were the most common, consisting respectively in English (14.7%), Irish (12.1%), and Scottish (12.1%), together with French origin (11.0%). Following, an important percentage of the Canadian population reported to be of other European origins, namely German (8.1%), Italian (4.3%), and Ukrainian (3.5%). Important shares of the total population have also been reported for the Chinese (4.7%) Indian (3.7%) and Filipino (2.5%) ethnic and cultural origins, representing changing trends in the composition of migrants.

Turning now to countries of birth, the majority of the immigrant population originates from Asian and Middle East countries, with India being the leading country of birth where more than one in ten immigrants was born (10.7%). A consistent part of the immigrant population residing in Canada originated from China (8.6%) and the Philippines (8.6%), followed by the United Kingdom (5.6%) and the United States (3.1%) (Statistics Canada, 2023b). Looking at recent immigrants (Figure 18), those arrived in

Canada from 2016 to 2021, Asian and Middle East countries confirmed their leading position as a sending country, with more than half of all the 1.3 million international migrants originating from there, marking a record-high 62.0% (Statistics Canada, 2022f). As regards the gender of the immigrant population, there is a nearly equal split among immigrants, although women are slightly more numerous than men, marking 52.4% and 47.6% respectively of the total immigrant population (Statistics Canada, 2023b).

**Figure 18.** Distribution of recent immigrants in Canada by region of birth, 1971-2021



**Note(s):** "Recent immigrant" refers to a person who obtained landed immigrant or permanent resident status up to five years prior to a given census year. In the case of the 2021 Census of Population, this period is January 1, 2016, to May 11, 2021.

Source(s): Census of Population, 1971 to 2006, 2016 and 2021 (3901), and National Household Survey, 2011 (5178).

Source: (Statistics Canada, 2022f)

In terms of age composition of the immigrant population in Canada, the available data referring to recent immigrants reports that the average age of immigrants is relatively younger than the rest of the Canadian population, having a rejuvenating effect on the overall population. With more than 1 out of 5 people aged 55-64 and closing to retirement (21.8%), and a similarly high share of the population being over 65 (19.0%), the Canadian population is showing record aging trends, according to the census conducted on Canada's demographic trends in 2021 released by Statistics Canada (2022c). At the same time, the number of children born is falling, reaching a historical low rate of 1.4 children per woman in 2020. On the contrary, the vast majority of recent immigrants were aged under 65 (95.8%), with nearly two-thirds of recent immigrants in the core working age

(25-54, 64.2%) and only 3.6% in the age group from 55-64 years old. More than 1 out 4 recent immigrants is under the age of 25 (28%) (Statistics Canada, 2022f).

One last remark concerning the immigrant population in Canada pertains to the category referred to as second-generation immigrants, being defined as individuals born in Canada with at least one parent born outside Canada. Differently from the Italian situation, the data analyzed in this section exclude this category of people, as anyone born on the Canadian soil is entitled to Canadian citizenship. According to the 2021 Census, people with at least one foreign born parent, both children or adults, comprise a large proportion of the Canadian population, counting approximately 6.4 million second-generation immigrants, nearly 17.4% of the total population (Statistics Canada, 2022f). When considering only children younger than 15 years, almost one out five children (31.5%) in Canada has at least one foreign-born parent (Statistics Canada, 2022f). Consistently with increasing immigration flows, the number of children born to immigrant parents has been steadily increasing over the last decades. This rising trend is expected to continue, with the estimation that in 2041 second-generation children younger than 14 years will make up almost half of all Canadian children of the same age (Billy-Ochieng & Arif, 2023).

# 4.4 Foreign population in the Canadian labor market

Immigration has been a fundamental resource of labor supply in Canada for many years, and, as mentioned before, is being crucial for alleviating the impacts of the aging effect of the population on the labor market, seeing the record number of Canadians close to retirement. In parallel with population aging, immigrants greatly contribute to the growth and competitiveness of the Canadian labor market with their skills and talent and by filling labor shortages. Indeed, during the last decade, 84% of the rise in the labor force was driven by immigrant workers (Statistics Canada, 2022d).

Migrating in Canada for employment opportunities has been for a long time the most common purpose for migrating to the country. The main pathway to do this is through the economic class, which is one of the three immigrant categories in Canada, other than those aimed at reuniting families and claiming asylum. Indeed, as shown in Figure 19, from 2010 to 2021, the economic class accounted for 60% of all immigrants admitted, compared to 26% of the family class and 13% of refugees (Statistics Canada,

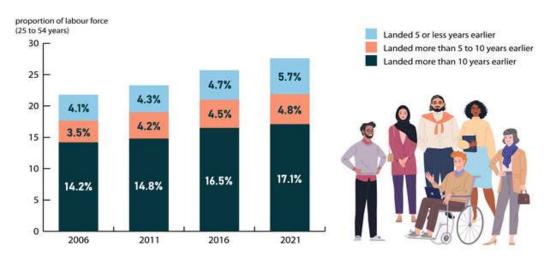
2022a). As mentioned before, similar proportions have been projected for the immediate future by the new Immigration Levels Plan, where economic migrants in 2025 and 2026 would account for 60.3% of a total of 500,000 permanent residents admitted (Canadavisa.com, 2023b).

450,000 400,000 350,000 300,000 250,000 200,000 150,000 100,000 50,000 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 Refugees Sources: Longitudinal Immigration Database and Immigration, Refugees and Citizenship Canada monthly updates.

Figure 19. Annual level of immigration in Canada by class, 1990-2024

Source: Statistics Canada, 2022a

**Figure 20.** Proportion of core-aged immigrants (25 to 54 years) in the Canadian labor force, 2006-2021



Source(s): Census of Population, 2006, 2016 and 2021 (3901), and National Household Survey, 2011 (5178).

Source: Statistics Canada, 2022i

An investigation released by Statistics Canada (2022h) on the changes in the Canadian labor market revealed that in 2021 immigrants in Canada participated in the overall labor force in the core working age (25-54 years) by 27.7%, meaning that more

than 1 out of 5 workers was a migrant (Figure 20). Recent migrants aged 25- to 54-years-old who landed in Canada from 2016 to 2021 contributed to this proportion by 5.7%. Comparing recent trends with previous population census, a growth of the share of coreage immigrants in the Canadian labor force over the years is observable. For instance, in 2006 migrants landed from 1 to 5 years earlier accounted for 21.8% of the overall labor force in the core working age, -5.7 percentage points more than 15 years later.

