



**Objective and subjective measures of poverty  
A pan-European comparison of patterns and  
determinants**

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# Overview

- (1) Research question**
- (2) Data and Methods**
- (3) Main results**
- (4) Discussion & Outlook**



# (1) Research question

## Multiple Approaches to Measure

### Income Poverty

- Absolute poverty: definition of poverty line? (e.g. basket of goods vs. administrative definition)
- Relative poverty: Definition of cutting point (50%/60% of median)

### Material deprivation

Inability to acquire goods considered necessary for a decent standard of living

### Perceived poverty

how individuals themselves feel about their own situation, e.g. evaluation of living standard, financial situation

**Objective Measures**

**Subjective Measures**



# (1) Research question

## Current research

- Focus was mostly on the measures of **objective poverty** while **subjective poverty**, the individual perception of one's own financial situation, has **often been neglected**
- Particularly the **interplay of subjective and objective dimensions** is not featured well in existing research, even though both must not be identical
  - **Is everybody who is “objectively poor” automatically poor in subjective terms**, i.e. Does objective poverty translate into subjective poverty? If no: Are there protective mechanisms that “shield” from subjective poverty?
  - **Does everybody who is objectively not poor automatically feel not-poor?**
    - Are there mechanisms that make way for subjective poverty even when not being poor (e.g. economic crisis, borderline poverty, increasing vulnerability of middle classes)?



# (1) Research question

## Research questions

- In how far does **objective poverty coincide with subjective poverty?**
- What generally **determines the risk of being objectively poor?**
- What **determines the risk of “deviations” between objective and subjective poverty?**

### *Objective poverty*

<i>Subjective poverty</i>	<i>Objective poverty</i>	
	Poor	Non-poor
Poor	Consistently poor	Not poor, but feeling of poverty
Non-poor	Poor, but not feeling poor	Consistently not poor



## (2) Data & Methods

### The **European Quality of Life Survey (EQLS)**

- implemented in 2003, 2007 and 2011-12
- Representative sample
- comprehensive picture of living conditions in European countries
- broad range of indicators on different dimensions of quality of life, both objective and subjective
- Covers periods before and after economic crisis  
→ pooled sample for all three waves (N= 66.850)



## (2) Data & Methods

### **Objective - Deprivation**

Inability to afford at least one of the following three items

- 1. Keeping your home adequately warm*
- 2. A meal with meat, chicken, fish every second day if you wanted it*
- 3. Buying new, rather than second-hand, clothes*

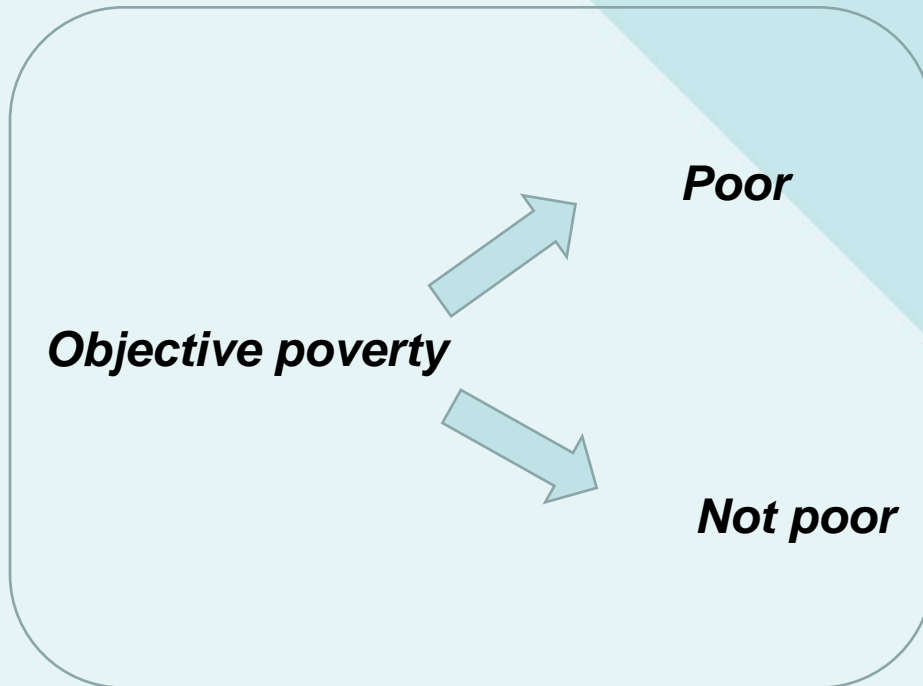
### **Subjective – Perceived Standard of Living**

