

# **Impact of perceptions of poverty on the well-being of South Africans**

**Yul Derek Davids<sup>1</sup>**

## **Abstract**

*The study examines the impact of perceptions of the causes of poverty including a number of socio-demographic variables such as race and geographic location on the well-being of South Africans'. Research focusing on perceptions of the causes of poverty indicates that poverty is normally perceived according to three dimensions: fatalistic, structural and individualistic (Hunt 2004; Shek 2004; Shek 2002; Sun 2001). Employing secondary data analysis on a sample of 2400 South Africans, the study shows that more than half of the South African population lacks access to basic necessities, that most people and the poor in particular perceive poverty in structural dimensions rather than individualistic dimensions. Predicting access to basic necessities the study found LSM, education and race to be the most significant. The study concludes that lack of basic necessities forces poor people (black Africans in particular) to live lives far below what is acceptable in contemporary South Africa. Furthermore, the poor are seen as lacking drift and motivation to succeed or to break the poverty cycle. The disadvantages experienced by the poor as well as the negative connotations attached to the poor create feelings of marginalization, victimization and social exclusion, which is extremely damaging to their self-esteem and overall well-being. Finally, the study argues that both the physical and mental impact of poverty must be addressed.*

## **1. Introduction and Background**

South Africa, like the rest of the world, felt the impact of the volatility of the world markets between 2007 and 2009. In particular, steep food and fuel prices, high-energy tariffs and increasing interest rates have placed severe pressure on ordinary South Africans already struggling to meet their basic household needs. It was reported that the price of rice has more than doubled since 2007 and that of wheat, pasta, soya and other staple foods have soared. It was further indicated that South Africa's rural poor spend 62 percent of their disposable income on food.<sup>2</sup> Statistics South Africa also argued that the increase in the headline inflation rate between April and May 2008 are attributed to increases of the Consumer Price Index (CPIX) for food and transport<sup>3</sup>. In addition, the Competition Commission has uncovered a food price-fixing scam by big companies, which is further exacerbating the food crisis and over-burdening the poor.

These adverse living conditions elicited criticism from all sectors of South African society. For example, the Congress of South African Trade Unions (Cosatu) is of the view that the South African government's policy of interest rates hikes has had a disastrous impact on the people of South Africa. Cosatu in this regard argued that the rate hikes contributed substantially to the slowing down of the South African economy, with devastating consequences such as job losses and increased poverty<sup>4</sup>.

In addition, the policy head in the presidency indirectly acknowledged that social grants, particularly pension and child support grants, with their current value fail to effectively cushion the poor against the ravages of this price hike wave.<sup>5</sup> It is also reasoned that the unemployment rate of 25.5 percent recorded in September 2007<sup>6</sup> are unlikely to decrease amidst a climate of low investment. Consequently, the labour movement has warned of food riots as witnessed in Egypt, Cameroon, Ivory Coast, Mauritania, Ethiopia, Madagascar, the Philippines and Indonesia<sup>7</sup>. Unsurprisingly the labour federation, Cosatu, in July 2008 organized a protest march against rising costs, which was followed by nation-wide protest action in August 2008.

This brief introduction of the current global economic crisis and its impact on South Africa is important because it has a direct bearing on the manner and pace at which the South African government respond to improving the quality of life of its citizens. Conversely, the deteriorating living conditions also influence how ordinary citizens perceive their overall quality life. This study therefore sets out to determine the quality of life of South Africans. The present study recognizes the multidimensional nature of well-being. Consequently, it argues that various approaches and indicators have been used to measure the multidimensional nature of quality of life. Nevertheless, this study only measures some aspects of well-being. The Lived Poverty Index (LPI) is therefore used as a measurement that assesses whether people have the basic necessities (resources) necessary for well-being.

Given the above arguments, the purpose of the present study is threefold. First, the study aim to highlight the importance of having access to and benefitting from basic necessities to achieve well-being. Second, the study aim to examine perceptions of the causes of poverty in South Africa. Third, the present study aim to assess the interaction of contextual factors such as people's race, employment status and geographic location with perception of the causes of poverty in explaining the lived experiences of people.

To achieve these aims secondary data analysis is employed on a sample of 2400 South Africans. More specifically, a national representative household survey is used to elicit the opinions of ordinary South Africans citizens about their actual lived experiences. The next section briefly highlights the extent and nature of poverty in South Africa to contextualize the rest of this paper. The paper thereafter discusses how well-being is defined and measured within the present study. This section is followed by a methodology, presentation and discussion section. The paper concludes with a set of recommendations that may enhance South Africa's efforts to eradicate poverty and consequently improving overall quality of life.

## **2. The South African context**

It is well documented that before 1994 the majority of South Africans was denied political rights and excluded from participating in the political process (Lund, 2008: 2-4). Black African, coloured and Indian people were excluded from participating not only in the political life of South Africa, but also in the economic mainstream, resulting in extreme social inequalities. The exclusion from political and economic mainstream placed black Africans at the bottom of the social ladder, followed by coloureds and Indians. A consequence of the apartheid laws was that black Africans were often used as a source of cheap labour, and denied access to good educational facilities and opportunities. These inequalities generated by the apartheid system were intense and led to gross human rights violations as well as wide spread social and economic problems including poverty.

The advent of democracy in 1994 was associated with major political and economic policy shifts. On the political front South Africa has laid the foundations for the design and implementation of policies to ensure democratic consolidation, competitive multi-party engagement, and citizen participation. The framework created for political representation is laid out in the founding provisions of the Constitution in Chapter 1. Furthermore, South Africa is an upper-middle income country. Its economy includes a modern financial and industrial sector supported by a well-developed infrastructure, which operates alongside a subsistence informal sector. Over the last few years a large part of the nation's resources through the budgets of national, provincial and local governments have been allocated to the creation of jobs, the delivery of services, enhancing the productive capacity of the economy, and aiding the poor.

In spite of the political and economic advances since 1994, South Africa continues to be plagued by poverty and unemployment. Previous studies on the extent of poverty in South Africa show that almost half its population lives in poverty. Booysen (2001: 23) used an asset index approach to measure poverty and applied it to data from international Demographic and Health Surveys (DHS) and found that poverty in South Africa has

increased. Meth and Dias (2004: 62) in their analysis of the 1999 October Household Survey and the 2002 Labour Force Survey also showed that the number of poor people increased between 1999 and 2002. The 2003 report by the United Nations Development Programme (UNDP) revealed that about 48.5 percent or 21.9 million of South Africans currently live below the national poverty line placed at R354 per adult equivalent per month (UNDP, 2003: 41). Furthermore, an analysis of income and expenditure data between 1995 and 2002 by Du Toit (2005: 5) suggests that the proportion of people living below the 1995 poverty rate declined marginally from 51 percent to 48 percent, but that actual numbers increased by more than one million. Another study by Bhorat and Kanbur (2005: 4) found evidence to suggest that income poverty is on the increase since the headcount index rose nationally from 32 percent to 34 percent between 1995 and 2002.

In addition, South Africa continues to be characterised by significant levels of inequality and vulnerability to falling into poverty (May *et al.*, 2002: 2). In this regard the 2005 South African Social Attitude Survey (SASAS) conducted by the Human Sciences Research Council (HSRC) found that after 10 years of democratic rule the majority of “black Africans still perceive themselves as lacking enough food and income that will meet all their household needs”. Whites on the other hand never experience shortages of food and income and Indians and coloureds also seldom go without it (Davids, 2006:16)<sup>8</sup>.

