

Working towards better life satisfaction

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While superior savings tools need to be created for the self-employed, skill upgradation will help a large section of the population.

What constitutes life satisfaction? Income and employment-related matters are perhaps among the most obvious factors that contribute towards household well-being and life satisfaction. However, it would be wrong to say that high income alone equals high life satisfaction. For example, if the monthly pay package of a CEO rises by Rs 1,000, it would make little difference to him. But if a casual worker's earning went up by the same amount it would make a qualitative difference to his life circumstances. Occupations can provide key insights into where in the life-satisfaction continuum a household is situated and provide policymakers with pointers in terms of developing relevant policies targeted at increasing well-being of different occupation groups.

The ICE 360° Survey results show that out of 270 million Indian households, a third earns their income from manual labour (90.3 million). Nearly 21% households (57.4 million) are engaged in farming-based occupations while 55 million households each are engaged in self-employment activities and salaried employment.

Taking a closer look at one of these occupation categories—the self-employed—provides insights into the differences that exist within this group on two drivers of well-being: income and savings. Petty traders (who provide retail services without establishment of permanent structure, such as hawkers, street vendors, etc.) constitute nearly 10 million households, shop-owners and businessmen (provide retail services with small establishment of permanent structure such as shop-owner, retailer, wholesaler, contractor, builder, etc.) make up for almost 30 million households. Nearly 11 million households earn their living by way of non-professional self-employment (such as plumber, electrician, tailor, artisan, washerman, barber, tutors, etc) and professional self-employed headed households (such as doctors, lawyers, CAs, engineers, architects, scientists, consultants, etc) make up for 4 million households.

The annual household income level for these sub-groups ranges between Rs 160,000 (for petty traders) to Rs 488,000 (for professional self-employed). Significantly, the savings rate for petty traders (average household income: Rs 160,000) is about 21% whereas it rises to 32% shop-owners/businessmen and increases to 42% for the professional self-employed. If the surplus income of the Indian household is indexed at Rs 100, the shop-owners and businessmen figure stands at 150 and for the professional group at 416. On the flip side, surplus income for petty traders (52), labour (30) and farming (71) households is much lower than that for average Indian household.

Among salaried households, there are 34 million that are headed by Grade-4 employees (such as peon, gardener, porter, security guard, loader, cook, waiter, driver, mechanic, constable, etc.) whose average annual income stands at R224,000. Compared with petty traders, their savings rate is much higher, at 29%. However, in contrast with the next level of salaried employees (the clerical staff) their household income and savings rate are significantly lower.

An indicator of the huge differential in surplus income between these two sub-groups of salaried employees can be seen from the fact that the surplus income of the clerical staff group (when indexed at Rs 100 for all-India) stands at Rs 255 as against Rs 106 for Grade-4 employees.

It is therefore evident that self-employment—especially when related to shopkeeping and small businesses—delivers some fundamental form of well-being. Employment in the organised sector is where there is an opportunity to turn increased income into wealth and higher savings. It is thus not surprising that 73% of those employed at mid- and senior-level executive positions in companies and 72% professional self-employed are among the top-20% income households (quintile 5) whereas only 37% of shopkeepers/businessmen are found here.

The organised sector opportunities are also more likely to be available in urban rather than in rural areas. And hence, the percentage of households that depend on salaried employment (jobs from the clerical level onwards up to senior level executives) is higher in urban areas than in rural India. For example, only 6.3% of senior-executive-level households lived in in the developed rural compared to 10.6% in metros. Similarly, 7% of supervisory level households, 19.4% of non-professional self-employed, 35.9% of petty traders and 52.5% of cultivators lived in under-developed rural.

How does this translate into life satisfaction values? When asked whether they were satisfied with their current occupation, only 31% self-employed professionals compared to 18.6% petty traders said yes. Interestingly, only 23% households across each of the 3 sub-groups in the employed category (supervisory, junior and senior-level) were satisfied with their occupations. This is an indication that while income matters in life satisfaction issues, it is not the only consideration and there are other factors that come into play. The primary reasons revealed by CWEs for dissatisfaction ranged from insufficient and/or irregular earnings, no social security, high stress work conditions and mismatch between occupation and qualifications.

Micro-level analyses would further provide insights into the inter-relationships between life satisfaction and occupation. And ways in which policies can be geared towards addressing some of these issues. For example, retirement schemes available to the employed in corporate sector jobs contribute significantly towards life satisfaction. Allaying anxiety about irregular earnings and providing a cushion for difficult times when employment is not assured is a gap that needs to be bridged. Clearly, there is valid case as well as opportunity in terms of devising better saving tools such as retirement schemes for the self-employed that are in majority.

The other challenge is in upgrading skillsets of a large section of the population and increasing their income earning potential. The sub-group that is most likely to benefit from such skills upgradation would be the self-employed non-professionals (nearly 11 million households) that are constrained to low-income earning jobs. Significantly, nearly 46% of this group is to be found in the rural areas and providing them with skill improvement opportunities would go a long way in enhancing their well-being levels.

Global studies show job security and degree of autonomy in a job make a big difference to life satisfaction. Unemployment and irregular employment not only have a negative impact on the well-being of the households that are directly affected by it but also on the overall well-being of the population. There is therefore an overwhelming need to address occupation-related issues by policymakers.

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