

OCCUPATIONAL STRUCTURE OF POVERTY

Tünde-Ilona KELE

Doctoral School of Economic Sciences, Faculty of Economic Sciences, University of Oradea, Oradea, Romania

tundekele@yahoo.com

Abstract: *The main objective of this paper is to present the relationship between poverty, unemployment and education reaching the occupational structure of poverty. In order to understand the interdependence of the three concepts, I have started with the review of the definitions given by renowned specialists in the study of poverty. Afterwards, I have analysed the causes, determinants and types of poverty. Subsequently, I have brought in the foreground the statistical data regarding the Romanian population in the period between 2018 and 2021, which reflect the extent to which the citizens of our country are exposed and especially the children of the scourge of poverty. I wanted to highlight the interdependence between the level of education, unemployment and poverty rate. I have reviewed the ongoing plans and strategies undertaken by the Romanian Government having as objective the eradication of poverty by ensuring a quality education, which is considered an effective instrument for breaking the vicious circle of poverty.*

Keywords: poverty, unemployment, education, strategy, vicious circle of poverty;

JEL classification: A14, I21, I24, I25, I28, I32, R23

Introduction

Poverty is a complex concept that is researched by different branches of science: economics, sociology, psychology and political science. The final purpose of the poverty analysis is a common one, that is to identify and put into practice methods of reducing, but at least eradicating it, which is not an easy endeavour.

If explaining and measuring poverty is a matter of sociology, finding solutions to reduce this scourge is largely a matter of economics and politics.

Poverty and its causes. Preventing poverty through adequate education

In order to find solutions that lead to combating poverty, it is necessary to define it, to know the proportions of the phenomenon, the causes and the factors that generate it. The concept itself is associated with various expressions, most of them having negative connotations: material deprivation, exclusion, malnutrition, famine, subsistence and marginalization.

The definitions used internationally have a common characteristic, which is that they associate individual needs or living standards with an indicator of well-being.

According to the UN, poverty is the condition characterized by a severe deprivation of basic human needs such as access to food, drinking water, sanitary facilities, health, housing, education, as well as information. Ragnar Nurske states that underdeveloped countries cannot eradicate the scourge of poverty: “A country is poor, because it is poor.” or “Because it is poor, the country does not develop; because it does not develop, it remains poor.” (Nurske, 1953, p.898)

In 1965, Bauer formulated the theory of the "vicious circle of poverty" consisting of determining the relationship between the following: low incomes that lead to a reduced consumption, which makes saving impossible or very low, which leads to low investment due to which the productivity is also reduced, which generates low income and so on.

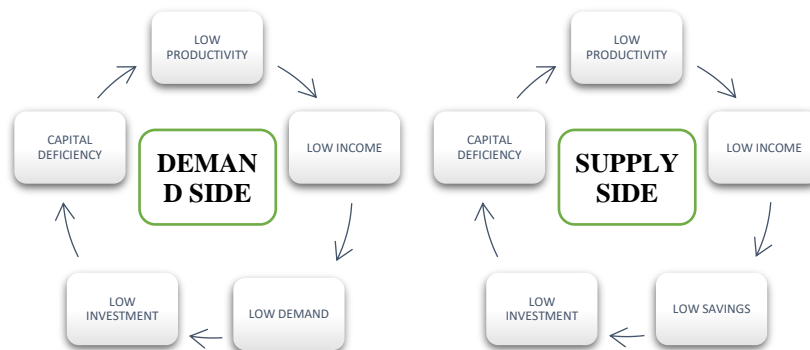


Figure.1 The vicious circle of poverty (Bauer, 1965)
Source: created by the author

Bauer considers that breaking the vicious circle, presented in Figure 1, is possible by changing the attitude and the competences. This change can be achieved by increasing investment in education, investment that can be recovered with the increase of the active life period of the population (due to life expectancy and increased health) and by increasing competitiveness on the labour market (due to the

increase in the quality of the offered products and services). A better education, as a result of additional investment in the education system, means better human capital, capable of making individual decisions (expansion of individual choices) facilitating the access to a better labour market with higher incomes. These would represent economic prosperity for people and their families, especially for their children who would also benefit from higher education that would lead to an improvement in the human capital of the region (Bauer, 1965).

