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Abstract

Individual and familiar in-work poverty in comparative perspective

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Looking at the literature, working poor is an ambiguous term referring to two different definitions. First it refers only to the individual dimension and identifies workers with low-wage. Secondly, the definition considers the working poor as those who live in a poor households. This second definition is adopted by the European research institutes, while the first one is used mainly in the economics studies (Lucifora 1997; Cappellari 2000; Cappellari e Jenkins 2002; Lucifora et al. 2005) on the structure of the labor market and wages (Rosolia et al. 2001; Brandolini et al. 2011).

The two definitions identify analytically distinct phenomena while clearly interrelated (Peña-Casas e Latra 2004; André e Lohmann 2008; Maître et al. 2012): studies on low-paid work focus on the composition of income and generative mechanisms of poverty, defining situations of risk of being part of poor households. In this regard, in this paper we consider the operationalization of the two definition.

According to the individual definition a worker is poor if earns an annual income less than 60% of the median annual income of all workers (Lucifora 1997 e 2005; Marx e Verbist 1998). The individual annual income ($W_a$) is a function of the hourly wage ($S$), the hours worked in a month ($H_m$), and the months worked ($M$). There are, therefore, three possible conditions of risk associated with the probability of being working poor: a) low wage; b) part-time; c) discontinuity (i.e. disrupted periods of work during the year).

According to the familiar definition we can define as working poor who lives in a household with a total household income less than 60% of the median income (Eurostat 2005, 2010; CIES 2010). The family annual income ($Y_f$) is the sum of the individual labor income ($W_a$) and other income (equivalent as divided by the number of adults and children). There are at least two possible conditions of risk associated to the probability of being working poor: a) low work income; b) number of dependent components.

The aim of the paper is to investigate the phenomenon dimension in different European countries according to the two definitions. For this purpose we use a typology generated by crossing the definitions of working poverty on the individual and family levels. A further research question concerns the conditions that most affect the risk of in-work poverty of individuals and families in different countries. In particular, we suggest the existence of between-countries differences in the role played respectively by low-wage, part-time, discontinuity and low labor income and family structure.

The first analytical phase will be mainly descriptive and will be based on Eu-Sile data (European Statistics on Income and Living Conditions) of all waves from 2005 to 2010 for 15 European countries.

We will be able to consider the changes in the incidence of working poor and risk conditions in the six years between 2005 and 2010, also considering if the current economic and financial crisis has affected the dimension of the working poor population. This is would be especially relevant because if the crisis would had contributed to make work no longer sufficient - although necessary – in protecting from poverty, that would shown that the phenomenon has a structural nature. Therefore, two scenarios are realistic because of the changed contextual. First, workers would acquire a condition of greater protection against poverty - even if in
relative terms - compared to the rest of the population. On the contrary, as there are evidence for a worsening of employment ability to protect form poverty in itself is not enough, but the individual conditions of work (full employment, adequate income) and the household's (presence of minor children, dual earner) become even more relevant. In addition, the economic and financial crisis could have lead to a new configuration of the poverty risk profile, bringing out to greater convergence or rather a discrepancy between the individual and the family situation.