

POLICY BRIEF – MAY 2021

HIGHLIGHTS

Key Words: Working Poor – Workforce Development – Social Procurement – Inclusive Economies

Is working as a pathway out of poverty? Examining the working poor in Canada.

The ongoing COVID-19 pandemic has highlighted the cracks within Canada’s economic system. The concept of “working poverty” is not new but is frequently overlooked. Why is this the case? Perhaps it is a common misconception that working is the be-all and end-all solution for poverty alleviation. Although this is a good start, research has long since identified that other types of support are necessary to uplift people out of poverty.

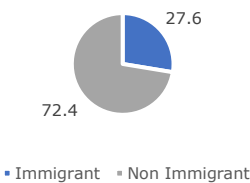
While employment is a necessary condition to be able to support oneself, it is not a sufficient condition. That is, employment precarity, low wages, and a lack of social assistance are among the challenges faced by the working poor. Indeed, due to the pandemic, jobs with these characteristics were disproportionately affected. Unfortunately, these jobs typically employ a greater proportion of women, immigrants, people of colour, and people with disabilities. The combined effect of unemployment from the pandemic and persisting systematic short-falls in employment quality means that working poverty is more than an economic issue – it is also a social challenge.

- The working poor make up a significant portion of those of poverty.
- The working poor are young and educated.
- Workforce development and social procurement can build on the working poor’s strong foundations.
- Interventions need to be tailored to be address the needs of the working poor.
- A better system of data collection on those who access interventions is necessary.

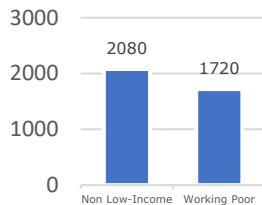
Who are the working poor?

We can define the working poor as those working at least 910 hours a year. This is equivalent to 17.5 hours a week for someone working 52 weeks in a year. Indeed, while this minimum seems like a low threshold to pass, the working poor surpass this amount by a wide margin. The following are some key characteristics of the working poor in 2017.

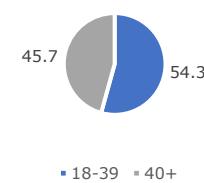
Immigrants (%)



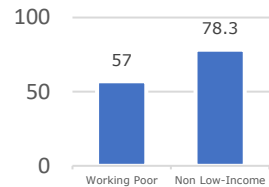
Hours Worked



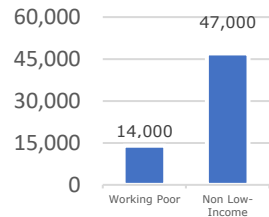
Age Group (%)



Tertiary Education (%)



Employment Earnings (\$)



* All median averages of individual characteristics, not household.
* Compared to Non Low-Income individuals also working at least 910 hours a year.

What support do the working poor need?

Indeed, we can see that the working poor a highly educated and young population. Also consider that over a quarter of the working poor are immigrants, even though only around 17.8% of all Canadians were immigrants in 2017. Some arguments have been made that working poverty is a transitional phase in life. These arguments are typically based on the idea that young people and new graduates will eventually move onto better positions. However, the general profile of the working has not changed by much over time. Although, it should be noted that research into this topic lacks a longitudinal dimensions due to data restrictions. Despite this, it should not be assumed that working poverty is a transitional phase. Working poverty is associated with negative socioeconomic outcomes in health and education for the children of the working poor. Indeed, working poverty has implications on intergenerational poverty. Moreover, these characteristics debunk the myth that working is a pathway out of poverty.

Given that the working poor represents such a young and educated population, there are several interventions that can capitalize on these characteristics and contribute to an inclusive economy. Workforce development is any system or program that develops the skills of the workforce. Social procurement is a method of purchasing goods or services that have implications on social development. Typically, this means hiring disadvantaged people for projects or purchasing goods and services from local businesses. Indeed, these methods could have a poverty-reducing effect if the working poor are considered. Moreover, they are also gaining steam in policy development. Unfortunately, a significant caveat of these interventions is the lack of a poverty-reducing lens, data collection, and barriers to access for disadvantaged people. For example, do these interventions reach the most disadvantaged people? How can this be evidenced? Indeed, a better system of organization is required to determine the impact of these interventions and what changes are necessary to be inclusive of the working poor. These interventions build on pre-existing human capital and could dismantle the barriers faced by the working poor.