**Figure 21**. Labor market participation of foreign-born and Canadian-born individuals aged 25-54 years, 2023

Geography <sup>2</sup>	Canada ( <u>map)</u>			
Labour force characteristics	Unemployment rate <sup>3</sup>	Employment rate <sup>4</sup>		
Age group	25 to 54 years	25 to 54 years		
Immigrant status	2023	2023		
	Percentage			
Total population <sup>5</sup>	4.5	84.8		
Landed immigrants <sup>6</sup>	5.4	82.6		
Immigrants, landed 5 or less years earlier	8.0	77.8		
Immigrants, landed more than 5 to 10 years earlier	5.2	81.9		
Immigrants, landed more than 10 years earlier	4.7	84.5		
Born in Canada	4.0	86.3		

Source: Statistics Canada, 2024

As far as immigrant participation in the labor market is concerned, the latest study published by Canada Statistics (2024) on immigration shows immigrants' success in finding employment. Figure 21 shows both employment and unemployment rates of immigrants in Canada in the core working-age between 25-54 years<sup>13</sup>, using different cohorts based on the time passed since their arrival in the host country. It emerged that the employment rate of people in 2023 was 82.6% for the immigrant group, nearly four percent lower than the employment rate of the Canadian-born counterpart, standing at 86.3%. More in particular, immigrants who have been in Canada for 10 or more years have registered slightly higher rates of employment than those who arrived more recently, 5 or less years earlier, with a difference of -6.7 percentage points.

<sup>&</sup>lt;sup>13</sup> The focus on this age group, rather than the group aged 15 years or older, lies in the fact that immigrants in Canada aged 25 to 54 years represent the larger proportion of annual immigrants and are the group that most interest the Canadian immigration system.

When looking at unemployment, the same study shows that in the age group between 25 to 54 years those born in Canada are less likely to be unemployed compared to the immigrant population of the same age, standing at 4.0% and 5.4% respectively. Similarly to the trends in employment, unemployment rates vary depending on the time passed since the arrival in the host country. More time passes upon arriving in Canada, the lower is the rate of unemployment. Indeed, immigrants landed 5 or less years earlier <sup>14</sup> are +3.3 percentage points more likely to be unemployed than immigrants landed 10 or more years earlier.

Moreover, taking into consideration labor market performance of immigrants in Canada over the years, a general improvement can be witnessed. In particular, the fastest rise in employment rate was experienced by recent immigrants in the core working age, who in 2021 were 8 percent more likely to be employed than 2010, compared to Canadian born workers who only saw a 2-point increase in their employment rate over the decade. In other words, from 2010 to 2021 the employment gap between Canadian-born workers and recent immigrant workers was reduced from 13 percentage points to 7 percentage points (Statistics Canada, 2022f).

Immigrants contributed significantly to employment across all industries and sectors as of May 2021. For instance, of all core-aged employment, immigrants between the ages of 25 and 54 represented 36.3% of workers in accommodation and food services, 37.8% of workers in transportation and warehousing, 34.1% of workers in professional, scientific, and technical services, and 20.1% of those in construction (Statistics Canada, 2022h). The government of Canada stresses the contribution of immigrants in enriching its labor market also in the health care sector, where in 2016 foreign-born workers account for 1 out of 4 health care sector workers, and in the science and technology sector, bringing an important contribution to scientific advancement (Immigration, Refugees and Citizenship Canada Immigration, 2020).

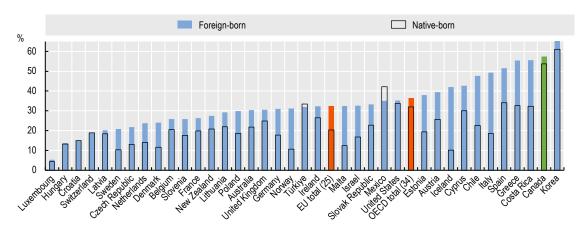
<sup>&</sup>lt;sup>14</sup> The notably high rate of unemployment in this period can be impacted by the Covid-19 pandemic, affecting all immigrant groups. In fact, this group's unemployment rate peaked in June 2020 at 14.6% (Moosapeta, 2023).

## 4.5 Overqualification among foreign workers in Canada

Despite the stress posed by the Canadian Government on attracting newcomers to help build the country's economy, when looking at the migrant workforce performance and their labor market integration, it is essential to observe the degree in which its skills and its potential is utilized in the Canadian economy. This matter is particularly relevant in Canada because, as viewed in the previous sections, Canadian immigration policies' key element is the demand for educated labor. Through the point-based system, the country selects global talent based on the candidates' human capital, understood as factors such as skills, education attainment, job experience and language ability. The stress on these elements is explained by the country's priority of growing its economy, filling labor shortages and integrating the newcomers. Seeing the highly selective eligibility criteria for being admitted in the country as a permanent resident, the assumption is that immigrants' skills, after being so greatly valued in the admission process, would be equally valued in the labor market, by being utilized in a skilled job requiring those abilities. However, it has been observed that the Canadian labor market fails to adequately recognize and compensate highly educated and highly skilled immigrants for the qualifications that initially qualified them for entry, undervaluing their potential.

The degree of workers' skills underutilization is a serious concern for the Canadian economy and immigration system. Comparing Canada on an international scale through the OECD and European Commission report on immigrant integration (2023), it emerges that Canada has one of the highest percentages of overqualified workers of all OECD countries, being second only after Korea (Figure 22). Indeed, overqualification is an issue affecting the life and careers of both the native-born and foreign-born workers in Canada, although the second group results more affected. In 2021, 53.71% of native-born highly skilled workers aged 15 to 64 years old were overqualified, compared to a share of 57.43% among the foreign counterparts, with a slight difference between the two groups of -3.72 percentage points.

