



## Capability Approach vs. Inspiration Economy and their Socioeconomic Relevance: A Comparative Study

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### Abstract

This paper presents a comparative analysis of the Capability Approach Theory (CA) and the Inspiration Economy Theory (IE), two influential yet distinct frameworks for socioeconomic development. While the Capability Approach, pioneered by Amartya Sen and Martha Nussbaum, emphasises expanding individual freedoms through institutional support and resource allocation, the Inspiration Economy Theory, developed by Mohamed Buheji, focuses on mindset transformation and community-driven problem-solving through experiential learning.

The study identifies three key similarities between the two theories: (1) both recognise the untapped potential within people that requires activation for development, (2) each framework underscores the necessity of intervention whether through external capability-building or internal inspiration, and (3) both highlight structural barriers such as governance failures and resource inequality as major impediments to progress. However, critical differences emerge in their operational mechanisms. The Capability Approach relies on external actors (e.g., governments, NGOs) to provide resources and create enabling environments, making it most effective in stable institutional settings. In contrast, the Inspiration Economy Theory fosters self-driven change through resilience-building and local engagement, demonstrating adaptability in resource-scarce or unstable contexts.

Using qualitative comparative analysis, this paper examines theoretical foundations, practical applications. Findings suggest that while CA excels in structured environments, IE offers a viable alternative for marginalised communities with limited institutional support. The study concludes by proposing a potential integration of both frameworks—leveraging IE's grassroots empowerment to complement CA's institutional focus—for more holistic and inclusive development strategies.

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### 1. Introduction

Inspiration economy theory hinges on transforming lives by developing individuals' mindsets to achieve their goals and address their socioeconomic challenges, Buheji (2018c) <sup>[7]</sup>. The capability approach is about improving access to facilities and infrastructure that enable humans to fulfil and choose the quality of life they want to live, building their capabilities – ultimately driving them towards freedom. Sen (1999) <sup>[17]</sup>

This paper employs a comparative approach to identify the similarities and differences between the Capability Theory and the Inspiration Economy Theory.

The finding shows that there are more similarities than differences as (1) both theories concur that human beings have hidden powers that need stimulation to drive positive socioeconomic transformation, (2) that there is a need for emphatic agencies to trigger that change to poor people, (3) that there are hindrance of economic development of human given governance structure, lack of opportunities, lack of distribution and allocation of resources and that there is need to correct hat and enhance education, infrastructure and health services for human. Buheji and Ahmed (2019a) <sup>[11]</sup>

The paper also highlights important differences in the approaches. While the capability theory approach focuses on external agencies to make a change, including governments or development actors, the inspiration economy theory believes that mainly the internal agencies can ensure close engagement and thus the transformation of the mindset that happens with active learning and learning by doing. This type of engagement fosters resilience and promotes positive activities that can trigger change and solve problems. The comparison helps in realising the practicality for communities that do not have external agencies to directly build their capabilities or face bad governance, especially in developing nations. Buheji and Ahmed (2025) <sup>[10]</sup>

## 2. Literature review

### 2.1 Realising the essence of the capability approach theory

The Capability Approach (CA) is a normative framework for evaluating individual well-being and social arrangements, primarily developed by economist and philosopher Amartya Sen (1999) <sup>[17]</sup> and further elaborated by philosopher Martha Nussbaum. It shifts the focus from traditional economic metrics like income or GDP to what individuals are able to do and be their capabilities.

There are four key variables of the CA theory: functionings, capabilities, agency, and well-being. The functionings focus on the various things a person may value doing or being. They range from basic aspects, such as being well-nourished and healthy, to more complex achievements, like participating in community life or developing self-respect. They are very similar to Maslow's Pyramid. The capabilities variable represents the freedoms or opportunities individuals have to achieve through various functionings. Capabilities are the real opportunities that could lead to the kind of life one values. Sen (1999) <sup>[17]</sup>, Nussbaum (2011) <sup>[16]</sup>, Ballet *et al.* (2014) <sup>[3]</sup>.

Then, CA theory focuses on the agency variable. This is a variable that refers to an individual's ability to pursue goals that they value and have reason to value. It emphasises the importance of freedom and autonomy in decision-making. Finally, we have wellbeing variable. In the Capability Approach, well-being is understood in terms of the capabilities and functionings that individuals have. It's not just about material wealth but about what people can do and be. Nussbaum (2011) <sup>[16]</sup>

The CA theory has been influential in development economics, especially in rethinking development goals, emphasising human development over mere economic growth. The Human Development Index (HDI) is one of its practical applications. This theory provides a framework for assessing 'social justice' by focusing on the distribution of capabilities across different groups in society. It is also considered a standard for policy evaluation based on how well they expand people's capabilities, such as access to

education, healthcare, and political participation (Nussbaum, 2011) <sup>[16]</sup>. Recently, the approach has also been used to analyse gender inequalities, focusing on the different capabilities available to men and women and how these disparities can be addressed. Comim *et al.* (2008) <sup>[15]</sup>

Nevertheless, the CA theory has been found to be challenging when it comes to measuring and comparing across individuals and societies. Translating the theoretical framework of CA into practical policy was found to be complex. The approach was also found to have difficulty in balancing universal values and cultural differences. Overall, the Capability Approach provides a comprehensive framework for understanding human well-being and social justice, emphasizing the genuine opportunities people have to lead lives they value.

