Economic Analysis

Class Self-Identity and Life Satisfaction

Those who consider themselves in the middle-income class are more satisfied with life than those who consider themselves in the low-income class.

In 2014, the Hyundai Research Institute (HRI) conducted a telephone survey in Korea to analyze the relation between class self-identity and life satisfaction. The poll had a maximum sampling error of plus-minus 3.43 percent from a 95 percent confidence level.

Influence of Class Self-Identity on Life Satisfaction

In the HRI survey, 69.5 percent of the respondents said they were satisfied with their lives. Among the self-perceived middle class, 82.3 percent said they were satisfied with their lives. Of those who felt they were in the low-income bracket, only 55.5 percent expressed satisfaction.

Material Factors

Obviously, disposable income and net assets push up the standard of living, influencing the level of life satisfaction. The HRI’s survey shows that life satisfaction increases in tandem with rising income and net assets. The level of life satisfaction among people whose after-tax monthly household income averaged KRW 6 million (USD 5,770) or more was 83.8 percent, 27.1 percentage points higher than the 56.7 percent cited by people with household income of KRW 3 million or less. Among those whose households’ net assets were KRW 1 billion or more, the level of life satisfaction was 86.8 percent, 32.3 percentage points higher than the 54.5 percent felt by those whose households’ net assets were KRW 100 million or less.

Even within the same income bracket, there was a considerable gap in life satisfaction due to class self-identity. Among those whose net monthly average household income was less than KRW 3 million, the level of life satisfaction was 74.3 percent among those who perceived themselves as being in the middle-income class, but 49.7 percent among those who felt they were in the low-income class. In the case of those whose net monthly average household income was KRW 6 million or more, the life satisfaction of the self-perceived middle-income group was 87.9 percent, compared to 64.5 percent of those identifying themselves as being in the low-income class.

Even at the same level of net asset, there were wide gaps in life satisfaction level depending on class consciousness. Among those whose household net assets were less than KRW 100 million, the life satisfaction level of the self-perceived middle-income class was 78.3 percent, about 30 percentage points higher than that of the self-perceived low-income class. Among households with KRW 1 billion or more in net assets, the life satisfaction result was 88.5 percent among respondents who identified with the middle-income class and 75.0 percent among those identifying with the low-income class.

Demographic Factors

Demographic factors, such as gender and age, are known to influence life satisfaction due to discrimination and changes in the perception of satisfaction. Among factors that affect life satisfaction, according to Boarini et al. (2012), important gender-related factors are employment and health. These are the factors that give women greater satisfaction about their lives than men.

According to the HRI survey, women generally feel more satisfied about their lives than men, but regardless of gender, there are considerable gaps in life satisfaction between the self-perceived middle-income class and the self-perceived low-income class.

Generally, as people get older, their life satisfaction level tends to drop. But an elderly person’s class perception can mitigate the decline. In all age groups, the self-perceived middle-income class showed higher life satisfaction than the self-perceived low-income class, and the gap was especially noticeable among those over 60.

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