

## CONSPICUOUS CONSUMPTION AND SOCIAL STATUS IN KOREA: AN ASSESSMENT OF RECIPROCAL EFFECTS\*

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*Characterizing conspicuous consumption as one of the salient social phenomena in rapidly industrializing societies, we investigate the reciprocal relationship between conspicuous consumption and self evaluation of own social status in Korea. Data analyses of a sample of 531 Korean urban households confirm the following arguments: (1) Conspicuous consumption tends to inflate a household's self evaluation of its own social status beyond the social status determined by its other socioeconomic statuses (i.e., education, income, occupation, and wealth). (2) Inflated social status and conspicuous consumption reciprocally reinforce each other. That is, those households which consume conspicuously tend to inflate self evaluations of social status, the maintenance of which in turn requires more conspicuous consumption. Further implications are discussed in detail.*

### INTRODUCTION

Mass production in the modern era resulted in economic crises whose resolution in turn has necessitated mass distribution, mass advertising, and transformation of the household from a unit of production to a unit of consumption (Kearl and Gordon 1992). Such innovations have instituted a new consumer ethic which has replaced Weber's Protestant ethic of self-discipline, purposeful activity, delayed gratification, asceticism, and thrift. Scholars have characterized the modern consumerism variously such as an orgy of spending (McKendrick et al. 1982); hedonism (Bell 1980; Campbell 1987); impulse spending (Kearl and Gordon 1992)—for example, "buy now, pay later"; other-directed spending—"keep up with the Joneses" (Packard 1957); and the creation of a dream world (Williams 1982). Most of these

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characterizations have their roots in Veblen's (1979) and Simmel's (1904, 1950) seminal work on modern consumerism.

Veblen (1979) portrays the modern consumerism as *conspicuous consumption*. He delineates conspicuous consumption broadly as "all consumption in excess of the subsistence minimum" (1979, p. 73). Although Veblen does not deny that economic situations largely determine the patterns of conspicuous consumption, he suggests that the forces underlying modern consumerism are more than material; conspicuous consumption represents symbolic status desires or status aspirations to become a certain type of people (see also McKendrick et al. 1982; Williams 1982; Baudrillard 1988, pp. 10-56; Kellner 1992, pp. 141-77; Collins 1992; Bocock 1993). Veblen indicates that (1) conspicuous consumption is no longer a privilege limited to the high status leisure class, but exists in every stratum of a society, (2) conspicuous consumption reflects individuals' status aspirations to excel equals and emulate high status, and (3) conspicuous consumption is often mobilized as a means to demonstrate or evidence high status.<sup>1</sup>

Simmel (1904, 1950) suggests that conspicuous consumption is a status conferring game played among socioeconomic status equals. In Simmel's (1950) terms, game is a *form* of human activity which originates from basic human needs, but evolves and takes on a life of its own within human activities. For example, hunting originated because people had *need* for the meat provided by the animals. But now hunting has become a sport (or game) existing for its own sake. Some individuals are very serious about investing money in products for the hunt such as clothing and weapons which give no material benefit. The prize from winning games is symbolic. Likewise, conspicuous consumption can be considered a game, the winning of which provides gains in symbolic status. Like most games, conspicuous consumption is played among people with similar socioeconomic status backgrounds who can afford to be competitive in the status contest. In the status contest, equality is a starting point, but the target is to subvert the equal relationship by enhancing one's relative status.<sup>2</sup>

<sup>1</sup>Unlike class determined mainly by role in the production system (Marx 1957) or by market positions (Weber 1969), status primarily reflects distinct life styles tied to patterns of consumption (Weber 1969; Veblen 1979). Weber and Veblen each assume that the key to status processes is consumption patterns. To Weber, however, consumption is the means of sharing life styles that create groupings or communities among status equals, whereas to Veblen it is a source of competition through which people mobilize personal resources to distinguish themselves from their status equals. Although Marx also stresses competition and consequent conflict, Veblen focuses on status competition that marshals consumption resources instead of on class competition that mobilizes production means or labor markets.

Simmel (1904) proposes trickle-down theory which explains status games between different statuses beyond the status game among status equals. The theory indicates that two conflicting principles of *imitation* and *differentiation* operate as an engine of the status game between subordinates and superordinates. That is, a lower status group, following the principle of imitation, endeavors to claim a new higher status. Responding to this status claim, a higher status group tries to differentiate its status by adopting new status markers. In this process, the high status group continues to hold status markers peculiar to itself and preserves the status difference. Generalizing Simmel's theory, Campbell (1987) indicates that the reference group for conspicuous consumption-driven individuals is not their own but a higher stratum; most people strive to conform their consumption with that of a desirable group and avoid that of others.

