

Report on the Integration of the Foreign Population in the Spanish Labour Force

SUMMARY



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Objective and Analytical Framework

Analysing the integration of the foreign population into the labour force is particularly relevant in Spain, given that the Spanish immigration phenomenon that began in the early 2000s is closely linked to economic and labour market developments. More than 20 years after its inception, it is worth asking what the current level of integration of immigrant workers is, what the causes of the present situation are, and how much work remains to be done in the future to improve the convergence of the native and foreign labour force.

There is extensive and varied academic literature on the precise conceptualisation of the term “integration”. The discussion on the different “integration models” is equally intense and relevant, especially when this integration is explored from a broad perspective that encompasses cultural dimensions, social relations, or citizen and political participation. While acknowledging the complexity and significance of the conceptual framework, this report will not delve into this matter. In this regard, **labour integration will be analysed from a simple perspective, limited to quantifying the similarities and differences between the situation of the native and foreign labour force.** We believe that even with all its limitations, this comparison will help to assess the degree of integration in the most obvious sense of the term: equality of opportunities and working conditions.

For this comparison we have used a list of indicators concerning three dimensions that we recognize as forming the integration of the labour force, working conditions and unemployment status. Our three dimensions correspond with the three chapters in which the 20 principles of the European Pillar of Social Rights (ECSR)¹ are based: equal opportunities and access to the labour force, fair working conditions and social protection, and inclusion should be provided to all individuals.

¹ https://ec.europa.eu/info/sites/default/files/social-summit-european-pillar-social-rights-booklet_es.pdf

Methodology

2.1. SOURCES

Since this study focuses on labour integration, we have tried to use sources specifically oriented to labour force analysis. In this sense, whenever possible, we have tried to use the homogeneous data sampling frame of the Spanish Institute of Statistics (INE) Labour Force Survey microdata. In addition to this main source, however, we have added a number of other secondary information sources².

2.2. CONCEPTUALISATION OF THE FOREIGN POPULATION

To determine the status of “foreigner”, we can use the country of birth or the current nationality of the person. When it comes to analysing the integration framework of the foreign population in Spain, it is usually more interesting to refer to the foreign population “of origin”, i.e. those born abroad, than to the population with “foreign nationality”. This is because, in recent years, many foreigners of origin have acquired nationality during their stay in Spain. While it is true that having Spanish nationality can make a significant difference in specific areas of the process of integration and citizen participation, this is not the case in many other areas; regarding labour economics, the defining characteristics of foreign workers are more homogeneous in terms of place of origin than in terms of legal status.

In this sense, in the case of the Labour Force Survey, it is common to consider foreigners with foreign nationality and also the group known as the “Spanish and dual nationality” population, instead of assimilating the latter to “Spaniards”. Data by nationality are readily available in INE reports and databases, but, if you want to use the country of birth criterion (and even more so if you want to cross-check it with nationality) you have to use the microdata. To get an idea of the relative importance of these nuances, the INE data show the relative weight of

² Migration Statistics (INE) Statistics of the State Secretariat for Migration (Permanent Immigration Observatory). Statistics on Affiliation and Registration of Workers (Social Security). Household Budget Survey (INE). Statistics on Unemployment Benefits (Public State Employment Service). Statistics on Acquisition of Spanish Nationality by Residents. (INE)

the five groups which, either by nationality or place of birth, could possibly be considered as foreigners. Using the criteria of foreign nationality and dual nationality, we would be looking at four of these collectives. Two of them would be unequivocally foreign from an analytical point of view: foreigners by nationality who were also born outside Spain (4.7 million, 61% of the total) and people with dual nationality who were born abroad (1.2 million, 16% of the total), which probably includes the bulk of foreigners by birth who have obtained Spanish nationality and have been able to keep their other nationality at the same time.

Together with these two groups, the most important ones, we would also consider two other groups that are somewhat more "diffuse" in terms of their denomination as foreigners but which, in any case, do not affect the integration analysis because they are concentrated in potentially non-labour force population groups:

- Foreigners by nationality born in Spain (542,000), among whom there are likely to be many children with foreign parents who have not yet obtained nationality, a probable hypothesis given that 87% of the people in this group are under the age of 16.
- People with dual nationality who were born in Spain (260,000 people), which again probably include minors who, in this case, have opted for dual nationality (because their parents have it) or because their parents have not yet obtained the Spanish nationality (again, 76% of them are under 16).

Integration I: Access to Employment.

Aggregate Data on Population, Potential Labour Force and Activity

Before analysing integration in terms of access to employment, a minimal comparison of the reference populations, both foreign and Spanish, is appropriate. It is therefore particularly interesting to carry out an initial examination, still on an aggregate basis, of the main data on the general foreign population, the working age population (potential labour force) as well as the labour force population and their activity rates. Our objective is not to provide an extensive description of the foreign population residing in Spain, but rather to focus preliminarily on the aspects that are most likely to condition the analysis of their integration into the labour force.

3.1. TOTAL POPULATION

In terms of the Labour Force Survey, the foreign-born population represents around 6.7 million people³, or 14.3% of the total population. Considering solely the criterion of nationality, the population with foreign nationality, regardless of their place of origin, would drop to 5.2 million, while the population with dual nationality adds the remaining 1.5 million that we are considering as foreigners in our analysis. Nationalisation is obviously a milestone in terms of integration and a desire that many immigrants try to achieve by starting the process as soon as they meet the required conditions. Over the last 8 years⁴, more than a million people have obtained Spanish nationality (some 135,000 per year) and 82.5% of these individuals were not born in Spain.

³ Labour Force Survey (INE). Fourth Quarter 2021. Population with Foreign Nationality plus population with Dual Nationality.

⁴ Series 2013 – 2020 for which the INE offers homogeneous information on the date of preparation of this report. Statistics on Acquisitions of Spanish Nationality by Residents. INE Labour Force Survey.

In aggregate terms, by far the most relevant group by country of birth are those born in South America or a Central American or Caribbean country (46%). Foreigners from EU27 countries account for 22% and the third largest group is made up of those with African nationality (18%). Heterogeneity in place of origin also implies heterogeneity in terms of integration, which must be taken into account when analysing this issue. On the one hand, **not all foreigners can be considered “economic migrants” as some of them do not come from developing or underdeveloped countries, as is the case of many of those from EU27 countries.** On the other hand, residence and work permit regimes also differ depending on the country of origin, as is the case, for example, for EU foreigners whose administrative framework differs significantly from the so-called general regime; as will be explained below, this administrative framework has a major impact on the possibilities and pace of integration of the foreign population.

Given that the overall objective of the report is the integration of foreigners, it is worth noting that not all foreigners have been living in Spain for the same length of time. It seems logical to think that labour integration is conditioned by the length of residence, not only for obvious reasons associated with a better knowledge of the socio-labour environment, but also because for many foreigners, administrative and labour status is linked to length of stay, not only with regard to the renewals contemplated in the general regime, but also with regard to the possibilities of regularisation through the settlement procedure. **More than half of the foreigners (54%) have been resident in Spain for more than 13 years, almost one in three have been resident for more than 18 years and 8% have been resident for more than 24 years.** In contrast, 6% of foreigners have been in Spain for less than a year and almost a quarter (23%) for less than four years.

3.2. POTENTIAL LABOUR FORCE

In terms of labour force analysis, the population of potential working age, i.e. over 16 and under 65, is of particular interest, as a larger or smaller population of ‘working age’ on average determines activity and/or employment rates. **The proportion of foreigners in this potential labour force age group is 78%, substantially higher than the 63% of the same population cohorts in the case of the Spanish-born population.** The relative youth of the foreigners arriving in Spain each year explains these demographic differences, to which must be added the higher fertility of women born outside Spain (the average number of children per woman is 1.31 for foreign-born woman compared to 1.05 for women born in Spain⁵). The proportion of men and women in this potential labour force group differs when comparing Spaniards and foreigners. While in the case of those born in Spain the potential labour force is evenly

⁵ Fertility Survey 2018 (INE)

distributed between men and women (50.5% men), the potential labour force born abroad is somewhat feminised (52.7% women). The trend of feminisation within the foreign-born population started around 2008 and persisted until 2018, particularly among the younger workforce aged between 20 and 40.

