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**The Working Poor condition in  
Europe: a focus on Italy**

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Cahiers du Centre de recherche sur les innovations sociales (CRISES)  
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Une innovation sociale est une intervention initiée par des acteurs sociaux pour répondre à une aspiration, subvenir à un besoin, apporter une solution ou profiter d'une opportunité d'action afin de modifier des relations sociales, de transformer un cadre d'action ou de proposer de nouvelles orientations culturelles.

En se combinant, les innovations peuvent avoir à long terme une efficacité sociale qui dépasse le cadre du projet initial (entreprises, associations, etc.) et représenter un enjeu qui questionne les grands équilibres sociétaux. Elles deviennent alors une source de transformations sociales et peuvent contribuer à l'émergence de nouveaux modèles de développement.

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- Les membres de l'axe innovations sociales, travail et emploi orientent leurs recherches vers l'organisation du travail, la régulation de l'emploi et la gouvernance des entreprises dans le secteur manufacturier, dans les services, dans la fonction publique et dans l'économie du savoir. Les travaux portent sur les dimensions organisationnelles et institutionnelles. Ils concernent tant les syndicats et les entreprises que les politiques publiques et s'intéressent à certaines thématiques comme les stratégies des acteurs, le partenariat, la gouvernance des entreprises, les nouveaux statuts d'emploi, le vieillissement au travail, l'équité en emploi et la formation.

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**Juan-Luis Klein**  
Directeur

## NOTES SUR L'AUTEUR

**Marco ALBERIO** completed his PhD in European Urban and Local Studies at the Università degli Studi di Milano-Bicocca in Italy. His thesis focused on an international comparison dealing with the trajectories (mainly education, family and work) of young people coming from working class urban areas in Paris and Milan. Dr. Alberio has experience teaching in the area of economic and urban sociology. He worked as a teaching assistant for some years in the faculty of Sociology at Università degli Studi di Milano-Bicocca and presented his research at seminars and meetings at Sciences Po Paris. Activity that he will continue in some Canadian universities such as the University of Toronto, Laval and Sherbrook, where he has already been invited for seminars.

During the academic year 2010-2011, he taught a course on cultural and urban development at IULM University in Milano.

In August 2011, Dr. Alberio began his post-doctoral research with the CURA (Community-University Research Alliance) on work-life balance over the life course ([www.telug.caq/arucgats](http://www.telug.caq/arucgats)) in Montréal at Télug-UQAM with a project on the trajectories and conditions of young people in working class neighbourhoods of Montreal.

This on-going research, with the support of professor Diane-Gabrielle Tremblay, aims at understanding at which conditions, in two different national - France and Québec - and local contexts - "Haut Montreuil" in the Paris urban area (done in thesis) and Rosemont-Petite Patrie, St Michel and South-West in Montreal - the situation of a specific disadvantaged population, in particular young people, could be in danger from the point of view of social exclusion, poverty and social disadvantage. In fact, there are specific conditions, which might be different from context to context and can increase or decrease these risks, and this is the object of the research.

Besides his academic activity, Marco Alberio has recently collaborated with the Italian Commission for UNESCO.

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## INTRODUCTION

The objective of this paper is to investigate the phenomenon of the Working Poor in Italy, which refers to those individuals and households who are poor despite the fact they work<sup>1</sup>.

It is quite a recent problem for Europe. In fact until fifteen-twenty years ago the Working Poor condition has usually been considered an American peculiarity, which almost did not affect the European labour market.

This issue was tackled by European scholars more to underline the difference between the American and the European welfare state. Europe indeed has traditionally had a more qualitative labour market, with better jobs, warranties and social protections for its workers. On the other hand, Europe showed higher unemployment rates compared to the US that has always been a problem for the European competitiveness. This issue linked to unemployment and sustainability of the labour market became even bigger in the new context of globalization.

This high and persistent unemployment in Europe (including Italy) has been faced boosting the employment and creating more low-paid jobs for those unskilled people, who were in the past assisted by the welfare state. Therefore, the two main actors of this socio-economic process are both the economy (the market) and the State<sup>2</sup>. From the point of view of the market, the changes occurred in Western economies, such as the mentioned problem of unemployment and competitiveness, have been modifying the labour market, worsening the quality, the protection of jobs and increasing inequalities within workers. The labour market has become more and more polarized with a strong gap between high and low wages and between stable and unstable working careers (Morris and Western, 1999; Gallie, 2002; Esping-Andersen, 2002).

This “new” economic cycle named Post-Fordism increased the demand for jobs in the service sector, requiring more flexibility that in most cases translated into precarious jobs. This change has been explained by the economy and the market as a process correlated with the nature of post-industrial society and economy, since services and immaterial products needed a different type of labour force and different work relations (more flexibility).

As we said before, the other important actor involved in the changes that we are so quickly describing, just to give a frame of the situation, is the State and its Welfare system.

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<sup>1</sup> As we will observe in the part of the paper dedicated to the definitions, there are different criteria and ways to outline the working poor condition.

<sup>2</sup> Following the definition of Esping Andersen (1990) the third important actor is the family, that as we notice has a great role when dealing with the working poor condition, since it is the field and place where working poverty acts.

Public policies to face the labour market and the problems connected with inequalities and poverty have significantly changed in the last years due to a deep transformation of the welfare system.

Social transformations occurred at different levels, such as the one described in the market economy, the demographic changes affecting the households models with the erosion of the male breadwinner model (even where was not completely developed) and higher working rates for women, or the transformation inside the political system with a progressive passage from the national to the over national level.

All these facts also determined a deep change in the capacity of the State to respond to the emerging social issues, bringing to a forced reshaping and recalibration of the functions and capabilities of the welfare state. As we will notice later on for the Italian case, every welfare state is different and reacts therefore in a different way to the output coming from the economy and society. However, some common trajectories at a European level could be visible.

The common direction seems to be the one of cutting benefits and social protections, favouring a different approach than in the past, with models of welfare-to-work policies. The solution preferred seems to be the one of work incentives, in order to increase the participation in the labour market of those workers who were earlier excluded. This pushing towards employment wouldn't be maybe a problem in itself but it becomes critical since most of these people having very low qualifications are forced to accept low paid jobs and have therefore more chances to become working poor.

Especially, if their low wage combines with particular household's characteristics which may differ from country to country and sometimes from different areas in the same national context, as it will be observed for Italy.

As we will notice in our analysis, the working poor condition is quite a complex phenomenon, since it crosses different elements and levels, such as employment and poverty, the individual and the household, the national and local (regional) level.

In our empirical analysis based mainly on the Eu-Silc 2006 data, we will investigate several research questions concerning the volumes of the phenomenon and the profiles of the working poor, in order to understand who are the most at risk individuals and households. From the point of view of the household it will be important to catch the characteristics of the family, which more likely may increase the risks of becoming a working poor. Doing this, we will investigate the elements and factors most connected to work poverty.

