

Psychosocial and Structural Mechanisms in the Relationship Between Inequality and Happiness

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ABSTRACT

This literature study examines the complex relationship between social inequality and subjective well-being, exploring how structural disparities in income, education, and healthcare access shape individual perceptions of happiness, life satisfaction, and stress. Through a qualitative synthesis of multidisciplinary research, the analysis identifies key mediating pathways. Economic inequality primarily affects well-being through psychosocial mechanisms like social comparison and relative deprivation, which foster negative emotions and chronic stress while eroding social trust. Inequalities in education and healthcare access operate through capability and agency pathways, where restricted freedoms and loss of personal control generate anxiety, cognitive burden, and existential insecurity. Crucially, the strength of the link between individual social position and subjective well-being is moderated by macro-level societal factors. High aggregate inequality and weak, corrupt social institutions intensify the negative psychological impact of low status. In contrast, greater equality and strong, protective institutions that ensure fairness and security can buffer these effects. The study concludes that improving population well-being requires integrated policy approaches that directly address multidimensional inequalities while simultaneously strengthening institutional quality and social cohesion, moving beyond a sole focus on economic growth metrics.

INTRODUCTION

Subjective well-being, which encompasses affective dimensions such as happiness and emotions as well as cognitive dimensions such as life satisfaction, has been a focal point in the social sciences for several decades. Unlike objective well-being indicators measured through income or life expectancy, subjective well-being captures an individual's personal evaluation of their own life. This development marks a paradigm shift from measuring well-being solely in macroeconomic terms to a more human-centered approach, recognizing that the quality of life is ultimately experienced and assessed from within an individual. Early studies, such as those pioneered by Diener et al. (1999), show that while income plays a role, psychological and social factors are equally important in determining how happy or satisfied someone is with their life. This understanding opens the door to exploring how broader social structures, particularly inequality, shape individuals' subjective experiences. A fundamental question arises: does

inequality only affect the material resources available, or does it also directly alter the way people feel and evaluate their lives? Social dynamics within a community, such as social networks and cooperative activities, can also influence how individuals perceive well-being in their lives (Rojak & Fajar, 2025).

Social inequality, particularly economic inequality, creates gaps that are not only financial but also psychological and social among members of society. According to the social comparison theory proposed by Festinger (1954), individuals naturally tend to evaluate themselves by comparing their situation with that of others. In highly unequal societies, such comparisons often generate feelings of injustice, humiliation, or social envy. Richard Wilkinson and Kate Pickett (2009), in their influential work *The Spirit Level*, present strong evidence that societies with higher income inequality tend to have worse social and mental health outcomes, regardless of their average income. The proposed mechanism is that high inequality erodes social cohesion, increases

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status competition, and creates a pervasive chronic stress environment. Thus, inequality is not merely about having less money but also about occupying a perceived lower position within the social hierarchy, which in turn can undermine self-esteem and the sense of belonging. Furthermore, the presence of social stereotypes in society can reinforce inequality, as stereotypes often influence how individuals are treated in education, employment, and social relationships (Sajjapong et al., 2022).

In addition to economic inequality, disparities in access to basic services such as education and healthcare also shape subjective well-being through different pathways. Educational access inequality between urban and rural areas remains a challenge that affects people's opportunities to improve their life well-being (Rojak & Irfan, 2025). Unequal education limits an individual's capabilities to reach their potential, reducing their sense of agency and control over the future. Inability to access quality healthcare not only threatens physical health but also becomes a source of ongoing anxiety and uncertainty. Amartya Sen (1999), through his capabilities approach, emphasizes that poverty and inequality should be understood as deprivations of capabilities—the absence of substantive freedom to lead the life one values. This deprivation has direct psychological resonance. Someone unable to access medical care for their family or send their children to higher education may experience feelings of helplessness, failure, and persistent emotional stress, all of which negatively contribute to their subjective assessment of life.

Exploring the relationship between structural inequality and subjective well-being also requires consideration of complex mediating variables. Stress, as a psychophysiological response to environmental demands, is one key pathway. Inequality can act as a chronic stressor in various ways: persistent financial pressure due to low income and job insecurity, exposure to poor residential environments and violence, and the psychological burden of stigma and marginalization. Chronic stress is associated with an increased risk of anxiety and depression, which directly reduce positive affect and life satisfaction. Research in psychoneuroimmunology demonstrates how prolonged stress can alter biological functioning, creating a vicious cycle in which adverse social conditions exacerbate mental health problems and perceptions of well-being. Therefore, understanding inequality as a source of systemic stress is crucial to elucidating its relationship with subjective well-being. Social conditions, such as limited employment opportunities, can also amplify

economic pressure, particularly for groups that rely on the informal sector to meet daily living needs (Rojak & Putra, 2021).

