
The Impact of Poverty on Life Satisfaction in a Low Income Community in South Africa



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ABSTRACT

The abnormal high levels of unemployment of approximately 26% in South Africa over the last two decades have resulted in equally high levels of poverty and inequality. These high levels of unemployment, poverty and inequality have a negative impact on the lives of communities affected by these factors. The majority of impoverished people do not have the means to improve the meaning in their lives. The purpose of this article is to investigate the impact of poverty on life satisfaction. With nearly half of the South African population living in poverty, the question could be asked if life satisfaction is affected by poverty. The literature indicates a negative impact of poverty on life satisfaction. The research methodology includes a literature review and a quantitative household survey in a poor township in southern Gauteng, namely Sicelo. The "Satisfaction with Life Scale" (SWLS) was utilised to determine levels of life satisfaction. The statistical analysis utilized cross-tabulation and chi square tests. The results of the research confirm the hypothesis that poor communities have relatively low levels of life satisfaction, especially the section of the community living below the poverty line. A significant statistical difference was found regarding life satisfaction of a section of a community living below the poverty line, when compared to a section of the community living above the poverty line. The implication of the research is that policy formulators should also look at the subjective quality of life indicators when compiling and refining policies. This article provides valuable insights into the life satisfaction of poor people in a traditional South African township.

JEL Classification: I31; I32.

Keywords: Life Satisfaction; Poverty; Sicelo Township; South Africa.

1. INTRODUCTION

This study seeks to analyse the impact of poverty on life satisfaction of people living in a low-income community. The concepts of subjective well-being, happiness and life satisfaction have been used extensively in the past to determine people's level of quality life and living standards. The mentioned concepts have been utilised by economists to analyse macro and micro economic problems (Kahneman & Krueger, 2006). The importance of the measurement and value of well-being and associated concepts has been motivated successfully by leaders in the field of research (Diener & Suh, 1997; Diener et al., 2008). According to Tinkler and Hicks (2011), subjective well-being includes different aspects or components such as happiness, life satisfaction, positive emotions and negative emotions. Diener et al., (2003) differentiate between happiness and life satisfaction by stating that happiness is a more dynamic state, while life satisfaction is a more stable and constant evaluation. This article focuses on the life satisfaction component of well-being, as the stable and cognitive component of the concept of well-being.

Poverty is still a global problem and the eradication thereof is one of the main priorities of the newly developed Sustainable Development Goals (SDG) as declared by the United Nations. Poverty is defined as a lack of resources necessary for human survival, but poverty studies also analyse what the poor must give up for survival such as self respect and social and community involvement. Poverty could also be seen in a broader multi-dimensional sense including issues such as housing, health, education, access to services and access to resources and social capital (SPII, 2007). A total of 2.6 billion people, or approximately 40 percent of the global population, lives below the global poverty line of US\$2.00/day and most of these people living in poverty lack services and basic needs. The poorest 40 percent of the world population also receives only 5 percent of total income, while the wealthiest 20 percent earn more than 75 percent of total income (Martin & Hill, 2012; World Bank, 2008). In addition, one in nine people globally do not have enough food for a healthy life and in Sub-Saharan Africa, one in four people are undernourished (World Food Programme, 2016).

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The European Commission has identified the importance of subjective measurement of quality of life and has set up a sub-commission to investigate alternative measures to GDP to measure quality of life and well-being. The use of subjective well-being and life satisfaction surveys were introduced as a result of the commission (Tinkler & Hicks, 2011). Although it is accepted that objective measures are still of importance, such measures do not take into account human perceptions of life (Layard, 2005). According to the New Economics Foundation (NEF) (2011), the best way to measure an individual's quality of life or life satisfaction is to ask them by means of interviews. Also of importance to note is that subjective well-being and life satisfaction measures correlate well with objective indicators such as income, employment status, age, health and other major life events (Dolan et al., 2008; White, 2008). Measures of well-being and life satisfaction by means of subjective household or individual surveys need to lead to improved policy formulation. According to Dolan and Metcalf (2011), subjective survey data could be used to monitor progress, to inform policy design, and for policy appraisal. It is of further importance that specific sub-groups be identified for special focus such as the unemployed, or people in poverty in specific geographical areas. Policy formulation should be focused on groups and localities where life satisfaction and quality of life is perceived to be low (Helliwell, 2011).