**Figure 22.** Overqualification rates of highly educated people in employment in Canada, EU and OECD countries, 15- to 64-year-olds, 2021



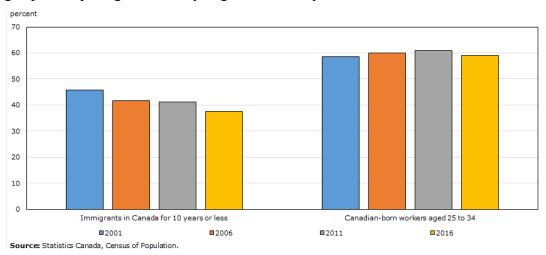
Source: OECD & European Commission, 2023

This data sheds light on a critical situation for both the domestic and foreign labor supply of the country. Some researchers hypothesize that this may be due to the high concentration of university educated people among the population, causing a disparity with the actual demand of educated workers in the present Canadian labor market. In fact, Canada has one of the highest shares of educated people worldwide and the number of educated individuals is still increasing. In 2021, more than 6.4 million individuals, comprising more than a third of the working-age population (aged 25-64 years), possessed a bachelor's degree or higher in Canada (Statistics Canada, 2022g). From 2016 to 2021, this number rose by +4.3 percentage points, driven both from the rising educational attainment among Canadian young adults and from increasing immigration flows in number and education (Statistics Canada, 2022g).

Immigrants' contribution to Canada's rising education levels is to be expected, in consideration with the country's selective admission process giving high value to candidates' education. The analysis conducted by Statistics Canada (2022g) showed that in 2021 immigrants and non-permanent residents represented more than half of the total population in the working-age having a PhD (55.8%), master's degree (52.2%), or degree in medicine, dentistry, veterinary medicine, or optometry (50.8%), and also accounted for 39.1% of those with a bachelor's degree. Moreover, recent immigrants admitted between 2016 and 2021 were reported to have higher levels of education than any other category, with more than half of them (59.4%) having a bachelor's degree or above.

At the same time, recent investigation into job vacancies across Canada showed that most job vacancies are not in need of highly educated workers. Indeed, the business sectors that are most in demand of labor are skilled trades, such as manufacturing (i.e., construction, mechanic and repair technologies) and retail. In need of replacing its workforce due to retirement, these industries do not require tertiary educated workers, but rather they are fueled by skilled trades workers possessing a trades or apprenticeship credential (Statistics Canada, 2022g). This situation reveals a mismatch between the demand and supply of educated workers, both Canadian- and foreign-born, given by the Canadian labor market experiencing shortages in the most essential sectors of the economy and the level of education increasing among its population (Csernyik, 2022). In this context, Hou et al. (2019) explain that in Canada "educational expansion may have outpaced its demand, leading to an increased prevalence of over-education" (p. 7).

**Figure 23.** Percentage of workers in Canada with at least a bachelor's degree working in jobs requiring a university degree, 25 to 34 years, 2001-2016



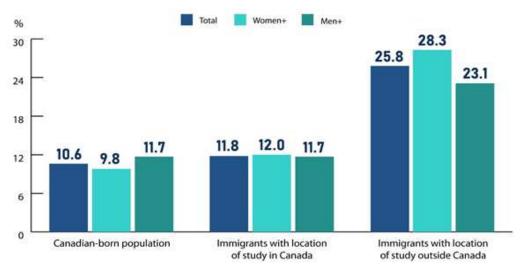
Source: Statistics Canada, 2022b

While the phenomenon of overqualification pertains to all the population, some specific groups have found to be more likely to be overqualified for their jobs than others. First of all, recent immigrants experience more challenges related to their skill utilization in the Canadian market than other groups. Examining the trends in overqualification among young workers (25 to 34 years) in the period from 2001 to 2016, university-educated recent immigrants<sup>15</sup> in Canada were increasingly found to be employed in jobs

<sup>&</sup>lt;sup>15</sup> In this study "recent immigrant" refers to individuals who migrated to the host country 10 or more years earlier.

requiring less than tertiary education. A seen in Figure 23, the share of educated recent immigrants working in adequate skilled job decreased from 46% to 38% in 15 years. In that same time range, university-educated Canadian born workers experienced an increase in education-occupation match rate, staying close to 60% (Hou et al., 2019; Statistics Canada, 2022b).

**Figure 24.** Overqualification rate of degree holders in Canada aged 25 to 64 by immigrant status and location of study, 2021



Source: Statistics Canada, 2022h

Another important insight on the factors that may influence the prevalence of overqualification among skilled workers of some specific groups is the location in which their tertiary education was obtained. This not only highlights that immigrant workers are more overqualified in their occupations than Canadian-born ones, but also that there is a disparity among the category of immigrant itself. Looking at the percentage of tertiary educated individuals with a bachelor's degree or higher occupied in positions requiring an education level of a high school diploma or below<sup>16</sup>, in 2021 immigrants who obtained their higher education credentials from foreign countries outside Canada were found to be twice as likely to be overqualified than immigrants with domestic tertiary education and Canadian-born workers (Figure 24). More than 1 in 4 immigrant workers with foreign credentials (25.8%) was overqualified, compared to Canadian-born degree holders

<sup>&</sup>lt;sup>16</sup> This definition of overqualification differs from the definition given by the OECD. While in this case tertiary educated individuals who work in an occupation requiring a post-secondary certificate or similar are not included, the OECD definition of overqualification is broader, and also include highly educated workers in these positions. This difference explains the difference among the results of the previous studies examined.

(10.6%) and immigrants who earned a Canadian degree (11.8%) (Statistics Canada, 2022g).

This research indicates that immigrants in Canada with a foreign degree often face more barriers in using their skills than individuals possessing domestic credentials. Although a first hypothesis could be the imperfect international transferability of skills, due to credential recognition barriers, the Canadian selective policies for immigration valuing foreign human capital suggest the existence of a different explanation. In fact, the fact that immigrants with foreign credentials have been selected among potential candidates for permanent residency, means that his/her credentials have not only been recognized by the Canadian system but also valued in the points-system. Consequently, the reason of the disparity among foreign and domestic credentials in terms of overqualification rates must be found elsewhere.