Hence, the formula of CA theory is made of:

Capability Approach = functioning × capabilities × agency × wellbeing.

### 2.2 Realising the essence of the inspiration economy theory

The inspiration economy (IE) has emerged as an alternative approach to addressing global and regional socioeconomic challenges, including poverty eradication, resource scarcity, community dependency, youth unemployment, production deficits, clandestine migration, climate change impacts, hopelessness, and market integration difficulties, particularly in developing nations, Buheji and Ahmed (2019b) <sup>[11]</sup>. The IE also touches on other socioeconomic issues, including that of women inequality, poor people, indigenous, aging, and the marginalised ones. Inspiration theory hinges on the fact that communities can find opportunities not only to address their problems but also to bring about socioeconomic advancement by focusing on their 'capacity' rather than their 'supply', Buheji and Ahmed (2019a) <sup>[11]</sup>. The theory of IE suggests that people are inspired either by directly taking action to create change or by adopting best practices. These are the variables for their 'psychological transformations', which can occur and be sustained through guided curiosity mentorship that focuses on capacity and opportunities, in addition to active learning and problem-solving activities. Buheji and Ahmed (2025) <sup>[9]</sup>, Buheji (2019) <sup>[8]</sup>

In their book "Exploring the Inspiration Economy," Buheji and Ahmed (2018, p. vii) <sup>[6]</sup> define the inspiration economy as "an outcome or a secret formula revealed through labs or best practices from any given community that can or would create a change in a specific manner to the communities or countries." These outcomes enable those involved to believe in and explore their hidden powers and their ability to influence others using inner or external forces. Among inner powers, we can mention psychological change, empathic feelings toward others and learning, while external powers include certain actions that directly or indirectly have impacts on others – the activities. Buheji and Ahmed (2019a) <sup>[8]</sup>

The inspiration economy is a repetitive spill over of changes driven by various factors, including new ideas, behavioural learning, life decisions, or circumstances that alter the physical or mental space of humans or the conditions around them, Buheji (2018b) <sup>[5]</sup>. The theory focuses on exploring and discovering how creating a reorientation of the mindset can lead to collective efforts of self-sufficiency or optimising hidden opportunities, bringing about change (called influencing without power) through the utilisation of empathetic thinking Buheji (2018a) <sup>[5]</sup>. The outcome of this

exercise, as per the IE theory, is the utilisation of the inspiration currency, which encompasses both tangible and intangible results, with a focus primarily on the non-financial wealth of the targeted community.

According to Buheji and Ahmed (2018, p. 51)<sup>[6]</sup>, there are four main streams of sources and outcomes of inspiration. These are (1) the stream from above – a supernatural or divine gift, (2) from learning by doing, (3) from within and (4) from external sources. However, the set of these streams shapes the changes in human beings' understanding and reactions and actions that drive the next transforming activities for better or for worse.

Hence, the formula of IE theory is made of:

Inspiration Economy = Exploring x Opportunities x Capacity x Discovery x Mindset Reorientation x Non-Financial Wealth

### 2.3 Areas yet to be explored by both IE & CA theories

The main challenge that was not yet tackled in inspiration economy is that it does not define yet how inspiration itself can result both positive and negative outcome and on what basis we measure an inspiration and control it for the betterment of society and improvement of production. For instance, there are no key indicators that describe inspiration. This can prevent generalisation of the theory in all societies. What worked in the inspiration framework in this country may not work in another, given the different levels of understanding. There should be indicators or levels that define inspiration and show the level at which a person is inspired in a more standardised and useful way, taking into consideration differences in society and culture. More work is needed to understand the extent to which particular social or collective thinking activities can drive to worse scenarios or fruitful inspiration, as we have seen in many communities. Buheji (2025)<sup>[13]</sup>

The capability approach of Amartya Sen (1999)<sup>[17]</sup> is both definite and holistic, yet not explicit about the finality of well-being. It simply stipulates that the capability approach is applied in all activities and agencies that enable humans to lead a fulfilling life or make the best choices to live a better life. This indefinite definition of Sen gives him a bunch of criticisms that it can drive to pernicious end results. The avoidance of consideration of other economic indicators such as increase in GDP and increase in material number question the measurements of the applicability of the theory and makes it more complex given the different human choices that exist, and given the influence of various streams of inspirations as we have seen in Buheji (2016)<sup>[4]</sup> and Buheji, M. (2018a)<sup>[5]</sup>. However, Nussbaum tried to define at least ten capabilities that include living up to old age, having the right to participate in the social, political and economic activities of the country or community, which is also the idea of capability of Amartya Sen and also having life with dignity in the society.

