

VICIOUS CIRCLE OF POVERTY: THE PSYCHOLOGICAL BARRIERS AND COPING STRATEGIES

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Abstract

In most cases, material dimensions are emphasized while defining poverty lines and minimum standards of welfare. However, there are different approaches to defining poverty due to its interdisciplinary nature. In 1995, the multidimensional definition of poverty was adopted and approved at the World Summit on Social Development in Copenhagen. According to the latter, poverty is described in deprivation terms connected with each other, with an emphasis on poverty-related stigma, discrimination, vulnerability, and social exclusion (United Nations, 1995).

Current article overviews the empirical data to analyze how public stigma toward poor people might be interiorized in their identities which in result causes negative feelings toward their selves and passive behaviors to improve social-economic conditions. Coping strategies and policy level recommendations are also discussed for developing social services for poor people.

Keywords: Poverty related stigma, stigma coping mechanisms, intergenerational poverty, Social Identity.

1. Introduction

“It implies a circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of poverty. For example, a poor man may not have enough to eat; being underfed, his health may be weak; being physically weak, his working capacity is low, which means that he is poor, which in turn means that he will not have enough to eat; and so on. A situation of this sort relating to a country as a whole, can be summed up in the trite proposition: “A country is poor because it is poor” (Nurske, 1953).

Poverty is not an economic condition but a structural, psychological, and social interplay in the causes of vicious circles of deprivation (Sen, 1999). It develops an understanding of the self-reinforcing nature of poverty and how this cycle can be disrupted by integrating insights from psychology, sociology, and economics. This situation can be described as a "vicious circle of poverty," where material deprivation limits access to education, healthcare, and economic opportunities. The challenges faced are not only physical but also extend to psychological barriers. These get internalized to a degree that the behaviors, perceptions, and

even aspirations among themselves inhibit the possibility of flight from a culture of poverty.

The multidimensionality of poverty has been acknowledged by the Copenhagen Declaration on Social Development of 1995; there is a reinforcement through global evidence that points out interrelationships between deprivations, stigma, and social exclusion. Various research during the last decade reveal that, at an individual level, poverty affects people at material and psychic levels in terms of access to education, health, and economic opportunities while fostering internalized behaviors and perceptions that inhibit aspirations (Mani et al., 2013; UNDP, 2021). The vicious cycle of poverty, also known as generational poverty effects on many peoples' quality of life. Once poverty starts, it has tendency to be continued once some serious interventions are undertaken. The main reason of vicious circle of poverty is the lack of human and material capital formation that becomes generational.

In most cases, material dimensions are emphasized while defining poverty lines and minimum standards of welfare. However, social and psychological aspects of poverty have the same force of causing poverty trap. So, emphasis on the multidimensional nature of poverty has crucial role in the process of combating it. People living in poverty need to develop the coping mechanisms which help them to break poverty trap. However, their human resources might be impoverished in such a way that it may become impossible to adapt active and positive coping strategies. The vicious circle of poverty is surrounded many kinds of constellation sources including environmental, economic, etc. But this article explains underdeveloped human resources as forces of maintaining poverty. Particularly, the mechanism of influencing social stigma on poor peoples' identities and relevant consequences are discussed.

This article aims to examine the psychological barriers faced by individuals living in poverty, focusing on the impact of stigma and internalized identities on their aspirations and behaviors.

So, the main theoretical research questions are related to analyzing the mechanism of forming vicious cycle of poverty, exploring the coping strategies employed by those in poverty, ranging from individual resilience to communal support; also, analyzing systemic interventions aimed at breaking the cycle of intergenerational poverty.

Drawing on insights from both empirical research and theoretical frameworks, the article aims to provide a comprehensive understanding of the cycle of poverty. The validity of scientific problem explored in the current article is related to contributing to an interdisciplinary approach—encompassing economic, psychological, and sociological perspectives—on how to effectively engage in poverty relief. Ultimately, it seeks to identify strategies for individual and community empowerment, promoting both upward mobility and systemic change.

2. Methodology Current article presents non-empirical review of the theories and studies conducted in the field of poverty related stigma, social identity, intergenerational poverty and coping mechanisms of it. For theoretical study of the problem different relevant theories and studies were selected. The main

criterion for selecting the material to be analyzed was the conceptual and empirical content related to the issue under study. Accordingly, literature review compiles the most relevant stigma and social identity theories related to the study problem, also, the recent empirical researches about poverty conducted in the field of Psychology. It is noteworthy that there is a paucity of theoretical and empirical research in the field of poverty psychology. So, the theories and studies to be discussed were selected based on the expertise of the authors. So the main methodology is related to conducting desk research by analytical approach.