Ultimately, approaches to this topic must be multidisciplinary, drawing insights from sociology, psychology, economics, and public health. This literature review aims to synthesize key findings from various disciplines to build a comprehensive understanding of how inequalities in economic, educational, and health dimensions interact and collectively shape the landscape of a society's subjective well-being. By examining mechanisms such as social comparison, relative deprivation, chronic stress, and the erosion of social capital, this review seeks to explain why two individuals with the same absolute income may report vastly different levels of happiness if they live in societies with differing levels of inequality. This understanding has significant implications for public policy design, which should not only aim to increase economic output but also actively improve the quality of citizens' life experiences. Policy transparency and effective management of public resources also play an essential role in building public trust and supporting more equitable social well-being (Rojak & Issalillah, 2022).

The relationship between economic inequality and subjective well-being is not always linear and can be moderated by factors such as cultural norms and belief systems. In some societies with high inequality but strong collectivist norms or religious justifications for inequality, the negative impact on happiness may be dampened. This complexity makes cross-cultural generalization challenging. Furthermore, the measurement of subjective well-being itself faces methodological challenges. Scales used to assess happiness or life satisfaction can be interpreted differently by individuals from diverse social backgrounds, and responses may be influenced by social desirability bias. Members of marginalized groups may report higher life satisfaction as a coping mechanism or an adjustment of expectations—a phenomenon known as adaptive preference—thereby masking the true impact of inequality. Differences in societal perspectives are also often influenced by prevailing social stereotypes, which can affect intergroup relationships and perceptions of social justice (Zahid & Darmawan, 2022).

There is a gap in understanding the specific causal pathways linking unequal access to healthcare with subjective well-being. While the link between poor physical health and reduced quality of life is clear, the effects of merely fearing inadequate

healthcare access or catastrophic health expenditures on stress and life satisfaction are less well mapped. Uncertainty about the ability to pay for future care can be a constant source of anxiety, even for those currently healthy. Moreover, educational inequality creates disparities in health literacy and the ability to navigate complex healthcare systems, which can exacerbate feelings of helplessness and frustration. Separating the direct effects of health conditions from the psychological effects induced by unequal healthcare systems is a complex but critical task. Educational inequality itself has long been recognized as a factor that can widen well-being gaps between social groups in many developing countries (Rojak & Khayru, 2022).

Psychosocial mechanisms linking inequality to decreased subjective well-being, such as social comparison and the erosion of trust, often operate at the community or national level, yet their impact is felt personally. This creates challenges in the level of analysis. Aggregate data on inequality and average well-being may obscure variations in experiences within different social groups. Middle-income groups in unequal societies may experience a decline in subjective well-being due to concerns about status loss or comparisons with wealthier groups, while very low-income groups may focus primarily on meeting basic needs. Furthermore, most research has focused on negative effects, with less exploration of potential protective factors or resilience that individuals or communities may possess in responding to inequality, such as strong social support or cohesive collective identity. In pluralistic societies, fair and acceptable conflict-resolution mechanisms for diverse groups are also crucial in maintaining perceptions of justice and social well-being (Saputra et al., 2022).

In recent years, there has been growing global awareness that Gross Domestic Product growth alone is insufficient to capture a nation's progress. Initiatives such as the Human Development Index and the *World Happiness Report* reflect a shift toward a broader development paradigm that incorporates subjective well-being. Understanding the role of inequality in hindering subjective well-being provides a compelling argument for policymakers to prioritize gap reduction not only as an economic goal but as a fundamental prerequisite for improving the overall quality of life. Systematic review of existing evidence can provide a strong empirical basis for advocating fairer policies. Changes in societal consumption patterns, such as the rise of minimalism trends, are often linked to awareness of social inequality and economic dynamics within

communities (Gani et al., 2021).

The post-COVID-19 world has witnessed increased inequality across many dimensions. The pandemic has widened gaps in educational access, exacerbated mental health burdens, and its economic impact has been most acutely felt by vulnerable groups. This situation provides a natural laboratory for observing how external shocks amplify pre-existing inequalities and their consequences for societal psychological well-being. Exploring this relationship is now highly relevant for designing inclusive and resilient recovery strategies. Recovery efforts that focus solely on aggregate averages without addressing inequalities risk leaving large segments of the population in worse well-being conditions, with implications for long-term social stability and public health. Leadership approaches capable of adapting to varying social conditions are also essential for maintaining cooperation and group performance in the face of shared challenges (Gardi et al., 2024).

