Vulnerable social groups: Before and after the crisis

SUMMARY

'Vulnerable social groups' are groups of people considered to be at risk of poverty or social exclusion because of physical disabilities, age factors, ethnic origins, lack of housing, or substance abuse. These people, who were already struggling with financial, social and employment difficulties before the 2008 economic crisis, have become further disadvantaged, and the gap between them and the rest of society has grown even wider. Three subgroups stand out as being most affected by the European economic and financial crisis.

The number of people experiencing in-work poverty is rising, with economic constraints forcing them to work in increasingly precarious jobs or obliging them to accept self-employed status.

Disabled people, already confronted by barriers hindering their full and effective participation in society on an equal basis with others, have, as a result of the crisis, lost a great deal of social, economic and mobility support and their chances of re-entering the labour market have diminished.

Finally, changes in family structure mean that the number of single parents, especially single mothers, has increased in recent years. These parents struggle to achieve a work-life balance on account of their multiple obligations, and as a group they are also suffering from the effects of the crisis.

The situation of vulnerable groups has been of concern to the European institutions for the last decade, from the point of view of poverty as well as of labour market participation and gender equality.
Issue
On 8 March 2016, the European Commission put forward an outline of the future European Pillar of Social Rights, which aims to facilitate the move towards a deeper and fairer Economic and Monetary Union. Its priorities are equal opportunities and access to the labour market, fair working conditions, and adequate and sustainable social protection. One of the questions raised in this context concerns the extent to which these measures will be able to enhance the social and economic integration of lagging social groups already very deeply affected by the crisis, such as the working poor, disabled people and single parents.

Background
Vulnerable groups – people at risk of poverty or social exclusion
According to a definition of the World Health Organisation (WHO), 'Vulnerability is the degree to which a population, individual or organisation is unable to anticipate, cope with, resist and recover from the impacts of disasters'. The European Commission describes vulnerable groups as 'groups that experience a higher risk of poverty and social exclusion than the general population'. These groups include ethnic minorities, migrants, disabled people, the homeless, those struggling with substance abuse, the isolated elderly, and children. All of them 'often face difficulties that can lead to further social exclusion, such as low levels of education and unemployment or underemployment'.

Measuring vulnerability
As mentioned in another EPRS briefing, the 'at risk of poverty or social exclusion' indicator (AROPE) measures the percentage of people who are at risk of poverty or social exclusion, severely materially deprived, and/or living in a household with a very low work intensity. The AROPE is the headline indicator set by the Europe 2020 strategy to monitor the Europe 2020 Strategy poverty target: lifting at least 20 million people out of poverty and social exclusion by 2020.

In-work poverty
Having a job is no longer a shield against poverty. According to the Commission’s Portfolio of social indicators, people experiencing in-work poverty are 'individuals who are classified as employed (distinguishing between 'wage and salary employment plus self-employment' and 'wage and salary employment only') and who are at risk of poverty'. In other words, they are workers with insufficient earnings i.e. with an income below 60% of national median income. Since 2008, the number of those suffering in-work poverty has increased steadily; it is a phenomenon now affecting 9.5% of the EU-28 working age population. The countries most affected (over 10%) are: Romania, Greece, Spain, Italy, Poland, Portugal, Estonia and Luxembourg. A study analysing the correlation between part-time work and poverty draws attention to a gender asymmetry in in-work poverty: women’s in-work poverty is associated more with poor individual working conditions, while men’s poverty risk is linked to their household situation (e.g. absence of working women in their household).
Causes of in-work poverty

According to a Reconciliation of Work and Welfare in Europe (RECWOWE) working paper, there are three immediate causes of in-work poverty, namely: a low remuneration rate (low hourly earnings, low number of hours usually worked), weak labour force attachment (i.e. intermittent workers or part-time workers not generally entitled to the same social benefits), and high needs owing mainly to the presence of children (and sometimes to increased needs caused by family breakup). These are necessary but not sufficient conditions for working poor status, and the different factors often act upon each other. For example, it is probable that employees whose work volume is low are more exposed to low-wage employment, and families with children are likely to have lower labour force participation than childless households. The mechanisms act and interact at both individual and household level, so different categories of working poor can be distinguished depending on the origins of their status. Geographically, the following categories of in-work poverty can be distinguished:

- **Social democratic welfare states (Nordic countries)** are characterised by a very strong emphasis on collective bargaining, which is highly centralised and coordinated. In-work poverty is in these countries a quantitatively limited phenomenon.

