

EXPLORING POVERTY TRAPS: INSIGHTS FROM A CONTENT ANALYSIS OF CONTEMPORARY ECONOMIC RESEARCH

Tünde-Ilona KELE

Doctoral School of Economic Sciences, Faculty of Economic Sciences, University of Oradea, Oradea, Romania

tundekele@yahoo.com

Abstract: *The presentation of theoretical aspects related to the determinants of poverty contributes to an in-depth understanding of the relationship between development and poverty. Given that poverty can be a self-perpetuating situation, I considered it necessary to carry out a detailed analysis of its determinants, both at the level of the individual and at the level of society as a whole. Thus, the paper aims to provide a perspective into how these determinants can influence poverty levels and limit economic development.*

In accordance with the literature, this paper highlights that poverty is the result of a combination of interconnected factors, which can generate a vicious circle that is difficult to break in the absence of a holistic view of this phenomenon. Solving it requires complex and strategically directed interventions.

Keywords: *poverty, economic development, determinants of poverty*

JEL classification: *A14, O11, I32*

1. Introduction

Poverty is a complex and multidimensional phenomenon, influenced by a wide range of determinants that vary from country to country and from region to region, which is also reflected in specialized papers (Collier, 2008; Bartle, 2013; Walker & Bantebya-Kyomuhendo, 2014; Sowell, 2016; Brady, 2019). Most poverty researchers address a single case, a country or a region, studying a small number of the determinants of this phenomenon, although certain factors can often be associated with the perpetuation of poverty in many contexts.

Collier (2008) discusses the obstacles – geographical isolation, natural resources, conflicts, poor governance – that hinder productivity growth in the poorest countries. Bartle (2013) identified five factors that contribute to the persistence of poverty: ignorance, illness, apathy, dishonesty and dependence, and in order to overcome these factors, education plays a decisive role, namely the transmission of those pieces of information and knowledge within the group, which contribute to the eradication of poverty in a community. Walker and Bantebya-Kyomuhendo (2014) argue that poverty is relational, in the sense that the experience of poverty is determined by both third parties and oneself. That is, these authors consider that poverty is the consequence of social structures and institutions. Sowell (2016) examines economic inequalities in detail. His basic idea is that poverty is not only a consequence of the current economic system, but is rooted in the culture, history, geographical characteristics and political

factors of different regions. Brady (2019) classifies the causes of poverty into three major families of theories: behavioural, structural, and political. Thus, the factors that can determine the level of poverty of a community can be classified as follows (**Table 1**):

Table 1: Determinants of poverty identified in the theories presented by Brady (2019)

Determinants of poverty according to behavioural theories	Determinants of poverty according to structural theories	Determinants of poverty according to political theories
- Counterproductive behaviours that increase poverty - Single-parent families (maternity) - Problematic behaviour among minorities - Children born from extramarital relationships - Low level of education - Unemployment - Culture - Incentives (aids) - New culture of poverty	- Economic environment - Industrialization/deindustrialization - Territorial differences (demographic context) - Mismatch of skills with the labour market requirements - Age - Gender - Residential segregation (poor neighborhoods) - Concentration of urban poverty - Demographic transitions	- Power relations - Method of distribution/redistribution of resources - Degree of unionization - Risk insurance - Educational system (investments in skills and abilities) - Health system - Opportunities created in the labour market

Source: Created by the author, based on: Brady, D. (2019)

As far as Romania is concerned, the World Bank report (2003) carried out with the purpose of assessing poverty is relevant. In this report, the main elements associated with poverty are the following: household size (the risk of poverty increases among families with 5 or more members), number of children (the greater the number of children, the greater the risk of families being poor), age (the most vulnerable being the children), membership in the Roma ethnic group, the characteristics of the head of the household (households headed by women being more vulnerable, or a person with a low level of education, or who is self-employed or unemployed), residence in rural areas and in the north-eastern region of the country.

