Uncovering the Dynamics of Poverty in Korean Households: A Typology of the Poor

Tae Kuen Kim, PhD  
Assistant Professor  
School of Social Work  
Adelphi University  
1 South Avenue, Garden City, NY 11530, USA.

Laura Quiros, LMSW, PhD  
Assistant Professor  
School of Social Work  
Adelphi University  
1 South Avenue, Garden City, NY 11530, USA.

Abstract

This study empirically investigated poverty patterns among poor households in Korea concentrating on the poverty dynamics theory. As the first study to empirically analyze a typology of the poor in Eastern society, this study statistically identified different clusters of the poor, and examined the characteristics of each cluster. “Cluster analysis” was used to group 2,584 Korean households, over an eight year time span, revealing three unique types of poor households (chronic, episodic, and transitional). This study also suggested appropriate strategies and policy responses with which social policy professionals and policy-makers are able to holistically address and efficiently help to alleviate poverty.

Key words: poverty dynamics; typological approach; poverty pattern; cluster analysis

1. Introduction

Rapid changes in the economic and labor markets have led to shifts in poverty patterns creating new challenges for policymakers (Burtless & Smeeding, 2001). For one, some individuals are more likely to experience poverty for brief periods while others experience chronic poverty (Stevens, 1999). Second, while some individuals experience economic hardships recurrently throughout their life span, others may experience poverty only one time in their life course (Fourage & Layte, 2005). Diverse poverty patterns illustrate the complexity within poverty and those who experience it. Yet, poverty research and literature tends to focus on one dimensional and static conceptualizations and solutions to poverty thereby ignoring the multidimensionality and fluidity of the duration and recurrence of poverty patterns. Furthermore, while a significant amount of literature has discussed poverty dynamics within developed Western societies, minimal literature has focused on Eastern societies. This research aims to bring increased attention to the dynamics of poverty within Eastern societies by examining the types of poverty in Korea.

Research conducted in other fields categorizes target populations into several subgroups (e.g., Knight, 1999; Kuhn & Culhane, 1998; Pritchard & Bagley, 2000; Tipple & Speak, 2005; Wood, 2007). This typological approach allows researchers to identify the unique characteristics of each subgroup to develop "target-oriented" and more effective interventions and social policies (Speak, 2004). As such, a typology of poverty can yield crucial insights including the unique characteristics and nature of those who experience poverty, as well as aid social policy professionals and policymakers in developing effective anti-poverty strategies and policy responses. Despite its prevalence, there has rarely been systematic and empirical research which has investigated the multidimensionality of poverty. While several studies have highlighted various aspects of the experience of poverty (Cheng, 2002; Hayati & Karami, 2005; Rank & Hirschl, 2001), these studies are mainly concerned with different patterns in causes or outcomes of the poverty phenomenon, but not specifically with a "typology of the poor" per se. To address the limitations of prior research, this study empirically examines a typology of the poor, based on poverty dynamics, and discusses the characteristics of different poverty patterns.
2. Poverty dynamics

Poverty dynamics refer to “the poverty flow patterns that underlie the observed poverty rate at a point in time” (Valletta, 2006: 262). Individuals may enter and exit poverty for short or long periods of time over their live course or for one time only. Understanding poverty dynamics helps explain the fluidity of transitions in and out of poverty and the complexity of policy solutions. Traditional approaches to poverty have concentrated on the static aspect of poverty by analyzing cross-sectional data (Jenkins, Schluter & Wagner, 2003). However, statistics on the demographics of the poor during a single year provide no information on the total number of years that given individuals are poor, nor the total number of poverty incidences they experience (Gottschalk, McLanahan & Sandefur, 1994). In order to fully appreciate the poverty phenomenon from a socio-economic and policy perspective, it is therefore important to move beyond a static aspect of poverty by investigating longitudinal poverty patterns, or poverty dynamics (Dahl, Fløttent & Lorentzen, 2008; Valletta, 2006).

