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Southern African Social Policy Research Institute
Southern African Social Policy Research Insights

The relationship between income and
possession of socially perceived necessities in
South Africa: an update

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Overview

- The necessities for an socially acceptable Standard of Living aka The Socially Perceived Necessities methodology (SPN)
- Converting the SPN findings to a per capita rand equivalent



Socially Perceived Necessities Approach

- Takes as its starting point what ordinary people regard as an acceptable standard of living that all South Africans should enjoy in the present day.
- Resonates
 - with the collection of people's political social and economic demands which were reported to the Congress of the People and which fed into the preparation of the 1955 Freedom Charter
 - Consultative approach employed in the development of the constitution



Challenges

Key challenges arise when involving people in defining the necessities (the SPNs) for an acceptable standard of living in South Africa e.g.

- In the context of such high levels of income poverty, will most people have minimalist views about necessities?
- Given the legacies of colonialism, segregation and apartheid (i.e. stark racial, spatial and wealth inequalities) will we find different ideas of an acceptable standard of living amongst different groups?



Methodology

- The SPN approach uses an indicator approach rather than a budget standards approach
- This means that *indicators* covering a range of possessions, services and activities are defined which can be viewed as 'necessary' for an acceptable standard of living
- These indicators are arrived at through a democratic process which uses a series of 48 focus groups followed by a nationally representative survey (SASAS 2006)
- In the survey there is a definition stage – respondents are asked which of a list of items (possessions, services or activities) are necessary for all South Africans to have or have access to enjoy an 'acceptable' standard of living
- Once the list of 'essentials' is defined then there is, within the survey (or a subsequent survey), a measurement stage. i.e to find out who has the item and if they lack the item whether this is by choice or whether they cannot afford it.



SASAS 2006 module

- Module attempted to represent the breadth of issues raised in focus groups and a range of probable 'basics' through to probable 'luxuries'.
- Module did not attempt to address issues of quantity and quality and made no assumption about the *provider* of the necessities
- Module had 50 definitional questions: 33 about possessions, 4 about activities, 8 about the neighbourhood, and 5 about relationships with friends and family.



SASAS 2006 findings: the socially perceived necessities

- 36 of the 50 items were defined as essential by more than half the population
- For the 36 items that were defined as essential by 50% or more of the population, the scale reliability coefficient (alpha) was calculated to be 0.9201
- The percentage of the population defining each of the 49 common items as essential in 2005 and 2006 correlates 0.96 (Spearman's rho)



	% of All saying essential
Mains electricity in the house	92
Someone to look after you if you are very ill	91
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	90
Clothing sufficient to keep you warm and dry	89
A place of worship (church/mosque/synagogue) in the local area	87
A fridge	86
Street lighting	85
Ability to pay or contribute to funerals/funeral insurance/burial society	82
Separate bedrooms for adults and children	82
Having an adult from the household at home at all times when children under ten from the household are at home	81
Having police on the streets in the local area	80
Tarred roads close to the house	80
Paid employment for people of working age	79
For parents or other carers to be able to buy complete school uniform for children without hardship	79
A flush toilet in the house	78
People who are sick are able to afford all medicines prescribed by their doctor	77
Someone to talk to if you are feeling upset or depressed	76



Was there a consensus about the SPNs?

A striking level of agreement between groups e.g. % defining each of the 50 items as essential correlate highly:

- Women & men: 0.98
- Aged 16-24 & aged 25+: 0.97
- Aged 65+ & aged under 65: 0.95
- Equiv. hh income (R847 pcm): 0.92
- Urban & rural: 0.90



Patterns of possession of the SPNs

	All	Black African	Coloured	Indian/Asian	White
Average number of items defined as necessities (from list of 50 items)	32	31	30	33	34
Average number of socially perceived necessities possessed (from list of 36 items)	22	19	26	31	32



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Median number of SPNs lacked by self-defined poverty status

Self-defined poverty status	Median number of SPNs lacked – enforced	Average per capita monthly income (Rand)	% of the population
Very comfortable	1	3550	7
Reasonably comfortable	3	1523	25
Just getting along	9	763	39
Poor	18	429	23
Very Poor	21	222	6
All	10	1051	100

Source: SASAS 2006



Living Conditions Survey

- The 36 SPNs (from SASAS 2006) were included in the LCS 2008/9
- The LCS asked about possession of the SPNs and reasons for lack
- The LCS also includes detailed information about households and income, enabling us to explore in more depth the relationship between possession of the essential items, and per capita income.



