

# In-work poverty in times of crisis: do part- timers fare worse?

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## ABSTRACT

Part-time work has structurally increased across Europe. The recent crisis period has brought additional increases in many countries, especially in involuntary part-time employment. This paper considers the link between part-time work and poverty, taking a comparative perspective across the EU15. The extent to which part-time work is associated with poverty varies considerably, far more so than for full-time workers. Involuntary part-time work clearly stands out as most problematic although an increased poverty risk is not confined to that segment of part-time work. Part-time work for care reasons also carries a higher poverty risk in some countries. It is most problematic in countries where demand and supply side related factors reinforce each other so as to make part-time work an inferior choice from the perspective of preferred working hours, earnings and employment security. Moreover, part-timers sometimes face a 'double income penalty' in that they are more likely to have lower earnings and reduced eligibility for certain social transfers. However, there is again considerable cross-country variation in this respect. In some countries actually the reverse is the case and part-timers are in effect more likely to receive social transfers, while being in employment, improving their post-transfer poverty position in a significant way. Taken together, the paper shows that the regulatory drivers shaping part-time work and the welfare state arrangements supporting, or failing to support part-time work play key roles in accounting for the wide variation in poverty risks associated with part-time work across the EU15.

**Keywords:** in-work poverty, part-time work, tax benefit systems, EU15

**JEL Classification:** I32, J21, R28, J68

# 1 INTRODUCTION

While a vast amount of research exists on part-time work, relatively few studies have looked at it from a poverty perspective (for exceptions see: Debels, 2008; OECD, 2010; Rodgers, 2003). This paper seeks to deepen what we know about the link between part-time work and poverty, taking a comparative perspective and focusing on the EU15 countries.

This is relevant for several reasons. First, part-time work has become the most pervasive form of ‘non-standard’ work in Europe. In fact, it has become so prevalent in some countries, most notably the Netherlands, that the moniker ‘non-standard’ may be well be out of place there. Part-time work is actively advocated by some as the new ideal ‘standard’ in the dual earner era, enabling a better work-life balance, a longer active life, and, if stimulated among men and women in equal measure, a more equitable gender division of work and career chances. Yet at the same time we know that even among full-time workers financial poverty is a very real problem (Marx and Nolan, 2013). It is thus relevant to establish whether part-time workers fare better or worse in this respect. A second reason why a more detailed look at the relationship between part-time work and poverty is relevant relates to the crisis. The dramatic rises in unemployment in many countries have been abundantly documented. However, part-time work has also increased substantially, in some countries for lack of better employment options.

This paper shows that there is vast cross-country variation in the poverty risk associated with part-time work, far more so than is the case of full-time workers. This has to be seen against the background of the mechanisms shaping part-time work. Countries where part-time work is more often an involuntary choice clearly come out as the most problematic from a poverty perspective. More specifically, part-time work is most strongly associated with poverty in countries where reduced working hours are more often an imposed choice and where, at the same time, part-time work is less attractive from the viewpoint of pay and job security. In other words, part-time work is most problematic in countries where supply (worker-related) and demand (employer-related) side factors conspire to make it an inferior form of employment.

Social transfers sometimes help in improving the income position of part-timers but, again, the compensating effect tends to be weakest in countries where part-time work is less attractive in the first place. This is in line with argument that part-timers sometimes face a ‘double’ income penalty when the income reference period is a year (OECD, 2010). This occurs when part-timers earn less and are ineligible for income replacement benefits precisely because of their lower overall earnings or fewer working hours. On the other hand, part-timers are in some countries also more likely to combine their earnings with additional income benefits in the context of activation measures or short time compensation schemes.

The paper is organized as follows: the next section reviews some of the conceptual issues regarding part-time employment and in-work poverty separately. We then consider the institutional factors that may account for the finding that linkages between part-time work and poverty vary across countries. The next section contains the empirical analysis, comparing poverty risks for part-time and full-time workers and linking cross-country variation in poverty risks to the composition of the part-time work force. We then link cross-country variation in poverty among part-time workers to regulatory and policy features, including the role of benefits. The final section concludes. Taken together, we bring a nuanced assessment of part-time work, reinforcing, as others have done, the point that part-time employment is a heterogeneous phenomenon in itself and also in terms of its implications for poverty.

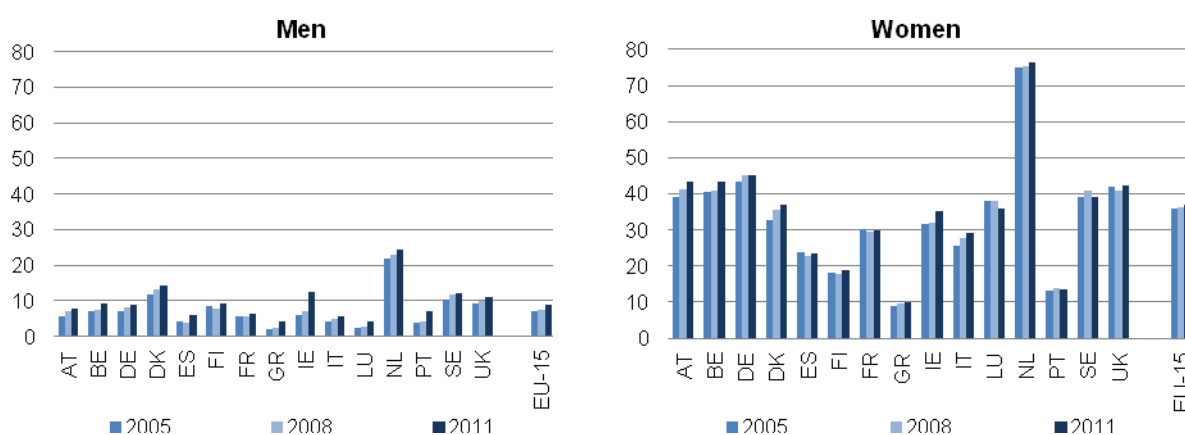
## 2 FACTS, FIGURES AND CONCEPTUAL CONSIDERATIONS

### 2.1 PART-TIME EMPLOYMENT

Over the last decades part-time employment has been gradually increasing (Sandor, 2011). At present, about a fifth of all employment in EU-15 is being done on a part-time basis. While the crisis has brought unemployment back on the agenda, we also see some important shift from full-time to part-time work, especially for men (Walling & Clancy, 2010; Ward & Ozdemir, 2012). Despite its growth, male part-time employment rates remain below 10% in most countries (figure 1). The clear exception is the Netherlands, where almost one in four men worked part-time in 2011. For women, the part-time rate differs substantially across countries. The Netherlands again stand out. In most countries we see a small increase in part-time employment between 2008 and 2011, especially in Ireland, Austria and Belgium (figure 1).

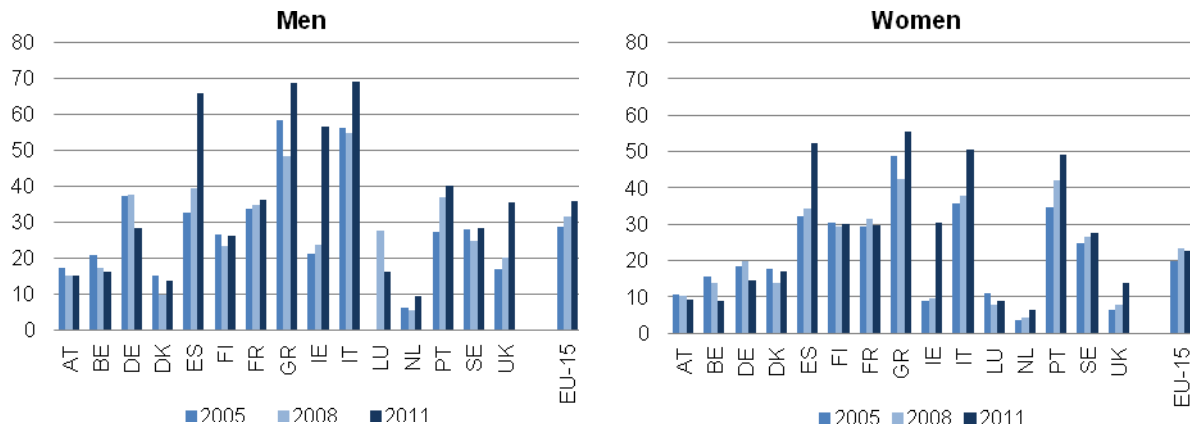
One of the key characteristics of part-time employment is that it is highly gendered, reflecting the structural change in female labour supply and the rise of polarised and precarious employment systems (Kalleberg, 2011). If women work part-time it is mainly, but not exclusively, done for caring reasons, whereas men do this more often involuntarily or for other reasons than caring (Fouarge & Muffels, 2008). In fact, in some countries more than a third of all part-timers are 'looking for, but unable to find a full-time job', especially in southern Europe. Looking at the crisis period, we see that especially in southern Europe but also in Ireland and the UK involuntary part-time employment increased substantially, both for men and women (figure 2).

**FIGURE 1** INCIDENCE AND CHANGE PART-TIME EMPLOYMENT (% TOTAL EMPLOYMENT), MEN AND WOMEN AGED 15-64.



Source: Eurostat (LFS)

**FIGURE 2 INCIDENCE AND CHANGE INVOLUNTARY PART-TIME EMPLOYMENT (% OF PART-TIME EMPLOYMENT), MEN AND WOMEN AGED 15-64.**



Source: Eurostat (LFS)

Note: EU-15 and IE: 2005=2006; UK: 2007=2008

Essentially part-time employment is about a reduced number of working hours compared to a 'standard' full-time benchmark, but a uniform definition is hard to find (Kalleberg, 2000). Differences and changes in labour legislation make it difficult to define the 'standard' benchmark and it is not always possible to find a comparable full-time worker for job contents specified only for part-timers. In empirical research three options are being used to define part-time employment (1) the use of a clear cut-off point, usually 30 or 35 hours (OECD), (2) the qualification by the respondent (Eurostat), or (3) a combination of the previous two (van Bastelaer, Lemaître, & Marianna, 1997). An hour cut-off approach is attractive because it allows for strict comparability. Relying on respondents' answers takes into accounts the complexity of what constitutes part-time and full-time work in particular settings and professions. Because of data restrictions, in the empirical part of this paper we adopt the second approach.

Because of its gendered and precarious nature, part-time work remains an issue high on the policy agenda. Typically, part-time employment is more common in female dominated service sectors like education, health and social work (Corral & Isusi, 2007; Sandor, 2011). The quality of part-time work varies considerably across as well as within countries (see among others: Blossfeld & Hakim, 1997; O'Reilly & Fagan, 1998; OECD, 2010; Yerkes & Visser, 2006). Despite European regulations to protect the quality of part-time work, hourly wages are typically lower. Part-time workers are sometimes ineligible for certain social benefits, they have lower job tenure and less schooling opportunities, and their career prospects are more limited compared to full-time workers (OECD, 2010). Part-time jobs with such secondary labour market characteristics are often done involuntarily (Tilly, 1996; Wilkins, 2007). As we will document below, these features matter when considering poverty among part-timers.