Poverty dynamics embrace two important components, poverty duration and recurrence of poverty spells (Dahl, Fløttent & Lorentzen, 2008; Fourage & Layte, 2005). Introduced by Bane and Ellwood (1986), in their classical poverty dynamic study, poverty duration refers to the duration of time individuals spend in poverty. Poverty duration is measured by the time period between the first year in which the total household income falls below the poverty line and the year when household income rise above the poverty line (Stevens, 1994). Based on poverty duration, conventional poverty dynamics research has simply classified the poor into two groups: those who experience brief poverty spells and those who experience long term or chronic poverty (Berthoud, 2001). While poverty duration represents the severity of a single poverty spell, it ignores the recurrence of multiple poverty spells over the life course (Stevens, 1994). Current research indicates that half of the individuals who exit out of poverty in a given year fall back into poverty within four years (Stevens, 1999). This finding suggests the importance of including the recurrence of poverty spells in the analysis of poverty dynamics. Poverty recurrence can be measured by the total number of poverty spells that individuals experience in a given time period, representing the frequency of the poverty experience throughout the life course.

For a typology model, this study incorporates poverty duration and poverty recurrence as two main criteria in understanding the multidimensionality and fluidity of the poverty experience. Therefore, the typology model of this study posits that varying patterns of the poor represent distinct case profiles, not only in terms of the duration and severity of each poverty spell, but also in terms of the recurrence and frequency of poverty spells individuals experience in a given period. This approach is expected to provide a more textured and rich analysis of the poverty experience compared to an approach that is based on poverty duration or poverty recidivism measures alone.

3. Measures and Analysis

This study analyzed the Korean Labor and Income Panel Study (KLIPS). This longitudinal panel study is a representative sample of the households in Korea. The sample size was 2,584 households and time period was eight-year from 1997 to 2004. This study employs an absolute poverty approach to measure poverty. To calculate the basic economic needs of households, this study uses the Minimum Cost of Living (MCL) of Korea. MCL is a matrix that calculates annually, the cash amount required to meet the basic economic needs of each family according to the size of the family. Thus, if a household's income for a given year falls below the MCL for that year, the household is regarded as poor for that particular year.

This study measures the total number of poverty spells by adding every poverty spell that the household experienced during the eight-year period. Figure 1 illustrates the duration and recurrence of poverty spells in three hypothetical households. In Figure 1, since Household A experiences poverty from 1999 to 2001, and then again in 2003, this household is regarded as having experienced two independent poverty spells. That is, one three-year poverty spell and one one-year poverty spell. Household B has one independent poverty spell whereas Household C has three independent poverty spells.
Figure 1. Time window and poverty spells

To measure poverty duration, the number of years of each poverty spell is calculated for an individual household. When a household had multiple poverty spells, such as in Household A and C, the average poverty duration for that household is calculated. For example, Household C experienced three independent poverty spells; that is, one three-year poverty spell, one two-year poverty spell, and one one-year poverty spell. Therefore, the average poverty duration of Household C is 2 years (=6/3).1

Cluster analysis is used to analyze the data. Cluster analysis classifies a set of observations into two or more mutually exclusive groups, based on combinations of informatory variables (Beckstead, 2002). While explorative and descriptive analyses of the poor can show intuitive poverty patterns2, cluster analysis provides systematically-defined and robust divisions between different groups among the poor (Spencer, Robert, Irvine, Jones & Baker, 2007). Since this study includes the poverty duration of each poverty spell and the number of total poverty spells as two informatory variables for each individual household, cluster analysis allocates all observations on a two-dimensional graph in terms of these two variables. Iteratively moving the centers of the cluster, cluster analysis finds parsimonious numbers of clusters. ANOVA and Chi-square tests are employed to investigate the unique socio-demographic characteristics of each group.