Advances in neuroscience and psychometrics have provided more sophisticated tools to measure subjective well-being and stress responses. Brain imaging techniques and stress biomarkers (such as cortisol) are increasingly being used to study the physiological impact of social inequality. A synthesis of literature that combines findings from traditional social sciences with insights from neuroscience and biology can produce a more comprehensive and compelling understanding of how inequality “gets under the skin” and affects humans. This enhanced understanding can inform more targeted interventions, both at the level of structural policy and community-level psychosocial support programs. Traditional social mechanisms, such as community-based mediation, still play an important role in maintaining social harmony and helping communities resolve conflicts peacefully (Futriyah et al., 2023).

This study aims to analyse and synthesize scientific evidence on the relationship between social inequality and subjective well-being. Specifically, the first objective is to examine psychosocial mechanisms particularly social comparison and relative deprivation that link economic inequality with individual levels of happiness, life satisfaction, and stress. The second objective is to explore the capability pathways by investigating how unequal access to education and healthcare constrains individuals' substantive freedom and agency, ultimately shaping their subjective evaluation of life. The third objective is to investigate the role of macro-level structural factors, such as a society's aggregate

inequality and the quality of its social institutions, in amplifying or attenuating the relationship between an individual's social position and their well-being. Theoretically, this study is expected to contribute by integrating perspectives from sociology, social psychology, and economics to enrich understanding of the subjective dimensions of social injustice. Practically, this synthesis is intended to provide a foundation for public policy formulation that is more sensitive to the psychological impacts of inequality, promoting a development approach that focuses not only on economic growth but also on improving quality of life and social cohesion.

RESEARCH METHOD

This study is a systematic literature review with a qualitative approach. It is designed to synthesize and critically analyse various theoretical and empirical findings that have been published, without conducting primary data collection in the field. The main data sources consist of secondary materials, including monograph books, reputable international journal articles, research reports from trusted institutions, and official publications related to social and public health policies. The search was focused on literature discussing the constructs of inequality in the economic, educational, and health dimensions, as well as their relationship with subjective well-being indicators such as happiness, life satisfaction, and stress. Data collection was conducted through systematic searches in academic databases such as JSTOR, ScienceDirect, PsycINFO, and Google Scholar, using predetermined keyword combinations to ensure comprehensive and relevant coverage.

The analytical technique applied in this study is qualitative content analysis. This method was chosen for its ability to identify, categorize, and extract core themes from large amounts of written text. The analysis process follows the stages outlined by methodological experts such as Krippendorff (2013) and Elo and Kyngäs (2008). The initial stage involved repeated and in-depth reading of all collected materials to obtain a thorough understanding. Next, a coding process was conducted, in which meaning units related to the research questions were identified and labelled. These codes were then grouped into broader categories, such as "social comparison mechanisms," "chronic stress effects," "capability deprivation," and "institutional moderation." The categories were continuously refined and connected to each other to build a coherent analytical narrative that systematically addresses the research questions.

The validity and reliability of the synthesis in this literature review were maintained through several strategies. First, source triangulation was applied by comparing and confirming findings across different disciplines and methodologies. Second, the process of selecting and analysing materials was conducted explicitly and documented, allowing the logic flow to be traced. This analytical approach does not aim to produce statistical generalizations but rather to build a deep and contextual understanding of the complex dynamics between inequality structures and individual subjective experiences, as advocated by thematic synthesis methods in qualitative research (Thomas & Harden, 2008). Consequently, this study seeks to present a structured, critical, and evidence-based review that can serve as a foundation for further theory development and the formulation of appropriate policy implications.

RESULT AND DISCUSSION

Psychosocial Mechanisms: Economic Inequality, Social Comparison, and Their Impact on Subjective Well-Being

Economic inequality not only affects material conditions but also influences the psychological aspects of how individuals evaluate their life satisfaction. The relationship between economic inequality and subjective well-being can be explained through several interrelated psychosocial mechanisms. The most widely studied mechanism is social comparison theory. As described by Festinger (1954), this theory states that individuals have an inherent drive to evaluate their opinions and abilities by comparing themselves with others.

In societies with highly unequal distributions of income and wealth, the scope for such social comparisons becomes very broad and often unfavourable for those at the lower levels. Individuals no longer compare themselves only with neighbours or close colleagues but also with the luxurious lifestyles portrayed by media and popular culture, originating from a very small group at the top of the economic pyramid. Continuous upward social comparisons can generate feelings of relative deprivation, i.e., the perception that one is receiving less than they deserve compared to their reference group. Economic inequality reinforces this social comparison process, ultimately lowering subjective well-being through the formation of perceptions of injustice and relative deprivation. Rapid social changes can influence perceptions of inequality, and societies require proper adaptation to maintain individual well-being (Halizah & Mardikaningsih,

2022).

