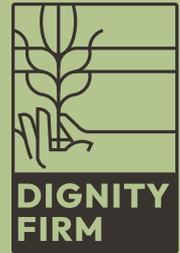




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## **Policy Brief**

# **Employers' preferences for migrant employment and informal employment**

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This project has been funded by the European Union's Horizon 2020 research and innovation programme under grant agreement No 101094652

# Policy Brief

## Employers' preferences for migrant employment and informal employment

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16.03.2026

### Introduction

The F2F sectors in Europe have become increasingly reliant on migrant labour. At the same time, agriculture and other low-paid, low-skilled sectors are characterised by higher levels of informality than the economy as a whole. In DignityFIRM, we aimed to investigate employers' strategies regarding recruitment and hiring, and whether their decisions to employ migrants and to engage in informal employment may be interdependent. To this end, we conducted a survey of more than 1,200 small and medium-sized firms (up to

49 employees) in three F2F sectors: agriculture, food processing, and bars and restaurants. The survey was carried out in spring 2024 in four countries: Italy, the Netherlands, Poland and Spain, and was followed in each country by focus group interviews with sectoral stakeholders from the business community, public administration, trade unions and migrant organisations. In this Policy Brief, we use the available statistics and the original findings of our study to examine the scale of migrant formal and informal employment, as well as employers' motivations underlying their

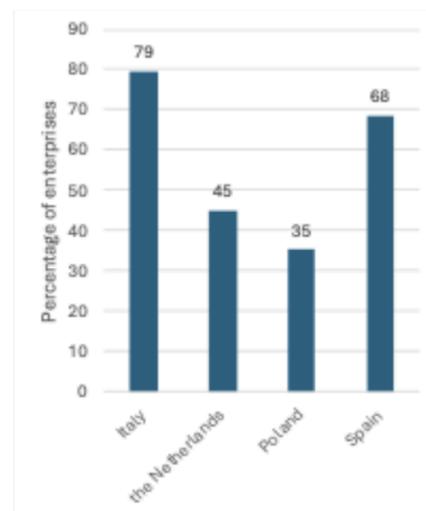
hiring decisions. This policy brief and its recommendations are primarily addressed to the decision-making bodies of the European Union, as well as to national governing bodies.

## Empirical findings on migrant employment and informality in F2F sectors

In Italy, the Netherlands, Poland and Spain, the F2F sectors have become increasingly reliant on migrant labour in everyday functioning. The available labour market statistics and sectoral studies show that migrants account for substantially higher shares of employment in the F2F sectors than in the overall economy. In Italy, foreign workers represent around one fifth of agricultural employment and nearly one fifth of employment in hospitality and tourism. In Spain, migrants account for roughly one quarter of agricultural employment at the national level, but the migrant share in employment is much higher in specific provinces. In hospitality the migrant share in employment is around one quarter to one third. In the Netherlands, migrant labour is concentrated in agriculture and horticulture, where in 2023

approximately 25,000 migrants were employed directly by farmers and a further 110,000 via employment agencies. Poland, although a more recent immigration country, has experienced a rapid expansion of labour migration, particularly from Ukraine, leading to visible segmentation of manual occupations in food-related sectors. The DignityFIRM survey corroborates this macro-social picture at the level of firms. Depending on the country, between 35% (Poland) and 79% (Italy) of surveyed enterprises employed at least one migrant worker in 2024 (Figure 1).

**Figure 1. The percentage of enterprises employing at least one migrant worker (in %)**

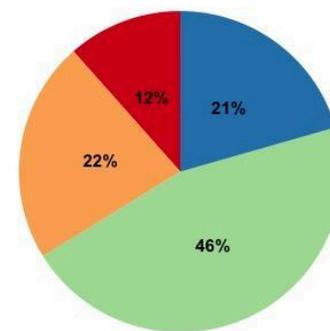


Source: Own elaboration based on DignityFIRM survey conducted in Spring 2025 (N=1,204).

