

Social Capital and Wellbeing in an Emerging Economy: Evidence from Bangladesh Using a Generalized Structural Equation Model

Abstract

Understanding wellbeing is fundamental to any effort to improve it; however, the measure of wellbeing, entirely based on either objective or subjective indicators, is subject to criticism. Using the latest (2018) World Values Survey (WVS) data and following Alkire and Foster (2011) method of multidimensional poverty, including subjective and objective indicators of wellbeing, this study examined the incidence, intensity, inequality, and determinants of wellbeing in Bangladesh by constructing the Multidimensional Wellbeing Index (MDWI). The MDWI was calculated using seven domains and twenty-five relevant indicators representing multiple dimensions of wellbeing and assigning weights using the Principal Component Analysis (PCA). While the index, MDWI, ranges from 0 to 1, the higher the index, the higher the level of wellbeing. Bangladeshi people, on average, are experiencing a moderate level of wellbeing (with an MDWI of 0.565), where the health domain and its related indicators were the largest contributors to wellbeing. Results of this study revealed notable differences in wellbeing by gender, age, income group, and education level of the households' heads and by sub-national location of the households. Significant differences in inequality in wellbeing were also observed by sub-national location and income, while income and other socioeconomic and demographic factors were strongly associated with wellbeing in Bangladesh. Overall, the results provide valuable policy insights into an important area of human development-wellbeing-which is also critical for achieving sustainable development goals for Bangladesh, in particular, and other developing countries, in general.