# LABOUR MARKET PARTICIPATION OF SECOND-GENERATION YOUTH IN ITALY

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**Abstract.** As second-generation youth are just beginning to enter the labour market in Italy, there is a significant knowledge gap on their labour market outcomes. As regards participation, an important dimension of economic and social integration of youth, second generations might be affected by the same widespread discouragement experienced by youth with no migratory background, even worsened by a more difficult access to employment and/or discrimination. Conversely, they could develop a strong labour market attachment due to ethnic disadvantage in accessing higher education and/or different expectations and aspirations.
Using the "decimal generations" framework to define second generations, the article explores the differences in the composition of youth with and with no migratory background by labour market status, focusing on being a student as a special condition of youth inactivity and on being active in the labour market.
The analysis builds on the ISTAT Labour Force Survey that since 2021 has released information on the country of birth of the respondent's parents thus allowing the identification of second generations both in the strict, i.e. the country-born children to at least one foreign-born parent, and extended sense, i.e. the foreign-born who arrived in Italy as children, while previous studies have mainly used respondents' citizenship. Multivariate models are run to control for socio-demographic composition effects and results show that country-born second generations have outcomes similar to those of the youth with no migratory background. In contrast, the 'in-between' generations -the foreign-born who migrated as children or young adolescents- are less likely to be students but are more likely to be active in the labour market than youth with no migratory background. The analysis then highlights a clear-cut difference between the country-born and the foreign-born children of immigrants.

## 1. Second generations[1] in the Italian labour market: an opening area of study

Research across Europe has shown that young people frequently face labour market exclusion, experiencing unemployment and periods of not being in employment, education, or training (NEET). Low youth participation is a structural feature of the Italian and other Southern European labour markets (for a review, see Unt et al., 2021). However, little is known about the labour market participation of second generations and, more generally, about their insertion into the Italian labour market as it represents an opening area of study. While a growing body of studies on second generations' presence and performance in the school system is developing also in Italy (for a review, see Ambrosini and Pozzi, 2018), their outcomes in the labour market are still understudied (Gabrielli and Impicciatore, 2022). This dearth of literature is primarily due to "historical" reasons. Contemporary migration to Italy is a relatively "recent" phenomenon that differs significantly from the previous waves of migration to Northern and Continental European countries. In a rapid transition, Italy, like the other Southern European countries, transformed from an emigration country into a major destination country (King et al., 2000). Only in recent years, the numbers of second-generation youth entering the labour market have become notable. This modest presence of second generations in the Italian labour market is also characterised by a strong prevalence of boys and girls of very young age (ISTAT, 2020). Moreover, data shortcomings have made it difficult so far to identify properly second generations as information on the country of birth of both individuals and their parents is needed but it is rarely available.

If the classical assimilation theory holds true, the ethnic penalty experienced by first-generation migrants should not extend to second generations (Park, 1950: Alba and Nee, 1997) since intra and intergenerational mobility should occur with time (Chiswick, 1977). However, the segmented assimilation hypothesis stresses that the interactions between the characteristics of immigrant groups and the conditions of the receiving context (the socioeconomic context, social networks, and discrimination) may shape divergent and paradoxical paths with only partial or segmented assimilation (Portes and Zhou, 1993)[2].

It is difficult to advance hypotheses on the Italian case but the empirical evidence for Western European receiving countries suggests that, among the "children of immigrants", assimilation is not complete, and penalization persists. Evidence on Central and Northern "older" receiving countries has found that while first-

[1] The term second generations -in a plural noun- includes both country-born youth with one or both migrant parents and foreign-born youth who migrated as children or adolescents (Demarie and Molina, 2004)

[2] The full cultural assimilation could result in a lack of economic incorporation, and conversely, a lack of cultural assimilation - and the preservation of ethnic identities - could lead to full economic incorporation and success (Portes and Rumbaut, 2001; Portes and Zhou, 1993).

generation migrants face significant disadvantages, second generations do achieve better labour market outcomes than first generations (Heath and Cheung, 2007; Heath et al., 2008) but they still experience notable penalization when compared to individuals with no migratory background (Drouhot and Nee, 2019). The scarcer and partial evidence on Southern European countries has found, for Spain, a possible assimilation process for the foreign-born second generations as the labour market outcomes of immigrants who moved as children are better than those of first-generation immigrants (Muñoz-Comet and Arcarons, 2022). In Italy, a recent analysis has found that second generations experience an ethnic penalty in the labour market, but those born in the country from one immigrant and one country-born parent perform similarly to the youth with no migratory background (Piccitto, 2023).