In this study, life satisfaction levels were tested in Sicelo, which is located approximately 60km south of Johannesburg central. A household survey was conducted in the study area, which included 400 households. This article includes an exploration of the concepts of subjective well-being and life satisfaction and its relationship with poverty. It also includes an analysis of the results of the household survey in Sicelo, and some recommendations on transforming the results into improved policy formulation. Limited research is available regarding life satisfaction in a traditional township in the South African context, and this research attempts to provide some insights in this field of research.

2. LITERATURE REVIEW

Sen (1999) states that human well-being means being healthy, well nourished, well clothed, literate, long-lived, and to take part in community life, being mobile, and having freedom of choice (Sen, 1999). These aspects relate to the basic needs approach. Diener et al., (2003) defines subjective well-being as, "a person's cognitive and affective evaluations of his or her life. Subjective well-being is a broad concept that includes experiencing high levels of pleasant emotions and moods, low levels of negative emotions and moods, and high life satisfaction". According to Ryff (1989), much literature has been generated on the definitions of well-being, and in many cases well-being has been equated to life satisfaction. Life satisfaction and happiness could be seen as indicators of subjective well-being (Rothmann, 2013). Specific major events in an individual's life such as unemployment leading to poverty, disability, and death of a close family member, will possibly have a long-term impact on life satisfaction (Pavot & Diener, 2008). Lucas et al., (1996) define life satisfaction as, "a global evaluation of a person of his or her life as a whole". Aridas and Pasquali (2012) define life satisfaction as a measure of how people evaluate the entirety of their life and not simply their feelings at the time of the survey. By comparison, Vitterso et al., (2009) define life satisfaction as "a result of their comparisons of the sum of good moments with the sum of bad moments in their lives". To summarise, the main components of life satisfaction include the evaluation of an individual's total life experiences, positive or negative, and making a subjective assessment of the overall balance sheet of life experiences to date.

Keng et al., (2000) state that life satisfaction is a concept that comes from within. An individual will base his or her level of life satisfaction on personal values of importance. Personal value systems differ from person to person. For some people, family or social relations are important, while material items and money satisfy other people. Research has shown that materialistic individuals reported a lower level of life satisfaction if compared to non-materialistic individuals. People with high value for family, social relations and religion reported higher levels of life satisfaction (Keng et al., 2000). According to Rothmann (2013), when individuals assess their quality of life in the context of life satisfaction, they weigh the good against the bad, and this result in a general global evaluation of overall satisfaction. Aspects such as social relations, fulfilling and meaningful roles at work and home, a meaningful religious and spiritual life, ongoing learning and growth, and recreation and leisure time, also influence an individual's evaluation of life satisfaction. For example, an individual with a fulfilling job and good working conditions that stimulate personal growth will have a higher life satisfaction level if compared to somebody who is unemployed (Pavot & Diener, 2008). Clark et al., (2013), found that life satisfaction levels decrease with the incidence and intensity of poverty.

Poverty can leave long-term scars on people; even when moving out of poverty, they still have lower life satisfaction levels if compared to people who have never experienced poverty.

This aspect of poverty and life satisfaction is supported by Cappellari and Jenkins (2004) stating that “the experience of poverty itself might induce a loss of motivation, lowering the chances that individuals with given attributes escape poverty in future”. Clark et al., (2013) continue with more findings on poverty and life satisfaction by stating that poverty is correlated significantly negatively with life satisfaction. Biswas-Diener and Diener (2001) found the same result in poor areas of Calcutta, India. Clark et al., (2013) state that higher income levels allow for higher levels of life satisfaction, but additional income only leads to an increase of life satisfaction at a decreasing or diminishing rate. Earlier research by Diener et al., (1993) and Veenhoven (1991) confirm these finding.

Individuals living in wealthier countries, on average have higher life satisfaction than individuals residing in poor countries (OECD, 2009). It also appears that an increase in income makes a larger difference to life satisfaction within poorer societies than in wealthy ones (Diener & Biswas-Diener, 2002), although the impact is smaller than people might think (Aknin & Norton, 2009). Table 1 summarises the New Economics Foundation’s Happy Planet index for 2015 and 2012. This index has ranked 140 countries according to happiness and life satisfaction indicators. A few developing countries were selected for the purposes of this research, including the BRICS countries. Costa Rica had the highest ranking, with a happiness index of 44.7, while South Africa was ranked 128th with an index of only 15.9. This low ranking reflects the high levels of poverty, unemployment and inequality in the country.