Decent Standard of Living?

- The SPN study has shown that
 - people regard an acceptable standard of living in a multi-dimensional way and the 'essentials' go beyond mere subsistence
 - There are striking levels of agreement across different groups about what constitutes an acceptable standard of living
- BUT there was no attempt to translate the 'acceptable' standard of living described in the project into a cash equivalent – a decent standard of living.
- There are a number of ways to approach this:
 - Benchmarking the collection of indicators against income (variously defined) in a representative survey
 - Generating detailed consensual household budgets

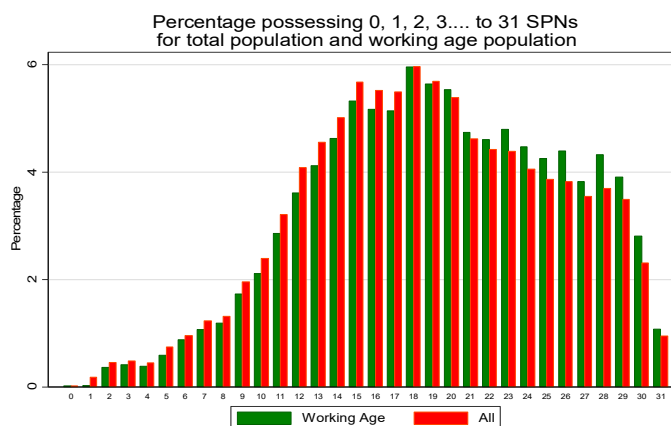


Methodology

- Proposition: if one were to examine the mean or median income levels of those who possessed the items it would be possible to estimate the income levels required to enjoy a democratically defined and therefore socially acceptable standard of living
- Statistics SA included all 36 SPNs in the 2008 Living Conditions Survey (LCS) (and have also included them in the forthcoming LCS update).
- The LCS has a much larger sample size (just over 25,000 households) than SASAS and contains many detailed questions about people's incomes.
- By upweighting the LCS incomes to 2014 using the CPI it was possible to explore the relationship between possession of the SPNs and income.



