Poverty regimes and in-work poverty: a European comparative analysis

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Overview

1. Scope, aim, methods

2. Theoretical framework and variables

3. First empirical results

1a. Scope

Why is important to analyse and (try to) explain in-work poverty (IWP) nowadays
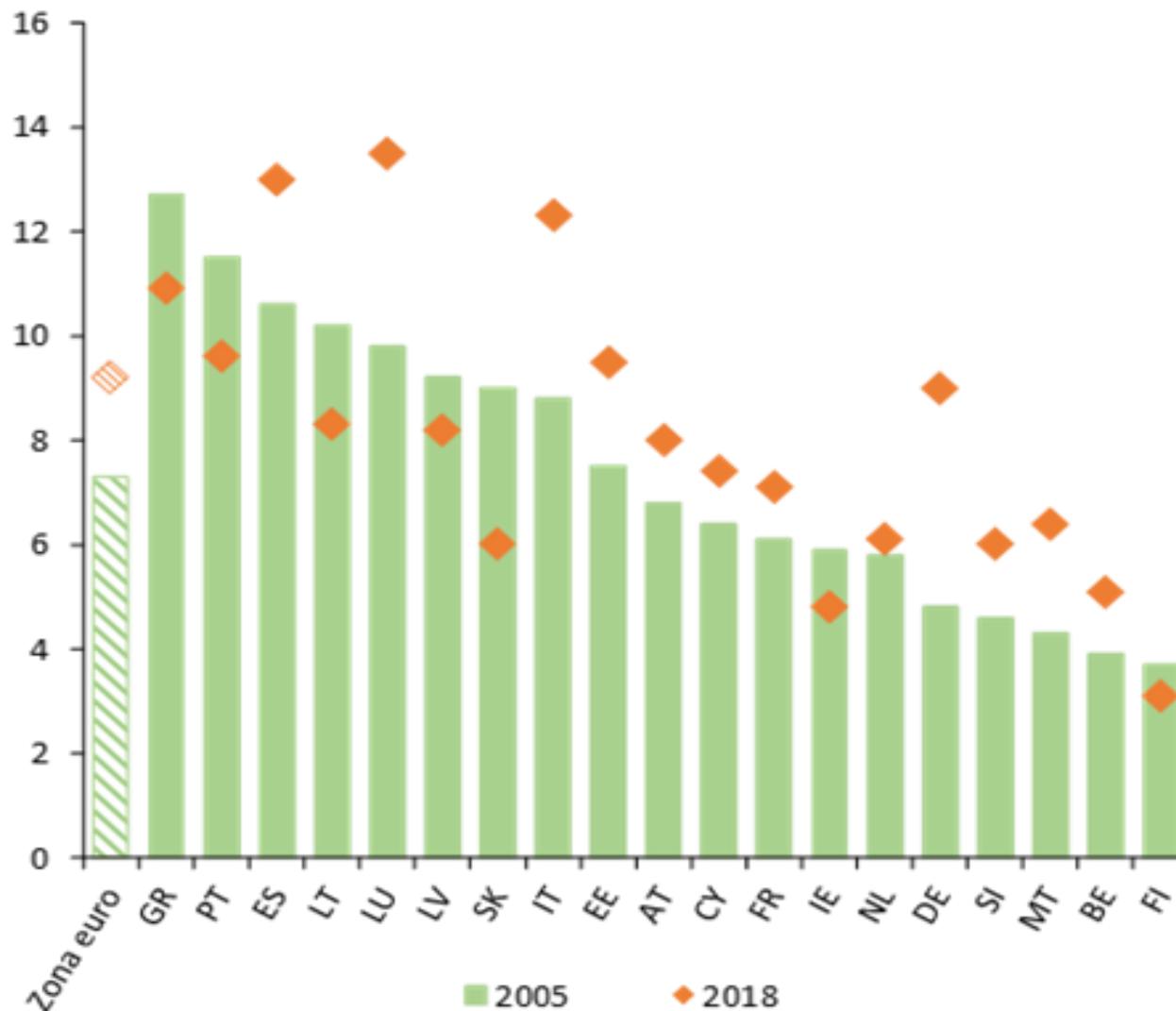
1b. Scope

- IWP (Eurostat): In-work at-risk-of-poverty rate refers to the percentage of persons in the total population who declared to be at work (7 months) and live in a households that are at-risk-of-poverty (i.e. with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income, after social transfers).

- difference with the concept of "working poor" and "low-pay worker"

- IWP definition and indicator show a strong connection between individual and household dimensions, between income and work dimensions. Centrality of regulative mechanisms

1c. Aim, methods

- To explain IWP there is a need of an analytical framework that considers poverty as the outcome of regulative mechanisms [and cultural processes] (Paugam 2005)

- Aim: testing the capacity of the poverty regimes approach to describe transitions around IWP

- RQ: is the poverty regimes theoretical framework useful to explain IWP transitions in Europe?

- Methods: multivariate analysis (probit models) on EU-SILC data (19 countries, longitudinal wave 2018-19). Focusing on institutional (macro) and household (micro) factors.

The concept of **poverty regime** (Saraceno et al. 2020, 2022) is based on the the concepts of modes of regulation and regulative institutions developed by K. Polanyi (1944).

Social regulation of societies is assured by specific institutions (family/parenthood/community; political power; production/exchange of goods and services). Institutions vary in time and space.

Poverty emerges from these processes of social regulation, which vary in form and extension according to characteristics and combination of regulative institutions

According to Saraceno et al. (2020, 2022) a **poverty regime** derives from a *specific combination of labour market conditions, balance between public and private (family) responsibility in buffering against social risks, gender division of labour within families and within society, and social norms and cultural values.*

The incidence of poverty, its composition and how it is experienced depend on the peculiar combination and interaction of these factors in a given context and in a given historical period.

Poverty regime: the interacting factors

Family
Household composition
Gender division of labour
Age on exiting the parental
household
Degree of expected solidarity

Labour market
Varieties of capitalism
General employment rate
Women's employment rate
Youth unemployment rate
Trade union power
Wage adequacy
Employment security
Life long learning

**Poverty
characteristics**

**Role of workers' and grassroots
associations, charities, eg:**
Economic and legal assistance
Food and shelter assistance
Counselling

Welfare state
Patterns of income support
Degree of decommodification and
defamilialisation
Universalism vs categorialism
Intracountry homogeneity vs
regional differentiation