Table 1. Happy Planet Index 2015 (only selected countries, the 2012 information is listed in brackets)

Country	Rank	Well-being index (10 is maximum)	Overall Happy Planet index (100 is maximum)
Costa Rica	1 (1)	7.3 (7.3)	44.7 (64.0)
Indonesia	16 (14)	5.4 (5.5)	35.7 (55.5)
Brazil	23 (21)	6.9 (6.8)	34.3 (52.9)
India	50 (32)	4.6 (5.0)	29.2 (50.9)
Turkey	68 (44)	5.3 (5.5)	26.4 (47.6)
China	72 (60)	5.1 (4.7)	25.7 (44.7)
Ghana	104 (86)	5.1 (4.6)	21.4 (40.3)
Namibia	103 (96)	4.7 (4.9)	21.6 (38.9)
Mozambique	88 (114)	5.0 (4.7)	23.9 (35.7)
Russia	116 (122)	5.6 (5.5)	18.8 (34.5)
South Africa	128 (142)	5.1 (4.7)	15.9 (28.2)
Botswana	126 (151)	4.8 (3.6)	16.6 (22.6)

Source: New Economics Foundation, (2012) and (2015).

If low-income communities are compared to medium- and high-income communities, a remarkable difference in life satisfaction is reported. Low-income communities focus on sheer survival strategies, and life satisfaction is closely linked to availability of basic needs. Communities with higher incomes attach more importance to freedom of choice regarding life satisfaction (Diener et al., 2013). As early as 1776, Adam Smith stated, “No society can surely be flourishing and happy, if the greater part of the population is poor and miserable” (Smith, 1776). This historical statement is still true today in modern, post-apartheid South Africa. The concept of poverty and the measurement thereof are important concepts. Many different definitions of poverty exist; a distinction is made between absolute, relative and subjective poverty. In this study, absolute poverty is used as the method of measurement. Absolute poverty is defined as an individual or household with income lower than the income level objectively defined. This is the minimum income required to satisfy basic needs (Bayram et al., 2012). The World Bank (2001) defines poverty as a situation where an individual lacks command over commodities deemed essential to realise a reasonable standard of living.

Table 2 summarises the poverty situation in selected developing countries, including South Africa. The poverty crisis in South Africa is evident from the information contained in the table, especially if compared to the other developing countries. Only 9.8 percent of the South African population has never been in poverty, while only 5.3 percent have been able to exit the grip of poverty. More than half of the population is still in a state of chronic poverty (IFAD, 2011).

Table 2. Poverty Dynamics in Selected Developing Countries

Country	% of population never in poverty	% of population that have exited poverty	% of population that have entered poverty	% of population in chronic poverty
Egypt	58.7	8.3	19.0	15.9
Ethiopia	40.3	18.3	18.6	22.8
Indonesia	64.2	19.7	9.6	9.6
South Africa	9.8	5.3	32.5	52.4
Uganda	39.4	31.5	11.0	18.1
Tanzania	42.8	14.2	24.2	18.7
Vietnam	20.4	39.2	12.2	28.1

Source: IFAD, (2011)

Although various measures and scales exist for life satisfaction, the SWLS is used widely, and is also used in this study (Diener et al., 1985). The scale consists of five items, which are rated on a Likert-type response scale. More detail regarding the use of the SWLS is provided in the methodology section. Dolan and Metcalf (2011), Clark et al., (2013) and Bayram et al., (2012) have listed some of the determinants of life satisfaction. Such determinants include income, employment status, level of education, health status, age, family size, social security, gender, socio-economic conditions, religion, and level of basic service delivery by local government. The use of well-being and life satisfaction measures for policy formulation has increased in recent years. It is argued that such measures should supplement other measures or indicators such as socio-economic ones. Life satisfaction measures factors on a personal level as well as on a community wide level. Therefore, it provides information regarding individuals, and issues of importance for total communities (Diener et al., 2013).

