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BEYOND EMPLOYMENT: UNDERSTANDING THE GLOBAL AND LOCAL DIMENSIONS OF WORKING POVERTY

Gevorg Baghdasaryan
Armenian State University of Economics, Ph.D. Student
baghdasaryangevorgphd@gmail.com
ORCID ID: https://orcid.org/0009-0002-6950-9465

Abstract: When looking at the global poverty picture, it becomes clear that poverty is one of the most pressing issues facing countries today. The poor often suffer from malnutrition, lack access to basic services such as electricity and drinking water, and have low access to education and health services. The problem of poverty is even more acute when we consider the share of the employed population among the poor. The article attempts to present what the term "employed poor" means and what trends it has around the world.

Keywords: working poor, risk of falling into in-work poverty, poverty depth, poverty severity.

JEL codes: H53, J08

Research aims: To examine global and regional patterns of working poverty and assess its key determinants and policy implications.

Research novelty: This study offers a comparative global-national perspective on working poverty, integrating Armenia's

case to reveal overlooked regional disparities and policy implications within existing international poverty frameworks.

Introduction

The working poor are employed people living in households where consumption levels are below the poverty line. While poverty in developed countries is often associated with unemployment, in developing countries, extreme poverty is primarily a problem for working people. This means that even when working, people are unable to overcome the poverty line and meet their basic needs.

Methodology

The research is based on a comparative and descriptive analytical approach, combining both quantitative and qualitative methods. Statistical data were drawn primarily from international databases such as the International Labour Organization (ILO), World Bank, and Eurostat, covering the period 2004–2024.

The study includes:

- ✓ Comparative analysis of working poverty indicators across regions and countries;
- ✓ Trend analysis to identify long-term changes in poverty rates, poverty depth, and the risk of in-work poverty;
- ✓ Case study of Armenia, aimed at examining national specifics in the context of global patterns;
- ✓ Interpretative assessment of gender and regional disparities in working poverty.

The methodological framework relies on established socio-economic indicators, including the working poverty rate, poverty

gap, and poverty headcount ratio, enabling cross-country comparability and time-series analysis.

Research results

Until about twenty years ago, the term "working poor" was considered an American phenomenon. The idea that an employed person could still be poor was unfamiliar to Europe. At that time, there were no significant academic studies or research works on this phenomenon in Europe, until the term "in-work poverty" began to come into use.

The working poor were defined as individuals whose rights in the labor market were insufficiently protected, whose wages were low, and who were employed in sectors such as fast food, supermarkets, hotels, and similar low-paying industries. Such an understanding was alien to countries where trade unions played a major role in protecting workers' rights and where wage levels were relatively high (R. Hick, I. Marx, 2022).

In the 21st century, the term "working poor" has gradually become more widely recognized. Countries and international organizations, such as the International Labour Organization (ILO), began to collect and publish separate statistics on employed poor individuals.

According to the data presented in Figure 1, the share of the working poor has decreased over time across different regions. Specifically, the global proportion of working poor declined from 21.6% in 2004 to 6.9% in 2023. At the same time, it should be emphasized that in recent years, various measures implemented worldwide to combat poverty have had a certain positive impact on

poverty indicators. In particular, both the poverty rate and the poverty depth indicators have demonstrated a downward trend (see Figure 3). Nevertheless, it should be noted that in Europe, Central Asia, and the Americas, the level of working poverty has remained significantly lower and has not undergone substantial changes during the observed period - which cannot be said for Arab countries, where an upward trend is observed. The indicator remains particularly high in African states, where the average rate of decline throughout the entire period has been around 2%.

Overall, it can be concluded that despite globally positive developments, substantial regional disparities in working poverty persist.

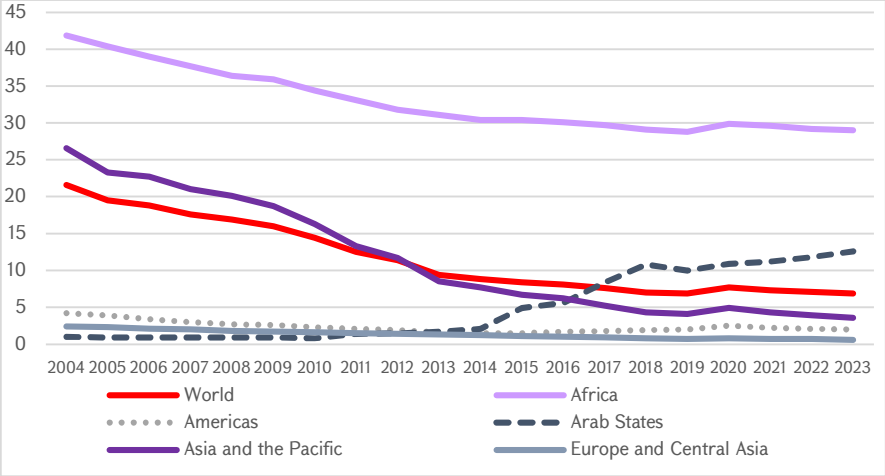


Figure 1. Working poverty by regions
Source: *ILO Official Webpage,* ***https://ilostat.ilo.org/blog/charting-progress-on-the-global-goals-and-decent-work/***