Relative deprivation does not remain confined to perceptions but produces tangible effects on individuals' emotional states and life evaluations. These feelings of relative deprivation have direct consequences for both affective and cognitive well-being. Research by Walker and Smith (2002) shows that relative deprivation strongly correlates with negative emotions such as anger, helplessness, and resentment, as well as significant declines in overall life satisfaction. Personal Relative Deprivation (PRD) is closely related to subjective well-being, where a strong tendency to compare oneself with others can reduce well-being through PRD (Ohno et al., 2023). These emotions arise from the judgment that one's situation is unfair.

When inequality is perceived as the result of an unjust or corrupt system, its negative impact on subjective well-being becomes even stronger. Therefore, it is not only the magnitude of objective inequality that matters but also how the inequality is perceived and interpreted by the public. Societies with high levels of inequality, coupled with high corruption or low social mobility, tend to show a more negative relationship between inequality and average happiness. Structural perceptions of injustice act as a reinforcing factor in the relationship between economic inequality and the decline of societal subjective well-being. In addition to structural factors, organizational values and value-based management can also influence how individuals experience inequality and process the stress arising from it (Hariani & Mardikaningsih, 2021).

Beyond social comparison and relative deprivation, economic inequality also affects subjective well-being through changes in the quality of social relationships. The second important mechanism is the erosion of social capital and trust. Wilkinson and Pickett (2009) argue that high economic inequality damages social bonds. In unequal societies, the social distance between different groups becomes very large, reducing empathy and increasing distrust. People become more wary of others, fear deception or exploitation, and tend to withdraw from community life.

The decline in social trust creates a psychologically unfriendly environment. Individuals lose potential social support, which serves as an important buffer against stress and a key contributor to happiness. Feelings of isolation and chronic insecurity resulting from such an environment directly suppress positive affect and increase levels of anxiety and depression, as shown

in various social epidemiology studies. The erosion of social capital and reduced trust amplify the negative impact of economic inequality on both individual and collective psychological well-being. On the other hand, building social cohesion through cultural identity and community cooperation can serve as a buffer against the negative effects of inequality, thereby supporting societal well-being (Oluwatosin & Rojak, 2023).

Beyond psychosocial and relational effects, economic inequality also influences well-being through long-term biological pathways. Economic inequality acts as a powerful chronic social stressor. Life in poverty or economic insecurity involves continuous exposure to various threats and uncertainties, ranging from difficulties paying bills and the risk of eviction to the inability to meet a family's basic needs.

Prolonged stress activates physiological responses such as the hypothalamic-pituitary-adrenal (HPA) axis, resulting in chronic cortisol release. Long-term exposure to high cortisol levels is associated with mood disorders, anxiety, and reduced cognitive functioning. Thus, economic inequality is not only a material condition but also a biological experience that can alter brain and body functions, affecting an individual's capacity for happiness and life satisfaction. Understanding economic inequality requires considering the biological consequences of chronic stress, which systematically reduce subjective well-being. Rapid social changes due to urbanization or city growth can exacerbate inequality, making it essential for public policy to address these changes sustainably (Mardikaningsih, 2021).

Beyond affecting individual emotions and physiology, economic inequality also shapes value orientations and social behaviour patterns through status dynamics. Social comparison and stress mechanisms also operate through status competition channels. In highly unequal societies, one's position in the social hierarchy becomes crucial because it determines access not only to material goods but also to recognition, respect, and life opportunities. This can shift cultural values toward materialism and excessive competition. People may internalize the pressure to "perform" and measure their self-worth solely based on material achievements.

A consumerist lifestyle and the constant struggle to achieve higher status can erode time for meaningful social relationships, hobbies, and activities that provide intrinsic satisfaction. Since Easterlin demonstrated that economic growth does not necessarily increase happiness, this study –

based on social comparison theory—explains the Easterlin Paradox by emphasizing the role of long-term wealth inequality in lowering individual happiness (Gao et al., 2022). Such value shifts can explain why, beyond a certain threshold, increases in national income no longer correlate with higher average happiness—a pattern known as the Easterlin Paradox. Status competition triggered by economic inequality contributes to reduced happiness through cultural value shifts and increasingly materialistic life orientations. Implementing principles of sustainability and balance across economic, social, and environmental dimensions can also help redirect societal values from materialistic competition toward broader social concern (Mardikaningsih & Hariani, 2021).