Perhaps, the explanation can lie in statistical-discrimination on the part of the employer. As explained in chapter 2, despite possessing valuable skills and qualifications acquired in their home countries, many immigrants find their credentials undervalued once arrived in their host countries due to employers' uncertainty about job applicants' human capital. In other words, employers may often tend to hire candidates with domestic qualifications due to more familiarity and perceived alignment with local standards. This statistical discrimination could lead to higher rates of overqualification among skilled workers with foreign credentials in Canada.

Employers' uncertainty about foreign human capital may explain other groups' disparity in Canada in terms of overqualification. Demonstrating a connection between immigration selection mechanism and labor market performance, Lu and Hou (2019) have compared the employment outcomes of different skilled immigrant workers based on their program of admission into the country. Using data from 2016, it has emerged that immigrants who had been selected as permanent residents through the Canadian Experience Class had less chances of being overqualified in their occupations with respect to immigrants who entered through the Federal Skilled Worker Program. The difference in the two programs lies in the fact that the first is based on the employer selection of candidates that have had a previous professional experience as a skilled worker in Canada by being a temporary migrant, while in the second case candidates are been directly selected from abroad solely through the point-system. The implication is that, rather than

choosing skilled workers solely from their foreign occupations, employers tend to trust more skilled professionals that have acquired more knowledge of the Canadian labor market through previous experience.

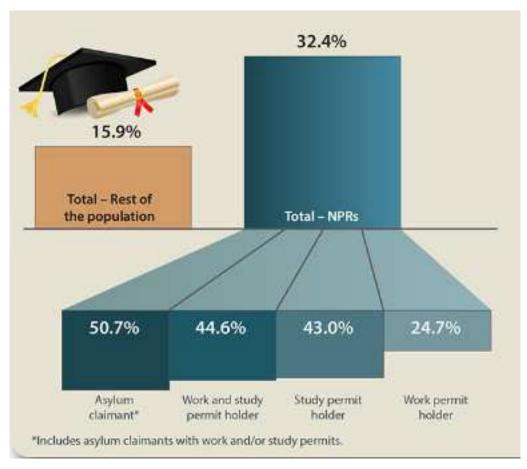
While these studies have mainly focused on the overqualification rate among workers who were admitted in Canada as permanent residents, another reflection concerns non-permanent-residents. Using data from the 2021 Census, a study by Tuey and Bastien (2023) found that university-educated temporary immigrants face more labor market challenges in obtaining an adequate education-occupation match<sup>17</sup>. Indeed, looking at the population aged 15-years or older, non-permanent residents with tertiary education credential were more likely to be overqualified (32.4%) than the rest of the population (15.9%) and recent immigrants (26.2%). While for permanent residents the location of study was a key determinant on the likelihood of being overqualified or not, it emerged that for migrants that have a temporary permit to reside in the country obtaining a highest degree in Canada has limited impact in overqualification, as the rate was similar between those with foreign and domestic qualifications.

On the contrary, significant differences in the likelihood of being employed in a job requiring less education than the level actually possessed were noted among the different types of residence permits. Research published by Statistics Canada (2023d), distinguished non-permanent residents (NPRs) among asylum claimants, work and study permit holders, study permit holders, and work permit holders (Figure 24). Asylum claimants were the group with higher probability of being overqualified (50.7%) compared to the total of temporary residents (32.4%). Conversely, overqualification had slightly a different incidence on the foreigners with a work and study permit (44.6%) and those with a study permit (43.1%). Work permit holders are the group among NPRs that were better matched in employment with their education credentials.

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<sup>&</sup>lt;sup>17</sup> The overqualification rate in this study was calculated as the share of people who hold a tertiary education certification but work in an occupation requiring less than a high school diploma. This differs from the OECD definition of overqualification, referring to tertiary educated workers in occupations that require less than a university degree.

**Figure 25.** Overqualification rate among non-permanent residents in Canada, aged 15 or older, 2021



Source: Statistics Canada, 2023d

Moreover, a final remark on the children of migrants is essential, since they play a significant role both in society and in fueling the Canadian economy through their diverse skills. In a recent report on the economic outcomes of the children of newcomers by Billy-Ochieng and Arif (2023), it has been stated that "second-generation Canadians have greater success than newcomers in garnering value from their higher education in the job market" (p.2). Using 2021 census data, they find that nearly 50% of second-generation workers with tertiary education are employed in jobs that require a degree, registering similar outcomes with children of non-immigrant parents (Figure 25). However, focusing on the highly educated workers in the age group between 25 and 34 years old, an investigation by the OECD and the European Commission (2023) showed that in 2016 the overqualification rate is still 4 points higher for native-born young workers with foreign-born parents than for those with native-born parents, standing at 25% and 29% respectively.

#### 5. Conclusions

As human movement becomes increasingly central to modern society, it is crucial to underscore the challenges faced by migrants and their descendants in their destination countries, where they often struggle to find employment matching their human capital. The present study examines the higher incidence of overqualification on migrants and their children in the Italian and Canadian contexts. The aim is to contribute to a comprehensive understanding of the phenomenon by exploring how migrants' economic outcomes and their labor market integration are influenced by the interplay between labor market factors and more structural dynamics of destination societies, including the historical immigration patterns and the regulatory policies concerning immigration, with a focus on economic inflows.

While both countries attract and host numerous foreign immigrant workers, Italy has become an immigration country only in the last decades, after being a renowned source country of emigration. Its immigration policies regulate the entry for employment purposes primarily through demand-driven annual quotas established through the "Decreto Flussi", especially aimed to fill labor market shortages in seasonal and unskilled labor, and limited or unattractive pathways directed to skilled migrants, such as the EU Blue Card. Despite the efforts, immigration policies are unable to meet the demand and supply of foreign labor force, resulting in the consistent issue of undocumented migration fueling the informal labor market.

By contrast, Canada has been for centuries a primary destination for immigrants, and its immigration policy stands out for the emphasis on attracting highly-skilled workers for permanent residence, aiming at balancing the negative demographic trends, due to population aging and low fertility rates. The Express Entry System and the Provincial Nominee Programs are just a few of the multiple pathways for employment-based migration in the country, designed to recruit and select foreign candidates through a point-based system, prioritizing skilled migration.