The regimes of poverty in Europe
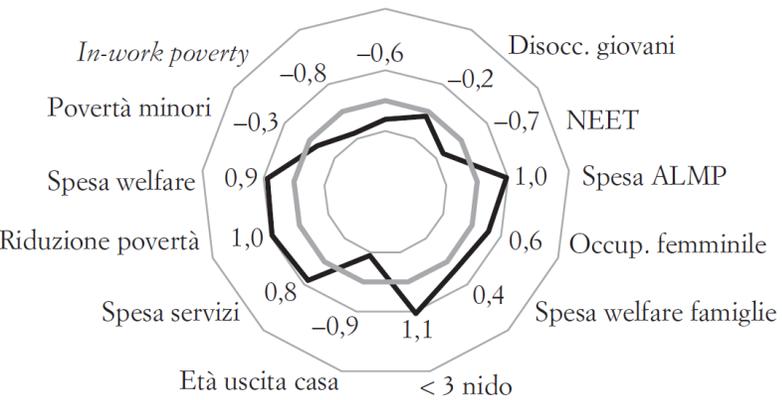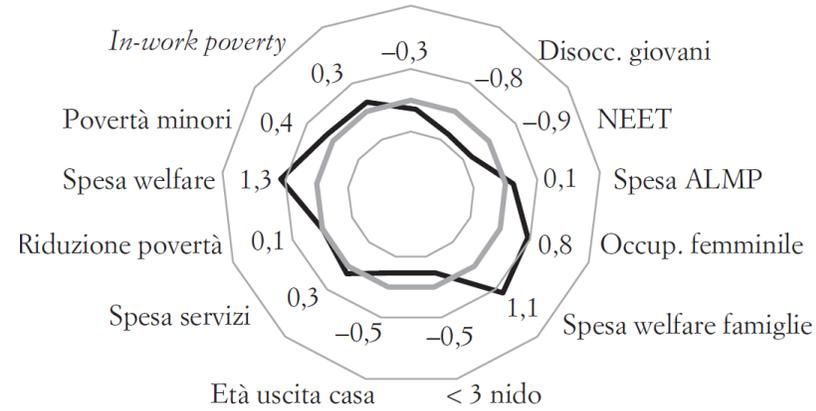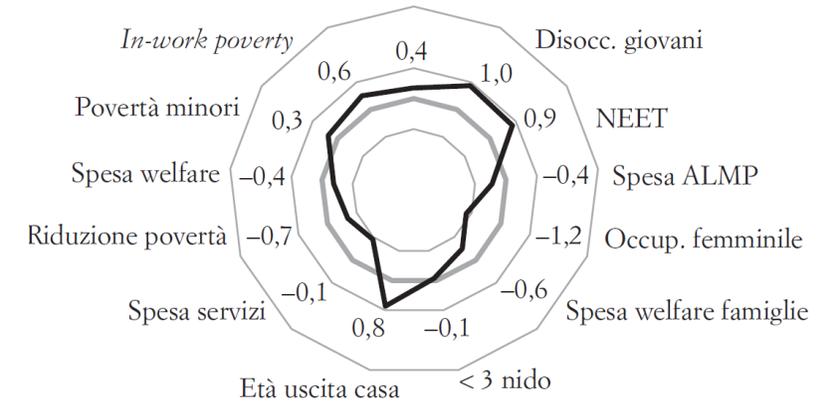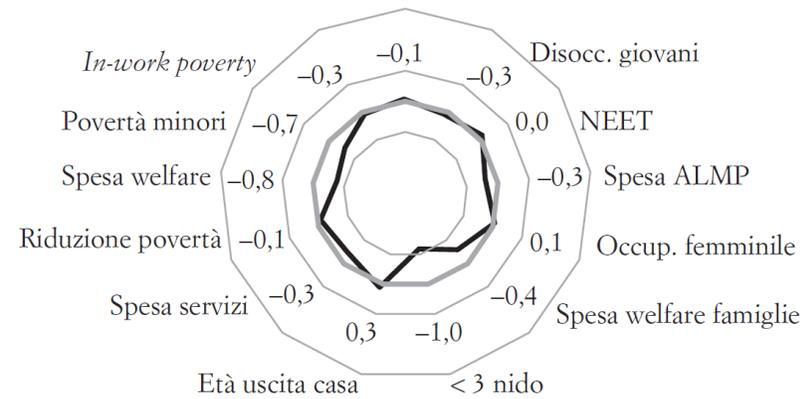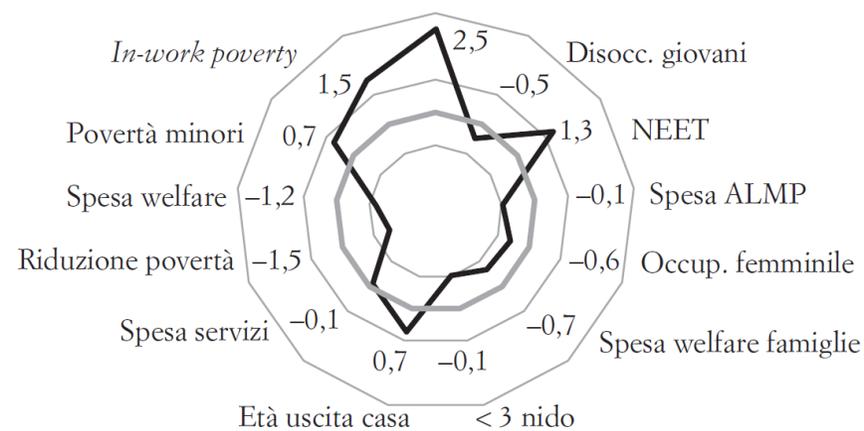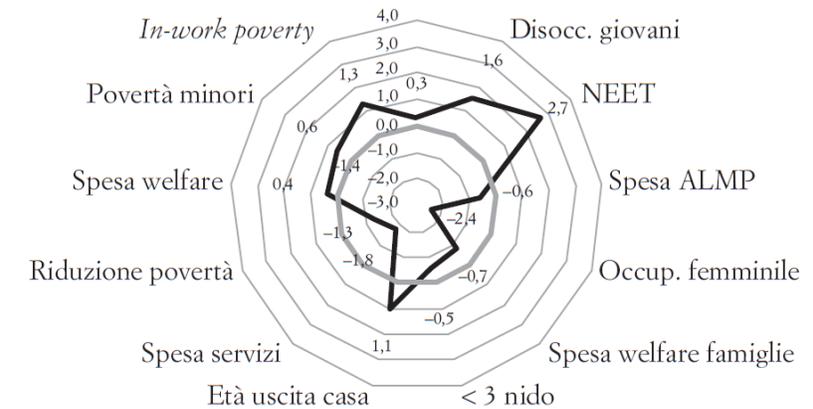
From macro to micro: first empirical results

Empirical strategy:

- identification and management of data: EU-Silc longitudinal wave 2018-2019 (pre-pandemic crisis)

- identification of households' characteristics (and relative variation between t0 and t1) influencing transition around IWP

- identification of 11 macro indicators (3 household dimension; 3 labour market dimension; 3 welfare state dimension; 2 structural poverty dimension)

- Empirical analysis: sets of probit models, probability of transit in/out IWP or remain in IWP status across t0-t1;

- assessing poverty regimes' internal coherency

From macro to micro: first empirical results

Empirical strategy:

$$IWP\_transition_i = \beta X_i + \gamma Z_i + \varepsilon_i,$$

IWP: three dummy variables identifying the three transition: in, out, stable
X is a vector of exogenous covariates at household level
Z is a vector of additional covariates at country level