A study by Hamel, Brodie and Morin (2005: 352) based on the Ten Years of Democracy Survey also demonstrated that poverty in South Africa is divided along racial lines and that black Africans are more frequently going without basic services and necessities than whites, coloureds and Indians. Furthermore, the study found that six in ten (60 percent) black Africans fall in the “frequent” or “some” shortages categories, while large majorities of whites (92 percent), Indians (89 percent) and coloureds (74 percent) fall into the “rare shortages” or “complete satisfaction” categories. Similar results were highlighted by the Afrobarometer 2002 survey that suggested that poverty has further deepened in post-apartheid South Africa, and that stark differences in the enjoyment of basic necessities still exist between black Africans and whites (Mattes, Bratton & Davids, 2002: 14). Compare Aliber (2002: 2) who argues that the geographical, racial and gender

dimension of contemporary poverty are a result of the legacy of apartheid. Adato, Carter and May (2004: 1) further argued that South Africa comprises two different economic worlds where the one is populated by black Africans with the HDI equivalent to Swaziland or Zimbabwe and the other world white with a HDI between Israel and Italy. Moreover, the performance of the South African economy in the last few years has been characterized by low growth, low investment and a static or moderate growth in employment (Cassim, 2006: 57).

The above studies provide support for the notion that poverty and inequality has further deepened in post-apartheid South Africa and as a consequence sustained the socio-economic polarization of the South African society where class and colour dominates whether you are poor or not. For this reason, it is important that poverty in South Africa should be understood from a socio-historical perspective. It is therefore hoped that brief contextual information about South Africa enhance our understanding of the extent and nature of poverty and how poverty impacts on the overall well-being of South Africans.

### **3. Present study's approach to defining and measuring well-being**

The main focus of the present study is to examine the influence of people's perceptions of the causes of poverty as well as the impact of a number of socio-demographic variables such as race on their lived experiences (LPI). From the lived conditions perspective people are asked directly to assess their ability to secure basic necessities of life. Moreover, the LPI is a poverty measure that assesses people's perceptions of their actual lived conditions. The index consist of six survey items that assess people's ability to obtain basic necessities of life: "access to food, clean water for home use, medicines or medical treatment, electricity in your home, fuel to cook your food and a cash income" (Mattes *et al.*, 2002: 6). For example, people are asked whether they or their family have gone without enough food to eat over the past year. The response options ranged from "never" = 1 to "always" = 5 with the higher values indicating a greater lack of access to basic necessities.

In other words, the present study only measures some aspects of well-being. It is important to note that the literacy on well-being emphasizes that multiple indicators are needed to measure the different dimensions of well-being (Hughes, 2006: 611; Higgs, 2006: 332; Verdugo, Schallock, Keith & Stancliffe, 2005: 708). Huppert et al. (2008: 303) argues that “well-being is a complex construct, worthy of a more nuanced definition and more detailed assessment”. The authors’ reason that the customary indicators measuring increases in peoples’ perceptions of happiness, life satisfaction and pleasure should be broadened to capture people’s actual experiences of well-being. Furthermore, this reasoning emphasizes that well-being researchers must employ indicators which measures whether well-being is sustainable.

Other researchers have argued that scientific, medical and technological advances alone is not enough for improved quality of life and that a deeper understanding is required about how these advances positively impacts on personal, family, community and society well-being (Hughes, 2006: 611). As a consequence, various approaches and indicators have been used to measure the multidimensional nature of quality of life. However, Naude, Rossouw and Krugell (2008:1) argued that none of the well-known quality of life indices such as the Physical Quality of Life Index, Human Development Index (HDI), the Quality of Life Index, the Comprehensive Quality of Life Survey and the Index of Economic Well-being has the ability to completely capture the multidimensional nature of quality of life nor do they consists of the environmental quality.

Besides the multidimensional nature of well-being it is argued that measurement of well-being is also characterized by methodological pluralism that includes the use of subjective and objective measures and that the measurement of well-being must be made at multiple environments impacting on people at the micro, meso, and macro levels. Furthermore, well-being measures are also associated with the use of multivariate research designs that examine how personal characteristics and environmental variables relate to the person being assessed (Verdugo, Schallock, Keith & Stancliffe, 2005: 707).

In sum, the present study regard poverty as a function of the lack of basic necessities needed to attain a basic level of human well-being. The LPI is therefore used as a measurement that assesses whether people have the basic necessities (resources) necessary for well-being.

For now, it is important to note that the LPI taps several aspects related to poverty and well-being of people. For example, it assesses people's ability to secure an income. Although the LPI is not a money metric measure, the question item on access to 'cash income' thus allow you to gauge whether people have the necessary monetary resources to purchase basic or essential services to lead a good quality life. The LPI also include question items on access to "medicines or medical treatment" and "cash income" which is often used in the World Bank's Living Standards Measurement Studies. These two questions are thus indicative of living standard people maintain. The question item on access to "electricity" may provide information on the level of development of the area within which the respondent lives. Logically, this may refer to some aspect of structural poverty.

Although the present study argues that the LPI assess several aspects related to poverty and that is a direct poverty measure, it must be acknowledged that it has certain limitations. For example, ordinary people had no input as to what they consider to be basic necessities. In addition, the researchers decided which questions items to include in the index. The researchers also revised and finalized the questions based on the New Democracies Barometer surveys in Central and Eastern Europe and then applied in South Africa through the Afrobarometer project (Mattes *et al.*, 2002: 8).

## **4. Research Methodology**

### **4.1 Sampling Design**

The study uses national representative household survey data collected by the HSRC in 2006. The target population for the survey was adult residence of South Africa aged 18 and older with no upper age limit regardless of their nationality or citizenship<sup>9</sup>. The sample was based on the 1996 Census. Enumerator Areas were stratified by province, race, and geographical location and 354 EA's were randomly chosen with the probability proportionate to population size. However, disproportionate over-samples were drawn in the Northern Cape and among Indian respondents particularly in KwaZulu-Natal to ensure sufficient numbers of cases for analysis. All interviews were post-weighted to ensure that they were reflected proportionately. Interviewers traveled to the selected areas and conducted face-to-face interviews in the language of the respondent.

A total of 3510 randomly selected respondents across South Africa participated in the study between 18 April and 30 May 2006. When the sample of 3510 is disaggregated the results show that 76 percent of the participants are black African, 12 percent are white, 9 percent are coloured and 3 percent are Indian / Asian (Table 1). Further, the sample is almost evenly divided between male (49 percent) and female (51 percent) respondents. Fifty nine percent of the participants live in urban formal areas, 4 percent in urban informal areas, 31 percent live traditional / tribal areas and 6 percent in rural formal areas.

The biggest proportion of the respondents come from Gauteng (22 percent), followed by KwaZulu-Natal (20 percent), Eastern Cape (14 percent), Western Cape (11 percent) and Limpopo (11 percent). About 39 percent of the respondents are categorized as unemployed, 29 percent not working and 32 percent employed. More than two-thirds of the sample (67 percent) attended secondary school while 9 percent had some tertiary education or completed tertiary education. Lastly, less than a quarter (23 percent) had no formal education or some primary school.

**Table 1: Demographic characteristics of the sample (N = 3510)**

<b>Variable</b>	<b>Values</b>	<b>N</b>	<b>Percent</b>
<b>Race</b>	black African	2179	76%
	coloured	488	9%
	Indian / Asian	340	3%
	white	452	12%
<b>Education</b>	primary	908	23%
	secondary	2287	68%
	tertiary	284	9%
<b>Geographical location</b>	urban formal	2195	59%
	urban informal	160	4%
	traditional	961	31%
	rural formal	194	6%
<b>Employment</b>	employed	1043	32%
	not working	1191	29%
	unemployed	1238	39%
<b>Gender</b>	male	1190	49%
	female	2320	51%
<b>Age</b>	18 – 24 years	724	23%
	25 – 34 years	799	28%
	35 – 44 years	689	18%
	45 – 54 years	517	14%
	55 – 64 years	396	9%
	65 years +	381	8%
<b>Marital status</b>	Married	1424	37%
	Widower / widow	396	7%
	Divorced	132	3%
	Separated	53	1%
	Never married	1487	52%

## 4.2 Research instrument

The research instrument was a questionnaire that measured attitudes and perceptions of information communication technologies (ICT), the South African media as well as perceptions of poverty. More specifically, the first part of the questionnaire assessed views about postal services (e.g. post offices), broadcasting services (e.g. television, radio including community radio stations) and wireless services (e.g. mobile phones and the internet).

