

Atypical, not identical: assessing variation in poverty in non-standard work forms in Belgium

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CHANGE

Introduction

- NSW can lead to specific job vulnerabilities, such as earnings inequalities, lower and unpredictable working hours, and intermittent unemployment spells (e.g, Halleröd et al., 2015; Mattijssen & Pavlopoulos, 2019)
 - Increase in the risk of experiencing at least one temporary employment contract (Latner, 2022)
 - In-work poverty remains persistent or has even increased (e.g., Vaalavuo & Sirniö, 2022; Ratti et al., 2024)
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- These vulnerabilities, in turn, may raise the risk of in-work poverty
 - Need to consider different work contracts when analysing employment vulnerabilities and poverty dynamics

Theory

- Labour market segmentation
 - Insider-outsider dynamics
 - Persistent differences in the working conditions
 - Earnings gaps
 - Unemployment spells
- Human capital theory
 - Great variation in taking up non-standard work between profiles
 - Selection problem?

Contribution

- In general: NSE is associated with less favourable working conditions and wages (Canale et al., 2022; Beckmannshagen & Schröder, 2020; Lohmann & Marx, 2018)
- However:
 - Prior studies often group non-standard jobs (e.g., part-time & temporary)
 - Great variation in protection and aim of contracts (legal literature)
 - Fixed-term contracts, agency workers and service voucher workers

Research question

- Do specific forms of non-standard work contribute to higher poverty in Belgium?
- Which profile, job and household characteristics explain the differences in poverty risks?
 - Taking into account negative job elements, i.e., unemployment spells and/or lower earnings?

Belgian context

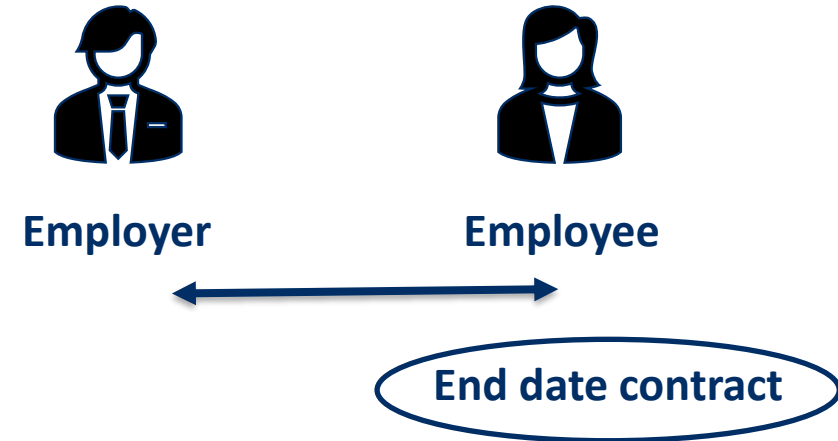
- Strict legal constraints on hiring and firing & non-standard work
- Strongly segmented labour market
- Hypotheses are developed based on a legal framework, based on the work of Dumont et al. (2022) and Ramlot (2024)

Fixed-term contracts

- **Regulation:**

- Limitations on entering and period of temporary work (2 years)
- Protection against arbitrary dismissal and deviations from overtime rules
- Mandatory timely communication of hourly work schedules.

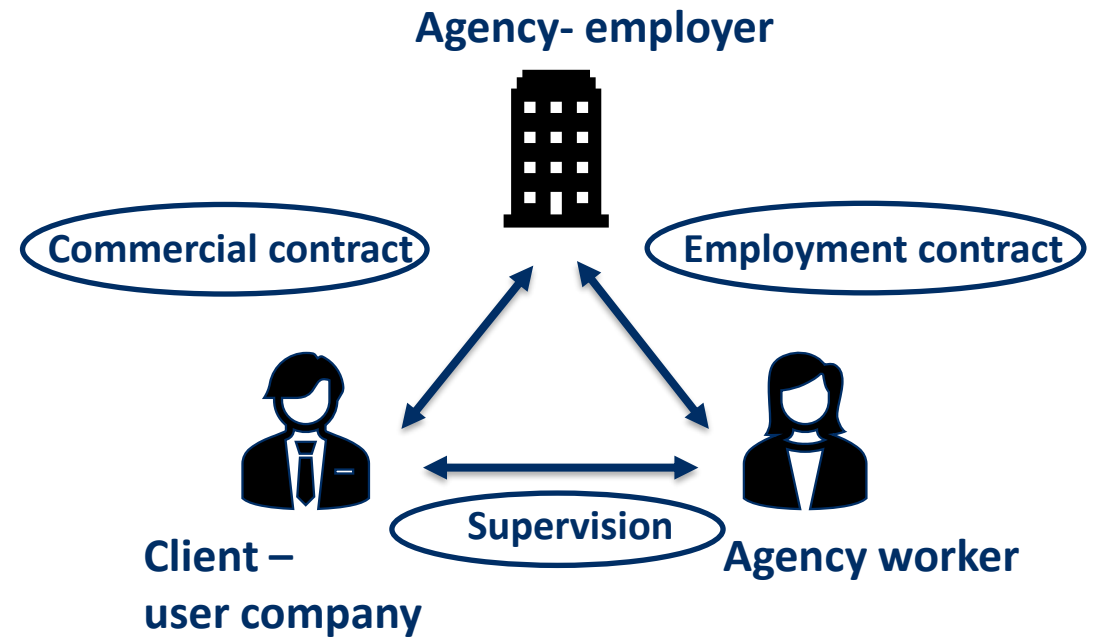
- H1: Individuals on fixed-term contracts are expected to suffer more from poverty compared to permanent contracts.
- H2: The link between fixed-term contracts and poverty is explained by higher job instability.