## 1. AN ATTEMPT TO DEFINE THE WORKING POOR

As we already mentioned in the introduction, dealing with the concept and category of “working poor” means defining at least two other terms, which are at its basis: work and poverty.

In the recent past, in particular in the European context, work and poverty were not very often linked. On the contrary they were quite used in opposition, underling the fact that full employment was in a certain way the key to overcome poverty. For many years poverty has been in facts considered to be connected with inactivity status, due to illness, disability or to laziness for those who were able to work. Especially in an industrial economy, the absence of work was therefore considered to be the main cause of poverty, which could have been faced only through employment and labour policies.

This “new” concept of working poor seems to be emerged only in the last few decades in Europe when the so called post-fordist model affirmed.

The idea that employment is not enough to prevent from the poverty risk was something that during the second part of the last century, known as “The Golden Age of Welfare State” has rarely been considered an option but today, even if it could be difficult to accept due to its high grade of social injustice, it is a matter of fact.

The same feeling of strong contradiction towards the “Working Poor” condition can be observed in the American Society, where it is an even more spread and consolidated phenomenon.

As Levitan, Gallo and Shapiro (1993) recognize the fact that poverty is linked to work and employment is something contrary to the American Calvinist ethos. In the US this phenomenon is less recent than in Europe; it is at least since the 60’s and 70’s that it seems stabilized in the American society and economy.

In Europe it was firstly introduced as an American peculiarity, considered in opposition to the European welfare state, which although its national differences was capable to assure a basic social justice. Included the fact of having a wage enabling individuals and households to afford the basic needs.

Working Poor is a composed term, associating work and poverty. Therefore, a double perspective focusing on both aspects is extremely important. In facts, we have to consider both jobs, understanding why the economic cycle originate such “bad quality jobs” with low wages, and poverty, investigating which are the forms, the trajectories (how people can become working poor) and the most at-risk profiles.

Another important aspect to keep into account is the difference between low-wage workers and the working poor. They are for sure related but are also different. Low-wage is linked to the

individuals, to the fact that they work for a (poor) wage, while working poverty also refers to the household and its characteristics. In facts, someone could be a low-wage worker but escape poverty due to the fact of living in a household which counts on other wages, bringing the family above the poverty line.

Low-wage is a fundamental element when considering the working poor condition, but other aspects, such as the household characteristics are decisive. When we move from considering the simple income and take into consideration these wider aspects related to the household, we face more multiple dimensions involved in the characteristics of poverty, social exclusion, and of the household dimension itself.

When studying the working poor, we can use two different analytical tools, both necessary and complementary. One is the working poor as a statistical unit, describing from a quantitative point of view the volumes and the populations involved; while the second one should be more focused on the characteristics of the group and the institutional and social context. This is at least what we will attempt to do in our analysis.

In the definition of the Working Poor phenomenon we also have to consider two other perspectives at the same time: a) the economic dimension, focused on low-wages, low productivity and the more general labour market situation b) the social dimension, perceiving the working poor as a social category, involved with two different dimensions: the individual and the household.

These two dimensions: household and individuals are both necessary, therefore a shift from one to the other and vice-versa is often required; for instance from the individual earnings to the household general income and its characteristics.

According to scholars (Strengmann-Kuhn, 2002) there are two ways for workers to become poor: through their own poor wage or due to the poor characteristics of the household as a whole.

As previously reported by other studies (Peña-Casas and Latta, 2004) the literature on this subject is quite limited and this could also be determined by the nature of the concept, that is hybrid and at the crossroads of different fields. Therefore, few are the data available on the working poor condition in Europe and not from all countries. At the European level some comparative studies have been carried out by Eurostat, the Commission on Social Inclusion and Eurofound (Peña-Casas and Latta, 2004). As far as Italy is concerned very little research and in-depth analysis (Lucifora, 1997; Biolcati-Rinaldi, Podestà<sup>3</sup> 2008) has been conducted to investigate this phenomenon which, as we will observe in our analysis, seems to present quite important figures in the country.

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<sup>3</sup> This article is based on ECPH data until 2001.

On the contrary, France is the only country in the EU where important studies have been undertaken starting from 1996 and where an official definition of the working poor has been adopted:

*“The ‘working poor’ are individuals who spent at least six months in the labour force, working or looking for work, but whose household’s standard of living is below the poverty level”.*

(Ponthieux, 2000).

The definition in France includes also unemployed people, although most studies operate a further distinction between active poor, which include also people actively searching for a job and working poor, who should have worked at least six months to enter this category. In our analysis on Italy we will adopt this last restrictive definition, considering only individuals having worked at least for that period.

France has been very fast to understand and interpret this quite new phenomenon for Europe, implementing an official definition adopted by INSEE<sup>4</sup>.

On the contrary, in the US this required some more time. As we said, the first studies on the Working Poor condition dated back to the 60’s, while the category of working poor became official only in 1989.

From the literature, several definitions of the Working Poor emerge, mainly depending on the way they consider the two basic concepts of work and poverty.

From the labour market perspective, there are definitions of working poor which consider the entire labour force, including unemployed, as the one adopted in the US, France and Australia and others limited to the employed population. Another distinction is made on the duration of the job.

At the household level most definitions are based on the number of hours worked by the family during the year, while at the individual level what counts is the number of working hours or the months spent in employment in the previous year (France and US).

The other characterization of the Working Poor concept is given by poverty. As we know from the literature and studies on poverty, there are two major approaches towards it: an absolute and relative one. The first one defines poverty on the basis of the household’s ability to buy a minimal basket of products/services, while with the relative approach poverty is defined through a monetary proxy (a share of median or mean income) indicating the income for an acceptable living standard.

Another indicator calculated by EUROSTAT is the Most Frequent Activity Status (MFAS) including both the population categorized as active poor and the working poor. It defines the employment status as based on a minimal presence of six months in the labour market.

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<sup>4</sup> Institut nationale de la statistique et de l’économie.

Next to the employment duration variable, an additional distinction can be done inside the working poor, according to their working status: 'self-employed poor' or 'employed poor'.

This general part tackling the forms and modalities of the working poor concept is useful to frame the phenomenon from a conceptual point of view, setting precise lines to define when an individual or a family has a working poor status. As it has been said the working poor phenomenon could present slippery aspects, therefore a clear definition of the concepts could help during the analysis.