3. Desk research

3.1 An Underlying Mechanism of Vicious cycle of Poverty

One of the primary psychological dynamics underlying poverty is learned helplessness—a finding by Seligman 1972. People who experience a continuous series of events in which their attempts to alter their circumstances do not succeed may acquire a generalized feeling of powerlessness. This can manifest as apathy, resignation, and a lack of motivation. For instance, a person who faces repeated rejections in job applications may stop trying, believing that further efforts will be unsuccessful. This feeling of inevitability about one's situation exacerbates the external barriers of poverty, creating a significant obstacle to change. Additionally, societal labels and stereotypes related to poverty, as explained by labeling theory (Becker, 1963), further complicate this dynamic. Individuals living in poverty often encounter stigmatizing labels, such as "lazy" or "uneducated." Over time, these negative perceptions can become internalized, influencing how individuals view themselves and their potential. Internalization in this regard goes in line with stereotype embodiment theory, which was initially suggested by Levy in 2009, proving that once societal stereotypes become internalized, they may affect health and opportunities along with influencing behavior (Narayan et al., 2000). For example, a child grown in a stigmatized and low-income environment may develop a self-concept of low capability, which lowers educational and career expectations (Marmot, 2005). One of the studies (Walker.,Hanna., & Hart, 2021) reported that low-income individuals who internalized stereotypes associated with poverty demonstrated lower educational attainment and poorer mental health outcomes. Furthermore, stigma often manifests in systemic barriers, such as bias in hiring processes or inequitable access to professional networks, which exacerbates inequalities.

Another critical perspective is provided by Maslow's hierarchy of needs (1943), which highlights how unmet basic needs hinder personal and societal development. For individuals living in poverty, the constant struggle to secure food, shelter, and safety leaves little room for pursuing higher-order goals such as belonging, self-esteem, or self-actualization. This relentless drive for survival thus puts them into a regime of immediacy; long-term strategies and self-development become luxuries they can hardly afford. For example, the person who has to provide food for the daily nutritional needs of his family is unlikely to invest any of his time and resources in training or education.

Poverty also undermines individuals' belief in their ability to overcome challenges, as articulated by self-efficacy theory (Bandura, 1997). Repeated exposure to barriers and failures within systems diminishes one's faith in one's ability to effect

change. A lack of self-efficacy then occurs, which leads to a cautious attitude or the tendency to avoid risks and long-term strategies. The individual who feels that he or she cannot succeed with vocational training, for instance, would thus forgo educational opportunities and remain in economic straits.

In addition to these barriers, the ongoing experience of chronic stress and cognitive overload related to poverty contributes to the Scarcity Mindset Theory (Mullainathan & Shafir, 2013). The persistent stress from financial insecurity, lack of resources, and survival threats consumes mental capacity, leading to impaired decision-making and problem-solving abilities.

In addition to these barriers, the ongoing experience of chronic stress and cognitive overload related to poverty contributes to the Scarcity Mindset Theory (Mullainathan & Shafir, 2013). The persistent stress from financial insecurity, lack of resources, and survival threats consumes mental capacity, leading to impaired decision-making and problem-solving abilities. The reduced capacity hinders focusing on long-term goals or seizing opportunities, thus reinforcing the cycle of deprivation. Extensions in this theory propound the "tunnel effect"-people become more focused on nearer needs and then forget critical but rather distant priorities, as suggested by Shah et al. (2020). One of the studies revealed that financial constraints faced by low-income workers reduced their long-term financial planning, capacity, even when attractive incentives to save were available. This finding illustrates how scarcity impairs efficient allocation of cognitive resources.

Beyond financial deprivation, this framework addresses a variety of contexts, including the time constraints of working parents, which similarly constrain informed decision-making.

These obstacles in no way hamper the resilient ways of coping with poverty by individuals and communities. In fact, psychological resilience serves to help people better adapt to adversity and find creative ways of dealing with difficulties (Masten, 2001). There is ample evidence to show how families can stretch limited resources, engage in informal economies, or pool communal support in order to survive, even thrive, under inauspicious conditions (Narayan et al., 2000).

