

# **Family and Socioeconomic Drivers of Poverty Disparities Between Second-Generation Immigrant and Native Children in Sweden**

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## **Introduction and background**

As European countries grapple with the complexities of increasingly multicultural societies, understanding the socioeconomic outcomes of immigrants and their descendants is critical. Sweden has experienced large-scale migration since the late 1960s, which is also visible in the large share of the foreign-born populations and their descendants, as well as in the pronounced diversity of origin groups. The share of Sweden's population born outside of the country (i.e., the first-generation) or born in Sweden with at least one parent born abroad (i.e., the second-generation, hereafter the G2) continues to increase – today they represent 30% of the entire resident population. Sweden, often lauded for its progressive welfare policies that promote economic equality, provide a unique context to examine the extent to which countries with strong social policies are faring in terms of social inequality and immigrant integration. To this end, this article examines early childhood income poverty among the majority population and the children of immigrants born in Sweden.

Research on immigrant integration in Sweden largely confirm the patterns that are typical to other European countries. Immigrants have lower labour force participation, but even when they are economically active they have higher unemployment rates and earn less than comparable majority natives (e.g., Aradhya, Grotti, and Härkönen 2023). The native-foreign gap tends to remain long after immigration, while considerable heterogeneity exists between immigrants by country of origin (Vaalavuo and Rask 2022). Importantly, certain immigrant groups face more restrictive structural and cultural barriers that impede their integration.

Experiences of childhood poverty are linked to a wide-range of socioeconomic and health outcomes throughout the life-course making it an important driver of many dimensions along which immigrant integration is measured. For example, childhood poverty is associated with poorer educational attainment, cognitive and psychological well-being, as well as a range of social and economic disadvantages in later life, including poverty (Parolin et al. 2022). In addition, since children have no responsibility for their own economic situation, it can be considered a pivotal stage in the life-course where disadvantages are transmitted intergenerationally (Parolin et al. 2024). Moreover, the degree to which experiences of childhood poverty are unequally distributed between the children of immigrants and the majority population can inform about the future developments of inequality in host society.

Specifically, this paper investigates the extent as well as the underlying factors of childhood poverty among G2 children from 15 distinct origin groups and children from the majority native population. The study addresses two core research questions: (1) To what extent do poverty rates differ among G2 children as compared to native children in Sweden? and (2) What role do family structure and parental socioeconomic conditions play in explaining these disparities?

## **Data and methods**

Analyses are based on Swedish total population registers which includes all the individuals residing in the county. Our target population consists of all children aged between 0 and 18 between the years 2012 and 2020. As a result, our sample includes more than 19 million person-year observations. Our outcome is relative income poverty. We focus on relative rather than absolute poverty as it captures social exclusion to a greater extent, an aspect that is particularly relevant when considering migrants. Specifically, relative poverty is closely related to economic inequality within a society, identifying individuals who fall significantly below the average living standards of that society, even if their basic needs are met. We use the standard poverty measure employed by the European Union in which children are categorized as income poor if their family's equivalized disposable household income falls below the threshold set at 60% of population median income. The independent variable of interest captures children's immigrant background according to their mother's country of birth. We distinguish a relatively large number of groups which correspond to the largest as well as the most unique origin groups.

Our key methodological approach involves the Kitagawa-Oaxaca-Blinder (KOB) decomposition, which allows us to disentangle the observed poverty differentials between G2 and native children into components attributable to differences in demographic and socioeconomic composition (the so called "endowment effect" component) and differences in poverty vulnerability ("unobserved or discrimination" component). By isolating these components, we aim to identify the specific characteristics (e.g., family structure and size, parental education, parental employment status) that contribute most to the observed disparities and to assess whether these factors operate differently across origin groups. The decomposition technique is particularly suited to understanding how much of the poverty disparity can be explained by observable characteristics versus how much may reflect unobserved vulnerabilities associated with different immigrant backgrounds.