4. Findings
4.1. Chronic, Episodic, and Transitional Poor

Results of this study indicate that among the 2,584 households, 1,275 households (44.5%) experienced at least one poverty spell during the eight-year period. While 782 households (61.3%) experienced a single poverty spell, 493 (18.7%) had recurring poverty spells. The average poverty duration per poverty spell was 3.12 years.

Cluster analysis revealed three unique clusters of the poor (see Table 1). The first cluster, the chronic poor, experienced a single poverty spell during the eight-year time frame for an average duration of 7.12 years. This grouping is referred to as the chronic poor because out of the three clusters, these households experienced the longest duration of poverty. Approximately 12 percent of the poor households (n=154 households) were identified as chronic poor. In contrast, the second cluster, the episodic poor, experienced the highest number of recurring poverty spells, averaging 3.5 times during the eight year time frame for an average duration of 1.44 years per each poverty spell. This grouping is referred to as the episodic poor because of the high rates of recurring poverty spells during the eight year time frame. 6.5 percent of the poor households (n=83) belonged to this cluster. The majority of the poor households, 81.4 percent, fell into the third cluster, the transitional poor. These households experienced an average of 1.3 poverty spells for a duration of 1.61 years.

Table 1. Three Clusters of the Poor

<table>
<thead>
<tr>
<th></th>
<th>Cluster 1 (Chronic)</th>
<th>Cluster 2 (Episodic)</th>
<th>Cluster 3 (Transitional)</th>
<th>F-statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>154 (12.1%)</td>
<td>83 (6.5%)</td>
<td>1083 (81.4%)</td>
<td></td>
</tr>
<tr>
<td>Average number of poverty spells</td>
<td>1.0</td>
<td>3.5</td>
<td>1.3</td>
<td>6481.1**</td>
</tr>
<tr>
<td>Poverty duration per poverty spell</td>
<td>7.12</td>
<td>1.44</td>
<td>1.61</td>
<td>7402.0**</td>
</tr>
<tr>
<td>Total poverty duration during 8-year period</td>
<td>7.12</td>
<td>5.04</td>
<td>2.09</td>
<td>6391.3**</td>
</tr>
</tbody>
</table>

1 p<.05, **p<.01, ***p<.001
2 For example, Fouarge and Layte (2000) distinguished three types of poverty profiles by using poverty persistence (poverty duration) and poverty recurrence. However, as they addressed in their study, this kind of poverty typology is more or less arbitrary.
In sum, the chronic poor are those households that experience a single poverty spell, but remain in poverty for the longest duration. This cluster corresponds to what is referred to in mainstream literature as the stereotypical long-term poor. The transitional poor refers to those households who experience either one or two poverty spells for a short duration. Although there is only a slight difference between the chronic and transitional poor in terms of average number of poverty spells, the average poverty duration of the chronic poor is 2.5 times that of transitional poor. In comparison to these two clusters, the episodic poor frequently move in and out of poverty and their average poverty duration per poverty spell is as short as that of transitional poor. However, as shown in table 1, when we just look at the total poverty duration rather than the poverty duration per spell, the episodic poor look similar to chronic poor. This finding empirically supports Bane and Ellwood's argument (1995) of the complexity and multidimensionality of poverty. As stated by Bane and Ellwood (1995), "we now believe that our thinking about long-term poor (welfare recipients) has been too unidimensional. Many of the long-termers would be better labeled ‘cyclers': people who move on and off welfare, apparently trying to leave, but unable to do so permanently" (pp.40-41).

4.2. Poverty Composition

Having established three distinct clusters, we then compared the trend in poverty rates and the change in the composition of poverty by the three clusters. Figure 2 depicts the poverty rate from 1997 to 2004. The average poverty rate during the Asian Economic Crisis period (1997-2000) was 20.2 percent, however, the rate sharply dropped to 14.3 percent after the crisis.

