

# **Social Protection and Decent Work for Pro-Poor Growth**

Quantitative analysis of multidimensional poverty linkages in low and lower middle income economies

Suvi Lammi

University of Tampere

Faculty of Social Sciences

Master's Thesis in Sociology

UNIVERSITY OF TAMPERE  
Faculty of Social Sciences

LAMMI, SUVI: SOCIAL PROTECTION AND DECENT WORK FOR PRO-POOR GROWTH.  
Quantitative analysis of multidimensional poverty linkages in low and lower middle income  
economies

Master's Thesis, 86 pages, 3 appendix pages

Advisers: Hanna-Kaisa Hopponia, Katri-Maria Järvinen, Jouko Nätti

Sociology

May 2018

---

## ABSTRACT

This study examines whether social protection and decent work are linked to pro-poor growth in low and lower middle income economies. It does so by finding the existing linkages between Multidimensional Poverty Index (MPI) dependent variable and 10 indicators of social protection and decent work, as well as one indicator of economic performance. The concept of pro-poor growth is at the center of the study. Throughout the study, I understand pro-poor growth as economic growth that benefits the poor. Countries that have seen simultaneous economic growth and poverty reduction are then understood as pro-poor growth countries in this study.

My research questions are: 1. Which social protection/decent work indicators are statistically linked to pro-poor growth among low and lower middle income economies and are these links positive or negative? 2. Based on these linkages, could pro-poor growth potentially be promoted by social protection and decent work in low and lower middle income economies?

Research method used in this study is stepwise (linear) regression. The regression sample consists of 50 pro-poor growth low and lower middle income economies. By using this method, a total of four independent variables are found to be linked to MPI variable: Working poor, Gross Domestic Product (GDP) per capita, Remittance inflows and Employment to population ratio, implying that social protection and decent work are linked to pro-poor growth in low and lower middle income economies. The theoretical framework of the study combines development economics and social sciences related to growth, poverty and inequalities, as well as to global social policies and work in low and lower middle income economies. My approach to these topics is macrosociological as I examine these topics from the perspective of human social structures, rather than in macro- or microeconomic terms, and because I examine low and lower middle income societies and populations on a large scale.

Key words: Pro-poor growth, social protection, decent work, multidimensional poverty, remittance, working poor, employment, economic growth

LAMMI, SUVI: KÖYHYTTÄ VÄHENTÄVÄÄ TALOUSKASVUA  
SOSIAALITURVAJÄRJESTELMIÄ JA IHMISARVOISTA TYÖTÄ EDISTÄMÄLLÄ.  
Kvantitatiivinen analyysi moniulotteisen köyhyyden yhteyksistä matalien tulotasojen maissa.  
Pro gradu -tutkielma, 86 sivua, 3 liitesivua  
Ohjaajat: Hanna-Kaisa Hopponia, Katri-Maria Järvinen, Jouko Nätti  
Sosiologia  
Toukokuu 2018

---

## TIIVISTELMÄ

Pro gradu -tutkielmani tutkii, onko sosiaaliturvajärjestelmillä ja inhimillisellä työllä yhteyttä köyhyttä vähentävään talouskasvuun matalien tulotasojen maissa. Tutkielma etsii kvantitatiivisia yhteyksiä Moniulotteisen Köyhyyden Indexin (MPI) ja kymmenen sosiaaliturvajärjestelmiin ja inhimilliseen työhön linkittyvän indikaattorin välillä. Mukana on myös yksi taloudellista suorituskkyä mittaava indikaattori. Köyhyttä vähentävän talouskasvun käsite on tutkielman keskiössä. Maat joissa on tapahtunut samanaikaista talouskasvua ja köyhyyden vähenemistä on tässä tutkimuksessa käsitetty köyhyttä vähentävän talouskasvun maina.

Tutkimuskysymykseni ovat: 1. Mitkä sosiaaliturvajärjestelmien/inhimillisen työn indikaattoreista ovat yhteydessä köyhyttä vähentävään talouskasvuun matalien tulotasojen maissa, ja ovatko nämä yhteydet positiivisia vai negatiivisia? 2. Viittaavatko yhteydet siihen, että köyhyttä vähentävää talouskasvua olisi mahdollista edistää sosiaaliturvajärjestelmillä ja inhimillisellä työllä?

Tutkimusmetodini on askeltava lineaarinen regressio. Regression otos koostuu 50:stä matalien tulotasojen maasta, joissa talouskasvu ja köyhyyden väheneminen on ollut samanaikaista. Regressio löytää yhteyden MPI-muuttujan sekä neljän indikaattorin välillä: Työssäkäyvät köyhät, asukaskohtainen bruttokansatuote, maahan saapuvat remissit (rahalähetykset), sekä työssäkäyvien suhdeluku koko työvoimaan verrattuna. Tulokset viittaavat sosiaaliturvan ja inhimillisen työn yhteyteen köyhyttä vähentävään talouskasvuun. Tutkimuksen teoreettinen viitekehys yhdistää kehitystaloustiedettä ja sosiaalitieteitä talouskasvusta, tasa-arvosta, globaalista sosiaalipolitiikasta sekä työstä. Lähestyn näitä aiheita makrososiologisesta näkökulmasta käsin, tutkien niitä enemmän inhimillisen ja sosiaalisen kuin talouden käsitteiden kautta, sekä laajasta ja globaalista perspektiivistä.

Asiasanat: köyhyttä vähentävä talouskasvu, sosiaaliturva, ihmisarvoinen työ, moniulotteinen köyhyys, rahalähetys, remissi, työssäkäyvien köyhyys, työllisyys, talouskasvu

# CONTENT

1. Introduction	4
2. Pro-poor growth and poverty reduction	7
3. Literature on social protection and pro-poor growth in low and lower middle income economies	11
3.1. What is social protection?	11
3.2. Can social protection promote pro-poor growth?	14
3.3. What are the special characteristics and difficulties to social protection in low and lower middle income economies?	18
4. Literature on decent work and pro-poor growth in low and lower middle income economies	22
4.1. What is decent work?	22
4.2. Can decent work promote pro-poor growth?	26
4.3. What are the special characteristics and difficulties to decent work in low and lower middle income economies?	29
5. Research framework	32
5.1. Research outline	32
5.2. Final variables and their sources	33
5.2.1. Multidimensional Poverty Index: Dependent variable and its definition	36
5.2.2. Independent variables and their definitions	38
5.2.3. Variables that were left out and why	46
5.3. Regression as method	47
5.4. Selected low and lower middle income economies for quantitative analysis	48
5.5. Ethical questions and other dilemmas about research framework	50
6. Results	53
6.1. Values and technical results of the regression	53
6.2. Notions based on Pearson correlation coefficient	54
6.3. Analysis of regression results	59
6.3.1. Working poor at PPP \$2 a day	59
6.3.2. Gross Domestic Product per capita, PPP, Current International \$	62
6.3.3. Remittance inflows (% of GDP)	64
6.3.4. Employment to population ratio (% ages 25 and older)	67
7. Social protection and decent work for pro-poor growth in low and lower middle income economies	71
8. Conclusion and how to move forward	77
REFERENCES	80
APPENDIX	

# 1. Introduction

This study's main goal is to find out whether pro-poor growth, when understood as economic growth that benefits the poor, is linked to social protection and decent work in low and lower middle income economies. This is an important research topic because poverty reduction, inclusive growth, decent work and social protection have all been included to the 2030 Agenda for Sustainable Development, and Sustainable Development Goals (SDGs), adopted by the United Nations (UN) member states in September 2015 (UN 2017; UN 2015). These topics are therefore covered in development policy dialogues on various different levels, including the UN (e.g. ILO 2018; UNDP 2018), the European Union (2018), and at national levels (e.g. Ministry of Foreign Affairs of Finland 2018). However, these concepts and their interlinkages are still widely debated, as I will discuss further in the following literature chapters.

In order to examine the linkages between pro-poor growth, social protection and decent work, I use data from 50 low and lower middle income economies, based on categorization of income country groups by the World Bank (World Bank Country Groups 2017). My theoretical framework combines development economics and social sciences related to growth, poverty and inequalities, as well as to global social policies and work in low and lower middle income economies. However, my approach is sociological in the way it examines societies and welfare from a human and social perspective, rather than in macro- or microeconomic terms. Moreover, my approach is macrosociological<sup>1</sup> as I examine low and lower middle income societies and populations on a large scale rather than focus on single cases or only one or few countries.

Analysis method used in this quantitative study is (linear) regression. A total of 12 variables are used. *Multidimensional Poverty Index (MPI)*, an indicator that is able to capture the multidimensionality of poverty because of its three dimensions – health, education and living standards (OPHI 2017), is the dependent variable of the regression. The independent variables are used as direct indicators of either social protection or decent work, or in some cases both. In addition, there is one indicator of economic performance among the independent variables. The 50 countries in question are countries where economic growth and poverty reduction have happened simultaneously over a period of time. This makes them all pro-poor growth countries. The linkages between MPI and the used social protection and decent work indicators that are found with regression, are therefore representing the linkages

---

<sup>1</sup> Macrosociology refers to the analysis of processes that are large-scaled and long-termed, such as society or economy (Collins 1981, 984). It is a form of sociology that examines wide structures, social institutions, as well as global processes of social life (Oxford Reference 2015).

between pro-poor growth, social protection and decent work in low and lower middle income economies.

The definitions of social protection and decent work are somewhat overlapping. Social protection includes aspects of social insurance, social assistance and labour market interventions that are aiming to reduce poverty (Barrientos 2016, 21). Social protection in this study is understood as the public or private, formal or informal, “actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given society” (adapting Conway et al. 2000, 5). Decent work can be thought to consist of four components – employment, rights at work, social dialogue and also social protection (Ghai 2005, 7-18). My understanding of decent work will mainly rely on these four components. However, the multiplicity in the understanding of either of these concepts is discussed further later on.

Furthermore, this study has two research questions: 1. Which social protection/decent work indicators are statistically linked to pro-poor growth among low and lower middle income economies and are these links positive or negative? 2. Based on these linkages, could pro-poor growth potentially be promoted by social protection and decent work in low and lower middle income economies? My hypothesis is that both social protection and decent work are linked to pro-poor growth in low and lower middle income economies. This would mean that some of my social protection and decent work indicators would be linked to MPI in these 50 countries that have seen simultaneous economic growth and poverty reduction. My second hypothesis is that there is a positive linkage between income inequality and multidimensional poverty that could potentially imply that economic growth might be a way to decrease multidimensional poverty in low and lower middle income economies, but only when income inequality level is not high. This would mean that pro-poor growth would be hindered by income inequality.

In the second chapter, I will discuss about the concept of pro-poor growth in literature and whether there is a linkage between economic growth and poverty reduction. In this chapter, I will also discuss about the multidimensionality of poverty and why MPI was included as a variable rather than a variable of income poverty. In the third and fourth chapters I will review literature about two key concepts of this study, social protection and decent work. I will discuss of their definitions, their possible relations to pro-poor growth and what are the special characteristics and possible difficulties in order to enhance social protection and decent work in low and lower middle income economies. The fifth chapter is dedicated to the research method, stepwise (linear) regression, the 12 variables of this study, and to explaining how the data was gathered. In the sixth chapter I will introduce and analyze the results based on regression analysis, and also make some additional notions of the results

based on the Pearson correlation coefficient. In the seventh and eighth chapters I will discuss of the results further, as well as introduce some ideas of how to move forward, and conclude the study.

## 2. Pro-poor growth and poverty reduction

It's possible to define pro-poor growth simply as economic growth that benefits the poor (Ravallion 2004, 1) or as policy that aims to decrease inequality so that the poorest have higher overall benefit from economic growth than the non-poor (Son & Kakwani 2004, 5). In this study, pro-poor growth is understood as growth that benefits the poor, and the benefit for the poor is measured by Multidimensional Poverty Index (MPI). Moreover, the starting point for this study is that I have selected 50 pro-poor growth countries among all low and lower middle income economies, where multidimensional poverty (measured by MPI) and growth (measured by GDP per capita) have happened simultaneously during a period of time.

There exists only little systematic cross-country empirical evidence on how much the poorest benefit from economic growth, according to the World Bank Group economists David Dollar and Aart Kraay (2004, 29). However, according to the Organization for Economic Cooperation and Development (OECD), the last 50 years of development research have taught that economic growth and poverty reduction are strongly and positively linked. In fact, OECD has described economic growth as the most important way to reduce poverty. (OECD 2016, 3.) There are two views which debate whether the poor do benefit from growth or not. The first view is that benefits of economic growth for the poor are weakened by inequalities that come with growth. Another one is that some components that are linked to economic growth, such as liberal economic policies (e.g. open markets and economic stability) are raising incomes of the poor as much as incomes of anyone else. (Dollar & Kraay 2004, 29.) Therefore, the latter view argues that economic growth is good for poverty reduction, whereas the former one accepts this argument only when inequality is not a significant factor.

Dollar and Kraay (2004) have found evidence of the latter one. They state that economic growth benefits the poor as much as anyone benefits from it, and because of this they also suggest that policies favorable to growth should be highlighted when forming poverty reduction strategies. (Dollar & Kraay 2004, 57.) Development economists Rasmus Heltberg (2004), on the other hand, represents the first view, as he concludes that unequal income distribution is a real barrier to poverty reduction (Heltberg 2004, 90). According to economist Martin Ravallion (2004), there is evidence that both of these views are correct. According to him, growth does help the poor by raising their incomes, but widened income disparities are also an obstacle to poverty alleviation. (Ravallion 2004, 62, 77.) In addition, David Weil (2013), research scientist of social policy, explains that observation that an

increase in income per capita also increases inequality could imply that there is a *Kuznets curve*<sup>2</sup> in the picture. This means that growth's positive effect of raising average incomes might be counteracted by widened inequality when the poorest people are falling farther below the average. Therefore, it is possible that economic growth doesn't benefit the poor, but actually is harmful for them. (Weil 2013, 391.)

According to Son and Kakwani (2004), there are two factors that the level of poverty depends on: average income and income inequality. They state that whether economic growth enhances poverty reduction may be linked to the inequality factor, and that an increase in inequality might decrease the average income and therefore increase poverty. (Son & Kakwani 2004, 1, 3.) Moreover, growth is related to income, because a country whose economy grows will eventually also move to a higher level of income (Weil 2013, 28). OECD's notion that wages for low-skilled jobs have increased simultaneously as economic growth implies that the growth is beneficial for poor workers (OECD 2016, 6), and also supports the statement that increase in average incomes is linked to economic growth and poverty reduction. According to some estimates, one per cent increase in income levels may result from 4,3 per cent to 0,6 per cent decline in poverty, depending on whether the country in question has very low inequality levels or whether it is highly unequal (OECD 2016, 4). Based on these views, it seems that incomes tend to rise due to growth and benefit the poor in that sense. However, high inequality seems to be hindering poverty reduction, regardless of the economic growth.

There are some regions and groups of countries that have been able to reduce poverty more quickly than others. Naschold (2004) states that this could be either due to different economic growth levels or due to other differences in these groups of countries. (Naschold 2004, 107.) Voipio (2003) mentions India as a country where economic growth has paved way for rapid poverty reduction and reduced numbers of working poor since 1990s. However, he also mentions that while incomes in India have risen, so have income inequalities. (Voipio 2003, 153.) Weil (2013) has suggested some sources of income inequality, which in my view could explain the differences among countries' poverty reducing abilities. First, he states that income inequality is related to different levels of human capital (e.g. education, health), as well as to location (living in a city or countryside, differences between countries etc.), the physical capital that they own, their skills, or simply luck. Second, these differences in people's capabilities become differences in income by the economic environment. The income inequalities within or between different countries can be then explained with the differences

---

<sup>2</sup> Kuznets curve: Hypothesis that economic development would first increase inequality, eventually reduce it (Oxford Reference 2017)

their populations have. For example, some countries might have a high percentage of population with education, whereas in others these figures might be much lower. (Weil 2013, 393.) Therefore, one way to decrease inequalities within or between countries could be to examine how different characteristics are distributed among their populations and address the situation accordingly.

According to Son and Kakwani (2004), even slow pro-poor growth can have much more impact on poverty reduction than rapid growth that isn't pro-poor. On the other hand, high inequality might mean that poverty reduction won't be achieved even through pro-poor growth policies. (Son & Kakwani 2004, 20.) There are also other aspects that emphasize the quality of economic growth for poverty reduction to be efficient. Such views on economic growth can investigate for example if the impact that growth has on the poor is dependent on the sectors (e.g. agriculture, industry or services) that expand, or what are the government's distributive policies like (Van der Hoeven & Shorrocks 2003, 217). According to McKay & Sumner (2008, 3–4), poverty reducing policy actions could be made by investing in nutrition, health and education. Ill health and poverty are linked to each other, and therefore health interventions such as social protection is central to poverty reduction (Lawson 2004, 11). In addition, growth could be directed to inclusive job creation, or it could be aimed to cover such sectors and regions in which the poor are often represented, such as the agricultural sector. (McKay & Sumner 2008, 3–4.) Therefore, quality of growth provides some more ideas of poverty reduction when the volume of growth and pro-poor policy fail in poverty reduction.

According to Voipio (2006) and Van Ginneken (2005) (see OECD 2009, 22), pro-poor growth can have many good effects, such as enhanced participation level of the poor to economic activities and expanded tax revenues that might lead to better social protection. Because the effects of pro-poor growth are not necessarily reflected merely in terms of income, but there are also non-income dimensions of pro-poor growth, measuring income to examine pro-poor growth is not necessarily the most effective one (Grosse, Harttgen & Klasen 2007, 1021; Klasen 2007, 440). Zaman and Khilji (2013) have for example looked at the pro-poor growth concept from a wider perspective and included into it also social expenditures that can be seen either as pro-poor or non-pro-poor. This was possible by studying the benefit for the poor based on the growth of social expenditures. (Zaman & Khilji 2013, 2121).

Focusing only on income dimensions to measure pro-poor growth would result in neglecting also the multidimensionality of poverty. When income poverty reduces, it's not necessarily an implication of reduced non-income dimensions of poverty (e.g. education or health) have decreased. (Grosse, Harttgen & Klasen 2007, 1021.) There are many other aspects than low income that can lead to deprivation, and these many aspects that can lead to deprivation has in recent decades been named as

multidimensional poverty (Tammilehto 2003, 97-98). The concept of multidimensional poverty recognizes that poverty is not only related to wealth, but it can also show up as lack of human rights, democracy, health, education, nutrition, social security, access to markets and production, gender equality, social status, inclusion and other aspects of well-being. Multidimensionality of poverty is about a set of interrelated issues, instead of just one problem, such as low income. (Voipio 2003, 151.)

However, multidimensional poverty is a bit more difficult to measure than income poverty. It is difficult, if not impossible, to include all aspects of multidimensional poverty into one indicator. OECD's development organization DAC examines the multidimensionality of poverty based on five main characteristics: 1. lack of economic means (e.g. income and wealth); 2. lack of human/social means (e.g. health, education, nutrition, living conditions); 3. lack of political means (e.g. human rights violations, inability to take part in political decision making); 4. lack of social and cultural means (e.g. not being able to participate to community as its full member); and 5. vulnerability to security issues. (Tammilehto 2003, 98.)

Moreover, Multidimensional Poverty Index (MPI) is a more recent measure to indicate the multidimensionality of poverty. It has three dimensions, health, education and living standards, that include various aspects of poverty, such as child mortality, nutrition, school years, children registered to schools, safe drinking water, assets, cooking fuel, better sanitation, electricity, and flooring. (HDR UNDP 2017; OPHI 2017.) Due to the wide international agreement on the multidimensionality of poverty (Voipio 2003, 151) and shortcomings of income dimensions of poverty to examine pro-poor growth (Grosse, Harttgen & Klasen 2007, 1021), and the nature of the main concepts of my study (social protection, decent work), I will use MPI in this study in order to examine social protection and decent work linkages to pro-poor growth.

### 3. Literature on social protection and pro-poor growth in low and lower middle income economies

#### 3.1. What is social protection?

One way to define social protection would be as “the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society” (Conway et al. 2000, 5). However, there are different views to define social protection. For International Labour Organization (ILO), social protection is relatively new, general and inclusive term that encompasses all social security, such as social insurance, social assistance, as well as social safety nets (Lund & Srinivas 2000, 15-16). According to Barrientos, Hulme and Shepherd (2014, 7), social protection agenda goes even beyond social assistance, social security and safety nets.

Social protection can be distinguished into two kinds of actions: social assistance and social insurance (Conway et al. 2000, 5-6), or, into three components that capture the mains aspects related to the concept: social insurance, social assistance and employment protection and promotion, as Armando Barrientos (2016, 20, 21), research scientist of poverty and social justice, has done in a recent UNDP publication on social protection. According to Barrientos’ view, all three components need to be present when pursuing a comprehensive social protection. They are summarized in the table below.

Table 1: Three components of social protection. Source: Barrientos 2016, 21.

Social protection		
<b>Social insurance:</b> Programmes that aim to address shocks associated with the life cycle and employment (financed by contributory schemes).	<b>Social assistance:</b> Programmes that aim to address poverty and vulnerability (financed from taxes).	<b>Labour market interventions:</b> Active and passive interventions.

Of these three components, *social insurance* is based on contributory schemes that provide protection against risks related to the life cycle and employment (Barrientos 2016, 21). As the name suggests, social insurance is social security that is based on the insurance principle: when an uncertain risk towards an individual or a household exists, insurance is used for protection against that risk. This happens by combining resources of a larger number of individuals or households that are exposed to similar risks. (Conway et al. 2000, 6.) Often social insurance is organized around a fund that collects contributions from employees and employers and pays benefits when the risks one has been insured

against become a reality. Old age, service and disability pensions, survivor benefits, maternity leave, unemployment insurance and sickness benefits are some examples of social insurance. In some countries, social insurance funds are based on occupation or employer, while in others, a single social insurance fund covers all workers, or even all residents and households. (Barrientos 2016, 21.)

Another component of social protection, according to Barrientos, is *social assistance*. It consists of programmes and policies that are designed to address the needs of groups facing poverty, vulnerability and exclusion, ensuring those groups minimum standards of living. (Barrientos 2016, 21.) In addition to income poverty, dimensions such as social or nutritional status, or even moral justifications (e.g. assistance to war veterans) might be reasons to transfer resources to certain groups in the form of social assistance (Conway et al. 2000, 6). Funding for social assistance comes from taxes, and it is based on the principle of citizenship, as opposed to an insurance principle. (Barrientos 2016, 21).