Masten (2021) defines resilience as the ability to adapt to adversity and recover from stress; recent studies highlight its importance in fostering upward mobility among low-income populations. Communities and families often show remarkable ingenuity by reallocating resources, participating in informal economies, and utilizing social capital to overcome systemic barriers (Narayan et al., 2020; UNDP, 2021).

By the same vein, the role of social capital, as advanced by Bourdieu (1986), plays an important role. In essence, the network established among members serves as a means of material and emotional support to cushion the members from adversities. These efforts not only relieve immediate hardships but also empower individuals and communities to confront structural barriers and advocate for systemic change.

Structural and systemic approaches to addressing poverty often draw on behavioral economics (Thaler & Sunstein, 2008), which examines how individuals make decisions under conditions of scarcity. From meticulous

household budgeting to innovative resource-sharing arrangements, coping strategies rooted in behavioral insights highlight the ingenuity of those navigating poverty.

Going beyond individual and community-level strategies, systemic change essentially requires a feeling of empowerment with active collective action. Empowerment theory by Zimmerman (2000) places much emphasis on education, skill development, and community building in mobilizing people to assume responsibility. Programs offering vocational training, microfinance opportunities, and leadership development provide the wherewithal to deal with both psychological and structural impediments.

Finally, collective advocacy provides a direction toward durable transformation. Grassroots and policy advocacy campaigns, in response to Freire's (1970) call for critical consciousness, speak for the interests of poor communities by demanding changes at the systems levels. Such initiatives mobilize the communities to challenge structural inequity so that the intergenerational poverty trap might be overcome, and hence, ways out of poverty become open.

In sum, this framework indicates that poverty is not merely a lack of material resources but a multidimensional phenomenon deeply intertwined with psychological and social dynamics. It needs an approach that holistically integrates individual resilience, communal support, and systemic reform based on an understanding of the complex interplay of barriers and coping strategies.

The vicious cycle of poverty, also known as generational poverty effects on many peoples' quality of life. Once poverty starts, it has tendency to be continued once some serious interventions are undertaken. The main reason of vicious circle of poverty is the lack of human and material capital formation that becomes generational.

The additional negative circumstance for people with low socio-economic status is knowing that society is stigmatizing them (Lott, 2002). Stigma is defined as having a deviant characteristic of social norms that is sharply discredited. It makes a person different from others and less desirable (Goffman, 1963). In addition, stigmatization is characterized with the categorization of stigma targets and stereotypical reasoning about them (see Jones et al., 1984, for a review). However, the stigmatized individuals might not always experience stigma as intensely as expected. Recently, the concept of perceived stigma has been more actively explored (Pharsadanishvili & Kitiashvili, 2020). As to the perceived stigma of poverty it is divided into two dimensions: a) Internalized stigma, which includes negative feelings about poverty, such as shame, embarrassment, or seeing oneself as different from others; and 2) experienced stigma - individual's general perceptions of the stigmatizing actions directed towards them (Mickelson & Williams, 2008).

Qualitative study was conducting with poor people living in Georgia were they talk about the humiliating experiences related to their poor social-economic status. According to their narratives the experienced stigma related to poverty includes experiences of status-related discrimination or other degrading treatment; This theme comprises the contents reflecting respondents' direct stigmatizing experiences. They report the cases when they were excluded and avoided by

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members of their society and relate the facts of social exclusion to their economic hardship and low socio-economic status (Pharsadanishvili & Kitiashvili, 2020). In one interview 44-years old woman mentions: *“There are people who ridicule those who have nothing. I can’t even remember how many times my child has come home in tears. In their class it is like this: if she/he has nothing let’s not get close to them. The child has returned home in tears so many times. I explained that there is nothing laughable. If I have nothing, how can it be ridicules or something?”*

This sort of experiences of stigma effect on peoples’ self in the maladaptive way. It may not only trigger the depressive mood and other negative feelings rather it might also lead to internalizing the degrading submissive identity and negative stereotypes toward poor people. Qualitative study conducted in Georgia clearly revealed that stigmatizing experiences as shame and damaged self-esteem are internalized. Poor people believe that their self-respect has been harmed and that they have “fallen low.” (*“You know what I have noticed? That I am already down there and it hurts. I feel that I have slid several steps down”, 57-year-old woman*) (Pharsadanishvili & Kitiashvili, 2020).