In a study about poverty conducted for the Bucharest area, Paraschiv (2008) demonstrated that employment and education are the main determinants of poverty, regardless of the residence environment or the type of poverty. As such, any anti-poverty strategy must focus on developing and diversifying the labour market, facilitating access to the labour market for disadvantaged groups and improving the situation of the educational system.

The studies conducted by Ștefănescu and Pop (2016), performed among the rural population of the Bihor – Hajdú-Bihar cross-border area (Hungary), have shown that the lack of jobs, poor education and poor infrastructure are the main factors that generate the perpetuation of poverty.

Ulman and Căuțișanu (2020) showed that resource productivity and domestic material consumption, size of the agricultural holdings, and social protection expenditure remain significant in terms of their influence on poverty.

Thus, the literature does not provide a more complex classification of the determinants of poverty, although they can be grouped into several main categories such as: economic factors, educational factors, health factors, social and demographic factors, political and institutional factors, geographical and environmental factors, cultural factors and historical factors.

2. Methodology

In order to provide an overview of the complexity of the addressed topic, I conducted a content analysis of the scientific papers selected from Google Academic and ResearchGate, published between 2000 and 2024, searching for the expression "determinants of poverty". I believe that using this method of documentation contributes to consolidating the theoretical basis regarding the determinants of poverty by providing an understanding of the topic addressed.

3. Results

3.1 Economic factors

Among the most frequently addressed determinants of poverty are those in the economic field. Thus, unemployment and lack of job opportunities, underemployment directly contribute to poverty, as limited or unstable incomes prevent access to essential resources (Moller et al., 2003; Rainwater & Smeeding, 2003; 2012; Brady et al., 2017). Low productivity is another important determinant, being the result of some complex factors such as deindustrialization and lack of advanced technologies (Mouw, 2000), the absence of adequate infrastructure, poor quality education and health care, the lack of stable economic policies (fiscal and social protection policies). Inflation and the destabilizing effects of rising prices have a negative impact primarily on the poor, reducing their ability to cover basic expenses (Easterly, 2002; Hayek & Caldwell, 2014; Buheji, 2022) worsening social inequalities (Stiglitz, Sen, & Fitoussi, 2009) and pushing vulnerable populations into poverty. The lack of investment as a determinant of poverty appears in several papers dealing with poverty trap theory (Carter & Barrett, 2006; Banerjee & Duflo, 2011; Carter & Lybbert, 2012; Gennetian & Shafir, 2015). This scourge creates inadequate incentives that undermine motivations to invest in education and insurance, which could subsequently reduce poverty. Although no one disputes the importance of investment, Easterly (2002) showed that capital transfers to underdeveloped countries are not a cure-all for poverty. The study conducted by Buheji (2022) draws attention to the fact that the pandemic and the Russian-Ukrainian conflict are causing a strong inflation, unseen in the last two decades, which will strongly affect the poor so that the progress achieved in the last decade in eradicating poverty may disappear.

3.2 Educational factors

In the literature, education is mentioned as one of the most important determinants of poverty (Alkire and Santos, 2013; Brady, 2016; Samuel et al., 2018; Easterly 2002) having a profound impact on income, employment chances and social mobility.

Limited access to quality education and high vocational training or early school leaving perpetuate the cycle of poverty, as people without adequate education are less likely to access well-paid jobs (Guo & Harris, 2000; Sachs, 2006; Sharkey, 2013; Sowell, 2016; Hanushek, 2020), which undermines education and leads to adult poverty.

Low quality of education can become a poverty trap limiting the development of the skills necessary for getting out of poverty (Esterley, 2002; Ravallion, 2016). Economic mobility is supported by a solid education, providing individuals with the necessary skills to adapt to the changes in the labour market and pursue better opportunities. Sowell (2016) draws attention to the importance of professional training appropriate to the demands of the labour market, showing that the years of schooling alone are not a factor of guaranteed success, it is essential that the chosen profile and specialization provide training in economically valuable skills.

Therefore, education is one of the powerful tools for poverty reduction, and investments in accessible and quality educational systems are essential to combat this phenomenon.

