

# Employment and Poverty: Delving deeper below the surface

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## Outline

The paper aims to delve deeper into the link between employment trends and poverty outcomes, with a special focus on the crisis period. We pay particular attention to the role of part-time employment. Part time work has been increasing during the crisis, but a lot of these part-time jobs were filled for lack of better options.

## POVERTY AND EMPLOYMENT: past and recent trends

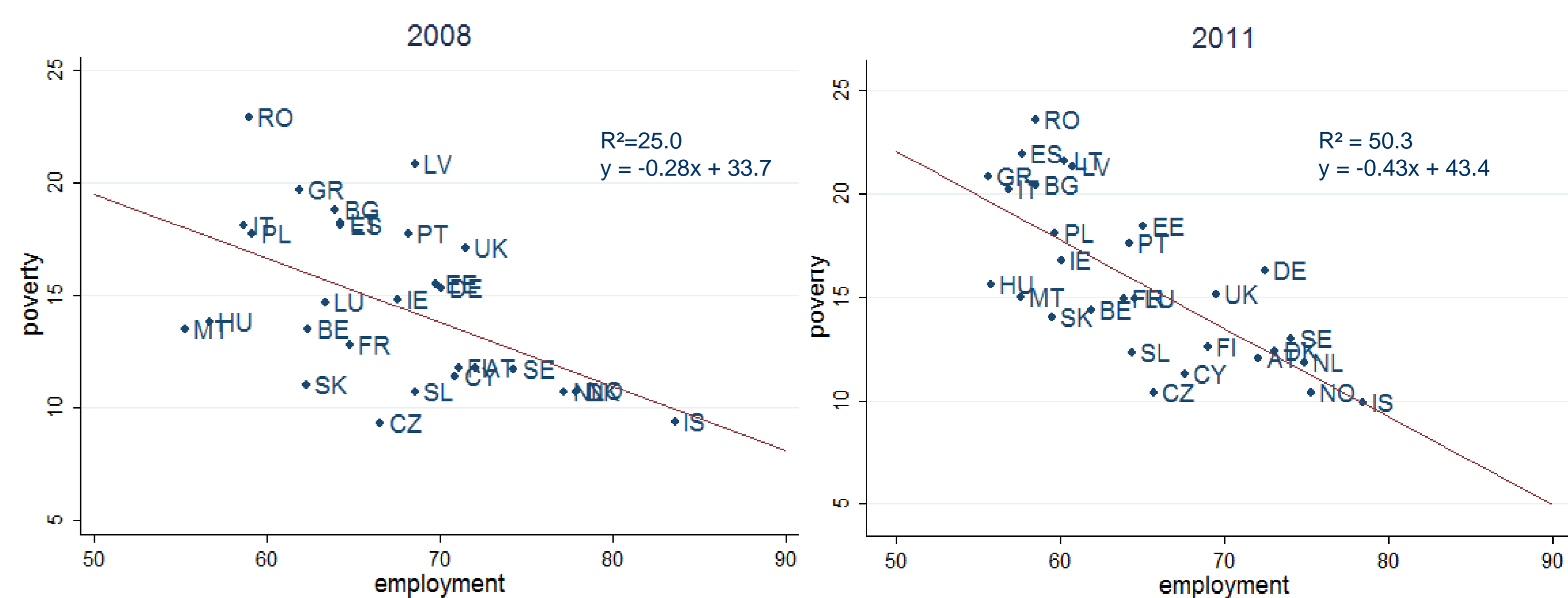
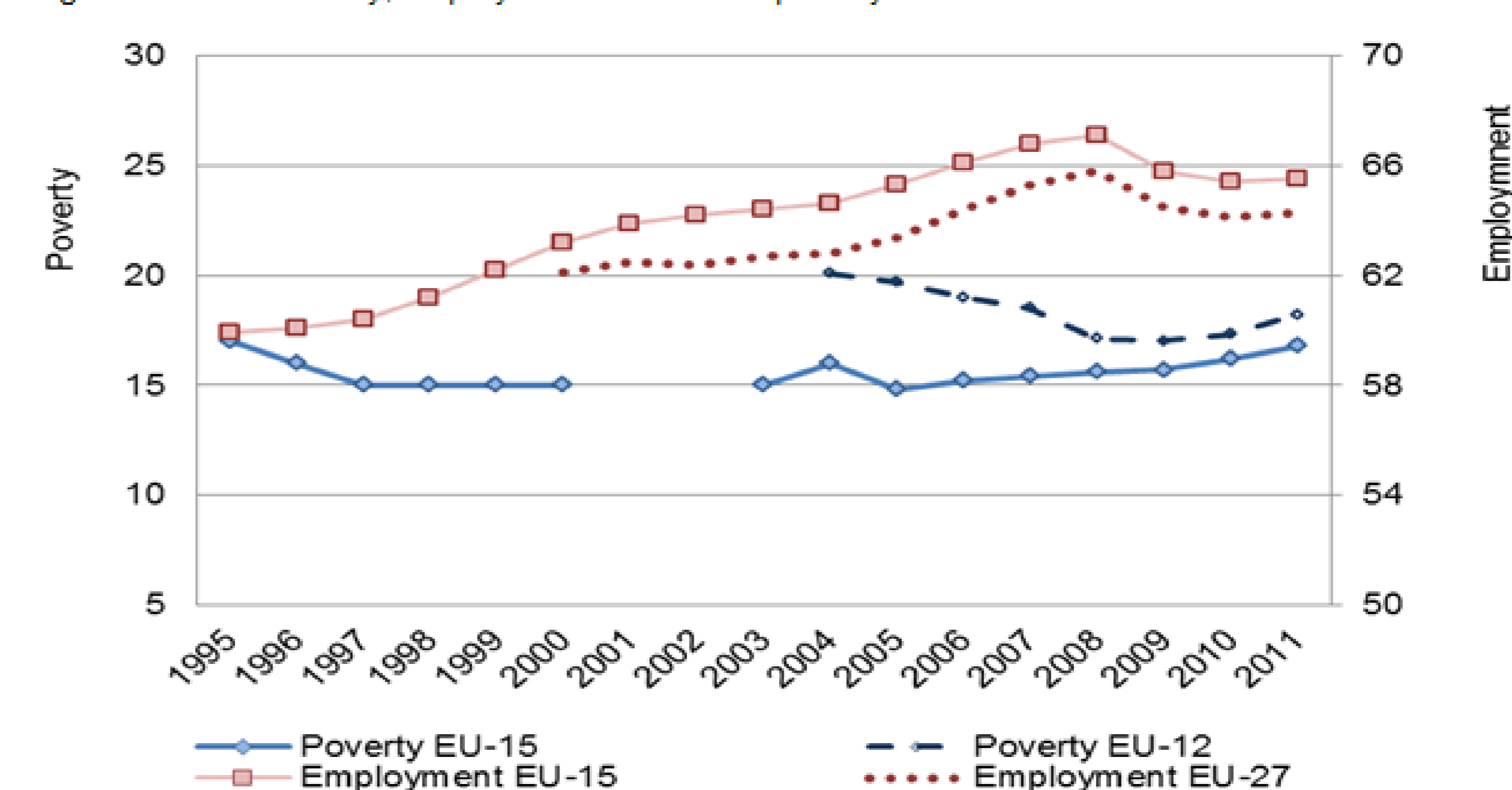
### Why has past job growth not produced poverty declines?