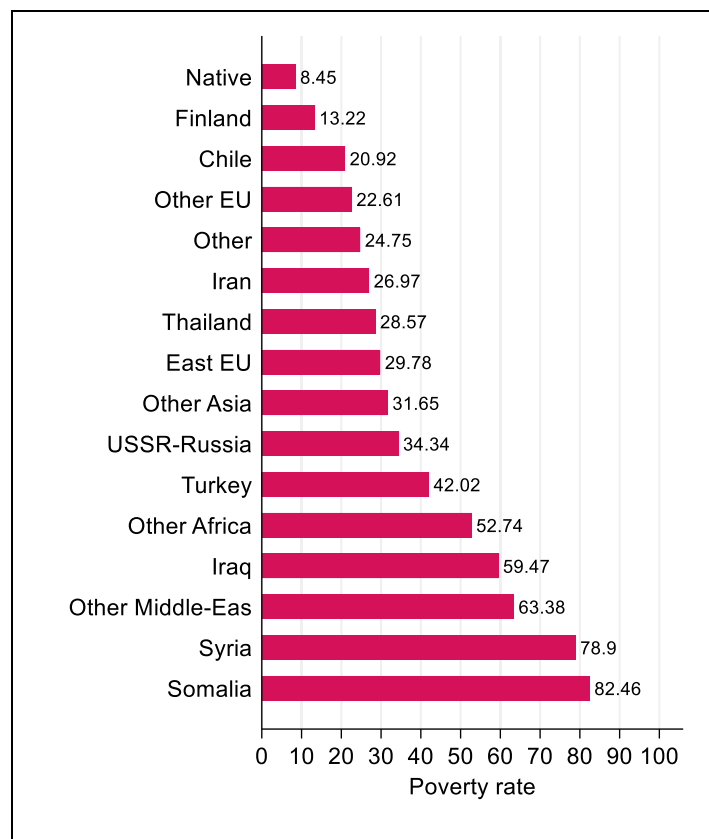
## **Results**

Our findings, as reported in Figure 1, reveal stark inequalities in childhood poverty rates across different origin groups in Sweden. Specifically, we find that children from the majority native population exhibit a relatively low poverty rate of approximately 8%. However, significant disparities emerge among second-generation immigrant children: those of Somali origin, for example,

experience an exceptionally high poverty rate of around 80%, highlighting the challenges faced by specific origin groups even within Sweden's welfare-oriented context.

There are notable differences also between Middle-Eastern countries, ranging from 27 for Iran to 78.9 percent for Syria. G2 from European countries also experience higher levels of poverty as compared to the children of Swedes. G2 Finns represents the group with the closest poverty rate to the majority population, at 13.2 percent. Next to G2 Finns we find G2 Chilean at 20.9 and G2 children from other EU countries at 22.4 percent.

Figure 1. Childhood poverty rate



Preliminary decomposition analysis indicates that compositional factors—such as family structure, family size, parental educational attainment and parental employment status—explain a portion of these disparities. For instance, Somali-origin children belong to families characterized by the largest average family sizes and the lowest average levels of parental education, both factors that are strongly associated with higher poverty risk.

Beyond compositional factors, however, our findings also suggest that structural vulnerabilities play a crucial role in shaping poverty outcomes among G2 children. For example, the protective role of employment is stronger among native children rather than G2 children, while the penalty associated with living in larger families is stronger for G2 children. Therefore, while socio-economic composition

explains some of the disparities, we observe that differences in poverty vulnerability, likely driven by factors such as discrimination and social exclusion, amplify the economic challenges faced by certain groups. This points to the existence of unique structural challenges, such as barriers to parental employment and limited access to socioeconomic resources, that disproportionately affect certain G2 groups.

## Conclusion

The results of our study reveal stark inequalities in childhood poverty. Children with Swedish born parents have (much) lower poverty rates compared to the children of immigrants. Children with Middle Eastern and African origins (such as Iraq, Syria, Somalia) have the highest poverty rates compared to other regions. Most European origin children, particularly Finland and "Other EU," show comparatively low poverty rates. Our results suggest that childhood poverty among G2 children is shaped by a combination of compositional factors and structural vulnerabilities that interact to create substantial disparities. As such, certain structural and demographic characteristics—such as larger family size, lower parental educational levels, parental employment and immigrant background—can contribute to compounding disadvantages that reinforce and exacerbate poverty over time. Our results point toward the idea that childhood poverty in immigrant-origin families cannot be fully addressed by focusing solely on compositional characteristics. Instead, there is a need for policy interventions that explicitly account for the compounded disadvantages faced by certain immigrant-origin groups, addressing both economic and social dimensions of poverty to foster more equitable outcomes.

## References

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