## 2. A FOCUS ON POVERTY IN ITALY

Working poverty has its own characteristics and differs from poverty in general, which affects also other populations such as homeless or inactive people for example. However, it is undeniable that working poverty and poverty *tout court* are connected. This is why we dedicate a part of the analysis to the description of the forms and figures of poverty in Italy. In particular, we will observe the distribution of incomes among different typologies of households. For this objective we will use data coming from the EU SILC –European Union Statistics on Income and Living Conditions<sup>5</sup> conducted by EUROSTAT.

As we previously reported in the paper, there are two main methods to calculate poverty: a relative and an absolute approach<sup>6</sup>. In Italy 2, 653 million of households were in a relative poverty condition in 2007 (Eu silc data), corresponding to the 11,1% of the population. While the individuals are 7,542 million, representing around the 12,8% of the entire population. Relative poverty is a measurement calculated on the basis of a conventional poverty line (usually the 50 or 60%), determining a minimum amount for consumption, under which a household should be defined as poor. The poverty line for a two member's family is given by the average individual spending per month and equalled 986.35 euro in 2007. Households with two family members going under this amount are classified as relatively poor. The value for bigger households is calculated applying particular scales, which take in to consideration the additional number of members. The relative poverty threshold is calculated on the basis of households' annual spending for consumptions<sup>7</sup>, based on a survey conducted on random sample of 28.000 families<sup>8</sup>.

In the five years going from 2002 to 2007 the estimate of relative poverty has remained stable as the characteristics of the households involved.

The relative poverty incidence seems to be higher in the South, where it is four times higher than in the rest of the country. The most at risks targets are large families, in particular those with minor children and old people, especially if both members are more than 65 years old.

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<sup>5</sup> The survey has been conducted on a sample of 20.982 households (52.772 individuals) representative of the Italian population leaving in the country. The questions concerned the incomes received in 2006 and the living condition in 2007, such as employment status, economic difficulties and household maintenance. Our source to access these data is a report edited by ISTAT (Italian National Institute for Statistics) entitled "Distribuzione del Reddito e Condizioni di Vita in Italia".

<sup>6</sup> For definitions of relative and absolute poverty, please see also the paragraph in this paper "An attempt of defining the working poor".

<sup>7</sup> Statistica in breve "I consumi delle famiglie Anno 2007" 8 luglio 2008, Istat, Roma.

<sup>8</sup> For the interpretation of the estimates it is important to consider the estimation error and build a confidence interval.

The other and more recently applied approach to poverty (at least for Italy) is the absolute one, whose methodology of estimation has been worked out by a study commission inside ISTAT<sup>9</sup>.

In 2007 there were 975.0000 families in an absolute poverty condition, equal to the 4.1% of the population. The individuals are 2,427 millions, the 4.1%. The estimates of absolute poverty (% of households and poor people on the total of households and individuals living in Italy) is calculated on the basis of a poverty threshold, corresponding to a minimum monthly spending, which is necessary to acquire a basket of goods and services, for basic needs.

This absolute poverty threshold varies on the basis of the household dimension, on the age of its members, the geographical area and the size of the municipality<sup>10</sup>. As a consequence differently from the relative approach, absolute poverty thresholds are not only defined on the basis of the family size but are calculated for every type of household and those under the threshold value are considered absolutely poor.

The household annual spending is based on the same survey of the households' consumptions, used for relative poverty.

Between 2005 and 2007 the incidence of absolute poverty remained stable as the characteristics of the families involved. As it is the case with relative poverty the figures are higher in the South, where the incidence is 5.8%, while it is 3.5 in the North and 2.9% in the Centre.

The most at-risk profiles are large families, in particular those with minor children or old households, especially if the old people live alone.

Poverty is mainly associated to low level of education, low professional profiles (working poor) and unemployment. Absolute poverty can also be defined on the basis of its intensity, indicating the percentage of how much the monthly spending is under the poverty threshold. The average intensity in 2007 was 16.3% and 18.2 % for the households living in the South.

Another way to understand poverty (in particular the risk profiles) is through income itself. In order to compare the different economic conditions of households, it is usually divided in to parameters, to have a measure of the equivalent income; since its own distribution is more concentrated than monetary income.

Following ISTAT indications, households can be divided in five clusters on the basis of their income, from the lowest (the first) to the highest level (the fifth). The first group includes a 20% of households with the lowest equivalent income, while the last is composed by the 20% of families having the highest income. This division into clusters is useful to give the idea of unequal distribution of incomes. In facts, in a perfectly equal situation each group would have an income of 20%, while here it is completely different.

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<sup>9</sup> Istituto Nazionale di Statistica.

<sup>10</sup> In facts, in big cities and metropolis the cost of living is usually higher.

The distribution of families in the different clusters allows us to outline the main characteristics of the household, linked to the income distribution. From a territorial point of view, we see consistent differences, in particular between the North and the South. For instance, 37.2% of families belonging to the lowest income clusters live in the South, while it is 13.2% for the Centre and 11.4% for the North.

In particular, the regions presenting more households belonging to the poorest group are Sicily (43.7%), Calabria (41.5%), Campania (38.8%) and Basilicata (38.4%). On the contrary, the lowest presence of poor households is registered in Trentino Alto Adige (6.3%) and Emilia-Romagna (7.3%). Considering now the medium-high and high incomes, we can say that 49.4% of the households in the North belong to these groups, compared to the 47.8% living in the Centre and only 21.1% in the South.

From these groups we have families living in Bolzano<sup>11</sup> (35.9%), in Emilia Romagna (30.3%), in Tuscany (28%) and Lombardy (26.5%).

Another element influencing the household status is the number of family members. The only household typology to be equally represented in the different income groups is the one-member household, while larger families seems to be more concentrated in the lowest income group (40,3%) and are only present with the 9,7% in the richest cluster.

The three-members households are often present in the medium-high and high cluster: 45% of this type of families belongs to the highest clusters, while 34.2% to the lowest groups. A similar position is covered by the two-member households.

A decisive element determining the position of the family is the number of workers or at least the number of people in the household receiving any form of income (including pensions and other social transfers). More than the half of households perceiving just one income (52.2%) belongs to the lowest clusters of income distribution, while the 56,4% of households with three or more incomes is positioned in the two richest groups. On the contrary, only 8.5% of households with such characteristics belong to the poorest group.

A fourth characteristic estimating the risk profile of the households is the working condition of its members; in facts it makes a difference to be employed or self-employed. 32.1% of the families whose main breadwinner is a self-employed worker belong to the richest group, compared to 23.1% of households with an employed and 13.1% with a retired person as a reference.

Considering again the characteristics of the reference person in the household, we can say that an high level of education is usually linked to a position in the high and medium-high income

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<sup>11</sup> We specify Bolzano in Trentino Alto Adige, because of its particular statute of autonomy, which translates into more decentralized available resources to be distributed at a local level.

cluster; therefore to a better socio-economic situation. For example the 53.6% of households whose reference person has a degree belongs to the richest cluster.