Agency work

- **Regulation:**

- Use is restricted to six specific activities listed in the law.
- Equal pay and benefits

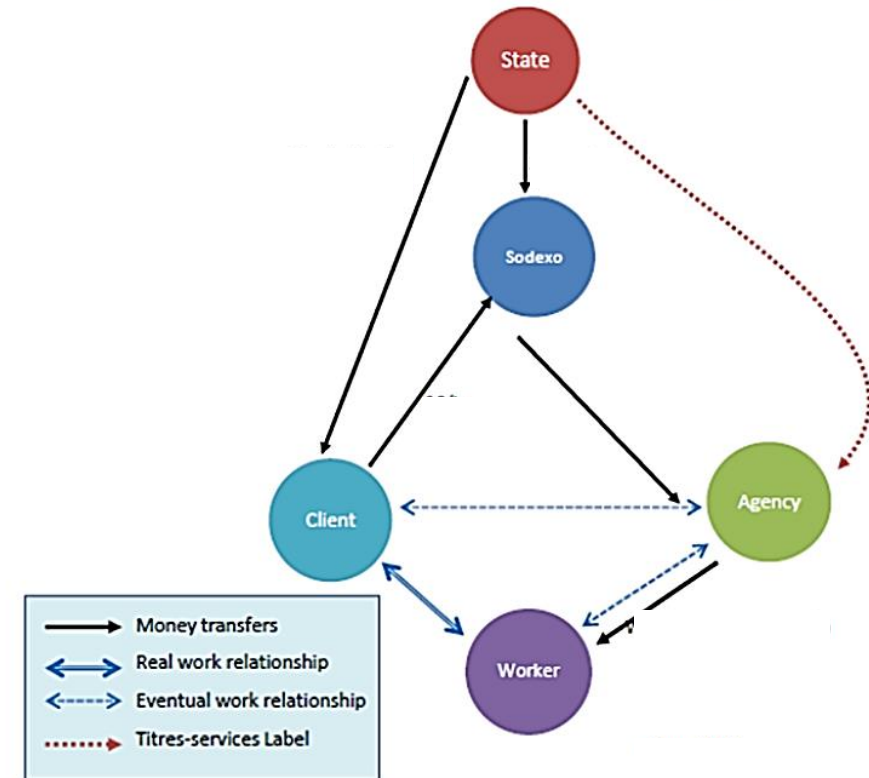


- H3: Similar to fixed-term contracts, there is an expectation of higher poverty risks due to unstable employment patterns, though initially, equal pay provides some cushioning.

Service voucher employees

■ Regulation:

- Protected against successive fixed-term contracts
- Fixed minimum working hours per assignment
- Guaranteed minimum wage
- Consistent wage and standardized working hours



- H4: After accounting for socio-demographics, lower differences in poverty are expected between service voucher employees and permanent employees. However, lower earnings and working hours may still contribute to higher poverty risks.

Data and variables

- **BLFS dataset** (allows for more obs per NSW type)
- Wave 1 of every respondent selected in 2017-2019
- Job vulnerabilities:
 - Earnings: logarithm of gross hourly wages
 - Job instability: previously unemployed + experiencing an unemployment spell (measured in waves 2, 3 and 4)
- Household vulnerabilities:
 - The log of the average monthly wages of other household members
 - % employed of total adults in the hh
- + **ADI dataset** (administrative AROP)

Method

1) Logit analyses

- Relationship between non-standard work and the risk of poverty, controlling for individual, job and household characteristics

2) Fairlie decomposition analyses

- Counterfactual scenario

Mean gap in poverty

$$\begin{aligned}\Delta_O^\mu &= \mathbb{E}(Y_B|D_B = 1) - \mathbb{E}(Y_A|D_A = 1) \\ &= \mathbb{E}[G(X; \beta_B)|D_B = 1] - \mathbb{E}[G(X; \beta_A)|D_A = 1] \\ &= (\mathbb{E}[G(X; \beta_B)|D_B = 1] - \mathbb{E}[G(X; \beta_A)|D_B = 1]) \\ &\quad + (\mathbb{E}[G(X; \beta_A)|D_B = 1] - \mathbb{E}[G(X; \beta_A)|D_A = 1]) \\ &= \Delta_S^\mu + \Delta_X^\mu\end{aligned}$$

Source: Fortin et al., 2010

Unexplained component

Explained component

Descriptives

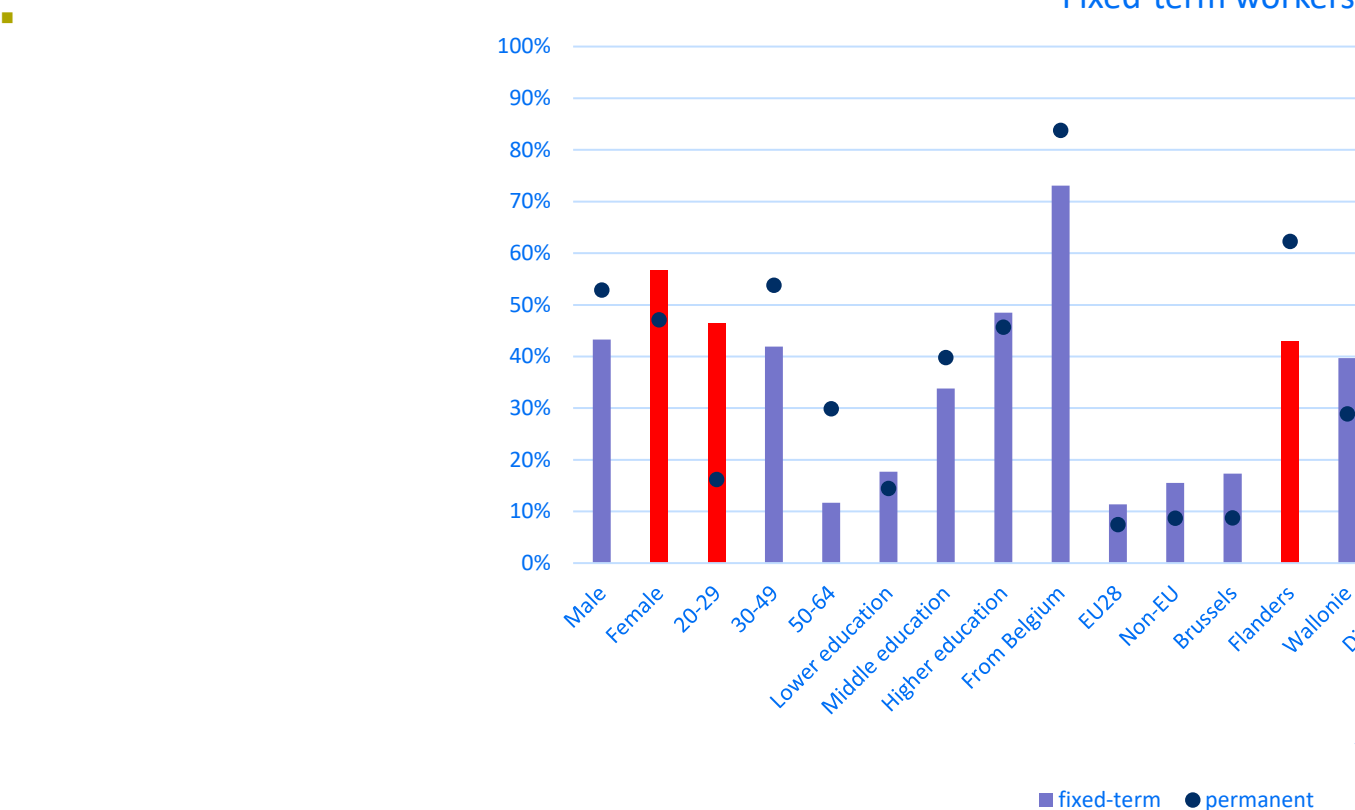
- Distribution of AROP across employment contracts, in percentages