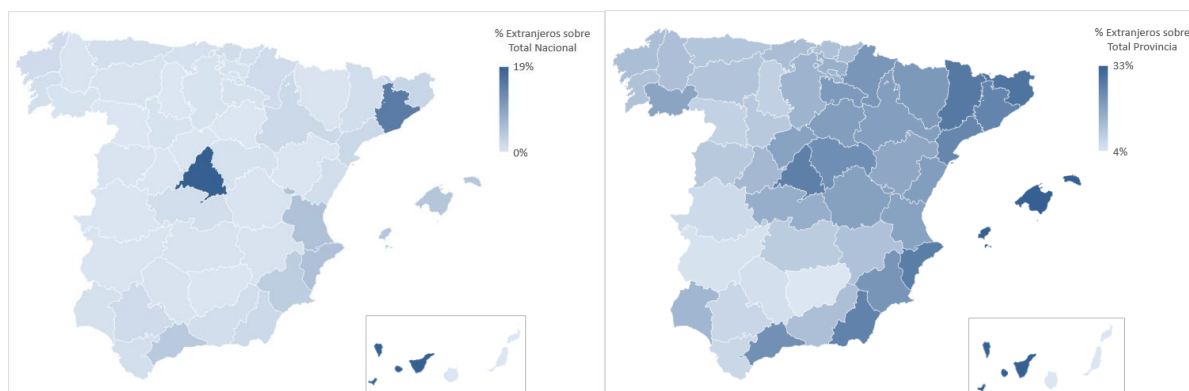
Unlike the native population of Spain, the gender distribution of immigrants is subject to various dynamic factors that determine the varying proportion of males and females who enter or leave the country each year due to re-emigration and return. Thus, for example, the gender composition in terms of inflows and outflows is due to the unequal differential impact on male and female foreign employment associated with phases of economic growth and recession. The prototypical example is that of intensely feminised domestic work, which served as a “refuge sector” in the crisis years 2008-2014 compared to the decline of employment in the intensely masculinised construction sector. In contrast, during the COVID-19 pandemic crisis, which had a major impact on domestic employment, the proportion of foreign women fell sharply from 50% in early 2019 to 46% in early 2021⁶.

The geographical distribution of the foreign labour force is markedly heterogeneous in Spain. This is an important conditioning factor when analysing the labour integration of the foreign population insofar as the characteristics of the labour force and the economic health of the different territories would not affect the Spanish population in the same way as the foreign-born population. Relative to the national total, the potential foreign labour force is highly concentrated in a few provinces. **In fact, only five of them⁷ account for 50% of the foreign labour force and only two of them, Madrid and Barcelona, account for more than a third of the total (35%).** In relative terms for each of the provinces, the weight of foreigners fluctuates from a meagre 4% in Jaén to a maximum of 33% in the Balearic Islands. This uneven distribution is the result of several factors. On the one hand, immigration generally tends to be concentrated in places with more employment opportunities or which concentrate activities especially linked to a higher demand for employment of common characteristics among the foreign labour force. Moreover, the immigrant networks already established in some areas attract new migrants, further unbalancing the territorial distribution.

⁶ Data from the INE Migration Statistics on the proportion of women in immigration from abroad.

⁷ Madrid, Barcelona, Alicante, Balearic Islands and Valencia.

Illustration 1: Provincial distribution of the Potential Labour Force (PLF) born abroad. % of the national PLF (left) and % of the provincial PLF (right).⁸



Source: Population Figures (INE). Definitive Data 01/01/2021. Resident population by province, age group and place of birth.

3.3. LABOUR FORCE AND ACTIVITY RATES

Starting with the working population (those between 16 and 64 years of age), we can now analyse the labour force, i.e. those who, being in the potential labour force age group, decide to expressly join the labour force. **The labour force with foreign or dual nationality amounts to approximately 4 million people⁹, representing 17.3% of the national total.** Considering that the foreign population accounts for 14.3% of the total population, overrepresentation in the labour force indicates a higher activity rate of this group. Indeed, the activity rate¹⁰ of the foreign population is 70.6%, while it is only 56.6% for the Spanish population. **Contrary to popular belief, this increased activity should not be interpreted as a greater propensity of the foreign population to work.** In fact, the activity rate of the Spanish population is higher than that of the foreign population in the age groups with the highest activity rates between 25 and 54 years of age; however, the foreign population is much more concentrated in these age groups, raising the overall activity rate. Actually, between the ages of 25 and 54, where the employment rate, regardless of origin, is above 85%, 67% of the potentially active foreign population is concentrated there, compared with only 47% (20 points less) of the Spanish population. In fact, if the age distribution of the Spanish

⁸ This graph shows data from the INE Population Figures and not from the resident population in households from the EPA, hence the slight difference in the percentage represented with respect to some of the figures mentioned from the EPA.

⁹ Labour Force Survey (INE). Fourth Quarter 2021

¹⁰ The activity rate is calculated by dividing the labour force by the active and inactive population (potential labour force).

population were the same as that of the foreign population, the overall average activity rate would be 71.5%, very similar to the aggregate of the potential foreign labour force. Thus, as the table below illustrates, **the lower activity rates in most of the potentially active age groups should be interpreted as an indicator of the lack of labour force integration of the foreign population.**

Table 1: Activity Rates. Breakdown by age group and nationality.

SPANIARDS			FOREIGNERS ¹¹		
% Weight of Age Group		% Activity Rate	% Activity Rate	% Weight of Age Group	
16-19 years old	5	12	17	5	16-19 years old
20-24 years old	6	50	56	7	20-24 years old
25-29 years old	6	85	82	9	25-29 years old
30-34 years old	6	89	83	11	30-34 years old
35-39 years old	7	91	84	12	35-39 years old
40-44 years old	9	91	88	14	40-44 years old
45-49 years old	10	89	88	12	45-49 years old
50-54 years old	9	85	82	10	50-54 years old
55-59 years old	9	76	77	7	55-59 years old
60-64 years old	8	52	61	5	60-64 years old
65+ years old	25	3	10	9	65+ years old
TOTAL AGES		57	71	TOTAL AGES	

Source: Labour Force Survey (INE). Fourth Quarter 2021.

Beyond the size of the labour force and activity rates, to a large extent the characteristics of the labour force determine the degree of success in terms of labour force integration. Even considering the age distribution, **it is worth highlighting the high activity rates of the younger population, at least compared to the Spanish population in the same age groups.** Foreigners between 16 and 19 years old have an activity rate of 17% compared to 12% in Spain, and those between 20 and 24 years old have an activity rate of 56% compared to 50% in Spain. These differences are relevant in that they may indicate an early incorporation of the foreign population into the labour force, with the consequent “early” abandonment of the educational transition, which is ultimately detrimental to adequate labour force

¹¹ Again, it should be noted that the foreign population includes people with dual nationality.

integration. In fact, data included in the Labour Force Survey indicate that among young Spaniards under 25 years old who are actively seeking employment, 35% have already completed higher education, while among young foreigners this proportion drops to almost a third (12.6%).

The gender breakdown reveals that, as in the case of Spaniards, foreign women have a lower overall activity rate (65%) than men (71%), which is systematically repeated for all age groups. Again, as with the overall activity rates, the activity rate of Spanish women is higher than that of foreign women in the most active age groups between 25 and 54, but once again, the higher concentration of the foreign population in these age groups (66% of the total) implies a higher aggregate activity rate in favour of foreign women. Similar to the overall rates, female activity rates among the younger population (16-24 years old) are higher among foreign women.

It is clear that the territorial division of foreign assets is not entirely similar to that of the Spanish population. As mentioned above, factors associated with greater or lesser employment opportunities or the existence of previously established communities of foreigners determine a particular location of foreigners which is ultimately essential for understanding the characteristics associated with differences in labour integration in relation to employed and/or unemployed Spaniards. The foreign labour force is particularly concentrated in the provinces of Madrid and Barcelona (36% vs. 26% for Spaniards) as well as in the Balearic and Canary Islands (12% vs. 7% for Spaniards) while its presence is relatively lower in other cases, for example in the four important Andalusian provinces of Cadiz, Seville, Granada and Cordoba (3% vs. 11% for Spaniards), the region of Galicia (3% vs. 6%) or the Basque Country.

With regard to the other relevant characteristics of the labour force in relation to their employability, it is worth examining the education of those actively seeking employment. **A comparison between foreigners and Spaniards shows that there are significant differences in the education of the Spanish and foreign labour force.** At the lower end, 9% of foreigners only have primary education as their highest level of education, which is only the case for 3% of active Spaniards. In higher education, a third of foreigners complete their education at the end of secondary school, while this is only the case for 23% of Spaniards, a high proportion of whom complete higher education (32%), something that is only achieved by 23% of foreigners. These differences in educational attainment levels partially explain the lower probability of finding employment for foreigners, a lower probability of quality employment and a higher propensity to unemployment.