This percentage is really high if compared to other levels of education. For example: 26.3% of households in the high income cluster has a reference person with high school level, 11.9% a reference person with secondary low education and 6.5 with elementary school level.

On the contrary only 4.2% of people with a university education belong to the low income groups which has a predominance of low educated people (28.3%).

Age seems to have only a small influence on the positioning of households concerning the income distribution; however the 30% of families with a reference person between 55 and 64 years old belongs to the higher income group. This is more or less in line with the literature, considering the target group 50-64 years old as more socially protected and in a more consolidated and safer position in the labour market. This target has been defined insider, in opposition to younger people (15 - 40) considered as outsiders, because they are more exposed to the risks of job instability and unemployment.

Another interesting aspect to observe is also the influence of the variable gender. For instance, if the reference person in the household is a woman, the family will be less present in the high and medium-high income groups: 37.4% when the reference person is a woman against 41.4% when it is a man.

The number of children is the last important determinant that we consider for the household's conditions. Usually are families with children and lonely people (in particular the old) to belong to the lowest income cluster. In facts couples with children are relatively in a worse position compared to couples without children. The first type of couple belongs for the 40.8% to the lowest income groups (low and medium- low incomes).

Couples without children in the low income cluster are only 35.7%, while they are 43.1% in the highest income group. On the contrary, households with children represent here only the 39.8%.

We can say that the majority of households with two or more children is positioned in the low part of the income distribution.

However, another typology presenting high percentages of belonging to the low income clusters are families composed by an old person living alone (47.9%), while single people under 65 belong in the 49% of cases to the highest cluster.

Concluding this part dedicated to poverty and to the distribution of income in Italy, it is important to remember that when dealing with poverty, as well as with working poverty, it is always important to consider both the individual and the family aspects. Individual characteristics themselves are important but they are even more significant when related to the household. As we have observed in the analysis there are certain individual (sex, education and

age of the reference person in the family) and household characteristics (number of workers, number of family members and presence/absence of children) which are decisive for the structuring of the risks.

At the end of our analysis we will be able to observe if the risk profiles are the same also in the case of the working poor, or if different trajectories will emerge.

**Tab. 1 :**  
**Households distribution in five income clusters depending on different typologies,**  
**ISTAT 2007**

	1° INCOME CLUSTER (Lowest)	2°	3°	4°	5° (Highest)	TOT.
<b>GEOGR. AREA</b>						
North	11,4	17,1	22,1	24,4	25,0	100,0
Centre	13,1	19,6	19,6	22,6	25,2	100,0
South	37,2	24,6	17,1	11,8	9,3	100,0
<b>N° OF FAMILY MEMBERS</b>						
1 Member	20,2	21,1	20,0	18,9	19,7	100,0
2 Members	15,6	20,6	21,1	20,2	22,4	100,0
3 Members	16,0	18,2	20,9	22,7	22,3	100,0
4 Members	24,9	19,0	18,7	20,2	17,1	100,0
More than 5 members	40,3	21,6	14,7	13,7	9,7	100,0
<b>N° OF INCOMES</b>						
1	29,3	22,9	17,8	15,0	14,8	100,0
2	13,8	18,9	22,2	22,8	22,2	100,0
More than 3	8,5	14,7	20,4	27,0	29,4	100,0
<b>WORKING CONDITION</b>						
Employed	15,9	17,0	19,5	24,5	23,1	100,0
Self employed	19,8	15,4	15,9	16,7	32,1	100,0
Pension and public transfers	20,4	25,6	23,3	17,6	13,1	100,0
Capitals	48,0	18,7	13,0	9,4	10,9	100,0
<b>HOUSEHOLD TYPE</b>						
Lonely persons	20,2	21,1	20,0	18,9	19,7	100,0
- R.P Less than 65	20,1	14,4	16,5	21,0	28,0	100,0
- R.P 65 and more	20,3	27,6	23,5	16,9	11,6	100,0
Couples without children	14,6	21,1	21,2	19,8	23,3	100,0
- R.P Less than 65	14,0	15,1	16,8	23,1	30,9	100,0
- R.P 65 and more	15,5	29,2	27,0	15,2	13,1	100,0
Couples with children	21,8	19,0	19,4	20,9	18,9	100,0
1 child	15,2	18,0	20,9	23,0	22,9	100,0
2 children	24,0	19,4	19,1	20,6	16,8	100,0
3 or more children	43,3	21,7	13,9	12,1	9,0	100,0
Single parents	22,6	17,0	20,1	21,0	19,3	100,0
Other typology	23,4	22,9	18,7	18,5	16,6	100,0

	1° INCOME CLUSTER (Lowest)	2°	3°	4°	5° (Highest)	TOT.
<b>HOUSEHOLDS WITH MINOR CHILDREN</b>						
1	22,9	20,9	20,1	20,5	15,6	100,0
2	31,2	20,0	18,7	18,1	12,0	100,0
3	52,1	20,4	10,2	8,5	8,8	100,0
At least 1 minor	28,2	20,5	18,8	18,7	13,7	100,0
<b>HOUSEHOLDS WITH OLD PEOPLE</b>						
1	19,4	23,3	22,1	19,4	15,8	100,0
2	14,8	27,2	25,8	17,5	14,7	100,0
At least an old people	18,0	24,5	23,3	18,8	15,4	100,0
TOT	20,0	20,0	20,0	20,0	20,0	100,0

Source: ISTAT

### 3. HYPOTHESIS

Before proceeding with the analysis concerning Italy, we will formulate some working hypothesis to be verified during our interpretation of the statistical results.

The Italian welfare state<sup>12</sup>, as some other Mediterranean countries has a particular structure, with the family traditionally playing an important role and sometimes substituting the welfare state's action, as it often happens in the case of childcare or elderly people.

In the Italian labour market, especially in the South, despite some new trajectories of change we can still find, more than in other countries a presence of the male-breadwinner model. Female participation in the labour market has not yet even approached the levels required by the Lisbon Agenda. This is also connected, as we just said, to the role still occupied by women in the households.

On the contrary, when women participate in the labour market, they have to make a double effort to reconcile their main role in the family with the presence in the labour market. Of course, as it is easily understandable, the charge of this double presence (Balbo, 1979; Ruspini 1998) will affect their working position and the perception of their work by the employers, having possibly a negative influence on the careers and on the permanence itself in the labour market.

The labour market is therefore characterized by a weak presence (not only in terms of numbers but also in terms of quality of their participation) of women and young people, which mostly have an outsiders' role, being less protected than male adults, who are considered as the insiders of the Italian labour market. Concerning the labour market it is also important to consider that in Italy, especially in the Southern regions but not only there, the role of undeclared work is extremely important. Therefore the interpretation of our data should always keep this decisive element into consideration.

