

# The Association Between Financial Difficulty, Social Class and Optimism



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## Introduction

- Optimism level is often correlated to mental well-being
- Empirical evidence suggests a relationship between financial conditions and mental well-being, however, financially strained individuals without a stress response would not have significant changes in their behavior and mental well-being (Wilmarth M. J. & Asebedo S. D, 2017)
- Demographic factors which influence this association are marital status, employment status, income level or social support (Ryu S. & Fan L., 2023)

## Research Questions

- Is there an association between financial difficulty and optimism after controlling for social class and belief in hard work achieving results?
- What is the relationship between perceived social class and optimism levels?

## Results

### Bivariate

- Chi-square test of the relationship between financial difficulty and attitude is **insignificant**, p-value= 0.22
- However, it observed that individuals with very difficult financial difficulty are less likely to be optimistic (39%) compared to those with very easy financial difficulty (62%)
- Using social class as the explanatory variable related to financial conditions, chi-square test suggests a **strong positive correlation** with optimism with  $X^2= 50$ ,  $df= 4$  and p-value is less than 0.05
- As social class increases, generally the proportion of optimistic individuals increases except for the upper class

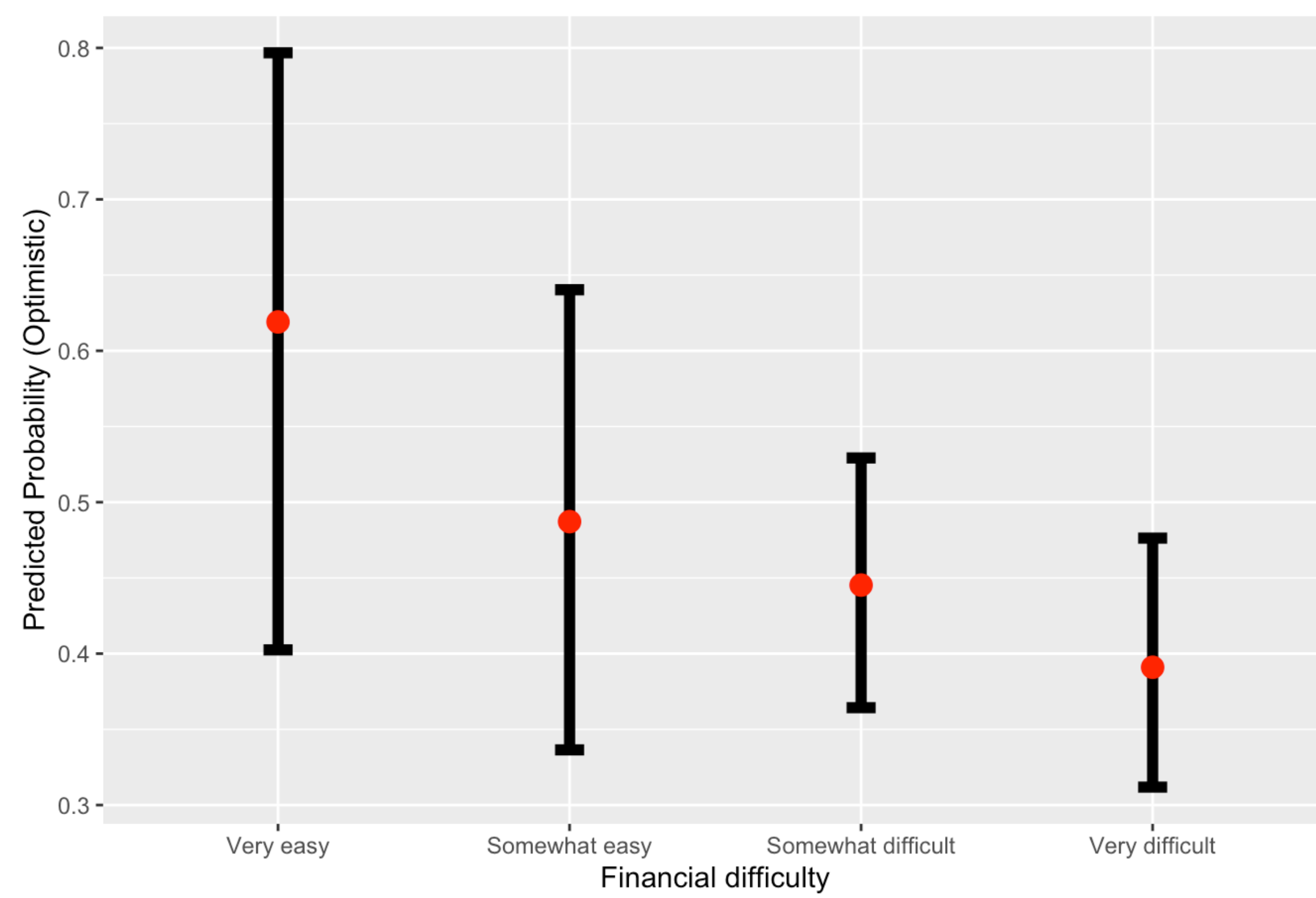


Figure 2: Financial difficulty and predicted probability optimistic

### Multivariate

- While accounting for social class and the belief in hard work achieving goals, an inverse relationship between financial difficulty and optimism is observed. The greatest proportion of optimistic individuals have very easy financial difficulty and this proportion decreases as financial difficulty worsens
- Regression analysis resulted in “Very easy” financial difficulty and believing “True” to have a significant association with optimism
- Analysis found no statistically significant relationship between financial difficulty and optimism even with marital status (married or unmarried) and employment status (employed or unemployed) as covariates, which differs from existing literature

## Methods

### Sample

- Individuals (age 18 to 81) who responded to questions regarding their financial condition, social class and attitude (n=1310) were drawn from the first wave of the Outlook on Life (OOL).

- OOL is a survey conducted to study political and social attitude of adults in the U.S

### Measures

- Attitude: Combined from outlook of their participant's future and U.S' future, divided into optimistic and not optimistic
- Financial difficulty: Determined from the likelihood of achieving goals such as home ownership, financially secure retirement, affording college education and becoming wealthy
- Social class: Participant's perceived social class from the classes Poor, Working, Middle, Upper-middle and Upper
- Hard work: Agreement (true, neither, false) towards the belief hard work achieves goals