Research characterizes conspicuous consumption as a salient social characteristic especially for a society in transition (McKendrick et al. 1982; Williams 1982; McCracken 1988). A reason for that is that in a transitional phase of a society, greater social mobility by rapid societal transformations intensifies status uncertainties; conspicuous consumption is one way of claiming status advantages in such status uncertainties (see also Tocqueville 1956). Several historiographical studies document how conspicuous consumption was utilized as a means of status competition in the transitional phases of Western societies (McKendrick et al. 1982; Williams 1982; McCracken 1988). For example, McKendrick et al. (1982) indicate that conspicuous consumption in England originated from the transitional phase accompanied by the industrial revolution in the eighteenth century. Adopting Veblen's and Simmel's ideas, their study investigates how the industrial revolution transformed consumers' orientations to the status system in England. According to their study, the consumer boom as a consequence of the eighteenth century industrialization caused a war of status competition in which goods served chiefly in status-marking and status-claiming capacities. Williams (1982) applies similar ideas to the nineteenth-century transitional phase of France. Williams describes the Paris expositions of 1889 and 1900 as the first planned innovations of mass consumption which kindled status competitions. They also show how the

<sup>2</sup>In this sense, *nouveau riches* are true exemplars of the status game through conspicuous consumption in that they attempt to model themselves on the upper class by acquiring items usually purchased by the upper class not for their utility but for the accorded social prestige (see also Bourdieu 1984). Behind their consumption (e.g., the most expensive cars, the largest TVs, the latest designers' clothes, etc.) lies a desire or aspiration to outdo status equals and emulate high status.

development of the department stores and the trade shows played decisive roles in consolidating conspicuous consumption as a means of status competition in the transitional phase of France (1982, p. 54).

### *The Current Study*

This study aims to understand the relation of conspicuous consumption and status competition in Korea. A larger goal is to investigate how the transitional phase of newly industrializing countries of East Asia such as Korea, Hong Kong, Singapore, and Taiwan changes their people's orientations toward status and consumption. There are reasons why patterns of consumption in the industrializing societies in East Asia deserve special research attention. First, the transitional phases caused by industrialization in contemporary East Asia societies make their social circumstances similar to social contexts on which Simmel and Veblen built their theories. Most leading industrializing societies in East Asia (e.g., Korea, Hong Kong, Singapore, and Taiwan) began industrialization since the early 1960s and their industrializations are still in progress. Second, unique characteristics in those societies allow informative social contexts in which the relation of conspicuous consumption to social status can be better understood and elaborated. For example, one of such unique characteristics can be found from the fact that those East Asian societies underwent within three decades changes which spanned more than a century in Western industrialized societies. During the same period, they maintained about 8 percent average real growth rate of earning which is extremely high compared to other industrializing and industrialized countries (see Fields 1994). Thus, people in the East Asian societies, compared to people in Western industrialized societies who have had generations to become accustomed to wealth and its management, have had no chance to learn wise spending of the affluence accumulated in a relatively short period.

Taking Korea as an exemplar, the study examines how conspicuous consumption and social status influence each other in rapidly transforming contemporary societies. Before proceeding to hypotheses, we will briefly describe several important social and economic circumstances in Korea. Next, we will develop and test hypotheses on the mutual influence between conspicuous consumption and social status. Finally, based on the findings, cross-cultural implications will be discussed in more detail.

## SOCIAL AND ECONOMIC CIRCUMSTANCES IN KOREA

A legacy of traditional Korean society is that most Koreans highly value a social status determined by other than economic circumstances. Before the early 20th century, Korea was ruled by the *Yi* Dynasty, with its five-grade status system: scholars, farmers, artisans, tradesmen, and underclasses including slaves. Despite this official differentiation, a more salient status boundary was between scholars and the others. Scholars were a symbol of status in Korea; most government and military elite positions were recruited from scholars. They were also a leisure class, because they did not engage in manual work but spent most time in reading classic books and writing poetry for the civil examinations. At the time, most noble families kept genealogy books, mainly a record of ancestors' governmental posts, as a status symbol. At the end of the *Yi* Dynasty, however, societal transformation ruined many noble families. *Nouveau riches* commonly purchased nobles' genealogy books to feign nobility and conceal their mean heritage and consequent status. Now, it is difficult to find a family without its genealogy book.<sup>3</sup>

A higher educational aspiration among the contemporary Koreans reflects the fact that education was traditionally a means of obtaining official career among high statuses. Although some goals of achievement differ from those in traditional Korea, education still plays a key role in nourishing status competition of many Koreans. For instance, most Koreans consider college diplomas a basic requirement for upper middle class and parents often sacrifice their whole savings for their children's college education. The parents' primary goals are to glorify family honor or heighten family reputation beyond to enhance their children's well-beings.