## 2.2 IN-WORK POVERTY

While it is often said that a job is the best protection against poverty, research has shown that the working poor are a non-negligible phenomenon in Europe (Andreß & Lohmann, 2008; Fraser, Gutiérrez, & Peña-Casas, 2011; Frazer & Marlier, 2010). In 2010, the extent of in-work poverty ranged from a low of 4-5 per cent in Austria, Belgium, Finland and The Netherlands.

nds up to 13-14 per cent in Greece and Spain. Overall, a general tendency for in-work poverty to rise is not observed (Marx & Nolan, forthcoming 2013).

As a relatively new phenomenon, at least in Europe, the initial phase of in-work poverty research was characterised by conceptual diversity. In a second phase, characterised by more academic interaction and debate, researchers started adopting a standardised approach of measurement. As is usually the case when a particular definition becomes institutionalised, the main benefits and drawbacks are neglected. We think that a brief discussion may be helpful.

At the outset, research on in-work poverty in Europe employed a variety of definitions, based on different approaches of what was meant by 'being poor' and 'working' (for an overview see: Crettaz & Bonoli, 2010; Peña-Casas & Latta, 2004). Both concepts come from different research traditions with different units of analysis and reference periods. Employment refers to individual's current labour market situations (ILO, 1982), whereas the commonly adopted indicator for financial poverty in Europe is based on yearly disposable household income (Atkinson et al., 2002; Dennis & Guio, 2003). The diversity of approaches adopted can be largely traced back to pragmatic considerations of researchers and country specific data availability. European comparative data on income and living condition are easily available today. In addition, European integration stimulated the development of common indicators to measure social progress. These two forces have led to the adoption of a standardized measurement of in-work poverty based on EU-SILC data, often referred to as the 'Eurostat definition'.

The conventionally adopted Eurostat approach measures in-work poverty as follows (Bardonen & Guio, 2005). First, it considers individuals to be at-risk-of-poverty if their equivalent yearly disposable household income is below 60% of the national median level. The modified-OECD scale<sup>1</sup> is used to account for economies of scale. This threshold reflects the minimum level of income considered necessary to have an acceptable standard of living relative to the society in which a person lives. It describes those below relative income thresholds as 'at-risk of poverty' rather than 'poor' since low household income is not the only factor leading to social exclusion. Second, the Eurostat indicator classifies individuals as employed according to their most frequent activity status, i.e. working at least 7 months during the income reference period of a year. This approach has some major advantages, but also comes with some problems inherent to the combination of the two levels of analysis. Maybe because the at-risk-of poverty indicator was adopted as early as 2001 at the Leaken Council as a key indicator to monitor social inclusion (Atkinson et al., 2002), most of the critiques challenge the approach to measuring being 'in-work'<sup>2</sup>. Definitions of who is 'in-work' may cover a broad spectrum of how much individuals actually work during the income reference period.

The most encompassing definition of workers is used by the US Bureau of Labour and Statistics. It includes all individuals who worked or looked for work during 27 weeks in a given year. This approach can include long-term unemployed persons and hence people who did not work during the income reference period, which is problematic in a European context with relatively high long-term unemployment rates (Ponthieux, 2010). Crettaz (2011) proposes adopting the ILO definition of who is 'working'. People are considered employed if they worked at least one hour in the week of the

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<sup>1</sup> The equivalence scale used is the OECD modified scale (1 for the first adult, other adults correspond to 0.5 equivalent adult, and each child under 14 corresponds to 0.3 equivalent adults in terms of needs); the use of an equivalence scale is necessary in order to be able to compare households of various size and composition and to account for the economies of scale in multi-person households.

<sup>2</sup> For discussions regarding the measurement poverty in the in-work poverty literature see: Individualisation of the poverty risk ignoring the assumption of equal sharing within the household (Peña-Casas & Ghailani, 2011), alternative ways of calculation of poverty thresholds for workers only (Allègre & Jaehrling, 2011), and for a thorough discussion on the potential of EU-SILC data to examine the relationship between work and poverty (Lohmann, 2011).

interview. This approach does not exclude a specific group of workers with weak labour market attachments. However, when we want to establish a link between yearly income and employment, the measurement of both concepts preferably refers to a similar period (ILO, 1982; Atkinson, 2002).

Others argue that allowing periods of unemployment or inactivity distract us from the real problem we are interested in (Halleröd and Larsson, 2008). A more restrictive approach looks only at people who indicate that their main activity was being employed during each of the 12 months of the income reference period. This way 'workers' who are poor because they did not work can be ignored. Some researchers go even further by focussing only on full-time full-year workers because it excludes the effect of low working hours on low income and from a policy perspective it is especially interesting to know why even working full-year full-time does not allow some individuals to avoid poverty (Nolan et al., 2012). The drawback of this approach is of course that a group of workers who is often most likely to have low earnings and experience difficulties in making ends meet is excluded from the analysis.

By looking at the most frequent activity status during the income reference period, the Eurostat definition lies somewhere in the middle of the spectrum. The cut-off point, however, remains arbitrary (Crettaz, 2011). The key argument in favour of this approach is that it allows a comparison of homogeneous populations over countries with very different labour market conditions and different levels of unemployment (Bardonien & Guio, 2005). Yet, this midway definition still discards individuals with very weak labour market attachment and therefore influences our understanding of the phenomenon. The stricter the definition, the more the focus is on people in stable employment. Consequently, much of the explanatory power, and hence policy options, goes to 'household' factors and less to the problems associated with insecure or low paid employment (Jespen, 2000; Ponthieux, 2010).

It should be clear by now, in-work poverty does not lend itself to a simple and uniformly applicable analysis. Early research on in-work poverty aimed at understanding the potential social costs and benefits of an expansion of low wage employment as an antidote for Europe's high unemployment rates in the 1990's (Marx & Verbist, 1998). While in-work poverty has links with low-paid work, it is crucial to understand that these are essentially separate phenomena. The vast majority of the low paid are not poor and many of the working poor are not below conventional low pay thresholds (Marx & Nolan, 2012). Overall, the core of the working poor consists of workers who are sole earners and have a family to support. Although single parents (lone mothers) are at high risk of poverty, the majority of the working poor are traditional two adult/single earner households.

The key fact to keep in mind is that the average living standard, and hence the relative poverty threshold, is increasingly determined by the living standard of double-earner households (Airio, 2008). This helps to explain why in-work poverty is pervasive across Europe and why its extent does not simply reflect the size of the low-wage sector. Consequently, a comparative analysis of in-work poverty must take into account a multitude of institutional factors that affect not only job quality, but also household composition and household labour market participation patterns, particularly multi-earnership (Lohmann & Marx, 2008). Country specific patterns of in-work poverty are influenced by a whole range of factors, ranging from labour market institutions, over dual earner support arrangements to the set-up of social security systems and direct income transfers. From a multi-level perspective, these institutional differences add explanatory power in understanding the drivers of in-work poverty. The impact of institutions, however, is complex (Lohmann, 2008, 2009; Van Lancker, 2011). Before we turn to the empirical relationship, we first discuss how part-time employment is institutionally embedded and related to known patterns of in-work poverty.

### 3 INSTITUTIONAL FACTORS AFFECTING PART-TIME WORK

Roughly a distinction can be made between a supply and a demand side dimension when considering the institutional factors shaping part-time work and its link to poverty in each country. On the one hand there are the mostly supply-side factors affecting the way people are able to realize their earnings potential and preferred working time, for example tax/benefit incentives and child care policies. Demand side factors refer to factors that shape employer behaviour and their relative preference for part-time work versus other types of labour deployment. While the distinction between supply and demand factors is not always clear-cut, we will use these headings for the clarity of our presentation. We also sketch the changing labour market-welfare state nexus with respect to the combination of work and welfare for non-standard workers.

#### 3.1 SUPPLY-SIDE FACTORS: BALANCING TIME AND INCOME

Rising female labour market participation has exerted important impulses for reforming family policies, and vice versa. Family policies have been redesigned to increase gender equality, to enable a good 'work-life balance', and to encourage employment of mothers (Daly, 2010). For example, the case for the 2002 Barcelona targets<sup>3</sup> on childcare provisions was partly made by the argument that *"Member States should remove disincentives to female labour force participation"* (European Council, 2002). Changes appear to have had most impact in countries with traditionally less extensive formal childcare provisions, like Spain (Valiente, 2010). However, transformations are also constrained by tight public budgets and cultural factors (Plantenga & Remery, 2009).

Working part-time so as to combine work and caring duties is not necessarily the most preferred option for many. When alternatives are lacking for combining the demands of childcare with the demands of a full-time job, working part-time can be a highly constrained choice (Gash, 2008). Table 1 indicates that the participation rate of children below three in formal childcare ranges from 12 percent in Austria to 66 percent in Denmark in 2008. This variation is caused by country specific and historically shaped systems of formal childcare, flanked to varying degrees by alternative arrangements such as parental leave or informal childcare (for an extensive overview see: Plantenga & Remery, 2009).

Danish childcare coverage, for example, is high and there are long opening hours, expanding the scope for parents to work their preferred number of hours (Gash, 2008). In Sweden, the combination of working time and leave policies allows parents to take part-time parental leave at a pro-rated pay. Furthermore, the transfers included in the Swedish parental leave system compensate more than in other countries the decline in earnings (Anxo & Boulin, 2006). We see from table 1 that average hours attended in formal childcare differ substantially across countries. Low number of average hours attended in the UK, Austria, the Netherlands, Germany and Ireland indicate that opening hours of childcare services are not compatible with a full-time working week. Another explanation could be the high cost associated with private childcare (OECD, 2011).

A different way of addressing caring and financial needs are the 'new familialism' (Mahon, 2002) or 'optional familialism' (Leitner, 2003) strategies as these can be found in Belgium, France and Finland. In these countries parental as well as non-parental care are supported, financially allowing mothers a free 'choice'. Yet, Daune-Richard (1998) argues that, due to contradictory logics in these systems,

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<sup>3</sup> The Barcelona targets were to provide childcare by 2010 to at least that at least 90% of the children between 3 -6 and at least 33 percent of children un 3 years of age.

two groups of women have emerged with an important social division between voluntary part-time workers in good quality jobs and involuntary part-time worker in precarious jobs. Furthermore, support for affordable child care does not automatically lead to high levels of take up among those who need it the most (Ghysels & Van Lancker, 2012).

In the southern European countries, family and intergenerational solidarity continue to play an important role in providing protection against social risks despite recent expansions of social spending and services (Aizenstadt & Gal, 2010; Naldini, 2003). The relative lack of public transfers also has important labour supply consequences as the financial burdens associated with having children are poorly compensated for (Corak, Lietz, & Sutherland, 2005). As the OECD (2004) indicates for Portugal, working time reductions are not an option as parents cannot afford the equivalent loss of earnings. At the same time, provisions for supporting full-time work are either lacking or inadequate. Family support tends to be an imperfect substitute as this is rarely available full-week, full-time.

