

APR 2022

Num. 027

Job precariousness and poverty dynamics among households with children

**Alba Lanau**

Researcher Beatriu de Pinós (CED)

**Mariona Lozano**

Researcher (CED)

In Spain, 70% of children in poverty live in households with one or more workers; equally, households with children make up the majority of households in in-work poverty (53%) despite representing only 27% of all households. However, in-work poverty and child poverty are often thought of as separate problems. Most analyses on in-work poverty in Spain use data from a single year and focus on working individuals. However, since households share needs and resources, understanding the factors that increase the risk of poverty requires studying households. In this work, carried out at the *Demographic Studies Centre* at the Autonomous University of Barcelona, we adopt a dynamic perspective to analyse the interrelationship between child and in-work poverty, and specifically the high in-work poverty rates in households with children and adolescents. Using longitudinal data from the Living Conditions Survey (2017-2020), we examine the role played by childbirth/adoption, the presence of children in the household and their age in the processes of impoverishment. We find that in 2020 only 4% of households entering in-work poverty experienced an increase in the number of children and adolescents in the household. In contrast, 37% of entrants experienced a decrease in income without decreasing the number of workers (for example, due to a temporary period of unemployment), and 29% a reduction in unemployment benefit income. Households with children tend to have greater difficulties in escaping poverty, which translates into longer periods in in-work poverty. We conclude that changes in employment status are more relevant than changes in household composition for understanding child and working poverty. Additionally, the role of risk factors such as temporary employment is compounded in households with children, further reducing their poverty exit rates. Reducing child poverty requires tackling in-work poverty and vice versa.

In-work poverty is concentrated in households with children

Although paid work is often presented as a guarantee against poverty, in Spain there is a growing number of households are in-work poor. Spain has one of the highest in-work poverty rates in Europe, that is, many households live in poverty despite having one or more workers. Spain also registers some of the highest figures for child poverty: almost one in three children live in income poverty according to the latest Eurostat data (Eurostat, 2021). On the other hand, longitudinal studies have shown that in-work poverty in Spain, as well as poverty in general, is more persistent than in other European countries (Gutiérrez, Ibáñez, and Tejero, 2011; Ayllón, 2013). To date, little attention has been paid to in-work poverty dynamics and how these relate to child poverty.

As can be seen in Figure 1, in-work poverty rates in Spain remain relatively stable over time: between 12 and 15% of households with workers live in poverty. There has been a slight decline in the last two years, from 15 to 13%, although the figure remains among the highest in Europe, only behind Romania.

The risk of in-work poverty varies significantly according to household characteristics. In-work poverty is concentrated in households with children, and particularly, those with only one worker. Households with children and one worker have the highest risk of working poverty: almost one in three (32%) were in-work poor in 2020. The decrease in in-work poverty in the period between 2008 and 2013 reflects the rise in unemployment during the recession, which affected

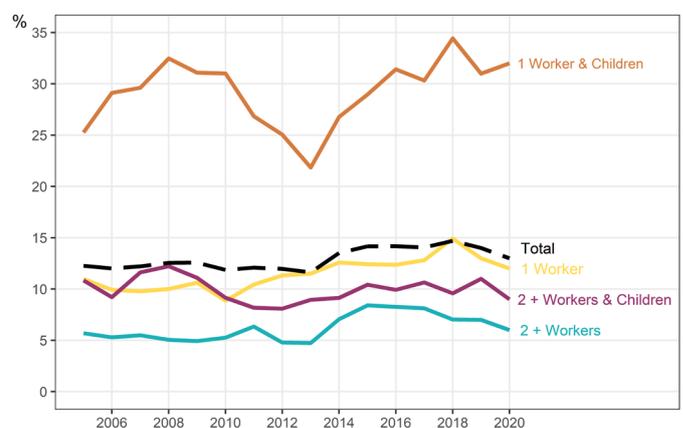


Figure 1. Percentage of households in in-work poverty according to number of workers and children's presence, 2005-2020.

Source: Author's own using Survey of Income and Living Conditions.

particularly younger workers (and therefore more likely to live with children and adolescents).

Figure 1 displays the economic status of households at a specific moment in time, the year prior to the survey. These data are useful for estimating the proportion of households in poverty and their composition but offer a static picture of the phenomenon. Households in in-work poverty in 2020 are not necessarily the same ones that were in this situation the previous year. In fact, four out of ten in-work poor households exit in-work poverty the following year and 65% after two years.

In-work poverty and child poverty: What do we know?

The specialized literature proposes several hypotheses regarding the factors that explain the concentration of in-work poverty in households with children. A recent European comparative study (Polizzi, Struffolino and Van Winkle, 2022) identifies three possible factors that would explain the relationship between demographic factors and in-work poverty. The first factor is mechanical: since poverty measures are based on income adjusted for household needs, a birth or adoption could automatically result in some households entering poverty due to an increase in their needs while their resources remain unchanged.