If initially poverty was defined only from an economic point of view, today, it is associated with a person's ability to lead a decent living, but also with that person's freedom, dignity, respect or self-dignity (Ștefănescu, 2016). In the Dictionary of Sociology (1998), poverty is described as a phenomenon that affects families and social groups who do not have the material resources necessary to buy goods and services considered to ensure the standard of living agreed at a certain time (Zamfir, Vlăsceanu et. al., 1998). Other specialists consider that each society determines its own standards against which poverty is measured. And if there is at least one person who does not reach that minimum level of economic well-being, it can be said that there is poverty in that society (Dinculescu, Chirca et. al., 1999).

The National Institute of Statistics (INS) (2021) describes poverty as the situation of people whose incomes are so low that it is impossible for them to achieve a standard of living considered to be acceptable in the society in which they live, who face multiple disadvantages related to unemployment, low incomes, poor housing conditions, inadequate health care and barriers for accessing education, culture, sports and leisure (INS, 2020).

Types of poverty

The complexity of the poverty phenomenon is also highlighted by the different forms and degrees in which it manifests itself.

Depending on the satisfaction degree of human needs in the published literature (Zamfir and Vlăsceanu, 1998), absolute poverty is distinguished, meaning the situation in which an individual does not have the incomes necessary to ensure the minimum subsistence and lacks the necessary means to maintain human life (Zidărescu, 2007). Relative poverty is described as the situation in which the person's standard of living is above the minimum subsistence, but does not succeed in meeting the social and cultural needs that allow the individual to participate in community life. These authors also make the distinction between individual poverty, which affects a part of the population, and collective or generalized poverty, which is specific for underdeveloped societies. The Dictionary of Sociology (1998, p.518)

distinguishes primary and secondary poverty according to the income earned by a person.

Paraschiv (2008) studied consumption poverty and the multidimensional one, concluding that consumption poverty, meaning the one estimated according to household consumption, is deeper in rural areas than in urban areas. Paraschiv considers that the consumption deficit is only “the entry ticket through the door of poverty” (Paraschiv, 2008, p.428). If consumption poverty can be remedied by economic growth, the multidimensional one is deeper, chronic and its eradication needs a much more complex plan. In published literature, it appears under the name of “the new poverty” (Stănculescu and Berevoescu, coord., 2004, Péter, 2015) and studies show that it is especially generalized in the urban area.

Determinants of poverty

Studies on the causes of poverty have taken a particular scale. Bartle (2013) identified five factors that contribute to the maintenance of poverty: ignorance, disease, apathy, dishonesty and dependence, and in order to overcome these factors, he considers that education has a critical role, that is, the transmission of those pieces of information and knowledge within the group that contribute to the eradication of the poverty of a community.

Zamfir (1998) identified multiple factors as determinants of poverty such as: the level of economic development, the situation of the labour market, the degree of employment and unemployment, the characteristics of jobs, the type of control over material resources, inflation, the way of distribution and redistribution of income, demographic, social and cultural characteristics and lifestyle.

In a study about poverty conducted for the Bucharest area, Paraschiv (2008) demonstrated that employment and education are the determinants of poverty, regardless of the residence environment or the type of poverty. As such, any anti-poverty strategy must focus on developing and diversifying the labour market, facilitating access to the labour market for disadvantaged groups and improving the situation of the education system.

The studies conducted by Ștefănescu and Pop (2016), performed among the rural population of the Bihor – Hajdú-Bihar cross-border area (Hungary), have shown that the lack of jobs, poor education and poor infrastructure are the main factors that generate the perpetuation of poverty.

Starting from the results of the above-mentioned researches (Ștefănescu, Paraschiv) I would like to analyse the occupational structure of poverty in the post-pandemic period.