Dependent variables descriptive statistics

Poverty regimes	*% of households that between 18-19 (17-18):*		
	enter in IWP	remain in IWP	exit from IWP
Nordic-Continental	3.36	3.16	3.06
Germanic	4.43	3.56	4.74
Mediterranean	5.53	7.28	6.05
Eastern	4.46	3.87	4.24
Deprived eastern	4.31	11.03	3.77
All sample	4.51	5.06	4.60

Population selection: HH in which the youngest, minor excluded, is aged below 65 years and not composed by only retired

Logit model on probability of transition around IWP status at household level

Population selection: HH in which the youngest, minor excluded, is aged below 64 and not composed by only retired

		Transition in IWP	Stable in IWP	Transition out IWP
household size		0.15***	0.32***	0.15***
Average age of active HH members (over 18)		-0.01***	0.01***	-0.01***
Highest educational level in HH (Upper sec. educ. ref. cat.)	Primary or less educ.	0.13***	0.29***	0.06***
	Lower sec. educ.	0.32***	0.28***	0.14***
	Bachelor or more	-0.51***	-0.89***	-0.39***
Household type (HH without minors ref. cat.)	Single Person	0.68***	0.54***	0.42***
	Two Adults	0.11***	-0.02***	0.22***
	Single Parent HH	0.97***	1.59***	0.66***
	HH with 1-2 minors	0.47***	0.58***	0.31***
	HH with >2 minors	0.49***	0.93***	0.55***
18-19 variation in HH type (stable ref. cat.)	reduction involving child/minor	0.21***	-0.14***	-0.04***
	reduction not involving child/minor	0.44***	-0.03***	0.39***
	enlargement not involving child/minor	0.21***	0.65***	0.72***
	enlargement involving child/minor	0.14***	0.12***	0.12***
Tenure Status (Outright owner ref. cat.)	Owner with mortgage	-0.37***	-0.53***	-0.21***
	Rented house	0.36***	0.57***	0.50***
	Subsidized rent	0.24***	0.33***	0.63***
	Free accommodation	0.16***	0.60***	0.40***
Variation in tenure status (no ref. cat.)		0.20***	0.15***	0.06***
Mortgage between 18-19 (no ref. cat.)		0.04***	-0.61***	0.03***
Months worked by female members over poled HH potential months of work		0.19***	-0.28***	-0.28***
Variation in female months worked (stable ref. cat.)	reduction	0.55***	-0.15***	0.76***
	increase	0.52***	-0.39***	0.63***
HH members with 3 or more months in unemployment (0 ref. cat.)	1	0.18***	0.05***	-0.02***
	2	0.31***	-0.02***	0.36***
	3 or more	0.72***	-0.65***	0.27***
Variation of unemployed members (stable ref. cat.)	reduction	-0.29***	0.09***	0.44***
	increase	1.05***	0.04***	0.07***
household dependency ratio		-0.05***	-0.47***	-0.13***
variation in household dependency ratio (stable ref. cat.)	reduction	0.22***	-0.03***	0.34***
	increase	0.08***	0.24***	0.29***
number of disable members (0 ref. cat.)	1	-0.51***	-0.55***	-0.69***
	2 or more	-1.21***	-2.44***	-0.30***
variaton in disable members (stable ref. cat.)	reductrion	-0.08***	-0.28***	0.74***
	increase	0.44***	0.33***	-0.21***
Poverty regime (Mediterranean ref. cat.)	Nordic-Continental	-0.39***	-0.69***	-0.62***
	Germanic	-0.05***	-0.54***	-0.16***
	eastern	-0.12***	-0.64***	-0.25***
	deprived eastern	-0.14***	0.36***	-0.21***
Constant		-3.43***	-3.90***	-3.43***
Observations		89523	89523	89523