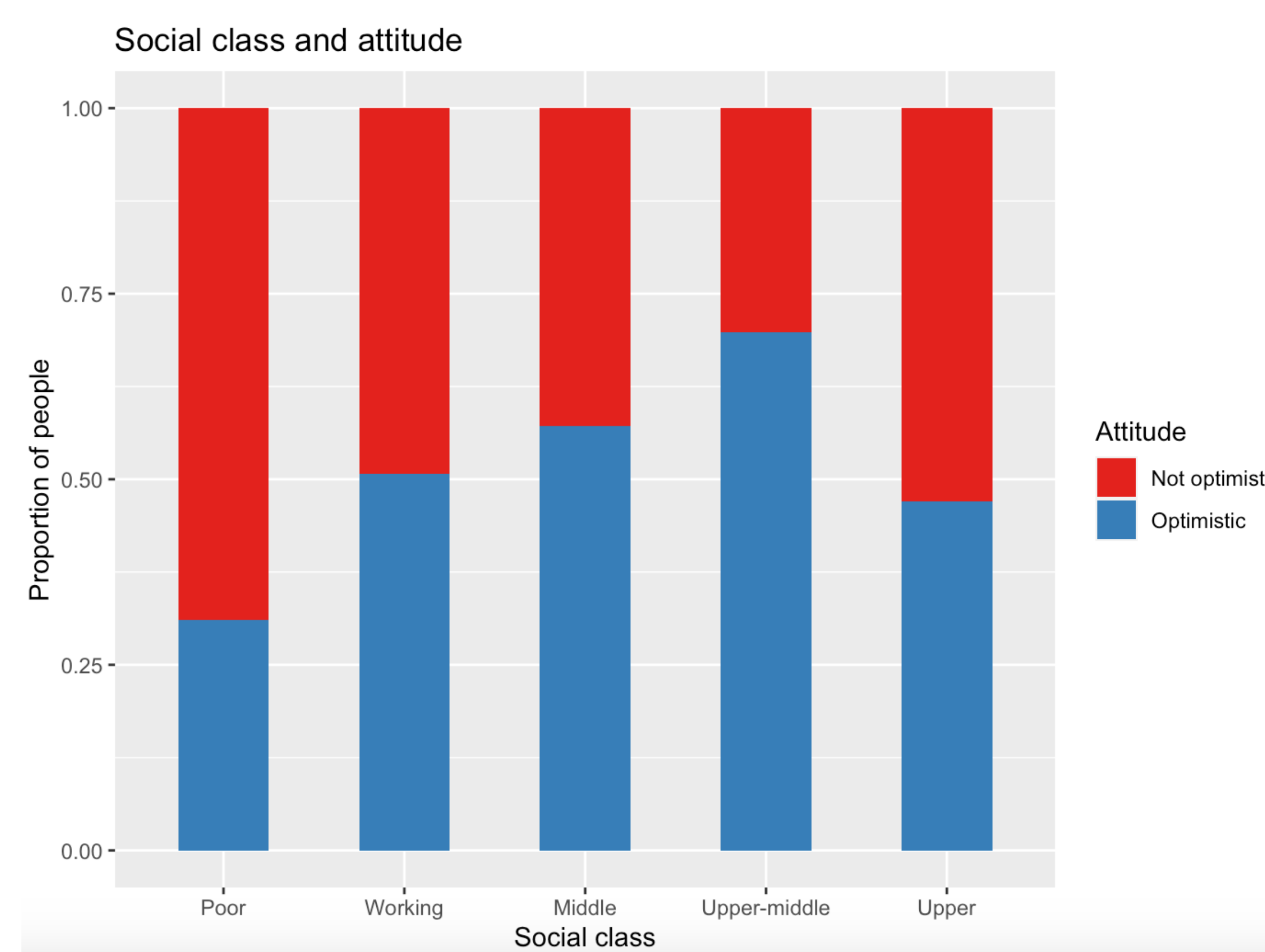


Figure 1. Social class and proportion of people by attitude

### Pair comparisons

**p < 0.05**

- Poor vs Working
- Poor vs Middle
- Poor vs Upper-middle
- Working vs Upper-middle

**p > 0.05**

- Poor vs Upper
- Working vs Middle
- Working vs Upper
- Middle vs Upper-middle
- Middle vs Upper
- Upper-middle vs Upper