**TABLE 1** INDICATORS OF LABOUR SUPPLY CONSTRAINTS AND INCENTIVES

	Participation in formal childcare (< 3 years)		Public spending on family benefits in cash	Marginal Effective Tax Rates when moving from part-time to full-time employment (%)		
	% of children	Average hours attended	% of GDP	Sole parent	One-earner married couple	Two-earner married couple
Austria	12	19	2.15	45	45	45
Belgium	48	29	1.60	61	54	57
Denmark	66	34	1.48	55	94	47
Finland	29	34	1.48	58	72	41
France	42	31	1.33	44	43	35
Germany	18	23	1.09	64	60	51
Greece	16	30	0.69	46	46	33
Ireland	31	25	2.32	65	49	28
Italy	29	29	0.65	36	32	43
Luxembourg	39	30	2.66	40	57	35
Netherlands	56	19	0.61	62	68	47
Portugal	47	38	0.71	31	28	32
Spain	37	28	0.52	24	22	28
Sweden	47	33	1.49	47	43	32
United Kingdom	41	16	2.13	72	75	33

Source (by column): OECD Family Database: data for 2008 (1, 2), OECD Family Database: data for 2007 (3), OECD (2011): data for 2008 (4,5,6).

Note: The Marginal Effective Tax Rates measure the degree to which any additional income would be 'taxed away'

Beside the availability of childcare, family policies include income transfers that compensate for employment restrictions and higher consumption needs due to the presence of children (Korpi, 2000). Tax measures are also known to affect labour supply (De Henau, Meulders, & O' Dorchai, 2007). These sometimes reduce the incentive to move from part-time to full-time employment, especially in the case of sole parents (OECD, 2010, 2011). Tomlinson (2006), for example, illustrates how the UK Child and Working Tax Credit system provides single mothers with an incentives to work part-time (over 16 hours to become eligible for the tax credit), but reduces the net gain from a full-time job. This is what we also see in the fourth column in table 1. Conversely, in Spain and other Southern European countries incentives for part-time workers to look for a full-time job are relatively strong. In some countries, including the UK and Ireland, but also in Finland and Denmark, it pays more to move to a full-time job when there is already another earner in the family than when there is not, effectively stimulating part-time work among those who are least able to afford it.

In sum, institutional and policy differences may produce strongly varying and even conflicting labour supply incentives, especially as women and mothers are concerned. In Southern Europe, for example, limited public spending on family benefits increases the need to work full-time, while limited spending on child care puts a constraint on the ability to do so, making part-time work more of an imposed choice associated with an increased poverty risk. In other countries, particularly in the Nordic countries, the availability of publicly funded child care, generous family benefits and (partial) career interruption schemes accumulate to create a much better context for part-time work as a voluntary choice. In the Netherlands, part-time work is said to be the preferred situation because it was 'standardised' by unions, employers and governments through a narrowing of differences with full-time work as regards rights, benefits and earnings (Booth & van Ours, 2010; Visser, 2002). This points to the fact that the prevalence and quality of part-time work also depends on the views of organizations and employers (Fagan & Walthery, 2011; Ibáñez, 2011).

### **3.2 DEMAND SIDE REGULATION AND LABOUR MARKET SEGMENTATION**

Part-time work has long been identified as a form of 'internal numerical flexibility' (Atkinson, 1984), allowing employers a better match between hours worked and demand fluctuations. Especially in labour intensive service sectors, efficient work scheduling increases productivity. Perceived or real employee wishes may also be an important driver for organisations to adopt part-time work (Delsen, 1995; Perrons, McDowell, Fagan, Ray, & Ward, 2007). Both the ESWT-2004 data of Anxo et al. (2007) and the 1990 data of Delsen (1995), indicate that countries like Finland, Germany, Greece, Portugal, Spain and the UK have a relative high share of companies where mainly establishment needs prevail when creating part-time work.

Employer strategies have important consequences for the quality of part-time work (Tilly, 1996). Allaart & Bellman (2007), for example, show that small part-time jobs point towards employer motives, whereas longer part-time jobs are more related to preferences of workers, confirming previous findings by Delsen (1995). In firms where part-time work is motivated by establishment needs, the incidence of night, weekend and shift work is more common and the daily, weekly and seasonal workload variation is higher (Anxo et al., 2007). Furthermore, in southern Europe, where apparently establishment needs often prevail when creating part-time jobs, part-time workers have a reduced overall job satisfaction and satisfaction with earnings (Petrongolo, 2004).

Employer demand for part-time work is also shaped by regulatory factors (Smith, Fagan, & Rubery, 1998). In rigid labour markets, part-time work enhances flexibility (Buddelmeyer, Mourre, & Ward, 2004). Changes in labour regulations also influence employers' strategies. For example, Fernández-Kranz and Rodríguez-Planas (2011) indicate for Spain that after introducing the right to request part-time work when having children below the age of seven, more women were hired on a temporary basis, leading to an increase in employment insecurity. In other words, in countries where part-time work is associated with secondary labour market characteristics, part-time work may be more likely to be associated with a higher risk of poverty, all else being equal.

### **3.3 THE WELFARE STATE: A PARADOX OF ELIGIBILITY CRITERIA?**

Welfare state generosity plays an important poverty alleviating role, also for workers. According to Lohmann (2009), key to understanding cross-country variation in the role of benefits for in-work poverty are replacement incomes for non-working family members. Of course, workers also receive benefits themselves in many cases (Lagarenne and Legendre, 2000). As we will set out in this section, there are reasons to expect that part-timers are more likely to combine earnings with benefits in some cases. This has particular relevance for understanding in poverty among part-timers.

In the 1990s, the OECD placed deregulation recipes at the forefront of the unemployment debate. Non-standard work forms were actively promoted. Although important reforms were undertaken in some countries, OECD guidelines were not necessarily followed (Eichhorst & Hemerijck, 2008). Departing from the neo-liberal deregulation recipes, 'Flexicurity' and the 'Active Welfare State' came to prominence in the context of the Lisbon strategy. Instead of managing unemployment, attention shifted to promoting employment. Social policy moved from income support to employment support and 'welfare to work' became the key idea (Van Rie & Marx, 2011). The role of 'passive' benefits changed somewhat. Benefits and work were no longer seen as 'foes', but also as potential 'friends' (OECD, 2003). In some countries, in-work benefits became a key element in "making work pay" (Immervoll & Pearson, 2009; Marx & Verbist, 2008). The current economic crisis has further changed the perceived role of benefits. Short time work schemes have proved especially successful in keeping down unemployment, while maintaining purchasing power. In a number of countries, like Austria, Belgium, Denmark, Spain, France and Italy, individuals do not need to be eligible for unemployment benefits in order to be eligible for short time work benefits (Hijzen & Venn, 2011).

Market income and non-market income are no longer seen as two separate spheres. This idea is especially relevant for those at high risk of exclusion from the labour market, or those at high risk of precarious or incomplete inclusion, the so-called 'midsiders' (Jessoula, Granziano, & Madama, 2010). In the context of activation efforts and make work pay schemes, jobseekers may receive additional payments when involuntarily accepting a part-time job. Financial support for part-time and other low-paid workers exists in a number of countries and enables beneficiaries to maintain a link with the labour market (European Commission, 2011). Partial unemployment benefits exist in most countries, but part-time work can also be financially compensated for a variety of other reasons: career breaks for caring reasons, education, early retirement, disability or sickness, or other reasons. Of course, in order to fully grasp the position of part-timers in the welfare state it is important to examine how part-timers fare in the long run, when becoming fully unemployed, fully disabled or fully retired.

In sum, on the one hand, part-time workers are entitled to benefits specifically provided to them because of their part-time status, through short-time compensation schemes, activation and care support schemes. On the other hand, however, part-timers may have limited entitlements to full benefits coverage because of their part-time status. If this is the case, the part-time income 'penalty' is said to be 'double' (OECD, 2010). During the usual reference period of a year workers may move in and out of employment several times. When becoming unemployed, even for very short periods, unemployment benefits are usually essential to provide the necessary protection against the temporary loss of income. In some cases, hours and/or earnings thresholds restrict access to unemployment benefits for part-time workers, especially for those in marginal or few hours part-time jobs (Leschke, 2007). Country specific policy designs restrict access in different ways. For example in Belgium the length of the employment period to qualify for unemployment benefits is longer for part-timers because eligibility is defined in terms of full-time equivalent working hours. Other countries adopt a minimum hours threshold on top of basic eligibility criteria. In Finland, the Netherlands and Sweden, individuals have to work at least respectively 18 hours/week, 1 day/week and 80 hours/month. In the UK someone has to earn more than GBP 87/week in order to qualify for unemployment benefits (for a more extensive overview see: OECD, 2010). For other type of benefits like pensions and sickness there may be restrictions as well (Buschoff & Protsch, 2008).

## 4 PART-TIME WORK AND POVERTY EMPIRICALLY

A priori, we cannot expect the link between part-time work and financial poverty to be a clear-cut one. Low working hours obviously go together with lower earnings and thus with a higher likelihood of inadequate financial resources at the household level. On the other hand, workers are unlikely to opt for part-time work unless income needs are sufficiently met. In effect, part-time work may well provide the additional income a household needs for a total household income package that exceeds the poverty threshold. Earlier research has shown that the relationship between individual earnings and household income poverty is far from straightforward (Marx & Nolan, forthcoming 2013; Nolan & Marx, 2000; Nolan, Whelan, & Maître, 2010). Consequently, we can expect the relationship between part-time work and poverty to be equally complex.

### 4.1 DATA

In what follows we draw on data from EU-SILC 2011. These data are used as the main source of information for understanding social exclusion and inequality across Europe. The reference population includes all private households and their current members residing in the territory of the countries at the time of data collection. All household members are surveyed, but only those aged 16 and more are interviewed (Eurostat, 2010).

EU-SILC data collection follows a uniform framework with shared guidelines and procedures as well as common concepts and classifications aimed at maximising comparability of the data (Eurostat, 2011). Despite this common framework, the comparability of the data across countries is not perfect (for a more extended overview of comparability issues see: Lohmann, 2011; van Oorschot, 2012; Van Rie & Marx, 2011). For most countries data are collected in surveys. In some countries register data are used as well (in our selection of countries: Denmark, Finland, Sweden and the Netherlands). Data from administrative sources are usually considered more precise compared to survey data, whereas survey data have the advantage of covering a wider range of characteristics. In register countries, income data are collected from administrative sources and detailed personal and labour market data are based on surveys. Register countries in EU-SILC do not necessarily collect the detailed personal variables for all persons in the household. Because this paper examines the poverty risks related to people's reasons for working part-time, in register countries many respondents have missing values on labour market variables because not all household members were interviewed.

The analyses in this paper are based on individuals of working age (18 to 64 years). We exclude the self-employed in this paper because data collection of self-employed incomes is less reliable. Also, for the self-employed, part-time work seems a different condition than for employees. For defining in-work poverty, we start from the Eurostat approach. Someone is considered at-risk-of-poverty if his or her equivalent disposable household income during the income reference period is below the threshold of 60 percent of the national median. With the exception of Ireland and the UK, the income reference period is the previous calendar year. In Ireland it is the year prior to the survey and in the UK current income is annualized (Eurostat, 2011).