- **Liberal welfare states** are also characterised by a strong emphasis on employment for all but in a context of high earnings inequality and strict work requirements for recipients of social benefits. In these countries, in-work poverty is expected to be mostly the result of low wages and high child to adult ratios.
• **Conservative-corporatist welfare states (continental Europe)** rely mostly on passive income maintenance and strong job guarantees; these countries tend to have a serious problem with access to employment for labour market outsiders. In these countries, in-work poverty status is mostly the result of low labour force attachment.

• **Southern European welfare states** have a limited family policy, and the in-work poverty status here is therefore mostly the result of low labour force attachment and/or high child-to-adult ratio.

In addition, many working poor are self-employed, and self-employed workers can have low and volatile earnings; this is particularly true of self-employed people without employees.

**The effects of the crisis**
The phenomenon of in-work poverty, while not new, intensified during and after the economic crisis. One of the causes was the fact that the economic downturn necessitated greater flexibility on the labour market and led to a proliferation of precarious jobs, involving temporary or involuntary part-time contracts, often associated with low salaries.

**People with disabilities**
Disability is a complex, evolving and multi-dimensional concept. Population surveys use various definitions, interpretations and approaches to try to measure disability. Disabled people may suffer from basic activity difficulty (such as difficulty seeing, hearing, walking or communicating) or a long-standing health problem.

In recent years, the rights of persons with disabilities have been acknowledged and reaffirmed through, for instance, the UN Convention on the Rights of Persons with Disabilities (UNCPRD), which was ratified by the EU and most of its Member States.

> ‘Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.’ (Article 1 UNCRPD).

According to a European Disability Forum (EDF) report, disabled people represent 16% of the EU population. Eurostat statistics showed that in 2013, about 30% of the population aged 16 or more in the EU-28 and having an activity limitation were at risk of poverty or social exclusion, compared with 22% of those with no limitation. Similar results were obtained for the at-risk-of-poverty rate (19% as opposed to 15%), severe material deprivation rate (13% as opposed to 8%) and the number of individuals aged under 60 and living in households with very low work intensity (24% as opposed to 8%). The latter result reflects more difficult access to the labour market for people with an activity limitation. According to the OECD, the employment rates of people with a disability are 40% below the overall average employment level. Unemployment rates are typically twice the overall level. Around 6% of the working-age population rely on disability benefits; in some Northern and Eastern European countries this rises to 10 to 12%. Disability benefit take-up is generally a one-way street. For various reasons, people receiving disability benefits have great difficulties returning to the labour market.

Disability is both a cause and consequence of poverty. It is a cause because it can lead to job loss and reduced earnings, obstacles to education and skills development, as well
as significant additional expenses and other challenges that can cause economic hardship. On the other hand, poverty may impact health, or even cause disability as a result of poor living conditions, health-endangering employment, and limited access to healthcare, preventive services and educational opportunities. Additional factors worsen the economic situation of disabled people: a higher life expectancy can mean more years spent as a disabled person, and as a victim of discrimination (especially on the labour market).

**The impact of the economic crisis on people with disabilities**

The EDF report on the impact of the economic crisis on the lives of disabled people shows that they have suffered much more from the crisis and the resulting austerity measures than non-disabled people. In addition, these consequences are ongoing.\(^1\) The economic crisis accentuated disabled people's social exclusion and pushed them to the margins of society and of the labour market. Budget cuts to welfare systems, social and health services and leisure activities have strongly affected disabled people.\(^2\) When it comes to the impact of the economic crisis on people with disabilities in the EU, there are three degrees of negative impact, affecting three groups of EU countries:

- Austria, Belgium Denmark, Slovakia and Sweden are known for their good flexicurity practices. Although budgets to public services in general were cut, governments nonetheless made efforts to increase funding for the employment of disabled people.

- France, Estonia, the Netherlands, Lithuania and Poland encountered direct and indirect effects on welfare (in particular health and education) and employment funds were frozen. In addition, funding for organisations representing people with disabilities was reduced, hindering the possible participation of disabled people in decisions affecting them. However, non-governmental organisations, trade unions and other associations could counterbalance the situation.