In this article, we explore second generations' outcomes in the labour market, focusing on participation, a relevant dimension of labour market integration which is of special relevance in a country with high levels of youth inactivity (ISTAT, 2024). The article explores the differences in the composition of youth with and with no migratory background by labour market status, focusing on being a student as a special condition of youth inactivity and on being active in the labour market (when not student). Two are the main research questions: do second generations participate in the labour market as youth with no migratory background or, rather, do they exhibit a different and specific pattern of participation? Are there relevant differences across migratory generations (i.e. country-born vs foreign-born from immigrant parents)?

The article is structured as follows: the first section addresses the definition of second generations. The subsequent section outlines data and the methodology, followed by a section devoted to the empirical findings. The final section summarises the key results.

## 2. A theoretical and empirical issue: the definition of second generations

Defining the second generations is more complex and less straightforward than it may seem due to its inherent complexity and wide range of diverse conditions within this category as it comprises individuals for whom both the migratory experience and the socialisation processes are very different (Rumbaut 2004). Indeed, the "children of immigrants" are both young people born and grown up in the receiving country from immigrant parents and who have not directly experienced migration. Second generations also include the foreign-born who moved to the destination country at an early stage of their life course, being children or young adolescents, with a direct experience of migration and with a socialisation process that started in the origin country.

In the literature, the “decimal generations" framework takes account of this complexity and defines a continuum of conditions to consider the different experiences of migration and socialisation of the “children of immigrants” (Rumbaut, 2004). In particular, the country of birth and the phase of the life course define different groups of second generations, which capture the conflicts and challenges that arise from cultural disparities or early uprooting, with implications for interactions with the host country's context. According to the “decimal generations" framework, the first relevant difference is among the country-born and the foreign-born second generations who have, as mentioned, a different migratory experience and are exposed to different socialisation processes. For the foreign-born children of immigrants three life stages under which migration occurs are distinguished: early childhood (arrived at 0-5 years old, G1.75), middle childhood (arrived at 6-12 years old, G1.50) and adolescence (arrived at 13-17 years old, G1.25) (Rumbaut, 1997, 2004; Hermansen, 2017). For the country-born children of immigrants, the key difference is whether they have one or both parents born abroad (G2.5 and G2.0, respectively). Children with one country-born parent (G2.5) should be less likely to identify with the foreign heritage of their immigrant parent, and less likely to become proficient in or use that parent's native language. On the other hand, those with two foreign-born parents (G2.0) tend to be more influenced by growing up in an immigrant family, which can affect both their self-identification and their connection to their parents' language as they reach adulthood (Rumbaut, 2004).

Most research on European receiving countries has used partial definitions of second generations without systematically accounting for generational differentiation (Schneider, 2016). With some exceptions (Piccitto, 2023), the few previous studies on the Italian labour market have only partially considered the heterogeneity of second generations or have approximately defined the second generations due to lack of adequate data. Indeed, in lack of the information on the parents’ country of birth, second generations could only be defined considering the country-born with a foreign citizenship and the foreign-born arrived as children or adolescents (Buonomo et al., 2023). Since 2021, however, the ISTAT Labour Force Survey releases the information on parents’ country of birth – Italy vs a foreign country – of the respondents, allowing the identification of the second generations in the strict sense (i.e. those born in the country from two foreign-born parents or at least one, G2.0 and G2.5 respectively), in addition to the foreign-born who migrated as children or young adolescents which could already be identified.

