Income: A Measure of Satisfaction of Life

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Abstract

Given the inflationary environment we currently find ourselves in, money is a very significant part of people's lives. Due to high cost of living, people want to earn more and more income. And it is believed that people with more income are more satisfied in their life as compared to people with less income. So, this research is an effort to identify the relationship between income of people and their satisfaction with life. The study is conducted upon 200 salaried people. These people were asked five different statements on five point Likert scale to identify their satisfaction from life and total score of these five statements was calculated. Testing of Mean is done through Welch Test. The data is analyzed through SPSS. It is concluded that people with more income are really more satisfied in their lives.

Keywords: Income, Satisfaction, Welch Test

1. Introduction

A person's level of general pleasure and contentment as determined by their own subjective standards is known as life satisfaction. Conventional economic models typically assume that a person's level of happiness is a function of their income, which may be viewed as a means of acquiring the goods and services that will enhance their well-being. High-income earners have most often nicer housing, a higher standard of life, and better health. Also, it gives people the chance to gratify more eccentric impulses, which implies that it may give them more opportunities to do so. Individuals do not all regard money equally; rather, their attitudes towards material success may be influenced by their own motivations or sociocultural norms. Some people are materialistic and they give much importance to money in their life while others give

more importance to immaterial things in their life like love, relations, friendship etc. Past studies show a mixed evidence. Some of the studies conclude positive whereas others conclude negative relationship between income and satisfaction of life. Many modifiers of the relation between income and Satisfaction have been established through past research. For instance, how people perceive their income in relation to other people's incomes influences satisfaction level in part. How money is spent is another moderator. Higher levels of subjective wellbeing are experienced when money is spent on satisfying important requirements as opposed to prestige-related items. Moreover, research has revealed a harmful correlation between materialism and satisfaction of life, indicating the importance of individual values. Hence, to completely comprehend the association between income and satisfaction, numerous aspects, including comparison standards, spending patterns, and values need to be taken into consideration. Therefore, present study is conducted to establish and measure a direct association between income and satisfaction of life. Next section presents review of literature in which all the available research on relationship between income and satisfaction are analyzed. Section 3 deals with objective and Section 4 deals with hypothesis of the study. In Section 5, the collected data is analyzed in which descriptive analysis, outlier check, reliability analysis, homogeneity of variance and hypothesis testing are done. At the end, conclusion of the study and references are given.

2. Review of Literature

Cheung & Lucas, 2015   reported that money matters differently to different kind of people. People of different age give different level of importance to money in their life. At different level of age, the priorities of people keep changing. Young people have more aspirations to earn more so money provides more level of satisfaction.

According to Salinas-Jiménez et al., 2010 switching from external to internal motivations results in people having more life satisfaction. The researchers in this study concluded that different attitudes or motivations significantly affect an individual's wellbeing after accounting for other factors like gender, age, religion, health, and education. Extrinsic motivation negatively affects life satisfaction, whereas those with internal motivation are highly satisfied.

Young et al., 2014   analyzed three different psychological states and work qualities and reported that they are highly correlated. Data also revealed that income increases are closely linked to

declines in satisfaction, contradicting the Job Attributes Model's assertions to the contrary.

According to Schyns (2001), there is a positive link between life happiness and financial satisfaction, indicating that top-down mechanisms as well as bottom-up influences are at work. Life satisfaction shows a more trait-like character and is partially a sum of domain satisfactions.

At both personal and country levels, (Plouffe & Tremblay, 2017)study looked at the effects of link between unfavorable living situation and satisfaction of life. The primary impacts of personal-level wealth and religious conviction on life happiness were positive, according to the findings. Contrary to expectations, country-level religious belief had a negative main influence on life satisfaction whereas country-level income had no main effect.

According to Lora & Chaparro (2009), wealthier and urban societies have more growth-related pleasure losses in the material domains of life. A rise in the income of the social group to which an individual belongs has the opposite impact, even if higher incomes sometimes signal more personal contentment.

Hirschi and others, 2016 In this study, a sample of 548 German employees were used to examine the relationship over a six-month period between non-work orientations—such as family, personal life, and community. The study was founded on enrichment and work-non-work conflict theories. The research results primarily support the enrichment approach.

Joseph C. Rode (2004) found that the association between job satisfaction and life fulfillment was not statistically significant after controlling for the impact of core self-evaluations and non-work satisfaction. Instead, over time, core self-evaluations were highly correlated with both life and job satisfaction.

According to Cakar (2012), young adults' life satisfaction was strongly predicted by their self-efficacy, however, self-efficacy and life satisfaction did not significantly differ across the groups according to the perceived level of wealth. According to the findings of this study, increasing young adults' self-efficacy can assist them in completing developmental activities, which is essential for their healthy growth and happiness in life.

Dagli & Baysal, 2017 The purpose of this study is to ascertain, in relation to some variables, how teachers employed by public primary schools perceive their level of life satisfaction. The results also demonstrate that there exists a considerable variance among instructors' perceptions

according to their gender, marital status and monthly salary.

Judge et al 2010 employed meta-analysis to calculate the association between level of pay and job satisfaction measures.

Leelanuithanit 1991 demonstrates that happiness is related to different perspective of life like family, material things, and personal-development—has a considerable beneficial impact on total life satisfaction.

3. Objective of the study

The objective of the present study is to measure the association between income and satisfaction from life i.e., whether people with high income are really more satisfied from their life?

4. Hypothesis

Null Hypothesis: There is no significant difference in the satisfaction Score of people and income. income.

Alternate Hypothesis: There is significant difference in the satisfaction Score of people and income.