### 2.4 Similarities and differences of Sen's and Buheji's approaches

Sen and Buheji highlight the necessity of building different capacities for human development. That is the main similarity, but the difference between those theorists is that Buheji believes that for humans to have more capacity, they have to be engaged, not involved with specific life problems or those of the community. In Sen's view of capability, he emphasises the prerequisites of developing human freedom in deciding and acting both socially, economically and

politically in order to live a fulfilling life. Ballet *et al.* (2014)<sup>[3]</sup>, Buheji and Ahmed (2019a)<sup>[11]</sup>.

If Sen defines freedom as both the 'end and means of community development, Buheji sees inspiration as a mechanism that fosters a mindset and activities that equip freedom and orient it in a way that freedom drives wellbeing without jeopardising the person, the community, or other species. Buheji sees inspiration as being oriented towards activities that can eventually explore problems and create solutions for development now and/or in the future. Hence, both theories work for collective human progress. Buheji (2018a)<sup>[5]</sup>, Sen (1999)<sup>[17]</sup>

### 2.5 Concepts of agency in CA theory vs. assets in IE theory

In Amartya Sen's Capability Approach, as outlined in 'Development as Freedom' (1999), the term "agencies" refers to the ability of individuals to act independently and make choices that shape their lives. Agency is a central concept in Sen's framework, emphasising the importance of people's freedom to pursue their goals and values. Hence, agency, as per Sen (1999)<sup>[17]</sup>, refers to an individual's or community's capacity to act as an autonomous being, making decisions and taking actions that reflect their values and objectives. It is not just about achieving outcomes (e.g., being well-fed or educated) but about having the freedom to choose and act in ways that align with one's own goals and aspirations. Thus, Sen distinguishes between well-being (the state of being happy, healthy, or prosperous) and agency (the ability to pursue what one values). For example, a person may have high well-being (e.g., access to food and shelter) but limited agency (e.g., no freedom to choose their occupation or lifestyle). Sen argues that development should be understood as the expansion of freedoms, including the freedom to act as an agent. In short, agency is closely tied to the idea of freedom. This includes both positive freedom (the ability to achieve desired outcomes) and negative freedom (the absence of constraints or oppression).

While agency is often discussed at the individual level, Sen also acknowledges the importance of 'collective agency' which represents the ability of groups or communities to act together to achieve shared goals. For example, social movements or community organisations can exercise collective agency to bring about social change. Sen emphasises that social, economic, and political institutions play a crucial role in enabling or restricting agency. For instance, oppressive governments, discriminatory laws, or lack of access to education can limit people's agency, while democratic institutions and social support systems can enhance it.

For IE theory, creating more independent communities that appreciate their collective wealth, particularly the non-financial kind, is one of the primary goals of the theory. Through active learning, which involves engaging people in meaningful learning activities that begin with exploration, observation, and exploitation of opportunities within the targeted problem or community, is what makes a difference. For Buheji, inspiration happens when people do and reflect positively on a targeted problem, issue or challenge. These are the drives, as Buheji to production, co-creation, innovation or transformational change that lead to overall community advancement and wellbeing. This happens through a continuous upward cycle of change, which symbolises the positive socioeconomic livelihood of the

community (Buheji 2016, p. 107) <sup>[4]</sup>. Buheji and Ahmed (2019a) <sup>[8]</sup>.

## 2.6 Importance of agency in development vs. capability development

Sen (1999) <sup>[17]</sup> argues that development should focus on expanding people's agency, not just improving their material conditions. This means empowering individuals and communities to make choices that matter to them, removing barriers (e.g., poverty, discrimination, lack of education) that limit agency, and ensuring that institutions, besides policies, support people's freedom to act as agents in their own lives.

Capability refers to the range of opportunities or "functionings" available to a person (e.g., being educated, healthy, or employed). While agency refers to the person's ability to choose among those opportunities and act on their values and goals. A person may have the capability to be educated (access to schools and resources) but lack the agency to choose their field of study due to societal pressures or financial constraints. Buheji (2025) <sup>[10]</sup>

Examples of agency in practice might be, from an economic perspective, the ability to choose one's occupation, start a business, or participate in the labour market. While from a political perspective an agency can be the freedom to vote, express opinions, or engage in political activism. When it comes to the social perspective, an agency can be seen in the ability to form relationships, participate in community life, or challenge social norms. Finally, from a cultural perspective, an agency can reflect the freedom to practice one's culture, language, or religion.