Figure 3 displays the poverty composition by the three clusters from 1997 to 2004. In 1997, the transitional poor accounted for 71 percent of the entire poor population. Comparing figure 2 with figure 3, we found that the trend in the poverty rate is associated with the change in numbers of the transitional poor. During the crisis period, the average number of transitional poor was 68 percent. This number dropped to 53 percent following the crisis period. On the other hand, the number of chronic and episodic poor increased after the crisis period. It can be argued that these results mean that the high poverty rate during the crisis period can be contributed to an increase in the transitional poor during the same period. Considering that high poverty rates during the crisis period resulted from unstable economic conditions (Kim & Zurlo, 2007), these results also imply that in comparison to other groups, the transitional poor are most sensitive to macro economic condition.

![Figure 2. Poverty rate from 1997 to 2004](image-url)
4.1. Characteristics of head of household

To investigate the unique characteristics of each cluster, we compared the three clusters with non-poor households in terms of background characteristics of the heads of households (see Table 2). Results identify distinct differences between the poor and non-poor population as well as between the three clusters. For one, compared with the non-poor, females occupied a large proportion of the head of household status amongst the poor. Female heads of households are especially overrepresented in the chronic poor cluster (54.5%). Second, health status distribution showed a sharp disparity between the poor and the non-poor populations. Almost five times as many chronic poor, four times as many episodic poor, and three times as many transitional poor reported that their health status was poor as compared to the non-poor group. Among the poor group, almost twice as many chronic poor reported poor health status, compared to the transitional poor. Although, a smaller percentage of episodic poor (57.1%) reported poor health as compared to the chronic poor (64.7%), the percentage was almost 1.5 times as high as that of the transitional poor. Finally, we found that a majority of poor people did not possess a high school degree, only 27 percent of non-poor had not completed high school. The chronic poor were also the oldest, followed by episodic and transitional poor.

Figure 3. Composition of poverty by three clusters from 1997 to 2004
Table 2. Characteristics of Household Heads by Three Clusters of the Poor and Non-Poor

<table>
<thead>
<tr>
<th></th>
<th>Chronic</th>
<th>Episodic</th>
<th>Transitional</th>
<th>Non-poor</th>
<th>F/Chi-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of head (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>54.5</td>
<td>43.6</td>
<td>25.6</td>
<td>8.6</td>
<td>306.3**</td>
</tr>
<tr>
<td>Male</td>
<td>45.5</td>
<td>56.4</td>
<td>74.4</td>
<td>91.4</td>
<td></td>
</tr>
<tr>
<td>Education level (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under high school</td>
<td>89.0</td>
<td>80.8</td>
<td>60.1</td>
<td>27.0</td>
<td></td>
</tr>
<tr>
<td>Complete high school</td>
<td>7.8</td>
<td>15.4</td>
<td>30.3</td>
<td>42.5</td>
<td>502.4**</td>
</tr>
<tr>
<td>Over college</td>
<td>3.2</td>
<td>3.8</td>
<td>9.6</td>
<td>30.5</td>
<td></td>
</tr>
<tr>
<td>Health status (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad</td>
<td>64.7</td>
<td>57.1</td>
<td>34.2</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>26.1</td>
<td>29.9</td>
<td>38.1</td>
<td>42.6</td>
<td>385.5**</td>
</tr>
<tr>
<td>Good</td>
<td>9.2</td>
<td>13.0</td>
<td>27.6</td>
<td>45.2</td>
<td></td>
</tr>
<tr>
<td>Childhood poverty experience (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>60.0</td>
<td>72.4</td>
<td>57.1</td>
<td>45.0</td>
<td>71.2**</td>
</tr>
<tr>
<td>Non-poor</td>
<td>40.0</td>
<td>17.6</td>
<td>32.9</td>
<td>55.0</td>
<td></td>
</tr>
<tr>
<td>Age (year)</td>
<td>61.1</td>
<td>58.3</td>
<td>50.4</td>
<td>44.2</td>
<td>175.5**</td>
</tr>
<tr>
<td>Average employment period during 8 years (year)</td>
<td>3.47</td>
<td>5.46</td>
<td>6.40</td>
<td>7.53</td>
<td>235.0**</td>
</tr>
<tr>
<td>Employment type among the employed (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time worker</td>
<td>34.3</td>
<td>58.1</td>
<td>47.7</td>
<td>39.9</td>
<td>14.5*</td>
</tr>
<tr>
<td>Full-time worker</td>
<td>65.7</td>
<td>41.9</td>
<td>52.3</td>
<td>60.1</td>
<td></td>
</tr>
</tbody>
</table>

