

**EFFECTIVE STRATEGIES TAKEN FOR SUSTAINING  
ECONOMIC SELF-SUFFICIENCY AFTER GETTING OFF WELFARE**

Li-Chen Cheng, Ph. D.  
Associate Professor  
Department of Social Work  
Soochow University  
70, Lin-Hsi Road  
Taipei, Taiwan  
Tel #: (02) 2881-9471 ext. 6356  
Fax #: (02) 28831340  
E-mail address: lcc928@mbm1.scu.edu.tw

This paper is presented at the Joint World Conference of the International Federation of Social Workers (IFSW) and the International Association of School of Social Work (IASSW), Jerusalem Israel, July 5-9, 1998.

### **Abstract**

The over-representation of the female headed families in the poor population raises much attention due to its strong link to the feminization of poverty. Social Assistance Act is the key anti-poverty policy in Taiwan on which public strategies taken to eradicate poverty among female headed families. But the measure of poverty is criticized for its underestimating the size of the poor in the country. Given the stringent threshold, how those female headed families who are on welfare and who are off welfare different from each other in terms of guaranteeing an economic self-sufficient living? Results of the study indicate that intergenerational transfer of either tangible or intangible assets plays an important role in sustaining economic self-sufficiency among the nonpoor female headed households. Implications for anti-poverty strategies and social work practice are discussed.

## **Background of the Problem**

The rapid economic development in Taiwan for the past few decades has enormously enhanced individual's economic well-being. In 1995, per capital of gross national product (GNP) reaches US\$11,604, with an average increase rate of 14.3 percent every year (Census of the Bureau, 1995). However, the economic improvement is not shared across the country. The population is polarizing due to the devastating economic inequality. But, what raises public attention is the over-representation of the female headed families in the poor population. According to the statistics, about one third of the poor households maintained by female heads with their children, which is eight times more than their male counterparts (Chang, 1995). The disproportional percentage of female headed families among the poor in Taiwan echoes the trend of "the feminization of poverty" in USA (Pearce, 1979). Effective strategies to mitigate poverty and poverty-related problems among the families are called for.

Previous work has documented that living in female headed families have negative economic consequences, both the short- and the long-term. For example, not only are female headed families especially vulnerable to poverty (Amato and Partridge, 1987; Bane, 1986; Chang, 1995; Downey and Moen, 1987; McLanahan and Booth, 1989; Smith, 1980; Tong, 1992; Zopf, 1989), but children who grow up in poor female headed households are more likely than others to face economic difficulties as adults (Amato and Keith, 1991; Corcoran, Duncan and Hill, 1984; Duncan and Rodgers, 1988; Gottschalk, McLanahan and Sandefur, 1994; Hill and Ponza, 1983; McLanahan, 1985; Mueller and Cooper, 1986; Smith, 1980). Poverty is, thus, to some extent an intergenerational process, a vicious cycle for female headed families. Social Assistance Act is the key anti-poverty policy in Taiwan on which public strategies taken to eradicate poverty among female headed families. However, based on the measure of poverty mandated by the Act, only less than one percent of all families in Taiwan receive public assistance to maintain a minimum living (Census of the Bureau, 1995). The small size of the poor, in comparing to other countries with similar GNP, is severely underestimated due to a stringently means-tested eligibility for welfare benefits, which is criticized for unable to mirroring the widening economic inequality across families for the past two decades in Taiwan (Lin, 1995). Given the stringent threshold, how those female headed families who are on welfare and who are off welfare different from each other in terms of guaranteeing an economic self-sufficient living?

Empirical studies, based on the data collected from welfare users, have indicated that individual human capital, mainly measured by educational attainment, employment skills, or earning ability, is widely believed to be responsible for the economic diversity among female headed families (Chen, 1983; Liao, 1992; Chang, 1992). Following the line of thinking, the development and promotion of human

capital in terms of generating income constitutes a key component of the current anti-poverty strategies. However, an exclusive focus on the promotion of human capital ignores the long-term dynamics of the household as an institution that can accumulate economic resources to cushion risk-taking of poverty vulnerability in this generation as well as across generations (Sherraden, 1991). Therefore, anti-poverty strategies on which line of thinking is based in mitigating the feminization of poverty would differ.