In Sen's Capability Approach, agency is a fundamental concept that highlights the importance of individual and collective freedom to act and make choices. It underscores the need for development policies and practices to focus not only on improving well-being but also on empowering people to live lives they have reason to value. This aligns with Sen's broader vision of development as the expansion of freedoms.

## 2.7 The development of the capability theory by Martha Nussbaum's

Martha Nussbaum's (2011) <sup>[16]</sup> reviewed and updated the capability theory and seen it as a philosophical framework that focuses on what individuals are able to do and be, rather than solely on economic metrics like income or wealth. Developed in collaboration with economist Amartya Sen, Nussbaum's version of the approach emphasises human dignity, social justice, and the importance of providing people with the opportunities to live a life they have reason to value.

Nussbaum (2011) <sup>[16]</sup> seen that the capability theory is divided into capabilities, functioning, central human capabilities, social justice and human dignity, critique of traditional economic metrics, universalism with sensitivity to context. Capabilities refer to the real opportunities individuals or communities have to achieve various "functioning" (states of being and doing) that are essential for a flourishing life. For example, the ability to live a healthy life, to be educated, to participate in political processes, and to form meaningful relationships. While functioning is the realized outcomes of capabilities—what people actually manage to do or be. For example, being well-nourished, being literate, or having the freedom to express oneself.

Also, Nussbaum (2011) <sup>[16]</sup> has identified a list of 10 central human capabilities that she argues are essential for a life of

dignity and flourishing. These capabilities include: being able to live a normal lifespan, having good health, nutrition, and shelter, freedom of movement and security from violence, being able to use one's mind and senses in a "truly human" way, being able to form attachments and experience emotions without fear or trauma. Besides, Nussbaum (2011) <sup>[16]</sup> being able to critically reflect on and plan one's life, being able to live with and toward others, with respect and non-discrimination, being able to live with concern for animals, plants, and the natural world. Nussbaum extends the human capabilities to include being able to laugh, play, and enjoy recreational activities, besides having control over one's environment such having the power to politically participate, preserve property rights, and access to fair employment opportunities.

Thus, the other main variable for the theory, as per Nussbaum (2011) <sup>[16]</sup> is social justice and human dignity. Nussbaum argues that societies should strive to ensure that all individuals have access to these fundamental capabilities, as they are essential to human dignity. The approach is deeply tied to ideas of equality, fairness, and the removal of barriers that prevent people from realising their potential.

The fifth type of variable in Nussbaum's (2011) <sup>[16]</sup> theory is a critique of traditional economic metrics and the overreliance on GDP or income as measures of well-being, arguing that they fail to capture the complexity of human flourishing. Therefore, Nussbaum advocated for policies that focus on expanding people's capabilities. Then, the sixth type of variable of the theory that Nussbaum (2011) <sup>[16]</sup> focused on is universalism with sensitivity to context. While Nussbaum's list of central capabilities is universal, she acknowledges that how these capabilities are realised may vary across cultures and contexts. This allows for flexibility in implementation while maintaining a core commitment to human dignity.

## 2.8 Applications of the capability approach theory

The approach has been influential in rethinking development goals, shifting focus from economic growth to human well-being. It also provides a philosophical foundation for understanding and advocating for human rights. Nussbaum (2011) <sup>[16]</sup> has applied the capabilities approach to issues of gender inequality, arguing that women's capabilities are often systematically undermined in many societies. The framework used in Nussbaum's (2011) <sup>[16]</sup> capability approach theory helps to design policies that prioritise expanding opportunities for individuals to lead fulfilling lives.

Sen sees that the capability approach is a framework in which a person is capable of achieving a life they value as a human, including living longer, being healthy and educated, and participating in the socioeconomic livelihood of their community. For Sen, freedom is the means and ends of human development, and therefore, people themselves have the right to choose the lifestyle they value or consider necessary. It is a framework which does not necessarily require material life but also the essence of life of choice.

Although Sen's approach is far from material wealth, his combined ideas with Nussbaum's brings in the idea of material necessity for increasing chances of human economic development. This includes improved infrastructure. They assert that infrastructure enables humans to fulfil development and freedom without which shaping lives is difficult. This is in the case of transport, health services, market, and education.

Sen (1999) <sup>[17]</sup> showed components of accessing to capability



including (1) real freedoms in choosing what is advantageous on him or her, (2) ability to transform resources into different activities, (3) being able to do activities that drive to well-being, (4) having a clear balance between material and non-material wealth that drive to human welfare, (5) opportunities from distribution and redistribution in the society.

Sen criticizes the former traditional theories, such as utilitarianism like that of Jeremy Bentham. Sen urges that happiness and pleasure that we find in utilitarianism depend on practical differences and distribution within the family is very subjective. However, he asserts that income, wealth and personal respect would be included in wellbeing of individuals and increase the chances to different life opportunities – individual functioning measures.