## 4.2 DEFINING PART-TIME WORK WHEN THE REFERENCE PERIOD IS A YEAR

As noted above, a range of possibilities exist to define who is working when poverty status has a reference period of a year. This is not just a technical issue, but a matter of some substantive importance. In this paper we will look at full-year workers because it has the advantage that we are able to comparing strict part-timers with strict full-timers.

One of the most fundamental critiques on the Eurostat approach is that in times of high unemployment and employment flexibility, as we see in current crisis, setting a threshold of working at least seven months may exclude a large number of potential workers. Ponthieux (2010) therefore warns for a trade-off between comparability and relevance as regards the Eurostat-approach to in-work poverty. When many people have a weak labour market attachment in a given country, a large number of potential workers may be excluded from the analysis. This shifts the focus from in-work poverty to out-of work poverty, while it is actually a problem of not enough work.

In order to gain a better understanding of the applicability of the Eurostat-definition of being in-work in times of crisis, we first look at the poverty risks by number of months worked in 2010, drawing on EU-SILC 2011 (table 2). In some countries the poverty risks of people who did not work at all appears lower than for those who worked at least a few months. Probably because of the low share of people working between one and eleven months (see figure 3), these differences are not statistically significant when taking into account conservatively calculated standard errors and confidence intervals (Goedemé, 2013)<sup>4</sup>. In most countries we find that being out of work some time, even if this is only for one or two months, increases the poverty risk of workers severely (not significant with  $p < 0.05$  in DE, DK, IE, and PT). In some countries there is also a substantial difference in the poverty risks between individuals working two quarters and three quarters of the year (significant with  $p < 0.05$  in BE, ES, FI, FR, and IT). In other words, if we would include workers with a lower labour market attachment, poverty risks would be higher. In order to grasp the relevance of excluding these workers, we should also examine their share in the poor population.

**TABLE 2** AT-RISK OF POVERTY RATE (%) BY NUMBER OF MONTHS WORKED, AGE 18-64, 2010

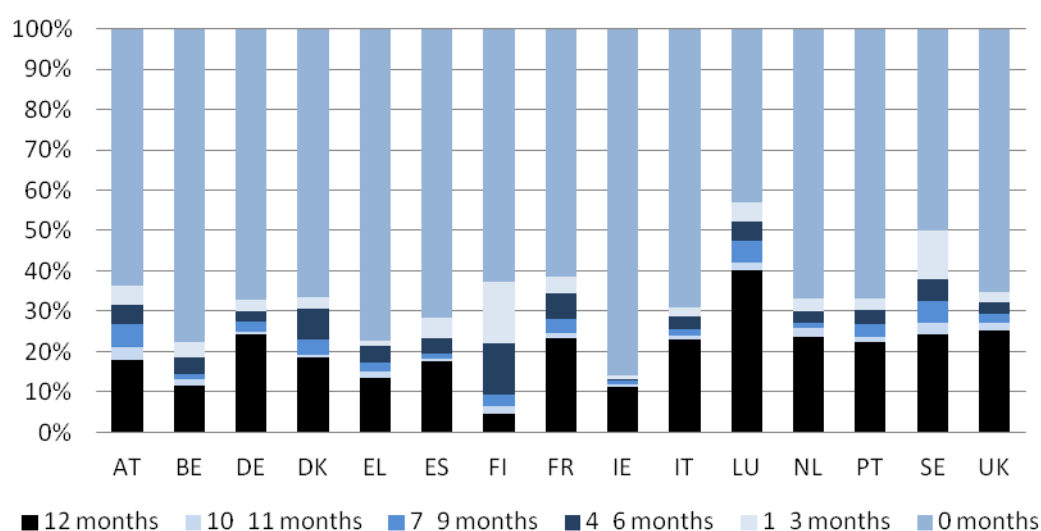
	0 months	1_3 months	4_6 months	7_9 months	10_11 months	12 months
AT	24.5	17.6	17.9	14.1	8.8	3.5
BE	28.4	24.7	20.6	6.6	8.2	2.8
DE	37.1	31.8	20.2	16.8	10.3	6.3
DK	28.6	28.3	31.7	21.2	6.0	4.8
EL	30.3	33.0	29.5	18.9	29.8	6.0
ES	33.9	35.2	23.4	12.4	9.4	6.8
FI	29.6	30.7	24.2	7.2	5.6	1.3
FR	24.9	24.2	24.7	16.7	11.7	5.4
IE	26.0	16.1	2.4	10.0	7.7	3.8
IT	30.4	30.9	30.1	18.4	15.8	8.7
LU	18.6	37.6	23.0	22.9	20.7	8.5
NL	24.0	16.8	16.8	7.7	7.9	3.8
PT	29.1	22.0	21.1	19.0	9.9	6.1
SE	30.0	27.2	25.6	23.8	15.0	4.8
UK	32.1	19.4	24.1	17.9	22.6	5.6

Source: EU-SILC 2011 (IE: EU-SILC 2010)

<sup>4</sup> more detailed results on significance tests not shown here, but available upon request

Figure 3 presents the composition of the poor by months worked. Non-workers represent over fifty percent of all poor. Full-year workers also compose a substantial share of the poor, ranging from 4.7 % in Finland to 40.1 % in Luxembourg. Among the poor people who worked at least one month, full-year workers even represent a majority in most countries, except in Finland. Looking at the share of individuals working less than seven months among the poor who worked at least one month, we observe a large variation across countries, from 8 % in Ireland to 75 % in Finland. In sum it clearly matters how much individuals work annually. On the other hand, non-full-year workers only represent a small share of the poor, but there is much variation across countries. So what is the best definition to adopt in our case? Before we can answer this question, we should also take into account the distinction between part-time and full-time employment since this is what we are mainly interested in.

**FIGURE 3** NUMBER OF MONTHS WORKED (%) AMONG THE POOR, AGE 18-64, 2010



Source: EU-SILC 2011 (IE: EU-SILC 2010)

If we want a clear insight in the variation of poverty risks associated with working part-time across countries as well as the potential poverty alleviating role benefits play in this variation, we have to make a number of assumptions due to data restrictions. One of the problems with using EU-SILC data for our purpose is that we are unable to make a detailed distinction between partial benefits combined with work and benefits alternated with work income (Van Rie & Marx, 2011). Depending on the approach adopted, workers are more or less likely to receive income replacement benefits. This has to do with the one year reference period when measuring poverty and its discrepancy with the measurement of who is 'working'. A broad definition of 'working' considers a person's current labour market situation. A stricter definition considers only those whose main activity during all of the twelve months of the income reference period was working. The broader the definition of who is 'working', the more likely workers are to receive income replacement benefits because periods of (full) unemployment are more likely to occur within the income reference period of a year.

One way of tackling this issue is by focusing only on people who have been at work all twelve months either part-time or full-time. As table 3 shows, a considerable overlap exists between part-time and full-time work. However, with the exception of Finland, focussing only on full-year part-timers still allows us to include the majority of part-time workers. Thus looking at full-year part-timers has the advantage that we are comparing strict part-timers with strict full-timers, which is what we do in this paper.

**TABLE 3** DISTRIBUTION OF PART-TIME (PT) AND FULL-TIME (FT) WORKERS BY NUMBER OF MONTHS WORKED PART-TIME AND FULL-TIME (%), AGE 18-64, 2010

	1_6 months PT		7_11 months PT		12 months PT	total
	0 month FT	> 0 months FT	0 months FT	> 0 months FT	0 months FT	
AT	13	10	5	3	69	100
BE	8	8	7	4	73	100
DE	7	6	3	1	83	100
DK	10	11	4	1	74	100
EL	11	12	6	8	62	100
ES	14	4	8	2	72	100
FI	30	9	26	9	27	100
FR	11	9	9	6	66	100
IE	6	7	3	3	81	100
IT	9	8	6	3	75	100
LU	7	6	6	6	76	100
NL	8	8	3	2	79	100
PT	9	8	8	3	72	100
SE	15	5	14	7	59	100
UK	7	5	5	3	80	100

	1_6 months FT		7_11 months FT		12 months FT	total
	0 month PT	> 0 months PT	0 months PT	> 0 months PT	0 months PT	
AT	7	11	2	1	80	100
BE	7	6	2	1	83	100
DE	4	4	1	1	90	100
DK	7	5	1	0	87	100
EL	6	6	1	0	86	100
ES	9	5	1	1	84	100
FI	13	11	4	1	70	100
FR	7	5	3	1	84	100
IE	2	4	2	1	94	100
IT	5	4	1	1	89	100
LU	6	6	2	1	86	100
NL	1	4	3	2	90	100
PT	6	6	1	0	86	100
SE	7	5	4	2	81	100
UK	3	3	1	1	91	100

Source: EU-SILC 2011 (IE: EU-SILC 2010)

In table 4 we show the resulting part-time and involuntary part-time rates drawing on EU-SILC data adopting our full-year work definition. In this table, and for the remainder of this paper, full-timers and part-timers stated to have respectively been employed full-time and part-time as their main activity during each of the twelve months of the income reference year and were also doing it at the time of the interview. Involuntary part-timers, additionally, indicated at the time of the interview that they are working less than thirty hours, but ‘want to work more hours but cannot find a job(s) or work(s) of more hours’.

Table 4 largely confirms the well-known gendered nature and cross-country variation in part-time work. Part-time employment is far more prevalent among women and if men work part-time it is more likely to be done involuntarily. As usual, the Netherlands stand out as the premier ‘part-time economy’ (Visser, 2002). The southern European countries still have relatively low part-time rates although female part-time employment has increased substantially in these countries, especially in Spain and Italy (González, 2006). Southern European countries stand out in having the highest incidences of involuntary part-time work, also among women. Finland is notable in that the incidence of part-time employment is relatively low there, certainly when compared to the other northern European countries. According to Kauhanen (2008) part-time work does not play its traditional role of reconciling work and care in Finland, but is mainly done by part-time students and part-time

pensioners. Overall the pattern across countries follows the known variation between northern and southern Europe. One exception is Denmark where we find relatively low part-time rates compared to other data sources (see for example, figure 1).

**TABLE 4** INCIDENCE OF PART-TIME WORK (% OF TOTAL EMPLOYMENT) AND INCIDENCE OF INVOLUNTARY PART-TIME WORK (% OF PART-TIME EMPLOYMENT) , 2010

	Incidence part-time		Incidence involuntary part-time	
	men	women	men	women
AT	3.1	38.3	15.4	6.7
BE	7.0	42.1	27.9	21.3
DE	3.3	44.7	36.3	13.4
DK	3.8	16.1	5.4	20.1
EL	2.4	10.9	87.6	87.0
ES	3.2	18.1	60.6	43.5
FI	2.5	8.0	8.7	18.7
FR	4.0	28.6	33.6	29.8
IE	13.2	39.3	54.9	21.6
IT	3.7	26.8	60.6	36.5
LU	1.8	39.3	11.6	16.2
NL	10.1	75.2	10.1	6.2
PT	1.7	7.2	61.0	61.9
SE	5.6	30.4	28.1	24.7
UK	7.0	38.0	34.8	9.3

Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculations (weighted)

### 4.3 AT-RISK OF POVERTY RATES FOR PART-TIME AND FULL-TIME WORKERS

Table 5 shows the poverty rates for full-timers compared to part-timers, with the rates for the total active age population and non-working adults added for reference in 2007 and 2010. In view of the highly gendered nature of part-time employment, we present the in-work poverty risks for men and women separately. We calculate confidence intervals and standard errors conservatively, taking into account the survey design (Goedemé, 2013). First, we see that not working full-year is clearly associated with an increased poverty risk. Second, the differences in poverty risks between full-timers and part-timers are highly significant in most countries. Except for Denmark and for men in the Netherlands and Finland working part-time is associated with a significantly increased poverty risk.

