

ANALYZING THE INTERGENERATIONAL TRANSMISSION OF WEALTH AND POVERTY: FACTORS INFLUENCING ECONOMIC SITUATION AND RISK OF POVERTY IN ADULTHOOD

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Abstract

This study examines the intergenerational transmission of poverty in Slovakia, with a focus on the role of parental background and childhood living conditions. We use microdata from the EU Statistics on Income and Living Conditions (EU-SILC) to explore how parental education, economic activity, and household financial circumstances when respondent was around 14 years old, affect the risk of poverty in adulthood. Comparative results between Slovakia and the European Union average indicate that Slovakia records a lower overall risk of poverty across all parental education levels, suggesting a somewhat weaker persistence of intergenerational disadvantage. Descriptive statistics of EU SILC confirm that the presence of the mother, household composition, and parents' economic activity are significant protective factors, whereas growing up in households with limited resources increases the likelihood to fall in the lower income decile in the later life. These findings are consistent with broader European research emphasizing the importance of family background while highlighting Slovakia's comparatively lower inequality and greater potential for upward mobility. The study underscores the necessity of targeted social policies aimed at mitigating childhood deprivation and fostering equal opportunities to break cycles of inherited disadvantage.

Key words: intergenerational transmission, social mobility, EU-SILC, Slovakia, inequality

JEL Code: I32, J62, D63

Introduction

Poverty is not only a current socioeconomic condition but also a phenomenon that is frequently transmitted from one generation to the next. The intergenerational transmission of poverty (ITP) refers to the processes through which disadvantages experienced in childhood, such as limited parental education, unstable employment, or restricted access to resources, could shape the economic outcomes of individuals in adulthood. A growing body of research has shown that

children born into disadvantaged families face a higher risk of poverty in later life, often due to limited educational opportunities, weaker labour market attachment, and cumulative social disadvantages (Corak, 2013; Brunori, Ferreira, and Peragine, 2013). Understanding the extent and mechanisms of ITP is therefore crucial for assessing the persistence of inequality and the effectiveness of social policy.

In the European Union, the reduction of poverty and social exclusion is a long-standing policy priority, reinforced by the Europe 2020 Strategy and the more recent European Pillar of Social Rights Action Plan, which aims to reduce the number of people at risk of poverty or social exclusion by at least 15 million by 2030. Despite progress in some areas, considerable cross-country differences persist in both the overall risk of poverty and the strength of intergenerational linkages. (European commission, 2010 & 2021)

Slovakia represents a particularly interesting case for examining ITP within the European context. On the one hand, Slovakia records a lower overall share of its population at risk of poverty or social exclusion compared to the EU average. On the other hand, evidence indicates that the poverty risk remains relatively high even among individuals with highly educated parents, suggesting that intergenerational disadvantages may persist more strongly than aggregate statistics reveal. Moreover, Slovakia shares several structural features with other Central and Eastern European economies, such as lower social transfers relative to GDP, regional disparities, and high labour market segmentation, which may exacerbate the persistence of disadvantage.

This article contributes to the literature by providing a comparative analysis of the intergenerational transmission of poverty in Slovakia and the European Union as a whole. Using EU Statistics on Income and Living Conditions (EU-SILC) data, we examine whether and to what extent parental background influences adult poverty risks, and how Slovakia compares to broader European patterns. Particular attention is paid to the role of parental education, household circumstances, and labour market status as key transmission channels. By situating the Slovak case within the EU framework, the analysis provides insights into the extent of social mobility, the persistence of poverty risks, and the potential areas for policy intervention aimed at breaking the cycle of disadvantage.

1 Literature review

The study of intergenerational transmission of poverty is closely linked to research on social mobility and income persistence. A number of comparative studies have highlighted strong

cross-country differences in the extent of mobility within Europe. Corak (2013) shows that income inequality and intergenerational persistence are positively correlated, with Southern and Eastern European countries generally displaying higher transmission than Nordic welfare states. Using EU-SILC data, Brunori, Ferreira, and Peragine (2013) report that parental education strongly predicts children's income and poverty risks across EU member states, with particularly steep gradients in Central and Eastern Europe. OECD (2018) further documents that the probability of remaining in the bottom of the income distribution is significantly higher in countries with weaker redistributive policies and segmented labour markets.