3.3 Health factors

The role of health on a person's poverty or even on the development of society as a whole is undeniable. Studies conducted by Deaton (2003) show a close interdependence between education-health-poverty. Infectious diseases and epidemics (HIV/AIDS, malaria, COVID 19 and the Omicron variant) generate disruptions in the economic activity disproportionately affecting poor communities, aggravating poverty through economic and social losses (Case & Deaton, 2022, World Bank 2022). Specialists unanimously agree that both the healthcare system and the individual health directly and indirectly influence poverty, as such they produce serious expenses and consequences at both the micro and macroeconomic levels (Sachs 2006; Suhrcke, et al., 2012; Jamison, et al. 2013; World Bank, 2022).

3.4 Social and demographic factors

Discrimination and social exclusion are essential factors that not only contribute to the persistence of poverty but affect both the discriminated person and communities as a whole, contributing to the maintenance of perpetual cycles of poverty and inequality. Ethnically, racially and religiously marginalized groups are often excluded from economic and educational opportunities, thus perpetuating the cycle of poverty (Piketty, 2014; Kaida&Kaida, 2016; Milazzo & Van de Walle, 2017; Cruz and Ahmed, 2018; Sen, 2000).

Family structure is another determinant with an important impact on poverty. Specialist studies show that among the most vulnerable groups, in terms of poverty, are large families and single-parent families (World Bank, 2003; Gibson-Davis et al., 2005; Burton et al., 2009; McLanahan, 2009; Lichter et al., 2012;) as well as female-headed households (World Bank, 2003; Rainwater & Smeeding, 2003; Kohler et al., 2012).

The birth rate can perpetuate poverty, particularly through some interconnected economic and social mechanisms. The high birth rate affects communities in less developed countries, as it puts pressure on the available resources and limits access to education and health services. On the other hand, the countries of the European Union

(Eurostat, 2024) are facing a demographic crisis, registering a continuously decreasing birth rate and this phenomenon leads to:

- an ageing population, which can put pressure on pension and social security systems, leading to more limited financial resources to support the poor and vulnerable;
- the decrease in the number of people active in the economy in the long term, which can limit economic growth, innovation and productivity, thus negatively impacting an economy's ability to reduce poverty;
- the concentration of resources in the hands of a limited number of families or individuals, perpetuating inequalities and therefore poverty;
- a culture of individualism and competition, which can reduce social solidarity and this can make community support for impoverished people much more difficult, hindering poverty reduction programmes;
- additional social and economic pressures on the working population in the labour market, and these pressures can directly affect the living standards and purchasing power of communities, thereby increasing poverty;
- deficient public policies due to the temptation to allocate resources to programmes that meet the needs of an older population, rather than to programmes aimed at young people and young families. This can lead to the underfunding of education, social assistance and other programmes essential for poverty reduction.

Therefore, it is fundamental that public policies through governmental and non-governmental institutions address these challenges in order to promote sustainable and equitable development that reduces poverty.

3.5 Political and institutional factors

Among the determinants in the area of political and institutional factors are: government policies (Sowell, 2016), political instability and conflicts (Collier, 2008, Buheji, 2022), corruption and ineffective governance (Easterly, 2002; Acemoglu & Robinson, 2012), inequalities (Soss et al., 2011; Huber & Stephens, 2012; Watkins-Hayes & Kovalsky, 2016; Michener, 2018), social protection systems. Institutions have a decisive role to play in maintaining or escalating poverty in the long term. For example, historical institutions such as slavery, colonialism (O'Connell, 2012; Acemoglu & Robinson, 2012; Bhattacharyya, 2016) and federalism (Allard, 2017; Michener, 2018) contribute to the perpetuation of racial inequalities, generating poverty, while stable, long-term democratization is associated with lower poverty (Sen, 1999; Huber & Stephens, 2012). This explains why the global economic hierarchy of countries is so stable – countries that were rich and poor a century ago remain rich and poor today. Acemoglu and Robinson (2012) claim that economic and political institutions are essential for increasing productivity and prosperity, showing how weak and corrupt institutions can limit productivity and perpetuate poverty, even in countries with rich natural resources.

