



Perception of poverty . Individual, household and social environmental determinants.

Isabella Santini

ABSTRACT

Subjective well-being depends on, among other factors, the household level of income and wealth, the respondent's socio-economic characteristics (sex, age, employment status, etc..) and social capital endowment of household place of residence (Sen, 1985). Limited attention has been dedicated to understanding to what extent people's perception of their own well-being is influenced by social capital endowment of household place of residence. Interest in this type of problem arises from the need to highlight to what extent subjective perception of well-being depends on individual and family socio-economic conditions and to what extent it depends on the characteristics of the local context of where the family lives. Such evidence would help the central and local authorities and economic operators to choose the appropriate socio-economic measures in order to improve household living conditions.

Hence, this research aims to evaluate social capital impact on subjective well-being applying the *ordered probit model* to the following question taken from the Survey on Household Income and Wealth (2006 and previous years) of the Bank of Italy

Considering your monthly disposable income, is your household able to make ends meet: (1) with great difficulty, (2) with difficulty, (3) with some difficulty, (4) without difficulty, (5) with ease, (6) with great ease?

and to the following groups of explanatory variables: 1. Household and respondent's socio-economic characteristics; 2. Social capital endowment of household place of residence measured adopting the definition suggested by the *World Bank Social Capital Initiative* research group (Grootaert and van Bastelaer, 2002; Santini, 2008).

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