Abstract

English

Concurrent to the widespread use of traditional income or consumption based measures for determining human development, there has been growing interest in the economics of happiness since the late 70s. Likewise, there is a broad strand in literature that has defined and commented upon indices that merge numerous 'functionings', based on the capabilities approach (CA) by Sen (1985), following a myriad of ideological judgments and objectives to determine objective wellbeing (Alkire & Foster, 2011a, 2011b; Alkire, Foster, & Santos, 2011; Nussbaum, 2003; Ravallion, 2012). Both these approaches are similar in their premise that income is often a poor determinant of wellbeing, which is a latent notion better proxied with other broader definitions, subjective or objective. Both of these concepts of wellbeing have been examined in view of their relation to income, and a clear distinction between income and both these measures has been established. However, given the relative novelty and complexity of both these approaches, they have seldom been brought together in scientific work so far. The third essay in this thesis in an attempt to combine both these approaches and thereby address this gap within the literature. Subjective Wellbeing is defined using the data available on satisfaction, while objective wellbeing is operationalised as the Multidimensional Poverty Index (MPI) (Alkire & Santos, 2010). The MPI is one of the latest attempts at measuring human wellbeing under the purview of the CA. Development policy has also slowly been moving towards this measure as a more accurate description of wellbeing, or regarding it, at the very least, as a meaningful complement to money metric measures. In view of the many national and international schemes or programmes that would prefer overall wellbeing improvements as an outcome, there is surprisingly little work that can help one quantify and assess the impact of a particular programme on overall wellbeing and not just a particular dimension. The second essay in this thesis lays a critical eye on this issue, particularly for the case of South Africa. Due to the rising popularity of these multidimensional poverty measures, there is an increasing need for scrutinizing its fundamental capability to do exactly what it claims to do. An increasing number of scholars have delved into the issues that a composite measure like the MPI can suffer from, thereby reducing its ability to measure multidimensional wellbeing. A particular aspect of that is the weighting of each dimension and indicator to define poverty across regions. This thesis, within the first essay, bridges the gap between statistical methods and the optimal weighting schemes that can be used specifically to measure multidimensional wellbeing across countries.

Keywords: Composite index creation, equal weighting, Multiple Correspondence Analysis (MCA), Partial Least Squares (PLS), Social Assistance Grants, Multidimensional Poverty Index (MPI), Correlation Sensitive Poverty Index (CSPI), National Income Dynamics Survey (NIDS), satisfaction, subjective wellbeing, multidimensional poverty, Capability Approach, NIDS, hedonic adaptation