Among firms employing migrants, around a third of firms had migrant employment shares of under 20%, nearly half of the firms had migrant employment shares between 20-49% and for a fifth of the firms migrants actually represented 50% or more of total employment (Figure 2). Migrants are overwhelmingly concentrated in manual occupations. Across the four countries, nine out of ten firms with migrant workers employed them in unskilled manual positions, especially in agriculture and food processing, whereas around half of the firms also employed migrants in skilled manual roles, particularly in catering. Importantly, migrant employment was not limited to casual arrangements. In food processing and catering, the majority of firms employing migrants reported that they were hired on permanent contracts. Full-time employment was also predominant across all sectors, though in catering part-time arrangements were more common, reflecting the sector's irregular demand patterns. In agriculture, seasonal employment dominated, but typically on a full-time basis. Taken together, these findings indicate that migrant labour was integrated into

everyday functioning of enterprises, rather than reduced to temporary addition to the domestic workforce.

**Figure 2. Proportion of migrants among employees in firms employing at least one migrant worker, in % of firms**



Proportion of migrants among employees

- Migrants make up up to 10% or more of employees
- Migrants make up 10-19% of employees
- Migrants make up 20-49% of employees
- Migrants make up 50% or more of employees

Source: DignityFIRM survey.

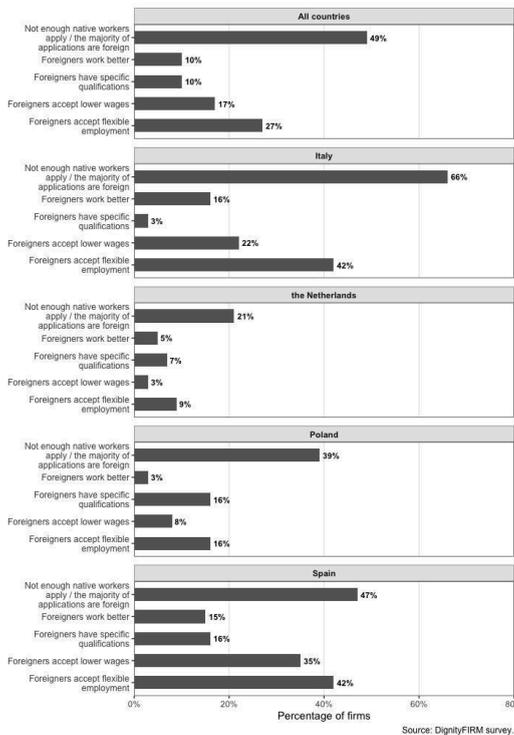
Source: Own elaboration based on DignityFIRM survey conducted in Spring 2025 (N=686 firms employing migrants).

This raises a key question: *Do employers prefer migrant workers over native workers, or do they opt for migrant workers as domestic labour is no longer available for these jobs?* In the survey, we investigated employers' preferences with regard to workers' nationality. In Italy and the Netherlands, the majority of firms stated

that they do not consider whether a candidate is native or foreign when hiring. In Poland and Spain, responses were more evenly split between: a preference for native workers and no preference with regard to workers' nationality. Across all countries, only a very small minority of respondents declared that they primarily look for foreigners. These responses indicate that employers did not systematically prefer migrant workers over native workers, but rather, migrant employment emerged as a response to labour supply constraints. When asked about potential reason of hiring a migrant instead of a native worker, every second firm (49% in all countries altogether) indicated that not enough native workers apply for the job or that the majority of applications comes from migrants (Figure 3). Focus group discussions provided further information on the supply-side constraints. Participants pointed to demographic ageing, population decline in rural areas, and changing aspirations of native workers, who increasingly avoid manual occupations in agriculture and food processing. In Poland, employers described rapid changes in workforce composition, with migrant

shares in manual positions rising considerably within the last few years. Respondents also recalled that during the COVID-19 mobility restrictions, attempts to replace migrant workers with natives were largely unsuccessful. Flexibility requirements of work in the F2F sectors constituted the second key driver of migrant employment. More than 25% of surveyed firms indicated that migrants accept more flexible forms of employment than natives, and this percentage was higher among employers hiring migrants. Focus group participants confirmed that migrants were more willing to accept working overtime, the variability of work hours and temporary contracts. The fact that migrants accept lower wages also played a role, but mostly in Italy and Spain, rather than in the Netherlands and Poland. Participants of the qualitative part of the study indicated that lower wage expectations of migrants operate indirectly, that is, through accepting mixed remuneration arrangements that involve under-declaring of hours and wages.