3. METHODOLOGY

The geographical focus area for the study is the Sicelo township, which is a poor community within a South African municipal setting, located in southern Gauteng. The area is located approximately 60km south of Johannesburg central business district (CBD) and forms part of the Midvaal municipal area. The township is located adjacent and to the west of the R59 freeway, which links Johannesburg with the Vaal-Triangle region. The township consists of approximately 4000 housing units, of which close to 50 percent are informal units. It has a population of approximately 15 200 people with limited community facilities.

A functionalist theoretical approach was followed in the research where a specific problem is analysed based on a research objective. A quantitative research approach was followed in this study. Primary data were collected by means of a questionnaire during a random socio-economic household survey in the study area during January 2014. A sample of 400 households in the study area were selected randomly relating to a 10 percent sample size, and 374 questionnaires returned and captured. Trained fieldworkers administered a survey questionnaire to all participants. All interviews were conducted with the head of the household. A cover letter explaining the purpose and emphasising the aim and confidentiality of the research project accommodated the questionnaire. Participation in the project was voluntary and respondents had the option to withdraw at any stage.

The questionnaire contains many aspects such as demographic information, basic needs, survival strategies, skills and employment information and life satisfaction. The measuring instrument that was used as part of the questionnaire relating to this article is the SWLS (Diener et al., 1985). The scale was used to measure the cognitive component of well-being. The SWLS consists of five items or statements, which measure the individual's evaluation of satisfaction with life in general. Responses range from strongly disagree to strongly agree for each of the five questions. The statements are listed in Table 5.

4. RESULTS AND DISCUSSION

The survey data was captured and analysed using the "Statistical Package for the Social Sciences" (SPSS) software. Poverty status was calculated as an absolute value using the international US\$2 per day, per person, poverty line (World Bank, 2015). The poverty line was calculated for individuals in the household by multiplying the \$2 per day guideline by 30 (average number of days in a month) and then by the exchange rate of R11.00 to \$1. The monthly poverty line for an individual was calculated and set at R660 (\$60) per month.

Of all the households, 56 percent are classified as poor and below the poverty line, while 44 percent of households are classified as above the poverty line, but also poor. The average household monthly income was determined at R2 400 (\$218). The statistical analysis investigates the relationship between poverty status and perceptions on life satisfaction. In determining the perception of life satisfaction, the SWLS (Diener et al, 1985) was utilised. A general question was asked on life satisfaction, namely “How satisfied are you with life in general? Responses were captured on a scale of one to five, where five (5) was very satisfied and a one (1) was very dissatisfied. Table 3 indicate general levels of life satisfaction for the study area. The results show that in general, people in the sample were more dissatisfied with life than satisfied. Only 18.4 percent of all households reported to be “very satisfied” or “satisfied” with their lives. On the other hand, a total of 62.6 percent of households reported to be either “dissatisfied” or “very dissatisfied”.

Table 3. General Life Satisfaction Levels for Siculo Township

	Frequency	Valid percentage	Cumulative percentage
Very satisfied	9	2.4	2.4
Satisfied	60	16.0	18.4
Uncertain	71	19.0	37.4
Dissatisfied	108	28.9	66.3
Very dissatisfied	126	33.7	100.0
Total	374	100.0	

Source: Survey data, (2014).

The fact that more people feel dissatisfied with their life is expected in a township such as Siculo, where the average household income in the sample stood at approximately R2 400 (\$218). The study area is a poor community, with high levels of unemployment. However, the objective of this research is to further discover and compare the perceptions between those living below the poverty line and the households living above the poverty line. The two variables, namely poverty status and life satisfaction, were cross-tabulated in Table 4.

Table 4. Poverty Status and Life Satisfaction

Poverty Status		Very satisfied	Satisfied	Uncertain	Dissatisfied	Very dissatisfied	Total
Above poverty line	Count (n)	8	34	36	45	37	160
	% within poverty status	5.0	21.3	22.5	28.1	23.1	100.0
Below poverty line	Count (n)	1	26	35	63	89	214
	% within poverty status	0.5	12.1	16.4	29.4	41.6	100.0
Total	Count (n)	9	60	71	108	126	374
	% within poverty status	2.4	16.0	19.0	28.9	33.7	100.0

Source: Calculations from survey data, (2014).