Integration II: Foreign Employment Characteristics

This section will provide a detailed analysis of the level of integration of the foreign employed population by systematically comparing their situation, from different perspectives, with that of the Spanish population, using a wide range of indicators.

4.1. AGGREGATE EMPLOYMENT RATES

In terms of the Labour Force Survey, foreign workers¹² represent a volume of 3.2 million workers, which is 16% of a total labour market of more than 20 million jobs¹³. The overall employment rate¹⁴ in Spain is 51%, while for the foreign population it is 57%. However, this higher employment rate should not be interpreted as a greater willingness, desire or need to work by the foreign population. As with the analysis of the activity rate, the Spanish employment rate is higher or equal to the foreign employment rate in all age groups between 25 and 64 years old; however, the foreign population is much more concentrated in these age groups than the Spanish population (78% vs. 64%), which, in the end, implies a higher aggregate employment rate (78% vs. 64%). Therefore, as table 2 shows, **there is a new relevant indicator of the lack of labour force integration of the foreign population: the lower employment rate in the vast majority of potential labour force age groups.**

¹² Foreign Nationality + Dual Nationality.

¹³ Labour Force Survey (INE). Fourth Quarter 2021.

¹⁴ The employment rate is a ratio representing the percentage of the population that is actively working, with respect to the total working age population.

Table 2: Employment rates. Breakdown by age group and nationality

SPANIARDS			FOREIGNERS ¹⁵		
% Weight of Age Group		% EMPLOYMENT rate	% EMPLOYMENT rate	% Weight of Age Group	
16-19 years old	5	6	8	5	16-19 years old
20-24 years old	6	37	40	7	20-24 years old
25-29 years old	6	70	63	9	25-29 years old
30-34 years old	6	78	67	11	30-34 years old
35-39 years old	7	83	70	12	35-39 years old
40-44 years old	9	83	74	14	40-44 years old
45-49 years old	10	81	73	12	45-49 years old
50-54 years old	9	76	66	10	50-54 years old
55-59 years old	9	68	59	7	55-59 years old
60-64 years old	8	46	46	5	60-64 years old
65+ years old	25	3	8	9	65+ years old
ALL AGES		50	57	ALL AGES	

Source: Labour Force Survey (INE). Fourth Quarter 2021.

There is also a clear and unequivocal lack of access to the labour force for foreign women. The gender analysis of employment rates reveals significant differences in terms of integration of foreign women, both when compared to native women and to foreign men. Firstly, **the differences in employment by gender among foreigners are very significant for all age groups**, reaching values of over 20%-24% in some of them. In terms of weighted average, the difference in employment by gender reaches 15% in favour of foreign men.

In the case of Spanish women there is also a lower employment rate compared to men, but the average difference is much smaller (6%) and even almost non-existent for the younger age groups (the difference is only 0.2% for the potential labour force under 34 years old, a cohort which, in the case of women, represents 21% of the total). Secondly, **the differences in terms of employment of foreign women are also clear when compared to other Spanish women.** The weighted average difference is 10%, but as table 2 shows, in some age groups it reaches almost 20%. **This is therefore simple evidence of a double-sided difference in female labour force integration: on the one hand, female labour force integration**

¹⁵ Again, it should be noted that the foreign population includes people with dual nationality.

is lower than that of foreign men and, on the other hand, it is also lower than that of Spanish women.

One of the reasons that undoubtedly explains the lack of labour force integration of the foreign population is the absence of legal residence of a significant proportion of foreigners, which, for obvious reasons, inhibits their access to the labour force. It is difficult to determine how many foreigners are irregularly residing in Spain, but some figures suggest that it may be a significant proportion. The State Secretariat for Migration provides data on the residence granted to foreigners under the General Regime, indicating the reason for granting it. We can therefore see those granted as "settlement", an "exceptional" permit granted to persons who, in addition to other requirements, have been residing irregularly in Spain for a minimum of three years. The annual series has only been available consistently since 2016 but the data indicates that, since then, between 30,000 and 46,000 permits have been granted annually, which is around 9.5-10% of the total number of permits granted under the General Regime. A simple calculation suggests that the people who receive this authorisation each year were residing in Spain irregularly for the previous three years, meaning that, at the very least, the number of people residing irregularly in Spain is between 3 and 4 times the number of people who receive the settlement permit each year, which means, considering the average of the series observed, a minimum of around 150,000 people at any given time.

Table 3: Residency Granted as Settlement

Residency Regime	2016	2017	2018	2019	2020
<i>Total Granted General Regime</i>	321,729	312,319	331,974	391,544	430,067
<i>Total Granted as Settlement</i>	31,370	30,579	36,735	40,005	46,006
AVERAGE¹⁶	10.26%	10.21%	9.04%	9.79%	9.35%

Source: State Secretariat for Migration.

The calculation probably underestimates the group with irregular residence, since many other foreigners who, despite having a regular status, cannot work either (foreigners with student residence permits, foreigners with non-profit residence permits, asylum seekers during the first six months after the application, certain family members reunited without work permits, minors without guardianship...) must be added to the calculation. It is true that some of these irregular residents may be working informally, but in any case this is a major impediment to full labour force integration.

¹⁶ Considering the volume of foreign women in each age segment for weighting purposes.

The Labour Force Survey data also corroborate that labour force integration in the first years of foreigners' residence is complex. It is not only the absence of a regular residence permit but also other important factors that make it difficult for a “newcomer” to access the labour force (lack of language skills, difficulties in getting qualifications or technical permits recognised for certain jobs, fewer formal and informal resources and lack of networks for the initial job search, etc.). **If we look at the activity and employment rates of foreigners with NON-European¹⁷ nationality, it is confirmed that the first years of residence imply a very significant lack of integration.** Indeed, the aggregate activity rate for non-European foreigners with less than one year of residence is just 40% and the employment rate barely exceeds 29%. Both rates rise sharply after the first and second year of residence to 72% activity and 51% employment. From the second to the fourth year (which partially coincides with those who could apply for residency on the basis of settlement) there is also a slight increase in both the activity and employment rates and, from the fourth year onwards, a smoother and more gradual growth in both integration indicators is maintained until stabilising, towards 20 years of residence, in aggregate values close to 80% activity and 70% employment. **Being aware of the integration difficulties during the initial years of residence is very relevant in terms of integration policies, as the arrival of new immigrants is a constant phenomenon and, therefore, a persistent need.** In fact, it is worth remembering that, contrary to what many people might believe, the annual flow of foreign immigrants to Spain is high: the annual average of the homogeneous historical series is 393,000 entries per year¹⁸.

The comparison of the overall employment rate between Spaniards and foreigners is subject to a certain distortion in that, beyond nationality, it does not compare fully homogeneous groups. Some characteristics are essential for understanding greater or lesser employability and should therefore also be compared when comparing the levels of integration of one group and the other. As previously highlighted in the activity analysis, one of the most important characteristics concerns the level of qualification of those actively seeking employment.

