

Social Status Change: Can It Affect Individual’s Happiness?

Introduction



1. In the past decades, socio-economic conditions have changed significantly throughout Mainland China and Economic prosperity has caused tremendous social changes.
2. Economic development brings dividends to individual as well as the material improvement of life, which definitely promoted Chinese people’s happiness.
3. As is known, happiness can be regarded as a reflection of spiritual life. In other words, the material improvement of life promoted the spiritual improvement of life among Chinese people.
4. The booming economy provides social ladders for common people and the individual social status has changed greatly too.
5. Therefore, we want to ask what the relationship between individual happiness and social status change (SSC) is and whether their social status change affects individual happiness.
6. The data we used are from the China General Social Survey in 2013, in which year of birth, gender, annual income, marital status and employment conditions of 10126 observations were collected. Among the observations, the average annual income was 23894 yuan with a standard deviation of 36872 yuan. The age differs from 18 to 98, with 71% of the subjects were under 60 at that time. Males comprise 51% of the observations, and 17% of the observations were single. Happiness measures from 1 (*unhappiest*) to 5 (*happiest*). Social status measures from 1 (*lowest*) to 10 (*highest*).

Methodology

Our first objective is to find out whether individuals’ social status change has a significant effect on happiness. So we used an MLR model. We regressed individual happiness on the individual’s SSC and several other independent variables that may affect happiness. SSC is defined as the difference between the individual’s social status in 2013 and that in 2003 and varies from -9 to 9. The other variables include the individual’s annual income in the previous year (2012), the individual’s current status (social status in 2013), the age of the individual and three dummy variables indicating whether the individual is male, single, employed.

The formula is shown below:

$$Happiness_i = \beta_0 + \beta_1 SSC_i + \beta_2 Income_i + \beta_3 Status2013_i + \beta_4 Age_i + \delta_1 Male_i + \delta_2 Single_i + \delta_3 Employed_i + \mu_i$$

(Model #1)

We found that SSC has a positive effect on happiness. To further explore how the effect of SSC varies among different groups of people, we changed income, current status and age into dummies. We used quartile dummies to replace income and age, and used one dummy to represent every adjacent two levels of social status.

The variables are changed in the following manner:

Income → Income_{1st} (*Lowest*) , Income_{2nd} , Income_{3rd}

Status2013 → Status_{1n2} , Status_{3n4} , Status_{7n8} , Status_{9n10}

Age → Age_{2nd} , Age_{3rd} , Age_{4th} (*Oldest*)

Then we added interaction terms of SSC with all the dummies. The interaction term between SSC and a dummy is the product of the two variables. For example, the interaction between SSC and Male equals to SSC*Male. If we add this variable into the regression, its coefficient will indicate how the effect of SSC differs for men and women.

The formula is shown in a simplified form:

$$Happiness_i = \beta_0 + \beta_1 SSC_i + \sum_{x=1}^3 V_{Income}^x Income_i^x + \sum_{x=1}^4 V_{Status}^x Status_i^x + \sum_{x=1}^3 V_{Age}^x Age_i^x + \delta_1 Male_i + \delta_2 Single_i + \delta_3 Employed_i + \sum_{x=1}^{13} a_x \cdot Interactions + \epsilon_i$$

(Model #2)

Results & Discussion

Model #1

There is a positive effect on life-satisfaction after controlling income and ‘current’ social status. We think that SSC affects an individual through income and ‘current’ status, because the change in social status will surely change the individual’s financial conditions, as well as the privileges or esteem that he or she enjoys.

SSC&Interactions	Coefficient	Standard Error	P Value
SSC	.0008958	.0185839	0.962
&Male	.0275463	.0109546	0.012
&Single	.0305917	.0132231	0.021
&Employed	-.0143138	.0121559	0.239
&Income1st(Lowest)	.034587	.0162295	0.033
&Income2nd	.0010504	.0151582	0.945
&Income3rd	.0025594	.015237	0.867

Result of Model #2 (Part 1)

Independent variable	Coefficient	Standard Error	P Value
SSC	.0216151	.0056614	0.000
Income	2.64e-07	2.28e-07	0.247
Status2013	.1254907	.0053021	0.000
Age	.0000665	.0005432	0.903
Male	-.0385654	.0164197	0.019
Single	-.1580602	.0203872	0.000
Employed	-.0403132	.0186663	0.031

