

Households' equipment with durable goods in statistical analysis and econometric modelling of material wellbeing

The applicant **undertakes to solve the problem** of methodology improvement for measuring the households' equipment with durables for determination of the level of households' material wellbeing. The term *wellbeing* is used here instead of commonly used *quality of life* or *standard of life* in order to stress households' assessment subjectivity where accumulated material property is compared with material status of people around them. New and improved tools for measurement and analysis will enhance evaluation of equipment in durable goods. The assessment will be based on subjectively perceived age and quality of consumer durables used in particular household. Information will be collected from households' representative (head of households). The application addresses new theoretical problem and tries to solve current practical problem. The new, combined approach uses both, measurement of the number and the measurement of age and quality of durables (a proxy for value). The possible solutions encompasses the acquisition approach, the rental equivalent approach, and the user cost approach. Proposed approach has capacity to capture the latent structure of material wellbeing and can be extended, transferred to the measurement of other aspects of material wellbeing. The **theoretical goal** of the project is to collect, review and supplement the research methodology regarding the objective and subjective assessment of the household endowment with durable goods. Based on the work Ejsmont (2016), construction of a completely new test is planned, which will also measure normality and independence. The **methodological objective** of the project involves the development of improved and creation of new measurement methods, such where a combination of an objective and subjective way of assessing is used. The planned verification field where the methods' properties will be assessed will be material wellbeing of households. The **empirical goal** of the research is to verify the effectiveness and efficiency of the proposed methodological solutions in assessing material wellbeing. Verification of the effectiveness of the proposed research techniques will consist in their application to the actual data from national and international sources. The **cognitive goal** of the project is to describe the material wellbeing using the measurement results obtained with newly developed tools. The **expected scientific output** of the theoretical research and the methodological objective of the project will be development of improved and creation of new measurement methods. Additionally the econometric methods suitable for such data will be identified and tested. New testing tool will be developed. **The importance of the project.** The practical justification for new, more accurate measuring of the households' equipment with durables is that precise knowledge on the living conditions of the population along with the identification of factors which have decisive impact on perceived wellbeing is crucial for countries policymakers. The results are essential when building economic and social cohesion, social security policy and other key elements of governmental system. The results are used for poverty identification, social benefits system design, consumer price indices calculation, level of minimum wages determination, development of simulation models in the field of household tax burden and international comparisons.