Country-specific studies provide additional evidence for Slovakia and neighbouring states. Sokolova and Böhnke (2019) find that in post-socialist societies, parental education continues to play a dominant role in shaping adult socioeconomic outcomes, despite the rapid expansion of tertiary education. Mikulic (2020) notes that in Slovakia, the risk of poverty is disproportionately higher among individuals with low-educated parents, and that educational attainment mediates a large share of this disadvantage. Comparative research by Aassve, Cottini, and Vitali (2013) also indicates that family background exerts long-lasting effects on poverty entry and persistence in Eastern European countries, partly due to weaker social protection systems. Overall, the literature suggests that Slovakia fits into a broader regional pattern of relatively strong intergenerational transmission, though systematic cross-country comparisons remain limited.

Several studies have examined the way poverty is passed down from one generation to the next in Slovakia, going beyond the general patterns seen across Europe. Želinský, Mysíková, and Večerník (2016) employ EU-SILC 2011 data to show that both educational and occupational mobility significantly correlate with reduced financial stress in adulthood, pointing to mobility as a buffer against inherited deprivation. Šoltés et al. (2023) integrate logit models to analyse how education, employment status, and household structure shape the risk of poverty and social exclusion (AROE, AROP, SMD, VLWI) within Slovakia; their analyses highlighted that education consistently emerges as the most protective factor across multiple dimensions. Further, research on Romania and Slovakia during the pandemic context underscores that single-parent households—especially those with multiple children—remain disproportionately exposed to poverty, with risks sharply higher in disadvantaged regions such as Prešov and Banská Bystrica (SOSR, 2023). Additionally, for marginalized Roma communities, EU-SILC MRK data indicate staggeringly high rates of poverty (87 %) and material deprivation (52 %) compared to the national averages of approximately 11 % and 6 %, respectively (Markovič & Plachá, 2021). These lines of evidence underscore Slovakia's dual

reality: while national indicators may mask deep-seated intergenerational disadvantage, especially along lines of parental education, household composition, region, and ethnicity.

2 Descriptive Analysis of Intergenerational Poverty

We analysed data available from Eurostat to illustrate important differences between Slovakia and the EU average in terms of intergenerational poverty risks and retrospective childhood living conditions (see Table 1). When looking at the at-risk-of-poverty rate of adults by parental education, Slovakia reports a lower risk compared to the EU average across all education levels. For individuals whose parents attained less than primary, primary, or lower secondary education, the poverty risk in Slovakia is 14.3%, which is significantly below the EU average of 19.3%. Similarly, for those with parents who completed upper secondary or post-secondary non-tertiary education, the poverty risk in Slovakia is 5.9%, compared to 11.2% in the EU. Even among respondents whose parents had tertiary education, Slovakia shows a relatively lower poverty risk (4.1%) compared to the EU average (9.3%). These findings suggest that intergenerational persistence of poverty is somewhat weaker in Slovakia than the European norm, although education still plays a crucial role in shaping adult outcomes.

A similar pattern is observed when analysing the household financial situation at age 14. Adults who reported that their household was in a “good” financial situation show a poverty risk of 7.9% in Slovakia, again below the EU average of 13.4%. Conversely, those who grew up in households with a “bad” financial situation faces a poverty risk of 19.1%, slightly below the EU average of 23%. This indicates that while financial hardship in childhood strongly correlates with adult poverty risk, the effect is slightly less pronounced in Slovakia compared to the broader EU.

When focusing on material deprivation indicators in childhood, Slovakia shows mixed results. The inability to afford basic school needs at age 14 affected 5.0% of Slovak respondents, which is very close to the EU average (4.9%). Similarly, the inability to afford daily meals with meat, chicken, fish, or vegetarian equivalents is somewhat higher in Slovakia (10.6%) than in the EU (9.3%), pointing to slightly worse food-related deprivation. In contrast, the inability to afford an annual one-week holiday away from home during childhood affects 26.4% of respondents in Slovakia, which is identical to the EU average (26.4%).

Overall, the data suggest that Slovakia performs slightly better than the EU average in reducing the intergenerational transmission of poverty through education and financial

background, yet challenges remain in material living conditions during childhood, particularly with respect to nutrition.