For Sen, the issue of poverty extends beyond income, and poverty is defined as capability deprivation (Sen, 1999)<sup>[17]</sup>. For empowering women or indigenous communities, agencies must think and go beyond increasing income alone. There are other values that are necessary, including education, in addition to income (Sen, 1999)<sup>[17]</sup>.

Some critics argue that Nussbaum's (2011)<sup>[16]</sup> list of central capabilities is too rigid or culturally specific. Some have seen that translating the approach into practical policies can be difficult, especially in resource-constrained settings. Others argue that the approach does not sufficiently address structural or systemic issues that limit capabilities.

Relative deprivation at a global or regional scale can affect individual livelihood and drive to poverty. This is linked to income inequality, unemployment and resource plunder that impoverish people in developing societies and the difficulties to get rid of it. While we talk about poverty and lack of well-being, we talk about income inequality and deprivation of rights and freedom to people to decide their livelihood and self-determination. As regional disparities in education, health services, and income inequality increase, capability deprivation increases and triggers endemic poverty. Solving such a problem requires thinking of human challenges, including socioeconomic structure that fosters deprivation and, eventually, poverty.

One of the challenges of Sen's theory and approach on capability is to determine who is responsible for building capability and for whom it will be accountable – the matter of agency. Who is responsible for alleviating poverty by enhancing various capabilities, and who is responsible for helping a person engage in activities and choose alternatives among opportunities that will drive them towards economic development and well-being?

There exist several challenges that limit the capabilities of individuals, including government oppression, ignorance, and a lack of education, as well as the existence of false consciousness. These challenges are too difficult to overcome given the nature of agencies, especially in regard to responsibilities.

The other challenge of Sen is the arbitrariness of agencies, as there exist many determinants of the choice of agencies to build capabilities in others. To raise income and the level of understanding and transformation requires the given leadership, the capacity to participate, the capacity to decide, and also the capacity to hold agencies accountable and induce people to move. However, this becomes challenging when agencies do not have a direct profit in that situation.

Connection and other sources of capability are sometimes hard and expensive, and mentorship between different agencies and beneficiaries, which enhances capabilities, is

difficult, and these require mindset transformation for successful agencies. In this framework, a collaborative and positive culture is necessary for extending capabilities.

Sen (1999)<sup>[17]</sup> provides requirements that are direct for capabilities including good nourishment, mental and physical health and education. Moreover, he differentiates personal capabilities from combined capabilities. The former includes the personal ability to choose among existing opportunities for improving his or her life. The latter includes both internal and external factors, meaning the capability of a person is determined by individual aspects of choices and what exists in their environment, society, government, and economic production in their area. Therefore, capabilities are subject to situation and availability of individual transformation factors and socioeconomic conditions that are associated with (1) political liberties, (2) economic opportunities, (3) social facilities, (4) transparency guarantees, and (5) protective security (Sen 1999)<sup>[17]</sup>.

Sen's sees the values beyond econometric analysis and assume the necessity to assess human development in more qualitative and holistic approach of livelihood. This includes inclusive framework, prioritizing empowerment of individuals in social, economic, and political spheres. Absence of freedom such as prohibiting individual participation and inactivity inhibit progress. Lack of freedom, health care, education and economic opportunities drive to obstructive economies.

Agencies, in this framework, is someone who act to bring change for his or her own values and goals. For Sen agency of capability bring in substantive freedom and can therefore be assessed by one's capability achieved including participation in public or community debate, empowerment (social, economic, cultural or moral, alongside enhancement of wellbeing which involves income and material achievements. Comim *et al* (2008)<sup>[15]</sup> concurs with Sen and insists that his theory can be measured and used for poverty alleviation policy. They assert that his theory can be measure practically on field and compare policy advices for alleviating poverty.

It is clearly demonstrated that people need freedom; whether of mind, from whatever they were engaged, from oppressive regime, from extreme poverty and hunger, to be able to go to school, learn, have health and speak in public without shame and being happy (Alkire, 2002; Alkire, 2010)<sup>[2, 1]</sup>. That is why in Sen's approach freedom is both means and end to human true development generally and to human capabilities particularly.

According to Nussbaum' central capability hinges on alleviating things that constrain people's development. This include enhancing human dignity and setting prerequisites for fulfilling life, and criticized the former theories on freedom as more centric to liberal approach. Embracing Sen's approach, Nussbaum elaborated 10 components of human capabilities including (1) life; living long and fulfilling life, (2) bodily health, (3) bodily integrity; being able to have security, against violent, sexual assault, domestic violence, and choices over reproduction, (4) senses, imagination and thoughts, cultivated by adequate education, freedom of expression, religion, and avoiding non-beneficial pain; (5) emotional; being able to be attached to things and people, (6) practical reason, (7) affiliation, (8) living in harmony with other species, (9) play and laugh, (10) control over one's environment whether political or material – being able to have land, property and seek and find employment. For Sen,

the list is not important but access to different and varying context of capabilities that function as enabler of humans to achieve fulfilling life in the context of society, governance and economy.