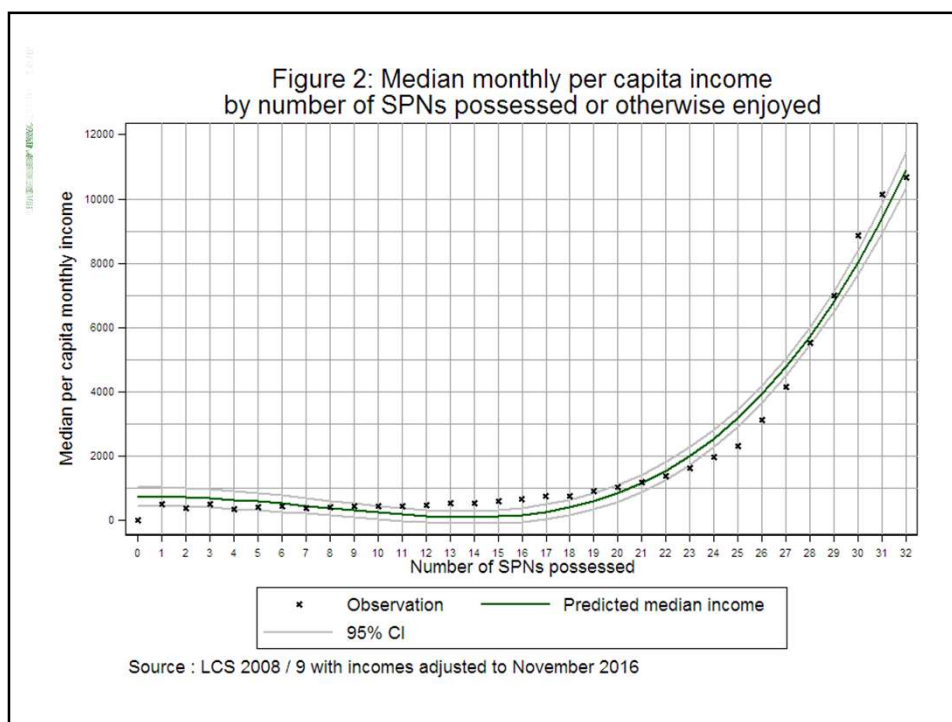
The Context





The Findings

- There is a clear relationship between per capita median income and number of SPNs possessed
- The following chart shows how the number of SPNs that are possessed increases as median per capita income increases. The mix of SPNs at each level might differ and this is considered later.