	Permanent	Fixed-term	Agency worker	Service voucher
N	10,564,769	649,397	319,339	292,781
Share	89.3%	5.5%	2.7%	2.5%
AROP				
0	97.7%	90.0%	90.8%	87.2%
1	2.3%	10.0%	9.2%	12.8%

Source: Authors' calculations based on the BLFS (2017-2019). Weights are applied.

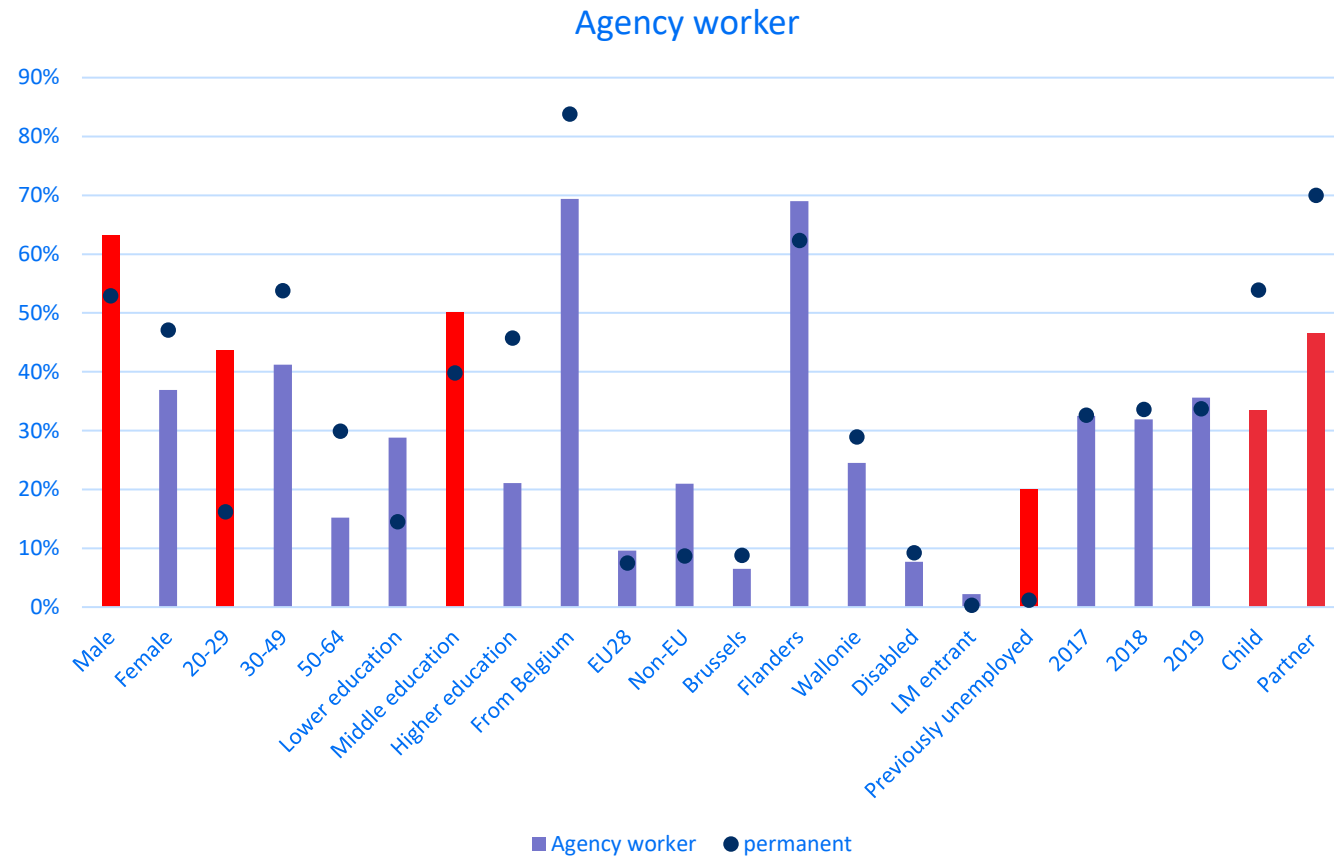
Descriptives

- Profile of permanent and fixed-term workers, in percentages



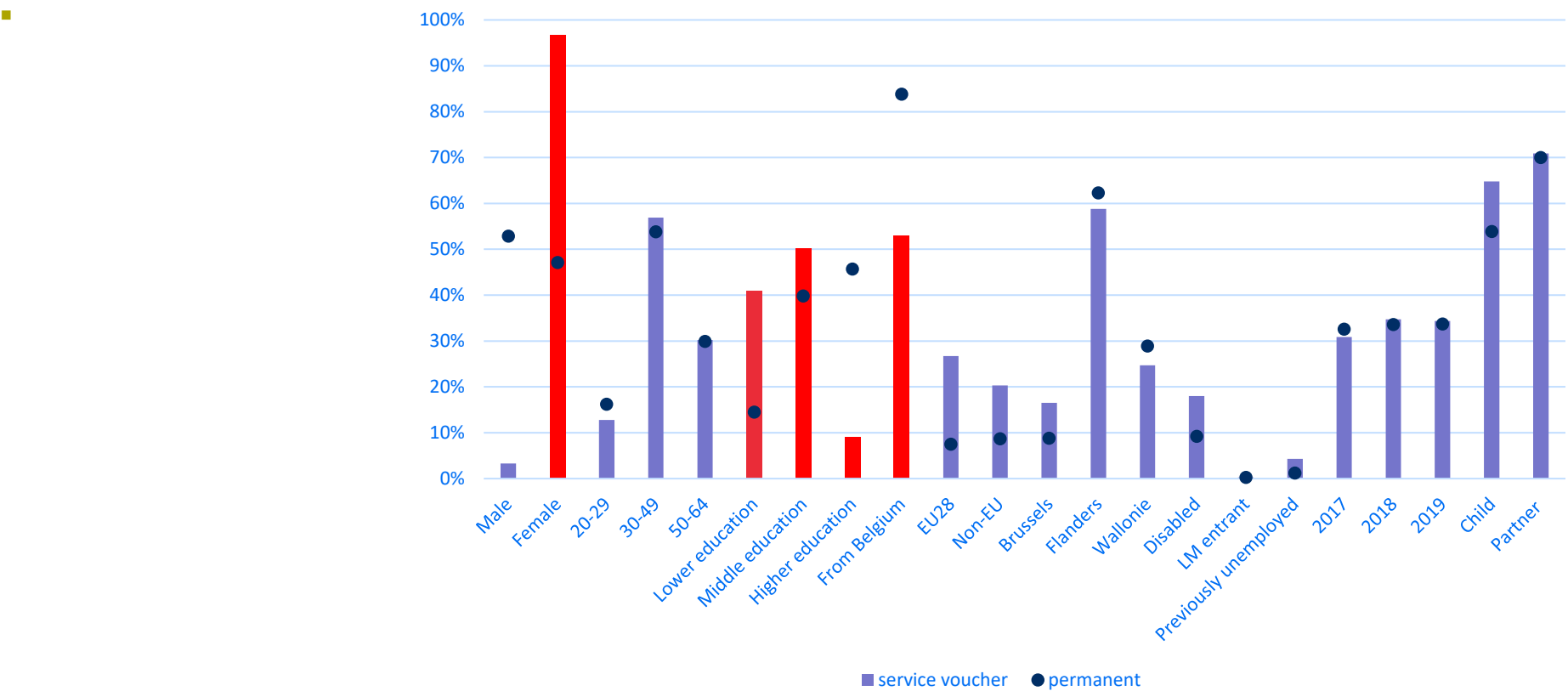
Descriptives