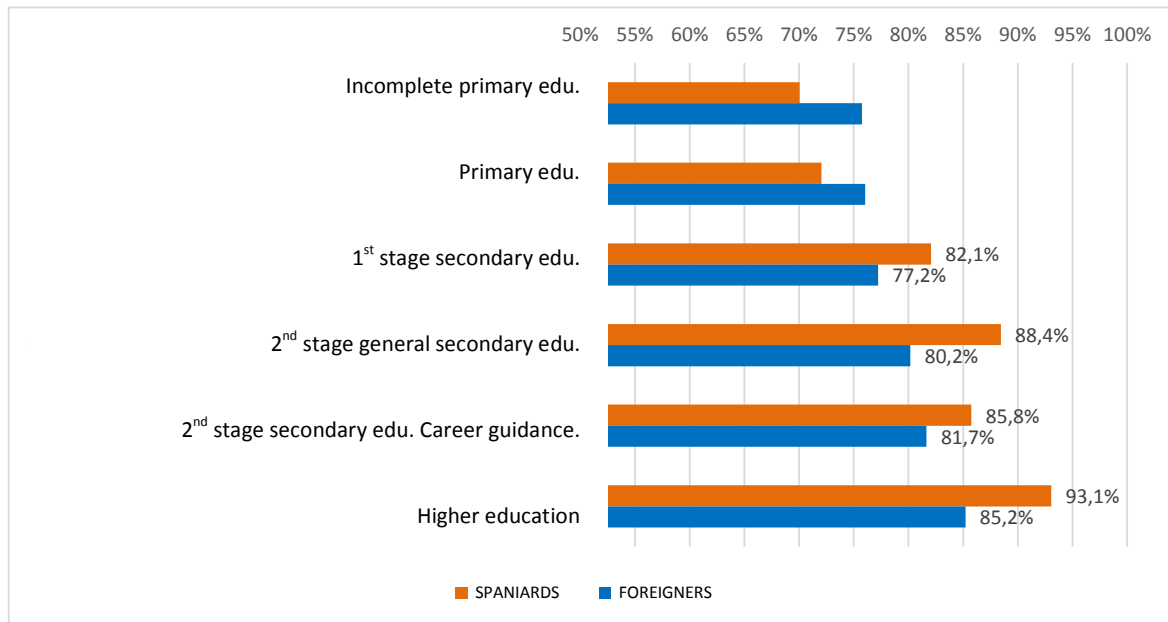
If we examine the employment rates by educational level, computing them on this occasion on the labour force¹⁹, it is clear that it increases as the level of education increases. At the two lowest educational levels (excluding illiterates) the employment rate is higher for foreigners, however, **from secondary education onwards, the aggregate employment rate by educational level is significantly lower for foreigners, which should again be interpreted as an indication of a lack of labour force integration (see illustration 2).**

¹⁷ The distinction is made by nationality outside the EU27. The idea is to try to approximate the stay and work permit situation of the general (non-EU) regime, which is obviously more restrictive than the EU one, which is rightly called Free Movement.

¹⁸ Immigration Flow. Foreign Immigrants. Average 2008-2020. Migration Statistics. INE.

¹⁹ The calculation of the employment rate over the working age population would give a distorted picture: the foreign activity rate among the younger population is significantly higher than the Spanish rate, which implies that the employment rate in the lower or incomplete levels of education will be relatively biased upwards in that the number of employed and unemployed will always be relatively higher in relation to the working age population.

Illustration 2: Employment Rate²⁰ Highest Level of Education Attained
Comparison Spaniards Vs Foreigners (right)



Source: Labour Force Survey (INE). Fourth Quarter 2021.

On the other hand, we have already seen that the distribution of the foreign labour force was not fully comparable to that of the Spanish population. Although the foreign population is likely to have higher inter-regional mobility rates than the Spanish population, place of residence is an important determinant of the chances of finding a job, which may ultimately lead to overall average rates that may be slightly skewed in comparison.

The analysis of the differences in provincial employment rates between Spaniards and foreigners reveals that, with few provincial exceptions²¹, the employment rate is always higher for Spaniards. In aggregate terms, the employment rate for Spaniards is 89% compared to 80% for foreigners (9 points difference), but if we look at the provincial breakdown, the differences can reach 20% in provinces such as Pontevedra, Tarragona or Jaén, to mention just the three with the largest differences.

²⁰ Calculated as the ratio of the employed to the labour force.

²¹ Albacete, Badajoz, Cádiz and Palencia.

4.2. AGGREGATE UNEMPLOYMENT RATES

There are around 3.1 million unemployed people²² in the Spanish economy and of these, 1 in 4 (25.6%) are foreigners. The proportion of active foreigners is however 17.3% of the total, thus, the simple comparison with their weight among the unemployed (25.6%-17.3%=8.2%) is in itself a very telling indicator of the lack of full integration of the foreign population into the labour force. The unemployment rate among foreigners is 19.7%, 7 points higher than the Spanish unemployment rate (12%), see table 4.

Table 4: Unemployed and Unemployment Rates. Spaniards - Foreigners²³

Nationality	Employed	Unemployed	Active	Unemployment rate
Spanish	16,941,710	2,309,933	19,251,643	12.0%
Foreign & Dual nationality	3,243,237	793,910	4,037,147	19.7%
TOTAL	20,184,947	3,103,843	23,288,790	13.3%
<i>Total Foreigners %</i>	<i>16.1%</i>	<i>25.6%</i>	<i>17.3%</i>	

Source: Labour Force Survey (INE). Fourth Quarter 2021.

Within the unemployed, there are no relevant differences between those seeking their first job and those who are unemployed after having worked before. The weight of the unemployed seeking their first job is approximately 10% of the total unemployed, a very similar ratio for both the unemployed and the jobless; therefore, the integration deficits indicated previously (difference in the Spanish-foreign unemployment rates and the difference between the proportion of active and unemployed foreigners) is very similar for the two types of unemployed.

The probability of being unemployed varies considerably according to certain essential characteristics of the labour force analysed. It is therefore worth checking whether the differences in unemployment rates between the foreign and Spanish populations remain consistent across the different subtypes of the labour force.

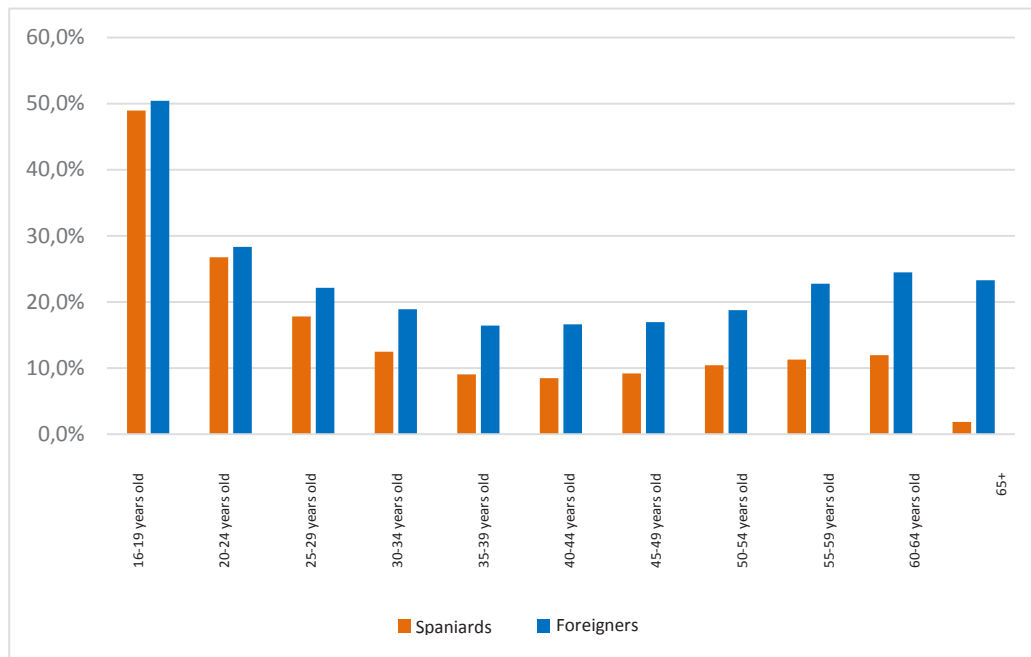
Since the age structure of foreigners is relatively different from that of Spaniards, it is useful to compare the aggregate unemployment rates for the different age groups. **The overall difference in the unemployment rate (12% vs. 19.7%) conceals even greater differences for some age groups which, in addition, account for very large proportions of the labour force.** Illustration 3 clearly shows that unemployment rates are systematically higher for foreigners than for Spaniards. **Unemployment rates fall systematically as age cohorts progress, for both Spaniards and foreigners, from high "youth unemployment" ratios to**

²² Labour Force Survey data for the fourth quarter of 2021.

²³ Foreign and dual nationality.

the minimum for the active 45–49-year-olds. However, the fall is much more marked for the Spanish labour force, which reaches a minimum of 8.5%, while foreign labour force participation rates remain above 16% in all age cohorts. The problem with this persistent gap in the central age groups is that it is precisely these age groups that concentrate a large part of the foreign labour force: 46% of the foreign labour force is concentrated in an age group of just 14 years (between 35 and 49 years old).

Illustration 3: Differences by Age Group in Unemployment Rate²⁴ Spaniards - Foreigners²⁵



Source: Labour Force Survey (INE). Fourth Quarter 2021.

Part of the differences in unemployment rates by age observed previously could perhaps be explained by the lower educational level of foreigners in all these age groups, but the fact is that, if the combination of age and educational level is explored, systematic differences in the unemployment rates of Spaniards and foreigners continue to appear.