The second part of the questionnaire included a module of questions that measured perceptions of the causes of poverty (PCP) (Module 1) (Appendix A). In addition, the second part also included the LPI (Module 2) which assesses the actual lived conditions of people (Appendix A). It should be noted that the author obtained permission from the HSRC to add the two modules onto the survey to implement the present study. The author also had access to other relevant indicators as well as the demographic indicators (Module 3) included in the survey. This paper therefore focuses exclusively on the poverty and demographic questions, but provided some information on the ICT questions to further contextualize the study.

Module 1 which included question items that measured perceptions of the causes of poverty was drawn from the Perceptions of the Causes of Poverty Scale (PCPS) developed by Joe Feagin (Bullock & Waugh, 2005: 1133; Hunt 2004: 829; Shek, 2004: 273; Hunt, 1996: 294). It is important to emphasize that the set of poverty perception questions were refined and added as a separate module on the questionnaire. More specifically, the poverty perceptions questions asked respondents to indicate on a Likert-scale whether they agree or disagree with 12 statements about why they think poor people are poor. The response options on the Likert-scale ranged from 1 (strongly disagree) to 5 (strongly agree) with the higher values indicating a greater importance as to why people are perceived to be poor.

The statements included “poor people are poor because”: 1) “they lack the ability to manage money”, 2) “they waste their money on inappropriate items”, 3) “they do not actively seek to improve their lives”, 4) “they are exploited by rich people”, 5) “the society lacks social justice”, 6) “distribution of wealth in the society is uneven”, 7) “they lack opportunities due to the fact that they live in poor families”, 8) “they have bad fate”, 9) “they lack luck”, 10) “they have encountered misfortunes”, 11) “they are not motivated because of welfare”, and 12) “they are born inferior”.

Next, the second module on poverty is discussed. This study used the Afrobarometer LPI as an indicator to measure poverty. The LPI (Module 2) was borrowed from the New Democracies Barometer surveys in Central and Eastern Europe and applied in South Africa (Mattes *et al.*, 2002: 8). The LPI measures “people’s ability to obtain the basic necessities of life such as access to food, potable water, medicines or medical treatment, electricity in the home, fuel for cooking, and a cash income”. The response options employed by Mattes and his colleagues ranged from 0 (never) to 4 (always) with the higher values indicating a greater degree of lack access to these basic necessities.

## **5. Analysis approach of the present study**

The analyses approach of the present study consists of three main parts. The first part consists of the construction of the LPI and then employing the LPI to determine the extent of poverty in South Africa. More specifically, the LPI is used to separate the poor from the non-poor to examine whether there are any differences with regards to access to basic necessities between these two groups.

The second part of the analysis determines South Africans perceptions of the causes of poverty. More specifically, it examines whether South Africans perceive poverty in structural, individualistic and fatalistic dimensions. In addition, it uses a MANOVA two-group between subjects design to investigate the perceptions of the poor and non-poor according to structural, individualistic and fatalistic dimensions.

Third part of the analysis examines factors that predict peoples’ lived experiences. This is done by employing first a linear regression analysis to test for the contribution of each independent variable (LSM, education, race, sex of respondent, structural index, fatalistic index, individualistic index, employment, and geographic location) in predicting the dependent variable (LPI). In addition, to the linear regression analysis a series of analysis

of variance (ANOVA's) with Tukeys multiple comparison tests are conducted to examine the impact of the demographic variables<sup>10</sup>. The main aim of the ANOVA's is to establish whether there are any significant differences among the categories of the predictor variables.

## 6. Findings of the present study

### 6.1 The Lived Poverty Index

As mentioned in section 3 the LPI measures people's ability to obtain the basic necessities of life. More specifically, the respondents were asked six questions about access to basic necessities. For example, "over the past year, how often, if ever have you or your family gone without enough food to eat". The LPI was constructed based on these six question items about access to basic necessities through factor (Principal Component extraction and varimax rotation) and reliability analysis. The results of the analysis showed that it was possible to extract a single unrotated factor with an Eigenvalue of 3.83 that explains 63.78 percent of the common variance to all the six items. The reliability (Kronbach's Alpha score) was reported at 0.89 (Table 2). The LPI was constructed based on the results of the factor and reliability analysis<sup>11</sup>.

**Table 2: Lived Poverty Index - Factor loadings**

<b>Reasons why people are poor</b>	<b>Component 1</b>
Enough fuel to cook your food	0.855
Medicines or medical treatment	0.809
A cash income	0.805
Enough food to eat	0.801
Electricity in your home	0.794
Enough clean water for home use	0.722
Kronbach's Alpha	0.89

The next step was to calculate the average (mean) LPI score for each respondent as obtained on each of the six questions. Using the respondent's average (mean) score

across the 6 question items, a grand mean was calculated for the LPI for the entire sample. The obtained grand mean is 1.8335. Lastly, the grand mean was used to divide the sample into poor and non-poor. In other words, all the respondents who obtained a mean score of below 1.8335 were considered to be non-poor. The respondents that obtained a mean score above 1.8335 were categorized as poor. Note that the higher values reflected a higher poverty status. More specifically, the higher the score the less likely it would have been for the respondents to access the basic necessities in the past year.

It should be noted that 55.5 percent of the respondents in the present study was identified as poor while 44.5 percent was categorized as non-poor. The poverty line used in the present study compares very well with other poverty line measures. A review of poverty lines by Leibbrandt et al. (2006:26) and Magasela (2005: 16) found that similar levels of poverty exist in South Africa. For example, using a poverty line set at R346 per capita expenditure of the 40<sup>th</sup> percentile of households, 54.9 percent of the individuals of the 2000 Income and Expenditure Survey were identified as living below the poverty line. However, the same studies showed that available poverty line measures in South Africa vary significantly and that the adoption of any poverty line should emphasize that measuring poverty is extremely complex. Upon review of the Leibbrandt et al. (2006:26) and Magasela (2005: 16) studies and arguments advance previously the present study opted to use the LPI to calculate a poverty line and to divide the sample into those who are poor and non-poor.

## **6.2 The extent of poverty**

When the results are disaggregated by poverty status (meaning poor or non-poor) it showed that a greater proportion of the respondents categorized as poor are always going without basic necessities than those categorized as non-poor. For example, 5 percent of the poor respondents indicated that in the past year they always go without enough food to eat, while less than 1 percent was recorded for the non-poor (Table 3). The Pearson Chi-square test showed that there is a significant difference in the way the poor and non-

poor answered this question (Pearson Chi-square = 3.841, df = 4, p = 0.000). About 15 percent of the non-poor respondents indicated that in the past year they always have gone without cash income compared 3 percent of the non-poor. The Pearson Chi-square test also showed that there is a significant difference in the way the poor and non-poor answered this question (Pearson Chi-square = 3.180, df = 4, p = 0.000).