### 2.9 Applications of the inspiration economy theory

Inspiration economy theory has a set of frameworks that transform inspiration into a source of production that benefits the targeted community's well-being, or improves the socioeconomic situation. Buheji (2016, p. 78)<sup>[4]</sup> argues that inspiration is a concept and a test in itself without which we cannot create or produce, and there is an aspect of getting different deeds and legacy through inspiration. Once we gain insights and inspiration, the capacity of the brain and spirit is enhanced to grasp, create, co-create, or innovate new ways of thinking that can advance the engaged parties. Besides that, inspiration starts to stimulate the human mindset so that the idea of transformation and production occur. For Buheji (2016, pp. 78-80)<sup>[4]</sup>, inspiration involves motivating the brain through a process that passes through hormones of inspiration where neurotransmitters, including dopamine, adrenalin, ghrelin, oxytocin and adrenalin play a role in triggering the functioning and driving people to further inspiration. Buheji (2016)<sup>[4]</sup>, Buheji and Ahmed (2019b)<sup>[11]</sup>.

Buheji sees that if people want to share 'inspiration currency', they need to see aspects that trigger the reactions or the stimuli of the targeted community. This, for example, can be done through labs or field exploration or testing. For inspiration currency to develop and be more impactful, it would need to tackle complex issues or explore foresighted challenges. Therefore, IE theory focuses on solving complex problems or challenges. Buheji (2018b)<sup>[5]</sup>

The other method of inspiration economy is using multidimensional or holistic approach in addressing socioeconomic problems with resilience in all stage. For Buheji and Ahmed (2018)<sup>[7]</sup>, resilience is important in the inspiration lab and has at least four stages. Resilient in observing and discovering (stage of capturing opportunity), resilient in absorbing through team (understanding challenges), resilience in development (working on developing the model of activity), resilient in sustaining and generalising outcome (inspiring others, reflecting, celebrating and sustaining success and spreading it over), (Buheji and Ahmed, (2018, p. 162)<sup>[6]</sup>.

In traditional economics, economic factors used to be land, labor and capital (machine, money, etc). In this context, inspiration economy the factors is seen through the capacity to inspire the mindset, the social capital, the territorial and the moral security, the culture, etc. that culminate in human development and production. Inspiration currency can also be seen in the evaluation of life span, happiness, employability, socio-networking and progress in general.

### 3. Methodology

This paper uses qualitative research inquiry and synchronic comparison as techniques to help in grasping the nuances of theories by confronting their similarities and differences. This research aims to examine how these two theories may contribute to problem-solving in today's society.

The paper also uses documents and books of the main author of the two theories, respectively, the books of Amartya Sen and the books of Mohamed Buheji. The paper draws from some of the field work and activities of inspiration economy either in East Africa – Rwanda or West Africa – Ghana and

Middle East. The techniques of synchronic comparison are based on the facts. Researchers compare theories or activities at the same time.

## 4. Findings

### 4.1 Similarity of the CA and IE theories

Capability approach and inspiration economy have the following similarities: (1) all human has hidden powers that can drive a person to socioeconomic development. This power need to be stimulated (according to Buheji), given opportunity (according to Sen), for a person to grasp positive changes or development. (2) both theories admit that human need to develop but face a lot of challenges including mentality or mindset (Buheji), existing political economy structure and market imperfection, deprivation and other holistic causes of poverty (for capability approach and inspiration economy). (3) for solving socioeconomic problem for individuals or community, empathy towards those people are necessarily in order to change their lives. (4) there might be external actors or agencies to help a person who need progress either by influencing or stimulating his mindset toward a positive activity for changing livelihood (inspiration economy) or for empowering a person to access capabilities including giving him or her resources and infrastructure necessarily for his fulfilling life (capability approach). (5) both theories admit that education, health, and access to resources are conditions of human economic development, and they admit the holistic nature and multidimensionality of well-being which differ from traditional orthodox capital accumulation and economy cantered approaches that depends on financial assets.

The two theorists believe that there is aspect of human capabilities that need to be developed starting individual self-mindset to external environment conducive to human development. Either self-directed study or learning from doing by Buheji's inspiration economy or by distribution or redistribution of resources that are enablers to improving capabilities of humans for Sen's theory.