The impact of economic inequality on subjective well-being is not confined to a single life stage but occurs across generations. In addition to effects on adults, economic inequality shapes the subjective well-being of children and adolescents, with long-term consequences. Children from low-income families are exposed to higher levels of family stress, unsafe neighbourhood environments, and under-resourced schools. They are also acutely aware of status differences through clothing, gadgets, and extracurricular activities. Feelings of social shame and stigmatization can damage self-esteem from an early age and shape a pessimistic outlook on the future, affecting the psychological foundation for happiness and life satisfaction in adulthood. Longitudinal studies show that children raised in highly unequal contexts tend to have worse mental health outcomes later in life. Economic inequality instils vulnerability in subjective well-being from an early age, extending its impact into subsequent life stages. Inclusive approaches and appreciation of cultural diversity in society can serve as protective factors that strengthen psychological resilience in children and adolescents (Oluwatosin & Darmawan, 2024).

Empirical findings indicate that the impact of economic inequality on subjective well-being is broad, spanning various social strata. Syntheses of multiple studies suggest that the effects of economic inequality on subjective well-being appear asymmetric. While individuals at the bottom of the income distribution suffer most from absolute and relative deprivation, some evidence shows that even those in middle or upper positions may not be entirely immune. High inequality can create status anxiety among the middle class, who worry about potentially falling in the social hierarchy. Economic inequality fosters a society marked by constant

anxiety and status competition, so reducing inequality and overly competitive, materialistic environments can improve health and well-being (Melita et al., 2021).

Moreover, for those at the top, living in a highly unequal society may be associated with reduced trust and an increased need to secure themselves and their wealth, which in turn can diminish quality of life. In other words, high inequality can poison the psychological climate of society as a whole, exerting negative effects—albeit with varying intensity—across nearly all social layers. Economic inequality is thus a collective well-being issue whose effects extend beyond the poor, impacting overall societal quality of life. Beyond economic factors, effective conflict management and good communication in multicultural societies can also minimize the negative impact of inequality on social well-being (Marsal & Darmawan, 2022).

This study shows that the relationship between economic inequality and subjective well-being is complex and multidimensional. Overall, analysis of the psychosocial mechanisms reveals that economic inequality affects subjective well-being through a network of interrelated processes. These processes include social comparison and relative deprivation, which generate negative emotions; erosion of trust and social capital, which removes protective support; chronic stress, which impacts mental health and physiology; and cultural value shifts toward competitive materialism. These pathways explain why societies with higher income inequality tend to exhibit lower average levels of happiness and life satisfaction, as well as higher levels of stress, anxiety, and depression. This understanding emphasizes that the impact of inequality extends beyond purely economic dimensions, penetrating into the realm of psychological experience and individual emotional well-being. Efforts to reduce economic inequality are therefore a crucial prerequisite for improving subjective well-being and sustaining mental health in society. Policies that consider social balance and adaptation to societal changes can strengthen quality of life while supporting a fairer and more harmonious society (Halizah & Mardikaningsih, 2022).

Capability Pathway: Inequality in Access to Education and Health as Determinants of Subjective Well-Being

In addition to income inequality, disparities in access to basic services play a crucial role in shaping subjective well-being. Inequality in access to education and healthcare influences subjective well-

being through different but interrelated pathways, centered on the concepts of capabilities and agency. The capability approach, developed by Amartya Sen (2009), emphasizes that true well-being lies in the substantive freedom a person has to live a life they value. Unequal access to education and healthcare directly limits a set of these basic capabilities.

Limited or low-quality education reduces the capability to acquire critical knowledge, think reflectively, and develop the skills necessary to participate fully in society and the economy. These limitations are not merely material barriers but ongoing sources of psychological frustration, undermining a sense of competence and self-worth—core components of life satisfaction. An individual who recognizes their intellectual potential but is constrained by an unequal education system may experience chronic feelings of failure and stagnation, negatively affecting their evaluation of their own life. Inequality in access to education and healthcare weakens both individual capabilities and agency, ultimately reducing subjective well-being in a profound and sustained way.

If education constrains long-term potential, health inequality directly impacts daily life and quality of life. In the health domain, unequal access creates a form of capability deprivation that is even more immediate and threatening. Health is a fundamental capability that enables the achievement of nearly all other valued functions. Inability to access preventive care, timely treatment, or essential medicines not only threatens physical survival but also restricts a person's freedom to pursue other life goals. Fear of untreated illness or the crushing financial burden of medical costs becomes a constant source of anxiety. Research by Ruger (2010) on global health ethics highlights that health injustice is a fundamental injustice because it deprives individuals of the opportunity to live a fully human life. This anxiety and uncertainty erode existential security, a psychological foundation necessary for experiencing happiness and peace of mind. Therefore, the impact of health inequality on subjective well-being occurs both through the physical consequences of untreated illness and through the psychological burden of helplessness and fear. Ensuring equitable access to healthcare is an essential condition for protecting basic capabilities and enhancing societal subjective well-being.

