

# In-Work Poverty

Subjects: Anthropology

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In-work poverty is defined as a condition: “In-work at-risk-of-poverty rate refers to the percentage of persons in the total population who declared to be at work (employed or self-employed) who 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)”.

Keywords: in-work poverty ; precarious work ; social support ; social exclusion ; coping strategies

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## 1. Complexity and limitations of the Concept

The first complexity of the phenomenon of in-work poverty is of a conceptual nature. The data shown above are extracted from official European statistics sources (EU-SILC). In the methodology of the EU-SILC it is specified that those who have been employed for at least 7 months during the previous year are excluded, and the age range contained in the main dataset is from 18 to 59. However, this definition has some significant limitations. The first of them is that it is considered a phenomenon of a familial nature <sup>[1]</sup>.

The poverty rate sets the threshold at 60% of the median household income according to the AROPE indicator <sup>[2]</sup>. The gender pay gap indicates that there is a difference in remuneration between men and women, materialising in all OECD countries except Hungary <sup>[3]</sup>. Faced with these data, authors such as Crettaz and Bonoli <sup>[4]</sup> point out that the breadwinner model is still in effect, according to which the main source of income in a household headed by a heterosexual couple tends to be the male's salary. In fact, it is observed that in-work poverty is better explained by the fact that in a household there are two sources of income, than by association with the low salaries of the breadwinners <sup>[5]</sup>. Thus, there is the risk of hiding the low salaries received by women in the statistics collected, and this can be observed in the high figures of in-work poverty among single-parent households <sup>[3][6][7]</sup>.

Single-parent households record an at-risk-of-poverty rate in countries such as Spain that is close to 50%, while more than 80% of these families are headed by women <sup>[2]</sup>. Research shows high rates of employability among these women, with low salaries and precarious working conditions <sup>[7]</sup>. With this situation, Marx et al. <sup>[5]</sup> declare that an increase in the minimum salary, by itself, is not an effective measure against in-work poverty, as what is necessary is a reduction of the gender pay gap that guarantees standard working conditions for women and men.

Likewise, young people experience a widespread situation of precarious employment, becoming a factor of vulnerability regarding in-work poverty <sup>[8]</sup>. The complexity of accessing the labour market for young people, as well as the low quality of the positions achieved, conditions youth emancipation or the ageing of the European population. The countries where the employment situation of young people is more lacking is where these phenomena have the biggest impact <sup>[9]</sup>.

On the other hand, the need to be employed for a period of seven months during the previous twelve in order to achieve the consideration of in-work poverty hides the situation of households with low employment intensity. These households are not only characterised by highly intermittent employment conditions, but also by the fact that the jobs they have access to tend to be precarious <sup>[8]</sup>.

Following the recommendation of authors such as Hallerød et al. <sup>[9]</sup> or Marx and Nolan <sup>[10]</sup>, this research paper adapts the conceptualisation of in-work poverty. The measurement of relative poverty proposed by the AROPE indicator is maintained, establishing the threshold at 60% of the national median income after social transfers. However, the seven-month employment during the last year criterion is not contemplated, considering in-work poverty affecting any person who while in employment does not receive sufficient income to bring them above the poverty threshold.

## **2. In-Work Poverty and Health**

The condition of in-work poverty has an impact on the wellbeing of people. Thus, a deterioration of mental and physical health related with this form of precariousness has been observed <sup>[11]</sup>. A relationship has also been shown between the deterioration of perceived overall health and poverty <sup>[12][13]</sup>. This relationship is stronger in the case of women <sup>[12]</sup>. Similarly, factors related to occupational health are affected in a context of in-work poverty. Bearing in mind that in-work poverty is linked to more precarious positions, characteristic of micro-companies, the poor development of occupational health and safety in these contexts leads to a deterioration of wellbeing <sup>[11][14]</sup>. What is more, despite the fact that the condition of poverty negatively affects health, these people tend to use healthcare systems less. In countries where healthcare is not universally covered by public systems, this deficit in the use of primary care is mainly due to economic factors <sup>[14]</sup>. For example, in Canada a lesser degree of use of dental care—not fully covered in the national healthcare system—is observed. <sup>[15]</sup> However, in countries where the healthcare system offers universal coverage there is also less use of them by people experiencing in-work poverty <sup>[11]</sup>. This is explained by the fact that these people cannot afford to abandon their employment obligations, or risk losing their jobs. This situation leads to a vicious circle between the condition of in-work poverty and deteriorating health.