### 4.2 Differences between the CA and IE Theories

The differences between both theories are seen in the following areas:

- There is nothing like freedom in inspiration economy as it is an end and means of development in capability approach. Inspirational approach does not consider freedom to choose, but rather to be make the beneficiary more independent by expanding the non-financial wealth possibilities and optimising the utilisation of hidden opportunities.
- Making all necessary stimuli that will trigger changes. Inspiration economy believes in hardships and suffering that may impact changes, as well as learning by doing, or learning from other's best practices. Change may work out of freedom but through visualization – an activity of triggering a person to see changes that are needed for personal or community development and transform this vision into real activities or positive reaction – inspiration currency.
- Therefore, inspiration economy approach focuses on triggering ownership of change to people's mindset rather than having external agency or government to do so for the community. While the capability approach focuses on external agency including government.
- For inspiration economy, community development may

happen even with less influence of government if that community can sit together and assess their socioeconomic problem, and finally design activities to solve them. For Sen, people need to externally be empowered, be given resources and be provided with different capabilities including allowing them to participate in socioeconomic and political activities of the community.

## 5. Discussion

Differences between the theories exist. The capability approach reinforces the economic development of poor nations, which need both socioeconomic and political capabilities and empowerment, but it needs good governance and empathy to be effective in solving the reality of the poor. CA needs more empathy and capacity for different capabilities and resources enough to distribute and redistribute wealth to needy persons. Therefore, CA work mainly in the country where agents are motivated to raise the standards of living of the people and where neoliberal intervention policies and activities work better.

Therefore, inspiration economy can be an alternative to build resilient communities or countries where visualisation in terms of development focus on solutions to complex problem through exploring opportunities rather than depending on others or developmental agencies. Although the theory recognizes external agencies for individual or community positive change, it does not prioritise their role for individual or community socioeconomic problems.

Therefore, we can conclude that capability approach links to neoliberal intervention approach like that of John Maynard Keynes, while inspiration approach try to overcome the challenges in the unders-developed and developing nations or poor communities or instable communities – where corruption and bad governance inhibit the distribution of wealth and affect community resilience or the socioeconomic progress.

The other observation is much similarities than differences between capability approaches and inspiration economy. The similarities are mainly that humans have hidden powers in their mindset that can be stimulated, especially from inside (inspiration approach) or from outside (capability approach). Both are needed gradually to reach a fulfilling life.

The theorists of both CA and IE theory believe that there are hindrances to human economic development either caused by mindset, lack of visualisation, lack of resilience, lack of exploration, or due to socioeconomic or political deprivation. Both theories accept education, health services and infrastructure as enablers of human economic development even though inspiration economy prefers more active learning, self-directed and more problem-solving based on 'learning by doing' while capability approach does not stick to any learning approach.

Sen believes that government and other actors may directly help in building capabilities of the people – which is not likely to happen given structure and functioning of government and leadership especially in developing nations or the will of agencies of development especially when they have no interests in distribution and redistribution of wealth. Martha Nussbaum sees that CA is only a powerful framework when human well-being and social justice are appreciated. By focusing on what people are able to do and be, rather than merely on material wealth, it offers a more holistic and humane approach to evaluating progress and designing

policies which coincides with Buheji's inspiration economy insights.

Therefore, this paper draws the conclusion that, on one hand, the capability approach may work more in society and community where governments and development agencies work properly for the benefit of the poor and deprived. On the other hand, inspiration economy approach can work for persons or community who want to overcome their socioeconomic problem, from individual person to family level, or community to higher country or region level, even global level, especially when people are stimulated to visualise or have realised by themselves a certain activity that may trigger positive change with constrained resources. Therefore, inspiration economy can work in both communities with good and bad governance, while the capability approach can work properly only in good and accountable societies.

## 6. Conclusion

### 6.1 Defining the environment for both CA and IE theories

This comparative analysis of the Capability Approach (CA) and Inspiration Economy Theory (IE) reveals that both frameworks offer valuable yet distinct pathways for socioeconomic development. While CA provides a robust institutional framework for expanding freedoms through policy and resource distribution, IE empowers communities through mindset transformation and grassroots problem-solving. Their shared recognition of human potential and structural barriers suggests complementary strengths rather than competing approaches.

The study demonstrates that CA is most effective in stable, well-governed contexts where institutions can reliably deliver resources and opportunities. In contrast, IE thrives in resource-scarce or unstable environments by fostering self-reliance and adaptive resilience. This distinction highlights the importance of context-sensitive development strategies—where external support (CA) and internal mobilisation (IE) can be strategically combined for sustainable impact.

### 6.2 How CA and IE theories work to create wellbeing and independent communities

Both CA and IE work to create wellbeing and independent communities where mindset reorientation can be achieved which give a visualisation for shifting from scarcity to abundance thinking (e.g., viewing cultural heritage as an asset). Figure (1) shows the similarities and differences of how each theory work.

For the Capability Approach (CA) theory, the mechanism of work is based on (top-down approach), where it needs to be sponsored or adopted by government. Therefore, the functionings (for example, being educated) are outcomes enabled by capabilities (opportunities like access to schools). While the agency variable in the theory is considered central to CA, showing individuals' power to act on their choices (e.g., selecting a career). While wellbeing is seen as the ultimate goal, achieved through freedom and dignity. The visual flow in Figure (1) of the CA theory shows that linear progression reflects the CA's focus on the systemic expansion of freedoms where Functionings → Capabilities → Agency → Wellbeing.