Beyond limiting basic capabilities, access inequality also undermines the dimension of agency that allows individuals to control the direction of their lives (Anshari, 2017). The second pathway is

through agency—the ability of individuals to act effectively to achieve goals they value. Inequality in access to education and healthcare systematically weakens agency. Poor education limits health literacy—the ability to understand health information, follow medical instructions, and make appropriate health-related decisions. This places individuals in a dependent and passive position when navigating complex healthcare systems, reinforcing feelings of powerlessness. Similarly, inability to access affordable healthcare forces individuals and families to make painful trade-offs, such as forgoing treatment to secure basic necessities, or vice versa. Decision-making under such extreme constraints is highly stressful and erodes a person's sense of control over their life, which is a strong predictor of life satisfaction. The loss of agency transforms an individual from an active agent into a passive victim of circumstances, an identity shift that undermines self-esteem and psychological well-being. The weakening of agency due to unequal access amplifies the negative impact on subjective well-being through the loss of control, dignity, and empowerment.

Beyond weakening capabilities and agency, inequality also imposes a continuous cognitive burden on individuals. This inequality generates chronic decision-making stress and cognitive load, particularly for low-income communities. The concept of scarcity, proposed by Mullainathan and Shafir (2013), explains how severe resource shortages—including access to basic services—consume cognitive attention. An individual's mind, constantly preoccupied with concerns about how to pay for children's school fees or manage illness without insurance, experiences a heavy mental load. This limited cognitive "bandwidth" reduces capacity for long-term planning, enjoying the present moment, or engaging in activities that enhance well-being. The constant stress of managing life on the edge with severely limited resources depletes psychological reserves, making individuals more vulnerable to negative emotions and less able to experience joy or satisfaction, thereby directly suppressing their affective well-being. Resource scarcity caused by inequality creates a cognitive trap that systematically lowers subjective well-being.

The impact of access inequality does not stop with a single generation but is inherited and reinforced over time. Moreover, it perpetuates an intergenerational cycle of deprivation and low subjective well-being. Children born into families with limited access to education and healthcare face an unfavourable starting point. Poor child health

affects school attendance and performance, while inadequate education limits job prospects and adult income, which in turn restricts access to better healthcare. This cycle not only narrows objective economic opportunities but also instils fatalism and low expectations. Belief that the future is determined by background rather than personal effort or choice can foster apathy and passivity, further undermining agency and impeding the development of personal achievement or hope for a better life both key components of subjective well-being. Access inequality functions as a structural mechanism that reproduces deprivation and low subjective well-being across generations (Manickam, 2022).

Inequality in access to education and healthcare does not operate in isolation but mutually reinforces itself in shaping individual life experiences. The interaction between educational and health disparities creates a synergistic effect that exacerbates their impact. Low educational attainment is often correlated with low-wage jobs, hazardous working conditions, and exposure to unhealthy environments, increasing health risks. Conversely, poor health in childhood or adolescence leads to frequent school absences and learning difficulties, which limit educational achievement. This negative interaction traps individuals in a state of double deprivation. From a subjective perspective, this interdependence can be experienced as a closed, impenetrable system, where efforts to improve one aspect of life are always countered by setbacks in another. The feeling of being trapped in this oppressive system is a major source of despair and life dissatisfaction, as reflected in qualitative research on poverty and chronic misfortune. The negative synergy between educational and health inequality deepens capability deprivation and suppresses subjective well-being in a layered and sustained manner (Ruger, 2010).

A synthesis of the previous discussion underscores the central role of education and health as the foundation of societal subjective well-being. Collectively, the capability and agency pathways explain why societies with universal, high-quality education and healthcare systems tend to report higher levels of happiness and life satisfaction. Such systems not only improve objective outcomes, such as literacy rates and life expectancy, but also provide profound psychological security. They reduce the burden of existential uncertainty, strengthen agency by empowering individuals to make choices about their health and personal development, and promote a sense of fairness and social inclusion. In other words, they expand the space of substantive freedom

in which subjective well-being can flourish. This analysis confirms that investing in equitable access to education and healthcare is a direct investment in the psychological foundation of societal well-being, going beyond purely economic or demographic benefits. Strengthening inclusive and equitable education and health systems is therefore a key strategy for sustainably enhancing subjective well-being at both individual and collective levels (Nurdin, 2023).