At the same time, when examining the risk of falling into poverty across different countries, it becomes evident that this indicator has

also not experienced substantial change. According to the data presented in Figure 2, within EU member states, the risk of falling into poverty in 2024 has shown only slight variation compared to 2020. The largest decrease was recorded in Romania, where the indicator declined by 4.0 percentage points, whereas in Slovakia it increased by 5.0 percentage points. Overall, the average rate across the European Union declined marginally - from 8.6% to 8.2%.

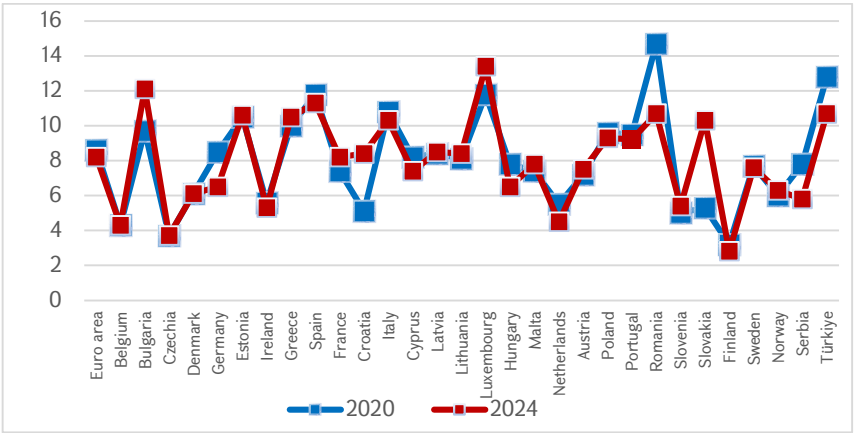


Figure 2. The risk of falling into in-work poverty in EU countries
Source: *Eurostat Official Webpage,* ***https://ec.europa.eu/eurostat/databrowser/view/tespm070/default/table?lang=en***

Working poverty affects different population groups unevenly. In general, both poverty and in-work poverty rates are higher among women, with gender inequality being more pronounced in less developed countries (UN, 2024).

Overall, millions of people living in poverty are unable to benefit from decent and productive employment opportunities that could significantly improve their quality of life. Many individuals and

families live below the international extreme poverty line, and a considerable share remains below their national poverty thresholds. It should also be noted that, as of today, in 112 countries, out of 6.3 billion people, approximately 1.1 billion live in multidimensional poverty. Nearly 40% of these 1.1 billion poor people (about 455 million) reside in countries affected by violent conflicts, which significantly hampers progress in poverty reduction. Furthermore, more than half of the 1.1 billion poor individuals - around 584 million - are children under the age of 18 (UNDP, 2024).

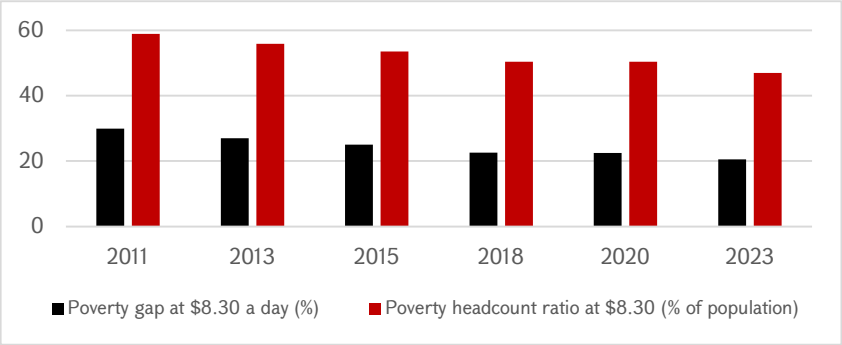


Figure 3. Poverty gap* and poverty headcount ratio at $8.30 a day, World (2021 PPP) (%)[1]

Source: *World Bank Databank,* ***https://databank.worldbank.org/source/world-development-indicators#***

As in many countries around the world, the share of employed individuals living in poverty is also relatively high in the Republic of Armenia. According to the data presented in Table 1, as of 2023, both in the capital city Yerevan and in other urban and rural

[4] *Poverty gap at $8.30 a day (2021 PPP) is the mean shortfall in income or consumption from the poverty line $8.30 a day (counting the nonpoor as having zero shortfall), expressed as a percentage of the poverty line.*

communities, a significant proportion of the poor are simultaneously classified as employed.