While for the Inspiration Economy (IE) theory the mechanism of work depends on (bottom-up approach), where exploring towards discovery of inspiration currency can depends on opportunities that raises the capacity. This should help to optimise the non-financial wealth that gives values for

social capital, and more possibility for creativity. The visual flow in Figure (1) of the IE theory shows that linear progression reflects that IE's focus on the systemic expansion of independence where Exploring → Opportunities → Capacity → Discovery → Mindset Reorientation → Non-Financial Wealth.

The structure illustrated in Figure (1) that flows from top-down (CA) and bottom-up (IE), symbolising their differing approaches. The (CA) theory helps in representing a

structured, policy-driven framework, while the (IE) theory represents an organic, community-driven process.

CA relies on institutions to provide freedoms (e.g., creating policies), while IE empowers communities to create value (e.g., self-organised problem-solving labs). Both have shared goals and aim for wellbeing and independence, but CA ensures more foundational rights, while IE drives towards self-sufficiency.

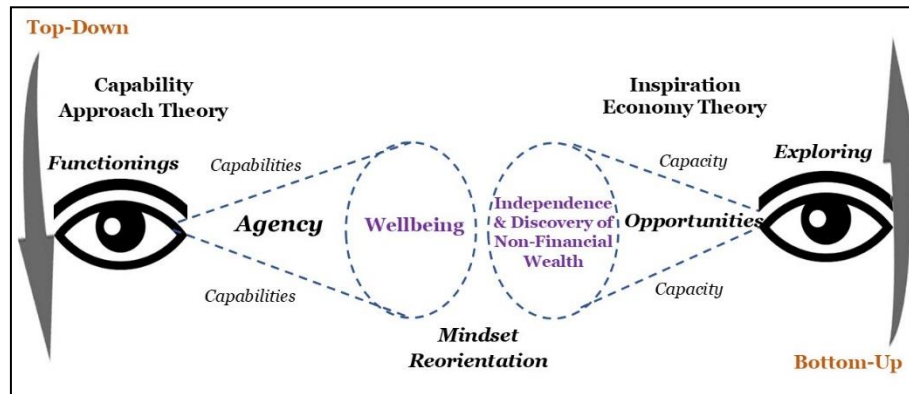


Fig 1: Compares how CA and IE Work to Create their Intended Outcome

### 6.3 The differentiation created by capabilities vs. capacities on both CA and IE theories

The main difference between the CA and IE theory can be seen on the focus on the capability, and the other one on the capacity.

Capacity in IE theory refers to the potential or available resources (material or human) to perform a task. While capability in CA theory refers to the actual competence in using resources or abilities to achieve a specific outcome.

Thus, capability is used to refer to the individual or community freedoms and available choices for achieving well-being, as in Amartya Sen's theory, whereas capacity describes the internal resources or power discovered so that it could be used to enhance the community independence or optimise its non-financial wealth.

### 6.4 Implications of both theories

The first implication of this study is that the policymakers and the community development specialists can expand in using the agencies of the CA theory to ensure more freedom of access to essential services, including education, healthcare and social security, when governments or communities are stable. However, in fragile or underserved communities, the adoption of IE theory methods (e.g., inspiration labs, active learning) to build local agency and expand the problem-solving capacity is a priority. Therefore, the author recommends that hybrid models merge CA's structural reforms with IE's community engagement for more inclusive development.

This study sets the path for future research to investigate measurable outcomes of IE interventions (e.g., resilience metrics) to address its current empirical gaps. Researchers can explore, for example, how CA's "freedoms" and IE's "mindset reorientation" interact in practice (e.g., do inspiration labs enhance capability utilisation?). Also, future research can explore the different integrated frameworks in diverse settings (e.g., post-conflict regions, urban slums, etc.) to assess scalability.

For marginalized communities, both theories offer further opportunities. While IE theory offers a practical tool for self-advancement where institutional support is weak or absent, CA theory reminds stakeholders that long-term empowerment requires addressing systemic inequities (e.g., gender discrimination, policy exclusion).

The choice between CA and IE theories is not binary but context-dependent. By leveraging CA's structural rigor and IE's adaptive flexibility, development strategies can become more nuanced, inclusive, and resilient—ultimately bridging the gap between individual empowerment and systemic change. The key takeaways for the application of both theories whether CA theory which is focused on top-down driven that use institutional, and freedom-centred, or the IE theory is bottom-up driven that use psychological, and problem-solving-centred. Both theories build synergy through the use of IE theory to "prime" communities for CA's theory opportunities, thus inspiring through exploring and learning while establishing the necessary socioeconomic development pillars. It is through such theories we can realise change to all levels of the society at a better base.

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