**Table 3: Access to basic necessities (percent)**

<b>Over the past year, how often, if ever have you or your family gone without:</b>	<b>Poor</b>	<b>Non-poor</b>
Enough food to eat	5%	0.1%
Enough clean water for home use	10%	1.1%
Medicines or medical treatment	10%	1%
Electricity in your home	19%	3%
Enough fuel to cook your food	8%	0.1%
A cash income	15%	3%

*Percentage saying always*

When the results of those respondents who never gone without basic necessities over the last year are compared, it showed that the non-poor are less likely to go without basic necessities. For example, 64 percent of the non-poor respondents reported that they never gone without medicines or medical treatment in the past year, while 42 percent was recorded for the poor (Table 4). The Pearson Chi-square test showed that there is a significant difference in the way the poor and non-poor answered this question (Pearson Chi-square = 3.956, df = 4, p = 0.000). The non-poor are also in a much better position than the poor in terms of a cash income. About 55 percent of the non-poor respondents indicated that they never gone without a cash income compared to 35 percent of the poor. The Pearson Chi-square test also showed that there is a significant difference in the way the poor and non-poor answered this question (Pearson Chi-square = 3.180, df = 4, p = 0.000).

**Table 4: Access to basic necessities (percent)**

<b>Over the past year, how often, if ever have you or your family gone without:</b>	<b>Poor</b>	<b>Non-poor</b>
Enough food to eat	50%	74%
Enough clean water for home use	53%	76%
Medicines or medical treatment	42%	64%
Electricity in your home	39%	59%
Enough fuel to cook your food	50%	72%
A cash income	35%	55%

*Percentage saying never*

Overall, one can conclude that the non-poor respondents have a higher degree of access to basic necessities than the poor respondents. The next section examines South Africans perceptions of the causes of poverty.

### **6.3 South Africans' perceptions of the causes of poverty**

Numerous studies have indicated the importance of the causes of poverty to inform poverty reduction strategies. For instance, Shek (2004: 273) indicated that studies focusing on how people's perceptions of poverty contribute to social scientists' understanding of the stigma associated with poverty. Furthermore, understanding poor people's reasoning about the causes of poverty help them to break the poverty cycle, which prevent them from escaping poverty.

Halman and Oorschot (1999: 3) observed that studying people's explanations of poverty help researchers understand the impact it could have on welfare and poverty relief programs. Campbell, Carr & MacLachlan (2001: 412), for example, concurred that subjective and psychological theories of poverty are extremely important for social policy formulation particularly for the developing world. Past studies in this regard found that if people were made aware of their biased perceptions, they were more likely to change their behaviour and in some instances even prepared to help the poor (Campbell *et al.*, 2001: 412).

### **6.3.1 Measuring South Africans' perceptions of the causes of poverty**

As indicated in section 5 the individualistic -, structural – and fatalistic perceptions of the causes of poverty indices are key predictor variables. The influence of these variables on the LPI is examined through a linear regression in the sections that follow. However, this section determines whether South Africans perceive poverty more as a causes of structural, or individualistic or fatalistic factors.

For the present study the fatalistic perceptions of the causes of poverty (Fatalistic Index) comprised of five items: 'they lack luck', 'they have bad fate', 'they have encountered misfortunes', 'they are born inferior' and 'they are not motivated because of welfare'. The structural perceptions of the causes of poverty (Structural Index) comprised of four items: 'distribution of wealth in the society is uneven', 'the society lacks social justice', 'they are exploited by rich people', and 'they lack opportunities due to the fact that they live in poor families'. The individualistic perceptions of the causes of poverty (Individual Index) comprised of three items: 'they waste their money on inappropriate items', 'they lack the ability to manage money', and 'they do not actively seek to improve their lives'.

Each of the three indices was evaluated for dimensionality and reliability through statistical procedures known as factor analysis (using Principal Component extraction and varimax rotation) and reliability analysis. The results of the analysis showed that it was possible to extract three unrotated factors. Factor 1 (Fatalistic Index) with an Eigenvalue of 3.492 explains 29.10 percent of the common variance. Factor 2 (Structural Index) with an Eigenvalue of 2.071 explains 17.25 percent of the common variance, while factor 3 (Individualistic Index) with an Eigenvalue of 1.55 explains 12.91 percent of the common variance.

Table 5 indicates the factor loadings for the items for each factor. Table 5 also reports the alpha coefficients for each of the three indices which are very strong indicating an internal consistency among each set of question items.

**Table 5: Perceptions of the Causes of Poverty – Factor Analysis**

Reasons why people are poor	Component		
	1	2	3
<b>Factor 1: Fatalistic</b>			
They lack luck	<b>0.839</b>	0.085	-0.039
They have bad fate	<b>0.800</b>	0.118	0.025
They have encountered misfortunes	<b>0.730</b>	0.170	0.064
They are born inferior	<b>0.650</b>	0.070	0.048
They are not motivated because of welfare	<b>0.488</b>	0.332	0.131
<b>Factor 2: Structural Causes</b>			
Distribution of wealth in the society is uneven	0.093	<b>0.813</b>	0.012
The society lacks social justice	0.122	<b>0.772</b>	0.106
They are exploited by rich people	0.122	<b>0.708</b>	0.050
They lack opportunities due to the fact that they live in poor families	0.164	<b>0.593</b>	0.044
<b>Factor 3: Individualistic</b>			
They waste their money on inappropriate items	0.032	0.043	<b>0.897</b>
They lack the ability to manage money	0.064	0.086	<b>0.848</b>
They do not actively seek to improve their lives	0.049	0.073	<b>0.804</b>
Kronbach's alpha (standardized items)	0.772	0.725	0.816

### 6.3.2 How do South Africans perceive the causes of Poverty?

This section present the results of the respondents views with regards to the three perceptions of poverty (Table 6). The results indicate that of the 3510 respondents slightly more of them were inclined to attribute perceptions of the causes of poverty to structural causes (M = 3.27; SD =.86), somewhat less were inclined to attribute it to individualistic causes (M = 2.81; SD =1.08) and least were inclined to attribute it to fatalistic causes (M = 2.78; SD = .80).

#### Perceptions of the causes of poverty

Indices	N	Mean	Std. Dev.
Structural Index	3474	3.27	0.86
Individualistic Index	3487	2.81	1.08
Fatalistic Index	3480	2.78	0.80

However, these differences between the mean scores of the three indices are relatively small. It is therefore important that more advance analysis be conducted to determine whether these differences are significant. Fortunately, the sections that follow will provide further insight into how South Africans' perceptions of poverty influence their lived experiences of poverty (LPI). Nevertheless, one can conclude that South Africans in general prefer structural over individualistic and fatalistic perceptions. Table 7 for example indicate that a greater proportion of respondents agree that people are poor because they are exploited by the rich (45 percent), compared to 38 percent who disagree (this item measured structural perceptions). In terms of the individualistic perceptions it is evident that a smaller proportion of respondents agree that people are poor (38 percent) because they lack the ability to manage money, compared to 54 percent who disagreed with this statement. Lastly, fatalistic explanations such as people are poor because of bad luck are less preferred since a smaller proportion agrees (30 percent) with this statement, while a bigger proportion disagrees (54 percent).

**Table 7: Perceptions of the causes of poverty (percent)**

<b>Reasons why people are poor</b>	<b>Agree / Strongly agree</b>	<b>Neither agree / disagree</b>	<b>Disagree / Strongly disagree</b>
<b>Fatalistic Causes</b>			
They lack luck	30%	16%	54%
They have bad fate	24%	21%	55%
They have encountered misfortunes	35%	22%	43%
They are born inferior	21%	19%	60%
They are not motivated because of welfare	46%	19%	35%
<b>Structural Causes</b>			
Distribution of wealth in the society is uneven	54%	18%	28%
The society lacks social justice	44%	23%	33%
They are exploited by rich people	45%	17%	38%
They lack opportunities due to the fact that they live in poor families	57%	11%	32%
<b>Individualistic Causes</b>			
They waste their money on inappropriate items	41%	12%	47%
They lack the ability to manage money	38%	8%	54%
They do not actively seek to improve their lives	35%	15%	47%

*Note: Response categories agree and strongly agree is collapse into agree.*

*Response categories disagree and strongly disagree is collapse into disagree.*

### 6.3.3 Poor versus non-poor perceptions of the causes of poverty

The study use a MANOVA two-group between subjects design to investigate the perceptions of the poor and non-poor along structural, individualistic and fatalistic dimensions (Meyers, Gamst & Guarino, 2006: 365)<sup>12</sup>. The following assumptions were checked before the MANOVA was implemented: independence of the observations, random sampling, multivariate normality and homogeneity of covariance matrices<sup>13</sup>.