Tab. 1: Comparison of Slovakia and EU average of indicators of intergenerational transmission (in %)

		Slovakia	EU average
At-risk-of poverty rate for adults (aged 25 to 59 years) by educational attainment level of their parents	<i>Less than primary, primary and lower secondary education</i>	14.3	19.3
	<i>Upper secondary and post-secondary non-tertiary education</i>	5.9	11.2
At-risk-of poverty rate for adults (aged 25 to 59 years) by level of financial situation of their households when respondent was around 14 years old	<i>good</i>	7.9	13.4
	<i>bad</i>	19.1	23.0
Inability to afford basic school needs (books and equipment for school) when respondent was around 14 years old		5.0	4.9
Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) daily when respondent was around 14 years old		10.6	9.3
Inability to afford one week annual holiday away from home when respondent was around 14 years old		26.4	26.4

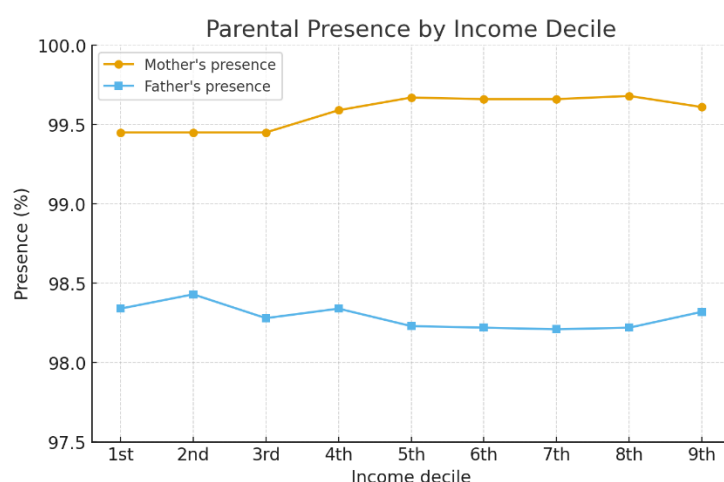
Source: own calculations based on EU SILC 2019

The graph (Fig.1) shows the presence of parents at age 14 by household income deciles. The results indicate that both mother's and father's presence is extremely stable across the income distribution. Mother's presence is reported at nearly universal levels, ranging between 99.45% and 99.68% across all income deciles. This suggests that the absence of the mother in

the household during childhood is very rare and does not vary with the income level of the household. Father's presence is slightly lower but still very high, ranging from 98.21% to 98.43%. The values show remarkable stability and do not indicate any significant income-related differences.

Overall, the data suggest that in Slovakia, parental presence during adolescence is not significantly stratified by income level. Both mothers and fathers are overwhelmingly present in households across the entire income distribution, which implies that family structure (at least in terms of parental presence) is not a major differentiating factor in intergenerational poverty risk within this dataset.