The Influence of Structural Environment: Moderation by Inequality Levels and Social Institution Quality

The impact of social status on subjective well-being needs to be understood within a broader social context. The relationship between an individual's social position often measured through income, education, or occupation and their subjective well-being does not occur in a vacuum. The strength of this relationship is strongly influenced by the characteristics of the society in which the individual lives, particularly the aggregate level of inequality and the quality of its social institutions. These two macro-level factors serve as potential moderators that can strengthen, weaken, or even reverse the direction of these micro-level relationships. For individuals with high social capital, subjective well-being is less influenced by income or social comparison; thus, in countries with higher social capital, income inequality tends to have a smaller effect on subjective well-being inequality (Bartolini et al., 2023). In other words, the psychological impact of having low income or limited educational status is not universal; it can be exacerbated in certain social environments and mitigated in others. Understanding this moderation is crucial for explaining cross-country and regional variations in the relationship between social status and happiness, as well as for identifying social conditions that can protect psychological well-being despite hierarchical differences. The quality of institutions and social capital of a society plays a crucial role in determining the extent to which social inequality affects individuals' subjective well-being.

In addition to social institution quality, the aggregate level of inequality is a key contextual factor shaping individuals' well-being experiences. The aggregate level of societal inequality is a critical moderator (Ninghardjanti et al., 2021). In societies with very high economic inequality, the negative impact of low social position on subjective well-being tends to be stronger. This occurs because highly unequal environments amplify the psychological

significance of hierarchical ranking. As explained by the Status Anxiety Hypothesis, when the gap between social groups is wide and status differences are highly visible in daily life, anxiety about status and pressure for social comparison become more intense. In such conditions, being at the bottom of the hierarchy not only means having fewer absolute resources but also experiencing stigma, feelings of inferiority, and much sharper relative deprivation. Conversely, in more egalitarian societies, income and status differences are less pronounced, so the psychological consequences of relatively low social position may be less severe. Empirical evidence from cross-national studies consistently shows that the correlation between individual income and happiness tends to be stronger in countries with higher inequality, indicating that macro-level inequality amplifies the micro-level relationship between income and subjective well-being. The aggregate level of inequality thus functions as a lens that magnifies or dampens the psychological impact of social position on subjective well-being.

Beyond aggregate inequality, the quality of social institutions shapes the structural context that determines individuals' well-being experiences. The quality and strength of social institutions constitute a second highly influential moderator. In societies with clear, universally applied, and fair laws, the relationship between an individual's position of power and their subjective well-being is reduced (Olivos & Jin, 2023). Social institutions here include the welfare state, progressive taxation systems, reliable public services, rule of law, and low levels of corruption. Societies with strong and fair institutions can effectively moderate the negative impact of low social position on subjective well-being in two main ways. First, such institutions provide a comprehensive social safety net, such as universal health insurance, unemployment benefits, and adequate pensions. These safety nets directly reduce existential uncertainty and financial stress typically faced by low-income individuals, thereby providing psychological security that can enhance life satisfaction regardless of income position. Second, high-quality institutions signal a fair and meritocratic social order. When people believe that the system is just, that the rule of law applies to all, and that upward social mobility is possible, they are more likely to accept social status differences as legitimate. This perception of procedural fairness can reduce feelings of anger and injustice that often accompany relative deprivation, thus acting as a psychological buffer. Strong and fair social institutions serve as a protective mechanism that

mitigates the psychological impact of social inequality on subjective well-being.

If strong institutions function as a buffer, weak institutions act as an amplifier of psychological vulnerability. In contrast, societies with weak institutions characterized by high corruption, poor public services, and lack of social security tend to strengthen the negative relationship between low social position and subjective well-being. In such environments, low-status individuals not only face limited personal resources but also have to contend with an arbitrary, unreliable, and unjust system. Inability to access quality healthcare or public education due to unofficial fees or nepotism adds layers of helplessness and frustration. Rampant corruption also undermines social trust and reinforces the perception that social gaps result from cheating and power, not effort or talent, thereby increasing negative emotions such as cynicism and bitterness (Yulianti, 2017). Thus, poor institutions not only fail to protect the vulnerable but actively exacerbate the psychological impact of low social position by creating an environment of uncertainty and injustice. Weakening social institutions deepens subjective well-being inequality by intensifying experiences of injustice and insecurity at the individual level.

