

## **Escaping poverty: are there any differences by household type?**

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The sociological type of a household can be a strong determinant of movements out of low income. The main aim of this paper is to assess which of the various events associated with a poverty exit are the most significant ones depending on the type of household. For this study we use the first eight waves of the European Community Household Panel. We use a decomposition method based on a mutually exclusive hierarchical categorization of event types for each person experiencing a poverty spell ending. The main family structure change is a change in the identity of the head of the household. If the household has not experienced a change in household head, we determine whether the change in the household needs is proportionately greater than the concurrent change in household net money income, classifying the trigger event as demographic or as an income event and detail the source that change most. In this method we have to construct a hierarchical algorithm to determine event importance. It is therefore straightforward to assess the importance of different trigger events. This inevitably involves assumptions that are potentially debatable, but the major drawback to this approach is that many events can occur simultaneously. To complete the analysis we allow the possibility of non-exclusive trigger events. These two issues provide useful and complementary information about the relative importance of trigger events. Several studies have examined the relationship between events and individuals' exits from poverty, but most use only descriptive analysis. While informative, descriptive analyses provide limited information because individuals can experience more than one event at a time. But multivariate analysis disentangles the relationship between one event and the poverty transition from other events or household characteristics. Therefore we estimate a logit model where the probability of exiting poverty depend on a set of explanatory variables, which includes not only trigger events but also other characteristics of the person or household. We estimate the logit model broken down by household type at the interview prior to the potential transition. So, we can determine the relative importance of multiple events in poverty transitions, something that can not be learned by the descriptive analysis. We compare the results obtained from these three different approaches and we get robust conclusions on the main events in the way out of poverty for each household type.

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