Third component of social protection in this view is employment protection and promotion through *labour market interventions*, which can be separated into two forms. *Passive interventions* are setting minimum standards for work and protect worker's rights. *Active interventions* aim to help people to find employment for example through training, job search and intermediation services. (Barrientos 2016, 21.) The distinction of three social protection components by Barrientos is useful, as it recognizes the different forms that are understood as forms of social protection. However, there is more to the concept of social protection than these three components.

The term social protection is also generally related to poverty reduction and alleviation (Lund & Srinivas 2000, 15-16). Basic features of social protection are agreed on at some level, and those features include: 1) focus on poverty prevention and reduction, 2) addressing the causes of poverty and 3) it is based on the idea that multiple social risks and the poor's vulnerability to these risks is the cause of poverty (Barrientos, Hulme and Shepherd 2014, 9). Therefore, social protection being increasingly linked to policy frameworks that address poverty and vulnerability in developing countries is not that surprising (Barrientos 2010, 2), or that it can be described as a social policy agenda in developing countries (Barrientos, Hulme and Shepherd 2014, 7).

As social protection in developing countries is closely linked to poverty and especially on the poorest (Barrientos & Hulme 2009, 441), it also deals with the absolute poverty and vulnerabilities related to it. This is done by providing security in case of shocks, and helping with the particular needs of the life-cycle. (Conway et al. 2000, 5.) Access to adequate nutrition, basic health care, education, shelter, as well as water and sanitation are some of the most basic needs that social protection should cover.

Protection against contingencies like illness, disability and old age are on a second level of social protection, and protection against big catastrophic events such as natural disasters and conflicts are on a third level of social protection, according to Dharam Ghai, former head of research at ILO. (2006, 16.) Social protection against shocks and contingencies is increasingly delivered by enhancing access to some basic services, as well as to employment and assets through help from income transfers. (Barrientos & Hulme 2009, 441).

In addition to protecting households and workers from contingencies that are threatening basic living standards (Barrientos 2010, 1) and above mentioned risks, social protection may include other goals. According to Barrientos and Hulme (2009, 441), social protection is also expected to enhance social and economic development in developing countries. The degree that social protection should shape policies have caused debates that:

“-- have a technical dimension, about affordability, priorities and the degree to which ‘moral hazard’ should be a concern in policy design. They also have an ideological dimension, about whether people have a set of global rights (and, thus must be afforded social protection to secure those rights) or whether individuals and households should largely take responsibility for their own welfare”. (Barrientos, Hulme & Shepherd 2014, 7-8.)

Even though the definitions of social protection are also still debated, there seems to be an agreement that there is a need for various providers of social protection in low and lower middle income economies. According to Barrientos, Hulme and Shepherd (2014, 10), a combination of public government led support as well as private, not-for-profit and household provisions is a necessary set of providers of social protection agenda. Similarly, sociologist Gøsta Esping-Andersen (1999, see Barrientos, Hulme & Shepherd 2014, 10) has noted that social protection in developing countries involves a large range of different stakeholders, institutions and programmes from social insurance programmes (that are formal) to micro-insurance and even to informal social networks. The need for informal providers of social protection is supported by Lund and Srinivas (2000, vii), who have noted that when there are no existing formal systems of social security available for the working poor, they tend to rely on informal systems of social protection.

Such informal systems of social protection would be for example when someone receives support from their relatives or other social networks (Lund & Srinivas 2000, vii). The OECD has similar view to social protection concept, as it has included remittances in private actions of social protection components (OECD 2009b, 35). A table illustrating these social protection components between public and private actions can be found below. Another way for the (working) poor to cope with the help of informal system would be to use their own resources, such as using their savings, selling their

assets or sending their children to work. However, the benefits from such informal sources are usually uncertain, and it rarely gives enough support. (Lund & Srinivas 2000, vii.)

Table 2: Components of social protection. Source: OECD 2009b, 35.

Public actions	Private actions
Social transfers	Remittances
Social insurance	Private insurance
Minimum standards	Voluntary standards
Social services	Private services
Other public policies	...

The notion that informal social networks could be a form of social protection is interesting and this point of view has been partly adopted in this study. The idea that remittances could be seen as a form of social assistance through informal social networks is discussed in chapter 3 and it is also examined with regression in chapter 6. The understanding of social protection in this study is therefore not limited to “the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society” (Conway et al. 2000, 5), but rather as the public or private, formal or informal “actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given society” (adapting Conway et al. 2000, 5).

### 3.2. Can social protection promote pro-poor growth?

According to Lund and Srinivas (2000), social protection recognizes the multidimensionality of poverty by acknowledging the large variety of risks affecting individuals, households and communities (see Barrientos, Hulme & Shepherd 2014, 9). Similarly, Munro (2008) has stated that the basis of social protection lie in the generally accepted truth that poverty is multidimensional and that it persists in time and over generations (see Barrientos & Hulme 2009, 441). Moreover, Munro has stated that this multidimensional, persistent poverty perspective means that causes of poverty can be found in the barriers that the poor face, which prevent them taking advantage of economic opportunity. Social protection can have a major role in lifting these barriers and therefore promote human and economic development. (See Barrientos & Hulme 2009, 441.)

Improved access to health care, nutrition, education and income are some examples of social protection's role in lifting these barriers. Social protection generates opportunities for poor households and excluded groups but also helps to unlock the full productive potential of poor individuals and therefore contributes to economic growth. In addition, social protection increases labour market participation, encourages entrepreneurial activities and redistributes economic activities across different sectors so that structural transformation is possible (e.g. not everyone works in agriculture). (Fernandez et al. 2016, 34.)

Risks and vulnerabilities can lead to poverty and failing growth (OECD 2009b, 37). According to Orero et al. (2006), vulnerability to shocks could mean that nutrition, healthcare or education can be disrupted when an unexpected shock occurs (see Samson 2009, 123). Therefore, managing these vulnerabilities and poverty is essential from the pro-poor growth perspective, especially in countries where the percentage of poor people is high. (OECD 2009b, 37-38.) There are two kinds of shocks that force people into poverty: *Covariate* shocks are shocks such as civil conflicts, wars and earthquakes that can have wide negative impact on entire populations within large areas. *Idiosyncratic* shocks are shocks such as losing a job, severe illness, disability or death. These affect individuals and households rather than communities or populations. (Samson 2009, 122-123.)

Idiosyncratic shocks are easier to mitigate by different formal or informal mechanisms of social assistance, whereas covariate shocks can undermine traditional coping mechanisms (Samson 2009, 122-123). According to Orero et al. (2006, see Samson 2009, 123), a shock, or even a risk of a shock, calls for coping mechanisms for survival. Social protection is important in terms of such coping mechanisms. Especially the poorest without social protection tend to develop negative survival strategies that maintain poverty rather than tackle it. Such a strategy might be for example sale of land or livestock or withdrawing children from school. Risk reduction by social protection is helping households in avoiding negative coping strategies. (See Samson 2009, 123; OECD 2009b, 37). Cash transfers are a form of social protection that prevent negative coping mechanisms from being adopted (Fernandez et al. 2016, 35; Samson 2009, 123).

Social cash transfers are monetary assistance that are provided to households or individuals with the goal of reducing persistent or shock-related poverty in developing countries, and used as a major social protection instrument. It is usually provided either by a government or a non-governmental organization (Samson 2009, 123; OECD 2009b, 36). When they are effectively provided, they tend to reach their goal of reducing poverty and vulnerability to shocks, but also generate growth (Samson 2009, 122). In fact, there is evidence that cash transfers can pave way to pro-poor growth by providing

poor households the means to manage their vulnerabilities and by supporting human capital development (Scott 2009 referred in OECD 2009b, 36).

Another way to deal with shocks and risks of shocks for the poorest without social protection is related to economic activities. The poorest households tend to practice economic activities where productivity and profitability are low, because these activities tend to be also less risky than activities that have high productivity and profitability. (OECD 2009b, 37.) For example, poor farmers might have crop varieties that are safer but bring less returns, if they survive better in unexpected weather circumstances. With this decision, the farmer won't slide into absolute destitution, but it's not necessarily a decision that brings the farmer out of poverty either. (Orero et al. 2006, referred in Samson 2009, 123.) This means that poor households need social protection support to engage in economic activities with higher risk and higher profit.

Therefore, it seems that shocks or risks of shocks encourage the poorest to make short-term decisions in order to cope with the situation. From a long-term perspective this can supposedly only contribute to poverty, and cause a situation where the poorest are able to survive from the first shocks, but not if they keep coming when all the assets have been already sold. In addition, decisions that are safer to individuals and households but less productive and profitable do not seem likely to increase economic growth. However, if these poor, vulnerable individuals and households have an access to social protection, it would offer them some level of protection from shocks and risks, which might encourage them to take more long-term and productive decisions. Fernandez et al. (2016, 35) have noted that one reason why social protection also contributes to economic growth is that it prevents demand from dropping sharply, maintains some level of purchasing power, stabilizes economy, as well as contributes to human and productive capital accumulation. Social protection also helps the poor to save assets (OECD 2009b, 37-38), which in my view means that all of their assets won't be spent in short-term management of vulnerabilities and risks.

A direct way to increase purchasing power and maintain consumption is via cash transfers (Fernandez et al. 2016, 35). Abrahão de Castro (2016, 143) has noted that cash transfers are important to the promotion of economic growth, because they distribute income for the poorest households and thus increase demand. Poor households that are most likely to receive cash transfers are also likely to consume more and mainly domestic products due to the social assistance. This will lead to increased sales, production and job creation in their country. Therefore, a government's decision to enhance social protection is economic in nature, because this decision multiplies family income but also causes a growth in GDP due to a positive economic cycle. (Abrahão de Castro 2016, 143.)

Social protection can contribute to economy and society in terms of economic growth, poverty reduction and equality promotion. Social protection is then not only a cost, but rather it allows the government to invest into its people. (OECD 2009b, 37-38.) It may also reduce financial and human capital related costs by reducing risk behaviors such as teen pregnancy, crime or HIV (Fernandez et al. 2016, 35). However, pro-poor growth – social protection connection seems to work both ways, as economic growth can also make way for social protection: There is evidence that government commitment to developing their national social protection policies has increased in Sub-Saharan Africa since the 2000s, because of the countries’ economic growth and expanded fiscal space (Barrientos 2016, 27).

In the following table, I have further identified and summarized five OECD’s categories that explain how social protection can contribute to pro-poor growth. The table shows that social protection can be linked to enhanced human capital investment, risk management, empowerment and livelihoods, pro-poor macro-economic strategy, as well as to social cohesion and nation building.

Table 3: Social protection for pro-poor growth. Source: compiled based on OECD 2009b, 38-41.

<b>Social protection for pro-poor growth</b>	
<b>Human capital investment</b>	Increased access to services such as health and education. Raised productivity and increased participation of the poor to the labour markets.
<b>Risk management</b>	Empowering poor people to protect themselves and their assets against risks and shocks. Enhanced possibility to long-term income generation and further investments. Preventing short-term, further impoverishing decisions.
<b>Empowerment and livelihoods</b>	Prevents discrimination and unlocks economics potential in people. Improving well-being and economic activity. Improving negotiating power of workers and provides better fallback position.
<b>Pro-poor macro-economic strategy</b>	Generating gains for disadvantaged people. Makes labour market reforms possible. Stimulates demand for local goods and services. Supports development of local markets and revitalizes local economic activity.
<b>Social cohesion and nation-building</b>	Helps to create and effective and secure state. Reducing conflict. Building social cohesion and a sense of citizenship. Safe and predictable environment for individuals and foreign investors.

Based on recent literature, there seems to be some evidence that social protection can promote pro-poor growth and reduce poverty. In addition, there are notions according to which pro-poor growth also promotes the adoption of social protection policies. However, adoption of social protection strategies face some difficulties in low and lower middle income economies. These difficulties are discussed in the next chapter.

### 3.3. What are the special characteristics and difficulties to social protection in low and lower middle income economies?

Due to “youth bulge<sup>3</sup>” and increasing unemployment rates in low and middle income economies, it is necessary to find effective labour market intervention solutions for the youth in these countries before the matter becomes a demographic bomb (Barrientos 2016, 21). Luckily, there is evidence that having basic social protection packages is possible even in low income economies, and that such packages can result in poverty reduction and pro-poor growth (Hagemejer 2009, 102).

Compared to social protection in high income economies, social protection in low and lower middle income economies usually involves international organizations and international non-governmental organizations (Barrientos & Hulme 2009, 441). For low and lower middle income economies it is problematic, because it means that social assistance is often seen as part of other development work, it is short term in nature, it focuses only on specific outcomes and it doesn’t necessarily focus on long-term institution building or addressing the structural causes of poverty. (Barrientos 2016, 22-23.) By national social protection programmes, low and lower middle income economies could become less dependent on unstable and unpredictable aid flows (Giovannetti et al. 2011, 445). This would however require a widened tax base, which might create pressures of “tax competition” that are developing among globalization processes (Hagemejer 2009, 102).

There are also some major issues that social protection faces in low and lower middle income economies. I will discuss of three of them, related to financing trouble, lack of political/government commitment and prevalence of informal sector, in the following section.

#### **Financing**

Financing social protection has been recognized as one of the biggest obstacles for social protection delivery in low income economies (Hagemejer & Behrendt 2009, referred in OECD 2009b, 42). For

---

<sup>3</sup> “Youth bulge” is the phenomenon in which countries have succeeded in reducing infant mortality while the fertility rates continue to be high (Barrientos 2016, 21).

example in Africa, the continent's low national capacities and budgetary issues have remained major obstacles to social protection schemes, despite Africa's recent economic growth (Giovannetti et al. 2011, 443). However, there is evidence that basic level of social protection is affordable to low income economies (Hagemejer & Behrendt 2009, referred in OECD 2009b, 42). Affordable elements of basic "social protection floor"<sup>4</sup> in sub-Saharan African countries would be for example non-contributory old-age pensions and child grants (Giovannetti et al. 2011, 443). Furthermore, a collection of some basic social protection in low income economies could include for example cheaper access to fundamental health care, support for old age and disability, employment related help, as well as financial support to working poor and unemployed (Hagemejer 2009, 89).

According to Hagemejer (2009, 89, 102-103), a basic social protection package is affordable even for low income economies, as long as there is political will to reallocate national resources and to create new fiscal space. In addition to reallocating government funds from other expenditure areas to social protection, increasing the fiscal space<sup>5</sup> for social protection purpose could be built on national government revenues, such as taxes, social security contributions or natural resource revenues (Giovannetti et al. 2011, 442). In order to manage the costs, low or lower middle income economies could also start their social protection packages with a limited programme, which they could then scale up when resources expand. Different financing mechanisms could complement each other so that social protection could reach everyone and there would be no excluded groups without social protection. For example, micro-health insurance could benefit informal poor workers, but the poorest could be reached better with simultaneous tax financed health schemes. (OECD 2009b, 42.)

In addition to domestic financing, social protection can be funded with aid from international donors or private non-governmental organizations (Giovannetti et al. 2011, 442). In Hagemejer's view, joint efforts from national governments and the international donor community are required for the implementation of social protection packages in low income economies. In addition to financial aid, international donors could provide technical advice and support delivery capacity for the receiving countries. (Hagemejer 2009, 102-103.)

---

<sup>4</sup> Social protection floor refers to basic social security that should ensure basic health care and income security, as well as access to important goods and services (ILO 2018b).

<sup>5</sup> Increasing fiscal space in low-income countries is related to national capacity to mobilize revenues e.g. through increasing its tax base, ensuring that resources are efficiently used, and through policy promotion for sustainable production (Hagemejer 2009, 102).

In the ILO's calculations, basic social protection package remains affordable for low income economies, as the package would typically cost less than 4 per cent of the country's GDP and in most of cases even under 2 per cent of GDP (based on studies of 12 low income countries of which 7 were in sub-Saharan Africa). However, in some analyses made for the European report on development 2010, it was estimated that basic social protection package would cost between 5 and 12 per cent of GDP in low income economies. In the latter case, according to Giovannetti et al. (2011, 443), social protection package would be unaffordable for low income economies and donor support would remain important. (Giovannetti et al 2011, 443.)

### **Political commitment**

In many cases, affordability is also a matter of political prioritization and political will (Hagemejer & Behrendt 2009, referred in OECD 2009b, 42). This, as well as the requirement for domestic ownership and consensus or a "social contract"<sup>6</sup>, are some of the most difficult obstacles that social protection implementation faces in low income economies (Giovannetti et al. 2011, 445). Political systems and labour organizations in low income economies are also usually weaker and more fragmented than in higher income economies. This results in weak social contract and solidarity within nation, as well as in shortcomings to collect taxes or design efficient social protection programmes and policies. (Barrientos 2016, 27.)

In order to finance social protection, low income economies' governments would have to have willingness to collect taxes and contributions (Giovannetti et al. 2011, 445), as well as increase the share of public expenditure for this purpose (Hagemejer 2009, 102). Unwillingness to do so in order to finance and implement social protection programmes is often reflected in their status as "pilot" programmes. However, concerns of social protection in low income economies have recently shifted from whether social protection is appropriate to scalability and political support questions. (Barrientos 2016, 28.) In my view, this could imply that the importance of social protection has been recognized and political willingness to implement social protection programmes will follow. According to Giovannetti et al. (2011, 445), political commitment can emerge either from the top or from the bottom-up activities. When it comes from the top, it becomes from the government level. When it comes through bottom-up activities, it comes from organized group that demands social protection, such as civil society advocates, non-governmental organizations or academics (Giovannetti et al. 2011, 445-446.)

---

<sup>6</sup> Social contact can refer e.g. to an informal agreement between people and their rights and their obligations (Oxford Reference 2017b).

## **Informality**

Informal employment is a major challenge for social protection and labour development, because informal employment is mainly outside of their reach (Lee et al. 2014, 97). Informal workers have little or no access to social protection. Their work is also often precarious and low paid (Alfers et al. 2017, 67.), and it can be a source of hazard and ill health (Lund 2012, 9), which is why need for social protection is acute. Moreover, the informal workforce is growing across the world due to changes in employment globally, and an increasing number of these informal workers are working outside of the reach of labour regulations (such as occupational health or safety regulations) or social protection (such as work-related diseases or injuries). Examples of uncovered workers could be vendors working on streets and people who work at home. (Lund 2012, 9,10.)

The share of informal employment is often reflecting the number of population left unprotected. As the number of informal workers is high, social protection programmes can only reach a small part of workers. (Barrientos 2016, 21.) It has been also noted that some social protection programmes that are based on citizenship do not give enough attention to the needs of working people (Lund 2012, 9). Among low and lower middle income economies, percentage of informal employment of total (non-agricultural sectors) employment is high, for example, 82 per cent in Mali and 84 per cent in India (Lee et al. 2014, 97). Therefore, a high amount of workers in low and lower middle income economies are presumably vulnerable and in need of social protection.

In some of the poorest countries, social protection is mainly delivered from families and community groups rather than from public institutions (Ghai 2006, 15). Formal social protection is less useful in weaker in economies that are mainly rural and that rely on informal support mechanisms and social norms rather than on formal social protection mechanisms (Barrientos 2016, 27). Nevertheless, there have been many government programmes that have tried to enhance the income security and wellbeing of the poor who work in informal sector, such as employment guarantee schemes and cash transfer programmes (Lee et al. 2014, 100). Emergence of social pensions and conditional income transfers are part of an effort to achieve more inclusive social protection that covers also informal sector in both low and middle income economies (Barrientos 2016, 21). In addition, there have been successful efforts to integrate informal workers into the existing regulatory system, a process known as “formalization” (Lee et al. 2014, 97).

## 4. Literature on decent work and pro-poor growth in low and lower middle income economies

### 4.1. What is decent work?

Decent work is a concept that was introduced by a former International Labour Organization (ILO) Director-General Juan Somavia during International Labour Conference in June 1999. In his statement he concluded that the priority of ILO that day was to increase opportunities of women and men for decent and productive work. Such work included aspects in human rights, conditions of freedom, equality and security. (Ghai 2006, 2.) More recently, decent work was included to the United Nations' 2030 Agenda for Sustainable Development (ILO 2017). Goal 8 of the agenda, titled "Promoted sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", names several goals related to decent work. Such are for example goal 8.5 to "achieve full and productive employment and decent work for all women, men, young people and persons with disabilities and equal pay for work of equal value"; goal 8.7 to "take measures to eradicate forced labour, end modern slavery and human trafficking and end child labour by 2025 in all its forms"; and goal 8.8 to "protect labour rights and promote safe and secure work environments for all workers". (UN 2015, 20.)

There have been many attempts to define decent work and its indicators, but generally speaking, work is called decent when the work and work environment are good, as in promoting the quality of life of workers, and when there exists productive work opportunities for all. Equality, freedom, dignity and security are closely linked to the concept. (Ghai 2003, referred by Singh Mehta 2016, 1720.) Moreover, decent work has to be productive and it has to also provide workers with an adequate income (ILO 2013, 63).

In order to conceptualize the term better, Anker et al. (2002), have suggested 11 indicators of decent work: employment opportunities, decent hours, adequate earnings and productive work, social protection, unacceptable work, security and stability of work, balancing work and family life, fair treatment in employment, safe work environment, social dialogue and workplace relations, and the economic and social context (Anker et al. 2002, 7). On the other hand, Bescond et al. (2003, 180) have suggested that there would be seven indicators that can be used to measure decent work, which would be: hourly pay, unemployment, hours of work, school enrolment (as an estimate of child labour), youth share of unemployment, old age pension, as well as the male-female gap in labour force participation (Bescond et al. 2003, 180). My study's indicators of decent work are child labour, employment to population ratio, working poor, Gender Inequality Index, mandatory paid maternity

leave and old age pension recipients, but also public social protection expenditure indicators (social protection aspect of decent work will be discussed later on), as well as GINI coefficient (inequality as an indirect indicator of decent work).

According to ILO, the concept of decent work involves several aspects of employment. These aspects are named as:

“Opportunities for work that is productive and delivers a fair income; Security in the workplace and social protection for families; Better prospects for personal development and social integration; Freedom for people to express their concerns; Organize and participate in the decisions that affect their lives; Equality of opportunity and treatment for all women and men”.  
(ILO 2017.)

Decent work is especially concerned about the poorest and most vulnerable workers (Anker et al. 2002, 3-4). However, the ILO Decent Work goals are wider than just poverty reduction, as it is broadly regarded also as a means for development (Sengenberger 2001, 42, 43). It is also good to note that some decent work aspects are absolute/fundamental and the same standards apply to each country (e.g. principle of decent pay), whereas some aspects are relative and vary across each country (e.g. level of pay) (Anker et al. 2002, 3-4).