Could you please tell me on a scale of 1 to 10 how satisfied you are with each of the following items, where 1 means you are very dissatisfied and 10 means you are very satisfied?

1 2 3 4 5 6 7 8 9 10



## (2) Data & Methods

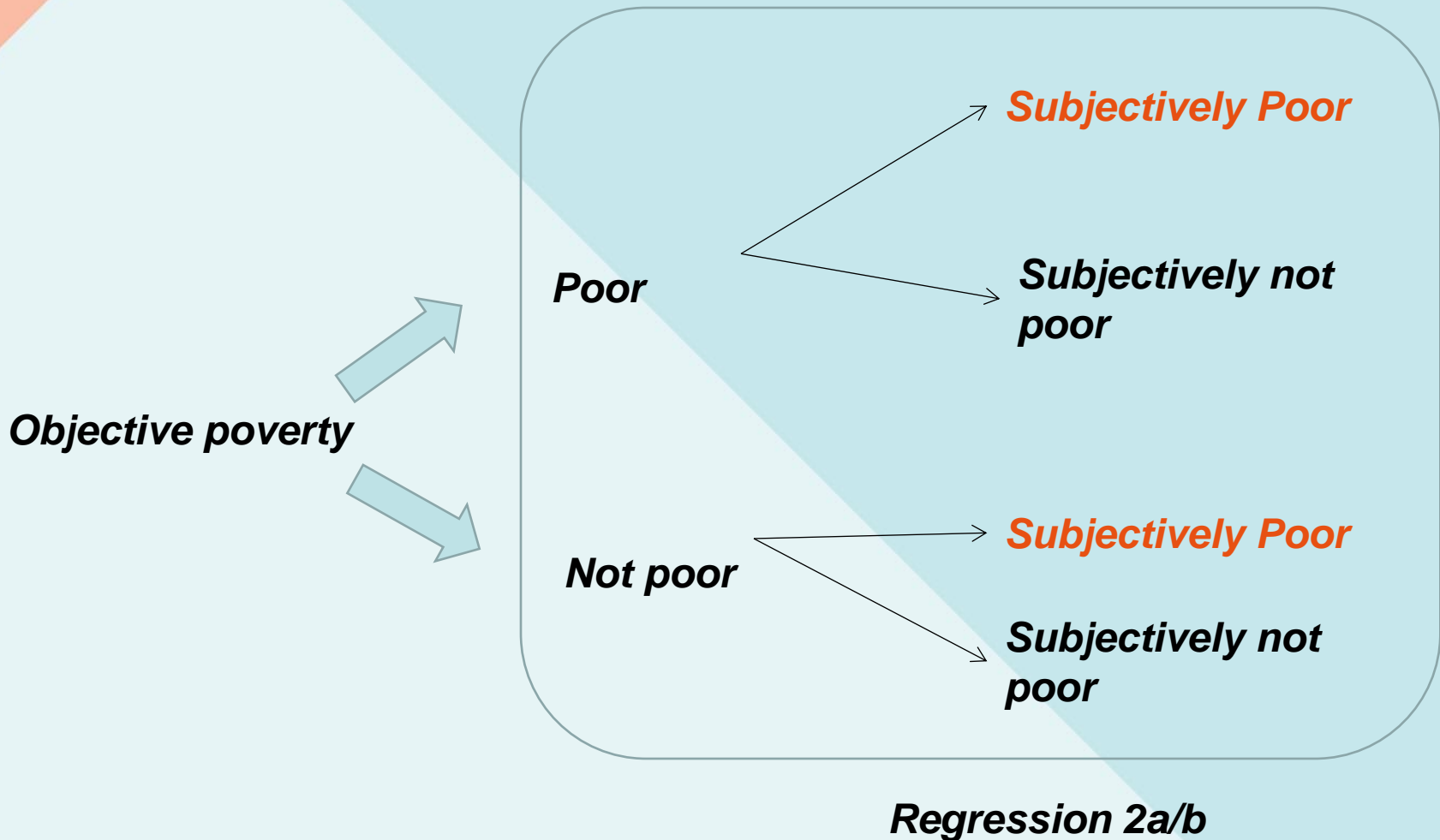


**Regression 1**





## (2) Data & Methods





## (2) Data & Methods

### **Standard socio-demographic indicators**

- **Regimes** (comparing different groups of countries)
  - Social-democratic, Conservative, Liberal, Southern European, post-socialist