Next the findings of the two-group between subjects MANOVA are presented. The analysis show that the Box's test of Equality of Covariance Matrices is not statistically significant (Box's M = 8.093,  $p > 0.232$ ). The results of the test imply that the dependent variables covariance matrices are equal across the levels of the independent variable (poverty status: poor versus non-poor). In addition, the Bartlett's Test of Sphericity is significant (chi square = 904.671,  $p < 0.000$ ) meaning that that there is sufficient correlation between the dependent measures to proceed with the multivariate analysis. The result of the multivariate test is significant. Compare in this regard  $F(3, 3310) = 6.600$ ,  $p < 0.000$ , partial  $\eta^2 = 0.006$ . This statistical multivariate test indicates that there are reliable differences between the non-poor and poor on all three the dependent variables.

The significant multivariate test was followed by tests for homogeneity of variance for each dependent variable. The results of the Levene's test of Equality of Error variance reveal that each dependent variable is not statistical significant ( $p > 0.05$ ), meaning that there are equal variance across all levels of the independent variable (poor versus non-poor). More specifically, the error variance for the fatalistic index [ $F(1, 3312) = 0.278$ ,  $p > 0.05$ ], structural index [ $F(1, 3312) = 2.409$ ,  $p > 0.05$ ] and individualistic index [ $F(1, 3312) = 2.176$ ,  $p > 0.05$ ] are equal across the two groups of the dependent variable.

Since the multivariate analysis was significant and there was equal variance across all levels of the independent variable, a series of univariate ANOVA's were conducted on each dependent variable separately to determine the locus of the statistically significant

multivariate affect. Table 8 show that poverty status (poverty status: poor versus non-poor) significantly affected structural perceptions [ $F(1, 3312) = 8.68, p < 0.003$ ], partial  $\eta^2 = 0.003$ ], individualistic perceptions [ $F(1, 3312) = 5.518, p < 0.019$ ], partial  $\eta^2 = 0.002$ ] and fatalistic perceptions [ $F(1, 3312) = 5.851, p < 0.016$ ], partial  $\eta^2 = 0.002$ ].

Table 9 indicates the means and standard deviations of the three dependent variables across the two groups. It appears that the poor ( $M = 3.31$ ) respondents ascribed significantly more to the structural perceptions of the causes of poverty than the non-poor ( $M = 3.22$ ). Furthermore, the non-poor ( $M = 2.86$ ) respondents ascribed significantly more to the individualistic perceptions of the causes of poverty than the poor ( $M = 2.77$ ). Lastly, the results show that the poor ( $M = 2.81$ ) respondents ascribe significantly more to the fatalistic perceptions of the causes of poverty than the non-poor ( $M = 2.75$ ). These results are very interesting and in line with previous research which found that the poor perceive poverty in structural terms, while the non-poor perceive poverty in individualistic terms. The results also demonstrated that the poor are more fatalistic in their explanations of poverty than the non-poor.

**Table 8: Multivariate and univariate analysis of variance for Poverty Perceptions**

Source	Multivariate		Univariate		
	df	F df = 3, 3310	Fatalistic df = 1, 3312	Structural df = 1, 3312	Individualistic df = 1, 3312
F ratios (poverty status)	1	6.60*	5.85*	8.68*	5.52*
MSE			3.78	6.44	3.78
Note: Multivariate F ratios were generated from Wilks' Lambda criterion * $p < 0.05$ , ** $p < 0.017$					

**Table 9: Mean scores and standard deviation for fatalistic, structural and individualistic perceptions of poverty**

Group	N	Fatalistic		Structural		Individual	
		M	SD	M	SD	M	SD
Non-poor	1553	2.75	0.81	3.22	0.85	2.86	1.09
Poor	1761	2.81	0.79	3.31	0.87	2.77	1.07

## 6.4 Predicting Lived Poverty

Having established the extent of lived poverty in South Africa, citizens preference regarding perceptions of the causes of poverty, as well as the poor versus non-poor perceptions of the causes of poverty the study now focus on examining factors that predict people’s lived experiences. In order to do this, the study implemented a linear regression analysis to test for the contribution of each independent variable in predicting the dependent variable. In other words, the independent variables were regressed on the dependent variable which is ‘LPI’. Using stepwise regression the model allows us to indicate the relative strength of each independent variable in predicting the LPI (Table 10). The model explained 30.7 percent of the variance with LSM, race, structural index, education, employment, individualistic index and geographic location as the most significant predictors (Table 10). The results of the linear regression are discussed in detail in section 7.

**Table 10: Lived Poverty Index by independent variables**

	<i>B</i>	<i>Beta</i>	<i>Sig.</i>
<i>(Constant)</i>	3.138		.000
Fatalistic Index	.031	.025	.000
Structural index	.081	.072	.000
Individualistic	-.051	-.056	.000
Race of respondent	-.091	-.096	.000
Sex of respondent	.083	.043	.000
Environmental milieu	.046	.049	.000
LSM	-.522	-.385	.000
New education categories	-.123	-.070	.000
New employment categories	-.076	-.066	.000

B is the unstandardised coefficients; Beta (B) is the standardised regression coefficient

\* Significant at .05 level

	<b>Model</b>
<i>R</i>	.554
<i>R</i> <sup>2</sup>	.307
<i>Adj. R</i> <sup>2</sup>	.307

In addition, to the linear regression analysis a series of analysis of variance (ANOVA's) with Tukeys multiple comparison tests were conducted to examine the impact of the demographic variables<sup>14</sup>. The main aim of the ANOVA's is to establish whether there are any significant differences among the categories of the predictor variables. For instance, the ANOVA's examined whether respondents with a high LSM were significantly different from those with a low LSM regarding access to basic necessities as measured by the LPI. Table 11 show that the respondents with a low LSM (M = 2.63) were significantly the worst affected in accessing basic necessities when compared to those with a medium (M = 2.02) and high LSM (M = 1.23)<sup>15</sup>. Moreover, the lower your LSM the more you struggled to access basic necessities.

**Table 11: Lived Poverty Index by LSM**

<b>Response categories</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Low	681	2.63	.97962
Medium	1513	2.02	.91086
High	1109	1.23	.64459
Total	3303	1.89	.98845
(F=598.574; df = 2; sig. = 0.000)			

The second ANOVA examined whether the different race groups (black, coloured, Indian and white) were significantly different in explaining the LPI. Table 12 shows that there are significant differences between the various race groups (F=270.683; df = 3; sig. = 0.000). The results indicate that blacks (M = 2.19) and coloureds (M = 1.75) are the most disadvantaged regarding access to basic necessities. On the other hand, whites (M = 1.17) and Indians (M = 1.09) have significantly more access to basic necessities than blacks and coloureds.