## 3. Data and Methods

We use the ISTAT Labour Force Survey (LFS) 2021-2022 (pooled)[3] yearly data, focusing on a subsample of respondents aged 15-29 (N=130,148) and categorize second generations using the decimal generations, however aggregating some groups, we define the following migratory backgrounds:

- G2.5 are the country-born (c-b) with one foreign-born (f-b) parent and one c-b;
- G2.0 are c-b with both f-b parents;
- [G1.75+1.50] are the f-b who arrived in Italy between ages 0-12;
- [G1.25+G1.0] are the f-b who arrived after 13 years old;
- the country-born (c-b) from both country-born (c-b) parents[4].

To simplify the classification, G1.75 (arrived by 0-5 years old) was aggregated with G1.50 (arrived by 6-12 years old), and G1.25 (arrived by 13-17) was aggregated with G1.0 (arrived after 18 years old).

To study labour market participation, we consider three possible statuses: active, student, and inactive. Active include both the employed and the unemployed. According to the conventional definition, employed individuals are those aged 15-89 who have carried out at least one hour of paid work during the survey reference week (or are temporarily absent from their job). Unemployed are instead those aged 15-74 without work during the reference week, who have actively sought employment in the previous four weeks and are available to start work within the next two weeks (for a detailed description, see Eurostat, 2024).

**Table 1 –** *Youth by migratory background and labour market conditions (15-29 years old).*

| Generations | Active | | | Student | | | Inactive | | |
|---|---|---|---|---|---|---|---|---|---|
| | N | Pop. | % | N | Pop. | % | N | Pop. | % |
| G2.5 | 2,568 | 176 | 4.9 | 5,066 | 297 | 7.2 | 709 | 49 | 4.8 |
| G2.0 | 1,031 | 78 | 2.2 | 3,508 | 219 | 5.3 | 316 | 21 | 2.0 |
| G1.75+1.50 | 2,926 | 203 | 5.7 | 3,078 | 182 | 4.4 | 764 | 53 | 5.1 |
| G1.25+1.0 | 3,379 | 256 | 7.2 | 707 | 43 | 1.0 | 1,842 | 134 | 12.9 |
| c-b to c-b parents | 38,237 | 2,824 | 79.8 | 55,680 | 3,407 | 82.1 | 10,337 | 774 | 75.0 |
| Total | 48,141 | 3,538 | 100 | 68,039 | 4,150 | 100 | 13,968 | 1,031 | 100 |

*N= sample size; Population= weighted sample; % = % on the weighted sample*
*Source: Authors' elaboration on ISTAT LFS*

Since a large share of young people are inactive – that is neither employed nor actively looking for a job – because they are students, we consider being a student

[3] Robustness checks were conducted to ensure that pooling the data from both years does not distort the results.
[4] The f-b from both c-b parents are excluded from the study due to the small size of the group.

as an autonomous condition, different from being inactive, the condition under which students are instead conventionally classified. We define the student by their self-reported condition using the declared main activity status. Table 1 shows our sample by migratory background and labour market condition.

The first step of the analysis is to explore the raw differences in the labour market condition of the groups with different ethnic background. In the second step, we estimate the probability of being student and the probability to be active accounting for composition effects by two logistic regressions. The dependent variables are: a) the likelihood of being a student (1=student; 0=active or inactive), and b) the likelihood of being active (1=active; 0=inactive), excluding students who, as mentioned, represent a very peculiar case of inactivity for young people. The logit models control for age, sex, territorial area (North, Centre, South), civil status, type of family, role in the family. The second logistic regression additionally controls for education (low, medium, high). Unfortunately, data do not allow distinguishing by country of origin, a very relevant factor of heterogeneity also for second generations.