The indicator is comparatively lower in Yerevan, which is predictable given the higher level of labor market centralization in the capital. At the same time, it should be noted that in Yerevan, the rate stands at 16.8%, while in other cities and rural areas it ranges between 22–23%. As expected, this is accompanied by a high proportion of unemployed poor as well. However, it is concerning that individuals who are engaged in some form of employment are nonetheless considered poor, which contradicts the widespread public perception that poverty is solely associated with unemployment.

Table 1. Poverty by employed and unemployed, by urban and rural communities of the RA, 2023 (population aged 15-75)
Source: *"Social Snapshot and Poverty in Armenia 2020-2023",* ***https://armstat.am/file/article/poverty_2024_a_2.pdf, p. 45***

Labor force participation	Poverty rate
Total	
Employed	20.7
Unemployed	31.2
Yerevan	
Employed	16.8
Unemployed	28.7
Other cities	
Employed	22.4
Unemployed	31.1
Rural	
Employed	22.9
Unemployed	35.6

Conclusion

From the above analysis, it can be concluded that being employed does not guarantee overcoming poverty. The phenomenon of working poverty essentially represents a challenge and a threat for many countries around the world, requiring systematic and targeted policy actions. The analysis of Armenia's indicators also shows that even those who are employed often remain below the poverty line.

Based on the findings presented above, and taking into account both international and national experiences, it can be stated that the management process aimed at reducing working poverty has several key characteristics:

1. The presence of working poor partially obscures the real picture of poverty levels and, in this sense, may lead to a reduced vigilance in management functions directed at poverty alleviation.
2. The assessment of in-work poverty should be approached not only from the perspective of the individual but also through a comprehensive analysis of household behavior, since the formation of working poverty is often linked to households that include unemployed members alongside one or two employed persons.
3. In the management process aimed at combating working poverty, it is important to apply specific key progress indicators, with a particular focus on factors contributing to the culture of poverty - such as the promotion of lifelong learning, the corporate social responsibility of employers toward poverty

reduction, and the implementation of targeted social programs by the state aimed at reducing unemployment.

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ԱՇԽԱՏԱՆՔԻՑ ԱՅՆ ԿՈՂՄ. ՉԲԱՂՎԱԾ ԱՂՔԱՏՈՒԹՅԱՆ ԳԼՈԲԱԼ ԵՎ ՏԵՂԱԿԱՆ ԱՌԱՆՁՆԱՀԱՏԿՈՒԹՅՈՒՆՆԵՐԻ ՎԵՐԼՈՒԾՈՒԹՅՈՒՆ

Գևորգ Բաղդասարյան
Հայաստանի պետական տնտեսագիտական համալսարան
ասպիրանտ

Բանալի բառեր – աշխատող աղքատ, զբաղված աղքատության ռիսկ, աղքատության խորություն, աղքատության սրություն:

Համաշխարհային աղքատության պատկերը դիտարկելիս պարզ է դառնում, որ աղքատությունը այսօր երկրների առջև ծառացած ամենահրատապ խնդիրներից մեկն է Հոդվածում փորձ է արվում ներկայացնել, թե ինչ է նշանակում «զբաղված աղքատ» տերմինը և ինչ միտումներ ունի այն ամբողջ աշխարհում:

Հայաստանի Հանրապետության ցուցանիշների վերլուծությունը նաև ցույց է տալիս, որ նույնիսկ աշխատողները հաճախ մնում են աղքատության գծից ցածր: Հաշվի առնելով միջազգային և ազգային փորձը, կարելի է նշել, որ աշխատանքային աղքատության նվազեցմանն ուղղված կառավարման գործընթացն ունի մի քանի հիմնական բնութագրեր.

1. Աշխատող աղքատների առկայությունը մասամբ մթագնում է աղքատության մակարդակի իրական պատկերը և, այս առումով, կարող է հանգեցնել աղքատության նվազեցմանն

ուղղված կառավարման գործառույթների զգոնության նվազմանը:

2. Աշխատող աղքատության գնահատմանը պետք է մոտենալ ոչ միայն անհատի տեսանկյունից, այլև տնային տնտեսության վարքագծի համապարփակ վերլուծության միջոցով, քանի որ աշխատանքային աղքատության ձևավորումը հաճախ կապված է այն տնային տնտեսությունների հետ, որոնք ներառում են գործազուրկ անդամներ մեկ կամ երկու աշխատող անձանց հետ միասին:

3. Զբաղված աղքատության դեմ պայքարին ուղղված կառավարման գործընթացում կարևոր է կիրառել առաջընթացի որոշակի հիմնական ցուցանիշներ՝ հատուկ ուշադրություն դարձնելով աղքատության մշակույթին նպաստող գործոններին, ինչպիսիք են՝ ողջ կյանքի ընթացքում ուսուցման խթանումը, գործատուների կորպորատիվ սոցիալական պատասխանատվությունը աղքատության կրճատման ուղղությամբ և պետության կողմից գործազրկության կրճատմանն ուղղված նպատակային սոցիալական ծրագրերի իրականացումը:

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