Korean industrialization began in the early 1960s, a decade after the Korean War (1950-1953). Since then, Korea as one of the four "small dragon" countries of East Asia has made impressive economic strides in recent years. Over the past three decades, Korea has achieved a sixfold increase in real per capita income among a fully employed labor force—the best record of any economy in the world during that period. During the same period, it has also maintained an average of 8 percent to 10 percent annual growth in its national product. Manufactures led the growth, contributing 13.4 percent of total GNP in 1966 and 33.4 percent in 1985 (see Koo 1990). As for labor

<sup>3</sup>Commitment to the family book as a status symbol has not diminished in modern Korea. Many Korean families still use the books as an important guide to arranging marriages.

force transition, four of every five laborers were farmers in the late 1950s, but now the figure is only one of four. The labor force increase in non-farming sectors has occurred more in the tertiary than the secondary sector. From 1958 to 1985, the labor force in the secondary sector increased from 4.6 percent to 24.5 percent, in the tertiary sector from 13.8 percent to 50.6 percent (see Koo 1990).

As for the relative inequality, there exists a clear divergence between what people perceive and what the numbers demonstrate (Leipziger 1992; Fields 1994). Although most Koreans believe that the very rich in Korea have gotten richer even faster than have other Koreans, the available evidence shows that income inequalities in Korea fell in the 1980s (Leipziger 1992; Fields 1994). Overall, the Korean economy has shown a record of extraordinarily rapid and sustained improvement without sacrificing economic equality.

In summary, Korea constitutes a unique social circumstance for the research of conspicuous consumption and social status. First, although the industrialization transformed the status order greatly, people still remain committed to the traditional status order. Second, rapid transformation in most economic domains has brought unprecedented opportunities for upward mobility in other societal domains; most socially successful individuals (e.g., legendary businessmen such as Hyundai's Chung, Daewoo's Kim, and Samsung's Lee) have capitalized on such rapid structural transformations and acted as public role models. Third, rapidity of economic and social change since the early 1960s far exceeds the learning curve for wise versus conspicuous purchasing. That is, conspicuous consumption in Korea is a consequence of the combination of various social factors such as commitment to status, opportunities for mobility, status uncertainties, learning lag between earning and spending, and rapid social transformations. In the next section, we will formulate several hypotheses regarding the relations of conspicuous consumption and social status among Korean families.

## HYPOTHESES

It is well known that most Korean households have invested a substantial amount of their socioeconomic resources in enhancing their status (Kim et al. 1994; Hafstrom et al. 1992; Lee and Burns 1993; Kim 1988; Ho 1991). Korea is also known for its homogeneity of ethnicity and intensity of social networks which often accelerate diffusion of conspicuous consumption and status competition between ingroups and outgroups (Han and Choe 1994).

Traditionally, status competition among most ordinary Koreans has been defensive in that conspicuous consumption items are acquired for the fear of status loss if they do not keep up with their status equals in possession. This trend is changing, however, especially among younger generations born after the Korean War.

Although conspicuous consumption in Western societies has been demonstrated in various social activities such as cooking, playing sports, gardening, home decoration, dancing, travel, and music, conspicuous consumption in Korea is most salient in purchasing household articles.<sup>4</sup> Focusing on household articles, this study operationally defines *conspicuous consumption* as the degree to which a household possesses conspicuous household articles. The key criteria for conspicuous household articles are whether the purchase is based on material value for minimum subsistence or symbolic status desire beyond need satisfaction (Veblen 1975; Keller 1992; Baudrillard 1988; Bourdieu 1984; Boccock 1993; Lamont and Fournier 1992). It is also important to note that the criteria for conspicuous consumption are also culturally determined (McCracken 1988).

Our first hypothesis focuses on how conspicuous consumption, i.e., the degree of possession of conspicuous household articles, determines self-evaluation of own subjective social status, net of their socioeconomic status such as education, occupation, income, and wealth. *Subjective social status* is a household's self-evaluation of own position in a status or class hierarchy. Although subjective social status is not the same as class or status identification (Center 1949; Hodge and Treiman 1968; Hodge 1987; Jackman and Jackman 1973, 1983, 1987; Jackman 1986; Simpson, Stark, and Jackson 1988; Davis and Robinson 1988), reflected appraisal research (see Miyamoto and Dornbusch 1956; Marsh et al. 1985) has demonstrated the importance of this self-evaluation in various domains of social activities. According to the research, it is the subjective evaluation, whether inflated or deflated, which is crucial in determining self-related perception and behavior.<sup>5</sup>

<sup>4</sup>The appropriate unit of analysis for conspicuous consumption is households, traditionally recognized as a vehicle through which inequality in power and wealth is inherited (see Schumpeter 1966). Resources are redistributed in a household as a consumption unit (Curtis 1986). An individual's consumption is, therefore, not determined solely by personal earnings, but also by total household members' contribution to the resource pool and the number of members relying on that pool. Households as the unit of analysis unit also dovetails with the distinction between market class and consumption class (Abbott and Sapsford 1987, p. 27). The former depends on the relationship of the individual to the labor market, the latter on the relationship of the household to the market of goods and services.

