

People living in workless households: who are they and why are they workless?

Karel van den Bosch

Herman Deleeck Centre for Social Policy, University of Antwerp

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In many EU countries, there is a stark contrast in the At-Risk-Of-Poverty (AROP) rates within the population at active age between workless households, and those with at least some paid work. Among workless households, AROP rates generally exceed 50%. Given the EU headline target for 2030 to reduce poverty and social exclusion, as put forward in the European Pillar of Social Rights Action Plan of 4 March 2021, it seems important to obtain more insight about workless households.

Following Gregg and Wadsworth (2008; 2010) there has been important research into the reasons for the prevalence of workless households, focusing on the phenomenon of polarization. However, relatively little is known about the characteristics of these households and the persons living in them, and why they are workless. Studies for Belgium have shown (unsurprisingly) that singles are greatly overrepresented among workless households. Somewhat more interestingly, persons in workless households are much more likely than others at active age to have less formal education, to have been born outside the EU, and to have health problems (chronic illness and/or being limited in activities due to health problems). It is of course well known that these variables are important determinants for being without work on the individual level, but the contrasts are sharper for living in a workless household. This implies that household formation also plays a role: people with the characteristics mentioned are more likely than others to be single, or to pair with another person with a similar profile. Health problems play a particularly important role, as these make it both more likely that people have no work and that they are single. Furthermore, results indicate that between 2003 and 2018 there has been a shift in the income sources of workless households in Belgium: fewer and lower social insurance benefits (unemployment, invalidity, early pensions), and more reliance on social assistance. This shift has aggravated their risk of poverty.

These patterns might be peculiar to Belgium, and could be related to its low labour market participation among people aged 55 to 64 years, its strong employment gradient by immigration status, and its striking regional disparities. The study will investigate whether workless households in other well-established welfare states, viz. Austria, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Sweden and the UK, reveal similar patterns. The EU-SILC data for the years 2004 – 2019 will be used, so excluding the years when results are likely to be affected by the Covid-epidemic. The epidemic put many people temporarily out of work, possibly resulting in workless households that are more numerous, but less distinct from other households. The analysis will be mostly descriptive, supplemented by logistic regressions.

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