**Table 12: Lived Poverty Index by race**

<b>Response categories</b>	<b>N</b>	<b>Mean score</b>	<b>Std. Deviation</b>
Black/African	2221	2.19	.98076
Coloured	484	1.75	.92455
Indian/Asian	335	1.09	.25381
White	445	1.17	.63827
Total	3485	1.89	.98675

	(F=270.683; df = 3; sig. = 0.000)
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The next ANOVA revealed that lower your education more likely you are to experience a lack of basic necessities (Table 13). For example, the results show that those respondents with a primary education (M = 2.29) were significantly different from those with a secondary (M = 1.79) and post secondary (M = 1.40) education in accessing basic necessities (F=128.629; df = 2; sig. = 0.000).

**Table 13: Lived Poverty Index by education**

Response categories	N	Mean	Std. Deviation
Primary	903	2.29	1.02540
Secondary	2282	1.79	.94448
Post secondary	295	1.40	.75817
Total	3480	1.89	.98646
(F=128.629; df = 2; sig. = 0.000)			

Table 14 show that your employment status significantly influence your ability to access basic necessities (F=94.245; df = 2; sig. = 0.000). More specifically, the results indicate that those respondents who are unemployed (M = 2.17) and not working (M = 1.82) are less like to have access to basic necessities when compared to those who are employed (M = 1.63).

**Table 14: Lived Poverty Index by employment**

Response categories	N	Mean	Std. Deviation
unemployed	1227	2.17	.97402
not working	1186	1.82	.98623
employed	1034	1.63	.90426
Total	3447	1.89	.98352
(F=94.245; df = 2; sig. = 0.000)			

The study found that where you live in South Africa play a significant role in your ability to access basic necessities (F=189.002; df = 3; sig. = 0.000). Table 15 shows that respondents from the tribal or traditional areas (M = 2.44) find it most difficult to access

basic necessities, while those in the urban formal ( $M = 1.62$ ) areas have better access. It is interesting to note that people living in the urban informal ( $M = 2.32$ ) areas also struggle to access basic necessities.

**Table 15: Lived Poverty Index by geographical location**

<b>Response categories</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Urban formal	2183	1.62	.88212
Urban informal	155	2.32	.92263
Tribal	953	2.44	.96299
Rural formal	194	1.90	1.03140
Total	3485	1.89	.98675
(F=189.002; df = 3; sig. = 0.000)			

## 7. Discussion of the Results

South Africa presents a unique and important case for research on poverty since the country continues to be characterised by significant levels of poverty and vulnerability to falling into poverty. The diminishing living conditions poses a real threat not only to South Africa's new found democracy but also to the many socio-economic advances the democratic government has made since 1994 to improve the quality of life of its citizens. It is therefore important that research on poverty be continued and accelerated.

This study in particular showed that access to basic necessities such as food, water and a cash income significantly impact on South Africans' quality of life. It was found using the LPI that the just more than half (55.5 per cent) of people in South Africa are poor because they lack basic necessities. The study showed that those respondents identified as poor lack access to necessities much more than those who are not poor. For instance, 5 percent of the poor respondents indicated that in the past year they always gone without enough food to eat, while less than 1 percent was recorded for the non-poor. In addition, about 15 percent of the poor respondents have always gone without cash income compared to 3 percent of the non-poor. Conversely, the non-poor respondents reported that they never gone without medicines or medical treatment in the past year, while 42

percent was recorded for the poor. The non-poor are also in a much better position than the poor in terms of a cash income.

The current study showed that the poor despite major government intervention continues to suffer and struggle to access basic necessities. Consequently, the present study investigated what the driving forces are behind the escalating poverty. To find answers the study examined a number of key predictor variables that impact on people's ability to secure basic necessities. The results show that South Africans' LSM has the most significant influence on access to basic necessities. The LSM is followed by race, structural index, education, employment, individualistic index, geographic location, sex, and the fatalistic index. In other words, South African's standard of living, race, structural perceptions of poverty and educational level are the key explanatory variables regarding access to basic necessities. Furthermore, whether you male or female and employed or unemployed also play a major influence on how South African's perceive their ability to secure access to basic necessities.

To gain a better understanding of how the predictor variables impact on people's ability to secure basic necessities, a series of ANOVA's were conducted. The results of the ANOVA's together with the linear regressions show that we can distinguish between two distinct groups. Firstly, the group identified as poor through the LPI can be described as the most deprived with regards to basic necessities. This group (poor) lack basic necessities mainly because they 1) have a low living standard (LSM), 2) are black or coloured, 3) perceive poverty to be caused by structural factors, 4) have a low level of education (primary), 5) are either unemployed or not working, 6) live in traditional or urban informal areas within South Africa. In addition, the results of the MANOVA two-group between subjects design found that the poor perceive poverty to be caused by structural factors. Moreover, people are perceived as poor because of factors such as the distribution of wealth in the society is uneven, the society lacks social justice, the poor are exploited by rich people and the poor lack opportunities due to the fact that they live in poor families.

The second group is the non-poor which have a high degree of access to basic necessities. This non-poor group are characterized 1) by its high living standard (high LSM), 2) as predominantly white or Indian, 3) by high levels of education (secondary and post secondary), 4) by high levels of employment, 5) as perceiving poverty to be caused by individualistic factors, 6) as coming from formal urban areas within South Africa. It is interesting to note that the results of the MANOVA two-group between subjects design showed that the non-poor perceive poverty as a result of individualistic factors. For example, people are perceived to be poor because they waste their money on inappropriate items, they lack the ability to manage money or they do not actively seek to improve their lives.

The above results demonstrate that respondents' perceptions of access to basic necessities can be associated with the concept of South Africa's "Two Economies". The Two Economies concept can be considered as an extension of former President's Mbeki's "Two Nations" concept which he articulated as Deputy President to Parliament in 1998 in a debate on National Reconciliation. At this stage Mbeki argued that South Africa is a country of two nations where the one is white, predominantly well-off and with better access to employment, education, communication and infrastructure than the other nation which is poor, predominantly black and lack access to opportunities. According to Everatt (2005: 1) the distinction between the "Two Nations" re-emerged in 2003 with the release of a report by the South African Human Rights Commission which criticized the government's performance regarding socio-economic rights and especially failure to eradicate poverty. It was during this period that Mbeki re-emphasized his two nations divide by referring to South Africa as country with both a "first" (first economy) and "third world" (second economy) economy rolled into one.

However, it is well documented that governments' policies and strategies failed up to now to effectively eradicate poverty and to improve the quality of life of all South Africans and in particular the poor. For instance, the Redistribution and Development Programme (RDP) failed to clearly define poverty other than in infrastructural terms. It was also criticized because it attempted to combine socialism with neo-liberalism

(Padayachee, 2005: 555). The RDP was eventually replaced by the Growth, Employment and Redistribution Strategy (GEAR). One of the main thrust of GEAR was to create economic growth which would be the impetus for job creation. More specifically, it was reasoned that economic growth will lead to the creation of more than a million jobs through which redistribution would be achieved (Everatt, 2005:5). Nevertheless, GEAR were unable to improve the lives of the poor because of the low levels of public and private investment, low skills among the unemployed, lack of access to seed capital, lack of spatial and social cohesion. Conversely, it was the non-poor or those who already possessed the skills, had the necessary financial and infrastructural support that have benefitted most. The failure of GEAR to improve economic growth and subsequent increased employment numbers has to a great extent prompted government to introduce the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in February 2006. Government was convinced that strategic economic leadership was needed by themselves and effective partnerships between government and stakeholders such as labour and business to take South Africa to a higher economic growth path<sup>16</sup>. The interventions proposed by AsgiSA to accelerate growth do not represent a shift in economic policy by the government but rather as a set of initiatives to reach the goals of government more effectively<sup>17</sup>. However, AsgiSA are faced with a number of challenges such as coordination, implementation and monitoring which must take place within an integrated framework.