Thus, an effective governance, well-designed economic policies and a strong social protection system are essential for addressing poverty and promoting the general well-being of the population.

3.6 Geographical and environmental factors

Geographical disparities have been identified as a major cause of poverty. Specialists have shown that segregation is poverty-inducing, demonstrating a direct relationship between this concept and the level of unemployment (Crowder & South 2005, Lichter et al. 2012, Pattillo & Robinson 2016), urban poverty (Ananat, 2011; Sharkey, 2013; Owens, 2015; Massey, 2016) or the rural one. Researchers emphasize that the unfavorable climate, scarce natural resources, geographical isolation, namely the limited access to natural trade routes (navigable rivers, seaports) fundamentally influence development and economic opportunities but also social structures, contributing to the maintenance of a high level of poverty (Sowell, 2016; Bhattacharyya, 2016; McAuliffe & Triandafyllidou, 2021; Kakwani, 2024; Sachs et al. 2019, 2024).

3.7 Cultural factors

Theories of poverty tend to present culture as an essential source of poverty (O'Connor, 2001; Dohan, 2003; Lichter et al. 2003; Bertrand et al., 2004; Harding, 2010; Durlauf, 2011; Katz, 2013; Levine, 2013; Sowell 2016). Many papers discuss the new culture of poverty (Lamont & Small, 2008; Harding, 2010; Steinberg, 2011; Dahl et al., 2014; Streib et al., 2016) explaining the counterproductive behaviour that causes poverty. A complex and more flexible approach to the relationship between culture and poverty is proposed, countering traditional ideas that viewed the culture of poverty as a fixed set of traits or limiting values with specific traits that prevent individuals from overcoming their economic condition.

According to Small et al. (2010), culture itself is not a direct determinant of the economic status, but predestines the individual towards a certain level of income. Therefore, through education, those values and skills, through which the individual can overcome the scourge of poverty, can be acquired, otherwise we would not have so many positive examples of success of people who come from disadvantaged cultural backgrounds.

3.8 Historical factors

Historical factors can play a decisive role in maintaining and perpetuating poverty, creating economic, social and political structures and conditions that affect access to opportunities and resources over several generations. Specialized studies show that in many countries poverty is linked to a historical legacy of colonization, exploitation and underdevelopment, conflicts and wars, which has created persistent structural inequalities. (Sowell, 2016; Baker, 2023).

Before drawing conclusions in Table 2, I have systematized several relevant ideas about the traps of poverty discussed in the literature.

Table 2: Factors perpetuating the poverty trap

Author	Title of the paper	Year	Factors of the poverty trap	Proposed solutions to eliminate poverty traps
--------	--------------------	------	-----------------------------	---

William Easterly	"The Elusive Quest for Growth"	2002	- poor infrastructure - ineffective and unstable institutions - education and low-skilled human capital - limited access to financial markets	- decentralized approach, focused on free markets and local innovations - supporting self-sustaining capacity
Jeffrey Sachs	The End of Poverty,	2005	- lack of capital, education, health and infrastructure	- massive investments in education and health - infrastructure projects - external interventions
Paul Collier	The Bottom Billion,	2007	- armed conflicts - weak governance and institutions - geographical isolation - dependence on natural resources	- external aid and well-targeted policies
Abhijit Banerjee, Esther Duflo	Poor Economics	2011	- individual behaviours - resource constraints - economic decisions	- practical solutions, the "economy of small details" adapted to local and short-term needs - small economic incentives - microcredit and savings programmes - investment in early childhood education and in children's health
Daron Acemoglu, James A. Robinson	Why Nations Fail	2012	- weak political and economic institutions that limit economic opportunities and rights	- major institutional changes
Thomas Piketty	Capital in the twenty-first century: a multidimensional approach to the history of capital and social classes	2014	- capital concentrated in the hands of a small number of people - economic inequalities	- a progressive fiscal system - investment in education
Martin Ravallion	The economics of poverty: History, measurement and policy	2016	- lack of basic resources: health, education and access to finance	- investment in education, health and infrastructure - external investment - international aid
Duncan Green	How Change Happens	2016 (2024)	- lack of financial, human and social capital	- access to education, health and resources - job opportunities

