

Regional disparities and in-work poverty

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"Italy has historically exhibited considerable disparities between its geographical regions, with the South experiencing greater economic challenges, including a lack of public services and lower institutional quality compared to the Centre and the North. Over the past few decades, in-work poverty has risen in Italy, with Southern regions exhibiting a higher prevalence and intensity of the phenomenon than other regions. Despite the significant regional heterogeneity, only a few studies have examined in-work poverty at the subnational level. This study contributes to the existing body of research on the examination of territorial disparities in the in-work poverty phenomenon.

The present study employs pooled data on Italian households from four waves of the EU-SILC dataset for the years 2017-2020. The objective is to investigate the extent to which risk factors related to the low quantity and low quality of work explain the different rates of in-work poverty in the Italian regions. In particular, the study examines the extent to which the prevalence of these risk factors, as well as whether their impact on workers' probability of experiencing poverty, varies across regions.

The analysis examines four risk factors related to labour market conditions, namely the presence of non-employed adults in the household and the presence of intermittent, part-time and low-paid workers.

Following the analytical framework of Prevalences and Penalties (Brady et al., 2017), we investigate the territorial distribution of four risk factors and implement logistic regression models to examine their different association with the probability of in-work poverty across Italian macro-regions.

We find that in Southern regions, the prevalences of certain risk factors is higher, although not all. Regional differences are substantial with regard to the prevalences of households with high shares of non-employed and low-paid workers. In the South, in almost one household out of two, the non-employed adults represent 50% or more of the total number of adults. In contrast, in the other regions, such vulnerable households represent the 20-25% of the sample. In Southern regions, almost 40% of households exhibit a medium-high concentration of low-paid workers, while in other regions, the prevalence of this risk factor is approximately 25-30%.

It should be noted that risk factors are not mutually exclusive; they can co-occur within households, and the probability of in-work poverty is likely to be higher in the presence of multiple risk factors. The results indicate that in Southern regions, the accumulation of risk factors is more pronounced. There, the proportion of households with two or more risk factors is higher, at approximately 25% of the sample, while in other regions it is approximately 10%.

Finally, in the South, the risk factors investigated are associated with higher penalties. Households with a high concentration of non-employed adults have a probability of being in-work poor of over 50%, while in other regions it is between 20 and 30%. Households with a high concentration of low-paid workers have an almost 50% probability of being in-work poor, while in the other regions this probability is around 10%. Some exploratory analyses have been conducted which have indicated that the lower remuneration of non-low-paid workers may in part account for the observed results. Overall, our results demonstrate the need for policies that also take into account regional specificities.