Occupational structure of poverty

The latest Eurostat data available on the incidence of risk of poverty for the population of the EU Member States highlight the seriousness of this problem among the Romanian population. Research shows that Romania has had every year, since 2017, over 30% of the population at risk of poverty or social exclusion and, in the last five years, it occupies the leading places in this ranking competing for the first and second place with Bulgaria. The data presented in Table 1 shows how considerable is the difference between the data recorded in Romania (32.8-35.7%) compared to the EU average (21.1-22.4%), and if we relate to the countries with the lowest percentages of people at risk of poverty or social exclusion, such as the Czech Republic (11%), Slovenia (13%) and Finland (14%) the situation is even more worrying.

Table 1: Rate of people at risk of poverty or social exclusion in Romania and EU

Year	People at risk of poverty or social exclusion in Romania	People at risk of poverty or social exclusion in EU	Romania's position
2017	35.7 %	22.4%	II.
2018	32.8 %	21.7 %	I.
2019	32.5 %	21.1 %	I.
2020	35.6 %	21.9 %	I.
2021	34.4 %	21.7 %	I.

Source: Created on the basis of Eurostat data

Expert studies (Townsend 1979, Zamfir 2001, Ștefănescu 2016, INS, Eurostat) show that employed people are more protected from the danger of poverty than those unemployed or inactive, but also within these two categories a variety of situations can be noted.

The scourge of poverty haunts Romania although studies conducted by the European Commission (2022) show that the labour market has had good results despite the COVID-19 pandemic. The employment rate has increased from 65.2% in 2020 to 67.1% in 2021.

Table 2: Poverty rate by people's occupational status in Romania

OCCUPATIONAL STATUS (persons aged 18 years and over)	YEAR	TOTAL	MALE	FEMAL E
Employed person	2017	17.4	20.1	13.6
	2018	15.3	17.9	11.4
	2019	15.7	18.5	11.6

	2020	14.9	18.1	10.4
Inactive person	2017	25.9	21.8	28.3
	2018	28.4	24.5	30.6
	2019	29.3	23.9	32.4
	2020	29.6	24.5	32.6
- <i>unemployed</i>	2017	51.6	56.2	38.0
	2018	48.0	51.2	37.0
	2019	48.9	51.3	42.8
	2020	62.9	66.2	52.3
- <i>pensioner</i>	2017	16.1	12.4	18.8
	2018	19.5	15.6	22.3
	2019	21.5	16.9	24.8
	2020	22.3	18.0	25.4
- <i>other inactive person</i>	2017	40.8	40.0	41.1
	2018	41.9	43.4	41.5
	2019	41.9	40.9	42.2
	2020	41.3	38.1	42.2

Source: Created on the basis of Eurostat data <http://ec.europa.eu/eurostat/en/web/income-and-living-conditions/data/database>

According to the studies performed by the European Commission, the estimated poverty rate for employed persons was 9.2% in 2020, above this value being 8 states including Romania (15.7%). Unemployed persons in the European Union are below the poverty threshold at a rate of 48.5% and, as seen from Table 2, in Romania, unemployed persons are the most affected because 62.9% of them are below the poverty line. A person's occupational status plays a crucial role in terms of their standard of living.

As presented above, education is a decisive factor in eradicating poverty and the level of schooling is an important factor influencing a person's probability of becoming unemployed and at risk of poverty or social exclusion. Statistics based on the data from 2021, which were collected by the Ministry of Labour and Social Solidarity and presented in Figure 2, show that the persons who have at most secondary education are more likely to become unemployed. There are considerably fewer unemployed persons among people who have completed at least 12 classes. Those with higher education or post-secondary education are a minority among the unemployed persons. From this data, it can be deduced that at risk of poverty rate and social exclusion decreases as people have a higher educational level.