If we compare men and women, we see that male part-timers tend to face a higher poverty risk than female part-time workers. Also, full-time working women tend to be less likely to be at risk of poverty than full-time working men, especially in the southern European countries (table 5). Peña-Casas and Ghailani (2011) argue that this ‘paradoxical’ situation of women facing lower poverty risks can be explained by the construction of the at-risk of in-work poverty indicator. Despite generally having a weaker labour market position in terms of employment probabilities and earnings, women tend to be better off in terms of their risk of poverty. Because the construction of in-work poverty is based on disposable household income, it places relatively much explanatory weight on household composition and hence the number of earners in a family.

**TABLE 5 AT-RISK OF POVERTY RATE (IN %) TOTAL POPULATION, NOT FULL-YEAR WORKING, FULL-TIME WORKERS (FYFT) AND PART-TIME WORKERS (FYPT) INDIVIDUALS AGED 18-64, 2010**

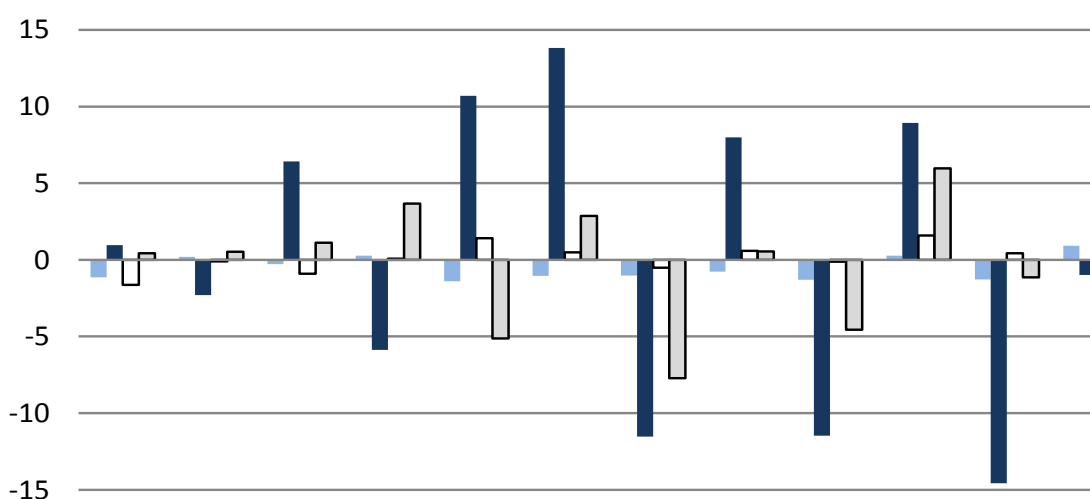
	Total population	Not full-year working	Men		Women		
			FYFT	FYPT	FYFT	FYPT	
AT	12.6	17.2	3.0	15.4	**	1.5	6.1 ***
BE	15.3	21.4	1.7	7.2	(*)	1.1	5.7 ***
DE	15.9	29.1	3.8	23.0	***	3.6	9.9 ***
DK	13.0	18.9	2.8	13.6		2.7	6.5
EL	21.4	26.3	5.3	36.1	**	4.2	14.3 **
ES	21.8	30.7	5.3	20.4	***	4.1	17.3 ***
FI	13.7	21.2	0.9	4.2		0.9	3.3 (*)
FR	14.0	21.6	4.0	21.6	***	2.9	12.3 ***
IE	15.8	23.9	0.7	5.9	(*)	1.3	4.6 **
IT	19.6	24.7	7.8	35.8	***	5.0	16.0 ***
LU	13.6	19.2	7.1	2.0	**	7.6	12.5 *
NL	11.0	16.2	3.4	2.4		1.5	3.1 (*)
PT	18.0	25.7	5.2	25.8	*	5.4	20.4 ***
SE	14.0	21.5	2.5	21.1	***	2.6	7.4 ***
UK	16.2	26.0	3.2	15.0	**	2.9	10.5 ***

Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculation

Note: t-test significance levels H0: IWP FT = IWP PT: (\*) p < 0.1, \*p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

Figure 4 shows poverty risk changes between 2007 and 2010. For male part-timers it decreased in Belgium, Denmark, Finland, Ireland and Luxembourg, while it increased in Germany, Greece, Spain, France and Italy. Due to sample size restrictions, these results should be taken with caution. For female part-timers we observe a decrease in Greece, Finland and Ireland, but an increase in Denmark, Spain and Italy. Again, and especially for Denmark and Greece, sample size restriction cause reason for caution. In sum, as with in-work poverty in general (Marx & Nolan, forthcoming 2013), no clear trend arises.

**FIGURE 4 PERCENTAGE POINT CHANGE IN POVERTY RISKS OF FULL-YEAR FULL-TIME AND PART-TIME WORKERS BY SEX BETWEEN 2007 AND 2010, INDIVIDUALS AGED 18-64**



Source: EU-SILC 2008 and EU-SILC 2011 (IE: EU-SILC 2010), own calculation

Note: Results are not fully comparable between both waves because self-defined economic status variables have more categories in the EU-SILC 2011 wave.

Overall, while part-timers generally face higher poverty risks, we find important variation across countries and over time within countries. There are several possible explanations for this. The nature of part-time work itself may play an important role if part-time jobs are precarious and low paid. But rather than the nature of part-time work itself, it may be the household context in which part-time tends to occur that accounts for their higher poverty exposure. Before examining the drivers of in-work poverty among part-timers across countries more in detail, we first consider the following question: why would someone work part-time if this does not provide an adequate standard of living?

#### 4.4 IS INVOLUNTARY PART-TIME WHAT WE SHOULD WORRY ABOUT?

In this section we look more in detail at the poverty risk associated with different reasons for working part-time. Four categories are distinguished: (1) *involuntary* part-time workers who state to be looking for a full-time job, (2) *voluntary* part-timers who indicate that they do not want to work more hours and (3) part-timers because of *caring* activities: ‘housework, looking after children or other persons’. We also include a residual category of (4) *other reasons* which consists of people working part-time because they are sick, are in education or other not further specified reasons. Respondents stating that they work less than thirty hours, but explicitly report that it is a full-time job are excluded. Because of sample size limitations we are unable to provide a detailed analysis for men’s reasons for working part-time.

Table 6 indicates that the poverty risk is especially high for part-time working women who are looking for a full-time job. Because of relatively low sample sizes results are not significant everywhere but the overall pattern is clear. The results in table 6 confirm earlier research showing that especially involuntary part-time work is associated with problematic living standards (OECD, 2010; Wilkins, 2007). However, we also see that the problem of in-work poverty is not solely confined to involuntary part-time working women. Clearly, in a number of countries, part-time workers for care reasons also face quite substantial poverty risks. To what extent part-time work done for ‘care’ reasons is to be considered as an entirely voluntary choice is debatable of course.

**TABLE 6 AT-RISK OF POVERTY RATE (IN %) FEMALE FULL-YEAR PART-TIME WORKERS AGE 18 TO 64, BY REASONS FOR WORKING PART-TIME, 2010**

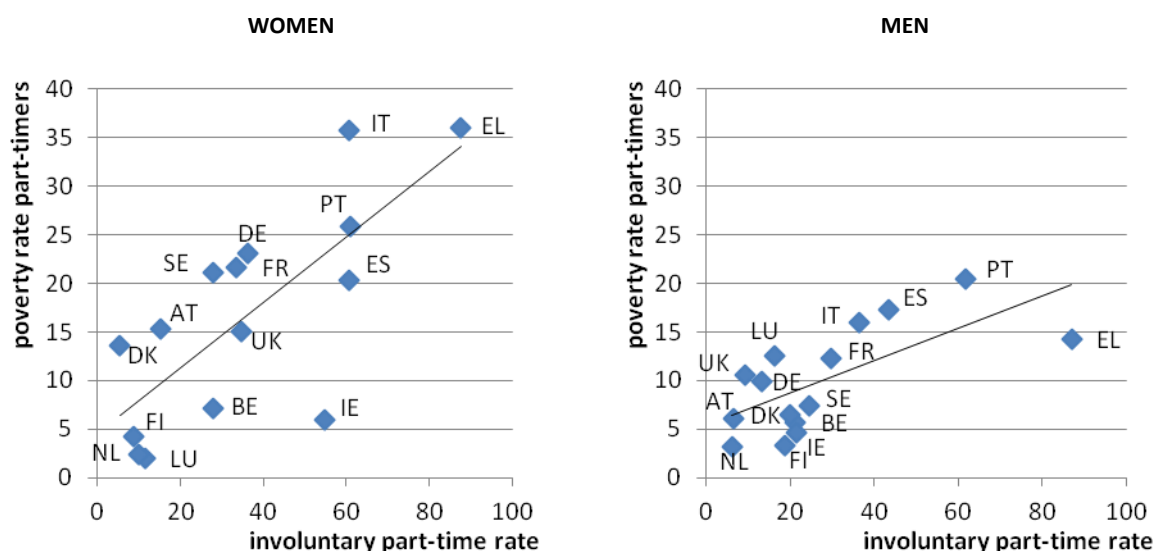
	Involuntary (reference)	voluntary	caring	other	n-value
AT	23.4	3.9 (*)	5.2 (*)	7.4	516
BE	14.9	3.2 *	9.7	7.1	450
DE	28.1	4.6 ***	5.6 ***	18.8 *	1419
DK	31.9	-	17.2	1.7	66
EL	14.4	-	32.2	5.8	102
ES	30.1	12.8 **	8.6 ***	8.9 ***	563
FI	-	7.0	-	0.9	68
FR	22.8	6.8 ***	10.6 **	21.1	706
IE	5.9	6.5	6.0	1.1 *	450
IT	27.0	12.1 *	11.7 **	12.4 **	859
LU	28.4	5.2 **	8.3 *	41.1	509
NL	6.9	4.2	6.3	4.2	1136
PT	24.0	17.6	-	13.2	117
SE	13.6	5.6	4.0	13.0	326
UK	23.1	10.9 *	9.1 *	14.8	999

Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculation

Note: t-test significance levels H0: IWP FT = IWP PT: (\*) p < 0.1, \*p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

Despite the fact that financial poverty occurs across all categories of part-time workers listed here, the category that emerges as most consistently problematic are involuntary part-time workers. These results confirm earlier OECD (2010) findings. In figure 5 we show the relationship between the incidence of involuntary part-time work and the incidence poverty among part-timers for men and women separately. Clearly, this relationship is positive and consistent. We should qualify this statement in that in countries with more involuntary part-timers, the overall part-time rate is usually lower (Booth & van Ours, 2010; Buddelmeyer, et al., 2004; OECD, 1999). Consequently, this appears to indicate that part-time work is more prevalent when it is sufficiently attractive, financially or otherwise, both for men and women.

