Working Their Way Out of Poverty?
Sole Mothers, Work, Welfare and Material Well-being

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Background

Over the last 25 years, policy perspectives on sole mothers and market work have turned around

- 1973-mid 80s unemployable due to caring obligations
- Mid 80s -2001 encouraged to take up paid work
- 2002 - subject to work enforcing policies

Under mutual obligation sole mothers with school age children are obligated to engage in market activity
Labour Market Participation

Sole mothers’ workforce participation is judged as too low. ABS (2000) data indicate:

Full time work:
  Sole mothers 22%: Married mothers 26%
Part time work
  Sole mothers 24%: Married mothers 34%
Unemployment rate
  Sole mothers 16%: Married mothers 5%

Married mothers act as de facto comparison group

Efficacy of Labour Market Work

Welfare reform debate assumes work reduces poverty and dependency but recent data question this link. Findings include:

➢ Most welfare to work transitions lead to revolving door welfare – not permanent exit
➢ Paid work not always an escape from poverty. Working sole mothers need more income
➢ Type of work available a factor. Restructured labour market greatly increased low paid, casual jobs

Will increased work also equal increased material well-being?
The Study

Uses OLS regression and NLC 1st round data. Examines impact of maternal employment status on household material well-being.

- Sole mother = women with resident child aged under 18 not living with a male partner (n=143)
- Married mother = women with resident child aged under 18, in a registered marriage and living with a husband (n=440)

N = 583

Operationalising Material Well-being

3 alternative measures of material well-being

1. **EARNINGS**
   
   Respondents’ earnings from employment.

   Approximately 37 % of the sample is not employed
   To avoid censoring the dependent variable the analysis is restricted to those mothers who report positive annual earnings.
2. Household

Annual equivalised household income. Includes:
- Employment earnings
- Social security income
- Other income (rent, dividends etc)
- Child support income
- Partner’s income (where applicable)
- Business income

Equivalence formula \( = \frac{HI}{N} \)

\( HI = \) Total Household Income \( N = \) Total adults and children under 18 years in household

3. FULL INCOME

Based on Richardson and Travers’ (1993) ‘full income’

- Annual household income from all sources
- Value of Centrelink concession cards
- Value of non-employed parental time

Equivalent - plus
- Value of imputed rent from home ownership

Factors recognise trade-off in market and unpaid work time faced by households to achieve well-being
Value of Components

- Adult non-employed = \[(50 - \text{hours worked previous week}) \times \text{hourly wage}\] \times \frac{365.25}{7}
- Home ownership = 5% of home equity
- Concession cards = $1200 as per Richardson and Travers adjusted by CPI to 1996/97 levels = $1324

Explanatory variables = parental background, demographic characteristics, no./age of children employment and partnered status

Provide broad range plus reflect common variables in research on the labour market and sole mothers

Table 2

Absolute value of 3 measures rise with their level of comprehensiveness

- EARNINGS - $17141
- HOUSEHOLD - $24579
- FULL INCOME -$44920

Explanatory variables:
Sole and married mothers roughly similar except for number and ages of children

- Fewer and older children in sole mother households
Table 3

**MWB1: EARNINGS**: Adj R2 = .13

Predictive Variables:
- Occupation: Professional/Managerial + $12380 pa
  Clerical/Trades + $6047 pa
- Father’s occupation: Prof/Managerial +$3944 pa
- Trend is for employed married mothers to earn *less* per annum than the sole mothers

Table 4

**HOUSEHOLD**: Adj R2 = .27

Predictive Variables:
- Being currently employed + $4605 pa
- Occupation: + $5311 for prof/managerial position
- Number of children -$1880 pa for each extra child
- Being partnered + $12104 pa

*The material benefit of a partner far outweighs the economic value of labour market activity*
**Table 5**

**FULL INCOME** – Adj R2 = .26

Predictive Variables:

- Age + $688 for each year
- Fathers occupation + $5189 for prof/admin
- Number of children - $4476 for each extra child
- Pre-school age child +$3036
- Occupation = prof/managerial +$5006
- Partnered status: Sole mother -$18230

*Employment status is not significant*

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**Discussion**

Two clear but contrasting trends

1. As comprehensiveness of well-being measure increases, predictive significance of the mother’s labour force status decreases.

2. Partnered status has opposite effect. Negative implication of being a sole parent increases as comprehensiveness of the measure increases

Suggests sole mother family’s disadvantaged position related to *the soleness of their parenting* rather than personal characteristics
Conclusion

Greater workforce activity may reduce sole mothers’ reliance on the state but not necessarily lead to higher levels of material well-being

➢ Sole motherhood and poverty obviously linked, but lack of market work not necessarily the cause

➢ Inadequate monies from income support may merely be replaced by inadequate market income

➢ For many, working their way out of poverty may not be an accessible or realistic option.