Illustration 4 shows that, for the lowest educational levels, where unemployment rates are generally extremely high (incomplete primary and primary education), foreigners have a certain “relative advantage” with somewhat lower unemployment rates in some of the age groups (e.g. 45-54 years). However, after secondary education, unemployment rates are, with

²⁴ Calculated as the ratio of the unemployed to the labour force.

²⁵ Foreign and dual nationality.

few exceptions, systematically higher in the foreign population than in the Spanish population, especially over the age of 35. The difference is particularly marked in the case of higher education which, while reaching almost a “frictional floor” of unemployment in the Spanish population over 35 years of age (around 4-5%), remains at much higher levels (between 11% and up to 19%) in the foreign population. **The labour force integration deficit of better-educated foreigners is therefore very evident.**

**Illustration 4: Differences by Age and Education in Unemployment Rates²⁶
Spaniards - Foreigners²⁷**

	20-24		25-29		30-34		35-39		40-44		45-49		50-54		55-59		60-64	
	SP	FOR	SP	FOR	SP	FOR	SP	FOR	SP	FOR	SP	FOR	SP	FOR	SP	FOR	SP	FOR
Incomplete primary edu.	0%	0%		43%	0%	30%	9%	29%	11%	15%	32%	25%	38%	25%	32%	22%	34%	28%
Primary edu.	53%	17%	37%	31%	30%	26%	32%	14%	20%	23%	32%	22%	24%	14%	26%	36%	22%	28%
1 st stage secondary edu.	38%	38%	27%	28%	21%	23%	16%	18%	14%	21%	14%	19%	17%	18%	16%	17%	15%	25%
2 nd stage general secondary edu.	22%	31%	16%	15%	12%	18%	9%	17%	9%	13%	10%	16%	8%	25%	10%	28%	9%	37%
2 nd stage secondary edu. Career guidance.	29%	28%	23%	21%	13%	9%	8%	12%	11%	14%	10%	23%	14%	12%	12%	12%	12%	38%
Higher education	21%	12%	13%	20%	8%	16%	4%	13%	5%	14%	5%	11%	5%	15%	5%	19%	6%	11%

Source: Labour Force Survey (INE). Fourth Quarter 2021.

4.3. EMPLOYMENT AND ACTIVITIES

The analysis of the level of qualification of workers' specific jobs highlights significant differences between Spaniards and foreigners. The relative presence of foreigners is more pronounced the lower the level of qualification. On average, foreign workers account for 16% of the total, but in elementary occupations this percentage is more than double (36.6%), while in the most highly skilled occupations it ranges from 7% to 11%. One piece of information is very revealing: **Focusing on the least qualified occupations, the elementary occupations, only 9% of Spanish workers are employed there, while 28% of foreigners are employed in such occupations.**

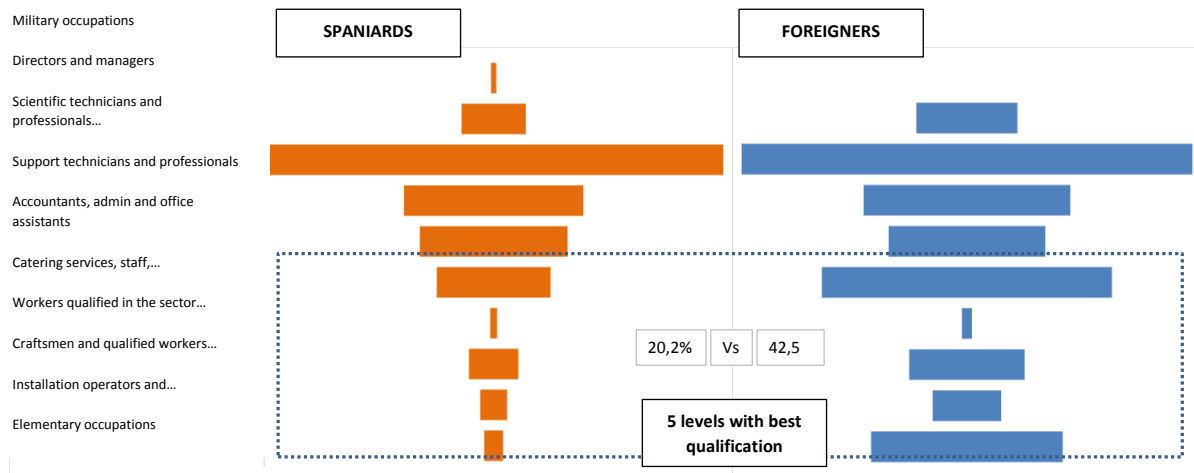
Under-representation in the most highly skilled occupations does not necessarily reflect a lack of integration, as this lower relative importance could be due to the fact that foreigners have a lower level of education. However, **the analysis reveals that, even focusing on workers with the same level of education, the presence of foreigners always tends to be more**

²⁶ Calculated as the ratio of the unemployed to the labour force.

²⁷ Foreign and dual nationality.

prominent in the lower skill levels, which necessarily leads us to think of a problem of widespread over-qualification. For example, if we analyse only those employed with higher education²⁸, only 20.2% of Spaniards work in the 5 lowest employment levels²⁹, while 42% of foreigners work at the same levels (see illustration 5).

Illustration 5: Employed with the highest level of training. Employment (Level of qualification)



Source: Labour Force Survey (INE). Fourth Quarter 2021.

Considering only elementary occupations, so as not to assume a low level of qualification in the other 4 previous levels, the relative difference between Spanish and foreign workers at this level is always unfavourable to foreigners, revealing a general problem of over-qualifications (see table 5). The LIFT comparing the presence of foreign and Spanish workers in elementary occupations is, on average, 3: the percentage of foreign workers in elementary occupations (28%) is three times that of Spaniards (9%). The ratio fluctuates between 1.4 and 6.7 depending on the different levels of education attained. The maximum value of **6.7** is particularly worrying because it refers to workers with a higher level of education: the presence of foreign workers with higher education in elementary occupations is 6.7 times (12%) that of Spaniards (1.8%).

²⁸ Higher education (Spanish national education classification (CNED) codes 51, 52, 61-63, 71-75, 81).

²⁹ Catering, personal, protective services workers/skilled workers in agriculture, livestock, forestry/craftsmen and skilled workers in manufacturing industries/plant and machinery operators, and assemblers/elementary occupations.

Table 5: % of Workers in Elementary Occupations according to Level of Education
Comparison Spaniards - Foreigners

Training Level	Spaniards %	Foreigners %	Difference % (Foreigners-Spaniards)	"LIFT" (Foreigners/Spaniards)
	43.2	61.0	17.7	1.41
Primary edu.	33.4	50.1	16.7	1.50
1 st stage secondary edu.	21.1	37.7	16.6	1.79
2 nd stage general secondary edu.	8.2	27.0	18.8	3.28
2 nd stage secondary edu. Career guidance.	11.1	21.7	10.6	1.95
Higher education	1.8	12.0	10.3	6.76
Total	9	28	18.9	3.02

Source: Labour Force Survey (INE). Fourth Quarter 2021.

The unequal presence of foreigners and Spaniards in the different activities also reveals an integration deficit. The clearest example of this is employment in public administrations, which cannot be filled under conditions of full equality by foreigners who do not have Spanish nationality³⁰: almost 26% of Spaniards are employed in activities related to public administration compared with only 10% of foreigners.

If we take the data relating to the professional status with regard to the main activity, we can calculate the difference in terms of public employment more precisely. **20% of employed Spaniards work as salaried employees in the public sector, while only 2.5% of foreigners are in this professional situation (see table 6).**

³⁰ EU citizens (as well as their spouses and children) may become civil servants under the same conditions as Spaniards (with the exception of certain posts whose function is to safeguard the interests of the State, such as, for example, the State Security Forces and Corps) but NOT third-country nationals. In the case of labour force, all foreigners with legal residence in Spain may apply for these posts, under the same conditions as Spaniards.

Table 6: Occupational Status of Employed. Comparison Spaniards - Foreigners

Level of Education	Spaniards	%	Foreigners	%
Entrepreneur with employees	866,767	5.1	117,732	3.6
Self-employed worker or entrepreneur without employees	1,750,266	10.3	359,562	11.1
Member of a cooperative	26,661	0.2	638	0.0
Assistance in the family business	58,434	0.3	17,976	0.6
Public sector salaried employee	3,394,034	20.0	81,474	2.5
Private sector salaried employee	10,838,817	64.0	2,659,916	82.0
Other situation	6,732	0.0	5,938	0.2
Total	16,941,710	100.0	3,243,237	100.0

Source: Labour Force Survey (INE). Fourth Quarter 2021.

