

**Proposal for the
IARIW 30th General Conference,
Slovenia, August 24-30, 2008**

Parallel Session 7B.

**Measuring Wellbeing:
Multiple Dimensions, Objective and Subjective
Perspectives**

Organisers: Andrea Brandolini and Conchita D'Ambrosio

Your house, your car, your education

**The socioeconomic situation of the
neighborhood and its impact on life
satisfaction in Germany**

Joerg Dittmann^α and Jan Goebel^β

This study deals with the impact of socioeconomic conditions in the neighborhood on individual life satisfaction in Germany. Higher education and higher economic status not only imply “good” living conditions, which generally determine life satisfaction. The socioeconomic status of the neighborhood is also, as a point of social comparison, crucial for a person's life satisfaction. While the most ecological researches are focused on single regions or districts in towns, this study contains micro geographical information of a representative sample for Germany including features of the residential environment. It uses data of the German Socio Economic Panel (SOEP) and data of Microm (Micromarketing-Systeme and Consult GmbH) for the year 2005.

Analyses reveal neighborhood effects in different facets. Controlling for several covariates, at the household and individual level, life satisfaction increases when the person lives in a neighborhood with a higher socioeconomic status. In addition the individual gap between a person's economic status and the status of the neighborhood also affect individual wellbeing. Independently from the individual socioeconomic level, life satisfaction is lower when the economic status of the respondent is less than in the neighborhood. In a second step the explanatory model will be enlarged with the so called big five personality traits (Goldberg, 1993) and variables describing the locus of control of the respondents. First Analyses show different effects of the personality traits on life satisfaction and a reduction in neighborhood effects when controlling for personality traits.

^α German Social Science Infrastructure Services e.V., GESIS
^β German Institute for Economic Research, DIW