Summary of working paper entitled:

**The working poor in the Caribbean**

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**Introduction**

In many Caribbean countries there are pockets of poverty as well as high levels of unemployment. The link between these two is therefore an important one to study. In order to facilitate analytical work in this area, the ILO Sub-regional Office for the Caribbean recently commissioned a statistical study of “the working poor” covering eight countries: The Bahamas, Barbados, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, and Trinidad and Tobago.

**Defining and measuring the working poor**

Simply put, the working poor are those who work and who are poor. A more formal definition is shown below.

The Working Poor are ……

“….. individuals engaged in either paid or self employment who belong to households with an adult equivalent per capita household expenditure (or income) that falls below a specified poverty line.”

The *individual* is the basis for establishing the “working” and “non-working” classification; while the *household* is the basis for establishing the “poor” and “non-poor” groupings. The core methodology for identification of the working poor involves estimating the adult equivalent per capita household expenditure (income, in the case of Barbados). This was done by:

(a) Calculating the total consumption expenditure for each household and converting it to daily equivalence;

(b) Determining the household size in adult equivalence, using the World Bank scale (which, for example, assigns a weighting of 0.83 for 10-14 year olds); and

(c) Estimating the adult equivalent per capita household expenditure by dividing the daily consumption expenditure by the household size.

The data for the exercise was obtained from Labour Force Surveys and Surveys of Living Conditions. All expenditure data were converted into 2000 constant US$ using Purchasing Power Parities (PPP) as currency converters.
Three different poverty lines

In order to determine whether a household is poor, the PPP converted adult equivalent per capita household expenditure is compared with three different poverty lines:

- US$1
- US$2
- The National Poverty Line

A household is poor if its adult equivalent per capita household expenditure falls below any of the above poverty lines.

Key statistical findings

1. A significant number of employed persons are poor. Proportions range between 29% for Guyana and 12% for Saint Kitts and Nevis. The Bahamas and Barbados are exceptions.

2. Males dominate the working poor. Although both men and women are among the working poor, males dominate the group in most countries. The highest proportions of males are in Dominica (66%) and Trinidad and Tobago (12%). This is not surprising since men comprise most of the employed population in the Caribbean. In addition, in Trinidad and Tobago, women have higher levels of educational attainment compared to men. The exceptions of male dominance are in respect of Saint Kitts and Nevis and Barbados.

3. The working poor are clustered in the 25 to 44 age group. This was observed in all countries and reflects the fact that this age group dominates the employed population as a whole. The largest concentration was in Dominica (56%).

4. The working poor have lower levels of education. In all countries, the majority of the working poor have only a primary level education e.g. 83% in Jamaica and 79% in Dominica; and only 2% to 8% have tertiary level education.
5. The working poor are employed in a variety of sectors, but most are found in *agriculture, community and social services, construction and wholesale/retail sales*. Specific country examples include:

- Agriculture in Jamaica (39%) and Dominica (35%)
- Community and Social Services in Trinidad and Tobago (31%)
- Construction in the Bahamas (25%)
- Wholesale/Retail Sales in Barbados (17%)

The working poor in Grenada and Saint Kitts and Nevis are spread over a wider number of sectors, with the largest concentrations in the “other” sector (30% and 23% respectively).

6. **Most of the working poor are in elementary and agricultural occupations.** The highest concentrations are in the Bahamas where 57% of the working poor are in elementary occupations; and in Jamaica, where 34% of its working poor are in agriculture. Elementary occupations cover unskilled or manual jobs such as domestic helpers, street vendors, garbage collectors and labourers. A gender analysis reveals that males dominate in agricultural occupations while their female counterparts are more dominant in services, shop sales and clerical occupations.

7. **Privately-paid employees constitute a larger proportion of the working poor compared to the non-poor.** Own-account workers show no clear pattern in the comparison. However, this category of workers is the largest among the working poor of Jamaica.

![Figure 3](image)
8. The working poor work fewer hours than their non-poor counterparts. The graph below shows that the proportion of the working poor who work 32 hours or less per week in Dominica, Jamaica and Trinidad and Tobago is larger than for the non-poor. In addition, a relatively smaller proportion of the working poor are employed for over 50 hours per week, compared to the non-poor.

Areas for future research

The statistical results discussed above confirm expectations about the working poor. However, more research needs to be undertaken to understand the link between poverty and unemployment. The following three areas merit consideration for further research.

(i) The way in which the labour market determines access to and availability of quality jobs.

(ii) The response of households to human capital acquisition in a job scarcity context where both employment eligibility and reward reflect the influence of less formal criteria.

(iii) Monitoring of the alignment of the system of education and training with the operation of the labour market.