- Profile of permanent and agency workers, in percentages



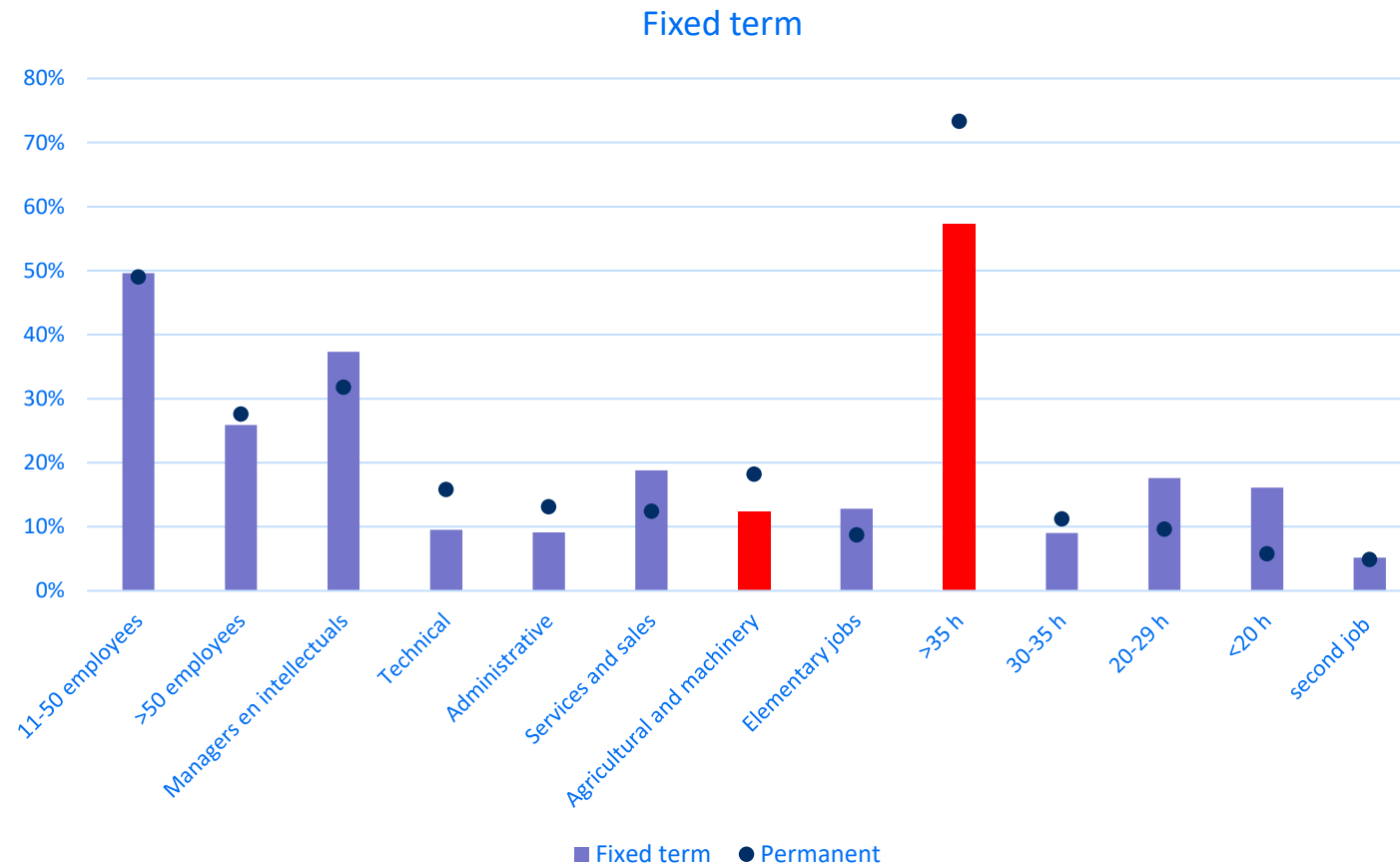
Descriptives

- Profile of permanent and service voucher, in percentages



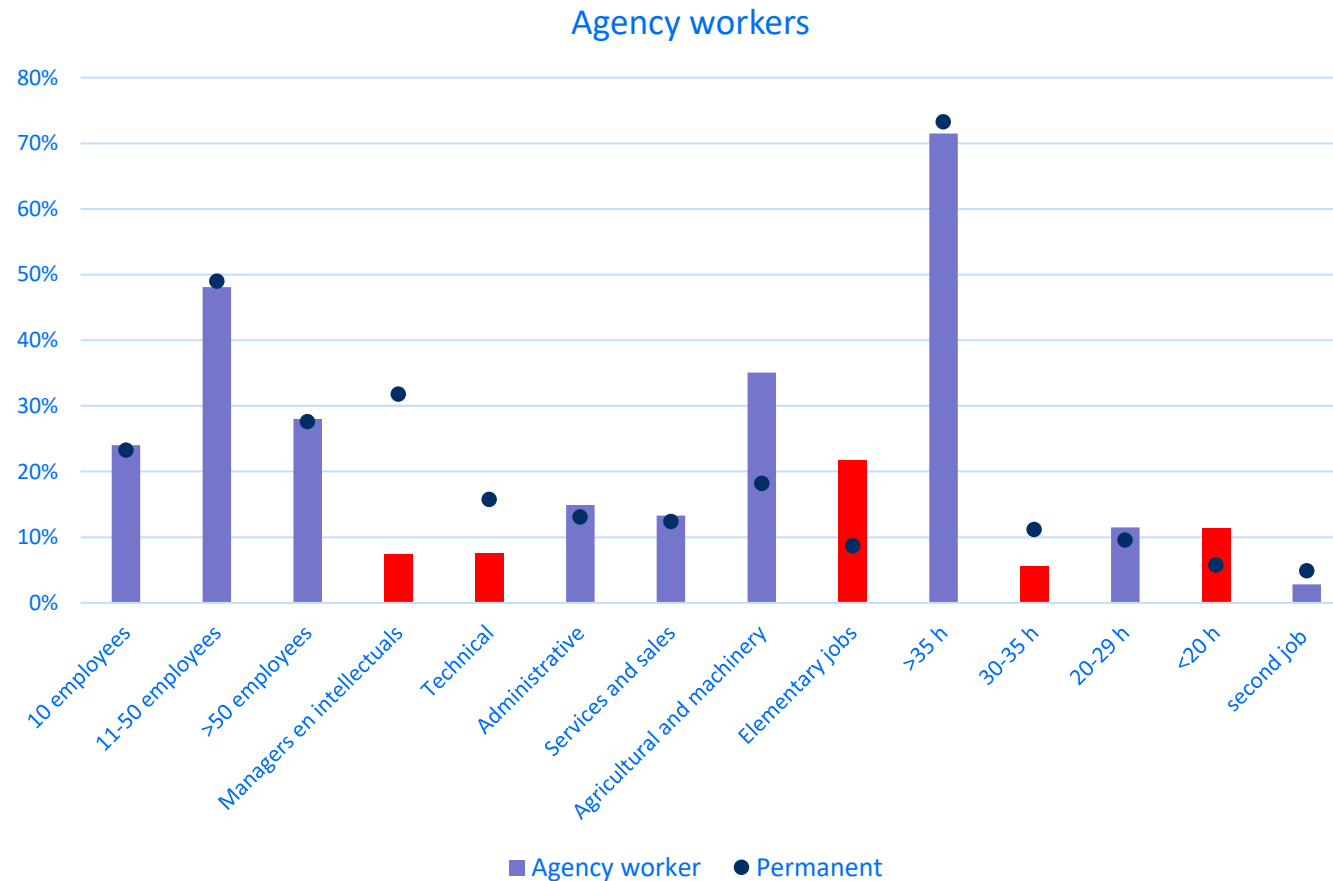