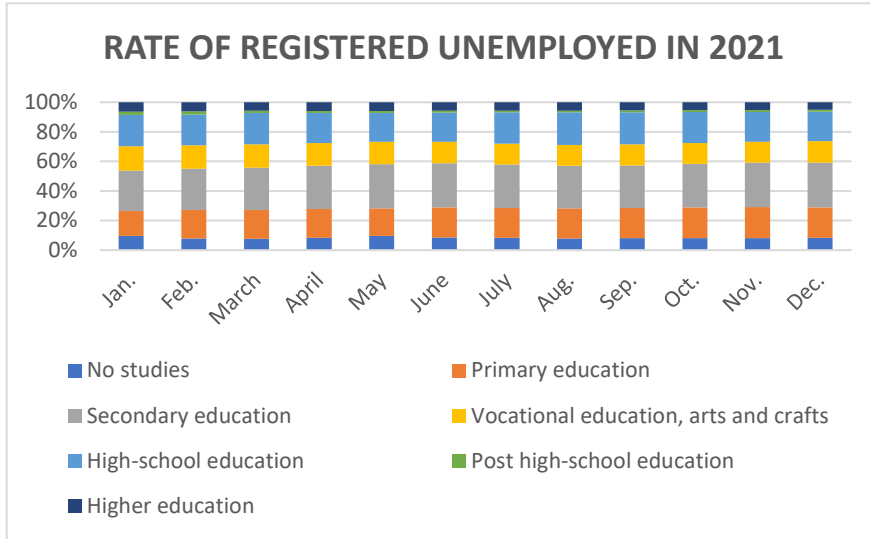


Figure 2: Rate of registered unemployed in 2021

Source: Created on the basis of the data from the Ministry of Labour and Social Solidarity Available at: <http://www.mmuncii.ro/j33/index.php/ro/transparenta/34-statistica/statistici/6237-statistici-somaj-20212>

The weight of children at risk of poverty or social exclusion is even higher than that of the total population of the country at the same risk. According to Eurostat, 41.5% of Romanian children, compared to the 24.4% of the EU population, were also at risk of poverty and social exclusion in 2021. The high percentage of young people at risk of poverty or social exclusion is correlated with the high rate of early school drop-out.

Table 3: Rate of children at risk of poverty or social exclusion in Romania and EU

Year	Children at risk of poverty or social exclusion in Romania	Children at risk of poverty or social exclusion in EU	Romania's position
2017	41.7 %	24.5%	I.
2018	38.1 %	23.4 %	I.
2019	35.8 %	22.5 %	I.
2020	41.5 %	24.2 %	I.
2021	41.5%	24.4 %	I.

Source: Created on the basis of Eurostat data

School and vocational orientation of young people and the adaptation of the educational offer to the requirements of the labour market

The first step for completing the compulsory education and acquiring basic competences is the participation in early childhood education because it greatly

influences the subsequent school direction, decreasing the probability of dropping out of school and the likelihood of being below the poverty threshold when leaving the system (Van Belle, 2016)

In Romania, there are still children who have never gone to school, and the percentage of young people without a relevant education for the labour market is extremely high. According to data from OECD's Programme for International Student Assessment (PISA) in 2018 approximately 4 out of 10 students, aged 15 years old, who are in the school system, are functional illiterates. From this point of view, the poor results recorded at schoolchildren in Romania are approximately twice as high as the European average: 22.5% for reading, 22.9% for mathematics and 22.3% for science (Education and Training Monitor, 2021)

The COVID 19 pandemic has aggravated this situation by closing schools and switching to distance learning over a long period of time.

Combating poverty and social exclusion requires an approach to the people's needs throughout their lifetime, but also to correlate them with the requirements of the labour market.

In order to achieve this objective, it is necessary to ensure several activities of school and vocational orientation of young people, but also to adapt the educational offer to the requirements of the labour market. In accordance with the Ministerial Order 6552/2011 School and vocational orientation is the set of norms, methods and techniques that ensure quality education and training, in accordance with the physical, physiological and psychological specificities of the individual. The purpose of the school and vocational orientation aims at capitalizing on the aptitude potential, interests, aspirations, knowledge, abilities, skills and other psycho-behavioural specificities, as well as advising on the way of adequate social and professional integration in order to ensure equal opportunities (Ministerial Order 6552/2011, art. 29, 30).

In this respect, the Romanian Government formulated and put into practice multiple strategic actions at national level in order to reduce poverty and promote social inclusion by improving the occupational structure and increasing the quality of education. The specific objectives and directions for action on the eradication of poverty are set out in the following documents:

- National Strategy for Employment 2021-2027;
- National Strategy for Social Inclusion and Poverty Reduction for the Period 2021-2027;
- National Strategy for Sustainable Development of Romania 2030;
- "Educated Romania" Project.