The results in Table 4 present an indication of the relationship between reported perceptions of life satisfaction and poverty status. The households that fell below the poverty line have a higher percentage of negative perception regarding life satisfaction, compared to those above the poverty line. The results show that 71 percent of those below the poverty line were either dissatisfied or very dissatisfied with their life. Those above the poverty line had responses that are more positive, with 51.2 percent reporting very dissatisfied or dissatisfied with life. The Chi-square test was used to test if there is a statistically significant difference in the perceptions between the households below and above the poverty line. The Chi-square test had a value of 23.68 and a p-value of 0.000, indicating that there is a significant difference in the perceptions between the household below and above the poverty line regarding life satisfaction. The difference in the perceptions of the level of life satisfaction between the households below and above the poverty line confirms the initial theory and evidence from the literature review. The measure of poverty was based on household income, which signifies the household’s ability to afford or acquire their basic needs in life. Theoretically, people tend to feel dissatisfied if they cannot afford what they need in life such as health care, nutritious food, education, good housing or even luxuries.

An interesting outcome that needs to be highlighted is that the Sicelo community is poor, and even the section of the community that is classified as above the poverty line is also relatively poor and have fairly high levels of dissatisfaction with life, although not as high levels as the poor section of the community below the poverty line. The non-poor in this sample are mostly just marginally above the poverty line. In order to confirm the responses on the life satisfaction question as explained above, the SWLS was used to determine the level of life satisfaction with this validated accepted scale. The mean, as indicated in Table 5, of below 2.5, refers to disagreement with the positive life satisfaction statements, while a mean of more than 2.5 refers to agreement with the positive statements of life satisfaction.

Three of the five statements, were negatively reported by respondents regarding life satisfaction, as indicated in Table 5. The response to statement 5 could suggest that people understood the question more in terms of what they are and not what they have. The response was a confirmation of being relatively satisfied with themselves, and not necessarily their life conditions. As stated by Keng et al., (2000), an individual will base life satisfaction on personal values of importance, and income and assets are not a priority for all individuals. The poor section of a community could have such an outlook on life.

Table 5. SWLS: Sicelo Overall Total Sample

Statements	N	Minimum	Maximum	Mean	Std. Deviation
1. Most ways our life is close to perfect.	400	1.00	5.00	2.5425	0.97497
2. The conditions of our life are good.	400	1.00	5.00	2.2850	1.06377
3. We are satisfied with our lives.	396	1.00	5.00	2.3687	0.90031
4. So far we got the important things we want in life.	399	1.00	5.00	2.4937	0.89068
5. If I could live my life over, I would change very little.	399	1.00	5.00	3.2306	1.43781

Source: Survey data, (2014).

The survey data was further analysed by comparing the below and above poverty line groups in terms of their subjective responses to the SWLS. The cross-tabulation technique was used to determine the relationship between poverty and life satisfaction in terms of the SWLS statements. The statistical analysis is indicated in Table 6. Pearson's Chi-square test, as listed in the far right column of Table 6, is an indication of the statistical significance regarding differences in the responses to the statements concerning the two groups.

Table 6. SWLS: Cross-Tabulation between Poverty and Life Satisfaction

Statement	Poverty Status	Strongly disagree (%)	Disagree (%)	Neither agree nor disagree (%)	Agree (%)	Strongly agree (%)	Pearson's Chi-square
1. In most ways our life is close to perfect.	Above line	8.0	29.9	40.8	16.7	4.6	0.000
	Below line	16.4	45.6	28.3	6.6	3.1	
	Total	12.8	38.8	33.8	11.0	3.8	
2. The conditions of our life are good.	Above line	20.7	28.2	32.8	16.1	2.3	0.004
	Below line	36.3	27.9	24.8	10.6	0.4	
	Total	29.5	28.0	28.2	13.0	1.3	
3. We are satisfied with our lives.	Above line	13.9	37.0	37.6	7.5	4.0	0.018
	Below line	16.1	49.8	26.9	6.3	0.9	
	Total	15.2	44.2	31.6	6.8	2.3	
4. So far we got the Important things we want in life.	Above line	10.3	33.9	41.4	12.6	1.7	0.119
	Below line	16.9	34.7	40.9	6.7	0.9	
	Total	14.0	34.3	41.1	9.3	1.3	
5. If I could live my life over I would change very little.	Above line	13.2	28.7	20.1	12.6	25.3	0.215
	Below line	12.4	21.8	20.0	10.2	35.6	
	total	12.8	24.8	20.1	11.3	31.1	

Source: Calculations from survey data, (2014).