Descriptives – job characteristics

- Profile of permanent and fixed-term workers. in percentages



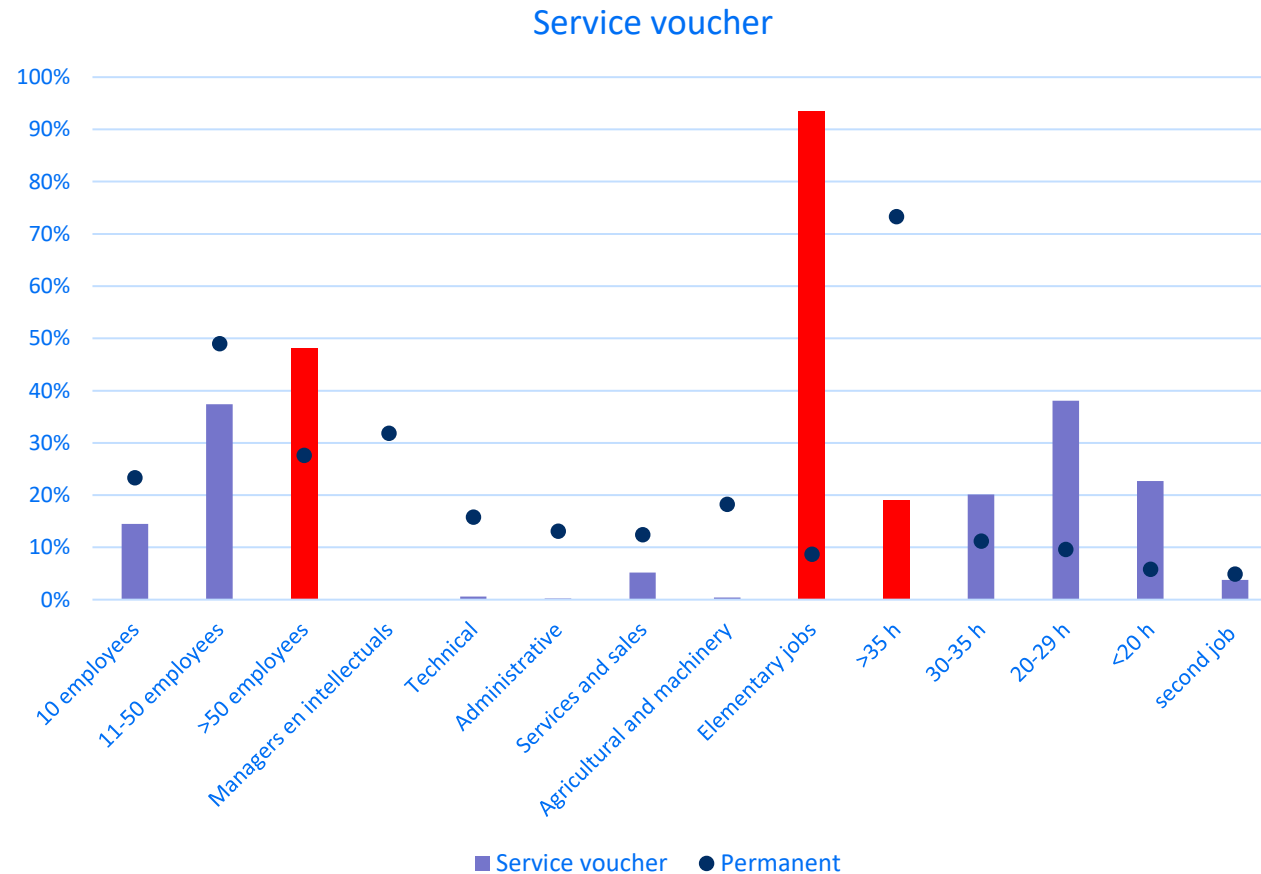
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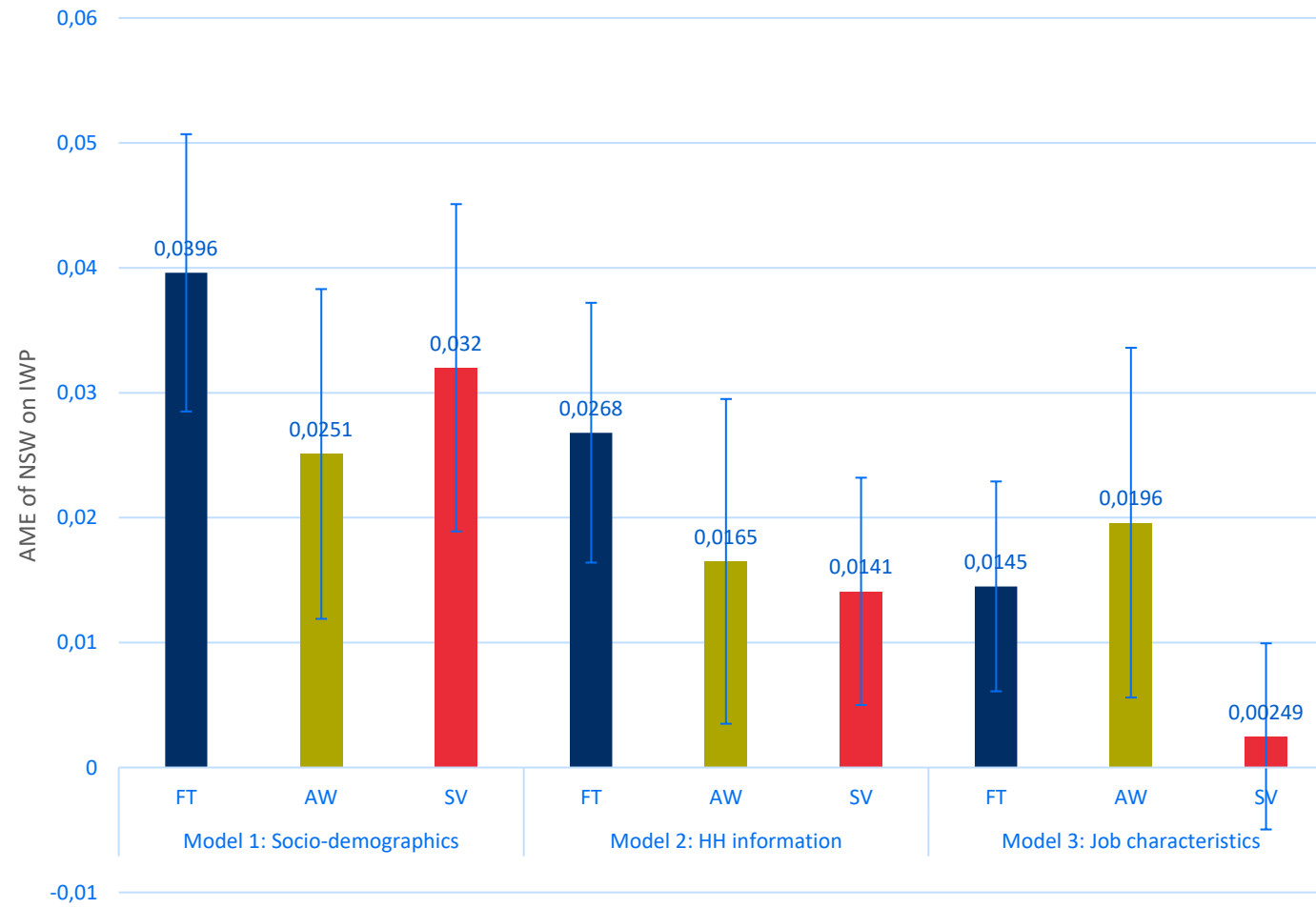