- It is not a linear relationship: the income curve slopes quite steeply around 25/26 SPNs.
- It is possible to fit a predictive model which is also shown on the chart (as a black line) together with the 95% confidence interval bounds (the two grey lines).





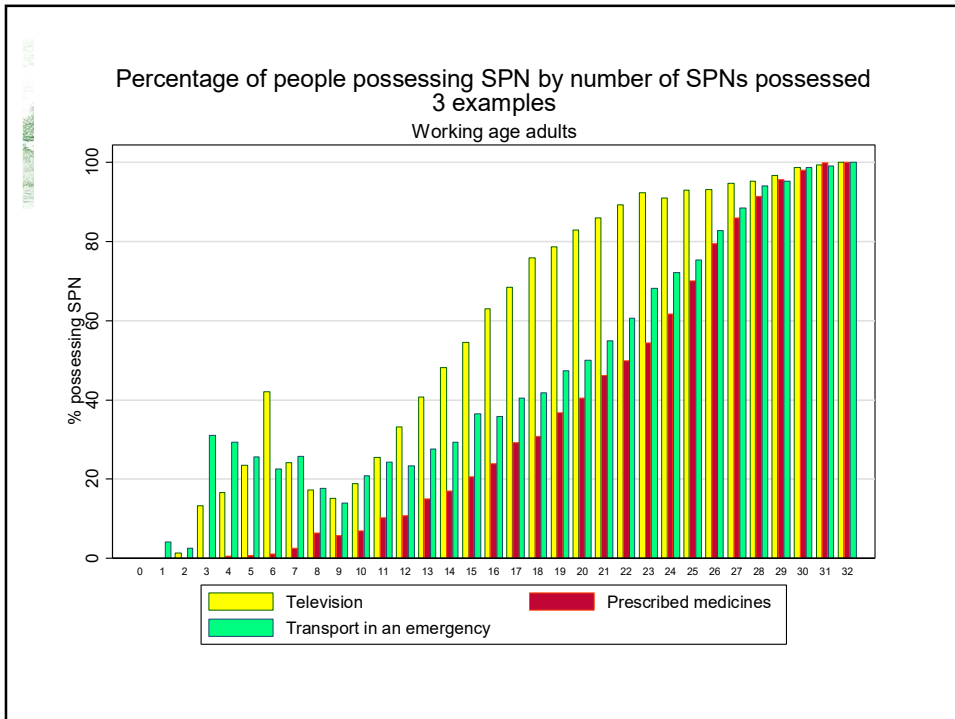
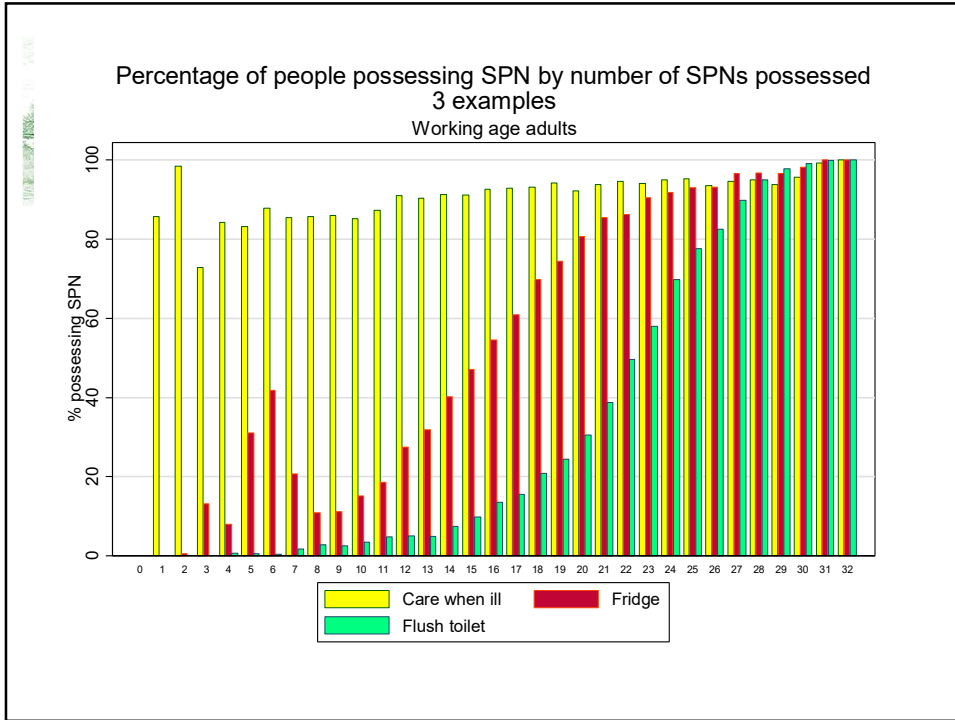
What does this imply?