This study focuses on compare the dynamics of intergenerational transfer in terms of human capital and tangible assets between the poor and the nonpoor households maintained by female heads. Specifically, the study presents the effective strategies taken by the nonpoor households in sustaining their economic self-sufficiency. Implications for anti-poverty policies and social work practice are included.

### **Literatures Review**

Human capital theorists focus on what kinds of individual characteristics can account for low earning ability. In labor market analyses, economists use comparable worth to measure the qualification that an individual possesses for a job, in terms of his or her wage differentials (Becker, 1993). Human capital theorists thus suggest that those who have less education and less employment skill, in direct relation to earning ability, are less valued by employers and are more likely to receive lower wages. They then are more likely to be poor and more likely to use welfare. While examining poverty and welfare spells, many studies have indicated that less education of female heads is a strong predictor for lower earning ability and less likelihood to exit poverty and use welfare in both USA and Taiwan (Bane, 1986; Bane and Ellwood, 1983; Blank, 1989; Fitzgerald, 1991; Chang, 1992; Chen, 1983; Hsu and Chang, 1987; Hutchens, 1981; Kniesner, McElroy, and Wilcox, 1988; Liao, 1992; McLanahan and Garfinkel, 1989; O'Neill, Bassi, and Wolf, 1987; Osmond and Grigg, 1978; Rank, 1994; Tong, 1992).

Following the line of thinking, programs that designed to promote human capital, such as upgrading educational attainment, providing job training, and offering employment guidance, are believed to be the key strategy to help the poor female headed families in gaining economic self-sufficiency. But, public programs that increase human capital among welfare mothers and improve their employment opportunities do not guarantee a successful living (Bassi and Ashenfelter, 1986; Burless, 1989; Schiller, 1989; Walker, 1989). And human capital differences explain only two-thirds of the wage gap between men and women (Corcoran, Duncan, and Hill, 1984).

Longitudinal studies have indicated a positive correlation between parents' and daughters' economic attainment (Amato and Keith, 1991; Duncan and Rodgers, 1988; Keith and Finley, 1988; Krein, 1986; McLanahan, 1985). One common explanation

for the intergenerational correlation is economic deprivation, wherein the parents' low economic attainment is thought to reproduce poverty and to perpetuate a social class in the next generation. Several ideas have advanced to explain how the vicious cycle of poverty occurs in the case of female headed families, which include:

Dahrendorf's (1979) discussion of life chances, Rank's (1994) structural vulnerability explanation, Sands and Nuccio's (1989) feminist perspective, and Sherraden's asset-based theory.

Dahrendorf argues that individual lives are a response to their "life chances" embedded in their social structure. He defines life chances as a function of "options and ligatures" (p. 30); the former are possibilities of choices, or alternatives of action given a social structure; the latter are the bonds and linkages which connect people in the social strata. Dahrendorf's argument emphasizes that children having grown up in poor households may respond to limited life chances by internalizing restricted options and constrained connections which block upward mobility among single mothers suggests that children in poor households

With regard to the process of the transmission of poverty, Rank (1994) proposed "the structural vulnerability explanation" to describe how some people are more likely to be poor and others are not. He suggests that single mothers lacking human capital are more likely to be vulnerable to poverty and to depend on welfare. And single mothers who start with less opportunities and resources will end up with constraints in their future life chances and socio-economic outcomes. Therefore, single mothers who grown up from lower class background with less human capital accumulation may live in poverty and depend on welfare when heading families alone unexpectedly or expectedly.

From a feminist perspective, Sands and Nuccio (1989), argue that many formerly married women who once believed in a "cult of domesticity" became "displaced homemakers" when the marriage ended. Weitzman (1985) adds that women accumulate less "career assets" during the marriage because of inescapable child rearing and housekeeping responsibility. With less career assets, many women who survive from disrupted marriages are less competitive in the labor market in terms of employment skills and experiences.