The scientific literature on social exclusion shows that a situation of poverty is linked to mental health symptoms, as well as increased consumption of psychopharmaceuticals <sup>[16]</sup>. Similar results can be observed with a situation of precarious work in a broader sense <sup>[17]</sup>. When trying to limit the phenomenon studied explicitly to in-work poverty, there is not a large number of studies that specifically address this matter. Attempting to mention some of them, Moon and Sangjun <sup>[18]</sup> detect a higher prevalence of depression in situations of in-work poverty. Similarly, they link this employment situation with an increase in the consumption of alcohol, which intensifies the mental disorder experienced. As for the conditions of this relationship, they point out the inability to afford housing-related expenses, and show that it clearly affects women more than men.

A study carried out in Spain presents the same conclusion as Moon and Sangjun <sup>[18]</sup>, pointing out that the general state of mental health of people experiencing in-work poverty is the same as those who are unemployed, while in both cases there is a deterioration with respect to the people who are in a normalised employment situation <sup>[19]</sup>. Likewise, chronic stress is linked to situations of in-work poverty given the uncertain living conditions that these families experience <sup>[19][20]</sup>.

## **3. Social Support and Wellbeing in Contexts of Precariousness**

In conditions of social exclusion, social support is a variable that is highly affected <sup>[21][22]</sup>. Perceived poverty is explained in a trend towards situations of isolation of the population <sup>[17]</sup>. This factor is important, not only because social support is a fundamental variable to explain overall wellbeing and mental health, but because it is an element to be considered in the chronification of situations where there is a risk of social exclusion <sup>[23][24]</sup>.

In Hong Kong experiments are being carried out with active health programs among people in a situation of in-work poverty, which include accompaniment and social support as one of the elements. A positive impact on this population has been observed <sup>[25]</sup>. Likewise, Moon and Sangjun <sup>[18]</sup> point out the importance of social support to protect the health of the people in this situation of precariousness. Traditionally, the professional environment had been described as a space for strengthening social support. However, in contexts of precariousness and uncertainty, this function disappears <sup>[19][21][22]</sup>.

The situation of social exclusion risk and loss of social support also has an impact on the political and ideological dimension. Studies have shown that people in a situation of in-work poverty, due to their condition of social exclusion, tend to experience disengagement with respect to the institutions, which puts at risk social cohesion and coexistence between territories <sup>[26][1][27][28]</sup>.

## **4. Coping Strategies and Labour Activation**

What has been explained up until now contrasts with the European Union's employment policy strategy, highly focused on individual employment activation and which prioritises economic production capacity over the population's wellbeing <sup>[29]</sup>. In fact, an incongruence can be detected in this approach, as in-work poverty figures rose in the European Union even during times of economic growth before the economic crisis <sup>[30]</sup>. Thus, and regardless of whether the welfare state regime is more or less redistributive, in general terms the labour policy in terms of in-work poverty has been characterised by two features: subsidies allocated for poverty risk and social exclusion are conditional upon the employment activation of the beneficiaries, and social protection systems are fundamentally employment activation devices <sup>[30]</sup>. On the one hand, this means that the policies developed are not being very effective, and on the other, they make the people in this situation

individually responsible <sup>[31][32][33]</sup>. This approach involves risk, as authors such as Skilling and Tregidga <sup>[34]</sup> showed that discourses that focus on economic growth as a strategy to eradicate poverty legitimise situations of inequality.

Vander Elst et al. <sup>[35]</sup> explain how precarious work conditions produce chronic stress, which leads to learned helplessness. Therefore, the coping strategies developed by people in a situation of precarious employment tend to be evasive, individualistic and particularly focused on self-criticism (cognitive strategies focused on criticising oneself and blaming oneself) in order to cope with the process they are experiencing <sup>[17][36]</sup>. As pointed out by these authors, self-criticism never leads to the solution of the problem experienced by the person, but to an emotional assessment of the same that worsens the situation they experience.

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