There are four main components of decent work which are repeated in literature concerning the definition of decent work (e.g. Ghai 2006, 2-3; ILO 2017; Singh Mehta 2016, 1720). These components have also been included to the already mentioned United Nation’s 2030 Agenda for Sustainable Development (ILO 2017). These four components are: *rights at work* (or working conditions), *employment* (creation/opportunities), *social protection* (or social security) and *social dialogue* (Ghai 2006, 2-3; ILO 2017; Singh Mehta 2016, 1720). The four components of decent work are summarized in the following table and they will be further discussed afterwards.

Of the four components, the employment component is the widest and most overlapping with the others. It includes work opportunities, remuneration (adequate wages) and conditions of work (Ghai 2006, 28). This decent work component takes into account that in order for work to be decent, there have to first exist employment opportunities for everyone who is looking for work (Ghai 2006, 10). In other words, the economy have to generate these opportunities and they have to be equal for everyone (Singh Mehta 2016, 1720). Decent work have to be also adequately remunerated, adequate meaning that the payment covers all essential needs of the workers and their families (Ghai 2006, 10-11). After all, the whole reason for individuals to work is usually to earn an income and promote their own and their family’s well-being (Anker et al. 2002, 22). Decent work is work that is selected freely

and it does not discriminate any category of workers, for example based on their gender or ethnicity (Ghai 2006, 10-11).

Table 4: Decent work components. Source: compiled based on Ghai 2006, 7-18.

Decent work component	Summary
<b>Employment</b>	Employment opportunities for everyone. Adequate remuneration of the work done. Work should be freely chosen and it should not involve any discrimination (e.g. against women or minorities). Workers should be protected against accidents and unhealthy working conditions. Right to form and join representative and independent associations to represent their interests.
<b>Social protection</b>	Providing security against a variety of contingencies and vulnerabilities, such as ill-health, maternity needs, accidents, unemployment and poverty. Reducing suffering, insecurity and material deprivation. Promoting health and wellbeing.
<b>Rights at work</b>	Ensuring that work is associated with dignity, equality, freedom, adequate remuneration, social security and voice, representation and participation. Freedom of association and collective bargaining, non-discrimination and abolition of forced labour and child labour.
<b>Social dialogue</b>	Provides voice and representation to defend workers' interests and articulate their concerns. Empowers workers and brings a better balance of bargaining power in the market place.

Furthermore, Ghai's employment component also includes some aspects of employment conditions, such as the requirement of protection against accidents, unhealthy or dangerous conditions of work and excessive working hours, and aspects that partly overlap with human rights and social dialogue components, such as the right to form and join associations and the right to social security. (Ghai 2006, 10-11.) Decent work must also provide some continuity and reliability, so that the workers can trust that they will still have income in the near future and that the workers have a chance to improve their future work prospects and income through trainings (Anker et al. 2002, 22).

According to Anker et al. (2002, 30), excessive working hours are often a signal of an inadequate salary, and a cause of reduced productivity. It is also a threat to workers' health and the ability to balance between work and family time. Sengenberger (2001, 48) agrees that when work is not decent, it effects not only on workers themselves, but on their families too. For example unemployment, low pay or delays in payment, excessive working hours and stress can be a major cause for tensions in the family, and these problems might even make way for child labour or domestic violence. (Sengenberger 2001, 48.) Balancing between work and family life is a concern especially for women, because they usually carry the main responsibility for the work at home, as well as care for their families. Therefore it is also a gender equity issue (Anker et al. 2002, 38).

Second component is social protection, which aims to provide security for workers against risks and vulnerabilities, such as ill-health, maternity, accidents and poverty (Ghai 2006 14-15). It can also mean support in case of losing a job and income (Singh Mehta 2016, 1721), or support for the physical and psychological wellbeing of the worker (Anker et al. 2002, 49). Therefore, national social protection of workers can be estimated for example with indicators such as old age pension, maternity and sickness protection, public social security expenditures, multidimensional poverty, and percentage of workers that have coverage against vulnerabilities (Ghai 2006, 29).

According to an ILO estimation, only about 20 per cent of the labour force are adequately protected (Anker et al. 2002, 52). Social protection can face obstacles due to the expansion of informal sector, which causes reduced financing of social protection (taxes) and due to insufficient labour laws, such as laws concerning social protection to workers (Sengenberger 2001, 48). Therefore, non-contributory social protection instruments (e.g. social assistance, see Barrientos 2016, 21) have become important in supporting the workers in the informal sectors (OECD 2009, 20).

Third component, rights at work, is the legal and ethical basis for all decent work. This aspect ensures that work fulfills the requirements of equality, freedom, dignity, adequate remuneration, voice and representation, as well as social security. It consists of rights such as freedom of association, social and economic right, right to social dialogue, adequate pay, non-discrimination, and social security and safety. (Ghai 2006, 7.) It also abolishes some unacceptable forms of work in societies, such as forced labour and child labour (Anker et al. 2002, 16). Abolition of child labour and forced labour, as well as freedom to form trade unions were some of the earliest rights related to work in some European societies. Later on, after the Second World War, these fundamental rights widened into social and economic rights and spread into developing countries. (Ghai 2006, 7-8.)

The fourth component of decent work is social dialogue, which relates to rights of freedom to association and protection of workers' rights (Singh Mehta 2016, 1721). It provides both voice and representation to workers to express their concerns and defend their interests (Ghai 2006, 18). Social dialogue can be any kind of negotiation between or among public or private actors that address issues related to work and economic and social policies. It can take place in interaction between the workers and the employer or through a collective effort. (Anker et al. 2002, 55.) It is used to avoid disputes at workplace and to enhance the bargaining power of workers (Singh Mehta 2016, 1721). Both Ghai and Anker et al. see social dialogue as an important element of democracy. According to Ghai, representative and participatory democracy is strengthened by social dialogue because it empowers the weakest actors involved in production and work (Ghai 2006, 18). Anker et al. (2002, 55) believe that social dialogue strengthens democracy because it allows workers to form groups to defend their interests.

Decent work requirements do not apply only for wage jobs, but to all kinds of jobs, including atypical forms of work, such as working from home or part-time work. The objectives are also universal – and as such valid across the world, among working people of all societies. (Ghai 2006, 10, 4; Sengenberger 2001, 39.) However, according to ILO, there are still serious violations towards many of the decent work rights, conditions and requirements across the world (Sengenberger 2001, 48). Such decent work deficits are listed in appendix 1.

#### 4.2. Can decent work promote pro-poor growth?

Worldwide poverty is mainly caused by wages that are not high enough to cover the worker's basic needs, leading to "working poor" group of people (Sengenberger 2001, 43). In 2017, extreme working poverty (less than US\$1,90 per day) in emerging and developing countries was more than 300 million (ILO 2018c). The quality of employment and adequate income are essential to poverty reduction because the poor receive their income mainly from work (Hull 2009, 69). Decent work is a major path towards poverty reduction, because it is a way to better and more productive jobs, which raise incomes (OECD 2009c, 11). However, the connection between decent work and poverty reduction goes also beyond earnings, as decent work tends to strengthen poverty reduction in various ways: Decent work can lead to safer working environment, which lowers the risk of injuries and poverty of households; Increased social dialogue enhances the bargaining power of workers (and perhaps leads to better income); and Discrimination-free environment and gender equality lower poverty rates in households that are female-headed. (Anker et al. 2002, 62.)

Actions towards productive employment and decent work are also a way to promote pro-poor growth (OECD 2009c, 11). One of such ways is by decreasing gender inequalities. The World Bank has estimated that economic growth since 1960 would have been 50 per cent higher in South Asian countries and 100 per cent higher in sub-Saharan Africa than what actually has taken place, if only women hadn't been discriminated in terms of education, training and work opportunities. (Sengenberger 2001, 46.) Increasing women's and youth's chances to be employed, as opposed to men only, allows the population to contribute equally to growth. It is useful in economic, social and political terms, especially in economic downturns that affects mostly on women. Reduced access of women and youth means that society is not using its full potential to achieve growth and poverty reduction. Increasing women's income tend to lead in higher investments in health and education, which increase the welfare and productivity of workforce. In addition, it increases purchasing power of the poor, which increases demand for goods, services and social protection. Moreover, this leads to increased opportunities in employment and entrepreneurship, and therefore contributes to growth. (OECD 2009c, 11, 13, 17-18.)

Around 60 per cent of the working poor are women. There are more obstacles concerning employment and assets for women than for men. This means lower use of potential for achieving growth. Major challenges that women face related to employment are for example the fact that lower percentage of women have a paid job than men; if employed, women's jobs tend to also pay less than those of men; they might work in poor conditions; or they might be engaged in unpaid work at home. In addition, it is more likely that women are working in the informal sector than men. (OECD 2009c, 28- 29.)

Worldwide working poverty exists mainly in the informal sector of developing countries (Sengenberger 2001, 43). Employment in informal sector also happens to be often characterized with low salary and lack of social protection that can be linked with non-decent work (Anker et al. 2002, 62). Moreover, informal employment often means insecurity and lack of social protection, which increase risks of injury and ill-health (Lund 2012, 13-14). Because of these factors, decent work policies which recognize and improve working conditions in informal sector are critical for pro-poor growth (OECD 2009c, 11).

Productive and decent employment opportunities for poor and well-functioning labour markets that might increase local entrepreneurship are also ways to reduce poverty and to allow the poor people to contribute to growth. Higher quality of jobs leads to higher productivity, which moreover raises incomes and makes social protection more affordable for workers. Other way around, social protection is also a key to workers' productivity, as well as keeping workers away from short-term

coping strategies (that are used when facing or preparing to risks), which is why social protection also enhances long-term economic growth and reduces poverty. (OECD 2009c, 11). In addition to social protection, productivity can be also promoted through good working environment, including proper working hours, sufficient amount of annual leave days, safe and discrimination-free workplace that sustain good health and work-life balance (Singh Mehta 2016, 1721). These are aspects of decent work, as discussed earlier. Education is also important for labour productivity and economic growth (Anker et al. 2002, 61). In my view, education is linked to child labour (aspect of decent work). Therefore, child labour as a decent work deficit is also a major obstacle for labour productivity and economic growth.

Declining labour productivity can mean big economic difficulties in a country, because it is linked to human capital and political economy. Decent work objective shows less attractive to policymakers in economies of low labour productivity, which is why it is also a real challenge for decent work objectives. (Anker et al. 2002, 59-60.) According to Sengenberger (2001, 45), one main statement against decent work objective is that it is too expensive and would in fact become an obstacle for a country's economic growth. In this view, decent work would cause extra costs due to labour standards which would limit profitability and competitiveness. Moreover, Sengenberger argues that these statements can, in some cases, be valid. However, there is also evidence that decent work pays off, as companies with high standards are also often highly productive. (Sengenberger 2001, 45.) Another positive outcome of decent work is that decent work exists mostly where the distribution of wages is more equal than in non-decent work circumstances, meaning that it could be also a tool for reducing income inequalities (Anker et al. 2002, 62).

According to OECD, economic growth that doesn't significantly create more employment opportunities leads to increased inequalities in wealth as well as increased poverty. In order to reduce poverty, growth would have to be inclusive and provide employment opportunities for poor (OECD 2009c, 19, 23). Hull, on the other hand, separates two aspects of growth: *employment-intensive-growth* and *productivity-intensive-growth*, and suggests that whether growth results in poverty reduction depends on the productivity of the sector where the growth happens (Hull 2009, 69). If employment-intensive-growth focuses on manufacturing, construction, mining and utilities sectors (higher productivity), it does promote poverty reduction, whereas growth in agriculture sector (lower productivity) might even increase poverty in some cases. This result is related to the fact that labour markets in low and middle income economies are very segmented, having different levels of wages and conditions of work and limited mobility between sectors at the same time. Employment-intensive-growth in lower productivity sector might not decrease poverty, because the salary and

other working conditions in this sector might be very low. However, Hull also notes that productivity-intensive-growth is a solution to reduce poverty in less productive sectors. (Hull 2009, 69, 71, 78.) Therefore, growth does seem to reduce poverty in both cases, it will just have to focus either on employment or productivity, depending on the sector.

#### 4.3. What are the special characteristics and difficulties to decent work in low and lower middle income economies?

As is the case with social protection, decent work faces some similar challenges in low and lower middle income economies. These problems are related to affordability of decent work, prevalence of atypical forms of work in low and lower middle income economies, as well as to availability of decent work in these countries. Of the decent work components introduced by Ghai (2006, 8-14), social dialogue, employment (opportunities), social protection, and rights at work (e.g. gender equality perspective) are all represented in these difficulties.

##### **Questioning the affordability of better work standards**

Some poor countries have stated that they cannot afford decent work standards, because that would mean that they are losing their economic advantage compared to higher income economies. Low wages and low costs of labour are therefore placed ahead of international social standards. However, Sengenberger (2001) argues that keeping workers from their rights of social dialogue, prohibition of forced labour and discrimination, freedom of workers' unions and other rights is more political than economic in their nature. Cheap labour alone won't encourage investments in a country, which is why arguing that cheap labour is necessary in order to keep labour costs low and to have a better position for competition can be questioned. (Sengenberger 2001, 47-48.) It is also possible that labour markets or its standards are not as well understood in lower income economies as in higher income economies (OECD 2009c, 21). For this reason, Ghai suggests that each country should formulate its own decent work policies depending on its level of development (Ghai 2006, 6).

Questioning the affordability of decent work might be reflected in the governments' lack of willingness to fund work related social security. Social security expenditures as a proportion of GDP tends to be only between 2 to 5 per cent and 10 and 25 per cent in the countries that are least developed (Ghai 2006, 6). And yet, all workers should be able to have protection against risks such as ill-health, work-related risks, and work related illnesses, diseases or injuries, especially because some workers in bad working conditions do not have any influence on their own working conditions (Lund 2012,

15-16). Therefore, the affordability of decent work is also related to the discussion related to affordability of social protection.

### **Prevalence of atypical forms of work**

In lower income economies, higher proportion of workers work as self-employed and in the informal sector than in higher income economies. The informal sector can range from 70 to 90 per cent in the least developed countries. Part-time employment, as well as sectoral distributions between agriculture, industry and services are significant in lower income economies. Proportion of workforce unions is rather low in the least developed countries, varying between 5 and 15 per cent with only few exceptions. This means that many of the workers are lacking ways to articulate and represent their interests or to use collective bargaining for better work conditions. Much of the work in low income countries is also home-based and big part of work is seasonal (e.g. farming) (Ghai 2006, 6, 12, 19.)

Prevalence of atypical forms of work can bring some challenges to the decent work agenda. Many forms of social security (e.g. unemployment benefits and old age pensions) require that workers and their employers contribute to these funds during employment. This means that workers in atypical forms of work, such as informal sector, might not have any social security. (Leung & Xu 2010, referred by Wong et al. 2014, 333.) For some workers, although not all, working on informal sector means poverty. Majority of informal workers are poor, and some informal work is also illegal (Lund 2012, 13-14). However, if the workers have no collective bargaining power, as stated by Ghai above, they have no chance but to accept the poor working conditions and inadequate wages from their work. Therefore, the lack of social dialogue seems to be one of main obstacles to achieving decent work in the lowest income economies. Moreover, if there are simply not enough decent work opportunities, the workers are forced to take what is offered – even the work in informal or in illegal sector, or a part-time job when there are no full-time alternatives (see e.g. Ghai 2006, 12). This problem might be linked to the previous problem of affordability. If the lowest income economies have the attitude that decent work is too costly to them, they are not going to try to promote decent work conditions, keeping the atypical forms of work the only options that the people in these countries have, and strengthening the poverty cycle caused by lack of decent work.

### **Availability of decent work**

High unemployment rates, especially among youth, are typical in the lowest income economies (Barrientos 2016, 21; Ghai 2006, 12). This has various consequences, as decent work opportunities are not only providing income, but also shaping the worker's and their households futures,

constructing the basis of social inclusion and welfare, as well as contributing to adequate living standards, social identity and acceptance, social networks and dialogue and overall satisfaction in life. Unemployment can lead to many negative consequences, including poverty, isolation and psychological stress. (Wietzke & McLeod 2013, referred by United Nations 2016, 42-43.) Therefore, low and lower middle income economies are at risk of having many issues related to unemployment. Moreover, when work is available in the poorest countries, it is often not decent in terms of lifting workers out of poverty. People in these countries usually work very long hours with very low returns (Ghai 2006, 12; Anker et al. 2002, 30). This can mean that not only unemployed poor but also the working poor group is high in these countries.

Working excessive hours with very low wages is especially common among women. Women face also other difficulties related to availability of decent work in the lowest income economies, such as social and legal constraints that reduce their chances of wage employment, discrimination of women in wages, recruitment, promotion and training opportunities, as well as heavy workloads related to household duties (Ghai 2006, 11, 13, 14; OECD 2009c, 28- 29.) In addition, it is more likely that women work in the informal sector than men, according to ILO (2002, referred by Lund 2012, 12; OECD 2009c, 28-29). As the informal sector is especially prevalent in the lowest income economies (Lee et al. 2014, 97), this means that majority of the workers in the informal sector in low and lower middle income economies are likely to be women.

## 5. Research framework

### 5.1. Research outline

The first idea for the research was to have three dependent variables, *Multidimensional Poverty Index (MPI)*, *Gross domestic product (GDP) per capita* and a third *Pro-poor growth* variable that is formed based on the previous two. The next step would have been to find the linkages between these dependent variables and social protection and decent work indicators with regression by using SPSS statistics program. However, when I had gathered available MPI and GDP per capita data of two different points of time from 84 countries belonging to low or lower middle income economy groups, and put it into Excel spreadsheet, it became clear that there was only one country where the GDP per capita hadn't grown when comparing its later GDP per capita value to a more recent one. This country was Eritrea. Likewise, there were only three countries in which Multidimensional Poverty Index had increased between their earlier MPI values and their more recent MPI values. Those three countries were Chad, Democratic Republic of the Congo, and West Bank and Gaza/Palestine. In addition, there were several countries in which there were no MPI data available at all, or where there was MPI data available only from one point of time, making the comparison of MPI development over time impossible.

Based on these notions, it seemed like almost all low and lower middle income economies' GDPs per capita had seen growth during the examined period, and almost all countries' MPI had decreased (poverty had reduced). This notion paved way for a new approach in order to answer the research questions. This approach was to leave all countries that had not seen simultaneous economic growth and poverty reduction out of the study, as they were considered non-pro-poor growth economies. For this reason, the countries that are left are all considered pro-poor growth economies, in terms of simultaneous economic growth and poverty reduction (when comparing two different points of time). This means that whatever results found during the quantitative analysis are considered to be valid only in pro-poor growth countries among low and lower middle income economies. In this situation, MPI is left to be the only independent variable of the study. It is used to measure the linkages between multidimensional poverty and different social protection and decent work variables in pro-poor growth economies.

Idea behind the attempted pro-poor growth variable is illustrated in the following table. It also shows as an example how some countries were dropped out from the research because they hadn't seen simultaneous economic growth and poverty reduction, pro-poor growth. If the country got a "no" to the questions "Has the country seen pro-poor growth during the period or not?", it was left outside of

the study. A total of 34 countries (among low and lower middle income economies as categorized by the World Bank Group, see World Bank Country Groups 2017) had to be dropped either due to the pro-poor growth requirement, or (mainly) due to lack of data from these countries. This resulted in 50 low and lower middle income pro-poor growth economies remaining in the study. The decision to drop out countries based on their MPI and GDP per capita development is supported by the definition of pro-poor growth used in this study as economic growth that benefits the poor (see Ravallion 2004, 1). Here, the benefit for the poor is measured by lowered MPI with simultaneous economic growth, as measured by GDP per capita increase.

Table 5: The logic behind the “pro-poor growth country or not” idea is illustrated in this table, using few countries among all low and lower middle income economies as an example. The countries that got “no” to “Has the country seen pro-poor growth during the period or not?” were left outside of this study.

Country example	MPI1 (year 2000-2008)	MPI2 (more recent year to compare)	Has MPI increased or decreased ?	GDP1 per capita (2000-2008 average value)	GDP2 per capita (same year as in MPI2)	Has GDP per capita increased or decreased ?	Has the country seen pro-poor growth during the period or not?
<b>Central African Republic</b>	0.512	0.430 (2010)	decrease	727.85	870.04	increase	yes
<b>Chad</b>	0.344	0.554 (2010)	increase	1 275.30	1886.25	increase	no
<b>Comoros</b>	0.408	0.173 (2012)	decrease	1 276.26	1448.43	increase	yes
<b>Congo, Dem. Rep.</b>	0.393	0.401 (2013/2014)	increase	472.00	764.48 (2014)	increase	no
<b>Congo, Rep</b>	0.270	0.181 (2011/2012)	decrease	4 036.30	5368.26 (2012)	increase	yes
<b>Côte d'Ivoire</b>	0.320	0.310 (2011/2012)	decrease	2412.587	2762.34	increase	yes

## 5.2. Final variables and their sources

This study has a total of 12 variables, one dependent variable (Multidimensional Poverty Index) and 11 independent variables. The independent variables are used as indicators of social protection and decent work, as well as of economic performance of countries (GDP per capita variable). I collected all the data one by one from their source publication into my Excel spreadsheet from the 84 low and lower middle income economies. As my population is 84 countries and my study has a total of 12

variables, the total amount of data that I transported into the spreadsheet was (84x12) 1 008. Only then it was possible to see clearly, which countries needed to be left out because of data gaps. A total of 50 low and lower middle income economies were left, meaning that only 50 countries among 84 countries had data from all the 12 variables.

In the introduction, I introduced two research questions of this study: 1. Which social protection/decent work indicators are statistically linked to pro-poor growth among low and lower middle income economies and are these links positive or negative? 2. Based on these linkages, could pro-poor growth potentially be promoted by social protection and decent work in low and lower middle income economies? My hypothesis is that both social protection and decent work are linked to pro-poor growth in low and lower middle income economies. This would mean that some of my social protection and decent work indicators would be linked to MPI in these 50 countries that have seen simultaneous economic growth and poverty reduction. My second hypothesis is that there is a positive linkage between income inequality and multidimensional poverty that could potentially imply that economic growth might be a way to decrease multidimensional poverty in low and lower middle income economies, but only when income inequality level is not high. This would mean that pro-poor growth would be hindered by income inequality. To have support for this hypothesis, income inequality variable (GINI coefficient<sup>7</sup>) should be positively linked to MPI in these same pro-poor growth countries. As these research questions and hypotheses dictate, my goal is to find the possible linkages between multidimensional poverty and social protection/decent work in pro-poor growth countries, using the 12 variables.

