Measuring poverty and employment using EU-SILC: Differences between register and survey data

Poverty is one of the core topics of EU-SILC. The data cover a large number of European countries and offer income information at a rather detailed level. Furthermore, EU-SILC includes broad information on employment. This is important since the distinction between working and non-working poor is a crucial one. However, while income information is based on register data in many countries, surveys are used to gather employment information. This paper focuses on the problems which arise from the combination of register and survey data.

Based on an analysis of all EU-SILC countries the paper shows that income does not always differ in an expected manner according to employment status. For instance, in some countries there is a relevant share of non-working persons who have relevant earnings. At the same time there are full-time workers who have earnings which are implausibly low. Such patterns are found more often in countries where register and survey data is combined. The income and employment data in countries which fully rely on surveys appear to be more consistent. This does certainly not imply that income and poverty data based on survey data are more accurate.

But it alludes to the fact that differences in poverty rates – in particular in rates which distinguish between non-working and working poor – are partly driven by different data collection approaches within EU-SILC countries. Therefore, the paper proposes different approaches to distinguish non-working and working poor (based on earned income, employment during the year before the survey and employment at the month of the interview) and shows how the results based on these different approaches differ.