**Figure 3. Proportions of employers who agree with potential reasons of hiring a migrant instead of a native worker, by country (in %)**



Source: DignityFIRM survey conducted in Spring 2025 (N=1,204).

Beyond deciding whether to hire a native or a migrant worker, employers also choose whether employment complies with labour and migration regulations. Informal employment practices take multiple forms, ranging from fully undeclared work and partial under-reporting of hours or wages to the misuse of seasonal contracts and other irregularities, particularly within agency-mediated employment arrangements. In our survey, we asked

about informal practices in several ways, recognising that respondents may be unwilling to openly report non-compliant behaviours. When asked whether a newly hired worker had ever started work before all required formalities had been fulfilled, 25% of firms with migrant workers and 9% of firms without migrant workers admitted to such non-compliant practices. Direct questions on migrants' health insurance suggested lower levels of irregularity, as the large majority of employers declared that migrant workers were covered by appropriate documents and health insurance, though a non-negligible minority reported partial coverage or uncertainty, indicating potential semi-compliance. Experimental parts of the survey aimed at revealing practices and preferences without exposing particular respondents. The results of experiments pointed to substantially higher levels of informal migrant employment in some countries, particularly in Spain and Poland, suggesting that direct questions may underestimate the true scale of non-compliance. Several factors favour non-compliant employment practices depending on the national and sectoral contexts. Our study evidences that enterprises resorting to informal rather than formal employment

reported the most acute shortages of native labour and view procedural difficulties and costs as significant. Focus group participants in Italy and Spain referred to bureaucratic rigidity and delays in obtaining work permits. In the Netherlands and Poland, employers heavily relied on temporary work agencies that manage documentation. Employment through intermediaries creates complex chains of responsibility, which may obscure non-compliant practices. In some contexts, like Poland, migrants who engage in circular mobility prefer under-reporting incomes in order to maximise earnings over short periods. Labour inspections deter firms from non-compliant practices, although our survey provides only indirect evidence for this: in 2024, informal employment of natives or migrants was lower in firms that had undergone a labour inspection in 2022–2024 than in firms that had not been inspected, but this result is not statistically significant.

Taken together, the evidence indicates that employers' preference for migrant labour in food-related sectors should not be reduced to cost minimisation, but stems from a combination of structural labour shortages and flexibility requirements. Migrant employment is not primarily driven by an

explicit employers' preference for foreigners, nor migrants' readiness to work for lower wages. Employers prefer formal employment, both in relation to native and migrant workers, as evidenced even by experimental survey questions designed to capture hidden attitudes and practices. Non-compliant practices take place in highly differentiated situations, often in contexts characterised by labour shortages, high costs of documents allowing migrants to work compliantly, bureaucratic rigidity, and reliance on intermediaries.

### **Future scenario of sector reliance on migrants**

Migrant employment reflects a transformation of the F2f sectors that has been ongoing for several decades and is further exacerbated by broader dynamics of economic restructuring and increasing global competition in food production. The structural drivers of migrant employment in the F2F sectors will intensify due to population decline and ageing, especially in rural areas, and the reluctance of native workers to take physically demanding jobs, often with irregular hours. The responsiveness of the local population to temporary and casual work offers will

remain limited, as demonstrated by the COVID-19 pandemic, when even under conditions of a severe labour supply shock, employers in F2F sectors were unable to replace migrant workers with domestic ones. Mechanization can reduce reliance on migrant labour, but it cannot fully replace it in all types of production and service provision, and it requires substantial investment inputs.