The dependent variable (MPI), as well as the independent variables that are used in this research are listed in the following table (table 6). Second column of the table indicates the year data has been collected, and the third column indicates the source of the data.

---

<sup>7</sup> Measure most frequently used to compare inequality within or among countries is called the GINI coefficient, a number that captures the level of income inequality in a country (Weil 2013, 385).

Table 6: Used variables and their sources.

Variables	Year data has been collected	Source(s) of data
<b>Multidimensional poverty index (MPI) - Dependent</b>	From 2003 to 2014	Human Development Report 2015 (UNDP)
<b>Working poor at PPP\$2 a day</b>	2003-2012	Human Development Report 2015 (UNDP), ILO (2013)
<b>Public Social Protection Expenditure as a percentage of GDP – Excluding health care</b>	2010	ILOSTAT (2017)
<b>Public Social Protection Expenditure as a percentage of GDP – Including health care</b>	2010	ILOSTAT (2017)
<b>Gender Inequality Index</b>	2011	Human Development Report 2011 (UNDP)
<b>Mandatory paid maternity leave (days)</b>	2014	Human Development Report 2015 (UNDP)
<b>Employment to population ratio (ages 25 and older)</b>	2011	Human Development Report 2013 (UNDP)
<b>Child labor (% ages 5 to 14)</b>	2005-2013	Human Development Report 2015 (UNDP)
<b>Old age pension recipients (% of statutory pension age population)</b>	2004-2012	Human Development Report 2015 (UNDP)
<b>Remittance inflows (% of GDP)</b>	2010	Human Development Report 2013 (UNDP)
<b>GINI coefficient</b>	2005-2013	Human Development Report 2015 (UNDP), UNU WIDER – WIID (World Income Inequality Database)
<b>Gross Domestic Product (GDP) per capita, PPP, Current International \$</b>	From 2006 to 2014 (equivalent to a country's MPI year)	The World Bank Open Data (2017)

As the table shows, data has been collected on both sides of the year 2010. All in all, years vary between 2003 and 2014. In this study, 2010 was used as a target year, meaning that the goal was that all data would have been collected as close to year 2010 as possible. The impossibility of this, as well as what its implications will be further discussed in the ethical questions and other dilemmas about research framework, chapter 5.5. Gaps between the target year 2010 and the year data has actually been collected reflect the fact that there was a lack of data under the variables in many countries. Because of variety in years that data have been collected, this quantitative research can be only

directional in terms of results. Nevertheless, in my view the gaps in years aren't so wide that they couldn't give little guidance of whether different variables are linked to each other or not, as the nature of these variables is supposedly more prone to long-term development than rapid or sudden change. For example, in Cameroon, both growth and non-monetary poverty reduction have been slow and gradual in the recent decades (Fambon et al. 2016, 294, 312). Moreover, when Ahmed (2007, 27) is talking about "rapid growth", in the case of India, he is still referring to India's development in long term, during a period of 25 years.

Main sources of the data were Human Development Reports (HDR). HDRs that were used as data sources were from years 2015, 2013, and 2011. The HDR is concentrating on different topic each time it is published, so the data available is varying between different HDRs. Therefore, it was not possible to gather all data from the most recent HDR, but the data had to be collected from few different sources. Other sources of the data in this research were ILO's database called ILOSTAT, the World Bank Groups's data from the organization's open data portal and United Nations University UNU WIDER's WIID World Income Inequality Database. The reliability of these sources will be discussed in section 5.5.

In the case of two sources for one variable, the source that is mentioned first is the main source of the data. The second source that is mentioned is a complementary source, meaning that if some data have been missing from the first source, missing information have been added from the second source. In the case of Working poor -variable, it was therefore necessary to make sure that both sources are talking about the same thing and are in the same format, purchasing power parity (PPP) \$2 a day, and in the case of GINI coefficient that the range of possible values was from 0 to 100, not from 0 to 1 which can also be used in the case of GINI (Everett & Everett 2015, 188).

### 5.2.1. Multidimensional Poverty Index: Dependent variable and its definition

In the following 5.2.1. and 5.2.2. sections I will define all the used variables, and explain why they were included into the study.

#### **Multidimensional Poverty Index (MPI)**

Poverty is multidimensional, which is why explaining poverty by mere money metric measures is not able to capture poverty as a whole. Multidimensional Poverty Index (MPI) was created to measure

poverty by Oxford Poverty and Human Development Initiative (OPHI) with UNDP (OPHI 2017). MPI is featuring in UNDP’s Human Development Reports since 2010.

Three dimensions that are included to the MPI are health, education and living standard. Under these three dimensions, indicators such as nutrition, child mortality, school years, children registered to schools, cooking fuel, safe drinking water, better sanitation, electricity, flooring, and assets are taken into account. Intensity of poverty and headcount ratio are estimated based on these indicators and MPI is created. (HDR UNDP 2017.) MPI was included into this research to capture multidimensionality of poverty, as reflected in the health, education and living standard dimensions of it. The fact that MPI data has been collected and shared in UNDP’s HDR reports only since 2010 (HDR 2010, v) is also suggesting that it is quite recent approach to studying poverty, which makes it more interesting in terms of the results of this study.

More money metric measures are also included to the study in the form of the independent variables *Working poor* and *GDP per capita*. Because my dependent variable is MPI and not for example *Poverty headcount ratio at \$1.90 a day*, it is still reasonable to use working poor as an independent variable. Poverty headcount ratio and working poor might have had multicollinearity between each other. This would have meant that these variables might have been correlating, and due to this reason, it would have been difficult to distinguish the independent variables’ effects to the dependent variable. Such multicollinearity would have prevented their use later on in linear regression. (see Holopainen & Pulkkinen 2014, 275.) Therefore, MPI was the best option for measuring poverty as a dependent variable, in addition to working poor and GDP as independent variables. Rather than having multicollinearity, they are complementary to each other, allowing the use of both money metric measure variables and non-money metric measure variables in this study.

Table 7: Multidimensional Poverty Index’s three dimensions of poverty. Source: OPHI 2017.

Health	Education	Living Standards
Nutrition Child mortality	Years of schooling Children enrolled to schools	Cooking fuel Improved sanitation Safe drinking water Electricity Flooring Assets

## 5.2.2. Independent variables and their definitions

### **Gross Domestic Product (GDP) per capita, PPP, Current International \$**

Gross domestic product (GDP) is known as national income or output. It combines the value of all of the goods and services that are produced within a country during a year. GDP is comprised either based on total income (e.g. profits, wages, interests) within a country, or on the value of the total output that has been produced within it. (Weil 2013, 23.) Data on GDP is used to measure economic growth, because it is able to measure the whole economy's total income. Moreover, the differences in income within and between countries are caused by production technology or labour and capital. These are the foundations of the economy's output and therefore also of its total income. (Mankiw 2006, 186-187.) However, using GDP to measure a county's well-being is also problematic, because there are a variety of aspects related to well-being that GDP can't measure. This is why measuring well-being based on GDP values only and comparing these within (over time) or between countries is not problem free. GDP remains a commonly used measure of standard of living. (Weil 2013, 23.) However, in this study it is accompanied by MPI data, which is better in captivating multidimensionality of poverty.

The GDP variable that I have used in this study is not the total GDP of a country, but a GDP per capita value. GDP per capita is the total output within a country that has been divided by its total population. Hence, it is better in capturing the standard of living to each of its citizens. (The Balance 2018.) This also takes into account the fact that some countries might have a high GDP only because they have big populations (Weil 2013, 26). Moreover the GDP per capita variable used in this study is also in form of Purchasing Power Parity (PPP). Purchasing Power Parity is a combination of exchange rates that are based on prices of a standard basket of goods (or services), created by economists to compare GDP between countries, each with their own currency, different priced goods and relative income (Weil 2013, 46-47). In addition, the GDP variable has been collected in current international dollars for the reason of comparing countries that have different currencies. One international dollar reflects the amount someone in a country in question could buy with it, as compared to how much could be bought with one US dollar in the United States (World Bank 2017).

In this study, GDP variable (per capita, PPP, Current International \$) has been selected for several reasons. First, it was needed to measure growth in the pro-poor growth context, and in order to select the 50 pro-poor growth countries included in this study among all low and lower middle income economies. Second, it is also an independent variable in this study in order to find possible linkages between economic growth and multidimensional poverty. Whether there is a correlation, this should

also confirm that the pro-poor growth countries have been selected correctly. Third, as mentioned, it has been selected in per capita, PPP, current international dollars form in order to efficiently compare different economic performances of the 50 countries.

Among the 50 low and lower middle income economies, the values of GDP per capita variable ranged between \$748,32 (Burundi) and \$10 225,25 (Tunisia).

### **Working poor at PPP\$2 a day (% of total employment)**

Working poor at Purchasing Power Parity (PPP) two dollars a day variable is a percentage of the total working population in the country. Those who work but live with below two dollars a day are considered working poor. Because Purchasing Power Parity has been taken into account, as in GDP variable, the estimates between countries are comparable.

In this study, working poor at PPP\$2 a day variable is an indicator of decent work. Moreover, it measures the employment aspect of decent work concept that states that in order for work to be decent, it must be adequately remunerated and cover all essential needs of the workers and their families (Ghai 2005, 10-11). An inadequate living wage means that work is not decent (Anker et al. 2002, 22). As the working poor variable is the percentage of poor workers (meaning that the living wage for them is not adequate), it is therefore a decent work indicator.

Among the 50 low and lower middle income economies, the values of working poor variable ranged between 1,2% (Ukraine) and 94,8% of total employment (Burundi).

### **Public Social Protection Expenditure as a percentage of GDP – Including health care**

Public social protection expenditure as a percentage of GDP variable is an indicator of (formal) social protection and of social protection aspect of the decent work concept (see Ghai 2005, 14-15). It indicates how much the country's public sector is using to social protection costs, including to health care.

In the social protection field, data considering public social protection expenditure is among the only social protection indicators that are currently available and maintained in majority of countries (Anker et al. 2002, 53). This indicator is useful when examining poverty, because ill health is linked to poverty risk and high healthcare costs can drive individuals and their families into poverty that persists over years. This is the case especially in countries where HIV/AIDS or other diseases such as malaria are common. Access to health care is therefore ways to address poverty and vulnerability. As an individual's health problems tend to reflect into their families too, access to health care effects also on work, school attendance, and human capital, which moreover contributes to economic growth.

For these reasons, access to most essential health care should be included in basic social protection package. Based on cost estimates, the cost of such a minimum health care package would have required public expenditures between 1,5% and 5,5% in some African and Asian low and middle income economies in 2010. (Hagemejer 2009, 94.)

Among the 50 low and lower middle income economies of this study, the values of public social protection expenditure as a percentage of GDP, including health care, variable ranged between 1,2% (Philippines) and 27,1% (Ukraine).

### **Public Social Protection Expenditure as a percentage of GDP – Excluding health care**

Public social protection expenditure as a percentage of GDP excluding health care is a similar indicator of (formal) social protection and the social protection component of decent work as the previous variable. However, this one excludes the costs of health care and only includes other public costs on social protection. As mentioned in the literature chapters earlier, social protection (excluding health care) can mean for example social insurance programmes (to address shocks), social assistance programmes (addressing poverty and vulnerability) and labour market interventions (Barrientos 2016, 21), as well as support in case of unemployment and covering workers for old age or maternity (Ghai 2005, 29).

This variable was included to the study because within some countries, the public expenditure including or excluding health care seemed to vary significantly based on my data. By distinguishing social protection expenditure in terms of health care it is also easier to estimate which aspect of social protection is the one mostly linked with poverty reduction. Among the 50 low and lower middle income economies of this study, the values of public social protection expenditure as a percentage of GDP, excluding health care, variable ranged between 0,2% (Lesotho) and 22,9% (Ukraine).

### **Gender Inequality Index (GII)**

According to Ghai (2005, 10-11), work is decent when it does not discriminate against any group of workers, such as women. Work that is free of inequalities in opportunities and that offers equal pay for equal value of work for both women and men is considered fair, already since the ILO Discrimination Convention from 1958 (No.111) (Anker et al. 2002, 42-43). Therefore, Gender Inequality Index (GII) was included into this study as an indicator of decent work, especially its components of employment and rights at work (see table 4; Ghai 2006, 7-18.).

GII consists of three aspects that are related to gender inequalities. These aspects are health (maternal mortality ratio and adolescent birth rates), empowerment (proportion of parliamentary seats occupied by women, women secondary education) and labour market (women labour force participation rate

compared to that of men). The higher the GII value is, the more there are inequalities between genders within the country in question. (UNDP 2018b.) The GII, as opposed to another indicators of gender inequality at work was chosen to this study because it is able to capture gender inequalities from many different aspects, including (but not only) work. Therefore, I consider it to be as comprehensive as possible in order to indicate the various decent work aspects related to equal opportunities and rights of women and men. Among the 50 low and lower middle income economies of this study, the values of GII variable ranged between 0,293 – least disparities between women and men (Tunisia) and 0,769 – most disparities between women and men (Yemen).

### **Mandatory paid maternity leave (days)**

One of the main concerns of the ILO has been to lower work related risks (e.g. health, discrimination, economic security) for women workers and their children. Maternity protection is a basic labour right and paid maternity leave is one of its key aspects. (Addati 2015, 70-71.) Mandatory paid maternity leave is also one of three categories of family-friendly employment policies; in addition to monetary assistance for family reasons; and to facilitation of worker's needs related to work and family life balance (such as child care and flexible working hours) (Anker et al. 2002, 38). Because mandatory paid maternity leave deals with (maternity related) vulnerabilities and risks within societies, it can also be considered to be an aspect of social protection (see e.g. Barrientos 2016, 21; Conway et al. 2000, 5).

Mandatory paid maternity leave (in days) is therefore included to this study as an indicator of social protection and decent work. Moreover, this indicator is especially related to social protection component of decent work, but also its employment and rights at work aspects in terms of equality, equal opportunities for women to work and non-discrimination (see table 4, Ghai 2006, 7-18). Among the 50 low and lower middle income economies of this study, the values of mandatory paid maternity leave (in days) ranged between 30 mandatory maternity leave days (Tunisia) and 180 mandatory maternity leave days (Vietnam).

### **Employment to population ratio (% of total labour force, ages 25 and older)**

Work opportunities for all who are looking for work is a key aspect of decent work (see table 4, Ghai 2006, 7-18). Such employment opportunities can be measured either by unemployment rates or by employment activity as proportion of the total labour force<sup>8</sup>. Employment to population ratio is therefore one possible indicator of employment opportunities, and thus of decent work. It measures

---

<sup>8</sup> Labour force: The total number of working age population that is available for employment – employed, unemployed or seeking an employment (Oxford Reference 2018).

the proportion of the population that is employed and in working age. (Anker et al. 2002, 9,11.) The variable used in this study only includes labour force of 25 years old and older. Among the 50 low and lower middle income economies of this study, the values of employment to population ratio (ages 25 and older) ranged between 43,9% (Moldova) and 92,3% (Rwanda).

### **Child labor (% ages 5 to 14)**

Child labour is an obstacle to poverty reduction because it prevents children from going to school and vocational education, and it is also linked to decreased health and shorter life expectancy. In addition, it hinders growth and development opportunities by sacrificing the potential of youth. (Sengenberger 2001, 47.) The ILO minimum age convention from 1973 (No. 138) states that 15 years is the minimum working age (ILO 1973). Hence, also in this study, the labour is considered child labour if it is done by 14 year old children or younger. According to ILO, child labour is a major obstacle to achieving decent work, in forms such as slavery, trafficking, armed conflict, debt bondage and prostitution. However, there are some light forms of work that are internationally acceptable even for children under 15 years old. Such would be work that is seen as appropriate and suitable for their age and maturity level and does not prevent them from going to school. (Anker et al. 2002, 17-18.) This kind of acceptable light work is not reflected in the child labour variable.

Child labour (% ages 5 to 14) independent variable has been included into this study to measure decent work, and especially its rights at work component. This component is the ethical framework of decent work that ensures that work fulfills the requirements of freedom, dignity and safety (Ghai 2005, 7). It also directly abolishes child labour as an unacceptable form of work in societies (Anker et al. 2002, 16). However, as it has been noted that poverty of the household could result in problems like child labour (Sengenberger 2001, 48), child labour variable could be also indirectly linked to social protection and social protection component of decent work, which prevent households to use withdrawal of children from school as a coping mechanism (see Samson 2009, 123; OECD 2009b, 37). Among the 50 low and lower middle income economies of this study, the values of Child labour (% ages 5 to 14) variable ranged between 1,6% (Jordan) and 41,7% (Cameroon).

### **Old age pension recipients (% of statutory pension age population)**

Old age pension recipients (percentage of statutory pension age population) is another indicator of both social protection and decent work. Old age pensions is one of some typical examples of social insurance, a component of social protection, according to Barrientos (2016, 21). Therefore, old age pension recipients can also be an indicator of social protection aspect of decent work components.

Moreover, old age without pension has been named as one of seven indicators to measure decent work by Bescond et al. (2003, 180).

In addition to decent work, old-age pension fund during working age and old age pension benefits that it brings during old age are important ways to protect population against poverty (Anker et al. 2002, 54). There is some evidence from low and middle income countries that non-contributory old age pensions significantly affect the living standards of elderly people, as well as their families. In addition, they are possible to implement even in low income countries in terms of funding: If, in 2010, the old age (and disability) pension was set at 30 per cent of GDP per capita, and it would have been paid to all people aged 65 or older (and to people with disabilities), the benefit would have been USD 0,73 (PPP) in Ethiopia; USD 1,01 (PPP) in Kenya, and USD 1,52 (PPP) in Pakistan (all low or lower middle income economies) – then this would have led to annual cost of 0,6–1,5 per cent of GDP in these countries. (Hagemejer 2009, 91.) In this study, the values of old age pension recipients variable among the 50 low and lower middle income economies ranged between 0,9% (Sierra Leone) and 100% (Bolivia, Lesotho and Kyrgyz Republic).

### **Remittance inflows (% of GDP)**

As noted before in literature chapters, social protection can include also informal social networks (Esping-Andersen 1999, referred by Barrientos, Hulme & Shepherd 2014, 10), and for example the working poor tend to rely on informal systems of social protection when there are no existing formal systems available. An example of informal social protection would be for example when someone receives support from their relatives or other social networks. (Lund & Srinivas 2000, vii.) Remittances, defined as the money sent by immigrants from the country where they work in to their families living in their countries of origin (Oxford Reference 2018b), are the private actions (as opposed to public actions) taken in order to enhance social protection (see table 2; OECD 2009b, 35). Remittance inflows (% of GDP) is therefore the percentage of GDP that comes to the country from outside of its borders. The received remittances (remittance inflows) are often used for consumption, but it is known that some remittances go to investments in education, health and better living conditions (OECD 2009c, 26).

As this study understands social protection as public or private, formal or informal “actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable in a given society” (adapting Conway et al. 2000, 5; see chapter 3.1.), remittances are seen as component of social protection, and Remittance inflows (percentage of GDP) variable is used as an indicator of

social protection. In this study, among the 50 low and lower middle income economies, the values of Remittance inflows (% of GDP) variable ranged between 0,11% (Tanzania) and 39,96% (Tajikistan).

### **GINI coefficient**

Commonly used measure that is used to compare income inequality within or between countries over time is called the GINI coefficient. It is an indicator that reflects the degree of income inequality in a country. (Weil 2013, 385.) It is calculated as the difference between the actual income in a society and a perfectly equal income in a society where everyone has the exact same income distribution. For example, in a completely equal society, 10 per cent of the population would have 10 per cent of the total income, and half of population would have half of the total income. In reality, the poorest 10 per cent of the population have less than 10 per cent of the total income and the wealthiest 10 per cent of population tend to have much more than 10 per cent of the total income in a society. In the case of total equality, the GINI coefficient value would be 0. In the case of total inequality, where one person would have all income, the GINI coefficient value would be 1. (Everett & Everett 2015, 188.) UNDP has used the GINI coefficient scale from 0 to 100 (instead of 0 to 1) in its Human Development Reports (UNDP 2018c), which is also the main source of GINI coefficient data in this study. Therefore the GINI coefficient value scale also in this study range between 0 (total equality) to 100 (total inequality).

The literature part of this study introduced the hypothesis that the benefits of economic growth for the poor, pro-poor growth, would be weakened by inequalities within the society (see e.g. Dollar & Kraay 2004, 29; Heltberg 2004, 90; Son & Kakwani 2004, 1, 3; Ravallion 2004, 62, 77). GINI coefficient independent variable is included into this study in order to examine this hypothesis in low and lower middle income economies. If there is a link between GINI coefficient and MPI variables, it could be estimated that inequality does have a link to poverty reduction in pro-poor growth low and lower middle income economies. Moreover, according to this hypothesis, the linkage should be positive, as in higher GINI coefficient (high inequality) value linked to higher MPI (high poverty). This would mean that income inequality prevents pro-poor growth, as the low and lower middle income economies in this study are all considered pro-poor growth countries. However, as seen later, GINI coefficient was not linked with MPI variable in this study.

In addition, GINI coefficient can, in my view, also be an indicator of both decent work and social protection. As GINI coefficient measures income inequalities, a high level of GINI coefficient might mean that there are many indecent jobs that are not adequately remunerated in comparison to other jobs. From the social protection perspective, high level of GINI coefficient might mean that the

passive labour market interventions that are included to social protection concept, as described by Barrientos (2016, 21), have not been successful in setting minimum standards for employment or protecting worker's rights. More indirectly, it could also mean that lack of social protection has caused some individuals to fall into deprivation, causing for example ill health and reduce in labour productivity, and resulting in lower income and higher GINI coefficient in the country. Among the 50 low and lower middle income economies of this study, the values of GINI coefficient variable ranged between 24,8 – lowest income inequality level (Ukraine) and 57,5 – highest income inequality level (Zambia).

To conclude the introduction of used variables, all variables and what they indicate in this study are listed in the table below.

Table 8: Used variables and what they indicate.