**FIGURE 5** INCIDENCE OF INVOLUNTARY PART-TIME WORK AND THE POVERTY RATE OF PART-TIMERS, 2010



Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculation

#### 4.5 POVERTY AMONG PART-TIMERS BECAUSE OF ACCUMULATED RISK-FACTORS?

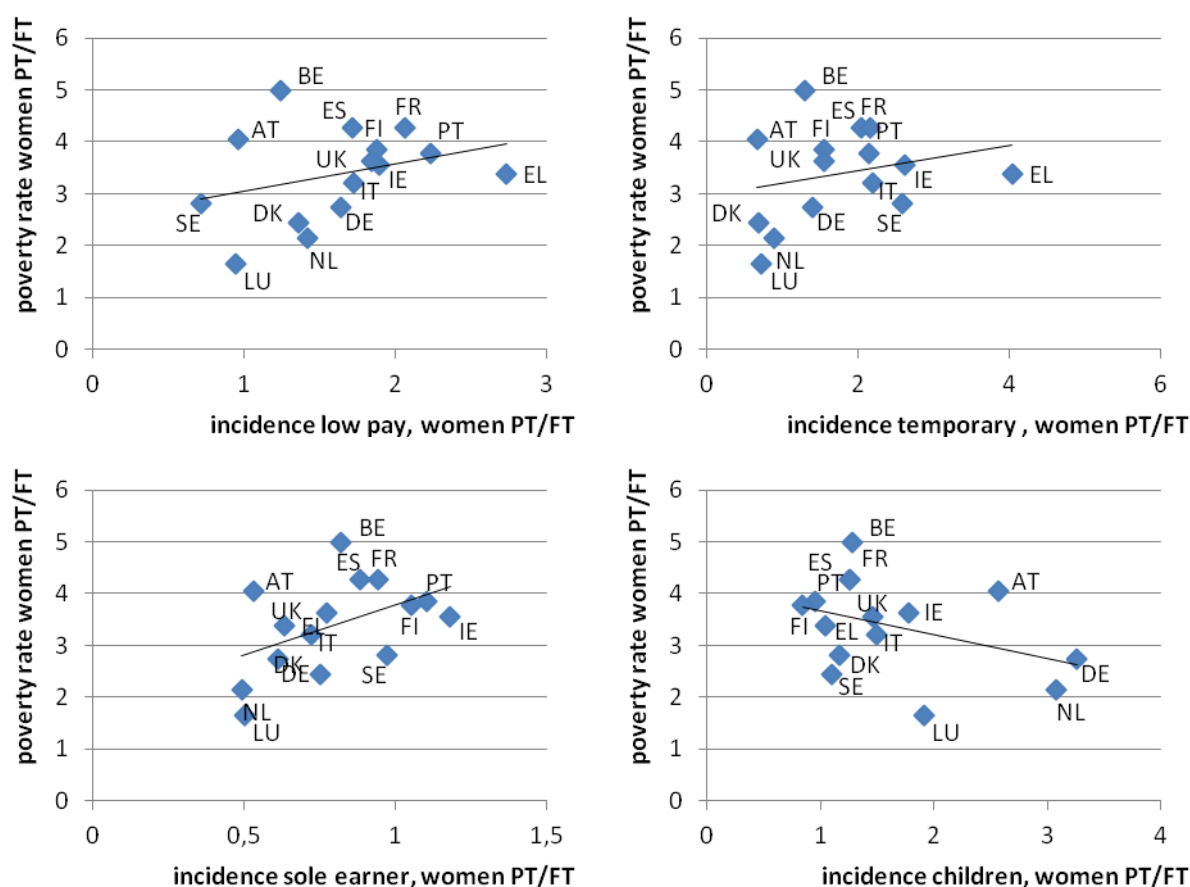
While a considerable literature exists on part-time employment and in-work poverty separately, the link between the two has received relatively little attention. Yet, as historically one of the functions of standard full-time work has been to provide an adequate living standard (Bosch, 2006), this is clearly a relevant issue. Table 5 shows that in Denmark the poverty risk for female part-timers is not significantly different from that of female full-timers. Also in the Netherlands, Germany and Sweden the poverty risk for part-timers is relatively low. On the other hand, in France, Austria, and Belgium, the poverty risk of part-time working women is more than four times the poverty risk of those working full-time.

A host of factors account for the observed cross-country variation in-work poverty in general (Fraser, et al., 2011; Lohmann, 2009; Lohmann & Marx, 2008; OECD, 2010). Here we look at four principal drivers: sole earnerhip, the presence of dependent children, the temporary nature of the job, and low pay. The first two are mainly labour supply associated, whereas the latter two are more demand side related. In the previous section we saw that involuntary part-timers in particular face increased poverty risks. Because involuntary part-timers are more likely to have low quality jobs (Wilkins, 2007), we expect especially demand side factors to account for the variation in the poverty risks of part-timers. Someone is a sole earner if she is the only person in the household whose main activity during the income reference period was working. A child is defined as an individual younger than 25

years who has no labour income and is not the head of the family. Being low paid is defined as having an hourly income below 2/3 of the median hourly earnings. A temporary contract refers to a contract of limited duration.

Figure 6a and 6b confirm earlier OECD (OECD, 2010) findings that poverty among part-timers is particularly large in countries where more part-time workers provide the main source of income and where part-time work is more likely to be insecure and low paid. While the ranking of the countries differs, this appears to be the case for both men and women. Note that in effect most cross-country variation is to be seen on the two demand side related risk factors: low pay and having a temporary contract, especially for men. By contrast, the extent of cross-country variation is less stark when we look at the supply side factors we consider here. In another paper (Horemans & Marx, 2013), we also show that especially demand side risk factors (low pay and temporary contracts) are generally more frequently found among involuntary part-timers.

**FIGURE 6A** RELATIVE POVERTY RATE OF PART-TIME WORKING WOMEN AND THE RELATIVE INCIDENCE OF RISK FACTORS AMONG PART-TIME WORKING WOMEN, 2010

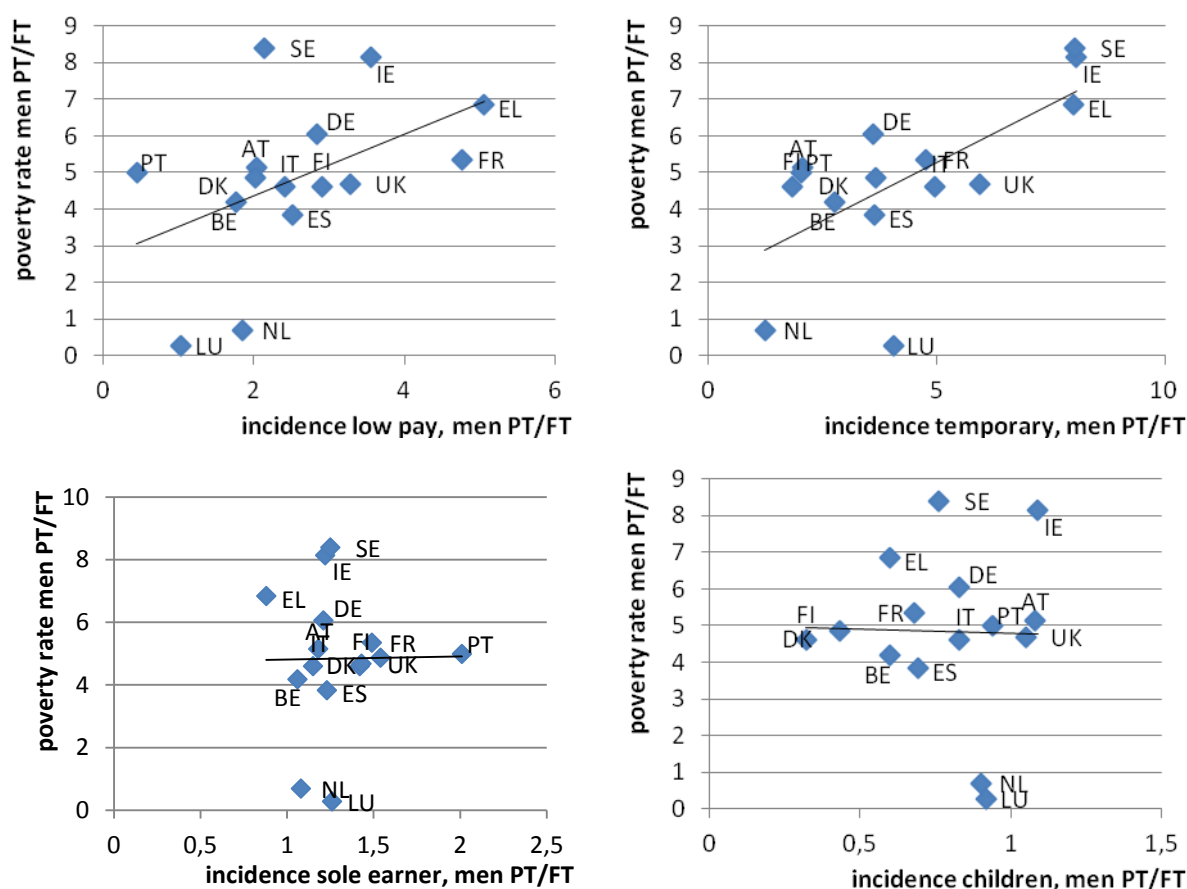


Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculation

As regard supply side characteristics, we know that sole-earnership is associated with an increased poverty risk for full-time workers (Marx & Nolan, 2012). If the income from a part-time job is the main income in a household this is clearly also expected to be the case. In most countries part-time work is less likely to be associated with sole earnership for women, whereas it is the other way around for men. Yet only for women we see that the more likely part-timers are the sole earner, the higher the relative poverty risk for part-timers.

From figure 6a, we also see that in countries where the presence of children is more likely to be associated with female part-time employment, the poverty risks of female part-timers tend to be lower. This finding is a bit contra-intuitive since children tend to increase household needs and thus the risk of being poor. A possible explanation is that mothers (and fathers) partially withdraw from the labour market in countries where this is practically and financially feasible. In other countries, mothers continue to work full-time because this is the cultural norm or because of the economic necessity when additional income needs are not compensated by social transfers. Mothers may also leave the labour market completely when caring alternatives are lacking and working part-time is not an option, or they may decide to have no or fewer children. For men we do not find any relationship between the presence of children and the risk of poverty among part-timers.

