



LIFTING YOUNG PEOPLE OUT OF POVERTY:

Factors that influence the transition

Local and international evidence confirms that poverty is 'sticky'. It can be transmitted from one generation to another, and the social, psychological, and physiological factors associated with such poverty create further obstacles. Based on data from a national longitudinal study, *Dr Ian Edelstein* writes about the factors that may help young people to transition out of poverty.

A girl child's education determines not only her own prospect of finding employment, but also those of her future children.

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Despite the inequality of opportunities in South Africa, some young people do overcome the odds and transition out of income poverty. That said, there is limited research that seeks to explain the factors associated with these transitions. A 2016 analysis of data from the National Income Dynamics Study (NIDS), by Arden Finn, Murray Leibbrandt and Vimal Ranchhod of the Southern Africa Labour and Development Research unit at the University of Cape Town found that education among both parents and children accounted for as much as 40% intergenerational earnings

elasticity. The latter is the tendency for children's earnings to resemble those of their parents. However, this analysis was unable to clearly delineate the pathways through which a small percentage of youth overcome backgrounds of economic poverty and low parental education. Such evidence on pathways to economic stability could inform policy innovation that will improve the traction to enable climbing out of poverty.

This new study asks who those young people are that independently transition out of poverty, and what distinguishes them from their counterparts who have not landed

jobs that free them from the poverty bind. It also asks which antecedents may correlate with such transitions.

The NIDS study, conducted in five waves from 2008 to 2017, provides data on income, education, consumption, and material assets, based on a nationally representative sample. Through this data, we can understand which young people (with backgrounds of economic poverty based on previous waves) now earn wages that place them comfortably out of poverty. Through multivariate longitudinal analysis, we can also examine background factors (such as parents' education),

intermediary outcomes (such as the child's education), and later outcomes (such as wage earnings in the final two waves of data) that emerge to delineate pathways out of poverty.

Factors that influenced transition

The fourth wave of NIDS was completed in 2014/2015. Of the 26 819 adult respondents, 23% were 18-25 years old. During the first wave in 2008, they would have been 12-19 years old and still eligible to be in school. Looking back, 4 664 (75%) of the 18-25-year-olds, reported household income per person per month (pp/pm) that was below the upper-bound poverty line in either wave 1 (R682 pp/pm), wave 2 (R756 pp/pm), or wave 3 (R834 pp/pm) of the study. Therefore, this group represented a sample of young adults who had experienced some form of childhood economic poverty. Across this group of 4 664, there were only 77 respondents (1.7%) who reported monthly wages of R5 600 or more in the fourth wave, an income which, in 2008, was suggestive of an entry-level middle-class occupation. This group of 77 was slightly older, predominantly male (77% vs. 48% in the larger group); had relatively fewer household residents across waves and subsequently higher household incomes per person. By the fourth wave, they were more likely to have moved homes, were more urbanised, had completed more schooling, reported more computer literacy, were more likely to possess a driver's licence, and reported higher levels of reading and writing ability in English. They were more likely to have had an HIV test and were more likely to be covered by a medical aid. This group also reported more schooling among their parents and had parents who were more likely to have been resident in their household in wave 1.

Impact of mothers and fathers

In a longitudinal analysis of the 4 664 young people between 18-25 years, the mother's total years of

schooling was a significant predictor of the child's total years of schooling and of the child's future wages, all other things being equal. Gender effects appeared pronounced on both schooling and on wages: young men reported significantly fewer years of schooling than young women, but the wages for the young male adults were significantly higher than female adults (among those who reported any employment income). The father's schooling did not exhibit significant effects on a child's schooling or future wages in this full model. In separate gender analyses, the effects of a mother's schooling were more pronounced for girls than for boys, both on the child's schooling and on the child's future wages.

A father resident in the household in the first wave of the study did not result in significant effects of the father's schooling on the child's schooling, nor on the child's future wages. However, the youth with a non-resident father showed significant effects of the father's schooling on both children's schooling and on their future wages. This may be the result of a modelling effect among non-resident (and more educated) working fathers or exposure to their father's broader employment networks.

Conclusions and recommendations

Conventional wisdom holds that education is the primary pathway out of poverty. Evidence emerging from this analysis suggests that, among youth from backgrounds of poverty, increased parents' schooling has a positive effect on their children's schooling and on their future wages and the likelihood of potentially stable employment. This appears to be the case regardless of whether the mother or father is resident in the household. Girl children seem to benefit most from their mothers' level of schooling, potentially through educational support in the home. Additional support to keep girls in school, healthy, nourished, able to

focus on their schoolwork, capable of family planning and avoiding negative peer influences could result in mothers who can better support their children's development and achievement in the next generation.

The study shows that boys may benefit more from a father who is working, through modelling employment and creating access to networks, even if the father is non-resident. Evidence-based positive parenting programmes, shown to reduce family stress levels and corporal punishment, may also deepen paternal involvement and enhance such modelling and networking effects.

Way forward

Further longitudinal analysis will be conducted with the data to explore additional background variables and intermediary pathways that delineate youth poverty transitions. The HSRC is also exploring partnerships with youth employment training and placement programmes to better understand the critical success factors for young people from backgrounds of poverty to secure stable employment and be successful in the workplace.

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