Sherraden's (1991) asset-based theory suggests strategies to economic sufficiency is to help families accumulate assets. He points out that asset accumulation in most US households happens largely because of institutional arrangements, including tax laws, banking system, that can facilitate accumulation and intergenerational transfer of assets in middle and upper income families. The asset accumulation policies help the non-poor families to sustain economic sufficiency as well as to reduce the risk of poverty in future generations. But, policies for poor people often restrict such accumulation which, in turn, limits their economic mobility. For example, asset tests used to determine the eligibility of the

Aid for Families with Dependent Children (AFDC), program that targeting mainly female headed families, effectively prohibit people who receive public assistance from accumulating assets.

According to Sherraden (1991), assets are generally categorized as either tangible or intangible. Tangible assets refer to the material possession held by owners, which include financial assets (for example, saving accounts, deposit accounts, government securities, bonds, etc.) and physical equity (home equity, business equity, real estate equity, net equity in vehicles, etc.). Tangible assets are marketable and have exchange value. Intangible assets, in contrast, do not have exchange values in the market, but they may yield a return in the forms of tangible asset or other intangible assets. Intangible assets include access to credit, human capital, cultural capital, informal social network, etc. Although to a different degree, most families have tangible and/or intangible assets. In examining the distribution of assets, while the discrepancy in income distribution is large, the inequality of assets is even more impressive in Taiwan. According to the statistics (the Directorate-General of Budget, Accounting, and Statistics, DGBAS in short, 1992), the average net value of household property is 8.9 times larger than the average disposable income. And, the upper 20 percent of households own about 50 percent of all Taiwan household assets, which is 16.8 times larger than that held by the bottom 20 percent.

To summarize, previous theoretical work on poverty suggests that adult children of parents with unfavorable socioeconomic characteristics are less likely to: (1) attain high levels of education and other forms of human capital and (2) inherit or otherwise benefit from accumulated assets. The intergenerational consequence of poverty has special import for girls who are more likely than boys to be single parents as adults. And, women who become single parents as a result of marital disruption often face dramatic decreases in household resources (Arendell, 1986; Bergmann, 1986; Chang, 1995; Robins and Dickinson, 1984; Sands and Nuccio, 1989; Seltzer and Garfinkel, 1990; US Census often Bureau, 1993). Therefore, it is empirically justified to include the effects of assets in examining the vicious cycle of poverty among female headed families due to the widening distribution of household assets in Taiwan.

### **Study Sample**

Twenty-five divorced mothers and twenty-five widowed mothers are sampled across the country. They are interviewed in a in-depth way, regarding their socio-economic background of their families of origin, socio-economic well-being of the current families, and the dynamics of intergenerational transfer within families. In this sample, thirty-eight mothers are still on welfare, but the other twelve are off welfare already. The average age of the group is 38.8 years old, with a age range of 28 and 52. Only five of them complete college education, sixteen have high school

diploma, but the rest are educated less than 12 years. There is an average of 2.8 children in each household. The mean age of their children is 11.8 years old.

The interview began at February, 1997, ended at July, 1997. With few exceptions, almost every single mother in this sample is interviewed in her own home in order to build up a comfortable environment for a retrospective interview. Each interview takes an average of 60 to 150 minutes to collect saturated data about the information of family background, family well-being, and the intergenerational transfer. The inquiry regarding intergenerational transfer focuses on the degree of similarity across generations in assets accumulation in terms of educational attainment (measuring intangible assets) and land property or house equity (measuring tangible assets).

### Results

Educational attainment-human capital theorists suggest those who have high educational attainment helps individual to acquire better jobs, thereby, increase individual's earning ability in terms of income-generating. As indicated in Table 1, five out of twelve nonpoor female heads have college degree, and four have high school diploma. Only three of them have completed less than nine years of formal education. However, twenty out of thirty-eight poor mothers have no high school diploma, only thirteen have completed high school education. But, none of them has college degree. The results are in accordance with previous work on human capital as a strong predictor for economic insecurity and welfare use among female heads. It implies that completing college education, to a minimum degree, guarantee individual female heads of this sample a self-sufficient living to maintain a family.