The combination of inequality levels and institutional quality shapes different structural configurations in determining subjective well-being (Sujarwoto, 2021). The interaction between inequality and institutional quality creates four quadrants of structural environments with distinct implications for subjective well-being. The most detrimental quadrant is a society with high inequality and weak institutions. In such a context, the negative impact of low social position peaks because individuals face a dual burden: psychological pressure from extreme social comparison and material pressure from the absence of institutional protection. Conversely, societies with low inequality and strong institutions tend to provide an environment where the relationship between an individual's social position and their subjective well-being is weakest, because status differences are small and security is guaranteed for all. The other two quadrants are more complex. Societies with high inequality but strong institutions may still experience negative effects of social comparison, but these are partially mitigated by social safety nets and perceptions of procedural fairness. Meanwhile, societies with low inequality but weak institutions may have minimal status differences, but general insecurity due to weak

institutions can depress everyone's well-being, albeit more evenly across social strata. Subjective well-being is determined by the simultaneous interaction between inequality structures and institutional capacity, rather than by either factor in isolation.

Conceptually, these findings underscore the importance of a structural approach in understanding subjective well-being. The conclusion of this analysis is that the relationship between an individual's social position and their subjective well-being is conditional and highly dependent on the structural landscape of society. Aggregate inequality and the quality of social institutions are not merely background variables; they are active forces that shape the psychological meaning of social status (Suresh et al., 2024). They determine whether differences in income or education translate into feelings of injustice and debilitating stress or are perceived as acceptable variations within an essentially fair and protective system. This understanding helps explain why two individuals with the same absolute income can report very different levels of happiness if they live in countries with different levels of inequality and governance quality. The implications are clear: efforts to improve population-level subjective well-being should not focus solely on increasing individual income, but must simultaneously build a more equitable society with stronger, fairer, and more trustworthy institutions. Thus, strategies to enhance subjective well-being require simultaneous interventions at the individual level, in social distribution, and in institutional quality.

CONCLUSION

This literature review confirms that social inequalities across economic, educational, and health dimensions exert a substantive and multi-layered influence on individuals' subjective well-being, encompassing happiness, life satisfaction, and stress levels. The analysis indicates that these relationships are mediated by several interrelated mechanisms. First, economic inequality operates primarily through psychosocial pathways such as social comparison and relative deprivation, which trigger negative emotions and undermine self-esteem. Unequal environments also erode social capital and trust, while acting as chronic stressors that affect mental and physiological health.

Second, unequal access to education and healthcare shapes subjective well-being through capability and agency pathways, where limited substantive freedoms and a loss of control over life generate frustration, existential anxiety, and

substantial cognitive burdens. Third, the impact of an individual's social position is not fixed but is strongly moderated by macro-level societal factors. High aggregate inequality and weak social institutions amplify the negative effects of low social status, whereas greater equality and strong, fair, and protective institutions can mitigate these effects by providing security, procedural justice, and hope for mobility.

These findings carry significant theoretical and practical implications. Theoretically, this review supports the need for an integrative approach combining structural sociology, social psychology, and development economics perspectives to understand human well-being holistically. Concepts such as relative deprivation, capabilities, and social stress should be viewed as part of a coherent framework explaining how macro-structures permeate individual micro-experiences.

Practically, the policy implications are clear: efforts to improve societal well-being cannot focus solely on raising average income or isolated individual psychological interventions. Public policy must actively aim to reduce inequalities across all three dimensions examined. This includes progressive tax reforms, substantial investments in high-quality and equitable public education and healthcare, and strengthening social safety nets. Furthermore, building transparent, corruption-free, and trustworthy institutions is equally crucial, as such institutions not only enhance service efficiency but also foster social trust and perceptions of fairness, which serve as vital psychological buffers against the harmful effects of inequality.

Based on these conclusions and implications, several recommendations can be made. First, future research should conduct more rigorous longitudinal and comparative studies to isolate the causal effects of various inequality dimensions and explore their interactions. Research should also pay greater attention to community-level moderating variables, such as local social cohesion, to understand how macro-level effects are mediated in everyday settings. Second, for governments and policymakers, it is recommended to adopt and routinely publish national and regional subjective well-being indicators alongside traditional economic indicators. These data can be used to monitor the impact of redistributive policies and social investments on citizens' quality of life. Third, interventions should be designed with awareness of psychosocial pathways. For instance, social assistance programs should be structured to minimize stigma and promote dignity, while education and healthcare

systems should be built on principles of empowerment and user participation. Finally, public advocacy is needed to shift the development narrative from mere accumulation of material wealth toward the achievement of a just and cohesive society, where all citizens have substantive freedoms to thrive and experience life satisfaction.

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