Variable	Social protection or decent work indicator
Multidimensional Poverty Index (MPI)	Dependent variable.
Working poor at PPP\$2 a day (% of total employment)	Decent work (employment aspect of decent work concept).
Public social protection expenditure as a percentage of GDP in function of health care (%) - Including health care	Social protection (formal social insurance/assistance), as well as decent work (social protection component).
Public social protection expenditure as a percentage of GDP in function of health care (%) - Excluding health care	Social protection (formal social insurance/assistance), as well as decent work (social protection component).
Gender Inequality Index	Decent work (employment and rights at work aspects of decent work concept).
Mandatory paid maternity leave (days)	Social protection and decent work (social protection aspect of decent work concept).
Employment to population ratio (% ages 25 and older)	Decent work (employment aspect of decent work concept), but could also reflect labour market interventions aspect of social protection.
Child labor (% ages 5-14)	Decent work (rights at work aspect of decent work concept).
Old age pension recipients (% of statutory pension age population)	Social protection and decent work (social protection aspect of decent work concept) .
Remittance inflows (% of GDP)	Social protection (informal social assistance).
GINI coefficient	Both. GINI coefficient is also used to measure income inequality level to see whether income inequality and pro-poor growth are linked negatively linked (as inequality increases, pro-poor growth decreases) as literature anticipates.
Gross Domestic Product (GDP) per capita, PPP, Current International \$	Neither. This is used to measure whether higher economic performance is linked to multidimensional poverty reduction (as should be the case because all 50 countries have seen pro-poor growth during the studied period).

### 5.2.3. Variables that were left out and why

It would have been possible to indicate social protection and decent work with so many different independent variables that it was necessary to leave some possible variables out. Here I discuss of some indicators that had potential to be good indicators of social protection or decent work in the study, and of the reason they were left out. As it is not possible to discuss of all of the potential variables here, these few cases might also represent some of the common reasons that some variables have to be left out of research in low and lower middle income economies.

*Unemployment benefit recipients* would have been a possible independent variable, as it would be an efficient way to estimate social insurance component of social protection concept (see table 1; Barrientos 2016, 21). It would have been possible to relate this variable also to decent work, so it would have been an indicator of both decent work and social protection. This variable was left out at an early stage because its value was 0 almost in every country out of all 84 low and lower middle income countries. Therefore, this variable wouldn't have added any valuable information to the study.

*Occupational injuries* would have been a good way to include possible safety and security issues at work and analyze decent working conditions from that perspective. However, it had to be left out from this study because there wasn't enough data available about occupational injuries in low and lower middle income economies. I believe that this variable would be very good in decent work related research, and my notion is that there is more occupational injuries related data available in higher income economies.

*Vulnerable employment* is a variable that has been reported within UNDP's Human Development Report 2015. It would have been a good add to this study, because it would have been relatively wide and comprehensive decent work indicator, and it could have also measured the level that social protection is needed in low and lower middle income economies due to decent work deficits. Due to massive lack of data, this variable wasn't reasonable to include into the study.

*Trade union density rate* would have been an excellent indicator of decent work, and especially of its social dialogue component (see table 4; Ghai 2006, 7-18) which is currently underrepresented in my study. However, it was not possible to find a reliable source of trade union density rate values that would have covered at least the majority of low and lower middle income economies.

### 5.3. Regression as method

The quantitative method used in this research is called (linear) regression. The idea behind regression is to find possible linkages between a dependent variable and independent variables (Holopainen & Pulkkinen 2014, 261). Regression analysis is capable of finding the independent variables that are linked to dependent variable among all of the proposed independent variables. Therefore, it can be used as a method when the goal is to find indicators that are best explaining the variation in the values of the dependent variable. Starting point for regression analysis is that independent variables are correlating with the dependent variable, but not among each other. (Metsämuuronen 2001, 20-21.) In the case of this study, dependent variable is Multidimensional Poverty Index (MPI), and the 11 independent variables have been introduced in section 5.2.2. The purpose of regression here is to find the possible linkages between Multidimensional Poverty Index and the 11 independent variables that are used as indicators of social protection and decent work, as well as economic performance of the 50 low and lower middle income economies. However, the amount of independent variables used in this study is higher than what is generally recommended to use in regression with small sample (see e.g. Metsämuuronen 2001, 22). This is why the results cannot confirm the certainty of the found linkages, and this study can only give some initial guidance to potential linkages between the used indicators.

Method used in this regression is called *stepwise regression analysis*. It is a method that merges two different methods, *backward elimination* and *forward selection*, into one. The idea of a backward elimination is to first include all possible independent variables that might affect the results into the model. SPSS Statistics program is then eliminating independent variables that are least suitable for the model based on their t-values. After least suitable variables have been removed, the program calculates new t-values for the remaining independent variables. The program then continues to remove variables, until there is a model that includes only the variables that are likely to have a link to the dependent variable. Difference between this method and forward selection is that rather than removing variables, forward selection is adding variables until it gets to a model with only the best variables remaining. In backward elimination method, a variable that has been left out from the model, can't return. In forward selection, a variable that has been added into the model, can't be dropped out anymore. (Holopainen & Pulkkinen 2014, 279-282.)

In stepwise regression, variables that have been already entered into the model are re-evaluated every time a new variable has been added to the model. Any variable can be therefore either removed or kept in the model at any step of the process. (Denis 2015, 408-409.) The method will reconsider the relevance of each variable several times, dropping and adding variables on the way, because once a

variable has been added or removed, it will reconsider whether something should be dropped or added again. In the end, the method has gone through all available variables until the best are found and left into the model. (Holopainen & Pulkkinen 2014, 282.) Stepwise regression analysis was selected for this research for few reasons. First, the *enter* method, which includes all available independent variables into model, was not providing statistically significant results. Since there was rather large variety of available independent variables for this research, it made sense to let the program keep only the most significant ones, rather than try to force all variables into the final model. Secondly, stepwise regression seemed to be the most efficient method to choose the best variables, because it is able to add and remove variables at any point. Thirdly, stepwise regression analysis was able to give statistically significant results, and those results were similar than with backward elimination when testing alternative methods.

#### 5.4. Selected low and lower middle income economies for quantitative analysis

As mentioned before, a total of 50 countries were included to the final regression. Each of them are either from low income economies country group or from lower middle income economies country group, as categorized by the World Bank (World Bank country groups 2017). There were a total of 84 countries included to the two low and lower middle income economies country groups, and these 84 countries form the population that the study is focusing on. The goal was to make the research as census and include the whole population with all 84 countries, because this is recommended when the number of cases is below 100 (e.g. Holopainen & Pulkkinen 2014, 30). However, this was not possible to implement due to lack of data. It is known that when the sample has a low number of cases, margin of error is higher than in a sample with higher number of cases (Holopainen & Pulkkinen 2014, 38). 50 cases is less than what is generally recommended in regression (see e.g. Metsämuuronen 2001, 22). This is why margin of error in the study is relatively high, and the results cannot confirm the certainty of the found linkages. Hence again, this study can only give some initial guidance to potential linkages between the used indicators. However, sample with 50 cases is still relatively high, considering that the total population is only 84.

Final 50 countries were selected by using quota sampling (e.g. Holopainen & Pulkkinen 2014, 36). Two quotas were the two categories of the population: low income economies and lower middle income economies. The goal was to have at least 50 cases in total in order to keep the sample size good. Another goal was to have around 25 cases from both quotas, so that there would be a balance between the two categories. However, such balance was again not possible due to bigger lack of data

concerning low income economies than that of lower middle income economies. Due to nonresponse (e.g. Holopainen & Pulkkinen 2014, 41) the final sample differs from the objective which causes that one of the quotas is underrepresented. Final number of low income economies in the research is 17 whereas number of lower middle income economies is 33. This must be taken into account when analyzing the results and estimating the statistical credibility of the research.

My first thought when deciding about the population was to focus on a smaller group of countries or to focus on a region, such as Sub-Saharan Africa. However, it became obvious while collecting the data that much of it was lacking. Having both low and lower middle income economies with a total of 84 countries meant that having shortages in data would still result in a reasonably sized sample. Low and lower middle income economies were also selected as the target population because these are considered the poorest nations in the world economically (see World Bank country groups 2017). The decision is in line with research question and the goal of the research which is to find out possible linkages between multidimensional poverty and social protection and decent work indicators in pro-poor growth countries.

As mentioned before, the countries that are included into low income economies or lower middle income economies is based on how the World Bank has categorized them (see World Bank country groups 2017). According to the World Bank country groups, low income economy is a country where GNI per capita is \$1 005 or less and lower middle income economy is a country where GNI per capita<sup>9</sup> is between \$1 006 and \$3 955 (World Bank country groups 2017).

The 50 countries and their categories as low or lower middle income economies are listed in the table below.

---

<sup>9</sup> GNI refers to value of GDP where net inputs of primary income have been added from foreign sources. (Oxford Reference 2013).

Table 9: 50 Pro-poor growth countries that were selected to this study from all low and lower middle income economies (17 low, 33 lower middle) based on The World Bank country groups and my calculations of simultaneous economic growth and poverty reduction. Source: World Bank country groups 2017.

Low income economies (GNI per capita \$1 005 or less)	Lower middle income economies (GNI per capita from \$1 006 to \$3 955)
Benin	Armenia
Burkina Faso	Bangladesh
Burundi	Bhutan
Ethiopia	Bolivia
Gambia, The	Cambodia
Guinea	Cameroon
Malawi	Congo, Rep
Mali	Côte d'Ivoire
Mozambique	Egypt. Arab Rep.
Nepal	El Salvador
Niger	Georgia
Rwanda	Ghana
Senegal	Honduras
Sierra Leone	India
Tanzania	Indonesia
Togo	Jordan
Uganda	Kenya
	Kyrgyz Republic
	Lao PDR
	Lesotho
	Moldova
	Mongolia
	Morocco
	Nicaragua
	Pakistan
	Philippines
	Sri Lanka
	Tajikistan
	Tunisia
	Ukraine
	Vietnam
	Yemen, Rep.
	Zambia

### 5.5. Ethical questions and other dilemmas about research framework

Rather than selecting all low and lower middle income economies that had seen simultaneous economic growth and poverty reduction as the population under examination, the countries that were included into the regression had to be selected based on the data that was available. This means that the selection of a sampling method was very limited. For example, random sampling of countries was not possible due to low number of possible cases to be included within the population. There were simply too many gaps in data in many low and lower middle income economies. This is reflected in

the fact that among the 50 low and lower middle income economies of this study, there are more countries from the lower middle income economies group than from low income economies group. Furthermore, this means that the results are reflecting the outcomes from lower middle income economies proportionately more than from low income economies.

The fact that there ended up being many more lower middle income economies than low income economies due to lack of data might mean that the conditions in low income economies are worse for data collection than in lower middle income economies. It might be less likely that low income economies have organized collections of databases than having them in lower middle income economies. For example, Anker et al. (2002, 53) name public social protection expenditure as one of the only social protection indicators that are currently available and maintained in majority of countries. There could be also more difficult conditions in the field to collect the data in these countries, which results in the gaps in the data available for research. According to Luna et al. (2004), data related challenges in developing countries come from economic costs, lack of proper infrastructure or trained personnel, problem of integrating data from different sources without common standards, privacy and security issues, as well as cultural barriers to adopt the data (Luna et al. 2004, 36-41). Because of the unbalance between the two country groups, it would be questionable to make generalizations to low income economies based on this study. The unbalance (17 and 33 countries) has to be noted when discussing of the results.

The sample for the regression is also relatively small, only 50 countries in total. As mentioned, it was not possible to include the whole population - all low and lower middle income economies – to the regression due to lack of data. As the whole population would have included 84 countries in total, 50 is still relatively big sample of the whole population. However, it does reduce the amount of how much the results can be generalized to the whole population, as 50 cases is less than what is generally recommended in regression (see e.g. Metsämuuronen 2001, 22).

The data itself has been collected mainly from UNDP's and ILO's publications. These are organizations working under the United Nations (UN 2018). As the same organization is behind both of them, and because majority of the data has been collected from similar UNDP Human Development Reports, even though published in different years, it is unlikely that there are big differences in terms of how the data has been gathered or understood between different variables/countries. Human Development Reports by UNDP are also published on annual basis (see e.g. HDR 2010), which is why they can be used as sources of recent information and data. In my point of view, these factors make the sources of my data rather reliable.

However, there is another issue related to data, and it is again related to the availability of it. Rather than choosing freely a point of time and selecting all variables from this year, I had to select the data from the years that happened to be available, keeping the distances in time as short as possible. However, I believe that the values of the variables do not change suddenly and radically within only few years, but rather take longer periods of time to develop. For example, in Cameroon, both growth and non-monetary poverty reduction have been slow and gradual in the recent decades (Fambon et al. 2016, 294, 312). Moreover, when Ahmed (2007, 27) is talking about “rapid growth”, in the case of India, he is still referring to India’s development in long term, during a period of 25 years. It would have been better to be able to collect the data from the same point of time, but since it was not possible, collecting the data as closely as possible between different variables seems like a good alternative.

Moreover, the data is collected from pro-poor growth countries. This has been implemented by selecting only countries that have seen simultaneous economic growth and poverty reduction, based on my understanding of pro-poor growth as growth that benefits the poor (see Ravallion 2004, 1). The results that this study can show can be therefore only be applicable in low and lower middle income pro-poor growth economies. Therefore, countries that either do not belong to these two country groups or countries that have not seen simultaneous economic growth and poverty reduction have to be excluded from the results and conclusions made based on this study.

## 6. Results

### 6.1. Values and technical results of the regression

Multidimensional Poverty Index (MPI) was selected as the dependent variable of the regression that is conducted by using SPSS Statistics. GDP per capita and all decent work and social protection indicators were selected as the independent variables of the regression. All variables entered into regression, as well as what they indicate, have been introduced in chapter 5.2.2. and they have been compiled into table 8. Stepwise regression analysis was selected as the regression method. The method entered and removed variables among all available ones, and as a results, four best variables were left into the model. These variables are listed in the table below.

Table 10: Coefficients (method: Stepwise regression analysis). Dependent variable Multidimensional Poverty Index (MPI).

Variable	Sig.	Beta	Tolerance	VIF
Working poor at PPP \$2 a day	0,000	0,545	0,381	2,623
GDP	0,000	-0,520	0,376	2,661
Remittance inflows	0,000	-0,313	0,660	1,515
Employment to population ratio	0,008	-0,229	0,474	2,108

The p-value of each variable is below 0,01, which means that they are statistically significant in the model (KvantiMoTV 2003). Beta tells whether the link between dependent (MPI) variable and independent variable is negative or positive, and how strong this link is (see e.g. Metsämuuronen 2001, 23; KvantiMOTV 2008). Beta can be compared between different independent variables in the model, because it takes all variables of the model into account simultaneously. In the case of working poor variable, Beta is positive, which means that when MPI value increases, working poor value is likely to increase as well. When MPI value decreases, working poor value is also likely to decrease. The other three listed independent variables are negatively linked to dependent variable, which means that when their values increase, MPI value is likely to decreases and when MPI value increases, their values are likely to decrease.

In linear regression, low values of VIF are desirable, whereas low values of tolerance are not (Denis 2015, 404). Tolerance and VIF are both estimates of possible multicollinearity between independent variables in the model. Multicollinearity means that some independent variables are clearly correlating between each other, and therefore, it is difficult to distinguish the independent variables'

effects to the dependent variable (Holopainen & Pulkkinen 2014, 275). VIF value should be less than 5, to indicate that there is no multicollinearity between independent variables (Holopainen & Pulkkinen 2014, 279). Tolerance should be more than 0,3, because lower tolerance value might also indicate multicollinearity between the variables (Metsämuuronen 2001, 36).

P-value of ANOVA is 0,000, and F-test value is 67,314. These values are indicating whether the model is statistically significant and whether the independent variables are able to explain the dependent variable (MPI). The smaller the p-value is and the bigger the F-test value is, the better the model is. (KvantiMOTV 2008; KvantiMOTV 2002.) The p-value being 0 and F-test value 67,314, both of the values seem good enough to continue the regression analysis. Coefficient of determination (Adjusted R square) of the model is 0,844. This means that the model can explain 84,4% of the variation of the dependent variable (Denis 2015, 380). The higher the percent, the better the model is and the more reliable the results are, even though a high coefficient of determination is not a guarantee of precise predictions. (Holopainen & Pulkkinen 2014, 277). All in all, the values of each of these four variables seem good in order to proceed with the regression analysis.

## 6.2. Notions based on Pearson correlation coefficient

In this study, Pearson's correlation coefficient was used to measure coefficient of correlation. Coefficient of correlation is a statistical value that measures linear correlation between two variables. In Pearson's case, coefficient of correlation is always between -1 and 1. When the coefficient of correlation is -1, the linear correlation is negative (when x increases, y decreases and when x decreases, y increases), and when the coefficient of correlation is 1, the correlation is positive (when x increases, y increases). The closer the correlation coefficient is to value 1, the stronger is the linear correlation between the two indicators. The closer the correlation coefficient is to value 0, the weaker is the linear correlation between the two indicators. (Holopainen & Pulkkinen 2014, 233-234, 245-246.) As the number of cases in this study is 50 and wanted significance level is 0,05 % (Sig 1-tailed), critical value, seen from Pearson's critical value table, is 0,451. This means that absolute value of coefficient of correlation between two variables has to be higher than 0,451 in order for them to have a correlation. Risk that there is a mistake in the measured correlation is then only 0,05 %. (see e.g. Holopainen & Pulkkinen 2014, 354, 242-243.)

Coefficients of correlation above the absolute value 0,451 are bolded in the table below. All of their p-values (Sig 1-tailed) are statistically significant as they are below 0,01\*\* (see KvantiMOTV 2003).

Table 11: Correlation Matrix (Pearson’s correlation coefficient)

	MPI	GDP	Working poor at PPP \$2 a day	Public social protection expenditure (% of GDP) – Including health care	Public social protection -Excluding health care	Gender inequality index	Mandatory paid maternity leave (days)	Employment to population ratio	Child labour %	Old age pension recipients	Remittance inflows (% GDP)	GINI coefficient
MPI	1,000											
GDP	-0,729	1,000										
Working poor at PPP \$2 a day	0,861	-0,667	1,000									
Public social protection expenditure (% of GDP) - Including health care	-0,448	0,391	-0,457	1,000								
Public social protection - Excluding health care	-0,531	0,512	-0,567	0,954	1,000							
Gender inequality index	0,690	-0,444	0,614	-0,555	-0,579	1,000						
Mandatory paid maternity leave (days)	-0,175	0,057	-0,201	0,233	0,259	-0,276	1,000					
Employment to population ratio	0,545	-0,627	0,643	-0,399	-0,479	0,288	-0,052	1,000				
Child labour %	0,672	-0,564	0,646	-0,306	-0,412	0,614	-0,185	0,525	1,000			
Old age pension recipients %	-0,603	0,346	-0,537	0,647	0,649	-0,643	0,278	-0,431	-0,363	1,000		
Remittance inflows (% GDP)	-0,423	0,039	-0,368	0,186	0,112	-0,418	0,234	-0,307	-0,265	0,578	1,000	
GINI coefficient	0,068	-0,104	0,230	-0,225	-0,378	0,238	-0,202	0,336	0,365	-0,200	-0,003	1,000

There are few issues when interpreting Pearson’s correlation coefficient values. First, it only measures linear correlation between two variables. Two variables might have a correlation between them – just not linear – even if Pearson’s correlation values don’t show it. Second, it is not a model that reliably shows effect of one variable to another. Correlation doesn’t necessarily mean causal relation, because it is possible that there is a third variable that explains the correlation. Thirdly, correlation coefficient is sensitive to outliers. (Holopainen & Pulkkinen 2014, 246-247.) Therefore, the Pearson’s correlation coefficient values that are highlighted in green are correlations between the two variables in question, but it remains unknown whether they have a true causality between them. For example, Multidimensional Poverty Index (MPI) and Gross Domestic Product (GDP) per capita seem to have a correlation between them, but it can’t be seen in the table whether the correlation would be still there if a third or multiple variables were added to the model. The linkages between multiple variables is examined further in the regression analysis in chapter 6.3.

Due to weaknesses that are involved in the Pearson’s correlation coefficient, regression remains to be the main method to rely on in this study. However, Pearson’s correlation coefficients table may still provide some insights between possible correlations between different variables. From the table, it is

easy to see all possible correlations between variables included in this study, not just their correlation with the MPI variable. It is also possible that there are some other variables that influence these correlations, which were left out from this study. In that sense Pearson's correlation coefficient table may bring new ideas about the possible linkages between different variables into the study. Pearson's correlation coefficients table is also a way to see whether there is any correlation between the dependent variable and independent variables, which forms the basis for linear regression (Metsämuuronen 2001, 22). Hence, it was necessary to discuss about it before the actual regression analysis.

According to Pearson's correlation coefficient table, **Gross Domestic Product per capita**, **working poor at PPP 2\$ a day** and **employment to population ratio** are all correlating with MPI. Working poor and Employment to population ratio are correlating with MPI positively, meaning that when MPI increases, they are likely to do so as well. GDP per capita is correlating with MPI negatively, meaning that when MPI increases, GDP per capita decreases and when MPI decreases, GDP per capita increases. **Remittance inflows** is not correlating with MPI by using Pearson's correlation coefficient 0,05 % risk level. When the risk level is increased to 0,5 %, the critical value with 50 cases becomes 0,361 meaning that with 99,5 % probability remittance inflows and MPI are still correlating (see e.g. Holopainen & Pulkkinen 2014, 354, 243). The correlation between remittance inflows and MPI is negative as was the case with GDP and MPI. These four variables will be discussed further in the regression analysis.

Other independent variables that seem to correlate with MPI with the original 0,05 % risk level are public social protection expenditures – excluding health care, Gender Inequality Index (GII), child labour (%) and old age pension recipients (%). GII and child labour variables are both correlating with MPI positively. This means that there is a possibility that when either GII or child labour percentage increases in low and lower middle income economies, MPI could also increase. In other words, the higher is the level of inequality between genders and the higher is the percentage of child labour, the higher is also the level of multidimensional poverty likely to be in these countries.

Positive correlation between **child labour** and multidimensional poverty is not surprising. Presumably the poorest families are the ones that have to send their children off to work instead of school, as all the possible income is needed to provide food and shelter for the family. The possibility that household poverty could lead to child labour was discussed in the earlier chapters (see e.g. Sengenberger 2001, 48). Persistent poverty can force a child's parents to send their child to work, which together with lack of education, unskilled workforce and low wages lead to a formation of a child-labour trap (Sasmal & Guillen 2015, 270). Child labour, even though it is a direct indicator of

decent work, was also linked to social protection because lack of social protection could lead to withdrawal of children from school as a coping mechanism to poverty (See Samson 2009, 123; OECD 2009b, 37). Education was also one component of MPI (OPHI 2017), which is why withdrawing children from school is directly linked to MPI. Moreover, Edmonds and Schady (2012, 101) have found evidence that when poor women with children in Ecuador received a monthly transfer of \$15, child labour declined even though the size of the transfer was less than the median earnings (\$80 per month) that the child would get as wages. In my view, this is further evidence that poverty alleviation does indeed reduce child labour.