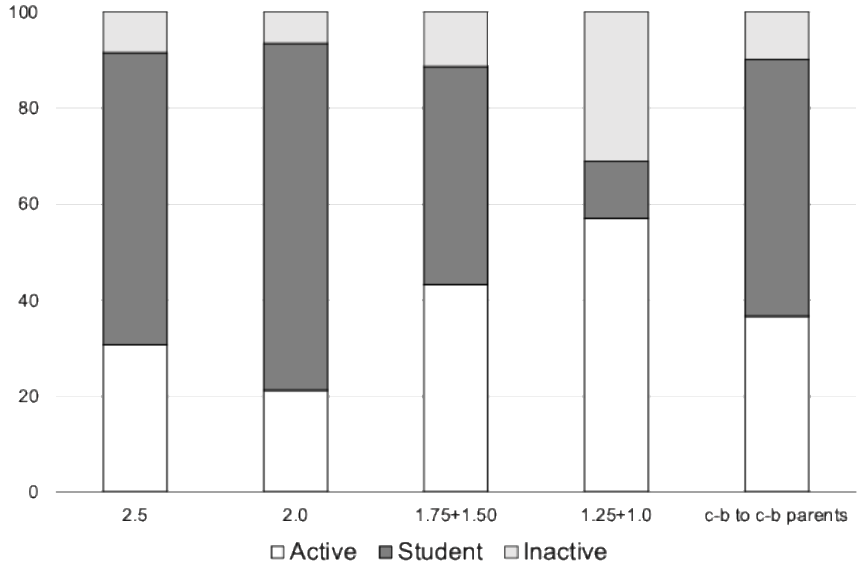
## 4. Results

Figure 1 illustrates the labour market condition by migratory background, showing relevant differences across groups. Notably, G2.5 and G2.0 have the largest proportion of students, at 61% and 72%, respectively, with fewer active (31% and 21%) and a small percentage of inactive individuals (8% and 7%). [G1.75+1.50] and c-b to c-b parents also show a significant but less notable student presence, at 45% and 53%, and a more relevant share of active (43% and 37%) while inactivity rates are relatively low (11% and 10%). In stark contrast, [G1.25+1.0] stand out with the lowest student share (12%), and the highest rates of active (57%) and inactive individuals (31%).

Differences largely stem from the varying age structure of the different groups. The box plot in Figure 2 provides a detailed view of the age distribution within each group, displaying the interquartile range (IQR)[5], median, and outliers. C-b to c-b parents, [G1.75+1.50], and G2.5 have a balanced age distribution, with a median age of around 20. G2.0 shows a narrower IQR and a median age of 18, reflecting a concentration of younger individuals, which aligns with their high proportion of students and low numbers of active or inactive. In contrast, [G1.25+1.0] have a median age of 26, indicating a much older group.

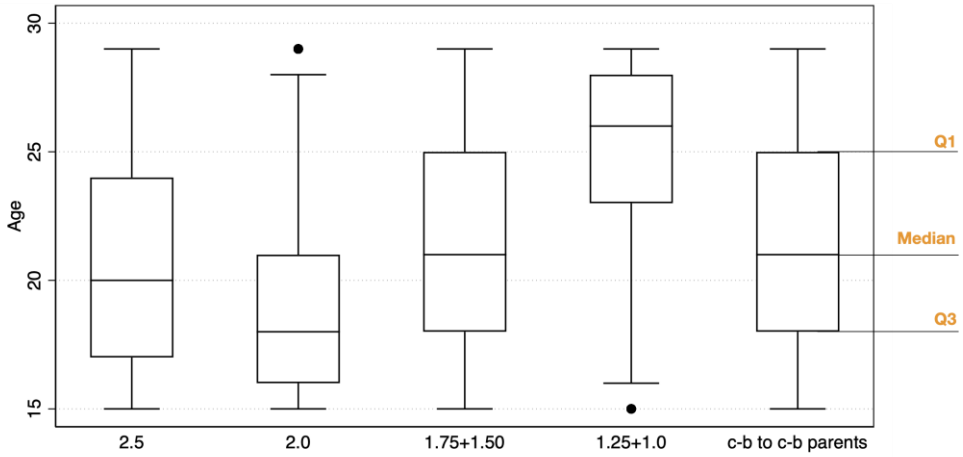
[5] The IQR represents the length of the box: the range between the first quartile (Q1) and the third quartile (Q3). Values outside this range are considered outliers and are plotted as individual points.