The analysis of the main immigration policies directed at employment, together with the historical premises that have led to their implementation, allows a comparison of the Italian and Canadian divergent approaches in managing their respective immigration flows and labor market needs. On one hand, the Italian quota-based immigration system targets attracting a foreign workforce intended for lower skilled

occupations, prioritizing some essential sectors of the economy such as domestic care, agriculture and hospitality. For this reason, in almost all cases, the entry of foreign workers applying for a residence permit for employment is determined by a quantitative selection process, without considering any form of the prospective immigrants' human capital, such as language proficiency, educational background or professional experience.

On the other hand, Canada's immigration approach is significantly different, in that it emphasizes skilled migration. Its policies are based on strictly selective criteria that prioritize foreign workers who demonstrate a considerable level of human capital as a proxy for productivity in the labor market. Through the point-system, each candidate is assigned objective scored and valued based on factors such as a high educational attainment, professional background, and language abilities, together with other elements that are indicative of the means of adapting to the social fabrics of the Canadian society.

These significantly divergent approaches result in distinct compositions of immigrants, particularly in terms of educational levels. Italy's immigration policies attract a larger proportion of immigrants with lower educational attainment, with half of its total having only low education and only slightly more than 1 in 10 foreigners having a degree. On the contrast, being education one of the main criteria for selection, in Canada the immigrant population consist predominantly of individuals with higher levels of education. For instance, among recent immigrants arrived in Canada from 2016 to 2021, more than half of them had acquired a bachelor degree or above.

Utilizing the latest report published by the OECD and European Commission (2023) on migrant integration, the overqualification rates among the populations were observed through an international comparison of both countries. Defining overqualification as the situation where a tertiary educated worker is not employed in positions requiring a bachelor degree or higher, it emerges that in both countries the immigrant populations show higher incidence of education-occupation mismatch compared to the native-born workforce, similarly to the rest of OECD area.

Referring to data from 2021, the highest proportion of foreign skilled individuals that find themselves overqualified in their job positions is found in Canada, with an incidence of 57.43%, compared to a proportion of 53.71% among the native counterpart. The share of overqualified workers among the tertiary educated foreign population in Italy is lower, standing at 49.31%, compared to 18.53%, among the natives. Canadas

slightly higher percentage in overqualification among the skilled migrants compared to Italy can be understood as a combination of two contrasting elements, taking in consideration the composition of the immigrant population in each country in terms of educational attainment levels, also reflecting immigration policies.

First of all, it was observed that the overall educational level in Italy is far smaller than in Canada, counting much less tertiary educated individuals in the labor market compared to Canada's workforce, one of the most educated in the world. In Italy, this low share of university graduates in the labor market reduces the probability of overqualification both for natives and for migrants. On the contrary, for Canada it has been suggested that high overqualification rates among both the native and immigrant groups are related to a situation of mismatch between a great supply of higher educated workers and low demand in skilled occupations. As hypothesized, the increase in the educational attainments for both the native population and immigrants has outpaced the need for this level of human capital in the labor market, which is more oriented towards skilled trades.

Secondly, due to less selective immigration policies Italy exhibits a larger disparity between the foreign and native population, with tertiary educated migrants being much more likely to experience overqualification than equally educated native workers. The gap is significantly narrower in Canada, where skilled immigrants are slightly more likely to be overqualified than their native counterpart. The presence of a gap between the overqualification rates of workers distinguishing between their nationality underscores significant differences in terms of opportunities and possibility to employ one's own human capital.

Furthermore, the comparison shows that in both countries some groups are more affected by overqualification than others. In Italy, a higher share of tertiary educated workers from non-EU countries are employed in occupations that do not require their skills comparing with workers from another EU Member State. Leaving aside second-generation immigrants, who have acquired domestic education, the divergence among these two groups lies in the imperfect international transferability of foreign skills into the domestic market. EU migrants show in fact better matches due to the harmonization of educational standards within the European Union, permitting a smoother recognition of foreign educational credentials among Member States. In contrast, non-EU migrants

experiencing difficulties in the recognition of their foreign qualifications may have no other option than to settle for lower levels roles that underutilize their human capital, resulting in overqualification.

Similarly, the study shows that immigrants with foreign educational qualifications in Canada are more likely to experience overqualification compared with immigrants that have acquired their tertiary education domestically. While one might initially attribute this to the imperfect international transferability of skills, in contrast with Italy, the major role is played by statistical discrimination by employers. In this sense, immigrants face undervaluation of their credentials due to employers' uncertainty about their human capital. Employers' more familiarity and perceived alignment with Canadian standards leads to prefer candidates with domestic qualifications, contributing to higher rates of overqualification among skilled workers with foreign credentials.

Finally, a last remark concerns the children of migrants. In both Italy and Canada this group often face significant challenges in matching their skills and education with suitable employment opportunities. Showing an improvement with respect to the foreign-born group in both countries, they have also higher rates of overqualification compared to their peers with native-born parents. This trend underscores the existence of a disparity in the labor market integration of second-generation immigrants in both Italy and Canada, despite the fact that have been raised and educated in their respective host countries.

This study has potential limitations. The first notable one lies in the challenges of comparing data across different sources, showing a different usage of terminology and categories. In data from either national or international official reports there were many differences in the targets of the study, marking an obstacle to data comparability. As a result, the cross-national findings of this study on migrant overqualification present a component of interpretation, recognizing the limitations.

For instance, in studies looking at immigrants, Italian and Canadian sources referred to a different composition of individuals. In Italy, analysis on overqualification included in this category a range of individuals, such as first-generation migrants, both permanent and temporary, as well as their children, considered foreigners. In Canada, analysis distinguished between permanent residents, not including temporary residents, including asylum claimants, not migrants' offspring. Moreover, those acquiring the country's citizenship after some time from immigration were in one case excluded from

the sample, in Italy, and not in the other one, in Canada. The age range was also variable depending on the study, with some focusing on a broader rage, 15-64 years old, and others on the core working age, 25-54 years old.