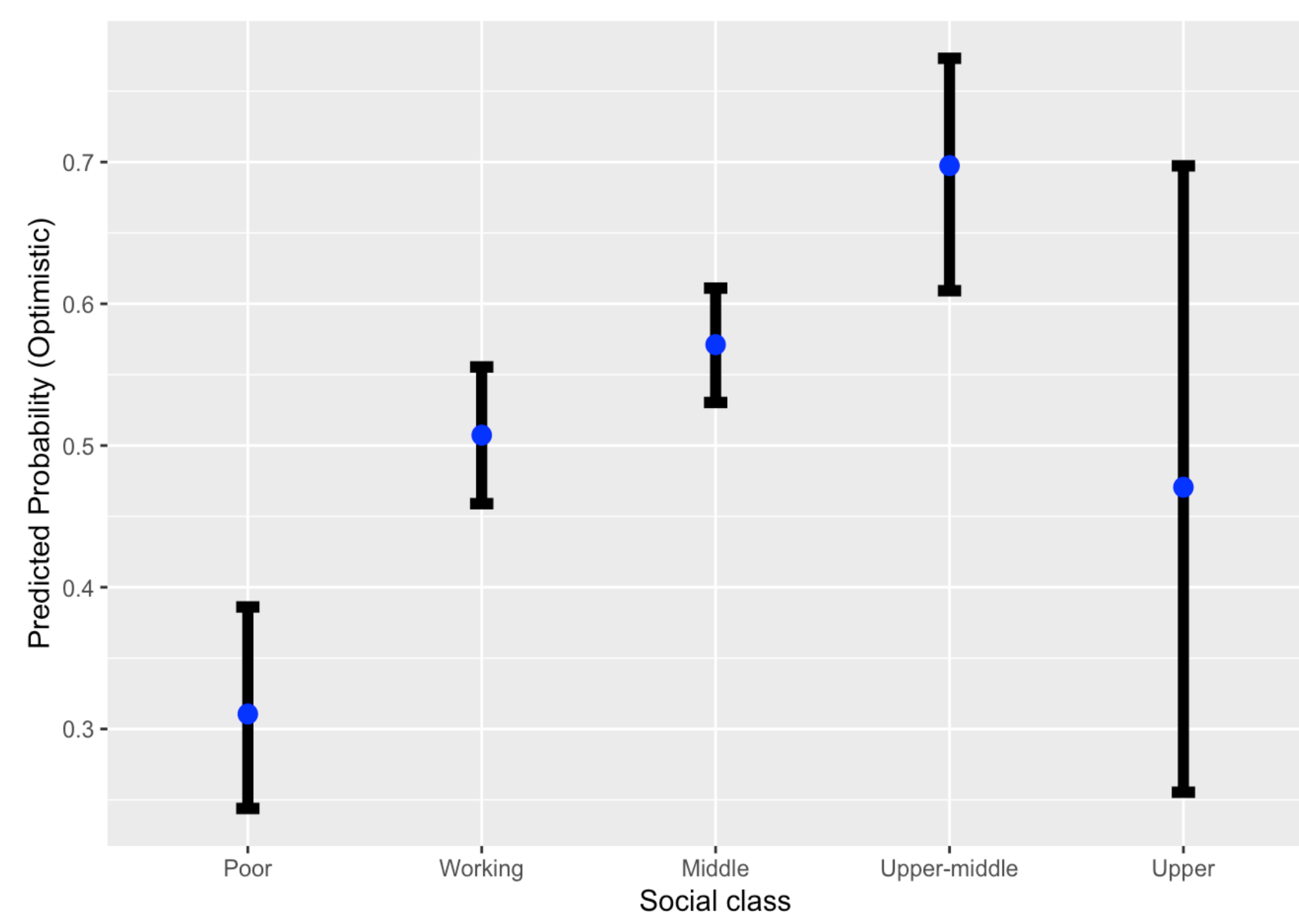


Figure 3: Social class and predicted probability optimistic

- Similar to the chi-square test, logistical regression resulted in an insignificant association between financial difficulty and optimistic attitudes
- Social class is significantly associated with higher optimism levels (p < 0.05) for all levels except for upper class with p-value of 0.187
- Upper-middle class individuals are the most likely to be optimistic with an odds ratio of 5.1 compared to other groups

## Discussion

- Generally financial difficulty shows insignificant correlation with optimism while social class tends to be significantly and positively correlated with optimism
- There is a negligible difference between optimism levels between the pairs 'poor vs upper' and 'working vs upper' although these social classes are on opposites of the scale from each other
- Large error bars in certain groups of financial difficulty and social class may be due to limited sample size as these variables likely follow a normal distribution
- Further analysis is required to understand the significant correlation between social class and optimism, given that both social class and financial difficulty are linked to financial conditions, yet financial difficulty does not show a significant correlation with optimism