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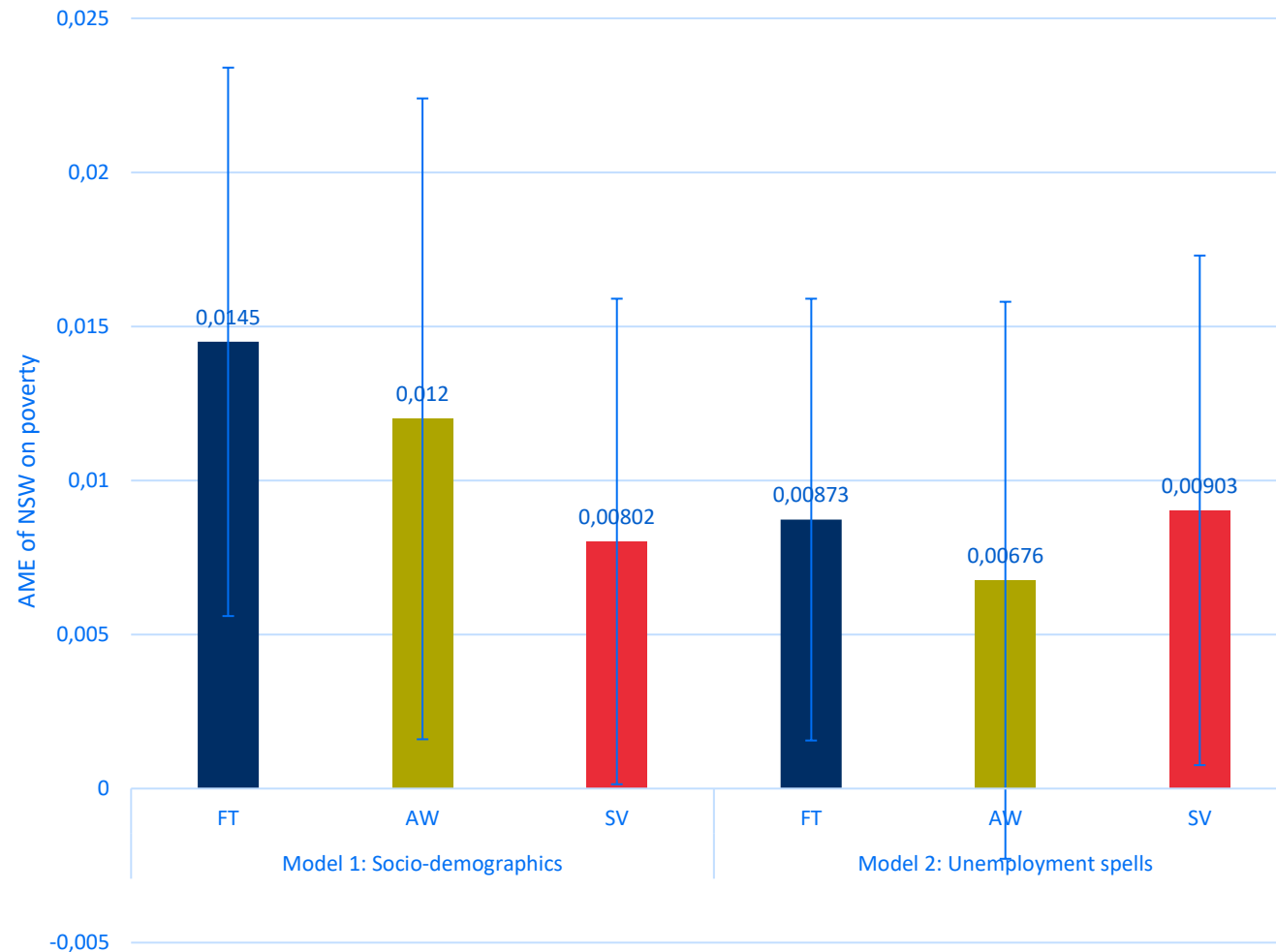