*p<.05, **p<.01, ***p<.001

In sum, the demographic characteristics of the heads of households among the chronic poor are older, less educated, females with a majority of them reporting to have poor health conditions. On the other hand, the demographic characteristics of the heads of households among the transitional poor are more similar to that of the non-poor population compared to the chronic and episodic poor clusters. The episodic poor fall in between the chronic and transitional poor groups in terms of gender, education level, health status, and age. One interesting result involved the childhood poverty experience of household heads. While 60 percent of chronic poor and 57.1 percent of transitional poor reported they were financially poor in their childhood, as high as 72.4 percent of episodic poor indicated they were financially poor.

The variables relating to employment patterns also reveal differences between groups. The transitional poor were employed for almost 6.4 years during the eight year span, which is close to the figure for the non-poor. In contrast, the chronic poor were employed for a period of 3.5 years. Although, the episodic poor worked almost two years longer than chronic poor, they worked just a year less than the transitional poor. The employment type also shows differences between the three clusters. While 47.7 percent of the transitional poor reported working part-time, a little less than 60 percent of episodic poor were in part-time jobs. Interestingly, only 34.3 percent of the chronic poor were part-time workers. However, this finding needs to be interpreted carefully because even though a majority of chronic poor were working full time, they were employed only for a period of 3.4 years out of the eight year span.

4.3. Family size

Results indicate that the average number of family members in the transitional poor and non-poor group was higher than the chronic and episodic clusters. Results show a similar pattern when adults and children are counted separately. The non-poor have the highest number of adults and children in their families. Dissimilar to Western literature (Schiller, 2003), which indicates that family size, particularly the number of children, is directly related to poverty, the finding here shows that the number of adults and children in the household may not be a significant factor in pushing families into poverty in Korea.
Table 3. Family Size by Three Clusters of the Poor and Non-Poor

<table>
<thead>
<tr>
<th></th>
<th>Chronic</th>
<th>Episodic</th>
<th>Transitional</th>
<th>Non-poor</th>
<th>F statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of family</td>
<td>2.33</td>
<td>2.51</td>
<td>3.32</td>
<td>3.72</td>
<td>96.0***</td>
</tr>
<tr>
<td>Number of adults</td>
<td>2.01</td>
<td>2.20</td>
<td>2.70</td>
<td>2.84</td>
<td>31.7***</td>
</tr>
<tr>
<td>Number of children</td>
<td>.32</td>
<td>.31</td>
<td>.62</td>
<td>.88</td>
<td>38.7***</td>
</tr>
<tr>
<td>under 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent ratio[^1]</td>
<td>.14</td>
<td>.15</td>
<td>.26</td>
<td>.38</td>
<td>34.2**</td>
</tr>
</tbody>
</table>

[^1]: number of children / number of adults

*p<.05, **p<.01, ***p<.001

4.4. Household income

As illustrated in table 4, the wages and salaries of the chronic and episodic poor were much lower as compared to the transitional poor and non-poor. However, the difference between wages and salaries of the transitional poor and the non-poor group was also significant. The non-poor earned more than double of what the transitional poor earned. The asset based income and other income for the chronic and episodic poor was substantially less than the transitional poor and for the transitional poor it was much less than the non-poor.

Table 4 also shows differences in transferred income received by the four groups. However, in absolute cash terms these differences do not seem to be very large. For example, differences between the transferred income of chronic poor (the group with the highest transferred income) and the non-poor group (the group with the lowest transferred income) are only nine hundred dollars.