Similarly, varying definitions and classifications of educational levels and occupational categories further complicate the process of data synthesis and interpretation. While Italian report use OECD definition of overqualification, identifying tertiary educated workers not employed in position requiring tertiary education, most of Canadian sources consider those with tertiary education who work in an occupation requiring below a post-secondary certificate or similar. This divergence explains the different result of Canadian sources compared to OECD ones.

Further limitation consists in the lack of a vast and updated literature aiming to research the influence of overqualification on second-generation immigrants. While some studies exist, they are mostly conducted on small samples and not nationally, like for first-generation immigrants. Thus, further investigation on the transmissional nature of the phenomenon of overqualification from first- to second- generation migrants, together with its determining factors, is necessary to have a thorough insight. Overall, future research into the elements and dynamics that favor the perpetuation of overqualification among immigrant populations and their children are needed for a deeper comprehension of the issue.

The importance of overqualification is reflected upon its profound implications both on the individual level, on wages and lives, and on the broader host societies and economies. As individuals embark on journeys of migration in pursuit of improved opportunities for themselves and future generations, it becomes essential to ensure that the investments made in education prior to migration, as well as the act of migration itself, brings meaningful and adequate returns in host countries. To effectively address this challenge, effort is required from policymakers, international organizations, and employers to develop targeted interventions. These should aim to reduce barriers and facilitate the complete integration of newcomers into host country's societies and labor markets, reducing any form of disparity with the native-populations. Other efforts should be based on adopting inclusive policies that promote diversity and access to equitable opportunities through which all individuals can fulfill their potential and utilize their talents. As a conclusive remark, it is crucial to consider migration as a human movement

that is inevitable, unstoppable, and rather intrinsic in nature, reflecting the inherent drive to seek better opportunities elsewhere. Only embracing migration as a fundamental aspect of human existence, it is possible to fully utilize its potential for social and economic growth benefiting communities and its members.

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### **Summary in Italian**

Il presente studio si concentra sul fenomeno della sovraqualificazione, esaminando la maggiore incidenza del fenomeno sui migranti e sui loro figli, prendendo in considerazione il contesto italiano e quello canadese nello specifico. L'obiettivo è quello di contribuire a una comprensione più globale del fenomeno, esplorando i fattori che ne determinano la sua persistenza nelle società contemporanee e su questi gruppi specifici in particolare. Per raggiungere questo scopo, la ricerca si propone di indagare come la performance dei migranti nel mercato del lavoro e il relativo raggiungimento dell'integrazione economica nel Paese di destinazione siano influenzati dall'interazione di diversi fattori strutturali più ampi del rispettivo Paese. Questi includono la storia dei flussi migratori ed il quadro normativo in materia di immigrazione, con particolare attenzione alla regolamentazione dei flussi in entrata per ragioni lavorative.

Con l'incremento dei flussi migratori a livello globale, il tema della migrazione assume un aspetto sempre più centrale nelle società odierne. Considerando l'importanza della sfera occupazionale nel processo di integrazione nel tessuto sociale del Paese ospitante, la sovraqualificazione rappresenta un fattore indicativo dell'integrazione economica dei migranti. Secondo la definizione fornita dall'OECD, per sovraqualificazione si intende la condizione per cui un individuo con un livello di istruzione elevato, in possesso di un diploma di laurea triennale o di livello superiore, svolge un lavoro classificato dagli standard internazionali ISCO come di bassa o media qualifica, per cui non è richiesto il livello di istruzione posseduto, ma uno di grado inferiore. Quando vi è una differenza positiva tra il livello di qualifica dell'impiegato e quello richiesto nel suo lavoro, questo viene considerato sovraqualificato. Alla base, si tratta di una mancata corrispondenza tra domanda e offerta di capitale umano sul mercato di lavoro.

I risultati di indagini pregresse condotte a livello internazionale ed europeo rilevano che il fenomeno interessa in misura maggiore la popolazione immigrata rispetto a quella nativa, rivelando minore possibilità di trovare occupazioni adeguate alle qualifiche possedute, con la conseguenza di trovare impiego in posizioni meno qualificate. È stato infatti osservato che nell'area OECD, una volta giunti nel Paese di destinazione in media circa un terzo dei lavoratori migranti con alto livello di istruzione risulti sovraqualificato nella propria posizione di lavoro. Dal punto di vista della teoria

del capitale umano, gli investimenti che vengono intrapresi dai migranti qualificati, quello di migrare e di conseguire un'istruzione prima del viaggio, rappresentano un dispendio di ingenti risorse economiche e di tempo, oltre che psicologiche, ma ottengono rendimenti nettamente inferiori rispetto a quelli attesi dall'acquisizione di capitale umano, in caso di sovraqualificazione nel Paese di destinazione.

Oltre alle popolazioni immigrate, la ricerca pregressa ha osservato che la sovraqualificazione è un problema che riguarda anche i discendenti degli immigrati, categoria che spesso viene definita "persone con background migratorio" o "migranti di seconda generazione", in contrasto con chi propriamente migrante, che viene al contrario definito come "di prima generazione". Nonostante l'essere nati e cresciuti nello stesso luogo, i membri qualificati di questo gruppo hanno particolari difficoltà a trovare un'occupazione adeguata ai loro livelli di istruzione, trovandosi in condizione di sovraqualificazione in misura maggiore rispetto ai figli di genitori nativi, seppur mostrando miglioramenti rispetto ai loro genitori stranieri. Da questi risultati si evincono le complesse dinamiche dell'integrazione, evidenziando la. trasmissione intergenerazionale dei fattori socio-economici, favorendo la riproduzione di disparità lavorative e sociali.

La letteratura esistente considera come principali cause del fenomeno l'imperfetta trasferibilità del capitale umano da Paese di origine a quello di destinazione e la discriminazione su base etnica. La prima è determinata da aspetti quali le difficoltà nel riconoscimento delle qualifiche estere, nonostante la recente attenzione verso l'implementazione di diversi strumenti per favorirne la trasferibilità tra Paesi, e le barriere nelle competenze linguistiche possedute dai lavoratori stranieri. Questi due fattori riguardano soprattutto i migranti di prima generazione, poiché sono quelli che, avendo avuto un'esperienza migratoria diretta, portano con sé il capitale umano acquisito all'estero, come le competenze linguistiche e le qualifiche di istruzione, il cui valore può diminuire nel Paese di destinazione, in quanto non spendibili a pieno nel mercato del lavoro. Tuttavia, anche se in misura minore, i problemi di carattere linguistico si presentano anche per i migranti di seconda generazione, a causa dell'esposizione alla lingua d'origine dei genitori.