Conclusions

Both the studies of the specialists and the data published by national and international institutions have proven that Romania needs to do a great deal more in the fight against poverty and social exclusion. In order to achieve the targets and objectives set by the European Commission and domestic institutions, the phrase 'think globally and act locally' must be followed.

In order to reduce or eradicate poverty, in the long-term, it is not enough to simply transfer funds to the victims of the scourge of poverty, because these will only improve the symptoms in the short-term but will not solve the problem at hand. An anti-poverty strategy must be developed by means of a close collaboration of all the decision-makers in charge of ensuring the economic development, well-being and health of the population.

The objectives of the strategies developed at national level will be reached only if the local needs of the vulnerable groups are identified and the taken actions will be correlated with them. The actions must be aimed at developing and diversifying the labour market, to help the access to the labour market of disadvantaged groups, as well as to ensure a quality education (Paraschiv, 2008) because, besides the infrastructure, the lack of jobs, education is among the main determinants responsible for the reproduction of poverty (Ștefănescu, 2016), education being one of the instruments through which one can break the vicious circle of poverty (Bauer, 1965).

Bibliography

- Bartle, P. (2013) *The Big Five-Factors of poverty* [online] Available: <https://cec.vcn.bc.ca/cmp/modules/emp-pov.htm> [25.10.2022] Bauer, P.T (1965) *The Vicious Circle of Poverty: Reality or Myth?* [online] Available: <https://www.panarchy.org/bauer/viciouscircle.htm> [15.10.2022]
- Dinculescu V., Chirca C. (et.al) (1999) *Sărăcia în România. Dimensiuni și factori, în: Sărăcia în România. 1995-1998, București.*
- Nurkse,R. (1953) *Problems of Capital Formation in Underdeveloped Countries.* By.Capital in The Economic Journal, Volume 63, Issue 252, 1 December 1953, pp. 897-899 Available: <https://academic.oup.com/ej/article-abstract/63/252/897/5258742> [02.09.2022]
- Paraschiv, E. (2008) *Problema sărăciei în comunitățile urbane și rurale din România* in Revista Română de Sociologie, serie nouă, anul XIX, nr. 3–4, p. 423–451, București. Péter, L. 2015, *Új szegények túlélési stratégiái* in Erdélyi társadalom [PDF] 1.(1), p.25-50, Available: <https://www.erdelyitarsadalom.ro/files/et01/et-bbu-01-02.pdf> [02.09.2022]
- Stănculescu, M.S., Berevoescu, I. (et.al) (2004) *Sărac lipit, caut altă viață! Fenomenul sărăciei extreme și al zonelor sărace în România 2001*, Ed. Nemira, București
- Ștefănescu, F, Pop A.P. (2016) *The process of poverty reproduction in rural areas. The case of youth from the Romanian-Hungarian cross border region*, in Journal of Social Research

and Policy [online] 7 (1) Available: <https://www.researchgate.net/publication/317935948> *The process of poverty reproduction in rural areas The case of youth from the Romanian-Hungarian cross border region* [12.10.2022]

Townsend, P. (1979) *Poverty in the United Kingdom, A Survey Household Resources and Standards of Living*, University of California press, Berkeley and Los Angeles [online] Available: https://books.google.ro/books?hl=hu&lr=&id=weGYy_czvsC&oi=fnd&pg=PA17&dq=townsend+1979&ots=4HCwEAFv3g&sig=x2zGbl6wO9S43zCk-k7jyB8N2mk&redir_esc=y#v=onepage&q=townsend%201979&f=false [20.10.2022]

Van Belle. (2016) *Early Child hood Education and Care (ECEC) and its long-term effects on educational and labour market outcomes, Research Report*. RAND Europe,. [online], Available: https://www.rand.org/pubs/research_reports/RR1667.html, [05.11.2022]

Zamfir, C. (2001) *Situația sărăciei în România dimensiuni, surse, grupuri de risc iunie 2001* in *România socială – Revistă de cultură și analiză socială*, 2001/2, [PDF] p. Available: https://adatbank.ro/html/cim_pdf385.pdf [20.10.2022]