Once the poor peoples’ identities become also “poor”, they begin believing that they are really submissive part of the society, then the likelihood of active movements toward improvement of their social-economic conditions also begins decreasing. Peoples’ identity, self-esteem and self-conceptions strongly determine their actions. So, stigma which is internalized might be very dangerous for poor peoples’ selves and their attempts of using active/problem-focused strategies for combating poverty. This process might be fairly considered as contributing the formation of vicious circle of poverty.

Another important quantitative study conducted also in Georgia showed some important findings regarding how damaged self of poor people effect on their capacities. In this regard one of the important factors which plays important determining role is the level of self-identification to the group of poor. The level of in-group identification differs from one person to another. According to the study results the degree of social identification really explains the variability of using individual mobility strategy to a significant degree, however, the link between them is also enhanced by individual self-esteem (Pharsadanishvili & Kitiashvili, 2023). So, the individual self-esteem should be considered as a contributing factor to the use of individual mobility strategy which implies active attempts to improve their education, find different types of jobs, and thus, improve their socio-economic status. Therefore, the risk of damaging self-esteem by targeting stigmatizing attitudes toward poor peoples might cause very negative influence not only on poor peoples’ subjective well-being, but also on the social-economic development of the society.

So analyzing the strategies poor people refer for protecting their self-image gains more importance in order to cope stigma and negative consequences caused by it. In this regard interesting mechanisms are described in the Social Identity Theory developed by Tajfel and Turner (1978). According to social identity theory, the group has very important role in the formation of a person’s self, in the process of his or her self-determination. Membership in any definite social group is accompanied with some positive or negative content connotations, so social

identity might also be positive or negative depending on how the referent social group is estimated.

There are basically three types of strategies how individuals deal with the damage associated with the formation of a negative social identity (low self-esteem, self-oppression, etc.): 1) social/individual mobility; 2) social creativity; 3) social competition (Tajfel & Turner, 1979).

The social/individual mobility means leaving the low-status group (at least, reducing identification with it). This strategy operates entirely on a personal level, aiming to increase individual, not group, well-being. The social competition is a collective/group strategy and it is used by group members when the level of identification with the group is high. That involves the direct competition with an out-group to enhance one's own group status (Turner & Brown 1978; Tajfel 1978). The social creativity strategy involves changes of the context of social comparison. At this point, a positive social identity is achieved without a real change in social group status. This strategy includes a wide range of reactions, some of which are highly individualistic, while others are aimed at improving group identity (Pharsadanishvili & Kitiashvili, 2024).

For analyzing the negative social identity management strategies in the context of poverty, the research conducted in Turkey by Serap Akfirat, Filiz Comez Polat and Unsal Yetim (2016) is particularly interesting. The study involved participants living below the poverty line. The findings indicated that poor people were using active mobility strategies when the social structure was perceived as unstable.

It is noteworthy that there are limited researches on the relationship between the perceived stigma, individual self-esteem and Negative Social Identity Management Strategies. In this regard the study conducted in Georgia revealed important findings.

Firstly, it is important to note that all negative social identity management strategies are employed intensively by socially vulnerable citizens. This finding aligns with existing theoretical concepts and research, which suggest that various strategies can be used simultaneously, regardless of whether they pertain to individuals or groups (Jackson, Sullivan, Harnish & Hodge, 1996). Additionally, Taylor and McKiernan's (1984) five-step model of intergroup relationships indicates that individuals initially attempt social mobility strategies. When these efforts to join a higher-status group prove unsuccessful, they often resort to other group-level strategies (Taylor, Moghaddam, Gamble & Zeller, 1987; Wright, Taylor & Moghaddam, 1990; Jackson, Sullivan, Harnish & Hodge, 1996).

Regarding the relationship between perceived stigma and negative social identity management strategies, experienced stigma, internalized stigma, and the overall scale of perceived stigma show a negative correlation with the strategy of social creativity. Social creativity involves employing various cognitive strategies that, we assume, create an incompatible or dissonant state with the negative emotions and thoughts associated with perceived stigma (Carrasco, Nguyen, Barrington, Perez, Donastorg & Kerrigan, 2016).