**Figure 1 –** *Youth condition by migratory background*.




*Source: Authors' elaboration on ISTAT LFS*

**Figure 2 –** *Age distribution by migratory background*.

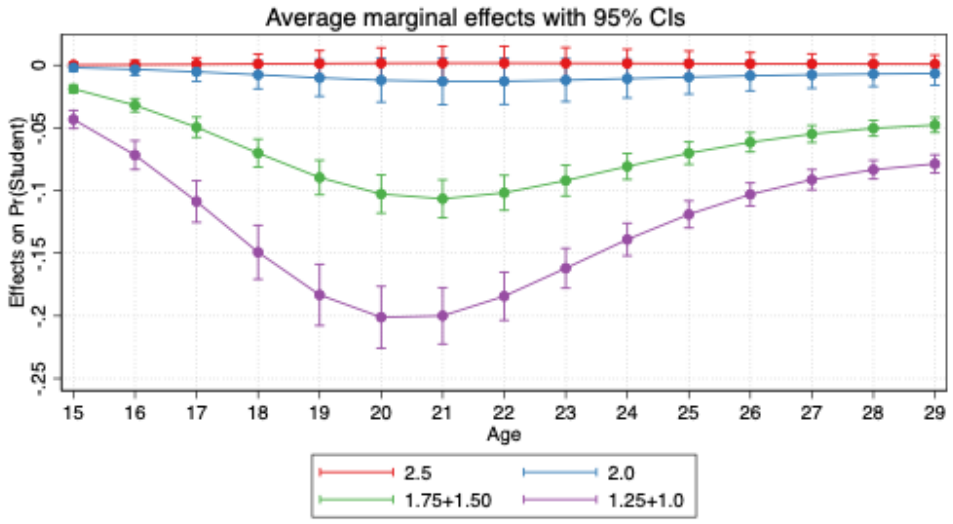



*Source: Authors' elaboration on Istat LFS*

The first logistic model estimates the probability of being a student compared to being in another condition (Figure 3). The average marginal effects (AME) of the migratory background on the probability of being a student across different ages,

with 95% confidence intervals, shows for G2.5 no significant differences from youth with no migratory background, suggesting that their likelihood of being students is similar to that of this group at every age. Looking at Figure 1, G2.0 appears to have a higher probability of being in education compared to all other groups. However, after introducing controls for age and other individual characteristics, the association becomes slightly negative, indicating a lower probability of being in education than youth with no migratory background (Figure 3).
[G1.75+1.50] shows a pattern similar to [G1.25+1.0], with both groups exhibiting lower probabilities of being students relative to youth with no migratory background. The negative gap widens with age, especially after age 17. [G1.25+1.0] shows the steepest decline, particularly between ages 19 and 23, with this group displaying the lowest likelihood of being students across all ages.

**Figure 3 –** *Likelihood of being student: AMEs of migratory background (ref. category: c-b to c-b parents) at different age.*