Fig. 1: Parental presence by Income Decile

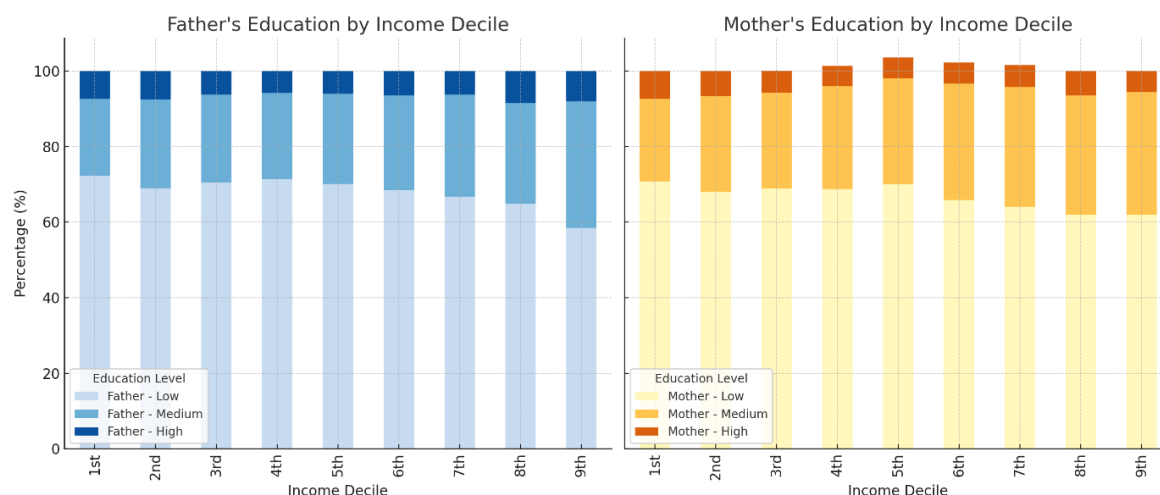


Source: own calculations based on EU SILC 2019

The relationship between a parent's education level and the income decile of their adult children is illustrated in the Fig.2. The figure is divided into two subplots: one showing the influence of the father's education and the other showing the mother's. A significant majority of individuals in the lower income deciles (1st to 4th) had parents with a low level of education. This percentage gradually decreases as the income decile increases, showing that while this group is still the largest in every decile, their representation is less dominant in the higher income deciles. The proportion of individuals whose parents had a medium level of education shows a clear upward trend. Their representation is notably higher in the mid to higher income deciles (5th to 9th), suggesting a positive correlation between having a parent with a medium education and achieving a higher income. The percentage of individuals with highly educated parents is a small but relatively consistent minority across all income deciles. For individuals with highly educated fathers, their representation is slightly higher in the top income deciles,

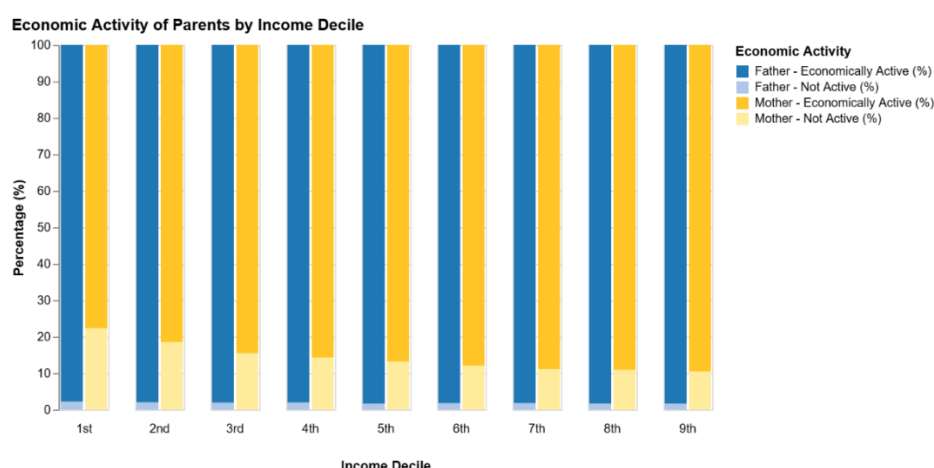
whereas for those with highly educated mothers, the representation is more evenly distributed across all income deciles, with a slight dip in the higher ones.

Fig. 2: Parental education by Income Decile



Source: own calculations based on EU SILC 2019

The blue bars (Fig. 3) show that a very high percentage of fathers are economically active across all income deciles. This percentage is consistently above 97%. The percentage of fathers who are not active (represented by the light blue bars) remains very low, below 3%. The yellow bars (Fig. 3) illustrate a clear trend: as income decile increases, a higher percentage of mothers are economically active. The 'active' bar grows from the 1st to the 9th decile. Conversely, the 'not active' bar shrinks significantly. This suggests that in households with higher incomes, mothers are more likely to be economically active. The graph highlights a significant difference in economic activity patterns between fathers and mothers. While fathers' activity is consistently high regardless of income, mothers' economic activity is strongly correlated with the family's income decile.

Fig. 3: Parental economic activity by Income Decile

Source: own calculations based on EU SILC 2019

Conclusion

The analysis of intergenerational transmission of poverty in Slovakia provides important insights into how childhood circumstances continue to shape adult economic outcomes. The findings confirm that parental education, household composition, and financial conditions during adolescence play a crucial role in determining the risk of poverty in later life. Compared to the EU average, Slovakia demonstrates a somewhat weaker persistence of poverty across generations, with lower poverty risks among individuals from disadvantaged parental backgrounds. This suggests that the Slovak context allows for relatively greater upward mobility.

However, the persistence of material deprivation in childhood—particularly in access to adequate nutrition and leisure opportunities—indicates that significant vulnerabilities remain. Descriptive analysis further show that parental labour market activity and the mother's presence during adolescence are protective factors, while limited financial resources strongly increase the risk of poverty in adulthood. These findings are broadly consistent with previous European studies, yet they highlight specific structural challenges for Slovakia, including regional disparities and weaker social protection mechanisms.

Overall, the study underscores the importance of targeted social policies that reduce childhood deprivation and support families through education, employment opportunities, and income protection. Breaking the cycle of inherited disadvantage requires addressing both material and structural barriers, thereby fostering more equal opportunities for future generations.

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