In terms of debt, results indicate that the amount of debt for the chronic and episodic poor is much less than the debt for the transitional poor and the non-poor group. However, it makes more sense to make comparisons based on debt ratio, a ratio defined by the ratio of debt over total income of a household. The debt ratio for the chronic poor and the episodic poor was more than one, indicating that even though their debt was relatively small, it exceeded their income. In contrast, both the transitional poor and the non-poor groups have higher debt, yet incomes are much higher than their debt, resulting in a debt ratio of less than one.

Table 4. Characteristics of Financial Situation by Three Clusters of the Poor and Non-Poor

<table>
<thead>
<tr>
<th></th>
<th>Chronic</th>
<th>Episodic</th>
<th>Transitional</th>
<th>Non-poor</th>
<th>F statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage and salary ($)</td>
<td>2,685</td>
<td>5,648</td>
<td>13,261</td>
<td>29,737</td>
<td>443.4 **</td>
</tr>
<tr>
<td>Asset based income ($[^1])</td>
<td>348</td>
<td>544</td>
<td>1,294</td>
<td>2,501</td>
<td>9.0  **</td>
</tr>
<tr>
<td>Transferred income ($[^2])</td>
<td>1,979</td>
<td>1,783</td>
<td>1,260</td>
<td>1,010</td>
<td>20.8 **</td>
</tr>
<tr>
<td>Other income ($[^3])</td>
<td>48</td>
<td>213</td>
<td>417</td>
<td>1,234</td>
<td>37.9 **</td>
</tr>
<tr>
<td>Total income ($)</td>
<td>5,060</td>
<td>8,188</td>
<td>16,232</td>
<td>34,482</td>
<td>336.8 **</td>
</tr>
<tr>
<td>Debt ($)</td>
<td>7,608</td>
<td>8,728</td>
<td>15,402</td>
<td>26,206</td>
<td>408.7 **</td>
</tr>
<tr>
<td>Debt ratio[^4]</td>
<td>1.58</td>
<td>1.19</td>
<td>.95</td>
<td>.85</td>
<td>96.0 **</td>
</tr>
</tbody>
</table>

[^1]: Including saving interest, rent, and dividend
[^2]: Including social insurance, public assistance and other private transferred income
[^3]: Including inheritance and retirement allowance
[^4]: Debt/Total income

*p<.05, **p<.01, ***p<.001

Figure 4 illustrates that for the transitional poor and non-poor, a majority (over 80%) of their income came from wages and salaries. The episodic poor also received a majority (about 70%) of their income from wages and salaries; however, the share was less than the transitional poor and the non-poor. In comparison, the chronic poor received half of their income from wages and salaries. In terms of the share of transferred income, results indicated that approximately 40 percent of the total income for the chronic poor was transferred income, while only 20 percent, 18 percent and 7 percent for the episodic, transitional and non-poor group respectively.
5. Discussion

The findings imply that there are significant differences between and among the poor which need to be taken into account in order to develop effective policies. Astonishingly, the findings of the study indicate that poverty is a very common phenomenon. Over half of the households in our data set experienced at least one poverty spell during an eight-year period. To this end, many households risk the probability of falling into poverty at any time in their life span. If this is true, the next concern is the duration and frequency.

Results of cluster analysis reveal that over 80 percent of the poor are transitional poor, which is operationalized as those households that experience one poverty spell for the duration of approximately one and a half years. The residual 20 percent remain in poverty for more than five years. However, the long-term stayers can be further divided into two types – the chronic poor, who have a single spell but a long duration and the episodic poor, who have recurring spells but a short duration of time.

A comparison of background characteristics of the three clusters reveals differences in demographic and socio-economic characteristics, as well as family size and financial situation of households. First of all, while the chronic poor exhibit the most vulnerable characteristics, the transitional poor appear to be the most resilient and the episodic poor fall somewhere in-between the chronic and transitional poor.