Logically, this very marked difference in relation to access to public administration distorts the rest of the relative percentages of presence in other activities. If we exclude these activities and recalculate the percentage presence of Spaniards and foreigners, the differences are less pronounced, but they are still significant. For example, the primary sector employs 7% of foreign workers (8% if we exclude employment in the administration) while it employs only 4% of Spanish workers. The construction and commerce sectors, as well as the so-called "other services", also employ a higher number of foreign workers than Spaniards in relative terms to the total volume of both sectors.

The "other services" sector hides one of the niches of activity with the highest presence of foreigners: domestic service³¹. Although the Labour Force Survey³² microdata do not allow us to determine the information with such sectoral precision, the data referring to social security are very relevant. According to the data referring to the end of January 2022³³, 43% of the workers registered in the Domestic Workers scheme³⁴ are foreigners, which represents 7% of the total number of foreign workers, compared to only 1% of Spanish workers. The dif-

³¹ Technically identified under heading 97 which is defined as: Domestic activities as employers of domestic workers.

³² For this study we use the free INE microdata.

³³ Latest available at the time of reporting.

³⁴ Technically, it is called the Special System for Domestic Workers.

ference is much more pronounced for women, as 96% of the affiliation in this scheme refers to female workers³⁵: this scheme employs just 3% of Spanish affiliates, but 16% of foreign affiliates. **The presence in this sector reveals the existence of specific employment niches with a high presence of foreigners, which in itself is already an indication of an integration deficit, but in the case of this particular activity it has even greater implications.** The performance of this domestic work activity has often been associated with a high level of informality and precariousness that, in many cases, escapes the control of labour inspections; this, evidently, implies a clear handicap for the effective integration of the foreign female working population. Estimates of informal (non-affiliated) work in domestic work activities are not easy but a simple approximation is revealing: comparing the data on affiliations to the special scheme for domestic workers with those included in the Labour Force Survey under the heading of domestic activities as employers of domestic staff, the Labour Force Survey data is 30% higher than the data on affiliations³⁶, which gives an idea of the high degree of irregular employment.

Evidently, although some activities have a relative presence of foreigners comparable to that of Spaniards, this does not mean that the specific occupations carried out by foreigners and Spaniards within this sector of activity are the same. We have already seen how, in general terms, elementary occupations concentrated a higher relative presence of foreigners, and we can assume that this is clearly the case in each of the sectors of activity analysed. Table 7 illustrates precisely what percentage of workers (both Spaniards and foreigners) are employed in elementary occupations in each sector of activity. **In agriculture, for example, 80% of foreign workers are employed in elementary occupations while “only” 30% of employed Spaniards are employed in occupations with the same level of qualification.** The same is true for the construction and all service sectors where foreign workers are much more likely to be engaged in elementary tasks.

³⁵ For all affiliates, regardless of nationality.

³⁶ The percentage is actually 32%. The calculation was made by comparing the Labour Force Survey data for the fourth quarter of 2020 (563,000 workers) with the January 2021 affiliation data (approximately 182,000).

Table 7: % of Workers in Elementary Occupations in the different Activity Sectors
Comparison Spaniards - Foreigners

Sector of Activity	Spaniards %	Foreigners %	"LIFT" (Spaniards/ Foreigners)
Agriculture, livestock, forestry and fishing	31	80	2.6
Food, textile, leather, wood and paper industries	11	17	1.6
Mining and quarrying, oil refining, chemical industry	8	13	1.7
Construction of machinery, electrical equipment and transport equipment	4	13	3.5
Construction	6	13	2.1
Wholesale and retail trade	10	21	2.1
Transport and storage. Information and communications	6	17	2.7
Financial intermediation, insurance, real estate activities	14	33	2.4
Other services	17	52	3.1
Public administration, education and health activities	5	9	2.1
Total	9	28	3.0

Source: Labour Force Survey (INE). Fourth Quarter 2021.

4.4. LABOUR RELATIONS (JOB QUALITY)

In addition to the evidence outlined above regarding aggregate employment rates and the activities and occupations of workers, other differences between foreigners and Spaniards regarding working conditions are worth commenting on separately, as they also illustrate a deficient level of integration of foreign workers into the Spanish labour force.

The percentage of temporary contracts is almost 36% compared to 23.4% among Spaniards, that is, more than 12 additional points of temporary contracts. The average duration of temporary contracts is also lower for foreigners (7.8 months) than for Spaniards (10 months) and more than 36% of these temporary contracts have a duration of 3 months or less compared with 30% for Spanish workers. Temporary workers also have a higher turno-

ver rate, as shown by the average number of months since signing the contract, which is 9 months for foreigners and 13 months for Spaniards.

In turn, of those foreigners who have a permanent contract, almost 5% have interrupted employment relationships, compared to 2.7% of Spaniards. **With regard to those with temporary contracts, some specific types of contract reveal a certain lack of integration. Thus, for example, “verbal” contracts, a somewhat confusing form of contract that suggests irregularity, account for 8% of temporary contracts among foreigners compared to just 1.7% among Spaniards.** Seasonal or fixed-term contracts, which are essentially limited in scope for the full integration of a worker, are also much more frequent among foreigners (11.2%) than among Spaniards (4.7%).

Part-time work, a common indicator of poor integration, is also significantly more common among foreigners (17.6%) than among Spaniards, where it barely reaches 13%. Moreover, among foreigners who work part-time, 61% involuntarily³⁷ work less hours, compared to “just” 49% of Spaniards. In fact, 57.3% of foreigners working part-time would like to work more hours, compared to 44.3% of Spaniards who work part-time.

Underemployment defined as insufficient hours according to ILO standards is a sign of poor job quality and confirms the involuntary nature of part-time employment. 8.7% of foreigners are under-employed, which represents 15.3% of employed foreigners (compared to 7.6% of employed Spaniards).

With regard to working hours, foreign workers have on average longer agreed and actual working hours on average than Spaniards. At the same time, paid overtime is higher among Spaniards, but unpaid overtime is more frequent among foreign workers (see table 8).

³⁷ The specific answer to the Labour Force Survey question is “Not having been able to find full-time employment”.

Table 8: Job Quality Indicators. Comparison Spaniards - Foreigners

OCCUPATION	SPANIARDS	FOREIGNERS
% Temporary Contracts	23.4%	35.8%
Average duration of temporary contracts in months	10 months	7.8 months
% of temporary contracts with a duration of 3 months or less	29.8%	36.1%
Average time in months since renewal (temporary)	13 months	9 months
% of temporary contracts renewed one year ago or less	10.3%	14.6%
% of permanent contracts but with interrupted relationship	2.7%	4.7%
"Verbal" contracts (within temporary contracts)	1.7%	8.0%
"Seasonal" contract (within temporary contracts)	4.7%	11.2%
Part-time employment	12.8%	17.6%
"Only option"	48.6%	60.8%
"I would like to work more hours"	44.3%	57.3%
Under-employment: Workers under-employed due to insufficient hours ³⁸	3.8%	8.7%
Under-employment (of workers)	7.6%	15.3%
Hours ³⁹ agreed in an employment contract or agreement	38.8	39.7
Hours per week usually dedicated to this job	42.1	43.8
Actual hours dedicated to this job in the past week	37.8	39.3
Paid overtime worked in the reference week	8.4	7.3
Unpaid overtime worked in the reference week	8.0	8.5

Source: Labour Force Survey (INE). Fourth Quarter 2021.

It is likely that at least part of the reason for these lower integration indicators in the case of the foreign population is due to the fact that foreigners have, on average, a shorter working history in Spain. Among Spanish workers themselves, there is considerable duality in the conditions of job insecurity if we compare those who are younger or have had a shorter career with those who are older or have more extensive work experience. **The average length of service of foreign workers is 5.3 years, less than half the average length of service of Spanish workers (11.9 years).** This huge average difference can be partly explained by the average age differences (there are more young workers among foreigners than among Spaniards) but also, as mentioned above, because the employment history of older foreign workers is not as long as that of Spaniards, as they joined the labour force as they arrived in Spain. Indeed, the average length of service of young workers (up to the age of 29) is rather

³⁸ According to the ILO definition as used by the Labour Force Survey.

³⁹ All hour calculations shown in this table refer to workers employed on a full-time basis.

similar when comparing Spaniards and foreigners, yet it starts to show huge differences as we move up through the different age groups.