In view of the aforementioned, the present study argues that the quality of life of the poor is seriously threatened by their inability to access basic necessities. More specifically, the poor are structurally disconnected from the opportunities that are available to the non-poor. The government of South Africa is therefore challenged with respect to redistributing wealth, improving access to basic services for the poor, and improving the quality of life of all citizens. Moreover, reducing inequality and eradicating poverty must be assessed from both perspectives: the first and third world economies.

Furthermore, addressing the concerns of the poor is imperative because the present study argues that poverty has damaging impact on both the physical and mental aspects of

people's lives. In general, this study showed that South Africans mostly perceive poverty in structural and individualistic dimensions. However, a high proportion of the respondents also perceived poverty in fatalistic dimensions which are measured by indicators such as people are poor because they 1) lack luck, 2) have bad fate, 3) have encountered misfortunes, 4) are born inferior, and 4) are not motivated because of welfare. It should be noted that the poor environment and circumstances under which the poor live has a negative impact on many aspects of their lives. These negative perceptions of the poor place the emphasis on the moral aspects of poverty. The present study therefore argues that negative perceptions of the poor and the causes of poverty violates human dignity, inflicts harm on the lives of the poor, their health, their mental well-being and their family and interpersonal relations.

Regarding the violation of human dignity it is argued that the lack of resources and unequal situation forces poor people (black Africans in particular) to live lives far below what is acceptable in contemporary South Africa. The disadvantages experienced by the poor create feelings of marginalization, victimization and social exclusion. As a consequence many poor people experience denial of their dignity. Moreover, the poor feel less dignified since fellow citizens appear not to care for them or may even treat them with less respect. It may even be argued that the poor do not feel like proper human beings because they live lives in degrading circumstances. Lötter (2008: 20) subsequently demonstrated that "living a life in poverty impacts hugely on one's sense of personal dignity".

Poverty also has a negative impact on the health of poor people. It is widely accepted that the poor do not have the necessary resources to access good quality health care. In addition, the poor often struggle to maintain an adequate diet. The lack of decent health care and adequate diet makes the poor more vulnerable to illness. The effects of poor health among poorer people manifest in various ways, and within households are often associated with diminished ability to obtain work and to generate income (Brock, 1999: 3). Furthermore, poor people spend most of their time to obtain funds to access adequate treatment. Alternatively, the poor are forced to seek cheap or local treatments which are

most often not effective. Although poor health can be considered both a cause and an effect of poverty it is evident that poor health increases insecurity and vulnerability among poor people.

Previous studies also found that poverty impact on the emotional state of people (Lötter, 2008: 20). In comparison, Brock (1999: 3) indicated that “fear, insecurity, dependency, depression, anxiety, shame, hopelessness, isolation and powerlessness are all feelings that the less well-off associate with poverty”. The psychological predisposition of people and in particular poor people can not be ignored because these feelings have an impact on their ability and agency to move out of poverty. The present study supports the arguments advanced by Brock (1999: 3) that the “psychological impacts of poverty are often ignored by poverty researchers since it is difficult to quantify”. However, poor people themselves place a high premium on these feelings because it impacts on their lives and their ability to live a decent life. For instance, high levels of stress are experienced among poor people because of worries about income, food, school fees, violence, keeping warm during winter and the well-being of family members. The stress caused by worries of daily necessities negatively affects the mental state of poor people. For example, men often attached their self-worth to their ability to earn an income to support their family. However, when men fail to provide for their family, it can lead to “feelings of helplessness, redundancy and burdensome with negative consequences such as violence, wife-beating and drug abuse” (Lötter, 2008: 26).

Poor families also suffer when parents have to leave home to seek employment. Children within poor families in some instances have to live with their grandparents or other relatives, while some children even live without parental or adult supervision. These circumstances have major consequences on the relationship of the family as well as the overall well-being of the family. In this regard poverty makes it extremely difficult for people to engage in deep meaningful relationships with their family (Lötter, 2008: 25).

In summary, the present study would like to advocate a more positive approach to explaining poverty. Consequently it is argued that poverty has a devastating impact on

the lives of poor people and that poverty reduction and eradication strategies need to include psychological interventions to improve the lives of the poor. Psychological explanations of poverty must focus on issues such as emotional problems and lack of interpersonal abilities. The causes of poverty in this instance are most often attributed to the individual's personal emotional state of mind rather than personally blaming the individual. Moreover, poverty is not perceived as individual failure but more as a consequence of a negative emotional state caused by external as well as individual factors beyond the control of the individual.

## **8. Recommendations**

What is needed? To improve the lives of the poor or those living in the second economy (third world) the South African's government poverty eradication policies and strategies must focus directly at the second economy and establish how successes gained in the first economy can be benefited or may benefit the poor and marginalized groups. The results of the present study emphasize that the distinction between the second and first economy is vital because interventions in the first economy did not necessarily translate into significant benefits for the poor or those in the second economy. Moreover, the South African government must take stock and re-examine the type of interventions that is needed in the second economy to transform and end its underdevelopment and marginalization.

In this regard, the finalization of South Africa's latest Anti-poverty Strategy Discussion Document released in September 2008 by the Office of the Presidency must be made a priority. The latest Anti-poverty framework therefore adopts a broad approach, which is anchored on nine pillars (see Discussion Document on an Anti-poverty Strategy for South Africa for detailed information on the proposed strategy at [www.info.gov.za](http://www.info.gov.za)). In essence the nine pillars aim to increased access to income through jobs or self-employment; to provide health care, education and training needed to engage with the economy and the political processes; to provide social grants to act as safety nets for the most vulnerable like the disabled and elderly; to increase access to basic services among those who are

unable to pay; to ensure that poor children grow up healthy, that good quality care and efficient preventative and curative care are provided; to make sure that people have access to housing, land and capital, including public infrastructure; to ensure a more inclusive and integrated society; and to develop strategies and programmes to maximize economic opportunities for the poor but at the same time ensuring that the protection and rehabilitation of ecosystems be maintained in order to reverse environmental degradation. This discussion document has got to elicit input from all stakeholders if it wants to be transparent, accountable and acceptable to all. If government fail to gather broad-based support and acceptance the latest Anti-poverty Strategy will follow in the footsteps of government policies such as the RDP, GEAR and AsgiSA which have struggled to effectively contribute to the eradication of poverty.

Similarly, government will have to implement and monitor the propose strategies by President Jacob Zuma in his State of the Nation Address on the 3<sup>rd</sup> of June 2009 when he reassured South Africans that “the fight against poverty remains the cornerstone of our government’s focus”<sup>18</sup>. During his address he informed the people of South Africa that government has identified 10 priority areas, included in the Medium Term Strategic Framework for 2009 to 2014, to address the challenges South Africa is facing. More specifically, the 10 priority areas aim to address unemployment through increased economic growth; to develop and implement a comprehensive rural development strategy which is linked to land agrarian reform and food security; to strengthen the skills and human resource base; to improve the health of all South Africans; to fight crime and corruption; to build cohesive and sustainable communities; to work together with other African countries and the rest of the world; to ensure sustainable resource management and use; and to work together with all South Africans supported by our public servants to build a developmental state and improve public services.

In addition, the South African government will have to adopt an official poverty line for policy to effectively target and improve the lives of the poor. While there is agreement that a poverty line is needed, very little consensus exists among politicians and social scientists about the nature of the poverty line. It therefore most concerning that this

process has stalled because of a lack of consensus among politicians and social scientists about the nature of the poverty line<sup>19</sup>. The process must be finalized by the South African government if they wish to effectively target and improve the lives of the poor.

## **7. Conclusion**

This study argued that both the physical and mental impact of poverty must be addressed. In his regard, it is argued that people's perceptions of the causes of poverty must be included and valued in the policy formulation and implementation processes of government's poverty initiatives. It is therefore heartwarming that government's latest Poverty Strategy Document and the new priority areas introduced by President Zuma captures a broad spectrum of initiatives that may help reduce the negative psychological impact poverty has on the lives of majority of South African's.