Labor market participation also shows similar results; that is while the chronic poor, followed by episodic poor, are more likely to have unstable jobs for shortest duration, the transitional poor have relatively stable jobs and are employed for the longest period. Socioeconomic and demographic characteristics of the transitional poor are more similar to non-poor group compared to the other two poor groups, with the exception of gender, education, and health status. In particular, the average duration of employment for the transitional poor is similar to the non poor group. Considering that the Asian economic crisis produced non-voluntary unemployment among the vulnerable labor force in Korea (Kim & Zurlo, 2007), it is reasonable to assume that the difference in employment duration between the transitional poor and the non-poor group evolved from structural problems rather than individual factors.

The income composition between the three groups also shows different patterns in terms of the primary source of income. Results indicate that the chronic poor primarily depend on transferred income, whereas the primary source of income among the transitional poor is wages and salaries. The episodic poor fall in between. In particular, the income composition pattern of the transitional poor is similar to non-poor, although in absolute terms, the amount of income of the transitional poor is half that of non-poor. These findings imply that many poor people, especially the transitional poor, work but are engaged in low-paid jobs as compared to non-poor. In terms of the relationship between family size and poverty, our findings do not support Western poverty literature that states that additional children are a distinct threat to financial security (Schiller, 2004).
However, our findings indicate that the non-poor and the transitional poor have more children than the chronic and episodic poor. The ratio of children to adults in a household, dependent ratio, is also higher among the non-poor and transitional poor than the other two groups, indicating a higher child care burden. These results imply that child care is not an immediate predictor of poverty, at least in Korea.

6. Policy Implications

Our findings imply that an important strategy for working with the transitional poor is to provide them with better paying jobs rather than relying on income supplements. In many aspects including human capital and the pattern of labor market participation, the transitional poor are similar to working poor, those who work but are still poor (Iversen & Armstrong, 2006). Due to the macro economic environment, such as recessions, and individual disadvantages, including low education levels, the transitional poor are more vulnerable to poverty. Thus, in order to reduce transitional poverty, antipoverty strategies for this group should focus on active labor market policy, developing their labor market skills through training and continuing education (Strandh & Nordlund, 2008). One possible strategy, echoing Iverson and Armstrong (2006) is "to create partnerships between welfare and workforce programs and community college to build a skill-based career pathways system that fosters human capital-based mobility" (Iversen & Armstrong, 2006: 203).

As illustrated earlier, the episodic poor resemble the transitional poor, with the exception of the rate of recurrence. Although this cluster was employed for almost 5.4 years during the eight year span, almost 60 percent of them were working in part-time and low wage jobs. Furthermore, almost twice as many episodic poor (57%) reported poor health as compared to the transitional poor (34%). This highlights the need for two kinds of policy approaches. First, similar to the transitional poor, an active labor market policy which facilitates the provision of better paying jobs to this group is crucial. Supplemental action that addresses adverse individual circumstances and external barriers to work should also be implemented (Lindsay, McQuaid & Dutton, 2007). Considering the poor health status of the episodic poor, it is particularly important to provide adequate health care services to this group in order to sustain their labor market participation (Wu, Cancian & Meyer, 2008). Another characteristic unique to this group is the significantly high rate of childhood poverty. While this study does not provide any clear evidence regarding the impact of childhood poverty on poverty patterns of adulthood, it shows the tentative relationship between them. This is another area which can benefit from further research.

Finally, the chronic poor have the worst indicators compared to the other two groups in that they are the oldest, have the most compromised health status and are the least educated. A majority of the chronic poor household heads are female making this group more vulnerable to discrimination based on sexism. Moreover, a large proportion of their total household income comes from welfare or transferred income. These characteristics indicate limited employability of the chronic poor. Thus, it seems that work-oriented welfare policies or human capital development strategies might not be beneficial in pulling this group out of poverty. This also implies that the current "Work First" welfare reforms in many welfare states is no more than a political rhetoric for this group, ignoring the feasibility of such policies.

References