  - Crisis (indicated by wave 2003, 2007, 2011)
- **Employment status**
  - Fixed-term employment (<12 months; > 12 months); Temporary agency work; Work without contract
  - unemployment
- **Socio-demographics**
  - Age (18-29 vs. 30-39 vs. 40-65)
  - Education (low – middle - high)
  - Gender
  - Living with parents



# (3) Results

## Descriptives

*objective x subjective measures (full sample)*

### *Objective poverty*

***Subjective poverty***

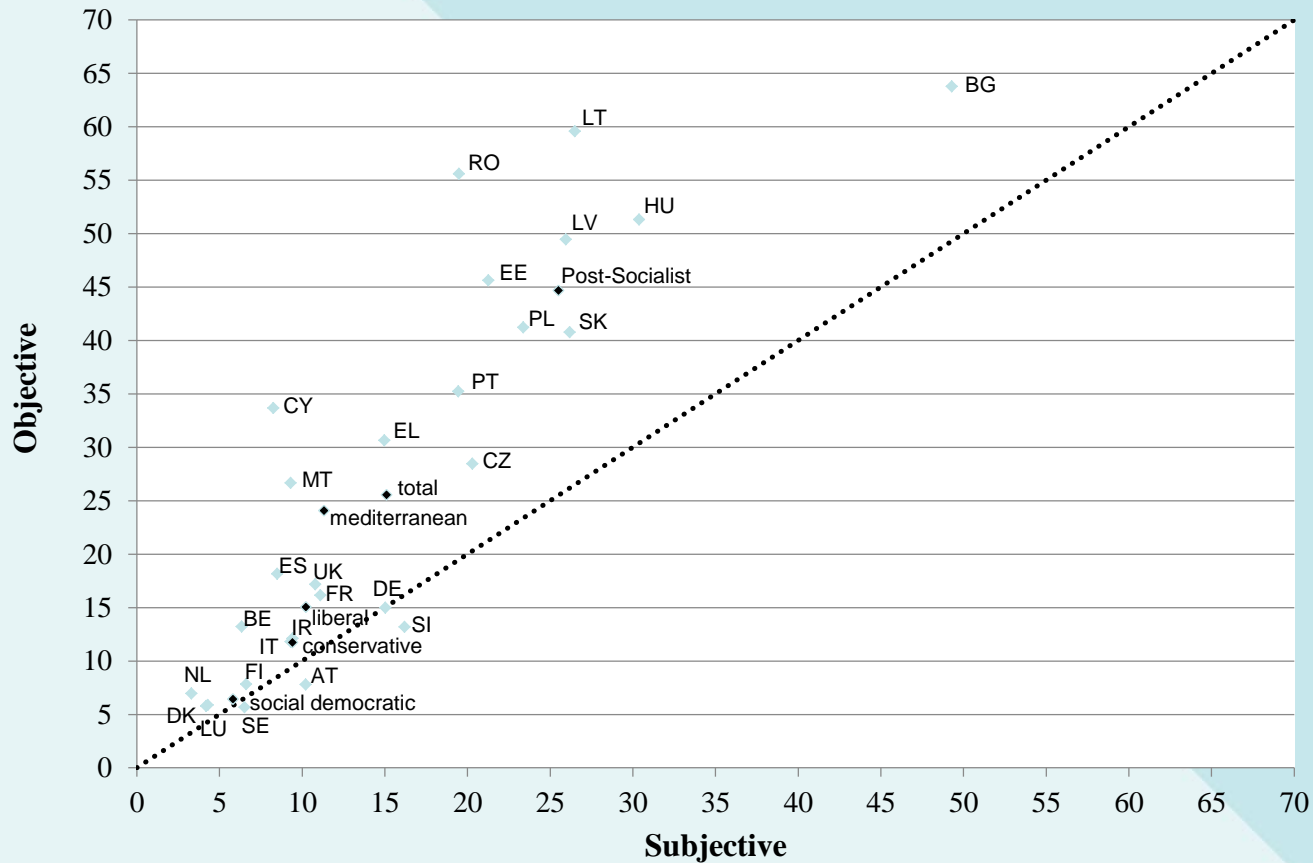
	Poor	Non-poor
Poor	11,59%	5,33%
Non-poor	18,25%	64,81%