Predicted probabilities of transition around IWP per country
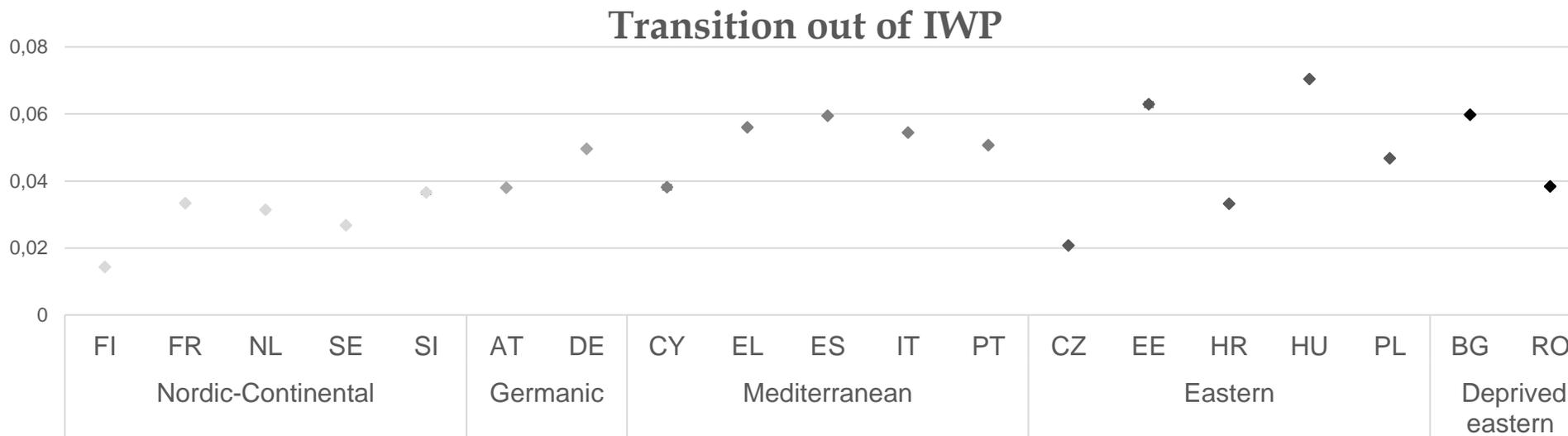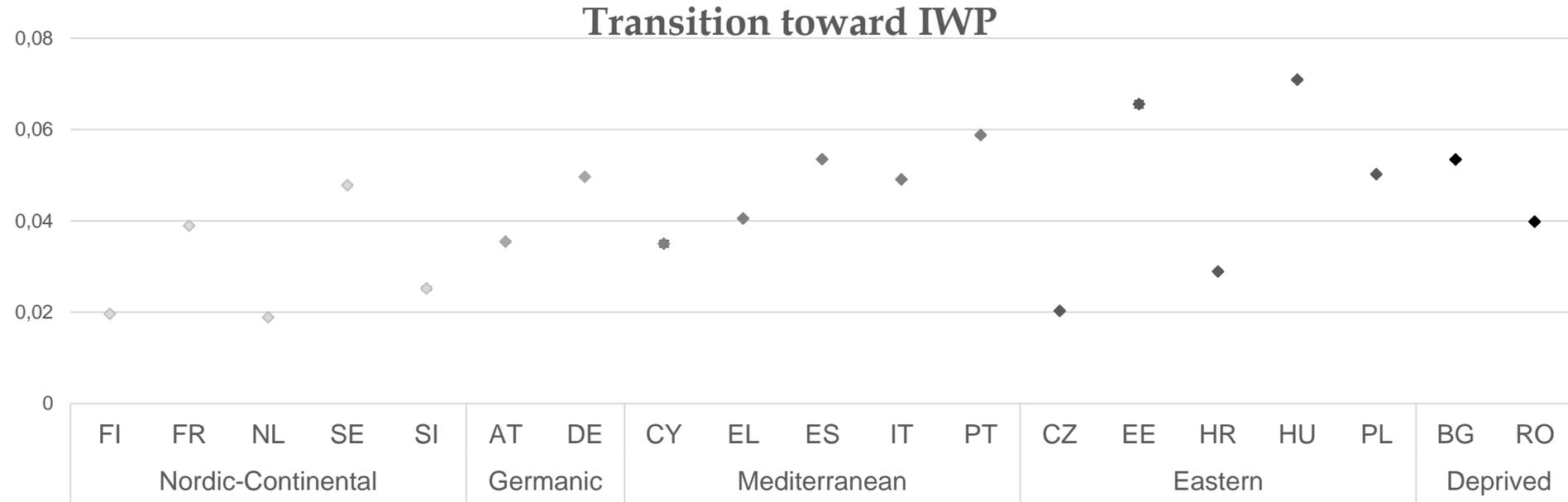
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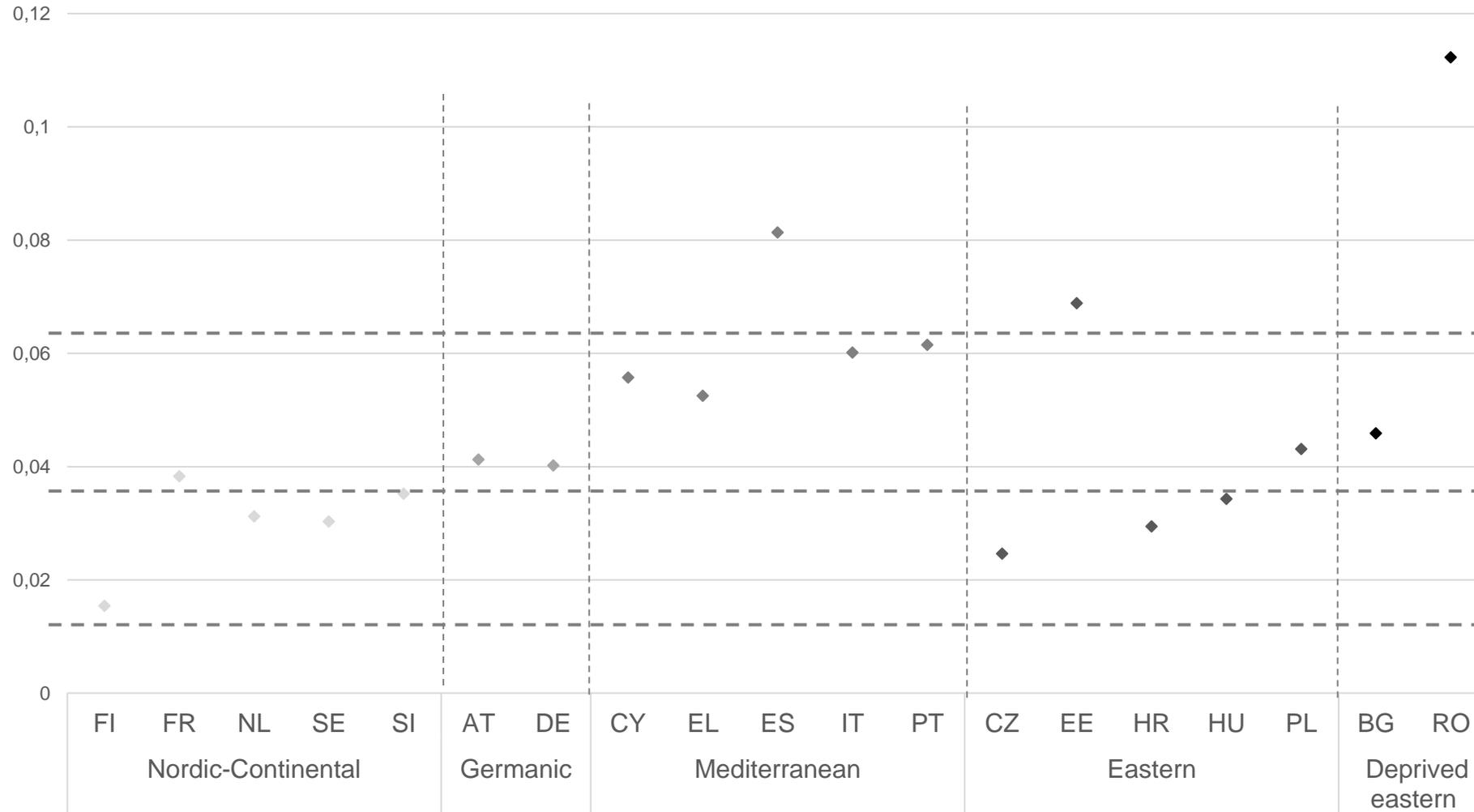
Stable in IWP

Including macro indicator:
# Logit model on probability of transition around IWP status at household level

		Transition in IWP	Stable in IWP	Transition out IWP
Poverty regime (Mediterranean ref. cat.)	Nordic-Continental	-0.73***	-0.33***	-1.10***
	Germanic	-0.39***	-0.08***	-0.58***
	eastern	-1.37***	-1.21***	-1.01***
	deprived eastern	-0.91***	0.43***	-0.98***
Family dimension:	Family dimension: Formal coverage child care 0-3 yrs	-0.01***	-0.00***	-0.01***
Family dimension:	welfare expenditure in family policy, per capita (pps)	0.00***	-0.00***	0.00***
Family dimension:	Female employment rate	-0.03***	-0.06***	-0.02***
Labur market dimension:	Employment rate variation 2017-18	-0.56***	-0.36***	-0.27***
Labur market dimension:	% of firms with 10 to 249 workers on total firms	4.01***	3.29***	-0.11
Labur market dimension:	% of low wage employment on total empoyment	0.01***	-0.00***	0.03***
Welafare dimension:	ALMP expenditure per capita on jobseekers (pps)	0.00***	0.00***	0.00***
Welafare dimension:	Total welfare expenditure per capita pps	-0.00***	-0.00***	-0.00***
Welafare dimension:	Poverty reduction before and after social trasnfer, pension excluded	0.04***	0.00***	0.03***
Structural poverty dimension :	AROP of population aged less than 18 years	0.01***	-0.02***	0.02***
Structural poverty dimension :	% population in severe material deprivation	-0.05***	-0.10***	0.00***
Constant		0.58***	2.72***	-2.45***
Observation		89523	89523	89523

Households and households variation coefficients remain stable

Population selection: HH in which the youngest, minor excluded, is aged below 64 years and not composed by only retired. Data: Longitudinal 18-19 Eusilc (weight used).