The peculiarities of the Italian welfare state, that we are roughly describing, have the effect to even reinforce this internal dichotomy. In facts, the Italian system is mainly based on occupational insurance schemes, more aimed at protecting the position of the insiders<sup>13</sup> and being for their nature less oriented to innovation; through for instance welfare policies

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<sup>12</sup> Proceeding with a very quick recognition on the Italian welfare, we want to warn the reader that this issue will be just partially and maybe superficially tackled. In facts, the main purpose here is to give a frame of the situation, in order to better understand on what we base our hypothesis.

<sup>13</sup> Talking about outsiders (young people and women) and insiders (adult males) we should not think that these workers are untouched by the crisis of economy and the labour market. In facts, as acknowledged by ISTAT in the report "Mercato del Lavoro e Condizioni Socioeconomiche delle Famiglie" (2009) : "In the majority of cases the 'new' unemployed is a man between 35 and 54 years old with a secondary low education, who lost his job in the industrial sector of the central northern regions" (p. 14).

increasing childcare (with an influence on female participation in the labour market) or enabling a stable entrance of young people in the labour market.

To give a general sense, we could say that one of the main problems of the Italian welfare state is to not be in line with both the changes dictated by the economy (for example the demand of more – quality - jobs and higher participation in the labour market) and society (important demographic changes involving the role of the family, which as we underlined is a fundamental actor in the Italian welfare system but whose role is becoming more and more unsustainable). This is for example what Bagnasco calls “Società fuori squadra<sup>14</sup>” (Bagnasco 2003).

Starting from these short considerations on the Italian welfare state and labour market, we can now formulate the main hypothesis for our analysis.

The first one concerns the family structure, considering that in relation to poverty there are two elements interacting: resources and needs (Biolcati-Rinaldi and Podestà, 2008).

Therefore, referring to the household we should always consider what these resources demanded by the family structure are. Since more work usually also means more resources available, we might observe lower in-work poverty for those households counting on more than one income. Thanks for instance to the presence of more workers in the family or retired people, whose pension represent a warranted (additional) income.

On the other hand, the household size can also have a negative influence on poverty for two reasons: the first one concerns as we said the distribution of resources, while the second is about the organization of time and the care load, which is an important aspect determining the inferior participation of women in the labour market.

A second hypothesis concerns the territorial distribution of the working poor phenomenon.

As underlined by the literature (Negri and Saraceno, 1996; Mingione 1997; Kazepov, 1998) there are great differences between Northern and Southern Italy, from both the economic, social and demographic point of view. A difference in the territorial distribution of poverty rate is also described, as we have seen, in the report “Distribuzione del Reddito e Condizioni di Vita in Italia” released by ISTAT (2008).

Concerning this territorial differentiation between the North and the South, the interesting point to understand is whether its origin has structural reasons, such as the fact that higher rates of unemployment would for instance determine high rates of in-work poverty, due to the fact that low-wage jobs would be considered the only way out of unemployment. Or, if the explanation could be provided by the interaction of different factors: such as the predominance in the South

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<sup>14</sup> Society Outside borders.

of single income households, that as we just said might increase the risks of being working poor or the presence of large households, including those with minor children.

This hypothesis, which seems to be more likely, is that socio-economic aspects connected to the geographical area combine together with household characteristics in increasing the risk of being part of the working poor.



#### 4. EU-SILC DATA AND OUR ANALYSIS

The data used for our analysis come from the EU-SILC (European Statistics on Income and Living Conditions) 2006, which substituted the old ECHP - European panel on families. The reason why we chose this dataset is that it provides important information on incomes, wellbeing and quality of life of the households, which is pertinent with our analysis. The sample is composed by 21.499 households and 54.512 individuals (46.522 being more than 15 years old)<sup>15</sup>.

Our dependent variable, the working poor condition has been defined following a more restrictive definition, including only workers (at the time of the interview), instead of considering active poverty<sup>16</sup> (workers and unemployed actively looking for a job). Before proceeding with our analysis, it is important to note that the poverty status is based on the monthly income, with a poverty line set at the 60% of the median income.

**Tab. 2:**  
**Poverty rate among the working population and other categories,**  
**Own calculations on EU SILC 2006 data**

\* Total Italian Population

			POVERTY INDICATOR		TOTAL
			NON POOR	POOR	NON POOR
<b>ACTIVITY STATUS</b>	<b>At work</b>	N	20382407	2591001	22973408
		% ACTIVITY STATUS	88,7%	11,3%	100,0%
	<b>Unemployed</b>	N	1453223	1011244	2464467
		% ACTIVITY STATUS	59,0%	41,0%	100,0%
	<b>In retirement or early retirement</b>	N	9076037	1830645	10906682
		% ACTIVITY STATUS	83,2%	16,8%	100,0%
	<b>Other inactive person</b>	N	16358969	6113606	22472575
		% ACTIVITY STATUS	72,8%	27,2%	100,0%
<b>TOTAL POPULATION</b>		N	47270636	11546496	* 58817132
		% ACTIVITY STATUS	80,4%	19,6%	100,0%

<sup>15</sup> It is important to remember that during the logistic regression analysis we filtered data, including only individuals between 15 years old and 65, in order to consider just the active population.

<sup>16</sup> This would have required a too complicated model to consider also all benefits and transfers.

From table 2 we see that the Italian working poor rate in 2006 was about 11.3%, a result which seems to be in line with those of previous studies. One had registered a mean in-work poverty rate of 10.2% between 1994 and 2001 (Biolcati-Rinaldi and Podestà, 2008) and the other one by EUROSTAT (2007) compared the at-risk-of poverty rate in different European countries (Tab. 3).

As we can see, after Spain, Poland and Greece, Italy has one of the highest working poverty rate in Europe.

**Tab. 3:**  
**At-risk-of poverty rate by employment status in the EU (%) 2007,**  
**EUROSTAT**

	<b>Employed</b>	<b>Unemployed</b>
EU27	8 s	42 s
BE	4	34
BG	5 p	38 p
CZ	3	48
DK	4	31
DE	7 p	51 p
EE	8	62
IE	6	43
EL	14	35
ES	11	36
FR	6	33
<b>IT</b>	<b>10</b>	<b>44</b>
CY	6	28
LV	10	57
LT	8	57
LU	9	46
HU	6	46
MT	4	39
NL	5	27
AT	6	42
PL	12	43
PT	10	32
RO	4 p	37 p
SI	5	36
SK	5	45
FI	5	41
SE	7	26
UK	8	58
IS	7	21 u
NO	6	44

**P: provisional S: Eurostat estimate U: unreliable**

Source: SILC 2007

Table 2 also shows a poverty rate among the whole population (working, unemployed, retired and all other inactive people) equal to the 19.6%, which also confirms more or less the trend registered by the study we mentioned.