Positive correlation between **Gender Inequality Index (GII)** and MPI is also not very surprising result of Pearson's correlation coefficient. As noted before, GII consists of three aspects that are related to gender inequalities. These aspects are health (maternal mortality ratio and adolescent birth rates), empowerment (proportion of parliamentary seats occupied by women, women secondary education) and labour market (women labour force participation rate compared to that of men). The higher the GII value is, the more there are inequalities between women and men within the country in question. (UNDP 2018.) Both MPI and GII have health components (see OPHI 2017), which could partly explain this correlation. Another explanation is that gender inequality might increase multidimensional poverty, or that increased multidimensional poverty might increase gender inequality.

It was noted earlier that around 60 per cent of the working poor are women, and that women face challenges related to wages, working conditions, unpaid work, work in informal sector, and unemployment (OECD 2009c, 28-29). As these challenges are also related to poverty (e.g. inadequate remuneration of work contributing to poverty), they could partly explain why multidimensional poverty and gender inequalities are linked. Poverty – gender inequality linkage has been also further examined by Kabeer (2015), according to whom vertical (e.g. income) inequality is overlapping with horizontal (e.g. gender, ethnicity) inequality in terms of poverty persistence. She has found out that in Bangladesh, female headship is associated with poverty, and that household income is often distributed in unequal ways, discriminating women and girls and resulting in their worse health, nutrition and mortality outcomes. (Kabeer 2015, 190, 192-193.) In my view, the above findings show that there could be some structural discrimination against women that causes persistent poverty in their case. This discrimination and gender inequalities lead to worse health and nutrition of women – as noted by Kabeer – which in my view can further keep women from decent employment opportunities and impoverish them even more. Unequal household income distribution could in my view also mean, that less girls are sent to schools than boys, especially if the household is already

poor and can afford to send to school only some of their children. This lack of education could then strengthen the negative cycle of poverty for women.

Public social protection expenditures – excluding health care - and old age pension recipients are both correlating with MPI negatively, according to Pearson's correlation coefficient. This means that there is a possibility that when either one of these two independent variables increase in low or lower middle income economies, MPI is likely to decrease, and when either one of them decreases, MPI is likely to increase. This means that the more a government is using its funds to public social protection (when health care is excluded from social protection), the lower multidimensional poverty level is likely to be. Similarly, the higher is the percentage of old age pension recipients (out of total number of statutory pension age population), the lower multidimensional poverty level is likely to be.

Negative connection between **public social protection expenditures (excluding health care)** and MPI is not very surprising. In fact, the negative linkage between these two variables was expected, because public social protection expenditures is a very direct indicator of social protection and this study's hypothesis was that increased social protection would likely decrease multidimensional poverty in pro-poor growth low and lower middle income economies. Such linkage between social protection and multidimensional poverty was also suggested in the literature section of this study. In the literature, social protection was identified as a concept that recognizes the multidimensionality of poverty very well (Lund & Srinivas 2000, referred by Barrientos, Hulme & Shepherd 2014, 9). It was stated by Fernandez et al. (2016, 34) that social protection can reduce poverty by lifting the barriers that poor people face related to their access to health care, nutrition, education and income, as well as by improving their opportunities by increasing their labour market participation and entrepreneurship. Managing vulnerabilities and poverty risks by social protection were also suggested to contribute to economic growth for the same reasons (Fernandez et al. 2016, 34; OECD 2009b, 37).

What came as a surprise here, is that the public social protection expenditures variable that excludes health care is the one social protection variable that seems to be linked to MPI. Another similar indicator of social protection would have been Public social protection expenditures – including health care. Even though health care hasn't been excessively discussed in this study, I had an assumption that out of these two social protection expenditures variables, the one that includes health care would have been more connected to multidimensional poverty. The importance of health factors in the poverty framework has been discussed for example in the academic dissertation of Mikko Perkiö (2016, 110) that confirms for example that income poverty is one of the leading causes of infant mortality in the poorest regions.

**Old age pension recipients** variable is also an indicator of social protection. Therefore, as is the case with public social protection expenditures, negative connection between old age pension recipients and MPI is in line with expectations. Old age is one of the risks that relate to life cycle and require social protection measures (see e.g. Barrientos 2016, 21). Between the idiosyncratic shock – covariate shock distinction, it is an idiosyncratic shock that affects individuals and their households rather than whole communities and populations (see e.g. Samson 2009, 122-123). In my view, the negative linkage between old age pension recipients variable and MPI variable is not surprising, because old age often means that the person cannot work anymore, at least as efficiently as before, so s/he is more or less excluded from the opportunity from a decent income from wages. Therefore, social protection may be the only source of income for elderly people. If social protection for old age doesn't exist, the elderly are likely to end up in poverty, as reflected in this linkage between these two variables. Without wages or other sources of income, the poor elderly are not likely to consume much. Following Abrahão de Castro's idea (2016, 143) related to cash transfers and economic growth, this would further mean that the elderly without social protection are not contributing to economic growth. Social protection could increase demand and consumption of domestic products, and furthermore lead to increased sales, production and job creation (Abrahão de Castro 2016, 143). Therefore, social protection for the elderly, in the form of old age pension, would probably also contribute to economic growth, as well as to reduced multidimensional poverty.

### 6.3. Analysis of regression results

There are four independent variables that are linked to Multidimensional Poverty Index (MPI), as shown by linear regression. These variables are Working poor at PPP \$2 a day; Gross Domestic Product (GDP) per capita (PPP, Current International \$); Remittance inflows (% of GDP); and Employment to population ratio (% ages 25 and older). This analysis section of the study discusses further of these four variables, and how they are linked to multidimensional poverty and growth.

#### 6.3.1. Working poor at PPP \$2 a day

The regression shows that the Beta value of independent variable working poor (at PPP \$2 a day) is 0,545 in this study. The value is positive, which means that it is positively linked with the dependent variable MPI (see e.g. Metsämuuronen 2001, 23; KvantiMOTV 2008). The higher MPI is (meaning that multidimensional poverty level is high) in low and lower middle income economies, the higher is also the percentage of working poor (at PPP \$2 a day). The linkage between MPI and percentage

of working poor was expected. It shows that the number of people in multidimensional poverty increases when workers' salaries are too low to lift them out of poverty. In other words, decent remuneration of work that would keep the workers out of poverty would decrease the multidimensional poverty in low and lower middle income economies.

There are two reasons that explain poverty among workers: inadequate wages and insufficient employment opportunities (Wicks-Lim 2012, 18). Here the focus is on the first explanation. Since MPI and working poor variables are linked, we can suggest that decent work that is adequately paid might be linked to reduced poverty in low and lower middle income pro-poor growth economies. An adequate pay of work was linked especially to employment component of decent work in literature chapter (chapter 4.1.). It was stated that adequate remuneration of work would mean that the wage would cover all essential needs of the worker, but also of his/her family (Ghai 2005, 10-11). An adequate salary would then not only offer the family an income, but also promote their well-being (Anker et al. 2002, 22). MPI is a variable that is combined of several dimensions of poverty: Health (nutrition and child mortality), education (school years and children registered to schools) and living standards (cooking fuel, safe drinking water, better sanitation, electricity, flooring and assets). (OPHI 2017.) Therefore, it would seem that two dollars per day is not an adequate remuneration of work in terms of multidimensional poverty reduction, nor does it promote workers' well-being in low and lower middle income economies, if well-being is measured in terms of health, living standards and opportunities to education.

It was also noted in literature chapters that inadequate salary could be linked to excessive working hours and could lead to reduced productivity. Moreover, excessive working hours can lead to threats to workers' health and their ability to balance between work and family life, latter especially for women workers. (Anker et al. 2002, 30, 38.) These problems could be leading to other problems in workers' families, such as child labour (Sengenberger 2001, 48). The positive linkage between MPI and working poor variables could therefore mean that other problems, caused by inadequate salary, has led to increased multidimensional poverty levels indirectly, for example through decreased number of children in schools due to child labour, if putting children to work instead of school has been a short term coping mechanism (see e.g. Samson 2009, 123; OECD 2009b, 37) for families without a decent remuneration of work. This is also how decent work is linked to social protection. Social protection (e.g. cash transfers, see Fernandez et al. 2016, 35; Samson 2009, 123), prevents households from adopting negative short-term coping strategies, such as taking children out of school (Samson 2009, 123; OECD 2009b, 37).

In the literature part, it was stated that majority of the world's working poor are working in informal sectors in developing countries (Sengenberger 2001, 43). Informal sector is often linked with low salary (Anker et al. 2002, 62), and informal work conditions are often related to insecurity and lack of social protection that contribute to risks of injury and ill-health (Lund 2012, 13-14). The linkage between MPI and working poor variables could then also be linked together in low and lower middle income economies because of the prevalence of informal sector in these countries. This could have been confirmed if an informal employment variable was included to the study, but due to lack of data this was not possible to implement.

The result has also implications to pro-poor growth. As majority of income of poor people comes from their work, access to adequate income (as well as level of employment and quality of jobs) is important to poverty reduction goals (Hull 2009, 69). Decent work means better incomes and more productive jobs. Moreover, productivity increase together with decent work conditions are a way to promote pro-poor growth. (OECD 2009c, 11.) Hence, better paying jobs and lower level of working poverty in low and lower middle income economies could mean even better levels of pro-poor growth in these countries. As noted earlier, such pro-poor policies could be for example increasing salaries in the informal sector through skills development, or reducing risks of informal sector workers through social protection and safer working environments. (OECD 2009c, 13, 22).

The positive connection between MPI and working poor provides evidence that poverty among working people is a real issue among low and lower middle income economies: High MPI doesn't necessarily mean that the unemployment ratio in the country is high and the people are poor because they can't find a job – it can also be a reflection of the fact that many employed ones are poor. This result raises question whether the salaries in low and lower middle income economies should and could be raised in order to decrease multidimensional poverty. If so, what would be the minimum salary to lift the workers out of multidimensional poverty? If such a minimum salary could be agreed upon, this would further raise the question of how much would the MPI decrease in low and lower middle income economies if all salaries within were to be increased to the minimum level. In any case, the literature has already suggested that decent work policies (e.g. increased wages) in low and lower middle income economies would pay off for companies, even though there has been some resistance to such ideas due perceived costs to profitability and competitiveness (see e.g. Sengenberger 2001, 45).

Based on the positive linkage between MPI and working poor variables, in addition to existing literature that emphasizes the need for decent work in order to reduce poverty and enhance pro-poor growth, it would seem that promoting decent work in low and lower middle income economies could

potentially be a way to reduce multidimensional poverty. If salaries are not adequate and able to lift workers from multidimensional poverty, social protection policies could provide an alternative in helping poor workers to cope with indecent work and remuneration and with the risks linked to it.

### 6.3.2. Gross Domestic Product (GDP) per capita, Purchasing Power Parity (PPP), Current International \$

The Beta value of independent variable Gross Domestic Product per capita (PPP, Current International \$) became -0,520. The value is negative, which means that GDP per capita is reversely (negatively) linked to dependent variable MPI (see e.g. Metsämuuronen 2001, 23; Kvantimotiv 2008). This means that when GDP per capita value in a low or lower middle income economy is high, the MPI is likely to be low. Therefore, it would seem that by increasing GDP per capita, a low or lower middle income economy might be able to decrease its multidimensional poverty level. This result shows that economic growth may be a factor in decreasing poverty in low and lower middle income economies. Promoting economic growth might then be a way to decrease multidimensional poverty in these countries.

The result is in line with the literature that states that economic growth will lead to poverty reduction. Of the two views that debate whether the poor benefit from growth or not, one was that some components that are linked to economic growth, such as liberal economic policies (e.g. open markets and economic stability) are raising incomes of the poor as much as incomes of anyone else, and because of this policies that might enhance growth should be used to reduce poverty. (Dollar & Kraay 2004, 29, 57). This was supported also by OECD's notions, according to which the last 50 years of development research have taught that economic growth and poverty reduction are strongly and positively linked (OECD 2016, 3). Another view of the debate was that potential benefits of economic growth for the poor are weakened by inequalities that come with growth (e.g. Heltberg 2004, 90). In addition, there were some views (e.g. Son & Kakwani 2004, 20; Ravallion 2004, 62, 77), according to which growth may reduce poverty, but with high levels of inequalities, the poverty reduction through growth can be less efficient.

The regression results of this study are unable to answer to the question whether inequality is an obstacle to pro-poor growth. GINI coefficient independent variable was included to this study in order to answer to this question related to pro-poor growth, but according to regression results, there is no linkage between GINI coefficient and multidimensional poverty in low and lower middle income pro-

poor growth economies. However, since the study was conducted of only those low and lower middle income economies that were initially pro-poor in terms of poverty reduction and growth happening at the same time, this result could also indicate that the reason these 50 countries had seen pro-poor growth, is because their income inequality (GINI coefficient) levels weren't that high that they would have prevented pro-poor growth from happening.

What is important to note here, is that the direction of the linkage between GDP per capita and MPI is not known. The Beta value of regression can only show the linkage between two variables (see e.g. Metsämuuronen 2001, 23; KvantimOTV 2008). Hence, it will not indicate which variable is affecting which one. Therefore, it would be also possible that MPI decrease could precede GDP per capita increase. In this scenario, and knowing now that increased multidimensional poverty and increased percentage of working poor are also positively linked, it might be possible to increase country's GDP per capita by decreasing MPI for example by lowering working poverty through increased wages or enhanced social protection policies. This aspect has some support from the literature reviewed in this study, which discusses the ways decent work and social protection can promote pro-poor growth.

Those views stated for example, that social protection generates opportunities for poor households and unlocks their potential to contribute to economic growth by increasing their labour market participation and encouraging entrepreneurial activities, and that some forms of social protection, such as cash transfers, maintain household consumption and aggregate demand (Fernandez et al. 2016, 34-35). In terms of decent work, some discussed ways to promote pro-poor growth were for example by decreasing gender inequalities (Sengenberger 2001, 46); improving working conditions at the informal sector (OECD 2009c, 11); increasing labour productivity through social protection (which was also a component of decent work), improved working environment, proper working hours (Singh Mehta 2016, 1721); and by enhancing access to education (Anker et al. 2002, 61), as opposed to child labour.

It is good to remember that the 50 countries included in the regression were all considered as pro-poor growth countries. Therefore it was expected that there would be a negative linkage between GDP per capita and MPI, as there is. If the link was positive, it might have meant that something had gone wrong in estimating whether these 50 countries had seen pro-poor growth or not. Since the negative connection was realized by regression, it seems that these countries' pro-poor growth nature is confirmed, as well as the relevance of measuring the benefit for the poor by MPI, when pro-poor growth is understood as growth that benefits the poor (see Ravallion 2004, 1; chapter 2).

The results won't tell whether there would have been any link between GDP per capita and MPI among non-pro-poor growth countries, as only pro-poor growth countries were included in this regression. It would be interesting to see whether there would be a similar negative linkage between these two variables, any linkage at all, or even a positive linkage, as in increased GDP per capita increasing multidimensional poverty. The latter option might be possible in the case that the non-pro-poor growth countries were extremely unequal in terms of GINI coefficient, if the hypothesis about income inequalities hindering poverty reduction even if economic growth is happening would be true.

### 6.3.3. Remittance inflows (% of GDP)

Remittance inflows (% of GDP), with Beta value -0,313, is the most surprising independent variable among coefficients in the model. According to regression, remittance inflows seem to be reversely (negatively) linked to MPI. This means that when remittance inflows are at high level, MPI is likely to be low in low and lower middle income economies.

The negative linkage between remittance inflows and MPI was not expected. The idea behind including remittance inflows as one of the independent variables into this study was that remittance inflows would have been a way to cope for those people who experience multidimensional poverty because they don't have access to formal social protection or decent income - those who don't have decent work with wages adequate enough to cover their needs and keep them out of poverty (see e.g. Ghai 2005, 10-11). Remittance inflows would have been a form of informal social assistance that especially people in those countries with high multidimensional poverty level rely on. Informal social networks and informal social protection as ways to substitute formal social protection were discussed in the literature chapters by Esping-Andersen (1999, referred by Barrientos, Hulme & Shepherd 2014, 10) and by Lund and Srinivas (2000, vii). In addition, remittances were seen as private actions among the components of social protection as opposed to public actions in the form of social transfers (see table 2, OECD 2009b, 35).

Because of this logic, a positive linkage between remittance inflows and multidimensional poverty was expected – remittance inflows being high when multidimensional poverty is also high. This would have confirmed that the people who are suffering most from multidimensional poverty also tend to mostly rely on remittances as informal (private) forms of social protection. The results now show that this hypothesis was wrong. Remittance inflows are higher in countries with lower level of multidimensional poverty (less poverty) and they are lower in countries with higher level of

multidimensional poverty (more poverty). This leads to new ideas about the linkage between multidimensional poverty and remittance inflows.

First question to be asked is whether there could be a reason why high level of multidimensional poverty cannot be linked to high level of remittance inflows: an obstacle related to multidimensional poverty that prevents the poor people from benefitting remittance inflows. To answer this question, we have to look again at the definition of remittance. Remittances were defined as the money sent by immigrants from the country where they work in, to their families living in their countries of origin (Oxford Reference 2018b). Remittance inflows (% of GDP) is therefore the amount of funds, as percentage of GDP that comes to the country from outside of its borders. From the definition, it's possible to conclude that in order to receive remittances, a person would need some social connection (e.g. a family member, a relative) to a person who lives in another country than s/he lives, and then receive the remittances from this outside contact. Therefore, it can be also asked whether all those who are suffering of multidimensional poverty the most do have such social contacts to a foreign country.

In terms of family members, it would seem more likely that those who suffer most from multidimensional poverty would be also less likely to have family connections to foreign countries, because they simply couldn't afford to send off their family members to foreign countries to find better jobs. It was already discussed in the literature that the poorest people without social protection mechanisms tend to rely on very short-term and further impoverishing coping strategies, such as taking children out of school or using only less productive qualities of crops (Samson 2009, 123; OECD 2009b, 37). It would then make sense that sending family members abroad to earn better living for the family would also be rare in these poorest families. In Ngomba's study (2010), where he interviewed Cameroonian immigrants residing in Denmark, it was noted that some immigrants sending remittances back home needed to borrow the funds to get to their new country of residence from their family members (Ngomba 2010, 185). In my view, this confirms that moving to another country for a better job and wages is like an investment for the family: it requires the funds to move, in order to have a better living for the family in the future. Therefore, in order to have someone in another country to send remittances, the family must have needed some assets in the first place. Those in multidimensional poverty are not likely to have these assets, which could explain why the remittance inflows are likely to be less high in countries with higher MPI.

Second question related to the negative linkage result is whether there is a possibility that the countries that have highest levels of multidimensional poverty don't have a need for informal social assistance. Is it possible that these countries have other, formal ways to assist their poor people, which is why

remittance inflows are not as frequent or high as in other countries? It was noted in the literature chapter (chapter 3.1.), that social protection in developing countries focuses on the poorest, most vulnerable people and is increasingly provided by income transfers, such as social assistance, as part of programmes and policies designed to ensure minimum standards of living (Barrientos 2016, 21; Barrientos & Hulme 2009, 441). This would imply that those in multidimensional poverty are receiving such formal social assistance as part of poverty reducing programmes and policies. This could also explain why the remittance inflows are lower in those countries where MPI is higher – maybe the formal social assistance covers some basic needs for those in multidimensional poverty. However, it doesn't seem very likely that everyone in multidimensional poverty in these low and lower middle income economies is receiving such formal social assistance, which is why this idea should be examined further.

As the direction of the linkage between MPI and remittance inflows is not known, it is also possible that there is something linked to remittance inflows that affects multidimensional poverty. According to Rocher and Pelletier (2008), majority of remittances are used to cover household costs, rather than for “productive investments” in their country of origin (Rocher & Pelletier 2008, 109). However, Singh, Roberton and Cabraal (2012) state that some remittances are sent for investments such as purchasing land or a house. Moreover, remittances can go to funding emergencies, debt payments and for celebrations and gifts. (Singh, Robertson & Cabraal 2012, 476.) There have been some views that remittances would then have negative economic consequences related to labour force participation, income distribution and patterns of household consumption (Page & Plaza 2006, 281). However, as remittance inflows and MPI are not positively linked in this study, as in high remittance inflows endorsing high MPI, it would seem that there is no evidence that remittance inflows could further impoverish populations by these suspected economic consequences to society. Rather, the negative linkage found between the two variables could potentially mean that economic consequences of remittances could be positive, as in high remittance inflows endorsing low MPI.

Even though the linkage between MPI and remittance inflows was not positive as expected, as in those countries suffering most of multidimensional poverty receiving most remittances, but negative, this does not mean that the idea of remittance inflows having a role as a form of informal social protection was wrong. Moreover, the fact that there was any linkage between these two variables seems to confirm that remittances could have a role in multidimensional poverty reduction. Moreover, remittances can still have a role as a substitute for formal social protection. As remittances are used for the well-being of whole families, for paying debts, and even for investing in land, as discussed

above, they also have a big potential to contribute to multidimensional poverty reduction, if not in all families suffering from multidimensional poverty, at least in some of them.

Last, it is good to remind again that these results are from pro-poor growth countries. Even though it has been estimated in some studies that remittances might have negative effects on economic growth for example by fueling inflation, harming trade, discouraging households to work, or discouraging structural reforms, some other studies have shown that remittances can alleviate poverty, increase savings and investments and drive economic growth by increasing national disposable income (Catrinescu et al. 2009, 81). In this study, the values of the remittance inflows (% of GDP) variable in low and lower middle income economies ranged between 0,11% (Tanzania) and 39,96% (Tajikistan). This means that at highest, the remittance inflows have been as high as 39,96% of the total annual GDP in Tajikistan. Moreover, according to The World Bank Group, some of the top remittance inflow recipients in 2015 among the low and lower middle income economies that are also included in my study have been, among low income economies: Nepal (\$6.6 billion USD), Cambodia (\$0.9bn), Uganda (\$0.9bn), Mali (\$0.9bn), Ethiopia (\$0.6bn), Tanzania (\$0.4bn), Togo (\$0.4bn), and among lower middle income economies: India (\$72.2bn), the Philippines (\$29.7bn), Egypt (\$20.4bn), Pakistan (\$20.1bn), Bangladesh (\$15.8bn), Vietnam (\$12.3bn) and Indonesia (\$10.5bn). (World Bank Group 2016, 39, 41.) From these percentages and numbers it can be estimated that remittance inflows are directly linked to GDP and therefore to economic growth.