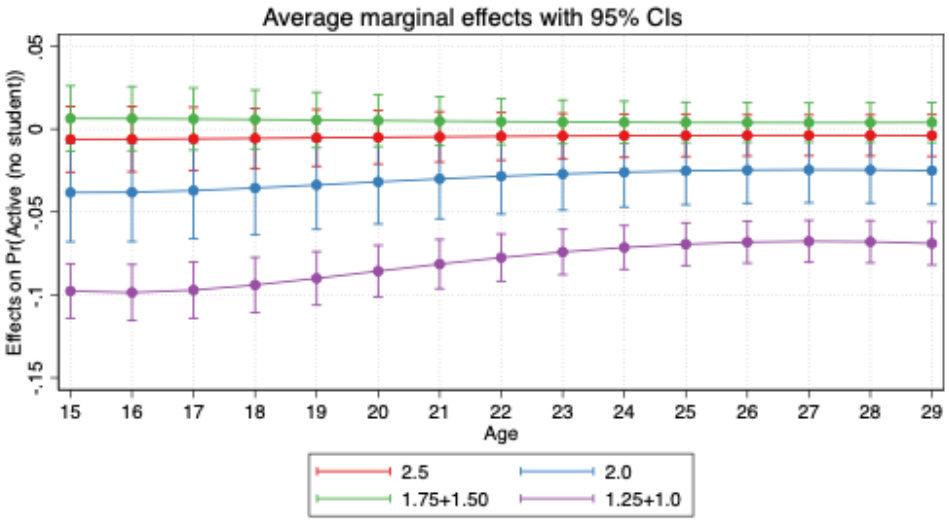



*Notes: Estimates controlled for sex, age, age², territorial area (North, Centre, South), civil status, type of family, role in the family. N=129,965; Pseudo R-sq=0,38; 95% confidence intervals. Source: Authors' elaboration on Istat LFS.*

The second logistic model estimates the probability of being active versus inactive, excluding the student status (figure 4). The AMEs of the migratory background on the probability of being active across different ages, with 95% confidence intervals, show, for G2.5 and [G1.75+1.50] no statistically significant differences from youth with no migratory background in their probabilities of being

active. G2.0 consistently shows slightly lower probabilities of being active compared to youth with no migratory background, though this difference is modest. In contrast, [G1.25+1.0] exhibits a higher level of inactivity, which is not related to student status. This pattern contrasts with the other groups, where inactivity is more likely explained by student status.

**Figure 4 –** *Likelihood of being active: AMEs of migratory background (ref. category: c-b to c-b parents) at different age levels.*




*Notes: The results are reported after controlling for sex, age, age$^2$, education level (low, medium, high), territorial area (North, Centre, South), civil status, type of family, role in the family. N=61,943; Pseudo R-sq=0,13; 95% confidence intervals. Source: Authors' elaboration on ISTAT LFS.*

## 5. Conclusions

This study explores labour market participation of the 15 to 29-year-old population in Italy, distinguishing youth migratory background and focusing of the condition of student, active and inactive (net of students). The analysis builds on the ISTAT LFS data, which allows for the identification of the decimal generations through the information on respondents' and their parents' country of birth.

Following the main research questions, the analysis has shown that once controlling for main individual characteristics, second generations participate to the labour market differently from youth with no migratory background but participation

behaviours are not the same for the different decimal generations. Country-born second generations (G2.0 and G2.5) have a participation profile similar to that of youth with no migratory background, consistently with an assimilation process, while first-generation immigrants [G1.25 + G1.0] are penalised with respect to both the probability of being student and the probability of being active, thus experiencing some ethnic penalty.

In deeper detail, not negligible differences in the composition of the different youth groups by labour market condition emerged. G2.5 and G2.0 have the highest student proportions, while [G1.25+1.0] shows the lowest share of students but has the highest active and inactive rates. [G1.75+1.50] and youth with no migratory background present a more balanced distribution of students and active individuals. The very different age profiles of the groups partially account for the different labour market condition since G2.5, G2.0, and [G1.75+1.50] have much younger age profile, leading to higher student rates, whereas [G1.25+1.0] have an older demographic profile, resulting in higher active and inactive rates.

However, some differences persist even when controlling for main socio-demographic characteristics. Indeed, the study highlights a marked distinction between the second-generations born in Italy (G2.5 and G2.0) and those born abroad [G1.75+1.50]. The former show the same probabilities of being students as youth with no migratory background but, when focusing on the active status (excluding students), G2.0 appear to be the slightly penalised. Conversely, the foreign-born second generations [G1.75+1.50], those who are born abroad but migrated as children, show the lowest probability of being students but the highest probability of being active, taking some relevant distance from the participation behaviour of both youth with no migratory background and the second-generations born in Italy.

These findings, however, have some limitations to be recalled. First, the sample size restricts our chances to account for the specific geographic origins of foreign-born individuals, a relevant dimension of heterogeneity. Furthermore, the socio-economic backgrounds of the youth could significantly affect both educational and labour market choices.

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