



## Social status and personality traits



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### ARTICLE INFO

#### Article history:

Received 20 February 2015

Received in revised form 7 October 2015

Accepted 9 October 2015

Available online 23 October 2015

#### JEL classification:

D03

I31

Z13

#### PsycINFO classification:

3040

2910

#### Keywords:

Subjective social status

Objectively measured social status

Personality traits

### ABSTRACT

We provide direct evidence on the relationship between social status and personality traits. Using survey data from the 2006–2012 waves of the US Health and Retirement Study, we show that self-perceived social status is associated with all the “Big Five” personality traits, after controlling for observable characteristics that arguably reflect one’s actual status. We also construct an objective status measure that in turn is associated with personality traits. Objectively measured status is positively but not highly correlated with its subjective counterpart. When incorporated in a regression specification, it still leaves room for significant correlations between personality traits and status perception: traits such as openness, conscientiousness and extraversion predict a higher self-positioning on the social ladder, while agreeableness and neuroticism predict a lower one.

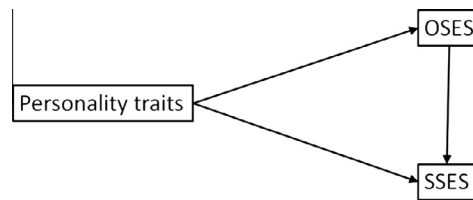
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## 1. Introduction

While the standard economics approach posits that individuals should care only about their *absolute* levels of consumption, income or wealth, history as well as mounting empirical evidence suggest otherwise: in many parts of the world, human societies are organized in hierarchical structures, with many individuals caring about their *relative* rank in the social ladder. Although the terminology varies across disciplines and studies, the search for a better relative position in society is a classical topic in social sciences such as sociology (e.g., Hollingshead, 1975; Veblen, 1899) and social psychology (Festinger, 1954). In the last decades, starting from Duesenberry’s (1949) seminal work, status-seeking behavior has been increasingly attracting the interest of economists, who recently investigated the topic both theoretically (e.g., Maccheroni, Marinacci, & Rustichini, 2012) and empirically (Daly, Wilson, & Johnson, 2013). According to Frank (1999), the quest for status is a “deep-rooted and ineradicable element in human nature” (p. 145) and, as pointed out by Postlewaite (1998), our desire to ascend to the top of a social hierarchy may have had selection value over the course of human evolution.

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**Fig. 1.** Personality traits and socio-economic status. Note: SSES stands for Subjective Socio-Economic Status, while OSES stands for Objectively measured Socio-Economic Status.

The existing economics literature shows that an individual's social status significantly influences subjective well-being,<sup>1</sup> and is correlated with behavior in various domains: ranking concerns have been shown to play a role in women's employment decisions (Neumark & Postlewaite, 1998), unethical activities (Charness, Masclat, & Villeval, 2013) and violent crime, especially among males (Kuziemko, Reich, Buell, & Norton, 2014).

In this regard, a central point is that, as far as individuals driven by a preference for status are concerned, what arguably matters most for both their choices and subjective well-being is not their 'true' position in the social ladder, but *what they perceive* as their own place in the ranking. It is plausible to believe that one's perceived (or subjective) socio-economic status – i.e., how objective features associated with one's status are subjectively filtered – need not coincide with an objective measure of relative position in society. As Franzini and Fernandez-Esquer (2006) point out, the measurement of subjective status assumes that an individual's self-ranking provides critical information over and above that which is provided by objective status indicators.<sup>2</sup> Therefore, it would be important to rigorously identify the major correlates of subjective social status.

This paper aims to shed light on the relationship between social status and personality traits. In this regard, our goal is twofold: we aim to (i) replicate previous studies finding a correlation between objective social status and personality, using a broader measure of social status based on income, wealth and education, and (ii) explore the link between subjective socio-economic status and personality traits. In particular, by referring to the established "Big Five" model of personality traits (Costa & McCrae, 1992), that summarizes personality in five comprehensive traits (i.e., openness, conscientiousness, extraversion, agreeableness and neuroticism), we seek to discover whether, how and to what extent individuals' personality characteristics may distort their perception of their own position on the social ladder, acting on the intrapersonal process through which objective dimensions of status are subjectively filtered.

Our findings indicate that objectively measured social status is positively but not highly correlated with its subjective counterpart and, when incorporated in a regression specification, still leaves room for significant correlations between all the Big Five personality traits and one's own status perception. Despite its importance, the distinction between objective and subjective status has surprisingly received scant attention so far in the recent economics literature on the theme: most empirical studies exclusively look at objective measures of status, e.g., by considering relative income (Luttmer, 2005) or occupational prestige (Di Tella, Haisken-De New, & MacCulloch, 2010).<sup>3</sup> In contrast, we are able to assess social status not only objectively but also subjectively by exploiting a question contained in our dataset (the US Health and Retirement Study, waves 2006–2012) specifically dealing with one's own status perception. To the best of our knowledge, this micro-data source is the only one containing information on both objective and subjective social status, and at the same time a large number of facets of personality traits. On the whole, then, our study aims to shed light on the intricate relationship between social status and personality traits depicted in Fig. 1.

The remainder of the paper is structured as follows. Section 2 contains a selective review of the recent strand of economics literature dealing with personality traits. In Section 3 we present the data we use to explore this topic. Section 4 contains the main findings of our analysis and Section 5 concludes. The Appendix A provides details on the construction of some key variables and contains some robustness checks.

## 2. Related literature

This paper ties together two strands of economics literature that so far have been developing separately from each other. The first is the line of literature on status-seeking behavior and its relationship with economically relevant variables recalled in the Introduction. The second is the young but rapidly expanding research area examining the impact of individual-specific factors traditionally investigated in psychology (i.e., personality traits) on a variety of outcome variables.

<sup>1</sup> Luttmer (2005) finds that "lagging behind the Joneses" in terms of earnings is associated with lower levels of self-reported happiness and argues that this effect is likely caused by a psychological externality. Recent neuroscientific studies exploring the impact of social comparisons on reward-related activity in the human brain (Dohmen, Falk, Fliessbach, Sunde, & Weber, 2011; Fliessbach et al., 2007) provide further support to this idea.

<sup>2</sup> See on this also Ostrove, Adler, Kuppermann, and Washington (2000), Singh-Manoux, Adler, and Marmot (2003), Singh-Manoux, Marmot, and Adler (2005) and Demakakos, Nazroo, Breeze, and Marmot (2008). Singh-Manoux, Marmot, and Adler (2005) construct measures of both subjective and objective socio-economic status to investigate their relationship with self-rated health and show that subjective socio-economic status is a better predictor of health status and decline in health status than objective socio-economic status. Relatedly, Cruces, Perez-Truglia, and Tetaz (2013) document systematic discrepancies between objective and subjective income distributions.

<sup>3</sup> Senik (2009) and Clark, Senik, and Yamada (2013) are relevant exceptions.

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