A second set of explanations focus on the association between childbirth and decreased household income, for example, as a result of the exit of a parent (usually the

mother) from the labour market after birth. These effects can also be observed over time. In this regard, numerous studies identify what is known as the “motherhood penalty”, a process by which motherhood is associated with lower earnings and more precarious labour market trajectories in the long run.

Finally, selection theory suggests that households decide to have children when their economic situation stabilizes, or they foresee an economic improvement (e.g., due to a work promotion). Selection theory has been mainly used to explain effects such as the “fatherhood premium” by which in some countries becoming a father is associated with improved job prospects. Given that our interest is in the relationship between child and in-work poverty, we consider two questions: Does the birth or adoption of a child increase the probability of entering working poverty? Do in-work poverty dynamics differ in households with and without children?

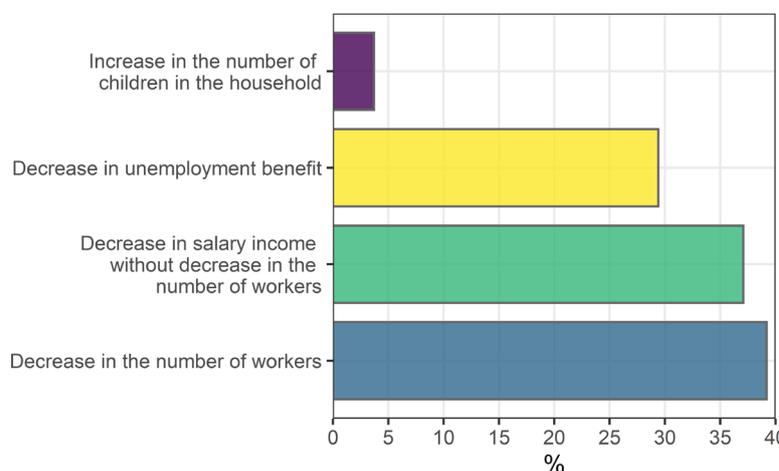


Figure 2. Proportion of entries into in-work poverty that are associated with risk events.

Source: Author’s own using Survey of Income and Living Conditions.

Children and in-work poverty dynamics

Next, we examine the triggers associated with entering in-work poverty for working households. We examine demographic, employment, and non-labour income changes (such as benefits or rent) to identify the factors most closely related to exit and entry trajectories. Since households can experience several changes at the same time, we treat the events as non-exclusive, for example: a household could experience both a decrease in the number of workers and in the number of children in the household or in unemployment benefits. In Figure 2 we show the proportion of in-work poverty entries associated with an increase in the number of children in the household, as well as some of the factors that show a stronger association with in-work poverty entries.

Only 4% of entries into in-work poverty are associated with an increase in the number of children or adolescents. Generally, demographic factors, such as childbirth or a separation or divorce, play a limited role in explaining inflows and outflows from working poverty. In contrast, 39% of the entries coincide with a decrease in the number of workers in the household, 37% with a decrease in income without a change in the number of workers (e.g. due to a temporary period of unemployment) and 29% experience a reduction in unemployment benefit. This last figure suggests that a significant number of households fall into poverty after not being able to compensate for the loss of income after a decrease (or end) of unemployment benefit.

Thus, although an increase in the number of children in the household, by birth, adoption or union increases the probability of entering working poverty, only a small part of in-work poverty entries is associated with such events. This is partially because changes in household composition are relatively rare compared to changes in the labour market, such as an unemployment spell.

Finally, to identify possible additional risks for households with children we compared the probability of entering and exiting in-work poverty for households with and without children using regression models. Regression models allow us to get a more detailed picture of in-work poverty transitions. The results (Figure 3) suggest that the presence of children in the household increases the risk of entering in-work poverty and reduces the likelihood of exiting this situation. Thus, for example, under equal conditions, the probability of exiting poverty for households without children and where the person responsible for the household has a fixed contract is 43%, this figure decreases to 26% for households with children in the same situation, and 21% in those cases in which children live together and the head of the household has a temporary job. The difficulty of exiting in-work poverty grows as the number of children increases: the probability of escaping in-work poverty for families with three or more children and a permanent contract is only 8%. We did not find, however, different patterns according to children's ages.