Al contrario, la discriminazione sul mercato del lavoro avviene sia su base statistica, quando, a fronte di una spesa per valutare le competenze di un candidato, si preferisce considerare l'etnia del lavoratore come indicatore della sua produttività, e sia per preferenza personale da parte del datore di lavoro, favorendo alcune etnie rispetto ad altre per pura "preferenza". È stato evidenziato come il fattore discriminatorio influenza la maggiore esposizione alla sovraqualificazione sia dei migranti di prima generazione che dei loro discendenti.

L'indagine è incentrata sull'Italia e sul Canada, due importanti mete migratorie che attraggono consistenti flussi di lavoratori esteri e che sono caratterizzati dall'elevata percentuale di sovraqualificazione rilevata tra la forza di lavoro migrante qualificata. In particolare, la scelta di questi due Paesi come casi di studio per indagare il fenomeno della sovraqualificazione verte sui loro approcci contrastanti nelle politiche di immigrazione e ai diversi contesti storico-culturali: elementi che contribuiscono alla differenza tra i tassi di sovraqualificazione riscontrata.

L'Italia emerge come Paese di immigrazione solo negli ultimi decenni, dopo essere stato un rinomato Paese di emigrazione. Le politiche di immigrazione in vigore regolano l'ingresso per motivi di lavoro principalmente attraverso quote annuali stabilite attraverso il "Decreto Flussi", per far fronte alle necessità e carenze del mercato del lavoro. L'unico percorso rivolto in maniera specifica a lavoratori stranieri qualificati consiste nella Carta Blu, un sistema introdotto nell'Unione Europea il cui funzionamento ha prodotto scarsi risultati, registrando un numero di ingressi molto ridotto sin dalla sua introduzione.

Nel complesso, il sistema migratorio italiano mira ad attrarre una forza lavoro straniera, per un periodo di tempo prevalentemente stagionale e destinata ad occupazioni poco qualificate, privilegiando alcuni settori essenziali dell'economia quali il lavoro domestico, l'agricoltura e l'ospitalità, e la collaborazione con Paesi che si impegnano nel contrastare l'immigrazione irregolare in Italia. Tramite il sistema delle quote annuali, l'ingresso dei lavoratori stranieri che richiedono un permesso di soggiorno per lavoro è determinato da un processo di selezione puramente quantitativa, basato sulla designazione da parte del singolo datore di lavoro di uno specifico lavoratore residente al di fuori dei confini del Paese. La selezione avviene su base cronologica senza tener conto del capitale umano del futuro immigrato, ignorando perciò aspetti come le competenze linguistiche, il percorso formativo o l'esperienza professionale.

Diversamente, il Canada si distingue da secoli come Paese di immigrazione, e la sua politica in merito si distingue per l'enfasi posta sull'attrazione di lavoratori altamente qualificati che vengono selezionati per risiedere permanentemente nel Paese con l'obiettivo di bilanciare le tendenze demografiche negative, dovute all'invecchiamento della popolazione e ai bassi tassi di fertilità. Il sistema "Express Entry" e il "Provincial Nominee Programs" sono solo alcuni dei molteplici percorsi per immigrare nel Paese, progettati per reclutare e selezionare candidati stranieri attraverso un sistema a punti, dando priorità all'immigrazione qualificata.

L'approccio canadese emerge quindi come significativamente differente. La normativa su materia di immigrazione si basa su criteri rigorosamente selettivi che danno la priorità ai lavoratori stranieri che dimostrano un notevole livello di capitale umano come indicatore della produttività nel mercato del lavoro. Il meccanismo regola un sistema basato sull'assegnazione oggettiva di punti per ogni candidato, che viene così valutato in base a fattori quali un elevato livello di istruzione, il background professionale e le competenze linguistiche, insieme ad altri elementi indicativi dei mezzi posseduti per potersi adattare ai tessuti sociali della società canadese.

I due approcci significativamente contrastati si traducono in composizioni distinte di presenza straniera, in particolare in termini di livelli di istruzione. Le politiche di immigrazione dell'Italia attraggono una proporzione maggiore di immigrati con un livello di istruzione inferiore, con la metà del totale che ha un basso livello d'istruzione e solo poco più di uno straniero su 10 in possesso di un diploma di laurea. Al contrario, essendo l'istruzione uno dei principali criteri di selezione in Canada, la popolazione immigrata nel Paese è costituita prevalentemente da individui con livelli di istruzione elevati. Ad esempio, tra gli immigrati arrivati in Canada tra il 2016 e il 2021, più della metà possiede un diploma di laurea triennale o uno di livello superiore.

Guardando al report sull'integrazione condotto dall'OECD e dalla Commissione Europea, la percentuale più alta di persone straniere qualificate che si trovano in una posizione lavorativa sovraqualificata si trova in Canada, con un'incidenza del 57,43%, rispetto a una percentuale del 53,71% tra i lavoratovi nativi. La quota di lavoratori sovraqualificati tra la popolazione straniera con istruzione terziaria in Italia è inferiore, pari al 49,31%, rispetto al 18,53% dei nativi. La percentuale leggermente più alta di sovraqualificazione tra gli immigrati qualificati in Canada rispetto all'Italia può essere

intesa come una combinazione di due elementi contrastanti, che tengono conto della composizione della popolazione immigrata in ciascun Paese in termini di livelli di istruzione, riflettendo anche le politiche di immigrazione.