Average marginal effect of NSW on the at-risk of poverty



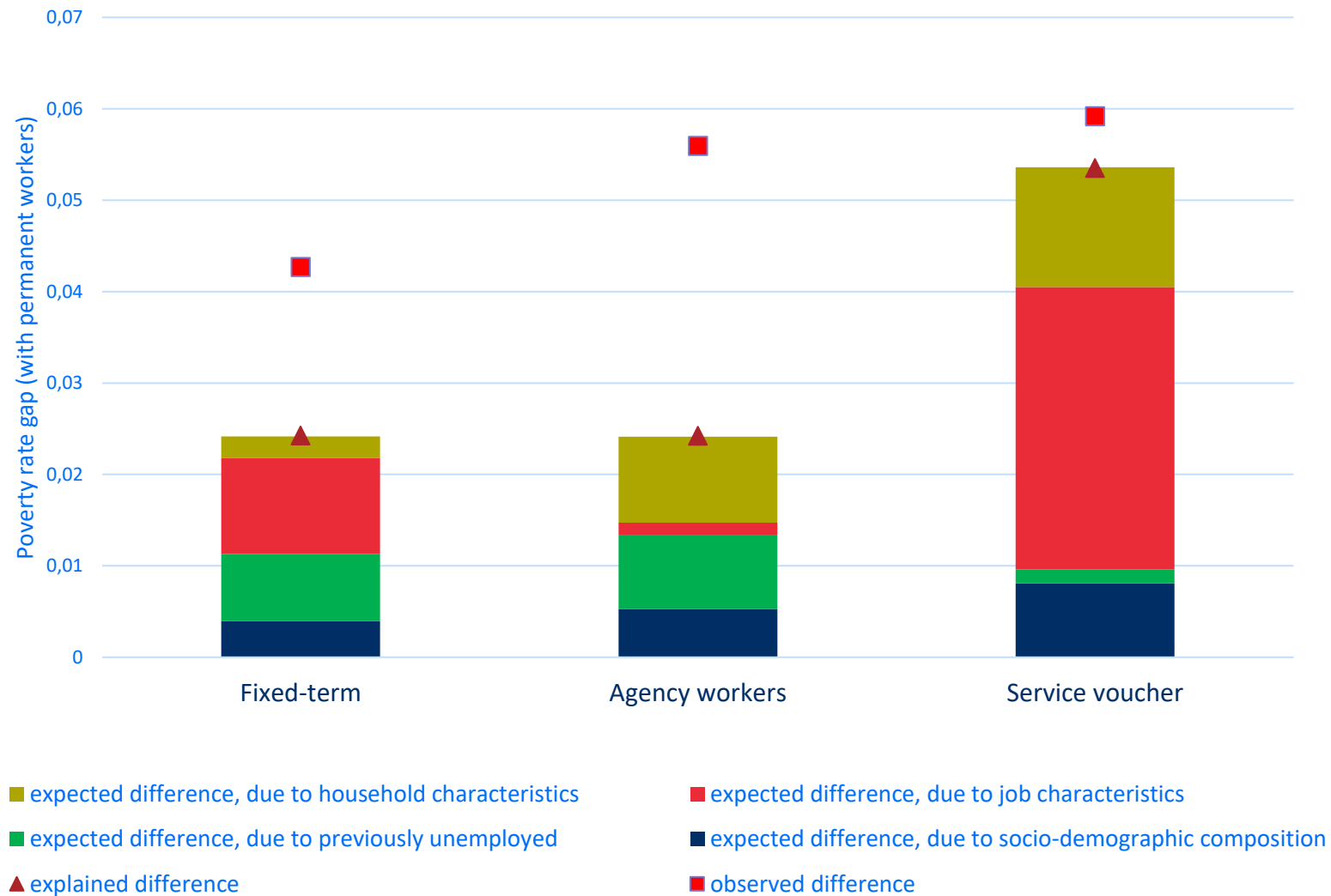
Source: Authors' calculations based on the BLFS (2017-2019). Weights are applied.

Average marginal effect of NSW on the at-risk of poverty in wave 4



Source: Authors' calculations based on the BLFS (2017-2019). Weights are applied.

Fairlie decomposition



Source: Authors' calculations based on the BLFS (2017-2019).

Decomposition: fixed-term

- Relative contribution of individual, job and household characteristics to the observed difference in the permanent fixed-term poverty gaps

Poverty rate Perm	0,015		
Poverty rate NSW	0,058		
Difference in poverty rate	0,043		
	coefficient		%
sex	0,000		-1,06
education	0,000		-0,25
age	0,001		2,69
birth country	0,001		1,19
region	0,002 ***		5,33
disabled	0,000		0,45
entry	0,000		0,66
year	0,000		0,25
previously unemployed	0,007 ***		17,20
size	0,000		0,27
occupation	0,000		-0,17
hours worked	0,005 ***		12,66
log hourly wage	0,005 ***		11,90
second job	0,000		-0,10
child(ren)	-0,003 ***		-6,99
partner	0,002 ***		5,80
average wage other hh members	0,002 ***		5,59
% employed	0,000		1,17
Total explained	0,024		56,80
N-values	30238		

Decomposition: agency worker

- Relative contribution of individual, job and household characteristics to the observed difference in the permanent agency work poverty gaps

Poverty rate Perm	0,015	
Poverty rate NSW	0,071	
Difference in poverty rate	0,056	
	coefficient	%
sex	0,000	0,75
education	0,001*	2,09
age	0,000	0,89
birth country	0,004***	7,71
region	-0,002***	-3,03
disabled	0,000	0,47
entry	0,000	0,33
year	0,000	0,19
previously unemployed	0,008***	14,54
size	-0,001**	-2,19
occupation	0,001	2,53
hours worked	0,000	0,44
log hourly wage	0,001	1,23
second job	0,000	0,38
child(ren)	-0,002*	-3,61
partner	0,003***	4,62
average wage other hh members	0,005***	9,68
% employed	0,003***	6,10
Total explained	0,024	43,25
N-values	29471	

Decomposition: service voucher

- Relative contribution of individual, job and household characteristics to the observed difference in the permanent service voucher work poverty gaps

Poverty rate Perm	0,015	
Poverty rate NSW	0,075	
Difference in poverty rate	0,059	
	coefficient	%
sex	-0,005*	-8,75
education	0,003*	4,63
age	0,001	0,99
birth country	0,008***	13,03
region	0,003***	5,47
disabled	-0,001*	-2,26
entry	0,000	0,37
year	0,000	0,15
previously unemployed	0,002**	2,57
size	-0,003**	-4,35
occupation	0,005	7,79
hours worked	0,017***	28,70
log hourly wage	0,012***	19,79
second job	0,000	0,29
child(ren)	0,003***	4,51
partner	0,001	1,56
average wage other hh members	0,010***	17,23
% employed	-0,001	-1,19
Total explained	0,054	90,40
N-values	29557	

Conclusions (1)

- Fixed-term workers and agency workers experience higher poverty in comparison to permanent workers
 - Even after controlling for job and household characteristics
- Also, service voucher employees experience higher poverty rates
 - However, the average marginal effect diminished strongly after taking job and household characteristics into account
- The decomposition results show that a large part of the poverty gaps can be explained by observable differences in characteristics
 - However, this is not true in the same way for all three NSW types

Conclusions (2)

- **Fixed-term contracts** have high poverty risk
 - Due to lower hourly wage rates and a lower number of hours worked
 - Higher poverty is strongly explained by previous unemployment
- **Equal pay for agency workers**
 - Lower wages among household members explain poverty risk
 - Wage differentials do not explain the poverty gap when characteristics are equal (education, age, etc.)
 - Sectoral collective agreements guarantee 'equal pay for equal work'
- **Contrast with service voucher workers**
 - The poverty gap is strongly explained by selection
 - Lower pay scales, hours worked and average wages of other household members also explain a higher poverty risk within this group

Thank you for listening!