Table 1: Educational Attainment between the poor and the nonpoor households

income education	The poor (on welfare)	The nonpoor (off welfare)
less than 6 years	1	0
complete 6 years	13	1
complete 9 years	11	2
complete 12years	13	4
college degree	0	5
total	38	12

N=50

However, in analyzing educational attainment across generations, the data indicates a pattern of intergenerational similarity between parents' and daughters' educational attainment. As a whole, daughters' educational attainment is proportionally higher than their parents' in this sample. It implies a "cohort difference" of educational attainment across generations. Higher percentage of this generation have completed more education than their parents' generation due to

cohort improvement in education for the past decades in Taiwan. In this study, the measure of educational attainment is recoded based on the cohort difference adjustment scheme for parents and daughters. Daughters' educational attainment is dichotomized as either "college completion" or "no completion." Parents' educational attainment is categorized into two groups as well, one includes who have "high school degree", the other is "no completion". Twelve single mothers can't remember their parents' educational attainment due to death or memory loss.

In the poor households, twenty-three daughters out of twenty-seven valid interviewed cases have grown up in families whose parents did not complete a minimum of 12 educational years, as indicated in Table 2. In-depth interviews with female heads in this sample indicate two reasons for the high percentage of similar background. First, female heads who have lower educational attainment report that they came from a economically disadvantaged families of origin. Their parents were not equipped with better human capital in terms of income generation to support their advanced educational attainment. Moreover, there is a notion rooted in Chinese culture that educational investments in daughters is less rewarding economically in the future for the family. Because daughters will eventually marry, and become a member of other family. Investing in daughters implies economic return for families of whom marry to, instead of families of origins. The insufficient human capital accumulation of these female heads then block economic mobility when they grow up as an adult. After they form families on their own, they don't have enough human capital valued by the labor market. Thus they have no other alternatives in terms of income generation but turn to public assistance. The other four female heads from families whose parents have better education have education completed less than 12 years. In-depth interviews indicate that daughters' bad grade or inability to attain more education at that time which results in unfavorable human capital as a single mother.

Table 2: parents' and daughters' educational attainment

parent education \ daughter education	no completion	high school	total
no completion	23	4 *	27
college completion	0	0	0
total	23	4	27

Missing : 12

As indicated in Table 3, four female heads with college degree in the nonpoor households, came from families whose parents' educational attainment is not as high as their daughters'. When examining in-depth interview data, parents' indicates that those fathers' job related to high-technology industry. The inter-personal interaction in the environment gave parents' notion of investment in their children as rewarding.



Parents’ educational investment at that time help daughters to get by economic hardship when they have to raise children on their own. However, another four female heads with lower educational background still maintain an independent living. They report that a substantial of assets left from their ex-husband, such as insurance payment, home equity, have helped families from living in poverty or depending welfare. Also, they indicate that families of origin have provided all kinds of social support such as child care, money, tuition fee for children, etc. during their single parenthood. The findings echo what Schiller (1989) and Sherraden (1991) have suggested that assets, either tangible or intangible, can cushion risk-taking in the case economic crisis and emergency.

Table 3: parents and daughters’ educational attainment

parents’ education daughters’ education	no completion	high school	total
no completion	4	0	4
college completion	4 *	1	5
	8	1	9

Missing : 3

Tangible assets intergenerational transfer of tangible assets, such as home equity, land property, is not common among female heads in this sample. Only nine single mothers in this sample report their families of origins owning some form of home equity or land property. But none of them receive any transfer from their parents. The findings contradicts the equal right of inheritance for daughters as well as sons mandated by the law in Taiwan. The intergenerational transfer of tangible assets runs by the “son priority” principle of inheritance rooted Chinese culture. The principle is strongly associated with the conventional responsibility for son to take care of old parents and to run the family business. As a result, when daughters encounter economic crisis after marital disruption, they receive some forms of social support, such as advice, child care, emergency assistance, instead of tangible economic assets, such as land property or home equity which are more marketable in exchange for money. Surprisingly, those nine daughters not only accept the conventional principle of son-priority inheritance but also accept the reasons for the principle without suspicion and regret, based on in-depth interview data. They report that attempt to win family-owned economic assets may expire them out of family clan which is too costly to take at their vulnerable status at the moment. If they stay quiet, they may win some soft economic support or resources from the family. The culturally-rooted notions of inheritance may block intergenerational transfer for daughters which increase more economic vulnerability for families maintained by female heads than their counterparts.