Finally, the study give a voice to ordinary citizens which often goes unheard among the many scholarly debates about how to measure poverty, who are the most affected by poverty and how best to address the needs of those in poverty. Despite researcher bias it is argued that the use of a people-centred approach is critical towards the development of pro-poor policy-making. Consequently, it is hoped that the results and arguments presented in this dissertation will contribute to improving the quality of life of the poor in particular.

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**Appendix A  
Survey Questions**

**MODULE 1  
PERCEPTIONS OF THE CAUSES OF POVERTY**

**10. Poor people are poor because:** *[Read out options] [Interviewer: Probe for strength of opinion]*

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree	Don't Know
a) They lack the ability to manage money.	1	2	3	4	5	6
b) They waste their money on inappropriate items.	1	2	3	4	5	6
c) They do not actively seek to improve their lives.	1	2	3	4	5	6
d) They are exploited by rich people.	1	2	3	4	5	6
e) The society lacks social justice.	1	2	3	4	5	6
f) Distribution of wealth in the society is uneven.	1	2	3	4	5	6
g) They lack opportunities due to the fact that they live in poor families.	1	2	3	4	5	6
h) They live in places where there are not many opportunities.	1	2	3	4	5	6
i) They have bad fate.	1	2	3	4	5	6
j) They lack luck.	1	2	3	4	5	6
k) They have encountered misfortunes.	1	2	3	4	5	6
l) They are not motivated because of welfare	1	2	3	4	5	6
m) They are born inferior	1	2	3	4	5	6

**MODULE 2  
LIVED POVERTY INDEX**

**11. Over the past year, how often, if ever have you or your family gone without:** *[Read out options]*

	Never	Just once or twice	Several times	Many times	Always	Don't Know
a) Enough food to eat?	1	2	3	4	5	6
b) Enough clean water for home use?	1	2	3	4	5	6
c) Medicines or medical treatment?	1	2	3	4	5	6
d) Electricity in your home?	1	2	3	4	5	6
e) Enough fuel to cook your food?	1	2	3	4	5	6
f) A cash income?	1	2	3	4	5	6

## Notes:

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1 Research Manager, Knowledge Systems, Centre for Socio-Economic Surveys, Human Sciences Research Council.

2 Dlamini K World food crisis is an opportunity for Africa to help its poor, The Times, April 21 2008 - <http://www.thetimes.co.za/PrintEdition/Article.aspx?id=751842>

3 The CPI for food increased from 15.7% to 17.0% and for transport from 15.6% to 16.7%. See Statistical release P0141, May 2008: [www.statssa.gov.za](http://www.statssa.gov.za).

4 A statement on interest rates delivered by Patrick Craven, 9 October 2007

5 Pressly D Wealth gap grows everyday, Business Report, July 18 2008 –

<http://www.busrep.co.za/index.php?ArticleId=4512477>

6 Unemployed (official definition) Persons aged 15 – 65 who did not have a job or business in the seven days prior to the survey interview but had looked for work or taken steps to start a business in the four weeks prior to the interview and were available to take up work within two weeks of the interview. See Statistical release P0210, September 2007: [www.statssa.gov.za](http://www.statssa.gov.za)

7 Cosatu warns of food riots, News24 14/04/2008 –

[http://www.news24.com/News24/South\\_Africa/Politics/0,,2-7-12\\_2305864,00.html](http://www.news24.com/News24/South_Africa/Politics/0,,2-7-12_2305864,00.html)

8 South African Social Attitude Surveys (<http://www.hsrc.ac.za>)

9 The country to which a person belongs by legal right is that person's country of citizenship. That country may or may not be one's country of birth. A person may be a citizen of more than one country. Even if a person holds a resident's permit whether temporary or permanent of a country it does not make one a citizen of that country.

10 ANOVA performs analysis of variance for factorial designs. Analysis of variance tests the hypothesis that the group means of the dependent variable are equal. The dependent variable is interval-level, and one or more categorical variables define the groups. These categorical variables are termed factors. ANOVA also allows you to include continuous explanatory variables, termed covariates. Other procedures that perform analysis of variance are ONEWAY, SUMMARIZE, and GLM. To perform a comparison of two means, use TTEST. Once you have determined that differences exist among the means, post hoc range tests and pairwise multiple comparisons (Tukey's b) can determine which means differ. Range tests identify homogeneous subsets of means that are not different from each other. Pairwise multiple comparisons test the difference between each pair of means and yield a matrix where asterisks indicate significantly different group means at an alpha level of 0.05.

11 Lived Poverty Index (LPI) scale properties: 1) Mean (1.963), 2) Median (1.667), 3) Std. deviation (0.972), variance (0.945) and range (4).

12 A MANOVA two-group between subjects design is chosen since the study is interested in assessing the effects of one dichotomous independent variable (meaning those who are poor and non-poor) on the three dependent variables (structural-, individualistic- and fatalistic index. Although this research question can be addressed with a univariate statistical procedure (for example a one-way ANOVA), the MANOVA allows us to investigate the dependent variables collectively and simultaneously.

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13 The independence of the observations is tested by common sense. For example, the behaviour of one participant was in no way influenced by the behaviour of another participant because the participants were selected from different households. It was previously reported that the sample is a national random sample representative of the population at large. In terms of normality it was decided to conduct univariate tests for each dependent variable separately since the assumption of multivariate normality can not be tested on SPSS (Field, 2005: 593; Meyers et al., 2006: 379). The use of univariate tests is workable because univariate normality is a necessary condition for multivariate normality. However, it should be cautioned that univariate normality does not safeguard multivariate normality. The results of these tests show that all the skewness and kurtosis values are within the acceptable range of -1 to +1 thus indicating a normal distribution. All the normal Q-Q plots look reasonably normal since the data points are all close to or on the diagonal lines. In addition, all extreme values were evaluated with the Mahalanobis Distance measure and Chi-square distribution at a stringent alpha level ( $p < 0.001$ ) with degrees of freedom equal to 1. Based on these criteria no multivariate outliers were observed.

14 ANOVA performs analysis of variance for factorial designs. Analysis of variance tests the hypothesis that the group means of the dependent variable are equal. The dependent variable is interval-level, and one or more categorical variables define the groups. These categorical variables are termed factors. ANOVA also allows you to include continuous explanatory variables, termed covariates. Other procedures that perform analysis of variance are ONEWAY, SUMMARIZE, and GLM. To perform a comparison of two means, use TTEST. Once you have determined that differences exist among the means, post hoc range tests and pairwise multiple comparisons (Tukey's b) can determine which means differ. Range tests identify homogeneous subsets of means that are not different from each other. Pairwise multiple comparisons test the difference between each pair of means and yield a matrix where asterisks indicate significantly different group means at an alpha level of 0.05.

15 The response options ranged from 'never' = 1 to 'always' = 5 with the higher values indicating a greater lack of access to basic necessities.

16 AsgiSA Annual Report 2007, The Presidency Republic of South Africa. [www.gov.za](http://www.gov.za)

17 Media Briefing, 6 February 2006, Deputy President briefing on Accelerated and Shared Growth Initiative South Africa (ASGISA)

18 State of the Nation Address, President Jacob Zuma, 3 June 2009, <http://www.capecapegateway.gov.za/eng/pubs/speeches/2009/jun/182287>

19 It is interesting to note that the Minister of Finance, Trevor Manuel announced as far back as 2005 in his Budget Speech that the government intends to adopt an official measure of poverty ([www. South African government](http://www.southafrican.gov.za); The Measurement of Poverty in South Africa Project: Key Issues, 2007: 7). However, to date this process is still not finalized.