Predicted probabilities of transition around IWP per country

Transition toward IWP
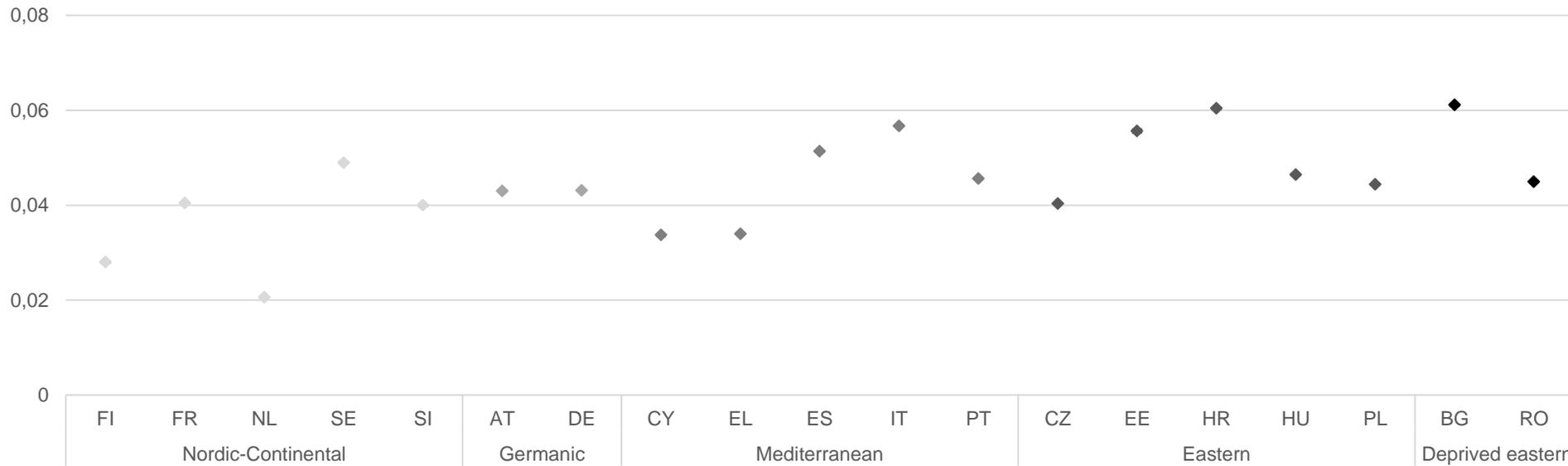
Transition out of IWP
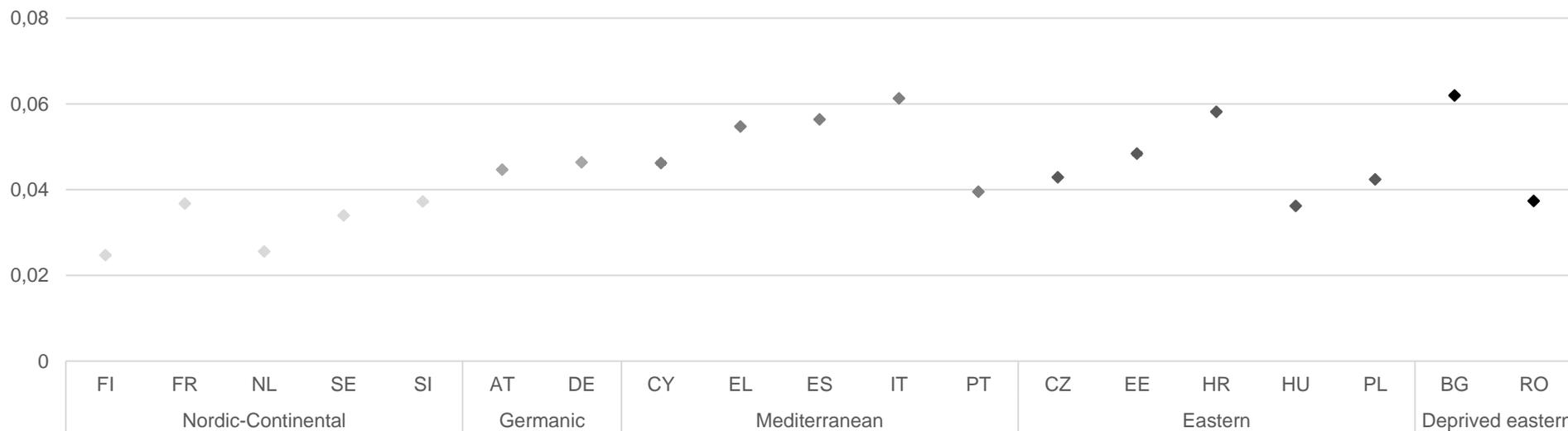
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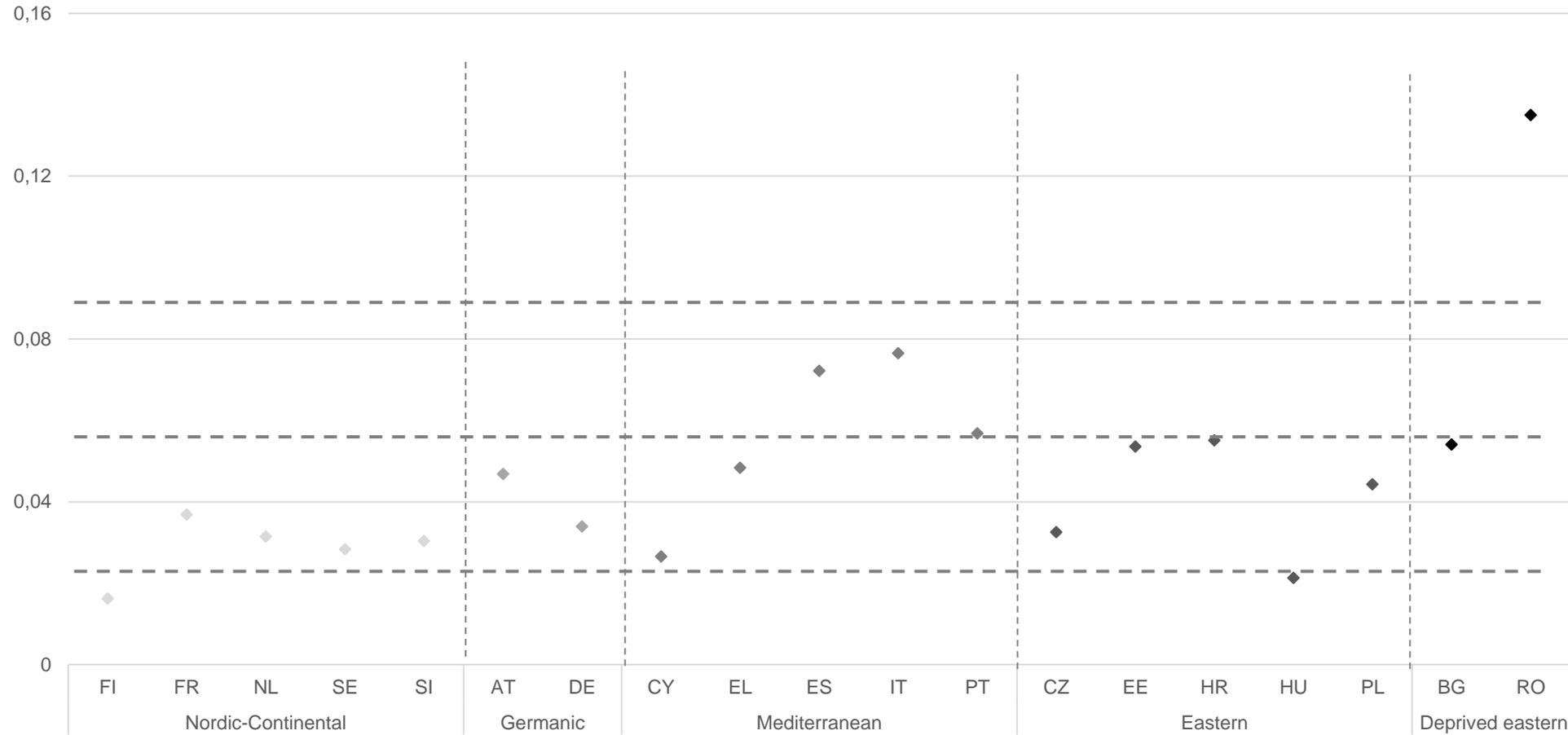
First consideration and next step