**FIGURE 6B** RELATIVE POVERTY RATE OF PART-TIME WORKING MEN AND THE RELATIVE INCIDENCE OF RISK FACTORS AMONG PART-TIME WORKING MEN, 2010

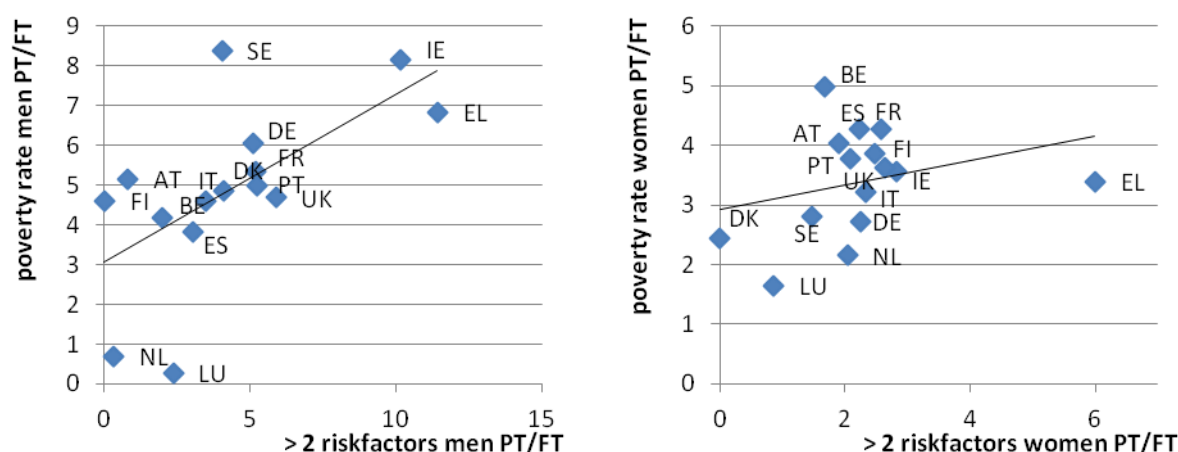


Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculation

So far, we have looked at different risk factors separately. Country institutional contexts, however, may cause risk factors to accumulate. Figure 7 shows that the poverty risk for part-timers tends to be especially high in countries where part-timers accumulate characteristics that make them more prone to be financial poverty. Previous analysis has also shown that especially involuntary part-timers, who are the most likely to be poor, accumulate more than two risk factors (Horemans & Marx, 2013). The relationship between the overlap of risk factors and the effective poverty risk is, however, not a pattern that fits very perfectly. In Greece, for example, the poverty risk for female part-timers is high and the overlap between risk factors is also high among part-timers. This could be explained by the fact that social spending is relatively low and performs weakly in terms of poverty reduction (Matsaganis, et al.2003; 2006). In Ireland, on the other hand, female in-work poverty is

relatively low despite the fact that many part-time workers accumulate risk factors. This points to the potential role of social transfers in countering the impact of job and household circumstances that generally make workers more prone to being financially poor (Russell, Maître, & Nolan, 2010). In the next section we discuss this in more detail.

**FIGURE 7** RELATIVE POVERTY RATE OF PART-TIME WORKING WOMEN AND THE RELATIVE INCIDENCE OF THE ACCUMULATION OF MORE THAN TWO RISK FACTORS AMONG PART-TIME WORKING WOMEN, 2010



Source: EU-SILC 2011 (IE: EU-SILC 2010), own calculation

## 4.6 WORKING PART-TIME AND BENEFIT RECEIPT

In the previous section we have shown that poverty among part-timers tends to be higher in countries where they experience several risk factors simultaneously. Another factor accounting for cross-country variation in poverty risks among part-timers is welfare state generosity (Lohmann, 2009). Broadly speaking, work income can be combined with three types of benefits. A first type are income replacement benefits compensating for the inability to work full-time, such as partial unemployment, invalidity or old-age benefits. A second type are income replacement benefits provided to non-working household members. A third type are household income supplements, usually to compensate for the cost of children. The first and third types are especially interesting when focusing on part-time workers.

Overall, part-time workers are in a hybrid situation when it comes to income replacement benefits. On the one hand, part-time workers are entitled to benefits specifically provided to them because of their part-time status, for example through short-time compensation schemes, activation and care support schemes. On the other hand, part-timers may have limited entitlements to full benefits coverage because of their part-time status (OECD, 2010), which is especially relevant during a longer reference period. Household income supplements, like child care benefits do not necessarily differ by employment status. However, in most countries female part-time workers are more likely to have children. The impact of benefits on their poverty status may for that reason be different for pure compositional reasons. Thus it is interesting to consider the role of benefits in the comparative income and poverty position of part-time workers and to see whether, if at all, that role differs from what we observe for full-time workers.

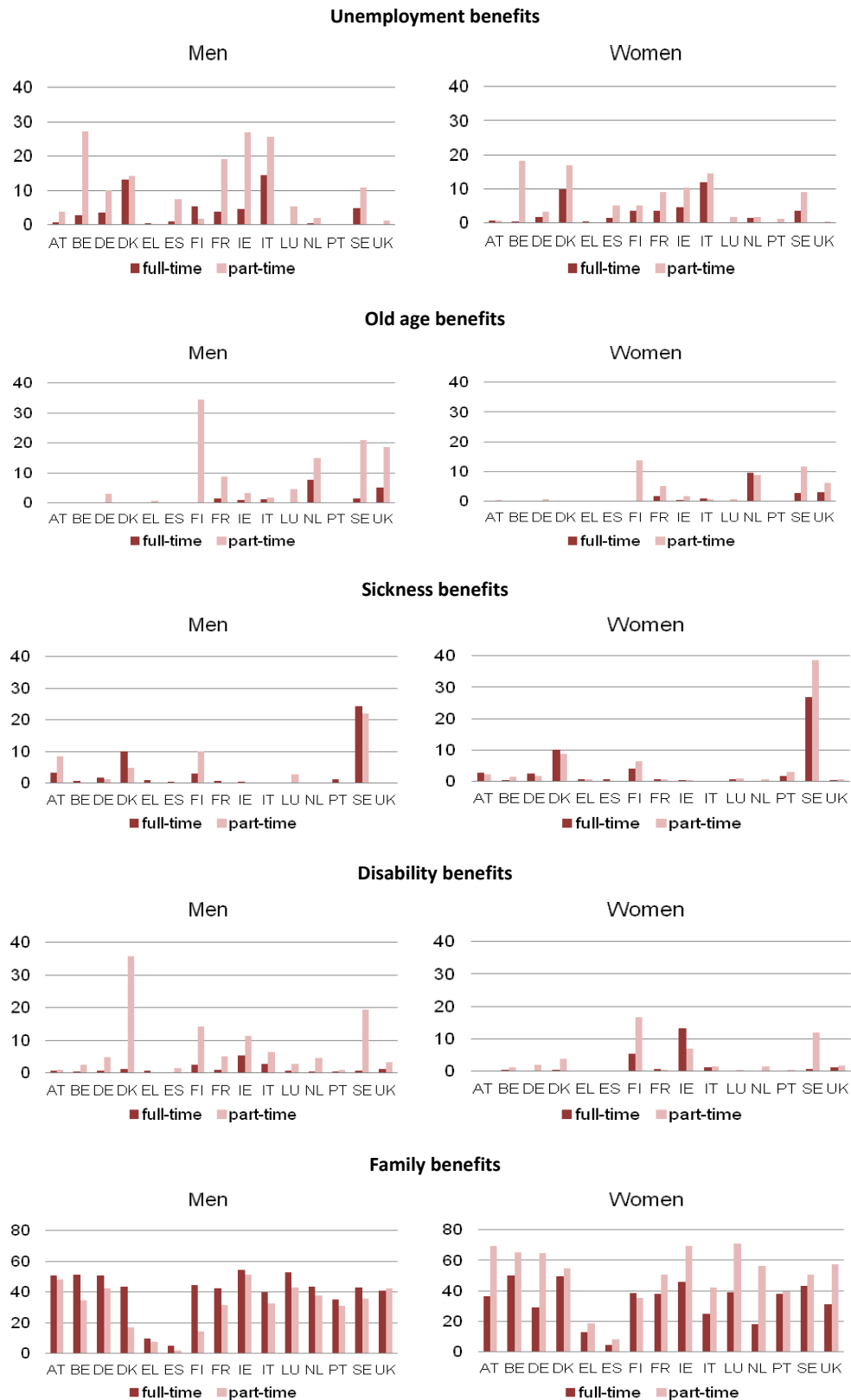
From figure 8 we see that a considerable amount of workers receive some kind of unemployment benefit. With the exception of men in Finland, part-timers tend to receive an unemployment benefit more often compared to full-timers. Particularly in Belgium, France, Ireland and Sweden part-timers

often supplement their income with some kind of unemployment benefit. Italy stands out as atypical in the southern European context in that many part-time workers combine their income with additional benefits (Van Rie & Marx, 2011). A possible explanation for this could be the partial redundancy benefits paid by the *Cassa integrazione guadagni*. We also observe important gender differences across countries. In most countries, part-time working men are more likely to receive additional unemployment benefits, whereas in Denmark, this is more often the case for women. Unfortunately, EU-SILC data does not allow a more detailed analysis. Country specific data are needed to analyse whether these benefits are associated with very short periods of full unemployment, involuntary short-time work or voluntary types of leaves.

Part-time workers may receive benefits for old-age, sickness or disability; restricted work capacities may in fact explain their part-time status. In figure 8 we see that in most countries less than five percent of both part-time and full-time working women receive an old age benefit. Finland and Sweden are exceptions, with more than ten percent of part-timers receiving these benefits. Also in the Netherlands, the UK and France some part-time working women receive additional old-age benefits. While figures remain low in most countries, male part-timers appear to be more likely to receive old age benefits. The same is true for disability benefits. Sickness benefits are mostly relevant in Sweden and Denmark. While old age, disability and sickness benefits matter, unemployment benefits tend to play a more important role. One exception is Sweden, where more than a third of the female part-time workers receive sickness benefits. This is probably due to the fact that paid leave in case of sickness or injury of a dependent child is categorised as sickness benefits in the Swedish data.

Turning our attention to family benefits we see from figure 8 that part-timers are more likely to receive family benefits in most countries. Finland, where part-time work is less associated with motherhood, is an exception. Spain and Greece are two remarkable cases with comparatively few workers receiving family related benefits. This could be because mothers work less in Southern European countries. However, we do not find a similar indication for Italy or Portugal. For Greece this could be explained by the fact that contributory family benefits are included to the income of employees in our data. For Spain, a strict means test may exclude a large number of workers from receiving national child benefits. Also in other countries where family benefits are means tested, part-timers may be more likely to receive them because they earn less and have a lower household income.