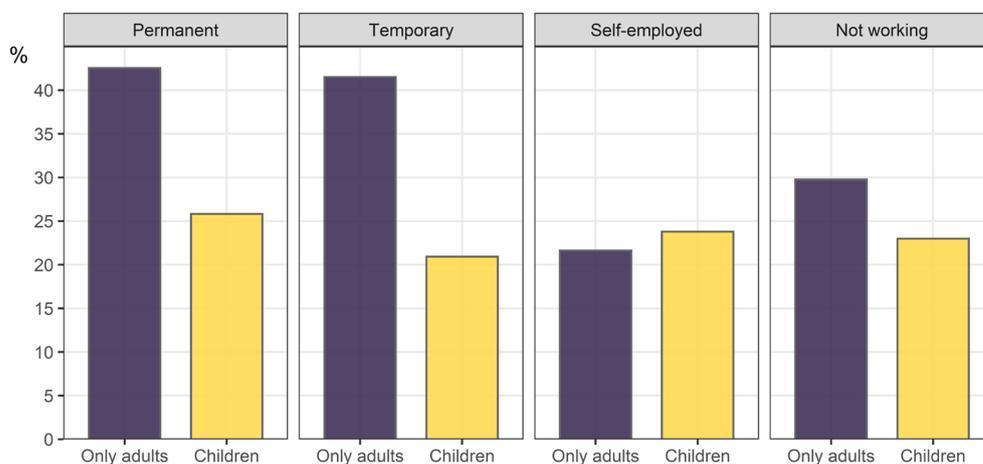


Figure 3. Probability of exiting in-work poverty according to household characteristics.

Source: Author's own using Survey of Income and Living Conditions.

Mechanisms are needed to facilitate the combination of work and benefits

Contrary to what is sometimes argued, the higher risk of in-work poverty in households with children and adolescents corresponds not so much to a mechanical effect whereby a birth or adoption automatically increases the needs of the household, and therefore the risk of poverty, if not to cumulative factors by which households with children usually have greater difficulties to get out of poverty and experience longer periods in this situation. We found that factors that generally protect against poverty, such as a permanent contract, are less protective in households with children. This is worrying given the evidence on the scarring effects of child poverty on children's health, well-being and educational performance.

In Spain, child poverty and in-work poverty are closely intertwined. The concentration of risk in households with children suggests that strategies aimed at reducing in-work

poverty by improving wages and reducing precariousness should be reinforced with other forms of support to these households. The Child Guarantee programme recently announced by the government, which aims to improve the conditions of households with children in a situation of severe poverty, has the potential to reduce both child and in-work poverty.

The loss or decrease in income of an adult increases the risk of poverty in a context in which two wages are often necessary to avoid poverty. Numerous scientific studies have highlighted the difficulties experienced by mothers to enter and/or remain in the labour market, as well as the link between maternity and lower wages. Initiatives are also needed to make it easier to balance work and care, improving flexibility and helping mothers to remain in the labour market.

Bibliographic references

Ayllón, S. (2013) "Understanding poverty persistence in Spain". *SERIEs*, 4 (2): 201-233. (DOI: 10.1007/s13209-012-0089-4).

Eurostat (2021) *Children at risk of poverty or social exclusion*. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Children_at_risk_of_poverty_or_social_exclusion (Accessed: 2 December 2021).

Gutiérrez, R.; Ibáñez, M.; Tejero, A. (2011) "Mobility and Persistence of In-Work Poverty". Fraser, N.; Gutiérrez, R.; Peña-Casas, R. (Eds) *Working Poverty in Europe: A Comparative Approach*. London: Palgrave Macmillan UK (Work and Welfare in Europe), 175-201 pp. (DOI: 10.1057/9780230307599_9).

Polizzi, A.; Struffolino, E.; Van Winkle, Z. (2022) "Family demographic processes and in-work poverty: A systematic review". *Advances in Life Course Research*, 52, 100462: 1-19 (DOI: 10.1016/j.alcr.2022.100462).

Cita

Lanau, A.; Lozano, M. (2022) "Job precariousness and poverty dynamics among households with children", *Perspectives Demogràfiques*, 27: 1-4 (ISSN: 2696-4228). DOI: 10.46710/ced.pd.eng.27

ISSN

ISSN 2696-4228

DOI

<https://doi.org/10.46710/ced.pd.eng.27>

Editors

Andreu Domingo and Albert Esteve

Correspondence to:

Alba Lanau
alanau@ced.uab.es

Credits

Graphics: Anna Turu

Layout

Xavier Ruiz

Acknowledgements

This project has received funding from the postdoctoral fellowship programme Beatriu de Pinós, funded by the Secretary of Universities and Research (Government of Catalonia) and by the H2020 programme Marie Skłodowska-Curie grant agreement n° 801370; and of the current Spanish Ministry of Science and Innovation, National R&D&I Plan, QUALYLIFE (PID2019-111666RJ-I00).

Twitter

@CEDemografia

Contact

Centre d'Estudis Demogràfics.
Carrer de Ca n'Altayó, Edifici E2
Universitat Autònoma de Barcelona
08193 Bellaterra / Barcelona
Spain
+34 93 5813060
demog@ced.uab.es
<https://ced.cat/eng/>