- Sss
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Next steps

- ***Interaction household#institutional dimensions:***

  focusing on limited set of country to disentangle the mechanism of interaction between individual/households-institutional characteristics

- ***Regional macro data:***

  Building macro indicators at the territorial level (NUTS 2) to better account for countries' internal heterogeneity and understand how household-institutional mechanisms vary within countries.

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	increase	0.44***	0.33***	-0.21***
Poverty regime (Nordic Continental ref. cat.)	Germanic	0.34***	0.46***	0.15***
	Mediterranean	0.39***	0.62***	0.69***
	Eastern	0.27***	0.37***	0.05***
	Deprived eastern	0.25***	0.41***	1.05***
Constant		-3.43***	-3.90***	-3.43***
Observations		89523	89523	89523

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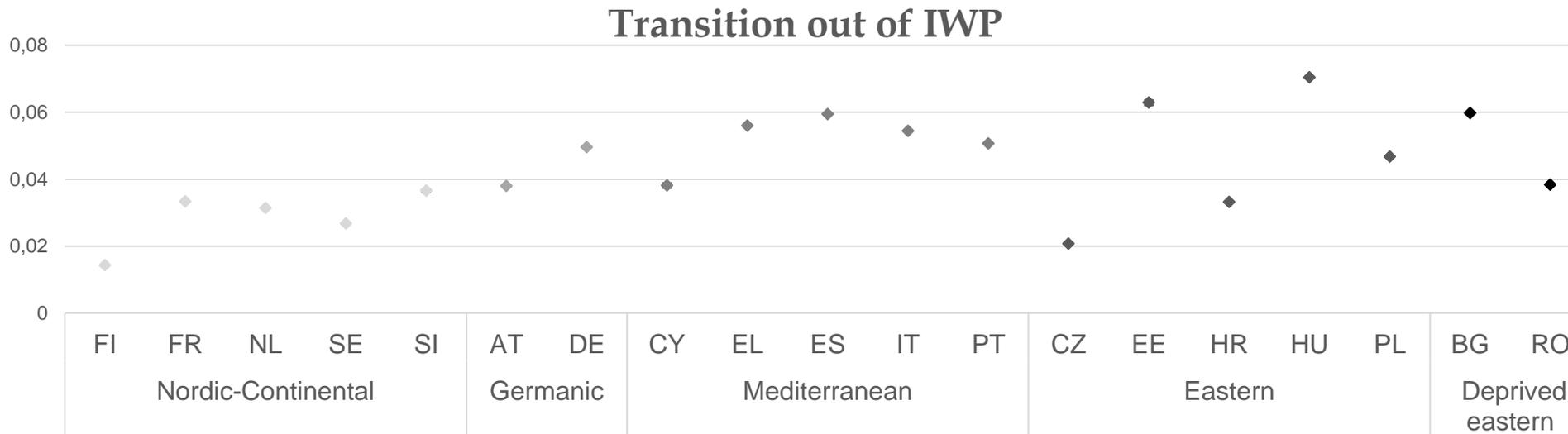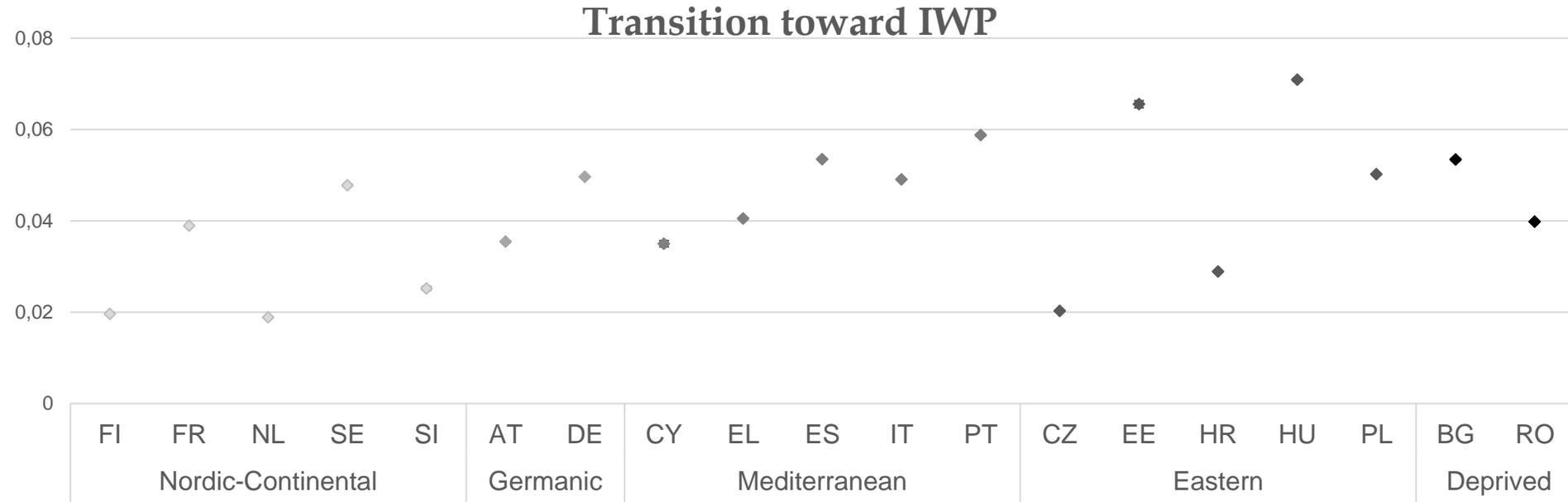
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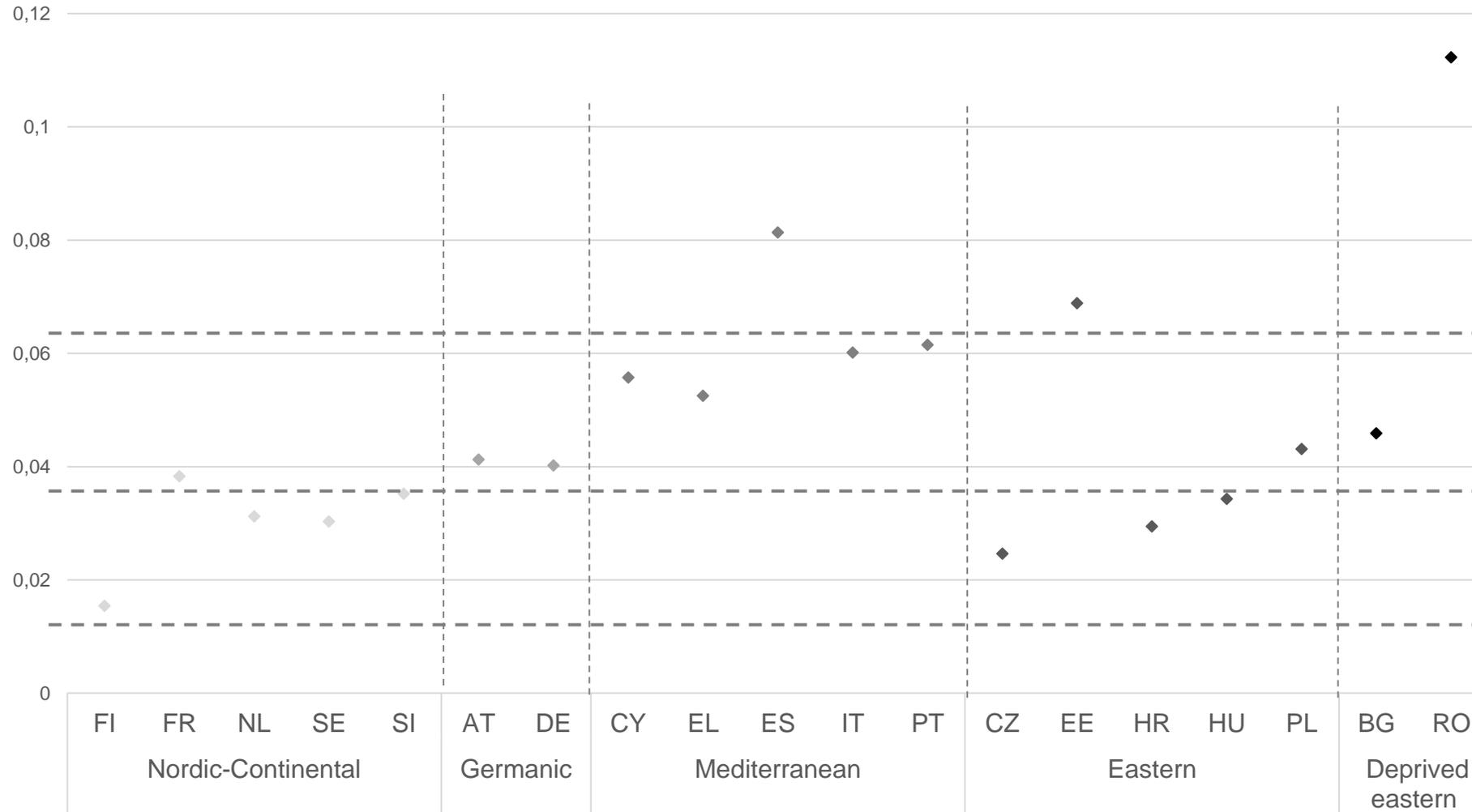
Stable in IWP