Another interesting aspect to observe is the working rate among the poor population, with a value of 22.4%. This indicates that more than one-fifth of the poor were working in 2006.

All these different rates: the working poor, the general poverty among the entire population and the working rate among poor population, are mentioned since they are very much interconnected and therefore interesting to compare.

**Tab. 4 :**  
**Working rate among poor population,**  
**Own calculations on EU SILC 2006 data**

		POVERTY INDICATOR		TOTAL
		NON POOR	POOR	NON POOR
<b>ACTIVITY STATUS</b>				
At work	% POVERTY INDICATOR	43,1%	22,4%	39,1%
Unemployed	% POVERTY INDICATOR	3,1%	8,8%	4,2%
In retirement or early retirement	% POVERTY INDICATOR	19,2%	15,9%	18,5%
Other inactive persons	% POVERTY INDICATOR	34,6%	52,9%	38,2%
<b>TOTAL POPULATION</b>	% POVERTY INDICATOR	100,0%	100,0%	100,0%

**Tab. 5 :**  
**Poverty rate among working population in different geographical areas,**  
**Own calculations on EU SILC 2006 data**

GEOGRAPHICAL AREA				POVERTY INDICATOR		TOTAL
				NON POOR	POOR	
NORTH-CENTRE	ACTIVITY STATUS	At work	N	15428606	1027074	16455680
			% ACTIVITY STATUS	93,8%	6,2%	100,0%
	Unemployed	N	737692	274329	1012021	
		% ACTIVITY STATUS	72,9%	27,1%	100,0%	
	In retirement or early retirement	N	6984772	1018227	8002999	
		% ACTIVITY STATUS	87,3%	12,7%	100,0%	
	Other inactive person	N	10462332	2050137	12512469	
% ACTIVITY STATUS		83,6%	16,4%	100,0%		
TOTAL		N	33613402	4369767	37983169	
		% ACTIVITY STATUS	88,5%	11,5%	100,0%	
SOUTH	ACTIVITY STATUS	At work	N	4940698	1544490	6485188
			% ACTIVITY STATUS	76,2%	23,8%	100,0%
	Unemployed	N	713797	733250	1447047	
		% ACTIVITY STATUS	49,3%	50,7%	100,0%	
	In retirement or early retirement	N	2078371	807407	2885778	
		% ACTIVITY STATUS	72,0%	28,0%	100,0%	
	Other inactive person	N	5884808	4034437	9919245	
% ACTIVITY STATUS		59,3%	40,7%	100,0%		
TOTAL		N	13617674	7119584	20737258	
		% ACTIVITY STATUS	65,7%	34,3%	100,0%	

As we stated in our hypothesis, for the working poverty rate (Tab. 5) we observe important differences between North and South. It is 6.2% in the Centre-North and 23.8% in the South. This gap between North and South can also be observed for all other categories: unemployed, retired and other inactive people.

The rate itself does not say much on the reasons of these differences. Some of them are for sure structural, depending on the local economy, labour market and social conditions, such as the very low participation of women and young people in the labour market. However, as we said in the

hypothesis, it is important to notice how rates vary according to the different characteristics of the individual and household, keeping always these two dimensions in mind. In facts, risks profiles can always vary from country to country and in the case of Italy also from the North to the South.

**Tab. 6.1 :**  
**Working poor and household type in the Centre-North,**  
**Own calculations on EU SILC 2006 data**

GEOGRAPHICAL AREA			NOT WORKING POOR	WORKING POOR	TOTAL NOT WORKING POOR
HOUSEHOLD TYPE					
NORTH-CENTRE	1 person household	N	4722566	204621	4927187
		% HOUSEHOLD TYPE	95,8%	4,2%	100,0%
	2 adults under 65 years, no dependent children,	N	1913028	66498	1979526
		% HOUSEHOLD TYPE	96,6%	3,4%	100,0%
	2 adults (at least one adult 65 years or more) no dependent children	N	2407618	5199	2412817
		% HOUSEHOLD TYPE	99,8%	,2%	100,0%
	Other households without dependent children	N	2049198	22930	2072128
		% HOUSEHOLD TYPE	98,9%	1,1%	100,0%
	Single parent household, one or more dependent children	N	406650	61039	467689
		% HOUSEHOLD TYPE	86,9%	13,1%	100,0%
	2 adults, one dependent child	N	1650177	136485	1786662
		% HOUSEHOLD TYPE	92,4%	7,6%	100,0%
	2 adults, two dependent children	N	1427786	142461	1570247
		% HOUSEHOLD TYPE	90,9%	9,1%	100,0%
	2 adults, three or more dependent children	N	165765	41420	207185
		% HOUSEHOLD TYPE	80,0%	20,0%	100,0%
	Other households with dependent children	N	743113	46570	789683
		% HOUSEHOLD TYPE	94,1%	5,9%	100,0%
<b>TOTAL</b>	N	15485901	727223	16213124	
	% HOUSEHOLD TYPE	95,5%	4,5%	100,0%	

**Tab. 6.2 :**  
**Working poor and household type in the South,**  
**Own calculations on EU SILC 2006 data**

GEOGRAPHIC AL AREA			NOT WORKING POOR	WORKING POOR	TOTAL NOT WORKING POOR
HOUSEHOLD TYPE					
SOUTH	1 person household	N	1770279	140107	1910386
		% HOUSEHOLD TYPE	92,7%	7,3%	100,0%
	2 adults, no dependent children, both adults under 65 years	N	591715	69398	661113
		% HOUSEHOLD TYPE	89,5%	10,5%	100,0%
	2 adults, no dependent children, at least one adult 65 years or more	N	1002477	10197	1012674
		% HOUSEHOLD TYPE	99,0%	1,0%	100,0%
	Other households without dependent children	N	967359	40939	1008298
		% HOUSEHOLD TYPE	95,9%	4,1%	100,0%
	Single parent household, one or more dependent children	N	129786	38230	168016
		% HOUSEHOLD TYPE	77,2%	22,8%	100,0%
	2 adults, one dependent child	N	578505	175140	753645
		% HOUSEHOLD TYPE	76,8%	23,2%	100,0%
2 adults, two dependent children	N	820624	330335	1150959	
	% HOUSEHOLD TYPE	71,3%	28,7%	100,0%	
2 adults, three or more dependent children	N	178805	132515	311320	
	% HOUSEHOLD TYPE	57,4%	42,6%	100,0%	
Other households with dependent children	N	544937	130275	675212	
	% HOUSEHOLD TYPE	80,7%	19,3%	100,0%	
<b>TOTAL</b>	N	6584487	1067136	7651623	
	% HOUSEHOLD TYPE	86,1%	13,9%	100,0%	

From tables 6.1 and 6.2 we can see how the incidence of working poverty changes for the different household characteristics in the two areas.