When remittance inflows are received by poor families and households, and if they indeed drive economic growth, this linkage between remittance inflows and growth could mean that remittance inflows could possibly also promote pro-poor growth, as in growth that benefits the poor (see Ravallion 2004, 1). If remittances are understood as a form of informal social protection, as they are in this study, this would, therefore, imply that social protection might promote pro-poor growth. From this perspective, it is not surprising that remittance inflows are linked to MPI in pro-poor growth low and lower middle income economies.

#### 6.3.4. Employment to population ratio (% ages 25 and older)

The Beta value of Employment to population ratio (% ages 25 and older) is -0,229. Therefore, the linkage between independent variable employment to population ratio and dependent variable MPI is reversed (negative). The Beta value is smaller than in the case of previous three independent variables, so the linkage is not as strong as in their case, but it is still considerable. Negative link between employment to population ratio and MPI means that when the percentage of employed

people among total workforce is high, MPI is likely to be low. When MPI is high, the percent of employed people among total workforce is likely to be low among pro-poor growth low and lower middle income economies.

This result is not very surprising, as it has been already discussed in the literature chapters that decent employment opportunities are linked to poverty. Following Wicks-Lim's statement (2012, 18), according to which there are two reasons that explain poverty among workers, inadequate wages and insufficient employment opportunities, here the focus is on the latter explanation. Most of the income of poor people comes from their work, which is why the level of employment with adequate wages is important for poverty reduction (Hull 2009, 69). This means that if there were enough employment opportunities for all, there could be less poverty. Therefore, higher employment to population ratio could result in lower poverty levels within a country. Because the dependent variable in this study is MPI, the linkage doesn't exist only between income poverty and employment to population ratio – even though income is probably what employment most directly contributes to through wages. There is also a linkage between employment to population ratio and multidimensional aspects of poverty: education (years of schooling, children registered to schools), health (nutrition, child mortality), and living standards (cooking fuel, improved sanitation, safe drinking water, electricity, flooring, assets)(see table 8; OPHI 2017). Based on these results, it could be therefore estimated that employment might aid poverty reduction through various, perhaps indirect, ways.

Some of the ways that employment contributes to multidimensional poverty reduction are, for example, the following: Employment can contribute to education of children, because decently remunerated employment is likely to reduce poverty risk of the household, and by doing so prevent taking children out of school or sending children to work as coping mechanisms for poverty (see e.g. Samson 2009, 123; OECD 2009b, 37; Anker et al. 2002, 62). Equal employment opportunities for women also tend to result in better education, as well as in better health outcomes through increases in their income and their tendency to investment into these components (see e.g. OECD 2009c, 17-18). The higher the employment to population ratio is within a country, the more likely it would also seem that there are many women, as well as men, employed among the total labour force. Therefore employment to population ratio can also reflect the gender equality aspects in the way it contributes to multidimensional poverty reduction. Living standards are also quite obviously linked to employment, as being employed and decently remunerated is likely to improve the overall living standards through poverty reduction (see e.g. Anker et al. 2002, 22). Therefore, there are many ways in which employment to population ratio could indirectly contribute to poverty reduction, through the

multidimensional aspects of poverty, in addition to the more direct, income and wages related poverty reduction.

The linkage between employment opportunities and economic growth was also discussed in the literature section. Decreased gender inequalities and increased employability of poor women were discussed to be important in terms of pro-poor growth and growth in general, because employing women tends to result in increased productivity and welfare of workers, as well as in increased purchasing power and demand. Moreover, these tend to result in increased entrepreneurial activities and in more employment opportunities. (OECD 2009c, 11, 13, 17-18.) Therefore, it looks like equal employment opportunities can lead to a positive cycle where these equal opportunities lead eventually to even more employment opportunities for all. These views, according to which equal and inclusive employment opportunities promote (pro-poor) growth and generate more employment opportunities, represent another perspective of how higher employment to population ratio could reduce multidimensional poverty, as is reflected in the negative linkage between MPI and employment to population ratio found in this study.

Moreover, employment is one of the components of decent work (see table 8, chapter 4.1.), and this employment component of decent work includes employment opportunities for everyone who is looking for work (Ghai 2005, 10). It was also discussed that these opportunities have to be equal, in other words, there can be no discrimination against any groups of people (e.g. women, minorities) according to the decent work requirements (Singh Mehta 2016, 1720). Therefore, employment to population ratio (% ages 25 and older) variable is indeed an indicator of decent work. The negative linkage between employment to population ratio and MPI (higher employment to population ratio being linked with lower MPI), while also remembering the fact that these results are from pro-poor growth countries (where economic growth has happened simultaneously with poverty reduction), is also implying that decent work (in this case its employment component) might possibly promote pro-poor growth in low and lower middle income economies. In addition to this study's regression results, this view is further supported in the literature above that states that employment opportunities promote pro-poor growth.

The negative linkage between employment to population ratio and MPI further means that multidimensional poverty could perhaps be reduced by increasing employment opportunities for all, including women, minorities and other excluded groups, and by lowering unemployment levels of population. However, there are some special obstacles in these goals in low and lower middle income economies, as discussed in chapter 4.3. The employment opportunities would also have to be decent,

because an inadequate salary that doesn't reduce poverty would only result in bigger "working poor" levels.

However, as the direction of the linkage is not known, it is also possible that employment to population ratio could be increased by first reducing multidimensional poverty. Because education was one component of MPI (OPHI 2017), better education of children would automatically result in lower MPI (less poverty). Because of the found negative linkage between MPI and employment to population ratio, this would likely result in higher employment to population ratio (more people employed). But even if education wasn't an included component of MPI, education could still be one aspect explaining how the linkage from MPI to employment to population ratio could work: Reduced poverty could mean that more children are having education, because short-term coping mechanisms like taking children out of school are no longer used (see e.g. Samson 2009, 123; OECD 2009b, 37). Education could further lead to better chances of getting employed, which could then explain this direction of the negative linkage between the two variables from decreased MPI to increased employment to population ratio.

There could be also other reasons why reduced multidimensional poverty could increase employment to population ratio in low and lower middle income economies. Perhaps those who are not poor have better chances of moving because of employment opportunities and then be also more likely employed<sup>10</sup>. Better health, which is also a component of MPI, is also likely to contribute to better employment chances (see e.g. Hagemeyer 2009, 94). Perhaps those who are not poor have better access to services such as child care, which encourage them to find a job, and maybe it is easier to accept any kind of job – even precarious, short term and self-employment forms of work- which were noted to be common in low and lower middle income economies in chapter 4.3, for those people who already have assets, savings, or financial security due to social networks (e.g. social protection).

---

<sup>10</sup> See e.g. Ngomba (2010, 185) as an example of how moving after a job can be an investment that requires assets.

## 7. Social protection and decent work for pro-poor growth in low and lower middle income economies

This study has shown that there are three social protection and decent work indicators that are linked to Multidimensional Poverty Index (MPI) in pro-poor growth low and lower middle income economies. These three indicators are Working poor (at PPP \$2 a day); Remittance inflows (% of GDP); and Employment to population ratio (% ages 25 and older). In addition, there is one indicator of economic performance, Gross Domestic Product (GDP) per capita (PPP, Current International \$), which is also linked to MPI. This additional variable was included into the study in order to see whether regression confirms the connection between economic performance and poverty reduction, as the used pro-poor growth framework presupposed.

All of the 50 low and lower middle income economies where linear regression data was gathered from, had seen economic growth in recent years, while simultaneously decreasing their multidimensional poverty levels. Moreover, pro-poor growth has in this study been understood as growth that benefits the poor (see e.g. Ravallion 2004, 1). Simultaneous poverty reduction and economic growth, as happened in these 50 low and lower middle income economies, further suggests that in these countries economic growth has benefited the poor by poverty reduction. Therefore, these 50 countries in question are all pro-poor growth countries. From this framework, it can be suggested that all the found linkages between MPI and these four independent variables found with regression are also linkages between pro-poor growth, and social protection and decent work.

Of the used variables, **remittance inflows** was used as an indicator of informal, private social protection. The negative linkage that was found between MPI and remittance inflows suggests that social protection could potentially promote pro-poor growth in low and lower middle income economies. However, the regression didn't find a linkage between direct, formal ways of providing social protection and MPI, when social protection is understood as social insurance or social assistance (see e.g. Barrientos 2016, 21). Such direct indicators of formal social protection would have been for example social protection expenditures (including or excluding health care) variables. It remains uncertain, why these two or for example mandatory paid maternity leave are not linked to pro-poor growth, even though literature suggests that there are linkages between poverty reduction, growth and social protection in various ways. However, the results suggest that informal (private) assistance, as remittances are, can be included in the social protection concept, as suggested for example by OECD (2009c, 19), Lund and Srinivas (2000, vii) and Esping-Andersen (1999, see Barrientos, Hulme & Shepherd 2014, 10).

Based on the regression results, as well as on the used literature, this study suggests that the more a low or lower middle income economy is suffering from multidimensional poverty, the less it is likely to receive remittances. A reason for this could be for example that it requires assets to migrate and then be able to send remittances to the country of origin. Another possible reason could be that those countries with the most multidimensional poverty could have other, formal ways to provide social protection to their citizens. This idea is based on the notion that most social protection is delivered for the poorest, most vulnerable people with a specific aim of poverty reduction (Barrientos 2010, 2; Barrientos, Hulme & Shepherd 2014, 9). My results also indicate that remittances are directly related to economic growth, as the percentage of remittance inflows in relation of a country's annual GDP can be as high as 39,96% in low and lower middle income economies. If the remittances are sent to poor households, as the idea of remittances as a substitute of formal social protection suggests, then remittances could also enhance pro-poor growth. Therefore, social protection, at least in its informal form, could potentially promote pro-poor growth.

Among the independent variables linked to MPI, **working poor** was an indicator of decent work. Among the four components of decent work, introduced in the literature by Ghai (2006, 7-18), working poor belongs to the employment component that includes decent remuneration of work. Adequate pay of work is a prerequisite of decent work, meaning that working poverty is a direct indicator of the level of indecent work in a country. Because working poverty is linked also to multidimensional poverty, this further means that inadequate wages are not only linked to direct income, but also to many other aspects of life, such as health, education and living standards that form the basis of MPI (see OPHI 2017).

The regression results show that the more a low or lower middle income economy is suffering from multidimensional poverty the more it also suffers from working poverty. Other way around this would mean that less multidimensional poverty is linked to less working poverty. This result means that decent and adequately remunerated work might be a factor in reducing poverty, in improving workers' health and education outcomes, as well as their living standards and overall wellbeing. Indecent remuneration and poverty linkage also means that decent pay of work can reduce negative coping strategies that poor workers might have to rely on in the face of risks and shocks, which were discussed for example by Samson (2009, 123) and OECD (2009b, 37). One suggestion that can be made from this result is that the MPI doesn't necessarily reflect the quantity of employment opportunities within a country, but it can also be a reflection of the quality of work that is available. As working poverty can also lead to other problems for the worker, such as excessive working hours and health issues (e.g. Anker et al. 2002, 30, 38), as well as and reduced productivity and demand of

goods and services, it can also have significant impact to economic growth (OECD 2009c, 17-18). Reducing working poverty might then mean increased economic growth, but it would also benefit the poor themselves, leading to pro-poor growth. For these reasons, decent work could be considered as a possible way to reduce multidimensional poverty and to promote pro-poor growth in low and lower middle income economies.

A negative linkage was found between MPI and **Employment to population ratio**, a variable of decent work and especially of its employment component that includes employment opportunities (see Ghai 2006, 7-18). This result means that one way to reduce multidimensional poverty in low and lower middle income pro-poor growth economies might be by simply having more job opportunities to their populations. However, as the results are showing also a positive linkage between multidimensional poverty and working poverty, this suggests that the existing employment opportunities would have to be decent in terms of wages. If work is not adequately remunerated to lift the workers out of poverty, the poor will only move to a different category when they find a work opportunity: from unemployed poor to working poor, meaning that the causes of poverty change, yet poverty remains. Therefore, a reduction in multidimensional poverty might be most efficient when employment opportunities increase at the same time than wages increase/remain decent. In other words, decent work in more than one of its aspects, and especially the employment component of decent work as distinguished by Ghai (2006, 7-18) might be a key in addressing multidimensional poverty in low and lower middle income economies.

When MPI decreases, this means that some of its components among health, education and living standards (see OPHI 2017) have decreased. It would seem likely that increased outcomes related to these three MPI components might lead to better employability of people (e.g. healthier and better educated people are probably more likely to work than people with poor health and no education). As employment is also related to consumption, productivity and creation of more jobs (e.g. OECD 2009c, 17-18), it is also linked to economic growth. Equal opportunities of women and men, minorities and other groups, means that everyone can use their full potential in promoting economic growth. The poor are likely to benefit from increasing employment opportunities, which is why employment to population ratio can be also a way to promote pro-poor growth. Therefore, decent work could potentially promote both poverty reduction and pro-poor growth also from this aspect.

I have discussed above how the indicators of **social protection and decent work** are linked to multidimensional poverty and pro-poor growth, focusing mainly either to social protection or decent work in terms of each of the three indicators. However, when looking at these two concepts from a wider perspective, there seems to be a close relation between them. Working poor could be also an

indicator of social protection when labour market interventions component and especially *passive interventions* that define minimum standards for work and protect workers' rights are included to the definition of social protection (see Barrientos 2016, 21). Similarly, employment to population ratio is also related to social protection, when labour market interventions are included to the social protection definition. Especially *active interventions*, which aim to help people to find employment for example through job search and intermediation services, as well as trainings, are social protection measures that could be linked to employment to population ratio. Moreover, both decent work indicators, working poor and employment to population ratio are linked to social protection, as shocks related to these decent work deficits (see also decent work deficits in annex 1) could be mitigated through wider social protection measures, such as social assistance and social insurance.

It is also possible to link remittance inflows to decent work indirectly, if it is assumed that lack of employment opportunities, poor wages or working conditions – indicators of indecent work (Ghai 2006, 7-18)– are causing people of working age to migrate to other countries (see e.g. OECD 2009b, 35; Ngomba 2010, 185), which then result in remittance inflows. For these reasons, decent work and social protection seem to be also intertwined concepts. The results of this study are further suggesting that both social protection and decent work can have their roles in reducing multidimensional poverty and in promoting pro-poor growth. Therefore, policies and programmes that address both might be the most relevant ones in poverty reduction in low and lower middle income economies.

Last, this study shows that MPI is negatively linked to **Gross Domestic Product (GDP) per capita**. This provides some evidence to Dollar's and Kraay's (2004, 57) statement that economic growth is good for poverty reduction. This study shows no evidence of a suggested (e.g. Weil 2013, 391; Ravallion 2004, 62, 77) negative linkage between pro-poor growth and income inequalities as measured by GINI coefficient. What the results might also mean is that a country's economic performance might be enhanced through reducing multidimensional poverty. This could be done by social protection and decent work promotion, as the linkage between these two concepts and multidimensional poverty reduction has been shown to be possible in this study. As the 50 low and lower middle income economies of this study were all countries that had seen simultaneous economic growth and poverty reduction, the results also show that economic growth is linked to poverty reduction in pro-poor growth countries. The negative linkage between MPI and GDP per capita is also suggesting that the pro-poor growth framework of this study has been built correctly. If the results were suggesting that the linkage between these two variables is positive, something might have gone wrong in selecting the pro-poor growth countries of the study.

All of the indicators that this study shows to be linked to MPI are listed in the table below. The table concludes what the variable indicates and summarizes that the linkage might mean from the MPI perspective, as well as from the pro-poor growth perspective. However, these two perspectives are closely linked, because pro-poor growth concept includes both poverty reduction and economic growth aspects, and because multidimensional poverty reduction and economic growth might be mutually reinforcing, as shows in this study.

Table 12: Social protection and decent work for pro-poor growth in low and lower middle income economies.

Linear regression variable linked to Multidimensional Poverty Index (MPI)	Indicator of...	What could the linkage mean from MPI perspective	What could the linkage mean from pro-poor growth perspective
Working poor (at PPP \$2 a day)	Decent work (and social protection)	Positive linkage: Decent, adequately remunerated work might reduce poverty, enhance workers' and their families' well-being and reduce negative coping mechanisms. Poverty is not necessarily related to quantity but quality of employment.	Better wages and lower levels of working poverty (decent work) might enhance pro-poor growth.
Gross Domestic Product (GDP) per capita (PPP, Current international \$)	Economic performance	Negative linkage: Economic growth might be significant factor in reducing poverty (no evidence of GINI coefficient relation).	Economic growth is possibly linked to poverty reduction in pro-poor growth countries. It might be also possible to lift country's economic performance by reducing poverty (e.g. through better wages or social protection).
Remittance inflows (% of GDP)	Social protection - informal, private (and decent work)	Negative linkage: Those who suffer most of multidimensional poverty are less likely to receive remittances (e.g. related to assets needed to migrate or existing formal ways of receiving social protection). Remittances might be used as a substitute of formal social protection to cope with poverty.	Remittances can be very high in terms of percentage of annual GDP of a country: They are linked to economic growth and to pro-poor growth when remittances are received by poor.
Employment to population ratio (% ages 25 and older)	Decent work (and social protection)	Negative linkage: More and equal employment opportunities might lead to less poverty, if adequately remunerated. Reduced multidimensional poverty might also be linked to increased employability (e.g. through better education and health outcomes)	Equal employment opportunities might promote pro-poor growth and lead to positive cycle of even more employment opportunities and pro-poor growth.

## 8. Conclusion and how to move forward

This quantitative study has examined whether social protection and decent work can contribute to pro-poor growth in low and lower middle income economies. It has done so by finding the existing linkages between Multidimensional Poverty Index (MPI) dependent variable and 10 independent variables that have been understood in this study as indicators of social protection and decent work. The reasons of why these 10 indicators can be used as indicators of social protection and decent work have been discussed throughout the text. In addition, one variable has been used as an indicator of the economic performance of the examined countries, to find further evidence of the linkage between poverty reduction and economic growth. The literature regarding this relation has discussed whether pro-poor growth can be diminished by income inequality or not, and it has been reviewed in the literature section in chapter 2.

The concept of pro-poor growth has been at the center of the study. The low and lower middle income economies that have formed the population of the research, are all pro-poor growth countries, as they have seen simultaneous poverty reduction and economic growth. Throughout the study, I have understood pro-poor growth as economic growth that has benefitted the poor. Therefore, countries that had seen simultaneous economic growth and poverty reduction according to a comparison of their GDP and MPI levels between two different points of time, have been understood as pro-poor growth countries. In terms of results, this means that linkages found between multidimensional poverty and social protection and decent work indicators are applicable only in pro-poor growth low and lower middle income economies. However, they might give some guidance on the linkage between multidimensional poverty and social protection/decent work linkages also in other low and lower middle income economies.

Research method used in this study has been stepwise (linear) regression. This method was able to use the best variables that are linked to MPI, by entering and removing variables, until four were left. These four best variables were Working poor (at PPP\$2 a day, % of total employment), Gross Domestic Product (GDP) per capita (PPP, Current International \$), Remittance inflows (% of GDP) and Employment to population ratio (% ages 25 and older). Therefore, these four variables are the ones most likely linked to MPI in low and lower middle income pro-poor growth economies.

The theoretical framework of the study is reflected in the literature, and it has combined development economics and social sciences related to growth, poverty and inequalities, as well as to global social policies and work in low and lower middle income economies. My approach to these topics has been sociological in the way I have examined them from human and social perspective. Moreover, I have

approached these questions by examining the concepts of the study, as well as low and lower middle income societies and populations, on a large scale, from a macrosociological point of view.

This study's hypothesis was that both social protection and decent work are linked to pro-poor growth in low and lower middle income economies. The results have shown that some of my social protection and decent work indicators are linked to MPI in these 50 countries that have seen simultaneous economic growth and poverty reduction. Positive linkage between MPI and working poor level might potentially mean that decent, adequately remunerated work could reduce poverty, enhance workers' and their families' well-being and reduce negative coping mechanisms, and that poverty is not necessarily related to quality but quantity of employment. Negative linkage between MPI and employment to population ratio could suggest that more (equal) employment opportunities could possibly lead to poverty reduction, if work is adequately remunerated. It might also mean that reduced multidimensional poverty could contribute to increased employability (e.g. through better education and health outcomes, better access to services and locations and possibility to accept even precarious forms of work). Negative linkage between MPI and remittance inflows suggests that those who suffer most of multidimensional poverty are less likely to receive remittances, and this could be related to assets needed to migrate or existing formal ways of receiving social protection in countries with high MPI.

My second hypothesis was that there is a positive linkage between income inequality variable (GINI coefficient) and MPI in the 50 pro-poor growth countries. This would have implied that promoting economic growth might have been a way to decrease multidimensional poverty in these countries, but only when income inequality level is not high. Negative linkage between MPI and GDP per capita found in this study shows that economic growth is linked to poverty reduction in low and lower middle income economies, and that economic growth might be a factor in reducing poverty. However, no evidence was found of GINI coefficient relation to pro-poor growth, which is why my second hypothesis is now partly disproved.

This study has participated in recent discussions related to pro-poor growth, inequality, social protection and decent work, with the focus on low and lower middle income economies. The results have some significance, because they show that there are linkages between multidimensional poverty, social protection and decent work in low and lower middle income economies that have also seen pro-poor growth. This means that social protection and decent work can be sustainable ways to promote pro-poor growth – economic growth that also benefits the poor – in low and lower middle income economies.

Among the total of 84 countries from low and lower middle income economies country groups, 50 were included here due to the pro-poor growth prerequisite, as well as due to lack of data from these countries. Because the sample was smaller than what is recommended in regression analysis with several independent variables, and because the data was gathered from a limited timeframe, the linkages found are only implications of possible connections between the variables. For more credible results, further research should be conducted. The two country groups were also a bit imbalanced, as the study consisted of 17 low and 33 lower middle income economies. To examine the relations of social protection, decent work and pro-poor growth further, similar study could be constructed once there is more data available and it's possible to include the whole population of 84 countries to a study. It would be also interesting to see whether the results would be similar in high income economies, where social protection policies and decent work standards are possibly more developed and MPI lower than in low and lower middle income economies.

The research outline in this study was simplified in terms of how countries were recognized either as pro-poor growth or non-pro-poor growth countries. As mentioned, the categorization happened simply by comparing two values of MPI and two values of GDP per capita, and if MPI had decreased simultaneously as GDP per capita had increased, the country was put to the pro-poor growth category. This means that in the pro-poor growth category, there can be both countries that have barely experienced MPI reduction while their GDP per capita has increased a lot, and countries that have seen massive MPI reduction while their GDP per capita might have not increased as much. Therefore, to examine the pro-poor growth concept further in the future, it might be better to construct a ratio that reflects not only if *any* poverty reduction and economic growth have happened within a country, but also *how much* poverty reduction has happened compared to the country's economic growth.