Including macro indicator:
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Institutoinal aspects considred	Transition in IWP	Stable in IWP	Transition out IWP
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Family dimension: welfare expenditure in family policy, per capita (pps)	0.00***	0.00***	-0.00***
Family dimension: Female employment rate	-0.00***	-0.01***	0.01***
Labur market dimension: Employment rate variation 2017-18	-0.25***	-0.13***	-0.14***
Labur market dimension: % of firms with 10 to 249 workers on total firms	2.57***	0.67***	2.14***
Labur market dimension: % of low wage employment on total empoyment	-0.01***	0.01***	0.00***
Welafare dimension: ALMP expenditure per capita on jobseekers (pps)	0.00***	0.00***	-0.00***
Welafare dimension: Total welfare expenditure per capita pps	-0.00***	-0.00***	-0.00***
Welafare dimension: Poverty reduction before and after social trasnfer, pension excluded	0.00***	-0.01***	-0.02***
Structural poverty dimension : AROP of population aged less than 18 years	0.02***	0.00***	0.04***
Structural poverty dimension : % population in severe material deprivation	-0.03***	-0.01***	-0.03*
Constant	-2.69***	-2.67***	-4.62***
Observation	89523	89523	89523

# Households and households variation coefficients remain stable

Population selection: HH in which the youngest, minor excluded, is aged below 64 years and not composed by only retired. Data: Longitudinal 18-19 Eusilc (weight used).