The results show for statement 4 and 5 that the households above and below the poverty line did not give statistically significant different responses. However, regarding statements 1 to 3, the households below the poverty line disagree more with these positive life satisfaction statements than the households above the poverty line. This confirms the results found in the general question on the level of life satisfaction, where the households below the poverty line indicated that they are not satisfied with their lives with up to 71 percent of the sample having this subjective opinion (see Table 4).

Life satisfaction is described in the literature review as a balance sheet of positive and negative life experiences, to date, of an individual as experienced and reported in a subjective manner. The research data indicates a negative relationship between poverty and life satisfaction. This finding is supported by similar findings by Clark et al., (2013). The Sicelo township, a poor community with high levels of unemployment, compares well with South Africa's poverty data. Both the Sicelo community and South Africa have more than 50 percent of households below the poverty line and therefore living in poverty. Although only poverty and income levels were used in this study to correlate with life satisfaction in a poor area, many other factors or determinants exist. Such factors include employment status, family relations, housing status, and access to basic services. Some of these factors will be tested in future studies by means of a logistical regression analysis.

The poor section of the population focuses on survival strategies and access to basic needs, while the non-poor can shift their focus to freedom of choice. The Sicelo community is characterised by high levels of people living below the poverty line (56 percent of all households) and high levels of people who are dissatisfied with life (62.6 percent of all households' heads are dissatisfied or very dissatisfied with life). If the community is divided in households below the poverty line (poor households) and people above the poverty line (non-poor households), a significant difference is also noted. The poor section is even more dissatisfied with life with 71 percent of household heads indicating that they are either dissatisfied or very dissatisfied with life. The non-poor section reported a 52 percent level of "dissatisfaction" with life. Biswar and Diener, (2001) reported similar findings in their research. Life satisfaction in a community such as Sicelo, with the "mono-land use" character, is expected to be low. More than 50 percent of residences are informal in nature, and basic services are limited, especially in the informal sections. Limited community facilities exist, which also contributes to the relatively low levels of quality of life and eventual low levels of life satisfaction.

5. CONCLUSION

The purpose of this article is to investigate the impact of poverty on life satisfaction. The results of the life satisfaction survey need to be converted into policy that could assist in improved quality of life and life satisfaction for poor communities. Specific policy development could include the following aspects. Specific communities that have been identified as poor, need to receive increased social-welfare programmes and spending. Income generating projects such as public works projects and community food gardens also need to be implemented. In addition to income generating projects, job creation projects linked to skills training must be targeted in identified areas. Poor communities usually have a lack of mobility and availability of community facilities. Accelerated provision of community facilities such as schools, clinics, sports facilities, open space, social and retail facilities are required. In addition to provision of community facilities, the accelerated provision of basic needs and essential services are minimum requirements including housing, water, electricity, sewer and refuse removal.

Community cohesion projects and family development programmes could also assist the improvement of life satisfaction in poor communities such as community sport programmes and social events. The literature review has proven that improved safety nets and asset development could lift people out of poverty. Safety nets include free water and electricity, subsidised housing, financial grants, etc, while asset development could include allocation of land. Poor communities could also benefit from training programmes in financial management and budget education as well as nutrition and health care programmes. Detailed subjective life satisfaction surveys and data analysis could therefore assist in identifying local problems, as every community is unique and has different challenges with different solutions. Such investigations can lead to improved policy formulation taking into account trends in a specific area. This study confirmed the initial theory that poor communities in the South African context have low levels of life satisfaction. Limitations to the study could include that the depth or length of poverty as well as life satisfaction aspects such as personality and genetics were not included. Future research could include the determinants of life satisfaction and the impact of basic needs on life satisfaction in poor communities. The relevant data has been collected in the January 2014 survey. This study attempts to provide some useful data on life satisfaction and poverty in a poor setting, and contributes to the literature on life satisfaction in a poor area.

The findings compare well with data for South Africa as a whole. It also provides some solutions on how to improve life satisfaction through policy implementation in a poor community.

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