It is also noteworthy that individual mobility strategy and dimensions of perceived stigma were not correlated. This outcome may stem from the unique nature of the individual mobility strategy itself. Unlike other strategies, this one is an active,

problem-solving mechanism, and its relationship with other strategies can vary in different directions (Pharsadanishvili & Kitiashvili, 2023). Some optimistic results are also revealed regarding the possibility of managing the “poor identity” and poverty trap which should be used in elaborating relevant policy interventions for enhancing poor peoples’ human capacities. In particular, the use of individual mobility and social creativity strategies is higher in those who live in poverty for 5 years or more than in those with 1-4 years. We can assume that over time, people learn to live with subordinate status and develop strategies for managing it. The respondents also pointed to this circumstance in the qualitative research, when they noted that in the first days of being granted socially vulnerable status, they were very nervous about the reactions of others. They then began to ignore the degrading attitudes of others and resort to other cognitive reinterpretations. Therefore, the logical conclusion was also made on the fact that internalized stigma is lower in those with socially vulnerable status for 5 years and longer period than in the second group. It is obvious that the active use of individual mobility and social creativity strategies reduces the negative impact on stigma at the self-level (Pharsadanishvili & Kitiashvili, 2023).

3.2. Coping Strategies and Pathways for Breaking the Poverty Cycle

3.2.1. Psychological Resilience and Social Support in Overcoming Poverty

Coping with poverty requires a balance between inner strength, community cohesion, and behavioral responses. Thus, coping strategies range from individual and collective efforts and are hallmarked by tremendous resourcefulness and determination in fighting economic adversity. A good fit of personal psychological mechanisms, social networks, and adaptive behaviors defines a sound system for sustaining adversity.

According to Mcloyd and Wilson (1990), “poverty-related stress promotes stricter parenting, less emotional warmth, and a greater degree of family conflict than in more advantageous circumstances,” greatly influencing the children's development of psychological outcomes. Among poor families in Georgia, the stress is high related to financial strain and thus spreads into relations with the child. Indeed, most children said they felt negated and irrelevant whenever basic needs were withheld (Kitiashvili & Farsadanishvili, 2018).

Resilience is a non-cognitive competency that enables people to resist adversity, recover from shock, and remain hopeful in the face of great challenges. For resource-poor populations, this means extraordinary resilience. Families cope with limited resources in many ways, often through creative strategies. Examples include small gardens on balconies and in yards in urban settings that supplement household food needs and also seek to reuse waste in creative ways: a broken pot as a container or planter. In addition to the physical, there is also an important psychological component to resilience. Practices related to mindfulness, spirituality, and even a sense of hope allow a person to maintain optimism even in the face of chronic adversity. This positivity often translates into emotional stability in the family, which creates a nurturing environment that allows children to thrive academically. Children raised in resilient families often develop the means to rise above their circumstances, demonstrating that resilience is not just a means of survival, but of upward mobility.

3.2.2. Community Support

Community support is a lifeline and alleviates poverty in both material and psychic ways. Social networks-either based on family, friends, or local organization-are a safety net that buffers against isolation and feelings of helplessness, developing a sense of shared purpose.

In rural areas, community solidarity is usually directed at helping families in distress. For example, neighbors share extra food, offer temporary housing, or even childcare while the family is in financial crisis. Grassroots movements of food banks, community kitchens, and mutual aid groups sprout up in urban areas where resources are shared and hardships collectively overcome. Such efforts alleviate immediate challenges while fostering mutual respect and empowerment. Community support can be extended to include collective advocacy when groups come together to demand systemic changes, for example, in improving living conditions, decent wages, or even government assistance programs. Such advocacies do not only improve the material well-being of the participants but also empower them by a sense of agency and a guarantee that their voices will make some difference.

3.2.3. Behavioral Adaptation

Behavioral adaptations refer to the proactive strategies to which people resort in an effort to meet economic hardships and manage meager resources more appropriately. The most common is prudent budgeting in which all expenses are planned with emphasis on the realization of essential family needs. Many times, this comes with discretionary spending reduction, seeking goods at cheaper prices, or better bargains for services and utilities.

Resource pooling is another common adaptation, especially in extended families or close-knit communities. By sharing living spaces, transportation, or even food, individuals reduce personal expenses and strengthen social bonds. For instance, an extended family may share one household, dividing up the rent and utility bills, while other expenses are divided among them.

Engagement in informal economies provides a critical lifeline for people facing systemic barriers to formal employment. By selling homemade goods, offering local services, or taking part in bartering systems, individuals can attain an income or goods without necessarily having to rely on formal monetary transactions. In many underserved areas, these informal networks become the cornerstone of economic survival and nurture resilience where institutional support may be lacking.