Predicted probabilities of transition around IWP per country

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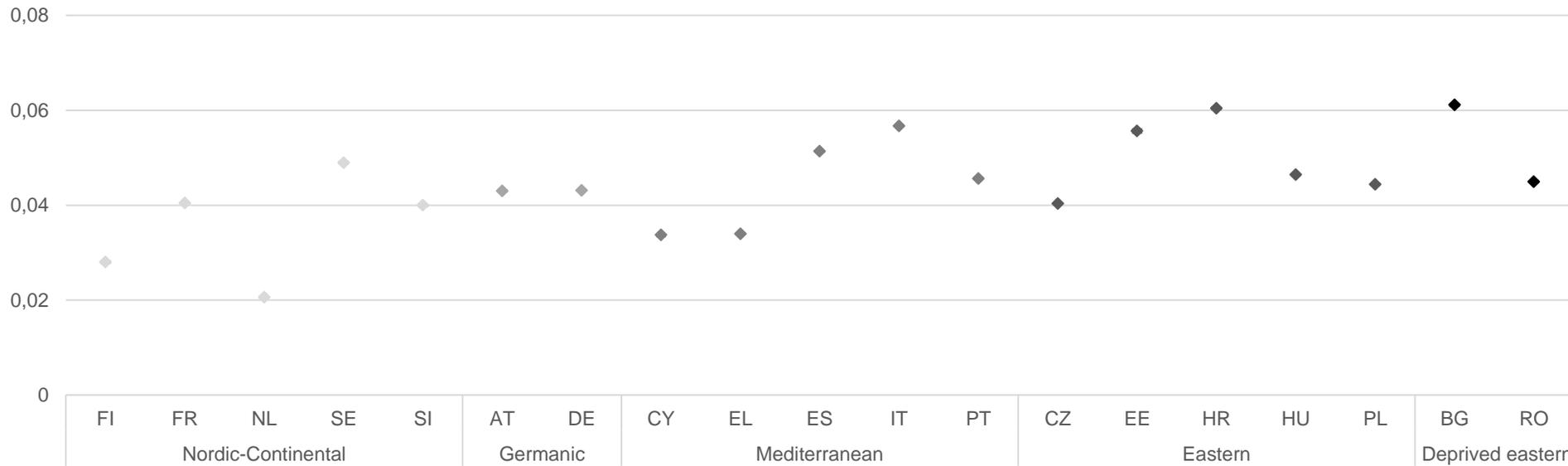
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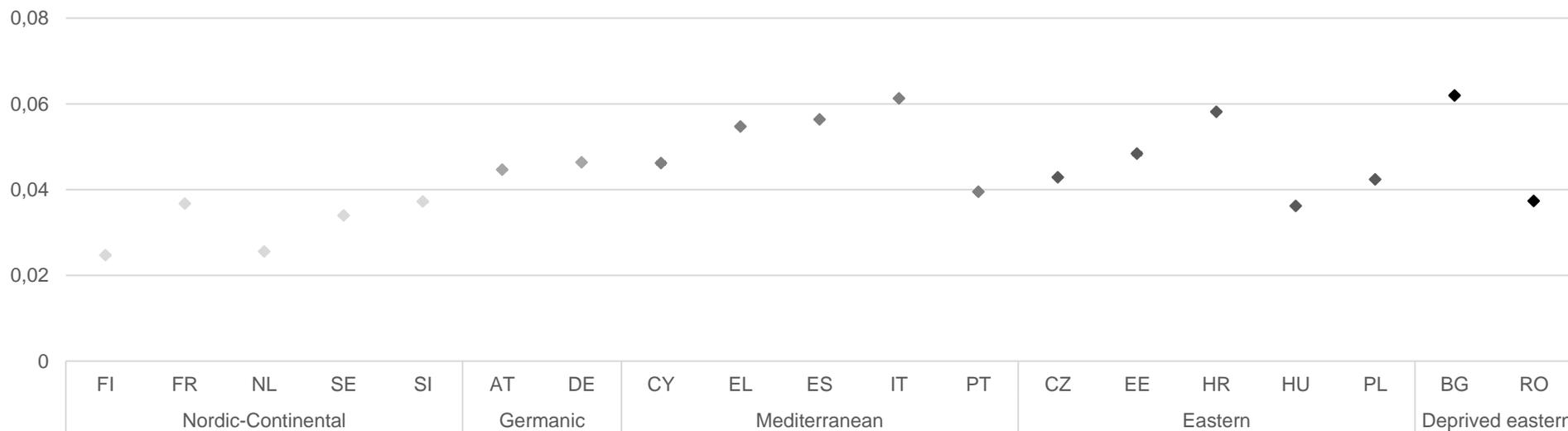
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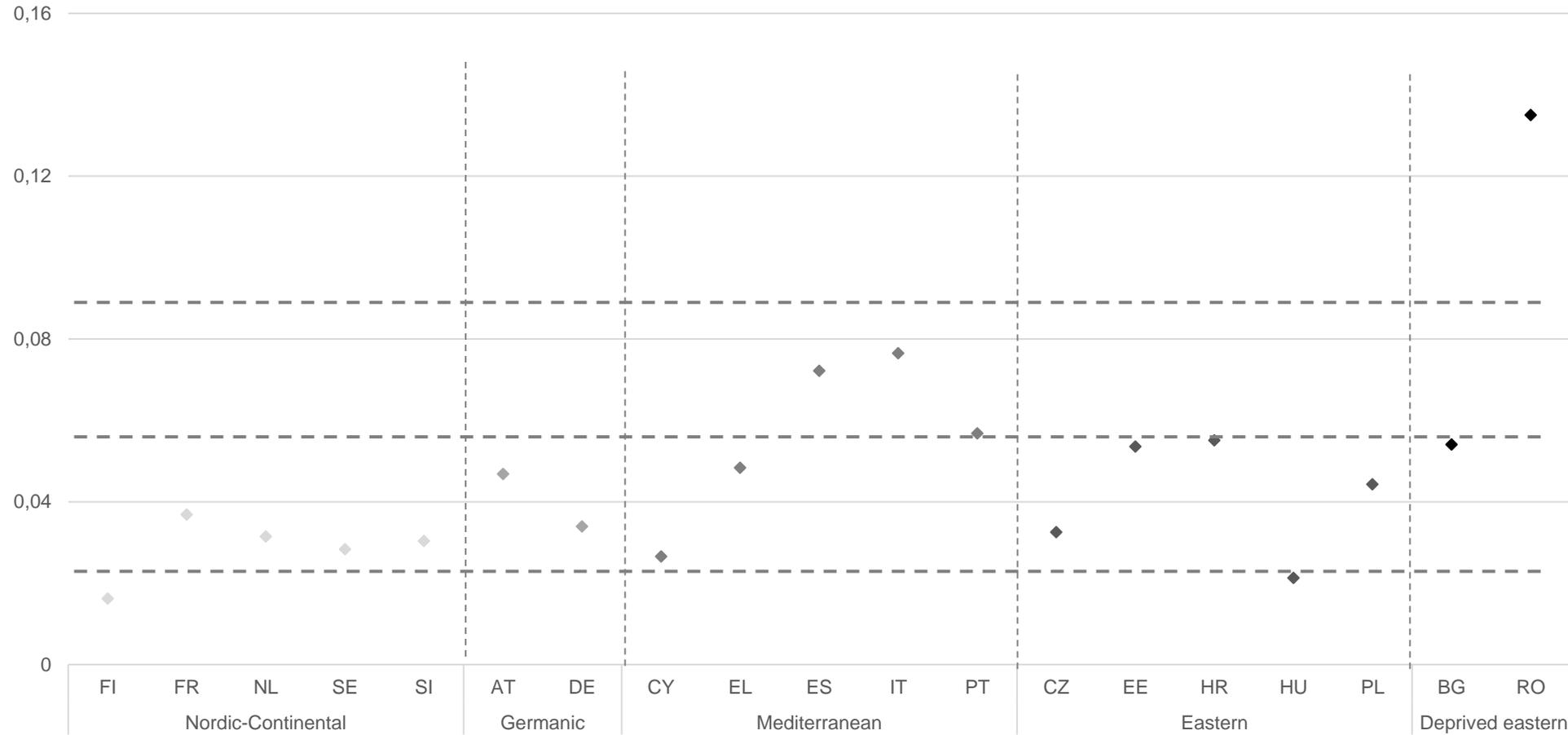
First consideration and next step

- Clearly a working progress but initial double support on poverty regime as analitical category:

    - Poverty regime show consistency, especially in relation to stability in IWP
    - The two sets of models (only micro and micro and institutional) provide similar results.

    Next steps

- **Interaction household#institutional dimensions:**

    focusing on limited set of country to disentangle the mechanism of interaction between individual/households-institutional characteristics

- **Regional macro data:**

    Building macro indicators at the territorial level (NUTS 2) to better account for countries' internal heterogeneity and understand how household-institutional mechanisms vary within countries.