**FIGURE 8 INCIDENCE OF RECEIVING AN UNEMPLOYMENT, OLD-AGE, DISABILITY, SICKNESS OR FAMILY BENEFIT WHILE WORKING AT LEAST 6 MONTHS OF THE INCOME REFERENCE PERIOD EITHER PART-TIME OR FULL-TIME, 18-64, 2010**



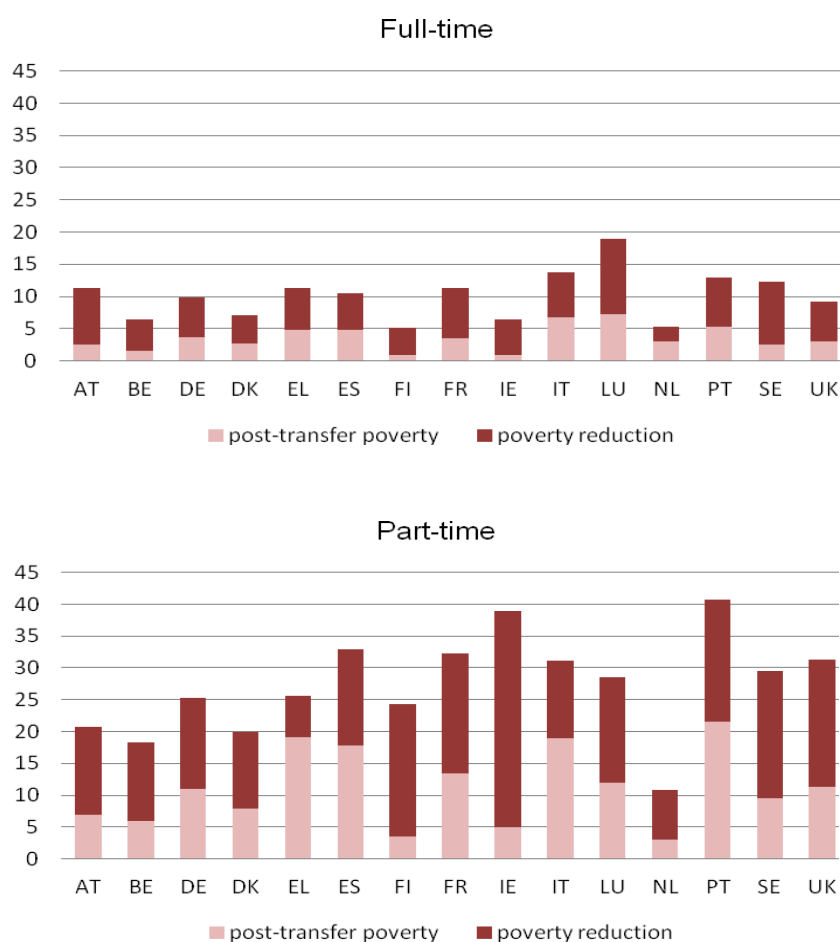
Source: EU-SILC 2011 (IE: EU-SILC 2010) : own calculation

## 4.7 PRE VERSUS POST TRANSFER POVERTY

The mere fact that part-timers are more likely to receive benefits does not necessarily imply that they enjoy better income protection. This depends on both the amount of social transfers received and the position of benefit receivers in the income distribution. This section briefly considers the poverty alleviating role of social transfers. Pre-transfer poverty rates here are based on disposable household income exclusive of taxes and transfers both at the household as well as the individual level, including old age and survivor's benefits.

For both full-timers and part-timers poverty reduction by social transfers is substantial (Figure 9). We see that while both the pre and post-transfer poverty risks are higher for part-timers, the poverty reduction impact of social transfers is quite substantial in most countries included in the analysis. There are important cross-country differences. Generous welfare schemes in the Nordic countries and Ireland produce strong reductions in poverty. In Southern European countries the effect of transfers is comparatively weak. For the continental European countries the effects vary. A similar picture arises when looking at the entire population and all workers simultaneously (Lohmann, 2009).

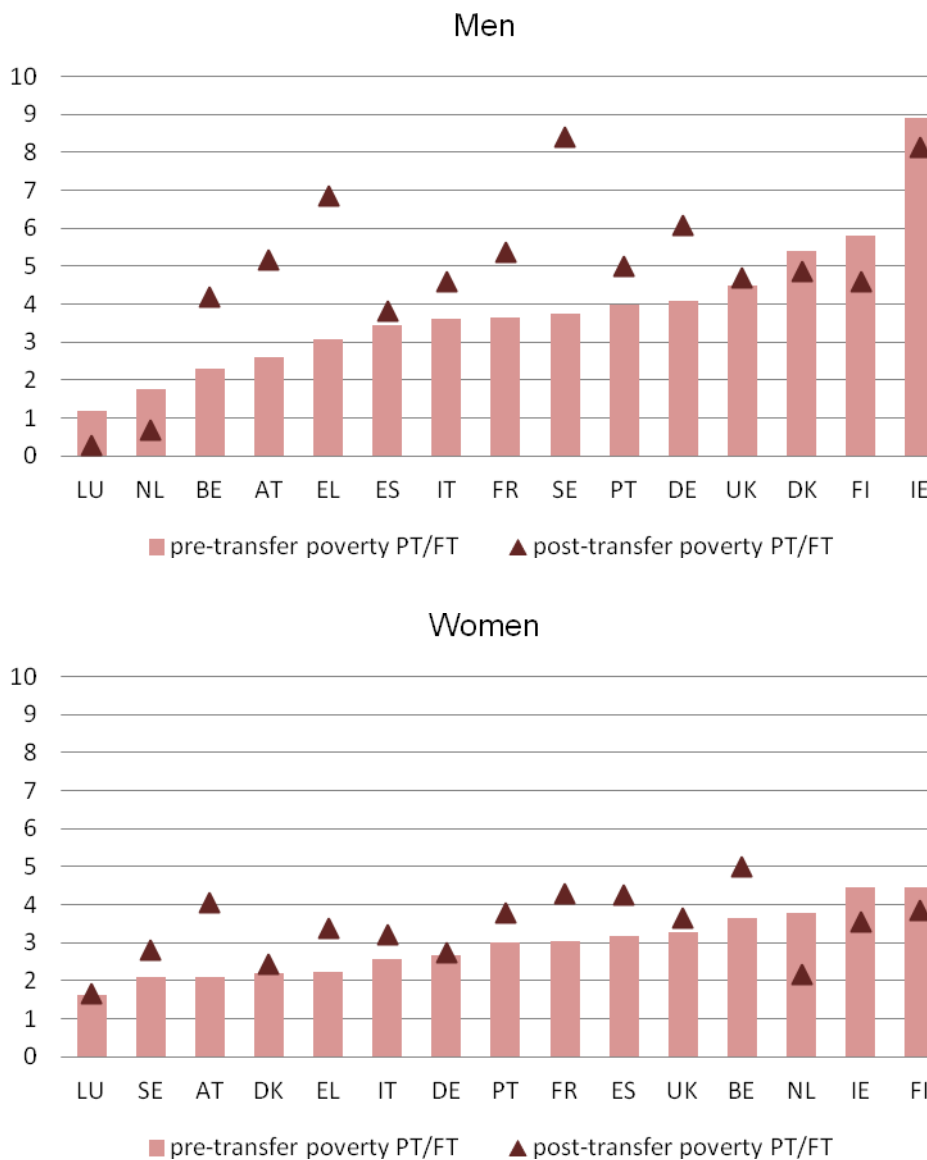
**FIGURE 9** INCIDENCE OF IN-WORK POVERTY AND POVERTY REDUCTION DUE TO SOCIAL TRANSFERS AMONG PART-TIME AND FULL-TIME EMPLOYEES, 18-64, 2010



Source: EU-SILC 2011 (IE: EU-SILC 2010) : own calculation

While the impact of transfers is on the poverty risks facing part-timers is significant, transfers nevertheless have a relatively weaker impact for part-time workers and for full-timers. In Figure 10, we show pre-transfer and post-transfer poverty rates for part-time workers, relative to those for full-time workers, and this by sex. It can be seen here that the relative post-transfer poverty risk facing part-timers tends to be greater than the relative pre-transfer risk, suggesting that the *relative* impact of transfers and taxes is weaker among part-timers.

**FIGURE 10 RATIO OF PRE-TRANSFER AND POST-TRANSFER POVERTY RATES AMONG PART-TIME AND FULL-TIME EMPLOYEES BY GENDER, 18-64, 2010**



Source: EU-SILC 2011 (IE: EU-SILC 2010) : own calculation

## 5 CONCLUSION

It is well established that the nature and quality of part-time employment varies quite considerably across countries. This paper has demonstrated that this also holds when part-time work is looked at from a financial poverty perspective. Using EU SILC data for 2011 we find that part-time workers generally face significantly higher poverty risks compared to full-time workers. Yet the extent of cross-country variation is quite considerable and much greater than it is for full-time workers. Among part-time working men, the poverty risk ranges from a low of 2 per cent in Luxembourg and the Netherlands to a high of over 30 per cent in Italy and Greece; for part-time working women the range is between 3 per cent in the Netherlands up to 20 per cent in Portugal.

There is a strong correlation across countries between the extent of involuntary part-time work and the overall poverty risk facing part-time workers. At the micro-level, but with the analysis necessarily restricted to women because of data restrictions, a similar picture emerges. Involuntary part-time working women, those desiring a full-time job but working part-time out of necessity, face particularly high poverty risks. However, those working part-time for care reasons are also at greater risk in quite a number of countries.

Overall, we cannot say that the poverty risk of part-time working women is associated with one specific driver. Instead it appears to be caused by the accumulation of traits and circumstances that increase the risk of being financially poor. In countries where part-time work is an inferior and therefore more often an involuntary choice, demand and supply related drivers tend to reinforce each other. The southern European countries stand out in this respect. Lack of adequate formal child care makes part-time work more often an involuntary choice there, in a household context where income needs are higher because of the presence of dependent children. In these same countries, labour markets are structured in such a way that part-time work is more likely to be on the periphery, i.e. relatively low paid and insecure.

In addition, there is the role of direct income support for (part-time) workers, or the lack of it. Such direct income support can add to household income, in the form of for example child benefits, or it can come to part-time workers themselves in the form of (partial) replacement incomes, e.g. short-time compensation benefits. Income support is least adequate in countries where part-time work is more often an involuntary choice. Part-timers there face a double, if not triple income penalty. They are more likely to have low earnings when in work, in a context of low overall income support, while being more likely to lose their job yet at the same time being less likely to be eligible for income replacement benefits. By contrast, in countries where part-time work is less often done involuntarily for lack of better options, part-timers are moreover more likely to live in households that receive social transfers, be it income replacement benefits directed to non-working household members, benefits directed to the household as such (e.g. child benefits), or income replacement benefits given to the part-time workers themselves, for example in the form of short-time compensation or partial leave benefits. While the overall pre-and post-transfer poverty risks are generally higher for part-timers, the poverty reduction impact of social transfers tends to be quite important in most countries.

The picture that arises is an altogether very mixed one. Cross-country variation in the quality and desirability of part-time work is considerable. The Netherlands is one of the best performing countries in this study, boasting the lowest poverty rates for part-time working men and women alike. The Dutch example shows that several institutions and policies need to be in place simultaneously for part-time jobs to be good jobs. This is not just a matter of having the right government policies in place; it is a process of institutional and cultural innovation that requires the cooperation of many actors in the field of industrial relations and welfare. As Yerkes and Visser

(2006: 236) write about the Netherlands: “the social partners and government supported the diffusion and normalization of part-time jobs towards a standard of “decent work” in terms of choice, rights, earnings and equality”. The spirit of cooperation between government, social partners and other actors which has been so essential to the success of the Dutch model certainly does not prevail everywhere in Europe. While the institutional and policy factors conducive to part-time being attractive work may be identifiable, there remain formidable barriers to actually implementing these in many countries.

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## **ImProvE: Poverty Reduction in Europe. Social Policy and Innovation**

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

- How can social cohesion be achieved in Europe?
- How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7<sup>th</sup> Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website <http://improve-research.eu>.

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