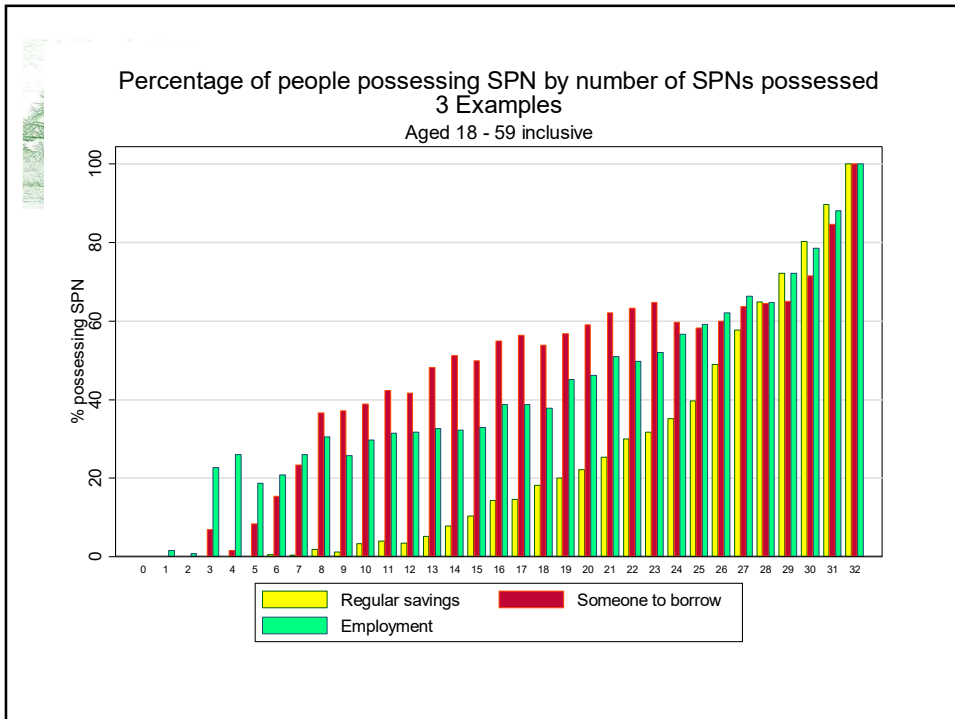
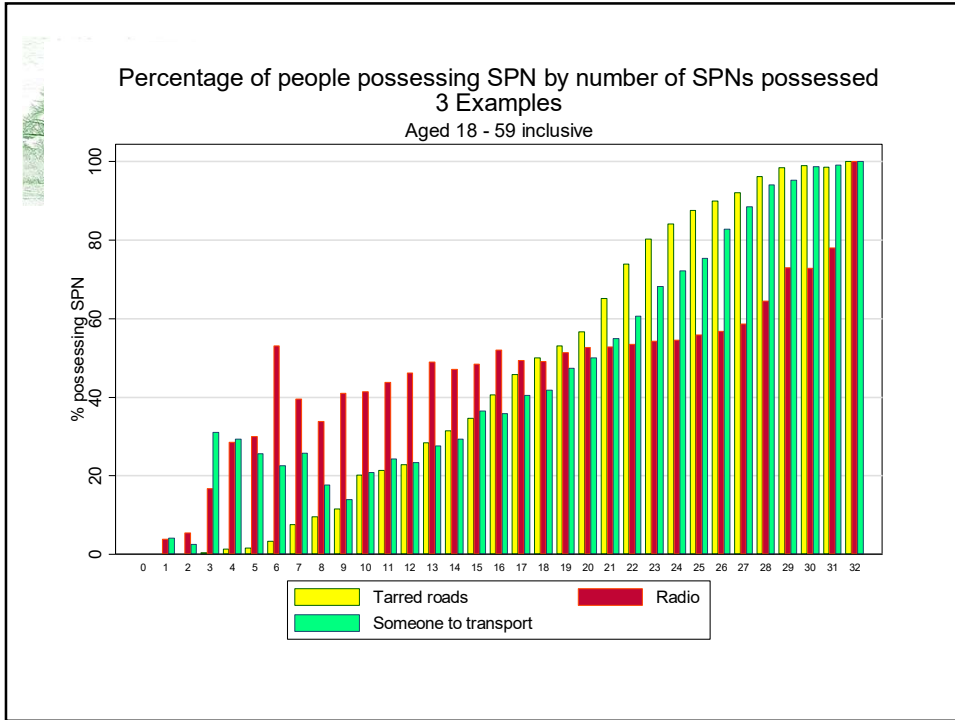
- Adults of working age with only 20 SPNs have a median per capita per month income of c. R 1 000.
- We know that on average there are 3.89 people in households
- Thus in the average household (3.89 people) possessing 20 SPNs the total income per month would be R 3 890
- These figures inflate rapidly as the numbers of SPNs increase.
- For example, adults of working age with 27 SPNs have a median per capita per month income of c. R 4 000 (a total household income of R16 000 pm for 3.89 people).