			- lack of access to basic services - discrimination and structural inequalities	
--	--	--	--	--

Source: Made by the author, adapted after: Easterly, 2002; Sachs, 2005; Collier, 2007; Banerjee and Duflo, 2011; Acemoglu & Robinson, 2012; Piketty, 2014; Ravallion, 2016; Green, 2016, 2024;

4. Conclusions

To effectively address poverty, it is essential to understand the context and the specific factors that contribute to its persistence, as well as to promote community participation in the development and implementation of solutions. As Nunan (2015) mentions, poverty is caused by the complex interactions between economic, social and environmental factors and this type of approach must be taken into account in order to understand them correctly and, in this way, know the directions that need to be improved to address it. Green (2024) argues that in order to effectively address poverty, it is essential to understand the context and the specific factors that contribute to its persistence, as well as to promote community participation in the development and implementation of solutions.

Based on the studied papers, we can say that poverty can be a self-perpetuating situation, where the lack of resources prevents capital accumulation, productivity growth or investments in education and health care, which keeps people in a situation of economic and social precariousness restricting the ability to get out of poverty. The combination of determinants presented in this paper can become a trap of poverty, which reinforce each other, making extreme poverty difficult to overcome without external support or without significant changes in governance and policies.

Therefore, further research in this area is needed to find effective solutions to design policies and interventions that take into account the specific context of each community.

Acknowledgements

This paper was financed by the University of Oradea, through the scholarship obtained within the Doctoral School of Economic Sciences

References

- Alkire, S. and Santos, M.E., (2013). A multidimensional approach: poverty measurement & beyond. *Social indicators research*, 112(2), pp.239-257.
- Brady D, Blome A, Kleider H (2016). How politics and institutions shape poverty and inequality. See Brady & Burton 2016 117–40
- Brady, D. (2019). Theories of the Causes of Poverty. *Annual Review of Sociology*, 45(1), 155-175. <https://doi.org/10.1146/annurev-soc-073018-022550>