Result of Model #1

Continued	Coefficient	Standard Error	P Value
&Age2nd	.0205173	.0145153	0.158
&Age3rd	.0155379	.014927	0.298
&Age4th(Oldest)	.0018005	.0159399	0.910
&Status1n2	.0307841	.0168547	0.068
&Status3n4	.0092527	.0136504	0.498
&Status7n8	-.0611271	.0194764	0.002
&Status9n10	-.0642998	.028774	0.025

Result of Model #2 (Part 2)

Model #2

Men and single people are more sensitive to SSC. If one earns the lowest income, SSC will have a greater effect on him than on an individual earning the highest income.

People of higher social status care less about SSC than people of the middle class. People of even lower social levels care more about SSC or roughly the same as the middle class.

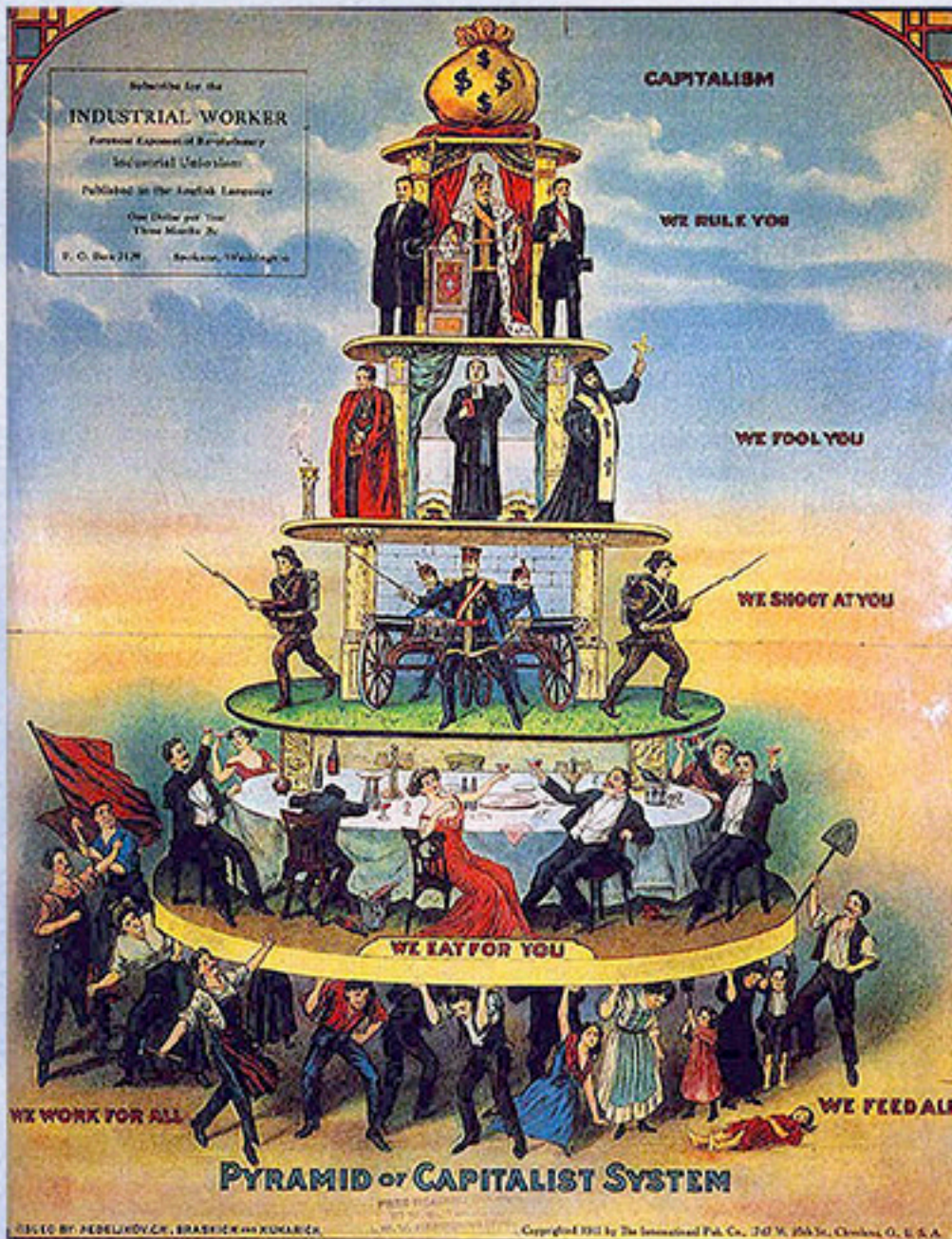
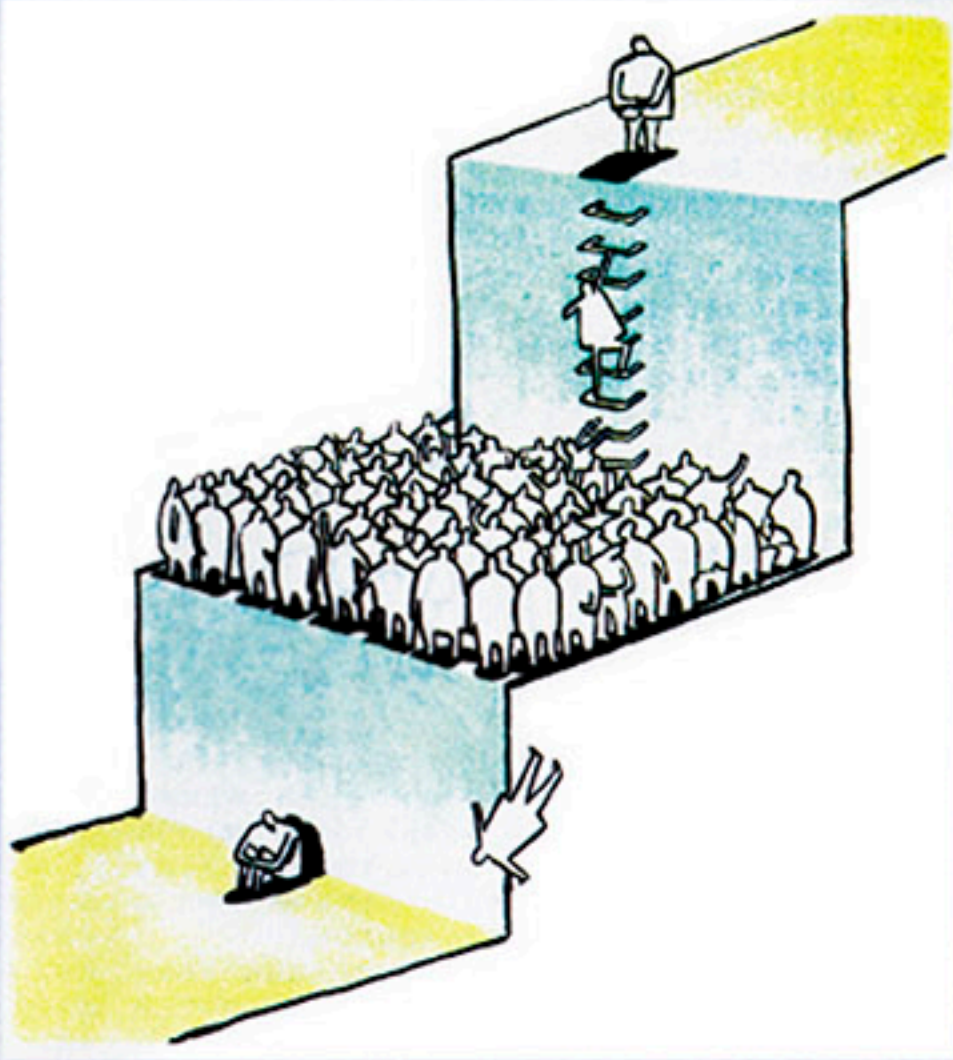
Highest Social Status
Social Status = 10

Conclusion

Our research shows that social status change has a positive effect on individual well-being, and men and single people are more sensitive to the change. In fact, only married women do not care about the change in their social status. It means that people pursue a positive change in social status not only for the socioeconomic benefits brought about by a higher status, but also for the act of pursuing.

There are variables omitted in our models which may be correlated with the effect of ssc such as education and ability.

We used the happiness data as quantitative variables, which should be qualitative, and marital status and employment condition are also poorly approximated.



Lowest Social Status
Social Status = 1



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