At the same time, labour market segmentation, whereby some segments become dominated by migrant workers, unfolds unevenly across the studied countries. The case of Poland illustrates how quickly segmentation can occur. The country, where economic growth and wage levels lag behind those of EU members without the communist legacy, has experienced large-scale labour immigration, predominantly from Ukraine, within a relatively short period. A focus group participant referred to a food-processing company in which the share of migrant workers in manual positions reportedly rose from around 10% to 80% within four years, despite a considerable increase in wages offered that could have induced more native workers to seek employment there. Respondents linked this shift to population ageing, changing

aspirations of native workers away from manual jobs, and post-pandemic wage dynamics, reinforced by raising wage expectations among nationals. The experience of European countries that introduced guest worker programs as early as in the 1960s and 1970s clearly demonstrates that over time, migrants, like native workers, strive to move to sectors and professions that are better paid and less physically demanding. The F2F sectors are thus constantly required to recruit new workers from abroad. Mechanization can provide an alternative response to labour shortages and reduce the drudgery of work. Our study showed that every third enterprise introduced technological innovations enabling work automation in 2022–2024, with labour shortages identified as the main driver. This is a notable finding given that our survey covered only small firms (up to 49 employees), which typically have more limited investment capacity than larger ones. However, while mechanization is widely used in some types of production, such as food processing, its application is limited in other food-related activities, such as fruit picking and meal serving. The risk of workplace accidents associated with the introduction of mechanization is also non-negligible.

## Policy recommendations

### **Establish transparent governance for seasonal migration**

Seasonal migration into the F2F sectors should be framed by transparent rules that protect workers' rights. The structural reliance on migrant workforce means that seasonal inflows require dedicated governance and law enforcement, with transparent and flexible recruitment channels, contracts and rights that include the access to social protection and effective procedures in case of abuse. Unregulated or too rigid recruitment creates risks for migrant workers, whose bargaining power is always lower than that of employers and work intermediaries. To reduce vulnerability, migrant workers should be able to know employment conditions in advance: pay, working time, housing and health and safety, and have realistic means to enforce these standards. Mechanization can decrease the reliance on seasonal work, but should be introduced in accordance with safety rules.

### **Make legal recruitment simple and accessible for employers**

Legal recruitment should be the easiest option for employers. Our study shows that employers generally prefer compliant labour relations, not only with native workers but also with migrants. From an employer perspective, informality is rarely a first-choice strategy but often a response to complex, costly, or slow administrative procedures. This creates a need for recruitment procedures that are predictable, simple and accessible, allowing employers to recruit workers abroad in a timely and lawful manner. Recruitment channels should therefore be transparent, flexible, and associated with affordable documentation costs. When procedures are transparent and predictable, compliant employment becomes more likely in practice.

### **Strengthen labour inspections**

Labour inspections play a key role in enforcing compliant employment practices. It is the probability of labour controls, rather than the severity of sanctions alone, that most strongly incentivises employers to comply with labour and migration regulations. The authority of labour

inspectorates should be therefore expanded and harmonised across European countries, promoting instruments and solutions that further incentivise employers to formal employment relations.

### **Distribute the costs of decent migrant work across society**

The costs of decent migrant work should be shared by society as a whole. Decent employment conditions for migrants are rooted in law and shared social values; however, they are also a pragmatic condition for sustaining production and the daily functioning of the F2F firms. Poor conditions generate instability, high

turnover of workers and the need of recruiting and training ever-new workers, thus reinforcing labour market segmentation. Employers, often under pressure from retail chain partners, tend to shift the costs of responsible employment on employees themselves, especially migrants whose trade union representation is poor. But if compliance and decent standards raise production costs, these costs cannot be borne by workers alone. They should be recognised as part of the real cost of food production and food services, with price adjustments passed on to consumers. Certification and labelling practices can make decent employment visible and recognisable to consumers, thereby supporting firms that comply with work requirements.

## Deliverable information

Schedule Information	
<b>Title</b>	<b>Employers' preferences for migrant employment and informal employment</b>
<b>Work Package, Task and Deliverable</b>	WP6, Task 6.5, D6.5 (DignityFIRM Policy Brief series)
<b>Publication date</b>	17.03.2026
<b>Doi reference</b>	10.5281/zenodo.19071278
<b>Authors</b>	Agnieszka Fihel, Katarzyna Rakowska, Paweł Kaczmarczyk
<b>Dissemination level</b>	PU
<b>Deliverable type</b>	Policy Brief

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### **About DignityFIRM**

Towards becoming sustainable and resilient societies we must address the structural contradictions between our societies' exclusion of migrant workers and their substantive role in producing our food.

**[www.dignityfirm.eu](http://www.dignityfirm.eu)**



This project has been funded by the European Union's Horizon 2020 research and innovation programme under grant agreement No 101094652