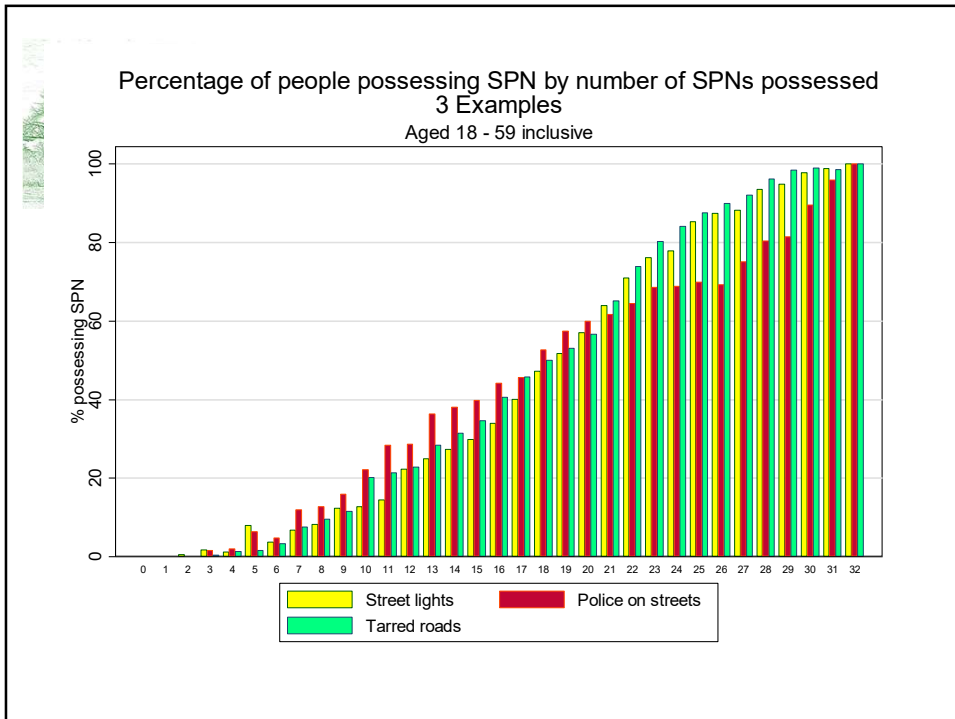
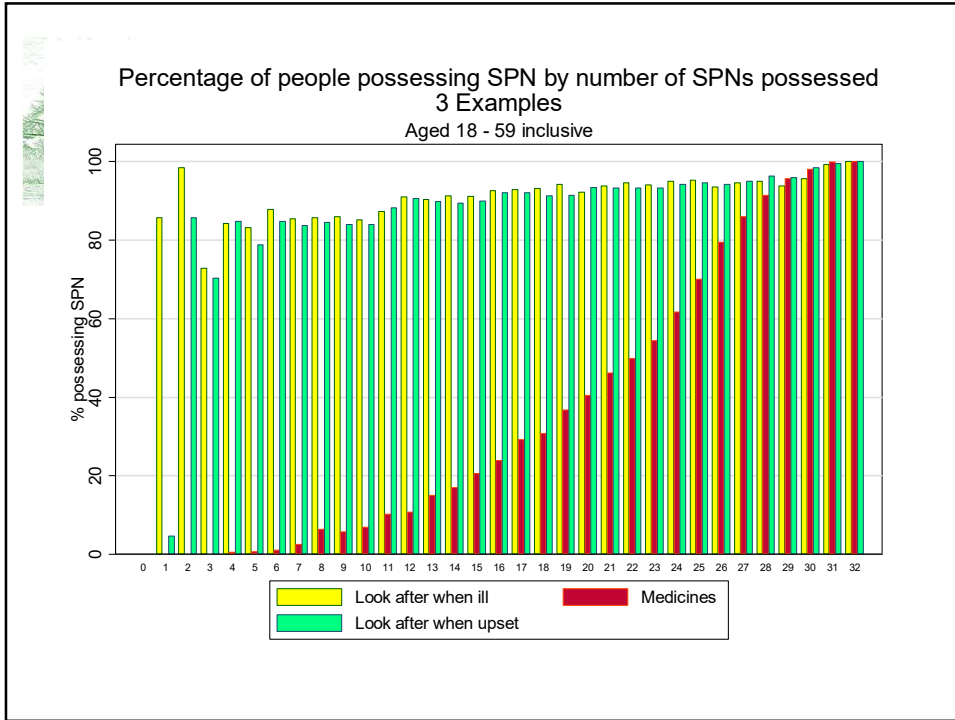


Which SPNs are associated with each level of possession?

- It is important to get some sense of the order in which SPNs are possessed as income rises
- Are there particular SPNs associated with low levels of possession (and per capita income)?
- Do non-purchaseable items such as social capital items appear first?
- For different levels of possession 1, 2, 3 etc. It is possible to look at the mix of SPNs possessed









Conclusion

- The SPN project demonstrates there is a high level of agreement across the country about what comprises an acceptable standard of living or decent living level
- The population don't set their sights unreasonably high but simply seek a decent standard of living commensurate with what is needed for full participation in society
- There is a clear relationship between income and possession of the SPNs
- Only a small proportion of the population enjoys a standard of living which is regarded as acceptable by the majority
- This is yet another indication of unsustainable inequality