### Discussion

Because female headed families are particularly vulnerable to poverty, and

because human capital has been widely held to be a central factor in explaining economic differences between such families, many anti-poverty initiatives focus on educational strategies. Findings from the study indicate that the educational attainment of female heads is a strong predictor of their economic well-being. But the findings also strongly suggest parents' socio-economic status play an important role in investing daughters' educational attainment and assets accumulation which then constraints their coping with crisis risk-taking after forming single parent family. Regardless of whether female heads receive assets from their parents or through other means, those with assets may increase the economic well-being of their families in part by buffering financial crises that often occur with major life events such as unemployment, illness, and marital dissolution. This parallels Schiller's (1989) discussion of the ways in which wealth can have positive economic effects, both in the short-term and in the long-term, by buffering financial hardship during family crises.

However, the culturally-rooted notions of son-priority inheritance in Taiwan may block possible intergenerational transfer for the daughters, not for sons, which adds hardship on economic vulnerability for families maintained by female heads in breaking a vicious cycle of poverty. If assets have strong positive effects as indicated in this study, then policies and programs seeking to increase the economic well-being of female headed families should balance educational strategies with asset building initiatives. Particularly, asset-based anti-poverty programs are more critical in promoting economic buffer as well as sustaining economic self-sufficiency for those families.

A number of small scale asset-based anti-poverty programs such as credit union, human resources post office, tuition loan program, etc. have emerged at several communities across the county. The legislation for a demonstration of matched funds should be granted to the poor communities or social service agencies in order to augment the programs to promote economic asset building. Social workers who used to work with poor families should focus on building the asset element into services or practice in addition to other services in order to buffer economic vulnerability. Strategies and programs that facilitate asset accumulation among such families may increase economic well-being in both this generation and the next.

## REFERENCES

- Amato, Paul R., and Bruce Keith, 1991  
"Separation from a Parent during Childhood and Adult Socioeconomic Attainment." **Social Forces**, 70 : 187-206.
- Amato, Paul R., and Sonia Partridge, 1987  
"Widows and Divorcees with Dependent Children: Material, Personal, Family, and Social Well-Being." **Family Relations**, 36 : 316-20.
- Arendell, Terry, 1986  
**Mothers and divorce: Legal, Economic, and Social Dilemmas**. Berkeley: University of California Press.
- Bane, Mary Jo, 1986  
"Household Composition and Poverty." In **Fighting Poverty: What Works and What Doesn't**. Eds. Sheldon H Danziger and Daniel H. Weinberg. Cambridge, MA: University Press.
- Bane, Mary Jo, and David T. Ellwood, 1983  
**The Dynamics of Dependence: The Routes to Self-Sufficiency**. Washington DC: U.S. Department of Health and Human Services.
- Bassi Laurie J., and Orley Ashenfelter, 1986  
"The Effects of Direct Job Creation and Training Program on Low Skilled Workers" In **Fighting Poverty: What Works and What Doesn't**. Eds. Sheldon H Danziger and Daniel H. Weinberg. Cambridge, MA: University Press.
- Becker, Gary S, 1993  
**Human Capital: A Theoretical and Empirical Analysis, With Special Reference to Education**, Chicago: U of Chicago Press.
- Bergmann, Barbara R., 1986  
**The Economic Emergency of Women**. New York: Basic Books.
- Burtless, Gary, 1989  
"The Effect of Reform on Employment, Earning & and Income." In **Welfare Policy for the 1990s**. Eds. Phoebe H. Cottingham and David T. Ellwood. Cambridge, MA: Harvard University Press.
- Census of the Bureau, 1995, **Statistical Social Indicator of the Republic of China**, the Government Printing Office
- Chang, Ching-Fu, 1995, **Female Headed Families and Their Coping Strategies**, the Government Printing Office.  
**Investigating Current Situations and Coping Strategies among Single Parent Families**, Research and Evaluation Committee of the Executive Yuan, Taipei, Taiwan, ROC.
- Corcoran, Mary, Greg J. Duncan, and Martha S. Hill, 1984  
"The Economic Fortunes of Women and Children: Lessons from the Panel of Income Dynamics." **Journal of Women in Culture and Society**, 10 : 232-48.
- Dahrendorf, Ralf, 1979