In the Centre-North the working poverty rate for one-component household is 4.2%, while it is 7.3% for the South. This could be caused by a different and lowest quality of the labour market in the South, but also depending on the characteristics of the people living alone, which might change from area to area. In the Northern regions for example, single couples are not only composed by old people but it is also a phenomenon connected with a particular life style, spread among younger generations. However, it should be noticed that in Italy this phenomenon has quite low figures compared to other countries, due to particular models of transition to adulthood and exit from the household of origin (Benassi and Novello 2007).

It is a matter of fact that Southern regions reached a gap in the last fifty years in the quality of the labour market and employment, mainly due to the economic structure. During the fordist period, the industrial sector, which was the one giving more warranties and social protections to the workers, was much more developed in the North than in the South, where on the contrary the economy has been traditionally based on extensive agriculture and more characterized by an unstable labour market, presenting extremely high unemployment rates. As far as the labour market is concerned there is also a difference to underline in the self-employment sector:

*“In Southern Italy self employment is mainly a way to absorb excess of labour supply and to circumvent fiscal and employment regulations: it is concentrated in trade services, which represents 61% of employment in this sector and in agriculture and displays a marked cyclical trend. In Northern Italy instead it is a result of a tradition of crust work and small family firms of exemptor of heavy employment regulation and expansion of professional groups in business and personal services”* (Ludovici, 2000).

Concerning retirement benefits in the two areas, all these elements determined a difference in the levels of pensions in the South. But another reason could be provided by the traditional lowest female participation in the labour market. In facts, lonely women, who were generally housewives due to the even stronger male breadwinner model of the South, in most cases receive just a low social benefit called “Assegno Sociale”<sup>17</sup>, which is not connected to an insurance system or fiscal contribution as in the case of other workers.

Another type of household that we should consider is the one composed by two adults under 65 and without children. The medium rates here are relatively low but we still have regional differences: 3.4% of these households in the Centre-North and 10.5% in the South.

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<sup>17</sup> This is an assistance social benefit introduced by the law 335/95 (Dini Reform) substituting the so called social pension, the former art. 26, L. 153/69.

The in-work poverty rate among single parent's households with one or more dependent children is high both in the North and South. However, the 13.1% of this household typology is working poor in the North and 22.8% in the South.

For single parent households, it is important to notice that, although the new demographic changes occurred in Italian families and the increased number of divorces, this is quite a recent phenomenon for Italy and does not reach the same levels of other countries, such as France or the US.

The last characterization we will now observe is related to the number of dependent children in the household. Considering a two adults family, we see that everywhere the in-work poverty rate increases with the number of depending children, going from 7.6% (with one child) to 9.1% (with two children) and 20% (with three or more children) in the Centre-North and from 23.2% (with one child) to 28.7% (with two children) and 42.6% (with three or more children) in the South.

Starting from the observed general working poor rates, that are respectively 6.2% in the North and 23.8% in the South, we have as a consequence higher rates for different typologies of households living in the South. These figures from table 6.1 and 6.2 should not be confused with the probabilities and chances of being a working poor household, but express the percentage of in-work poverty rate for that household typology. The probability of being a working poor depending on different characteristics is calculated, as we will now observe, through the Logistic Regression Model.

**Tab. 7 :**  
**Logistic regression model for the probability of being working poor in Italy – 2006,**  
**Own calculations on EU SILC 2006 data**

VARIABLES	NORTH* Sig.	NORTH* Exp(B)	SOUTH Sig.	SOUTH Exp(B)
SEX OF REFERENCE PERSON IN HOUSEHOLD (Female) REF.				
SEX OF REFERENCE PERSON IN HOUSEHOLD (Male)	NS	0,975	0,007	0,782
AGE (40-49) REF				
AGE (15-29)	NS	1,067	0,03	1,296
AGE (30-39)	NS	0,980	NS	0,886
AGE (50-64)	NS	0,785	0,000	0,595
EDUCATION (High) REF				
EDUCATION (Low)	0,000	2,661	0,000	7,676
EDUCATION (Medium)	0,007	1,596	0,000	3,881
HEALTH (Good) REF				

VARIABLES	NORTH* Sig.	NORTH* Exp(B)	SOUTH Sig.	SOUTH Exp(B)
HEALTH (Fair)	NS	1,061	NS	1,143
HEALTH (Bad)	NS	1,324	NS	1,065
TYPE OF EMPLOYMENT (Dependent) REF				
TYPE OF EMPLOYMENT (Auton.)	NS	0,000	0,002	0,746
TYPE OF CONTRACT (Permanent) REF				
TYPE OF CONTRACT (Temporary)	0,000	2,544	0,000	2,048
CHILDREN (No children) REF				
CHILDREN (1-3 children)	0,000	1,734	0,000	1,585
CHILDREN (4-7 children)	0,000	4,852	NS	5,921
PENSIONS (Presence of retired people) REF				
PENSIONS (Absence of retired people)	0,000	4,503	0,000	5,858
UNEMPLOYED (Absence of unemployed people) REF				
UNEMPLOYED (Presence of unemployed people)	0,000	2,179	0,000	1,463

\* North: Centre-North

In this last part we will move towards a multivariate analysis, with a logistic regression model created to calculate the probability of being working poor in Italy in 2006.

Logistic regression is used in statistics to make predictions on the probability of occurrence of an event. Like other forms of regression analysis, logistic regression uses several predictor variables that may be either numerical or categorical. Logistic regression is used extensively in many sectors, especially for the study of social mobility and as in our case: poverty.

This model could be useful to have a frame of the determinants and risk factors of in-work poverty. To our logistic regression model we also applied a territorial criterion to have different results depending on the areas: Centre-North and South.

The dependent variables we have chosen refer to individual and household characteristics. In fact, as we have extensively said in this paper, the two main dimensions of in-work poverty are both the individual and the family. This is why we have chosen individual variables such as: age, level of education, health status, type of employment (dependent or self-employed), type of contract (temporary or permanent) and others referred to the household: sex of the main reference person in the family, number of dependent children, number of pensions (representing an additional income for the household) and presence of unemployed people (which instead represents less income and an additional person loading on the family).

Concerning the mechanisms pushing towards work poverty, which are the characteristics and risks profiles influencing these trajectories, we can say that as resulting from previous analysis concerning the Italian context (Biolcati-Rinaldi and Podestà 2008) they are quite similar in the North and the South. Of course, some aspects seems to play a bigger or smaller role depending on the area and, as we expected, the probabilities of being working poor (based on particular characteristics) are often, but not always, higher in the South than in the North.