## REFERENCES

Abrahão de Castro, Jorge (2016): Social rights, income distribution and economic growth: The Brazilian social policy experience. In *Social protection for sustainable development: Dialogues between Africa and Brazil*. UNDP World centre for sustainable development (RIO+ centre).

Addati, Laura (2015): Extending maternity protection to all women: Trends, challenges and opportunities. *International Social Security Review*, Vol. 68, 1/2015, pp. 69-93.

Ahmed, Sadiq (2007): Job creation and poverty reduction in India: Towards rapid and sustained growth. The International Bank of Reconstruction and Development/The World Bank, Sage Publications India Pvt. Ltd.

Alfers, Laura; Lund, Francie and Moussié, Rachel (2017): Approaches to social protection for informal workers: Aligning productivist and human rights-based approaches. *International Social Security Review*, Vol. 70, 4/2017, pp. 67-85.

Anker, Richard; Chernyshev, Igor; Egger, Philippe; Mehran, Farhad and Ritter, Joseph (2002): Measuring decent work with statistical indicators. Working paper number 2. Policy Integration Department, Statistical Development and Analysis Group, International Labour Office, Geneva.

Barrientos, Armando (2016): Introduction to social protection and sustainable development. In *Social protection for sustainable development: Dialogues between Africa and Brazil*. UNDP World centre for sustainable development (RIO+ centre).

Barrientos, Armando; Hulme, David & Shepherd, Andrew (2014): Can social protection tackle chronic poverty? *European journal of development research*. March 2005.

Barrientos, Armando (2010): Poverty reduction and policy regimes thematic paper. Social protection and poverty. United Nations Research Institute for Social Development. Social policy and development programme number 42.

[http://www.unrisd.org/80256B3C005BCCF9/\(httpAuxPages\)/973B0F57CA78D834C12576DB003BE255/\\$file/Barrientos-pp.pdf](http://www.unrisd.org/80256B3C005BCCF9/(httpAuxPages)/973B0F57CA78D834C12576DB003BE255/$file/Barrientos-pp.pdf) Cited 18.1.2018.

Barrientos, Armando & Hulme, David (2009): Social protection for the poor and poorest in developing countries: Reflections on a quiet revolution, *Oxford development studies*, 37:4, pp. 439-456.

Bescond, David; Chataignier, Anne; Mehran, Farhad (2003): Seven indicators to measure decent work: An international comparison. *International Labour Review*, Geneva, Vol. 142, Iss 2/2003, pp. 179-211.

Catrinescu, Natalia; Leon-Ledesma, Miguel; Piracha, Matloob and Quillin, Bryce (2009): Remittances, institutions and economic growth. *World Development*, Vol. 37, No. 1, pp. 81-92.

Collins, Randal (1981): On the microfoundations of macrosociology. *American Journal of Sociology*, Vol 86, No. 5 (Mar., 1981), pp. 984-1014. The University of Chicago Press.

Conway, Tim; de Haan, Arjan; Norton, Andy (2000): Social protection: New directions of donor agencies. ODI Social development department.

<https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2233.pdf> Cited 18.1.2018.

Dollar, David & Kraay, Aart (2004): Growth is good for the poor. In growth, inequality and poverty, edited by Shorrocks, Anthony & van der Hoeven, Rolph. UNU-WIDER studies in development economics. Oxford University Press, Oxford.

Denis, Daniel (2015): Applied univariate, bivariate, and multivariate statistics. Son Wiley & Sons, Inc., New Jersey.

Edmonds, Eric & Schady, Norbert (2012): Poverty alleviation and child labor. American Economic Journal: Economic Policy, 4(4): pp. 100-124.

European Union (2018): The 2030 Agenda for Sustainable Development. [https://ec.europa.eu/europeaid/policies/european-development-policy/2030-agenda-sustainable-development\\_en](https://ec.europa.eu/europeaid/policies/european-development-policy/2030-agenda-sustainable-development_en) Cited 20.04.2018

Everett, Theodore; Everett, Bruce (2015): Justice and GINI coefficients. Politics, Philosophy & Economics 2015, Vol. 14(2), pp. 187-208.

Fambon, Samuel; McKay, Andy; Timnou, Joseph-Pierre; Kouakep, Olive Stéphanie, Dzossa, Anaclet Désiré and Ngoho, Romain Tchakoute (2016): Slow progress in growth and poverty reduction in Cameroon. Published in Growth and poverty in Sub-Saharan Africa (2016), edited by Arndt, Channing; McKay, Andy and Tarp, Finn. UNU-WIDER Studies in Development Economics. Oxford University Press, Oxford.

Fernandez, Almudena; Paes-Sousa, Rômudo; Hildebrandt, Laura; Saad, Layla and Perch, Leisa (2016): Social protection in the context of sustainable development: Challenges and opportunities. In Social protection for sustainable development: Dialogues between Africa and Brazil. UNDP World centre for sustainable development (RIO+ centre).

Ghai, Dharam (2006): Decent work. Objectives and strategies. International Institute for Labour Studies/ International Labour Office, Geneva.

Giovannetti, Giorgia; de Haan, Arjan; Sabates-Wheeler, Rachel and Sanfilippo, Marco (2011): Successes in social protection: what lessons can be learned?, Canadian Journal of Development Studies, 32:4, pp. 439-453.

Grosse, Melanie; Harttgen, Kenneth & Klasen, Stephan (2007): Measuring pro-poor growth in nin-income dimensions. World Development Vol. 36, No. 6, pp. 1021–1047.

Hagemejer, Krzysztof (2009): Can low-income countries afford basic social security? In OECD (2009): Promoting pro-poor growth: Social protection. OECD.

Heltberg, Rasmus (2004): The growth elasticity of poverty. In growth, inequality and poverty, edited by Shorrocks, Anthony & van der Hoeven, Rolph. UNU-WIDER studies in development economics. Oxford University Press, Oxford.

HDR UNDP (2017): Multidimensional Poverty Index (MPI). <http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi> Cited 24.10.2017

HDR (2010): The real wealth of nations. Pathways to human development. Human Development Report 2010. Published by United Nations Development Programme (UNDP) [http://hdr.undp.org/sites/default/files/reports/270/hdr\\_2010\\_en\\_complete\\_reprint.pdf](http://hdr.undp.org/sites/default/files/reports/270/hdr_2010_en_complete_reprint.pdf) Cited 05.05.2018

Holopainen, Martti; Pulkkinen, Pekka (2014): Tilastolliset menetelmät. Sanoma Pro Oy, Helsinki.

Hull, Katy (2009): Understanding the relationship between economic growth, employment and poverty reduction. In OECD (2009): Promoting pro-poor growth. Employment. Organization for economic cooperation and development.

ILO (2018): Decent work and the 2030 Agenda for sustainable development. <http://www.ilo.org/global/topics/sdg-2030/lang--en/index.htm> Cited 20.04.2018.

ILO (2018b): Social protection floor. <http://www.ilo.org/secsoc/areas-of-work/policy-development-and-applied-research/social-protection-floor/lang--en/index.htm> Cited 22.03.2018

ILO (2018c): The daily reality of working poverty. [http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_617406/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_617406/lang--en/index.htm) Cited 6.5.2018

ILO (2017): Decent work. <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm> Cited 1.12.2017.

ILO (2013): Decent work indicators. Guidelines for producers and users of statistical and legal framework indicators. ILO manual, second version. International Labour Organization.

ILO (1973): C138 – Minimum age convention, 1973 (No. 138). [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C138](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138) Cited 05.05.2018

Kabeer, Naila (2015): Gender, poverty and inequality: a brief history of feminist contributions in the field of international development. Gender and Development, 23:2, pp. 189-205.

Klasen, Stephan (2007): Economic growth and poverty reduction: Measurement issues using income and non-income indicators. World Development Vol. 36, No. 3, pp. 420–445, 2008.

KvantiMOTV (2008): Regressioanalyysi. <http://www.fsd.uta.fi/menetelmaopetus/regressio/analyysi.html> Cited 02.03.2018.

KvantiMOTV (2002): Varianssianalyysi. <http://www.fsd.uta.fi/menetelmaopetus/varienssi/anova.html> Cited 02.03.2018

KvantiMOTV (2003): <http://www.fsd.uta.fi/menetelmaopetus/hypoteesi/testaus.html> Cited 28.11.2017.

Lawson, David (2004): Health, poverty and poverty dynamics in Africa. Paper for IV Mediterranean Seminar on International Development, September 2004. University of Manchester.

<https://pdfs.semanticscholar.org/e46b/1acea3c360546ad0cd72250a51ca63372d9a.pdf> Cited 11.12.2017.

Lee, Sangheon; Aleksynska, Mariya; Amara Rani, Uma; Bonnet Florence; Fenwick, Collin; Lansky, Mark; Macis, Mario and Monti, Paola (2014): Labour and social protection institutions: Recent trends and impact on development. *World Employment and Social Outlook*, Vol. 14, issue 1, pp. 85-108.

Luna, D. R.; Mayan, J. C.; Garcia, M. J.; Almerades, A. A. and Househ, M (2004): Challenges and potential solutions to for big data implementations in developing countries. *Yearbook of Medical Informatics*, 2014, 9(1), pp. 36-41

Lund, Francie (2012): Work-related social protection for informal workers. *International social security review*, Vol. 65, 4/2012, pp. 9-30.

Lund, Francie & Srinivas, Smita (2000): Learning from experience: A gendered approach to social protection for workers in the informal economy. International Labour Organization.

[http://www.ilo.org/public/libdoc/ilo/2000/100B09\\_139\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/2000/100B09_139_engl.pdf) Cited 18.1.2018.

McKay & Sumner (2008): Economic Growth, Inequality and Poverty Reduction: Does Pro-Poor Growth Matter?

Mankiw, Gregory (2006): *Macroeconomics*. Worth publishers, New York.

Metsämuuronen, Jari (2001): *Monimuuttujamenetelmien perusteet SPSS-ympäristössä. Regressioanalyysi*. Metologia-sarja 7B. International Methelp Ky, Helsinki.

Ministry of Foreign Affairs of Finland (2018): Agenda 2030 – Sustainable Development Goals. <http://formin.finland.fi/public/default.aspx?nodeid=49313&culture=en-US&contentlan=2> Cited 20.04.2018.

Naschold, Felix (2004): Growth, distribution, and poverty reduction: LDCs are falling further behind. In *growth, inequality and poverty*, edited by Shorrocks, Anthony & van der Hoeven, Rolph. UNU-WIDER studies in development economics. Oxford University Press, Oxford.

Ngomba, Teke (2010): Beyond family remittances: Assessing the prospect of alternative approaches to “Remittances for development” in Africa. *International migration*, vol. 50 (S1) 2012, pp. 177-195.

OECD (2016): *Growth. Building jobs and prosperity in developing countries*. Department for International Development (DFID). <http://www.oecd.org/derec/unitedkingdom/40700982.pdf> Cited 11.11.2017

OECD (2009): *Promoting pro-poor growth. Social Protection*. Organization for Economic Cooperation and Development.

<http://www.oecd.org/dac/povertyreduction/43514563.pdf> Cited 11.12.2017

OECD (2009b): *Promoting pro-poor growth. Employment and social protection*. Organization for Economic Cooperation and Development. <http://www.oecd.org/dataoecd/63/8/43514582.pdf> Cited 11.12.2017

OECD (2009c): Promoting pro-poor growth. Employment. Organization for Economic Cooperation and Development.

<https://www.oecd.org/greengrowth/green-development/43514554.pdf> Cited 11.12.2017

OPHI (2017): Global Multidimensional Poverty Index. <http://www.ophi.org.uk/multidimensional-poverty-index/> Cited 24.10.2017

Oxford Reference (2018): A dictionary of economics, 5th Edition: Labour force. Oxford University Press, Oxford

Oxford Reference (2017): A dictionary of economics, 5<sup>th</sup> Edition: Kuznets curve. Oxford University Press, Oxford.

Oxford Reference (2017b): A dictionary of gender studies: Social contract. Oxford University Press, Oxford.

Oxford Reference (2015): A dictionary of sociology, 4<sup>th</sup> Edition: Macrosociology. Oxford University Press, Oxford.

Oxford Reference (2013): A dictionary of human geography: Gross National Income. Castree, Noel; Kitchin, Rob & Rogers, Alisdair. Oxford University Press, Oxford.

Paci, Pierella & Serneels, Pieter (2007): Introduction. In World Bank: Employment and shared growth. Rethinking role of labor mobility and development. Edited by Paci, Pierella & Serneels, Pieter. The World Bank. Washington DC.

Page, John & Plaza, Sonia (2006): Migration remittances and development: A review of global evidence. Journal of African Economies, Vol. 00, AERC supplement 2, pp. 245-336.

Perkiö, Mikko (2016): Women's education and infant survival. A comparative analysis of eighty low and middle income countries. Academic dissertation, University of Tampere, Tampere University Press, Tampere.

Ravallion, Martin (2004): Growth, inequality, and poverty: Looking beyond averages. In growth, inequality and poverty, edited by Shorrocks, Anthony & van der Hoeven, Rolph. UNU-WIDER studies in development economics. Oxford University Press, Oxford.

Ravallion, Martin (2004): One pager. Defining pro-poor growth: A response to Kakwani. International Poverty Center. 2004(4).

Rocher, E & Pelletier, Adeline (2008): Migrant worker's remittances: What is the impact on the economic and financial development of Sub-Saharan countries? Quarterly selection of articles, Banque de France, issue 13, pp. 103-120.

Samson, Michael (2009): The impact of social transfers to growth, development, poverty and inequality in developing countries. Edited by Townsend, Peter (2009): Building decent societies. Rethinking the role of social security in developing countries. International Labour Organization.

Sangheon Lee, Mariya Aleksynska, Uma Amara Rani, Florence Bonnet, Colin Fenwick, Mark Lansky, Mario Macis and Paola Monti (2014): Labour and social protection institutions: Recent

trends and impact on development. In World of work report 2014: Developing with jobs, International Labour Organization.

Sasmal, Joydeb & Guillen, Jorge (2015): Poverty, educational failure and the child-labour trap: The Indian experience. *Global Business Review*, 16:2, pp. 270-280.

Sengenberger, Werner (2001): Decent work: The International Labour Organization agenda. *Dialogue and Cooperation* 2/2001, pp. 39-55. Friedrich-Ebert-Stiftung Department for Development Policy –Dialogue on globalization, Berlin

Singh Mehta, Balwant (2016): A decent work framework: women in the ICT sector in India. *Information Development* 2016, vol.32(5), pp. 1718-1729.

Singh, Supriya; Robertson, Shanthi & Cabraal, Anuja (2012): Transnational Family Money: Remittances, Gifts and Inheritance, *Journal of Intercultural Studies*, 33:5, pp. 475-492.

Son, Hyun & Kakwani, Nanak (2004): Economic growth and poverty reduction: Initial conditions matter. <http://www.ipc-undp.org/pub/IPCWorkingPaper2.pdf> Cited 09.09.2017

Tammilehto, Olli (2003): Globalisaation vaikutus köyhyteen. In *Sosiaalipolitiikan Globaalit ulottuvuudet* (2003) by Rönning, Leif and Simpura, Jussi. Gummerus kirjapaino Oy, Saarijärvi.

The Balance (2018): <https://www.thebalance.com/gdp-per-capita-formula-u-s-compared-to-highest-and-lowest-3305848> Cited 10.03.2018.

The World Bank 2015. <http://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq> Cited 08.09.2017.

UN (2018): Funds, programmes, specialized agencies and others. <http://www.un.org/en/sections/about-un/funds-programmes-specialized-agencies-and-others/index.html> Cited 20.03.2018.

UN (2017): Transforming our world: The 2030 Agenda for Sustainable Development. <https://sustainabledevelopment.un.org/post2015/transformingourworld> Cited 20.12.2017

United Nations (2016): Leaving no one behind. The imperative of inclusive development. Report on the world social situation 2016, Economic and Social Affairs. <http://www.un.org/esa/socdev/rwss/2016/chapter2.pdf> Cited 10.02.2018 Cited 11.12.2017

UN (2015): Resolution adopted by the General Assembly on 25 September 2015, A/res/70/1, General Assembly, United Nations. [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E) Cited 30.11.2017.

UN (2015b):

UNDP (2018): Sustainable Development Goals. <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html> Cited 20.04.2018.

UNDP (2018b): <http://hdr.undp.org/en/content/gender-inequality-index-gii> Cited 11.3.2018.

UNDP (2018c): Human Development Reports. <http://hdr.undp.org/en/content/income-gini-coefficient> Cited 21.03.2018.

Van der Hoeven, Rolph & Shorrocks, Anthony (2003): Perspectives on growth and poverty. United Nations University Press.

Voipio, Timo (2003): Uusi suunta kehitysyhteistyölle. Globaali kumppanuus köyhyyden vähentämiseksi ja sosiaalipoliittisen osaamisen kasvava tarve. In Sosiaalipoliittikan Globaalit ulottuvuudet (2003) by Rönnerberg, Leif and Simpura, Jussi. Gummerus kirjapaino Oy, Saarijärvi.

Weil, David (2013): Economic Growth. Third edition. Pearson Education Limited 2003.

Wicks-Lim, Jeannette (2012): The working poor. A booming demographic. New Labour Forum 21(3), pp. 17-25, Fall 2012.

Wong, Yu-Cheoung; Chen, Honglin; Zeng, Qun (2014): Social assistance in Shanghai: Dynamics between social protection and informal employment. International Journal of Social Welfare 2014: 23, pp. 333-341.

World Bank country groups (2017): World Bank country and lending groups. <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups> Cited 29.10.2017.

World Bank (2017): <https://datahelpdesk.worldbank.org/knowledgebase/articles/114944-what-is-an-international-dollar> Cited 24.10.2017.

World Bank Group (2016): Migration and remittances factbook 2016. Third edition. <https://openknowledge.worldbank.org/bitstream/handle/10986/23743/9781464803192.pdf?sequence=3> Cited 01.04.2018.

Zaman, Khalid & Khilji, Bashir Ahmad (2013): A note on pro-poor social expenditures. Qual Quant 2014(48), pp. 2121–2154.

## APPENDIX 1: Decent work deficits across the world

Table 13. Decent work deficits according to International Labour Organization. Source: Sengenberger 2001, 48.

Decent work deficits across the world
<ul style="list-style-type: none"> <li>• The degree of union organization in the majority of states has been falling in the last two decades;</li> </ul>
<ul style="list-style-type: none"> <li>• Only a minority of all workers is protected through an agreement on wages and working conditions;</li> </ul>
<ul style="list-style-type: none"> <li>• There is forced labour to a considerable extent in some countries (e.g. Myanmar);</li> </ul>
<ul style="list-style-type: none"> <li>• The number of children between the ages of 6 and 14 years who are working regularly is estimated to be at least 250 million;</li> </ul>
<ul style="list-style-type: none"> <li>• The worst forms of child labour, such as dangerous work, prostitution and slavery have increased in some parts of the world;</li> </ul>
<ul style="list-style-type: none"> <li>• Approximately one-third of the potential world labour force of 3 billion people is unemployed or underemployed;</li> </ul>
<ul style="list-style-type: none"> <li>• Women are disadvantaged in work life in almost all countries;</li> </ul>
<ul style="list-style-type: none"> <li>• 90% of the earning population has insufficient social security against illness and invalidity; 75 % of the unemployed receive no support;</li> </ul>
<ul style="list-style-type: none"> <li>• An average of approximately 250 million work-related accidents occur annually . In addition, there are around 160 million cases of work-related illness annually . 1.1 million people die as a result of work-related illnesses and accidents. Workers die in factory fires because the factory gates are locked.</li> </ul>

## **APPENDIX 2: ABBREVIATIONS**

GDP – Gross Domestic Product

GII – Gender Inequality Index

GNI – Gross National Income

HDR – Human Development Report

ILO – International Labour Organization

MPI – Multidimensional Poverty Index

OECD – Organizations for Economic Cooperation and Development

OPHI – Oxford Poverty and Human Development Initiative

PPP – Purchasing Power Parity

UN – United Nations

UNDP – United Nations Development Programme

## APPENDIX 3: Sources of data

ILOSTAT (2017): Key indicators of the labour market.

[http://www.ilo.org/ilostat/faces/wcnav\\_defaultSelection;ILOSTATCOOKIE=eXnvtHdO2f-1yxi\\_4O0nUzWDizO8Sn9mv8vVIZG85DihiSvYRAH!-480378308?\\_adf.ctrl-state=78sjya7fz\\_4&\\_afLoop=284886788643118&\\_afWindowMode=0&\\_afWindowId=null#!%40%40%3F\\_afWindowId%3Dnull%26\\_afLoop%3D284886788643118%26\\_afWindowMode%3D0%26\\_adf.ctrl-state%3Du8qj9kh6v\\_4](http://www.ilo.org/ilostat/faces/wcnav_defaultSelection;ILOSTATCOOKIE=eXnvtHdO2f-1yxi_4O0nUzWDizO8Sn9mv8vVIZG85DihiSvYRAH!-480378308?_adf.ctrl-state=78sjya7fz_4&_afLoop=284886788643118&_afWindowMode=0&_afWindowId=null#!%40%40%3F_afWindowId%3Dnull%26_afLoop%3D284886788643118%26_afWindowMode%3D0%26_adf.ctrl-state%3Du8qj9kh6v_4) Cited 01.08.2017

ILO (2013): Working poverty rates across the world. [http://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/WCMS\\_244227/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/WCMS_244227/lang--en/index.htm) Cited 01.08.2017

United Nations Development Programme (UNDP) (2015): Human Development Report 2015. Work for Human Development. [http://hdr.undp.org/sites/default/files/2015\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf) Cited 01.08.2017

United Nations Development Programme (UNDP) (2013): Human Development Report 2013. The rise of the south. Human progress in a diverse world. [http://hdr.undp.org/sites/default/files/2015\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf) Cited 01.08.2017

United Nations Development Programme (UNDP) (2011): Human Development Report 2011. Sustainability and equity. A better future for all. [http://hdr.undp.org/sites/default/files/reports/271/hdr\\_2011\\_en\\_complete.pdf](http://hdr.undp.org/sites/default/files/reports/271/hdr_2011_en_complete.pdf) Cited 01.08.2017

UNU WIDER (2017): United Nations University – WIID, World Income Inequality Database. <https://www.wider.unu.edu/project/wiid-world-income-inequality-database> Cited 01.08.2017

World Bank open data (2017): World Bank Open Data. <https://data.worldbank.org/> Cited 01.08.2017