Other very significant strategizing that leads to behavioral adaptations includes sustainable practices. Energy-efficient measures, small-scale agriculture, and recycling also enable people to address the immediacy of economic pressures and their potential pathways to long-term self-sufficiency. Examples include the use of solar-powered lighting to reduce electricity costs and composting in support of home gardening.

3.2.4. Integrating Individual and Community-Based Approaches to Poverty Alleviation

The interplay of psychological resilience, community support, and behavioral adaptations in a multidimensional way speaks both to the endurance of poverty and the overcoming thereof. While psychological resilience is the inner strength that keeps them going through those hard times, community support infuses a level of emotional and material aid. Behavioral adaptations mirror the ingenuity and pragmatism of people negotiating systemic constraints.

These are the strategies, cumulatively, that represent ingenuity and strength from the people in poverty. They testify to survival, even thrival, in most undesirable circumstances. Persons draw from inside strengths and external networks to carve pathways out of poverty, reflecting an indomitable human spirit coupled with the magic of collective action.

3.2.5. Child Poverty in Georgia and Its Connection with Parental Poverty

Child poverty in Georgia is a kind of intractable problem, depending largely on the socio-economic conditions and vulnerabilities of the parents. From the point of recent studies and statistical data, an intergenerational aspect of poverty is relevant-parental poverty affects developmental opportunities, psychological state, and social mobility of children.

Child poverty in Georgia is the manifestation of material and social deprivation. According to Kitiashvili and Pharsadanishvili (2018), children from poor households are usually deprived of minimum opportunities for healthy nutrition, good education, and safe housing. Material deprivation may increase the vulnerability of a child to poor living conditions, such as overcrowding and lack of proper infrastructure, which further degrade the physical and emotional state of children.

The factor of social deprivation has contributed to this problem, whereby children from poor families face exclusion, stigma, and even discrimination, particularly in school. For instance, most of the children reported that they felt humiliated at school because of worn-out or inappropriate clothes and expressed their feelings of shame and isolation (World Bank, 2020). Apart from impairment of self-esteem, it creates a sort of barrier for one's social inclusion into the society, places someone into cycles of disadvantage.

The economic constraints of families make children take on adult-like responsibilities when they are still young. Many children are forced to help in the family income through part-time or informal labor, which often reduces their chances of pursuing education and personal development (UNICEF, 2021). This duality of work and study inhibits their potential to rise above poverty, reinforcing the intergenerational nature of the issue.

4. Main findings

Theoretical and Practical Implications

Results from psychological studies of poverty highlight that poverty is a multidimensional phenomenon besides material deprivation, extending to the psychological, social, and structural dimensions. These shall, therefore, be fully

considered in the making of policies and interventions toward poverty reduction. Coping with poverty requires an approach that is holistic and multi-level combining psychology, sociology, and economics to attack the structure of inequity and impeding psychological dynamics.

In this respect, the vicious circle of poverty cannot be broken without focusing on enhancing human and social capital and not just on material support. Based on the discussion above, it is possible to provide the following practical recommendations, whose realization will be relevant for developing social policy. But while necessary, financial assistance in poverty alleviation can only go so far in providing the needs that come packaged with social mobility. This financial assistance needs to be linked to programs that will empower the recipient for self-sufficiency in the long term. These would include quality education, health care, and childcare, as well as vocational training better equipping a person with the ability to hold onto a job for the long term. Policy has to work toward a balance between immediate needs and long-term capabilities.

The inability of self-efficacy and motivation to be regained after adversities during a long period of time constitutes one of the most important barriers in overcoming poverty. Training programs and activities should be focused on personal development, resilience, and skill-building, underpinning economic livelihood. The programs should be oriented according to the needs of socially vulnerable groups and enable them to restore their confidence in their capabilities and actively participate in the labor market. It is anything from vocational training and entrepreneurship workshops to psychological counseling: building self-esteem, growth in one's mindset.

Education is taken as one of the strongest arsenals in fighting poverty. To add, policies should, therefore, be channeled towards ensuring all, particularly children from poor families, have quality education. In addition to formal education, awareness will help educate them on the existing resources, rights, and opportunities. Also, the knowledge imparted would empower these people to make proper decisions and initiate positive action that may uplift their socio-economic status.