- Brady, D., Finnigan, R. M., & Hübgen, S. (2017). Rethinking the risks of poverty: A framework for analyzing prevalences and penalties. *American journal of sociology*, 123(3), 740-786. <https://doi.org/10.1086/693678>
- Buheji, M. (2022). Impact of post-pandemic inflation on global POVERTY—A holistic perspective. *International Journal of Management (IJM)*, 13(5), 2022. <https://doi.org/10.17605/OSF.IO/KT2JA>
- Collier, P. (2008). *The bottom billion: Why the poorest countries are failing and what can be done about it*. Oxford University Press, USA. <https://doi.org/10.1017/S0008423908080694>
- Cruz, M., & Ahmed, S. A. (2018). On the impact of demographic change on economic growth and poverty. *World development*, 105, 95-106. <https://doi.org/10.1016/j.worlddev.2017.12.018>
- Easterly, W. (2002). How did heavily indebted poor countries become heavily indebted? Reviewing two decades of debt relief. *World development*, 30(10), 1677-1696.
- Gibson-Davis, C. M., Edin, K., & McLanahan, S. (2005). High hopes but even higher expectations: The retreat from marriage among low-income couples. *Journal of marriage and family*, 67(5), 1301-1312. <https://doi.org/10.1111/j.1741-3737.2005.00218.x>
- Guo, G., & Harris, K. M. (2000). The mechanisms mediating the effects of poverty on children's intellectual development. *Demography*, 37(4), 431-447. <https://doi.org/10.1353/dem.2000.0005>
- Hanushek, E. (2020). *Quality Education and Economic Development. Anticipating and Preparing for Emerging Skills and Jobs: Key Issues, Concerns, and Prospects*, 25-32. [PDF] https://library.oapen.org/bitstream/handle/20.500.12657/42910/2020_Book_AnticipatingAndPreparingForEmer.pdf?sequence=1#page=47
- Hayek, F. A., & Caldwell, B. (2014). *The road to serfdom: Text and documents: The definitive edition*. Routledge. <https://www.garynorth.com/HayekRoadRD.pdf> https://books.google.ro/books?hl=en&lr=&id=ehb23ga0WXAC&oi=fnd&pg=PP2&ots=BEWeCkJwda&sig=FT2iqWy-wL79aiUmT5Y65NDXVBo&redir_esc=y#v=onepage&q&f=false
- Kaida, N., & Kaida, K. (2016). Pro-environmental behavior correlates with present and future subjective well-being. *Environment, development and sustainability*, 18(1), 111-127.
- Kakwani, N. (2024). *Poverty and capability deprivation Conference: egrow webinar* <http://dx.doi.org/10.13140/RG.2.2.23824.01286>
- Lichter, D. T., Parisi, D., & Taquino, M. C. (2012). The geography of exclusion: Race, segregation, and concentrated poverty. *Social problems*, 59(3), 364-388. <http://www.jstor.org/stable/10.1525/sp.2012.59.3.364>
- Milazzo, A., & Van de Walle, D. (2017). Women left behind? Poverty and headship in Africa. *Demography*, 54(3), 1119-1145. <https://doi.org/10.1007/s13524-017-0561-7>
- Moller, S., Bradley, D., Huber, E., Nielsen, F., & Stephens, J. D. (2003). Determinants of relative poverty in advanced capitalist democracies. *American sociological review*, 68(1), 22-51. <https://doi.org/10.2307/3088901>
- Piketty, T. (2014). *Capital in the twenty-first century*. Harvard University Press.
- Rainwater, L., & Smeeding, T. M. (2003). *Poor kids in a rich country: America's children in comparative perspective*. [eBook] Russell Sage Foundation.

- Ravallion, M. (2016). The economics of poverty: History, measurement, and policy. Oxford University <https://doi.org/10.1093/acprof:oso/9780190212766.001.0001>
- Robinson, J. A., & Acemoglu, D. (2012). Why nations fail: The origins of power, prosperity and poverty (pp. 45-47). London: Profile. [PDF] https://edisciplinas.usp.br/pluginfile.php/347330/mod_resource/content/1/Acemoglu%20Cap.%207%20The%20turning%20point.pdf
- Sachs, J. D. (2024). Beyond hegemony. *Horizons: Journal of International Relations and Sustainable Development*, (27), 12-23. <https://www.cirsd.org/files/000/000/011/35/7be79286cd729fcfcb45893a51aec488fea23469.pdf>
- Sen, A. (2000). *Development as Freedom*. New York: Anchor Books.
- Sowell, T. (2016). *Wealth, poverty and politics*. Hachette UK. <https://www.elibrarynigeria.com.ng/files/books/0.244712001604208232Wealth%20PovertyandPolitics%3AAAnInternationalPerspective%28PDFDrive%29.pdf>
- Ștefănescu, F. & Pop, A. P. (2016). The process of poverty reproduction in rural areas. The case of youth from the Romanian-Hungarian cross border region. *Journal of Social Research and Policy*[online], 7(1).
- Stiglitz, J. E., Sen, A., & Fitoussi, J. P. (2009). Report by the commission on the measurement of economic performance and social progress.
- Streib, J., Verma, S., Welsh, W., & Burton, L. M. (2016). Life, death, and resurrections. *The Oxford handbook of the social science of poverty*, 247.
- Ulman, S. R., & Cautisanu, C. (2022). Study on Environmental Wellbeing and Its Main Socio-Economic Factors: Evidence from Romania. In *BASIQ 2022 International Conference on New Trends in Sustainable Business and Consumption*. <https://doi.org/10.24818/BASIQ/2022/08/026>
- Walker, R., & Bantebya-Kyomuhendo, G. (2014). The shame of poverty. *Academic*. <https://doi.org/10.1093/acprof:oso/9780199684823.001.0001>