Describing the odds ratios and the probabilities of being working poor depending on several characteristics, we will first have a look at the individual and then at the household level variables.

As far as the individual age is concerned, this variable is not significant for the North, while on the contrary it is significant in the South for the same class of age. It means that young people aged between 15 and 29, defined by the literature as “outsiders” present more risks of being working poor, compared to the people between 40 and 49 years old: the so called “insiders”. From our data we can also notice that the target group 50-64, which is considered to be the most secure population, since they entered the labour market in a more propitious moment, presents with an odds ratio equal to 0,595, lower risks of being working poor, compared to the reference target 40-49 years old.

Considering education, we see that all variables are significant. Both in the North and South education has an important role to play in the risk of being a working poor. However, the effect of education seems to differ in the two areas. Individuals with low education in the North have 2.5 times more risks to be working poor, compared to those individuals having a high level of education. While individuals with a medium level just have 1.5 times more probabilities.

Moving to the South, these values are almost the double. The probability of being a working poor for an individual with a low education is more than 7 times higher than for a highly educated person. The risks for people with a medium level education are 4 times higher compared to someone with a university degree.

These figures inform us on the fact that poverty in the Southern regions mainly involves individuals with a low class and occupational status. This is not really new but tells us something (also from a statistical point of view, through the odds ratios) on how much influence class and occupational status have on in-work poverty risk.

As we can see from table 7, the variable Health is not significant in our model, for both areas.

While concerning the employment variable (self-employed/employed) it is only significant for the South. Therefore, we can say that self-employed people present lower risks of being working poor, compared to employed people. However, we should once again remember, that the nature of self-employment could differ from the South to the North (Famek Ludovici, 2000).

The last individual variable that we took into consideration in our logistic regression model is the type of contract. We notice that individuals with a precarious and temporary job contract have higher risks of being working-poor both in the North and South of Italy. However, the odds ratio is higher for the North (2,544 versus 2048). We could advance two interpretations for this difference: lower levels in the South could be explained by stronger ties and solidarity inside the family, which compared to the North, presents a more traditional model (Mingione, 1997).

The other reason could also be the fact that individuals with precarious jobs (and as a consequence usually low-wages) may find more difficulties in the North, because of the higher cost of life, affecting these regions.

At this point, we will take into consideration other variables concerning the household typology, that according to the literature, have great importance in defining in-work poverty trajectories.

The first variable we consider is the sex of the main reference person in the household. This variable related to the North is not significant, even if we could observe an odds ratio of 0.975, meaning that gender is not so much determinant.

On the contrary, it is significant for the South and shows an odds ratio equal to 0.782, indicating that families may have few more risks of being working poor, if the reference person is a woman, instead of a man. Considering what we said about female participation in the Southern Italian labour market, which results even more difficult and scarce than in the rest of the country, it is possible that women having less qualified and less remunerated jobs run higher risks of in-work poverty, together with their households (if they are the main responsible person for breadwinning).

The second household variable relates to the number of children in the family. As mentioned, the family size and in particular the number of dependent children have a meaningful importance in determining the economic situation of households; since it is a matter of needs and resources. Dependent children in fact usually require more resources and costs, without providing any income. Concerning the Centre-North of Italy, we can observe that families with one to three dependent children have almost twice more probabilities/risks of being working poor, compared to households without any dependent children. These probabilities/risks become much higher when the number of children increases. In fact, the odds ratio of households with 4 to 7 children is 4.852, which means that these families have almost 5 times more chances/risks to be working poor than an household without any dependent children.

In the South we also have a high but lower odds ratio than in the North. In fact, families with 1 to 3 children have 1 time and a half more chances of being working poor, compared to families without any children.

As we stated in the hypothesis, we clearly observe how in-work poverty risks increase with the number of dependent people, representing one less income for the family. At the same time we also see that the risks are higher for households living in the North. As in the case of the type of contract variable, we could try two explanations for these figures. The first one could be that the lower levels in the South are explained by stronger ties and solidarity inside the family, while the other might relate the cost of life, which is higher in the North, causing more difficulties and problems to large families with depending children.

The same arguments may be also used concerning the third variable related to the household: the presence/absence of unemployed people. Both for the Northern and Southern regions we observe that having an unemployed person increases the risks of being a poor family, regardless the fact of having some other work incomes. However, this risk seems to be higher in the North of Italy than in the South. Maybe as we said due to the mechanisms of family solidarity which are likely more present there and also extended to the relatives outside the household itself.

In addition, we can also consider the fact that the cost of life is lower than in the North, and therefore the presence of an unemployed person loading on the family could be somehow economically more sustainable. However, it is important to notice that this variable consider the presence of just one unemployed person, while unemployment in Southern regions usually involves more than one family member, becoming then even more unsustainable for the household.

The presence of a pension represents an additional income on which the family can count and reduces therefore the probabilities of in-work poverty for the household. The impossibility of counting on it, increases the risk of in-work poverty both in the North and South. The odds ratios are very high: 4,5 times more risks in the North and almost 6 times more risks in the South. These data indicate that in the Southern economy, due to the low quality of the labour market (low quality jobs, badly paid and sometimes more unstable positions, in particular in agriculture) pension incomes can represent a fundamental resource for the family.

## CONCLUSION

Keeping into consideration all the characteristics examined, including the role and high volumes of undeclared work (as first or second job), from our analysis we can say that in-work poverty rate, as the general poverty rate, is significantly higher in Southern regions than in the North of Italy. It makes it clear that the economy, the stage of development and quality of labour market: all those issues that we defined as “structural elements”, play an important role on the economic situation of households, determining different levels of wellbeing and wealth for households in the Northern and Southern regions. However, as it is quite evident from our analysis, even if our considerations are based on income, other multidimensional elements, such as social capital and family relations, may be involved.

In fact, next to the macro-economic explanations, as we observed through our analysis: the characteristics of the households are important and count even more than the fact of living in one or the other region. Even if it is undoubtedly that households and individuals can be influenced a lot by their residence.

As our data, resulting from the logistic regression model, underline: some invalidating aspects, such the fact of having many dependent children or an unemployed person in the household do not raise too much a family's poverty risks in the South, as it contrary does in the Central-Northern regions. It seems indeed more difficult to activate additional resources for care giving (not only in economic terms but also through dedicated time) an aspect which is also connected, as we said, to different social and family relations.

Therefore, when these difficulties arise in the North, they may represent a bigger risk than in the South of Italy. On the other hand, it is important to remember that this higher mechanism of solidarity being more present in the South, might also be very costly, both from the (macro) economic and social point of view. They have for example important consequences, as we observed in particular on the female participation in the labour market and probably, in a way, in the development of an alternative less family dependent welfare state.



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