- Job growth did not sufficiently benefit poor people
- A job is not a sufficient condition to escape poverty
- Job growth is associated with poverty threshold shifts

### A reinforcement of the relationship between employment and poverty due to the crisis?

The cross-country relationship between the employment rate and the poverty rate now appears stronger than ever. While before the crisis job growth did not necessarily benefit the poor, it seems that job losses during the crisis did cause people to become poor. The crisis affected male employment in industry and construction in particular. The extent to which job loss was concentrated among male primary earners has important consequences for household work intensity and poverty.

Figure 1 Poverty, employment and in-work poverty rates EU-15 and EU-12



Source: Eurostat: EU-LFS and EU-SILC

## PART-TIME WORK AND POVERTY

While a vast amount of research exists on part-time work and in-work poverty separately, research on the relationship between both remains scarce. Given that during the crisis part-time employment, and especially involuntary part-time employment, have been increasing, it is important that we deepen our knowledge about the link between part-time work and poverty.

### We find that:

- Part-time workers generally face significantly higher poverty risks.
- The extent to which part-time work is associated with poverty varies quite considerably across Europe, far more so than for full-time workers. Part-time work is most problematic in countries where demand and supply related factors reinforce each other so as to make it an inferior choice from the perspective of preferred working hours, earnings and employment security.
- Involuntary part-time work clearly stands out as most problematic, although an increased poverty exposure is not confined to this segment. Part-time work for caring reasons also carries a higher poverty risk in some countries.

Table 3 At-risk of poverty rate (in %) total population, poverty rate not working individuals age 18-64: and IWP (in %) full-time workers and part-time workers by gender

	Total population	Not working (18-64)	Men		Women	
			Full-time	Part-time	Full-time	Part-time
AT	12.36	18.32	4.86	15.20 (*)	4.18	6.67 *
BE	14.72	23.49	2.16	12.73 ***	1.72	7.01 ***
DE	15.29	28.60	4.59	18.31 ***	5.15	9.96 ***
DK	11.84	19.85	2.49	11.99	2.64	2.82
ES	19.65	28.50	7.31	5.61	4.88	15.00 ***
FI	13.61	23.24	2.49	15.51 ***	2.17	12.11 ***
FR	12.66	20.34	5.22	21.69 ***	2.61	13.15 ***
GR	20.14	26.16	8.33	25.2 **	3.58	21.90 ***
IE	15.53	23.30	2.35	16.61 ***	2.02	9.78 ***
IT	18.67	23.14	8.07	30.37 ***	3.93	10.27 ***
LU	13.39	18.68	9.19	14.62	7.37	13.29 *
NL	10.59	19.48	2.59	3.97	1.89	3.83 (*)
PT	18.45	26.50	7.51	24.82 *	5.33	24.22 ***
SE	12.25	21.64	4.19	17.74 ***	3.01	7.27 ***
UK	18.91	25.18	3.73	14.47 ***	4.20	11.23 ***

Source: EU-SILC 2008, own calculation  
Note: t-test significance levels H0: IWPFT = IWPPT: (\*) p < 0.1, \*p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

Table 5 At-risk of poverty rate (in %) female part-time workers age 18 to 64, by reasons for working part-time

	Involuntary (reference)	Voluntary	Caring	Other	Total n-value
AT	7.1	1.8	4.9	19.5 (*)	521
BE	17.0	6.3 *	6.0 **	4.8 **	568
DE	22.1	7.4 ***	6.2 ***	17.2	1446
DK	/	1.5	/	9.8	92
ES	18.3	15.0	11.0 (*)	14.5	665
FI	24.4	6.1 (*)	33.4	21.2	183
FR	30.2	3.7 ***	9.0 ***	17.3 *	759
GR	19.0	19.9	26.2	43.9	128
IE	27.0	9.5	3.4 *	20.6	602
IT	16.6	1.4 ***	4.2 ***	6.7 *	779
LU	43.0	7.2 **	15.0 *	2.8 ***	346
NL	10.8	10.9	3.4	2.0	1296
PT	20.1	/	16.2	31.1	114
SE	9.3	7.5	6.4	8.0	445
UK	/	/	/	/	/

Source: EU-SILC 2008, own calculation  
Note: t-test significance levels H0: IWPFT = IWPPT: (\*) p < 0.1, \*p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001