Indeed, if we compare Spaniards and foreigners with the same length of service in the company, some of the indicators of job quality converge to a large extent. Table 9 shows such a comparative quality table but only for the third of workers with the shortest length of service (less than 34 months in the company). **Many of the job quality indicators worsen with regard to the general employed population, but at least there is a convergence of foreigners and Spaniards or a more mixed reality, especially with regard to the differences in the indicators referring to temporary contracts and part-time work.**

Table 9: Quality in Employment Indicators for workers with the shortest career paths⁴⁰
Comparison Spaniards–Foreigners

EMPLOYMENT	SPANIARDS	FOREIGNERS
% Temporary Contracts	40.5%	39.2%
Average duration of temporary contracts in months	8.3 months	7.1 months
% of temporary contracts with a duration of 3 months or less	20.2%	25.5%
Average time in months since renewal (temporary)	8.5 months	8.3 months
% of temporary contracts renewed one year ago or less	73.8%	74.6%
% of permanent contracts but with interrupted relationship	3.3%	3.5%
“Verbal” contracts (within temporary contracts)	1.5%	7.4%
“Seasonal” contract (within temporary contracts)	5.0%	11.0%
Part-time employment	22.5%	22.0%
“Only option”	58.4%	66.2%
“I would like to work more hours”	53.6%	64.2%
Under-employment: Insufficient hours ⁴¹ (for workers)	14.6%	20.2%
Hours ⁴² agreed in an employment contract or agreement	38.9	39.6
Hours per week usually dedicated to this job	41.5	43.0
<u>Actual</u> hours dedicated to this job in the past week	37.2	38.7
<u>Paid</u> overtime worked in the reference week	7.6	7.1
<u>Unpaid</u> overtime worked in the reference week	9.4	8.7

Source: Labour Force Survey (INE). Fourth Quarter 2021.

⁴⁰ Less than 34 months in current company.

⁴¹ According to the ILO definition as used by the Labour Force Survey.

⁴² All calculations of hours shown in this table refer to full-time workers.

Yet again, the difference in terms of gender highlights a double deficit in the relative integration of women compared to men. On the one hand, the differences between foreign women and men and, on the other hand, the differences between these foreign women and Spanish women. Table 10 shows some of these poor job quality indicators. Temporariness, which is higher among women regardless of their nationality, is higher among foreign women (35%) than for Spanish women (26%), although in this case it is similar to that of foreign men. **The existence of a “verbal” contract is extraordinarily high among foreign women 12%**, much higher than among men (4.4%) and even higher than among Spanish women (2.2%). Bias is overwhelmingly higher among women of all nationalities, but reaches very high levels for foreign women: **almost 30% of foreign female workers have a part-time contract**. The reason behind this female bias is well known and is related to the unequal distribution of care work. While only 3.7% of foreign men claim childcare or other family care responsibilities, the same is true for 12% of foreign women (the difference is, in fact, even more pronounced in the case of Spaniards).

Table 10: Job Quality Indicators for workers with the shortest career paths⁴³
Comparison Spaniards–Foreigners

EMPLOYMENT	SPANIARDS		FOREIGNERS	
	MEN	WOMEN	MEN	WOMEN
% Temporary Contracts	20.6%	26.3%	36.2%	35.3%
Average duration in months of temporary contracts	10.3 months	9.8 months	7.9 months	7.6 months
% of Permanent Contracts but with an interrupted relationship	1.6%	3.8%	4.5%	4.9%
“Verbal” contract (temporary)	1.0%	2.2%	4.4%	11.9%
Part-time employment	5.7%	21.0%	8.4%	28.2%
“For family reasons”	2.4%	17.4%	3.7%	12.1%
Under-employment: Insufficient hours ⁴⁴ (for workers)	3.0%	4.6%	7.9%	9.4%

Source: Labour Force Survey (INE). Fourth Quarter 2021.

⁴³ Less than 34 months in current company.

⁴⁴ According to the ILO definition as used by the Labour Force Survey.

Integration III: Characteristics of the Foreign Unemployed Population

As mentioned in the introduction hereto, the analysis of the foreign population's labour integration should primarily analyse the situation of the employed. However, it is also interesting to examine the situation with regard to unemployment.

5.1. SECTORAL AND OCCUPATIONAL DISTRIBUTION (PREVIOUSLY EMPLOYED UNEMPLOYED)

The sectoral distribution of foreign unemployed people is conditioned by the greater or lesser presence of those employed in each of the sectors and activities. In fact, a significant part of the higher overall unemployment rate among the foreign population can be explained by a higher exposure to sectors with a higher incidence of unemployment. Thus, for example, the greater relative presence of foreigners in elementary occupations (37% of employed foreigners) or in catering services (20% of employed foreigners) implies a greater vulnerability to unemployment insofar as these sectors account for almost 60% of the unemployed who were previously employed before becoming unemployed⁴⁵. In the case of foreigners, these two occupations account for an even higher percentage of previously employed unemployed people. Indeed, 46% of the foreign unemployed people were employed in elementary occupations and 23.7% in the catering services sector when they lost their jobs, which represents 70% of the total number of unemployed people.

The same is true when exploring the sectors of activity in which the unemployed were previously employed before they lost their jobs. An example of this is the wholesale and retail trade sector which, in global terms, accounts for one in four of the "sectors of origin" of the unemployed and which, in the case of foreigners, concentrates an even higher proportion of ex-workers (30.5%). Something similar happens with the "Other Services" sector which, as previously analysed, includes domestic workers, among others; 14.3% of the unemployed worked in this sector less than a year ago, compared to only 8.1% of the Spanish unemployed.

⁴⁵ Data (58.9%) refers to the unemployed who lost their job less than one year ago. Labour Force Survey fourth quarter of 2021.

The unequal occupational and sectoral distribution is therefore a handicap for the integration of the foreign population, which is more easily exposed to job losses.

5.2. UNEMPLOYED STATUS (BENEFIT RECIPIENTS, BENEFIT COVERAGE)

When a worker becomes unemployed, the situation also differs between Spaniards and foreigners. **Regarding unemployed people who have worked before, it is noteworthy that 28% of them were not registered as job seekers⁴⁶, which is only the case for 10% of the Spanish unemployed.** Registering as a job seeker requires administrative regularity, so it may be assumed that part of this difference is precisely due to the greater exposure of foreigners to the informal labour force or to the absence of a work permit. In fact, if we take a look at the same situation for unemployed people with foreign nationality (excluding dual nationality), this percentage rises to 45.9%. The situation is even more striking in the case of those seeking their first job. In this case, half of the foreign unemployed were not registered at the job centres, compared to “just” 37% of Spaniards.

This lower registration rate at the employment offices is apparently evidence of a lack of integration in the labour force, since job centres specifically aim to integrate those who have been temporarily excluded from employment into the labour force. Moreover, among those unemployed with previous work experience who were registered as job seekers, it is also striking that only 23.5% of foreigners were receiving some kind of benefit, while this situation reached 38.6% of Spaniards. **This difference in receiving benefits during the period of unemployment is, for obvious reasons, a further indicator of the integration deficit of the foreign population.**

The information on beneficiaries of unemployment benefits from the State Public Employment Service confirms a lower coverage rate of the foreign population. According to the latest data available at the time of writing this report⁴⁷ **the approximate unemployment benefit⁴⁸ coverage rate of the unemployed population is 60%, but the ratio is only 54% in the case of foreign workers⁴⁹.** The situation is clearly more unfavourable for foreign women than for foreign men: **the coverage rate for unemployed Spanish women reaches 56% while it is only 43.4% for unemployed foreign women.** These coverage rates result from considering the unemployed registered with the Spanish State Public Employment Service (SEPE) and the total unemployment benefits, however, if we consider the unemployed in Labour Force Survey terms, the differences in coverage between Spaniards and foreigners are significantly different. **In terms of the Labour Force Survey, the coverage rate for the**

⁴⁶ The Labour Force Survey asks unemployed people about this situation in relation to the Sunday prior to the date of the survey.

⁴⁷ January 2022.

⁴⁸ This calculation takes into account contributory unemployment benefit, unemployment (assistance) benefit, agricultural income, agricultural subsidy and active integration income.

⁴⁹ In this case, the definition of foreigners used in the SEPE statistics includes only those with foreign nationality.