5. Data Analysis and Hypothesis Testing

Descriptive Analysis

					95% Confidence Interval for Mean			
Table 1: Descriptive								
Sat_Score								
	Number	Mean	Standard Deviation	Standard Error	Lower Bound	Upper Bound	Minimum	Maximum
<20K	94	**14.95**	6.528	.673	13.61	16.28	5	25
20K - 40K	49	**18.10**	5.749	.821	16.45	19.75	5	25
40K - 60K	39	**18.82**	4.285	.686	17.43	20.21	7	25

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Above 60K	18	**24.11**	.900	.212	23.66	24.56	22	25
Total	200	17.30	6.236	.441	16.43	18.17	5	25

Table 1 shows that mean satisfaction score of people is increasing with income, which means that people with low income have lowest score and people with high income have highest score. Now there is a need to identify whether this difference in satisfaction score was real or it was just created by chance. So, for the same, testing of mean was done through Welch Test.

Outlier check

Before testing of mean, it is necessary to check presence of outliers in the data as any extreme value in the data set can distort the entire results in the study. For checking outliers, Box Plot is created. Box Plot shows that there is no outlier present in the data.
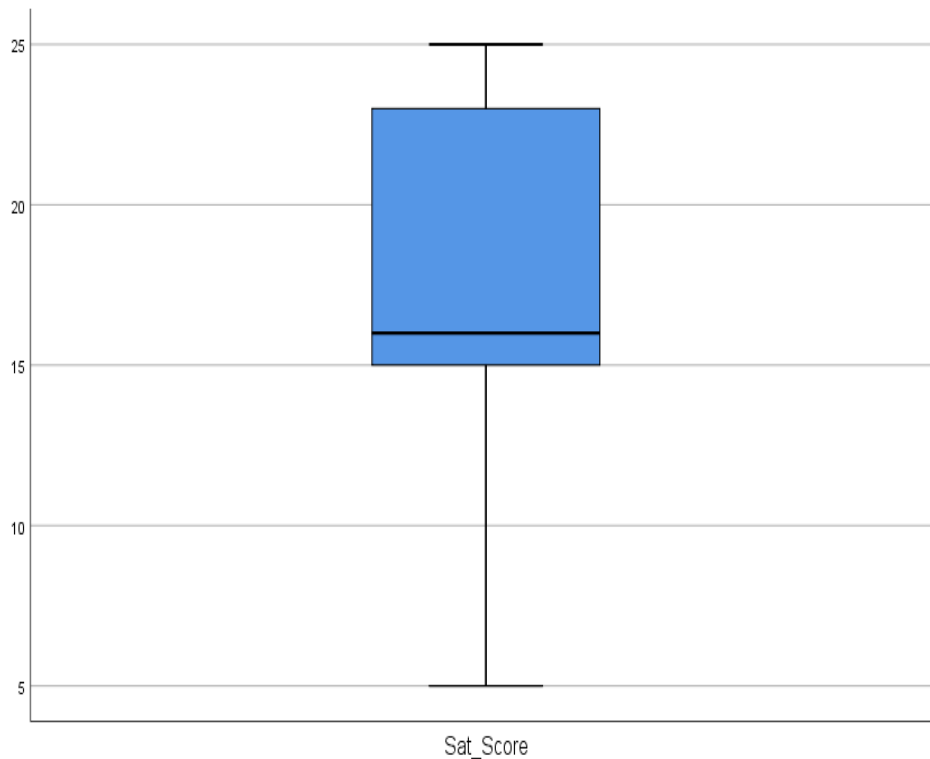
Reliability Analysis

For reliability analysis, Cronbach Alpha was calculated for all five statements. Becaue for any analysis, it is necessary to check reliability of statements taken. As Cronbach Alpha is 0.95,

Scale is considered good. It means all the five statements taken to measures the satisfaction score of people is reliable.

Table 2: Reliability Analysis	
Cronbach's Alpha	Number of Items
.95	5

Levin's Test of Homogeneity of Variance

Table 3: Test of Homogeneity of Variances					
		Levene Statistic	df1	df2	Sig.
Satisfaction Score	Based on Mean	10.966	3	196	.000
	Based on Median	8.121	3	196	.000
	Based on Median and with adjusted degree of freedom	8.121	3	167.647	.000
	Based on trimmed mean	10.829	3	196	**.000**

ANOVA					
Satisfaction Score					
	Sum of Squares	Degree of freedom	Mean Square	F value	Significance
Between Groups	1477.255	3	492.418	15.416	.000
Within Groups	6260.745	196	31.943		
Total	7738.000	199			

When we checked homogeneity of variance, it is found that there is no equality of variance among our samples. Condition of equality of variance is not satisfied. As this condition is not satisfied so instead of ANOVA, we will use **Brown-Forsyth or Welch test**. But as our sample size is large so we will test through **Welch Test**.

Welch test (Robust Test of Equality of Means)

Table 4: Robust Tests of Equality of Means				
Sat_Score				
	Statistic[a]	df1	df2	Sig.
Welch	78.928	3	94.657	**.000**
Brown-Forsythe	23.428	3	164.039	.000
a. Asymptotically F distributed.				

P value is less than .05. So, our null hypothesis is rejected. Which proves that means of different groups are not equal. So, there is significant difference in the satisfaction Score of people with different level of income. People with high income are more satisfied as compared to people with less income.

Conclusion

The study finds that income is highly associated with satisfaction from life. People with high income have more satisfaction score as compared to people with less income. The hypothesis testing confirms this difference. Thus, we may say that income plays a very important role in the present era of inflation and to live a stable and comfortable life, people want more income. No doubt, there are so many other factors affecting satisfaction of life. But income is the most important measure. People who earn more are able to fulfill all their desires which ultimately lead to more satisfaction of life.

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