- Bulgaria, the Czech Republic, Greece, Hungary, Ireland, Italy, Portugal, Spain and the United Kingdom suffered the most from the negative consequences of the crisis, with hindered mobility and reduced social services and budget sources. In addition, these countries carried out reassessments of disability status, leading to the reduction of allowances.

**Single parents**

The occurrence of poverty is also connected with the emergence of new family models, such as single parenthood. According to Eurofound, throughout Europe, single parent families and large families with three or more children face the greatest difficulties, and their situation has worsened since the onset of the crisis.

Single parents are exposed to the highest risk of poverty or social exclusion: 48.3% of single people with one or more dependent children were at risk of poverty or social exclusion in 2014 (Eurostat). This risk is twice the average and more than for any other household type (see Figure 2).
Data Source: Eurostat.

According to the European Centre, households with only one adult – both with children and without – and households with many children are in general at a higher risk of poverty or social exclusion than other types of households. In households with only one adult, temporary shocks such as unemployment or sickness cannot be lessened by a partner. Households with only one adult belonging to the young unemployed or elderly pensioner categories, which are groups already identified as running a higher-than-average risk of poverty or social exclusion, are particularly vulnerable. In addition, single parents are faced with the challenges of being both primary breadwinner and caregiver for the family.

Figure 3: Single fathers and single mothers

Data source: Rand Europe, 2014.
In 2014, a statistical report commissioned by the European Union Programme for Employment and Social Solidarity – PROGRESS – and conducted by Rand Europe found that the disparity between Member States in the occurrence of single-parent households was much greater than the disparity between them in the occurrence of households with children. Across the 24 countries analysed, 10.4% of households with children had single parents, ranging from 3.5% (Romania) to 20.4% (UK). The United Kingdom has a noticeably higher rate of single mothers (18.5% of UK households with children are single-mother households) compared with the rest of Europe (9.1% mean; low of 2.9% in Romania).

When it comes to employment rates, single parenthood seems to be a barrier to participation in the labour market and continuous full-time employment: for instance, 90.5% of mothers with a cohabitating partner were employed (55.4% full-time), compared with 84.1% of single mothers (47.9% full-time). While mothers with partners are able to share responsibility and obligations, single mothers are often disadvantaged by a lack of suitable jobs (with flexible conditions, located near home, with sufficient pay); and might be viewed as less employable by potential employers.

In comparison with single fathers, single mothers face a higher risk of poverty because of the gender pay gap. In 2014, women remained at a higher risk of poverty or social exclusion than men (25.3% compared with 23.6%, Eurostat).

**EU level action**

The Europe 2020 strategy for smart, sustainable and inclusive growth sets targets to lift at least 20 million people out of poverty or social exclusion and to increase employment among the population aged 20 to 64 to 75%. The flagship initiatives of the Europe 2020 strategy, including the Platform against Poverty and Social Exclusion and the Agenda for New Skills and Jobs, support efforts to reach these targets.

The European Commission’s Strategic Engagement for Gender Equality (2016-2019) for equality between women and men maintains the actions established by the Commission's 2010-2015 strategy for equality between women and men. These cover the following areas: increasing female labour-market participation and the equal economic independence of women and men, reducing the gender pay, earnings and pension gaps and thus fighting poverty among women; promoting equality between women and men in decision-making; combating gender-based violence and protecting and supporting victims; and promoting gender equality and women’s rights across the world.


The Economic and Social Committee has adopted several opinions on vulnerable groups, for instance on their rights in the workplace, and recently on fighting poverty, in which the Committee raised concerns about the rising levels of in-work-poverty.
Following an initiative by the Netherlands Presidency, the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council adopted conclusions on an integrated approach to combating poverty and social exclusion on 16 June 2016.

**Main references**


*In-work poverty in the EU – Eurostat 2010.*


*Eurostat 2020 indicators – poverty and social exclusion.*


**Endnotes**

1 The report is based on a survey, carried out in 2012, by the European Disability Forum's Observatory on the impact of the economic crisis on the rights of persons with disabilities in EU Member States, with the participation of 19 Member States.

2 The main domains affected were disability allowances, support for families, mobility and independent living, employment, education and mental health.

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eprs@ep.europa.eu

http://www.eprs.ep.parl.union.eu (intranet)


http://epthinktank.eu (blog)