Spanish unemployed population would be 74.9% of the total⁵⁰ while for foreigners it would be just 36.2% and, for unemployed foreign women 30.8% (compared to 78.4% for Spanish women). The differences between the SEPE and the Labour Force Survey calculation are most likely explained by two important factors. Firstly, the Labour Force Survey does not only include unemployed people registered as unemployed in the SEPE, but also all those who are not registered as unemployed, among whom we can assume that there are many foreigners who have worked informally or who do not even have a work and residence permit. On the other hand, as analysed in previous sections, a very significant fraction of foreign females (16%)⁵¹ work in domestic service, not counting those who do not even pay social security contributions. **Regardless of whether they pay social security contributions or not it should be noted that, at the time of writing this report, domestic work was, with some exceptions, excluded from unemployment benefits, which explains the very low coverage rate of unemployed women.**

It can also be assumed that the benefits received by foreigners covered by benefits are of a lower amount, quality and duration than those received by Spaniards, since these benefits depend on previous employment history (duration of previous employment and contribution base) which, as analysed above, is less favourable for foreigners. However, we do not have detailed information on this issue in the available data sources, so this remains mere speculation. In fact, some indirect indicators such as the information contained in the INE's Household Budget Survey indicate that these differences do not exist⁵².

⁵⁰ This calculation takes into account the unemployed Labour Force Survey at the end of 2021 and only those who have already worked before, while the unemployed without previous employment are not eligible for unemployment benefits.

⁵¹ En términos de estadísticas de cotizantes.

⁵² Se ha realizado una primera prospección analizando el importe exacto de los ingresos del hogar en función de la nacionalidad considerando sólo aquellos hogares cuyo sustentador principal disponía de una prestación por desempleo como única fuente de ingresos y no se han apreciado diferencias en contra de los hogares con sustentador extranjero en la renta media o mediana. Microdatos correspondientes a 2018.

Conclusions

This report presents the results of the analysis of the foreign population's labour force integration. A comprehensive quantitative analysis examining more than 60 indicators of the similarities and differences between the situation of the native and foreign labour force has been detailed.

The overall conclusion would indicate a notable lack of labour integration of the foreign population in the different dimensions analysed: activity, employment, working conditions, unemployment and salary. Moreover, the gender analysis reveals an additional integration penalty for foreign women both when compared to foreigners and when their employment situation is compared to that of Spanish women.

The foreign-born population represents around 6.7 million people, or 14.3% of the total population. More than half of foreigners (54%) have been resident in Spain for more than 13 years, almost one in three has been resident for more than 18 years and 8% have been resident for more than 24 years.

Since 2002, the working-age population born in Spain has decreased by more than one million people while the foreign-born population has grown by almost 4.2 million. The proportion of foreigners in the potentially active age group is 78%, substantially higher than the 63% of the Spanish-born population in the same cohorts. The increase in the labour force that has taken place in Spain over the last 5 years has been due to the incorporation of foreigners into the labour force.

The labour force with foreign or dual nationality amounts to approximately 4 million people, or 17.3% of the national total. The overall activity rate of foreigners is higher than that of Spaniards, but contrary to popular belief, this higher activity rate should not be interpreted as a higher propensity of the foreign population to work.

The lower activity rates of foreigners in most of the potentially active age groups should be interpreted as an indicator of the lack of labour force integration of this population. It is worth highlighting the high activity rates of the younger foreign population compared to the Spanish population in the same age groups, indicating an early incorporation into the labour force and the consequent "early" abandonment of the educational transition which, in the end, is detrimental to adequate labour force integration. **On the other hand, the breakdown by gender reveals that, as in the case of Spaniards, foreign women have a lower overall activity rate (65%) than men (71%).**

According to the Labour Force Survey, in terms of employment, foreign workers account for 3.2 million workers (16% of the labour force) with an overall employment rate of 57% compared with 51% in Spain. The Spanish employment rate is higher or equal to the foreign employment rate in all age groups between 25 and 64 years old but, as in the case of the labour force, the foreign population is much more concentrated in these age groups than the Spanish (78% vs. 64%) which, in the end, implies a higher aggregate employment rate. **We have, therefore, a new relevant indicator of the lack of labour force integration of the foreign population: the lower employment rate in the vast majority of potentially active age groups.**

With regard to foreign female workers, a double-sided difference in female labour force integration is evident. Firstly, the differences in employment by gender within the foreign group are very significant for all age groups, to the detriment of women. Secondly, the differences in terms of occupation of foreign women are also clear when compared to Spanish women.

Looking at employment rates by educational level, it is evident that from secondary education onwards, the aggregate employment rate is significantly lower for foreigners, which should be interpreted as an indication of a lack of labour force integration. **The analysis of the level of qualification of workers reveals significant differences between Spaniards and foreigners.** The relative presence of foreigners is more pronounced the lower the level of qualification of the tasks performed. Likewise, the lack of labour force integration of foreigners with higher education is extremely evident. The difference is particularly pronounced in the case of higher education which, while reaching almost a “frictional floor” of the unemployment rate in the Spanish population over 35 years of age (4-5%), remains much higher (between 11% and up to 19%) in the foreign population.

The unequal presence of foreigners and Spaniards in the different activities also indicates a lack of integration. 20% of employed Spaniards work as salaried employees in the public sector compared with only 2.5% of foreigners. In the domestic service sector, the differences are striking: 43% of those registered as domestic workers are foreigners, 7% of the total number of foreign workers compared to only 1% of Spanish workers. In addition, estimates of informal work (‘non-affiliated’) in domestic work activities reveal that about 30% of employed women may be working irregularly.

In addition to the overall evidence regarding aggregate employment rates and the activities and occupations of workers, differences in working conditions illustrate a poor level of integration of foreign workers into the Spanish labour force. The percentage of temporary contracts is almost 36% among foreigners compared to 23.4% among Spaniards. “Verbal” contracts, a form of contract that suggests irregularity, account for 8% of temporary contracts among foreigners compared to 1.7% among Spaniards. Part-time work, a common indicator of poor integration, is significantly more common among foreigners, 17.6%, compared to 13% of Spaniards. Underemployment is also a sign of low occupational quality and confirms the involuntary nature of partial employment. 8.7% of foreigners are underemployed, which represents 15.3% of employed foreigners (compared to 7.6% of Spaniards).

Yet again, the gender gap in job quality reveals a double deficit in the relative integration of women. On the one hand, the differences between foreign women and men and, on the other hand, the differences between these foreign women and Spanish women. Temporari-ness, which is higher among women regardless of their nationality, is higher among foreign women (35%) than among Spanish women (26%). The existence of a “verbal” contract is extraordinarily high among foreign women (12%), much higher than among men (4.4%) and even higher than among Spanish women (2.2%). Part-time employment is overwhelmingly higher among women of all nationalities, but it reaches very high levels for foreign women: almost 30% of foreign female workers have a part-time contract.

With regard to unemployment, the volume of unemployed in the Spanish economy is around 3.1 million and of these, 1 in 4 (25.6%) are foreigners. The proportion of active foreigners is however 17.3% of the total, thus, **the simple comparison with their weight among the un-employed (25.6%-17.3%=8.2%) is in itself very descriptive of the lack of full integration of the foreign population into the labour force.** All in all, the unemployment rate among the foreign population is 19.7%, 7 points higher than the unemployment rate among Spaniards (12%).

The overall difference in the unemployment rate hides even greater differences for some age groups which, in addition, concentrate very large proportions of the labour force. Unemploy-ment rates fall systematically with age; however, the fall is much more pronounced for active Spaniards, who reach a minimum of 8.5%, while active foreigners maintain unemployment rates above 16% in any of the central age groups. Part of the observed differences in unem-employment rates by age could perhaps be explained by a lower educational level of foreigners, but the fact is that, **if the combination of age and educational level is analysed, systematic differences in unemployment rates against foreigners continue to emerge.**

The lower registration rate at job centres is evidence of the lack of integration in the la-bour force. Among the foreign unemployed who have been previously employed, 28% were not registered as job seekers, which is only the case for 10% of the Spanish unemployed. The difference in the receipt of benefits during the period of unemployment is a clear indicator of the integration deficit of the foreign population. Only 23.5% of foreign unemployed people received some kind of benefit, while 38.6% of Spaniards received some kind of benefit. The approximate SEPE unemployment benefit coverage rate for the Spanish unemployed popu-lation is 60% compared to 54% for foreign workers. **The situation is clearly more unfavour-able for women than for foreign men: the coverage rate for unemployed Spanish women is 56% while it is only 43.4% for unemployed foreign women.**



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