# (3) Results

## Descriptives

*Objective x subjective measures: Cross-country comparison*





# (3) Results (Regression)

Dimension	Risk of poverty (objective)
Wave	Modestly <b>higher</b> risk after crisis
Regime	Post-soc >> South > Lib > Con > SD
Gender	
Age	
Education	
Living with parents (hous. autonomy)	
Employment situation	



# (3) Results (Regression)

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Age	Lower for <b>young</b>
Education	<b>Gradual effect</b> ; lower particularly among tertiary
Living with parents (hous. autonomy)	<b>Protective effect</b> , but least so in South
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Age	Lower for <b>young</b>	Lower for <b>young</b>	<b>Lower only for very young</b>
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Employment situation	Highest for <b>UE, agency work, short-fixed-term</b>	Highest for <b>UE, agency work, short-fixed-term</b>	As before, but generally <b>more modest</b>



## (4) Summary

### Measurement of Poverty

- Reasonable to **differentiate between objective and subjective** measures
- Descriptive analyses: **no necessary overlap** between dimensions
- Multivariate analyses: **differences in the determinants/group-specific pattern**
- Future research: use **both dimensions** and integrate them into **joint analyses**



## (4) Summary

### **(Selected) Policy-relevant findings**

- Differentiated effect of the 2008 crisis
- **Decreases** the risk of **perceived poverty** for the **objectively poor**
- **Increases** the risk of **perceived poverty** for the **objectively non-poor**
  
- ▶ Need to take into consideration for evaluating **public opinion and its consequences** (public protest, voting behavior)



## (4) Summary

- Ambivalent effect of **housing autonomy**
  - **Living with parents decreases objective risk** to be poor
  - But at the same time, **increases the risk of subjectively feeling disadvantaged** (particularly among the effectively non poor!)
- ▶ Need to **promote financial autonomy** of young individuals **outside the parental household**



## (4) Summary

### **(Selected) Policy-relevant findings**

- Interesting differences in the effect of **employment types**: particularly negative effects of **unemployment, agency work, short fixed-term**, surprisingly „positive“ effects of **long fixed-term employment**
  - ▶ **Not all „atypical“ work forms are detrimental** to objective and subjective poverty
  - ▶ Need to promote work forms that provide more of a **long-term perspective**



# Social Exclusion



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