The stigma of poverty and the stereotypes have deep psychological effects on the individuals concerned, further entrenching them within the poverty trap. Anti-stigma campaigns are necessary to question and change common perceptions in society about those living in poverty. These need to be augmented through targeted campaigns aimed at making the general public aware of structural and systemic poverty causes as a means of decreasing blame and increasing empathy. The media, schools, and community organizations can go a long way in furnishing positive stories about people in low socioeconomic statuses and their potential contribution to society.

The prevalence of mental health issues arising from poverty has major implications for a wide range of life domains and is usually represented through chronic stress, learned helplessness, and internalized stigma. Policymakers need to ensure inclusion of mental health services in the program structure for poverty reduction. Building psychological resilience is an important process that contributes to individual well-being and enhances the capacity to pursue education, employment, and community involvement.

Community-Based Initiatives and Social Capital Development: Community-based initiatives are of importance in poverty alleviation for building collective resilience and mutual aid. Policies should support the development of community networks in providing both emotional and material support for socially vulnerable groups. Food banks, shared childcare, and community centers are initiatives to alleviate immediate needs, while promoting social cohesion. Social capital via grass-roots organizations may provide ways in which communities are able to mobilize for changes in their housing, job wage rates, and public services, amongst other things.

Poverty is deeply entrenched in systemic inequalities; nothing but structural reforms can provide sustainable change. It is now time for inequities in education, healthcare, and job opportunities to take center stage in policy. This requires adopting inclusive policies that provide equal opportunities to all, including marginalized groups, while addressing discriminatory practices at the institutional level. Investment in early childhood development and education should be prioritized in structural reforms, as this is considered crucial in disrupting intergenerational poverty transmission.

Interventions such as simplifying the process of gaining access to welfare programs, which encourage participation in activities either educating or vocational in nature, may work to help poor people overcome this preoccupation caused by mental and emotional resources because money is scarce.

Therefore, poverty is an intersectoral problem in nature, hence requiring responses at multiple levels. Policy makers can therefore address the psychological, social, and structural barriers to trap citizens in a milieu where they have the resources, opportunities, and motivation necessary to climb out of poverty. Integration at the level of individual resilience, communal support, and systemic reforms would greatly alleviate not only poverty but also assure social cohesion and economic development. Poverty reduction is more than an act of charity; it is a moral obligation and a minimal requirement for the sustainable development of society.

5. Limitations of the Study

The study provides an in-depth analysis of the psychological and social dynamics of poverty, but a number of limitations are to be noted:

5.1. Limited Generalizability

Therefore, as much as these contexts ensure validity for Georgia, more cross-cultural validation is needed to generalize these findings from these data and qualitative research in any other cultural context.

5.2. Lack of Analysis of Intersectionality

The paper fails to discuss in detail how poverty intersects with gender, race, and disability. These would have presented a more multi-dimensional view into the severe impacts of poverty.

5.3. Limited Longitudinal Analysis

The study does not include longitudinal data, which would allow for tracking the effects of coping strategies and interventions over time. Gaining insight into how psychological and social dynamics change would enhance our understanding of the persistence or alleviation of poverty cycles.

6. Conclusion

The cycle of poverty is not just an economic problem; it involves a complex mix of structural, psychological, and social factors. The article focuses on the significant role of psychological barriers—like stigma, learned helplessness, and internalized negative identities—in maintaining poverty. People living in poverty often experience social exclusion and discrimination, which gradually undermines their self-efficacy, aspirations, and motivation to pursue proactive ways to improve their socio-economic situation. These psychological impacts further trap individuals in poverty, making it harder to escape.

The article also underscores the importance of coping strategies that individuals and communities employ to combat the negative effects of poverty. Approaches such as individual mobility, social creativity, and resilience-building are crucial for lessening the harmful impact of poverty-related stigma. Research shows that those who cultivate adaptive coping strategies—like enhancing their social networks, participating in informal economies, and engaging in community initiatives—are more likely to break free from the cycle of deprivation.

On a structural level, policy measures need to extend beyond short-term financial aid; they must also tackle the underlying psychological and social aspects of poverty. Investing in education, vocational training, mental health services, and anti-stigma initiatives can empower individuals and communities to face and overcome the challenges linked to poverty. Furthermore, systemic reforms should focus on reducing institutional discrimination, ensuring fair access to jobs, and fostering inclusive social policies.

In the end, addressing poverty requires a comprehensive approach that includes economic, psychological, and social strategies. Breaking the cycle of poverty involves not just providing material resources but also empowering individuals to regain their sense of agency.

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