Zamfir, C., Vlăsceanu, L. (1998) *Dicționarul de sociologie urmat de indicatori demografici, economici, sociali și sociologici*, Ed. Babel, Bucuresti

Zidărescu, M. (2007), *Sărăcia în comunitățile de romi din România*, Ed. Lumen, Iași

European Comission (EC) (2022) *2022 Country Report – Romania* [PDF] Available: https://ec.europa.eu/info/sites/default/files/2022-european-semester-country-report-romania_en.pdf [20.10.2022]

EC, (2021) *Education and Training Monitor 2021* [online] Available: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/ro/romania.html> [20.10.2022]

Ministerul Muncii și Solidarității Sociale (MMSS)/ Ministry of Labor and Social Justice (MLSJ) *„Strategia Națională pentru Ocuparea Forței de Muncă 2021-2027*, [PDF], Available: http://mmuncii.ro/j33/images/Documente/MMPS/SNOFM_2021-2027.pdf [20.10.2022]

MMSS / MLSJ, *Strategia Națională pentru incluziunea socială și reducerea sărăciei pentru perioada 2021-2027/ National strategy on social inclusion and poverty reduction 2021-2027*, [PDF], Available: https://mmuncii.ro/j33/images/Documente/MMPS/Transparenta_decizionala/20201222-proiecthg-sn_incluziune-sociala21-27_anexa1.pdf [20.10.2022]

MMSS / MLSJ, *Statistici șomaj 2021* Available: <http://www.mmuncii.ro/j33/index.php/ro/transparenta/34-statistica/statistici/6237-statistici-somaj-20212> [20.10.2022]

Ministerul Muncii Familiei, Protecției Sociale și Persoanelor Vârstnice / Ministry of Labor Family, Social Protection and Elderly, *Strategia națională privind incluziunea socială și reducerea sărăciei 2015-2020 România/ National Strategy on Social Inclusion and Poverty Reduction 2015-2020 Romania*, [PDF], Available: http://www.mmuncii.ro/j33/images/Documente/Familie/2016/StrategyVol1RO_web.pdf [20.10.2022]

****Strategia Națională pentru Dezvoltarea Durabilă a României 2030*, [PDF], (2018) Ed. Paidea, București Available: <https://www.edu.ro/sites/default/files/Strategia-nationala-pentru-dezvoltarea-durabila-a-Rom%C3%A2niei-2030.pdf> [06.11.2022]

*** *Dimensiuni ale incluziunii sociale în România în anul 2020* [PDF], Editat de Instituția Națională de Statistică, București Available: https://insse.ro/cms/sites/default/files/field/publicatii/dimensiuni_ale_incluziunii_sociale_in_romania_2020.pdf [20.10.2022]

*** Monitorul oficial al României, 12 aprilie 2022, Anul 190 (XXXIV) — Nr. 359, pp. 2-112

*** Ordin Administrație Publică 6552/2011, Monitorul Oficial Nr.45 din 19 ianuarie 2012, [PDF] Available: https://www.edu.ro/sites/default/files/fi%C8%99iere/Invatamant-Preuniversitar/2016/special/ORDIN%206552_2011evaluarea_asist_psihoeducationala_ori_entare_scolara_profesionala_CES.pdf [06.11.2022]

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment_annual_statistics

<https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20220915-1>

https://ec.europa.eu/eurostat/databrowser/view/ILC_PEPS01N_custom_3337149/bookmark/table?lang=en&bookmarkId=0460cf2c-6a09-4773-be7a-db0513f4db8b

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:People_at_risk_of_poverty_or_social_exclusion

<https://www.pesnetwork.eu/ro/2019/09/05/lmb3-educational-attainment/>

<https://www.consilium.europa.eu/ro/policies/education-economic-growth/>

<https://ro.economy-pedia.com/11040501-poverty#menu-3>

<https://www.un.org/development/desa/socialperspectiveondevelopment/issues/poverty-eradication.html>

<https://insse.ro/cms/en/content/romanian-labour-force-employment-and-unemployment-2021>