- Life Chances: Approaches to Social and Political Theory.** Chicago: University of Chicago Press.
- Downey, Geraldine, and Phyllis Moen, 1987  
"Personal Efficacy, Income, and Family Transitions: A Longitudinal Study of Women Heading Households." **Journal of Health and Social Behaviors**, 28 : 320-33.
- Duncan, Greg J., and Willard L. Rodgers, 1988  
"Longitudinal Aspects of Childhood Poverty." **Journal of Marriage and the Family**, 50 : 1007-21.
- Edwards, Karen, and Michael Sherraden, 1995  
**Individual Development Accounts: Asset-based Policy Innovation.** St. Louis, MO: Center for Social Development, Washington University.
- Gottschalk, Peter, Sara McLanahan, and Gary D. Sandefur, 1994  
"The Dynamics and Intergenerational Transmission of Poverty and Welfare Participation." **In Confronting Poverty: Perceptions for Change.** Eds. Sheldon H. Danziger, Gary D. Sandefur, and Daniel H. Weinberg. Cambridge, MA: Harvard University Press.
- Hill, Martha, and Michael Ponza. 1983  
"Poverty and Welfare Dependence Across Generations." **Economic Outlook USA**, 10 : 61-64.
- Kniesner, Thomas J., Marjorie B. McElroy, and Steven P. Wilcox, 1988  
"Getting Into Poverty Without a Husband, and Getting Out, With or Without." **American Economic Review**, 78 : 91-95.
- McLanahan, Sara S, 1985  
"Family Structure and the Reproduction of Poverty." **American Journal of Sociology**, 90 : 873-901.
- McLanahan, Sara S., and Karen Booth, 1989  
"Mother-Only Families: Problems, Prospects, and Politics." **Journal of Marriage and the Family**, 51 : 557-80.
- Mueller, Daniel P., and Philip W. Cooper, 1989  
"Children of Single Parent Families: How They Fare as Young Adults." **Family Relations**, 35 : 169-176.
- Osmond, Marie W., and Charles M Grigg, 1978  
"Correlates of Poverty: The Interaction of Individual and Family Characteristics." **Social Forces**, 56 : 1099-1120.
- Pearce, Diane, 1979  
"The Feminization of Poverty: Women, Work, and Welfare." **Urban and Social Change Review**, 11: 28-36.
- Rank, Mark R., 1994  
**Living on the Edge: The Realities of Welfare in America.** New York: Columbia University Press.
- Robins, Philip K., and Katherine P. Dickinson., 1984  
"Receipt of Child Support by Single-Parent Families." **Social Service Review**, 58 : 622-41.
- Sands, Robert G., and Kathleen E. Nuccio, 1989

"Mother-Headed Single-Parent Families: A Feminist Perspective." **Affilia**, 4 : 25-41.

Schiller, Bradley R, 1989

**The Economics of Poverty and Discrimination**, Englewood Cliffs, CA: Prentice-Hall.

Seltzer, Judith A, and Irwin Garfinkel, 1990

"Inequality in Divorce Settlements: An Investigation of Property Settlements and Child Support Awards." **Social Science Research**, 19 :82-111.

Sherraden, Michael W, 1991

**Assets and The Poor: A New American Welfare Policy**. New York: M. E. Sharpe,.

Smith Michael J, 1980

"The Consequences of Single Parenthood: A Longitudinal Perspectives." **Family Relations**, 29 : 75-81.

Tong, Hsiao-Chu, 1992

**The Study on Economic Hardship among Taiwan Female Headed Families**. Thesis, Department of Social Welfare, Chung-Cheng University, Taipei, Taiwan, ROC.

U.S. Bureau of the Census, 1993

**Statistical Abstract of the United States 1993**. Washington DC: Government Printing Office.

Walker, Gary, 1989

"Comment on Employment." In **Welfare Policy for the 1990s**. Eds. Phoebe H. Cottingham and David T. Ellwood. Cambridge, MA: Harvard University Press.

Weitzman, Lenore J., 1985

The Divorce Revolution: The unexpected Social and Economic Consequences and Children in America, New York, NY: The Free Press.

Zopf, Paul E, Jr, 1989

**American Women in Poverty**. New York: Greenwood Press.