Innanzitutto, è stato osservato che il livello di istruzione complessivo in Italia è significativamente inferiore a quello canadese, contando molti meno individui con istruzione terziaria nel mercato del lavoro rispetto alla forza lavoro canadese, una delle più istruite al mondo. In Italia, questa bassa quota di laureati nel mercato del lavoro riduce la probabilità di sovraqualificazione sia per i nativi che per gli immigrati. Al contrario, per il Canada si è ipotizzato che gli alti tassi di sovraqualificazione sia tra i nativi che tra gli immigrati siano legati a una situazione di squilibrio tra una grande offerta di lavoratori con un livello di istruzione più elevato e una bassa domanda di professioni qualificate. Come ipotizzato, l'aumento dei titoli di studio della popolazione autoctona e degli immigrati ha superato la necessità di questo livello di capitale umano nel mercato del lavoro, che ora verte più sui mestieri manuali qualificati, che non necessitano di un'istruzione terziria.

In secondo luogo, a causa delle politiche di immigrazione meno selettive, l'Italia presenta una maggiore disparità tra la popolazione straniera e quella autoctona, data dalla probabilità altamente maggiore degli immigrati con un'istruzione terziaria di essere sovraqualificati rispetto ai lavoratori autoctoni con lo stesso livello di istruzione. Il divario è significativamente più ridotto in Canada, dove gli immigrati qualificati hanno una probabilità leggermente superiore di essere sovraqualificati rispetto alla loro controparte autoctona. In generale, la presenza di un divario tra i tassi di sovraqualificazione dei lavoratori a seconda della loro nazionalità sottolinea le differenze significative in termini di opportunità e possibilità di impiegare il proprio capitale umano.

Inoltre, i risultati del confronto mostrano che in entrambi i Paesi alcuni gruppi sono più colpiti dalla sovraqualificazione rispetto ad altri. In Italia, si rileva una disparità tra cittadini di Paesi Membri dell'UE e cittadini di Paes non-UE. Il primo gruppo presenta una quota minore di lavoratori con istruzione impiegata in occupazioni di livello inferiore rispetto ai lavoratori provenienti da un Paese non-UE. Non tenendo in considerazioni gli immigrati di seconda generazione, che hanno acquisito un'istruzione nel Paese, la divergenza tra questi due gruppi risulta dall'imperfetta trasferibilità internazionale delle competenze straniere nel mercato interno. Gli immigrati dell'UE mostrano infatti una

migliore corrispondenza tra educazione-occupazione grazie all'armonizzazione degli standard educativi all'interno dell'Unione Europea, che consente un riconoscimento più agevole delle credenziali educative straniere tra gli Stati membri. Al contrario, i migranti extracomunitari che incontrano difficoltà nel riconoscimento delle loro qualifiche straniere potrebbero non avere altra scelta che accontentarsi di ruoli di livello inferiore in cui non utilizzano a pieno il loro capitale umano, con conseguente sovraqualificazione.

L'importanza del conseguimento del titolo di studio nel Paese di migrazione si evince anche in Canada, in quanto gli immigrati con titoli di studio stranieri in Canada hanno maggiori probabilità di essere sovraqualificati rispetto agli immigrati che hanno studiato in Canada. Se inizialmente si potrebbe attribuire questo fenomeno all' imperfetta trasferibilità internazionale delle competenze da un Paese all'altro, a differenza dell'Italia, il ruolo principale in questo caso è svolto dalla discriminazione su base statistica da parte dei datori di lavoro. Gli immigrati vedono le loro credenziali educative estere svalutate a causa dell'incertezza dei datori di lavoro sul loro capitale umano, i quali tendono a preferire i candidati con qualifiche nazionali per maggiore familiarità e allineamento percepito agli standard canadesi, contribuendo così all'aumento dei tassi di sovraqualificazione dei lavoratori qualificati all'estero.

Infine, un'ultima osservazione riguarda i figli dei migranti. Sia in Italia che in Canada questo gruppo si trova spesso ad affrontare sfide significative nel mettere in pratica le proprie competenze e titoli di studio con opportunità di lavoro adeguate. Pur mostrando un miglioramento rispetto al gruppo dei nati all'estero in entrambi i Paesi, i migranti di seconda generazione presentano in maniera simile tassi più elevati di sovraqualificazione rispetto a chi è figlio di genitori nativi. Questa tendenza sottolinea l'esistenza di una disparità nell'integrazione nel mercato del lavoro degli immigrati di seconda generazione sia in Italia che in Canada, nonostante siano nati, cresciuti e abbiano studiato nei rispettivi Paesi di accoglienza.

È importante sottolineare che lo studio presenta diversi limiti in relazione alla difficoltà di comparare i dati ricavati dalle diverse fonti, sottolineando anche la componente internazionale. Infatti, seppur derivanti da istituzioni ed organismi ufficiali, facendo riferimento a due Paesi contrastanti, ognuno avente il proprio contesto sociale, culturale e giuridico, le diverse fonti utilizzate talvolta fanno uso di una diversa terminologia e raggruppano gli stessi individui in differenti categorie, rappresentando un

ostacolo alla comparabilità dei dati. Alcuni esempi nelle differenze riscontrate nei dati tra i due Paesi e nei diversi studi si trovano nei seguenti aspetti: nella definizione di sovraqualificazione tra i due stati, nella considerazione della categoria di immigrati, tenendo conto dei migranti di prima e seconda generazione, nelle classi di età e nei migranti permanenti e/o temporanei.

L'importanza del fenomeno della sovraqualificazione si riflette su diversi ambiti. In primo luogo quello individuale, sui salari e sul livello di soddisfazione personale e lavorativa, senza tralasciare anche l'implicazione che ha sulla società ospitante più in generale e sull'economia del Paese. Nella ricerca per migliori opportunità per sé stessi e per le future generazioni, i migranti portano con sé i propri talenti, competenze ed esperienze, che, quando tenuti in conto, riconosciuti e valorizzati, contribuirebbero a rafforzare l'economia nazionale e offrirebbero progresso tecnologico sotto vari ambiti. Risulterebbe quindi essenziale continuare ad indagare il fenomeno della sovraqualificazione e la sua incidenza sulle popolazioni migranti e i loro discendenti per ridurre le disparità con le popolazioni autoctone e promuovere la completa integrazione dei nuovi arrivati nelle società ospitanti e nei rispettivi mercati di lavoro.