<sup>5</sup>We assume that people's behavior is based on their perceptions of others' reactions rather than actual views of others (see Miyamoto and Dornbusch 1956; Marsh et al. 1985). Therefore,

Previous research in social stratification in the United States has documented that occupation is the strongest determinant of subjective social status among socioeconomic statuses (Center 1949; Hodge and Treiman 1968; Hodge 1987; Jackman and Jackman 1973, 1983, 1987; Jackman 1986). In this study, we will examine first whether the finding is replicable in Korea, and next test the following alternative hypothesis:

Hypothesis 1: Conspicuous consumption among Korean households will increase their self-evaluation of own social status more than will their households' occupational prestige, controlling for a household members' income, wealth, and education.

Compared with people in Western societies where status systems and mobilities have been relatively stable, people in transitional societies such as Korea suffer from a high degree of status uncertainties. Status uncertainties in transitional societies require a clear and visible demonstration for a claimed status. In transitional and status-uncertain societies, conspicuous consumption is a symbolic and social activity driven by status envy and competition among those with similar socioeconomic backgrounds (i.e., socioeconomic status equals).

Another characteristic among people of status-uncertain societies is *status consciousness*, i.e., a personal belief that one is better and closer to the higher strata than his or her socioeconomic status equals. The status consciousness entails a dual reinforcing process between subjective social status and conspicuous consumption. For instance, conspicuous consumption inflates subjective social status and the inflated social status in turn promotes further conspicuous consumption. In other words, the households who perceive their social status higher compared to its objective socioeconomic status engage more in conspicuous consumption, which in turn confirms or consolidates their inflated social status. Hypothesis 2 formalizes this reciprocal reinforcing process:

Hypothesis 2: Korean households which perceive a higher subjective social status compared to their socioeconomic status tend to spend more conspicuously; and the conspicuous consumption in turn tends to confirm the higher subjective social status.

To summarize, we hypothesize conspicuous consumption as a key

mere possession of conspicuous household items may be enough for a household member to inflate his or her household's subjective social status, since reactions from significant others are often subjectively constructed in a favorable way without subject to rigorous verification.



determinant of subjective social status, and its reciprocal relationship with subjective social status among Korean households. Hypothesis 1 predicts that conspicuous consumption will increase a household's subjective social status more than its members' occupational prestige, controlling for its socioeconomic statuses; Hypothesis 2 predicts the reciprocal influence between subjective social status and conspicuous consumption.

## METHODS

### *Data*

The data were collected through a 1990 national survey of equity and social inequality by Korean Social Science Research Council in Korea. The unit of analysis is the household as represented by an employed member. Households that had at least one employee were selected by multi-stage stratified cluster sampling resulting in a sample of 2020 employed respondents. Trained students interviewed the respondents using designed questionnaires. Among 1976 completed interviews, this study focuses only on married householders or their spouses who lived in cities. We exclude rural households because their patterns of consumption are different from those of urban households. Pairwise deletion of missing values brought the final sample size to  $N = 531$ .<sup>6</sup>

### *Variables*

*Subjective social status* is assessed by a continuous response scale asking, "If you were asked to estimate your social status in the following scale ranging from the upper (7) to the lower (1), where would you say you belong?" The three levels, 7, 4, and 1 are identified for respondents with the upper, middle, and lowest, with no label for the other levels. This measure is designed to allow a more continuous distribution within the middle class.

*Conspicuous consumption* is the degree of possession of various conspicuous household articles. To compose a measure of conspicuous consumption, we selected articles that are commonly considered to have more than a practical utility in most Korean households. Next, we ordered

<sup>6</sup>We examined the representativeness of the sample in two different ways. First, we examined the mean differences between the sample including missing variables ( $N = 949$ ) and that in the current study ( $N = 531$ ) in education, occupational prestige, wealth, income, conspicuous consumption. The results indicate no significant differences between the two samples in the key variables. Second, we replaced missing values with means of each variable and ran again the same models. Although the results showed slight variations in effect sizes, they led to the same conclusions.

them according to the criteria such as prices and rareness. The articles and rank order are as follows: (1) washing machine, (2) VCR, (3) vacuum cleaner, (4) car, (5) piano, (6) air-conditioner, (7) precious antiques and pictures, (8) time-share condominium memberships.

The order also matches the distribution of possession percentage in the sample. About 82 percent of the households in our sample report to possess washers, 50 percent VCRs, 28 percent vacuums, 22 percent cars, 18 percent pianos, 8 percent air-conditioners, 4 percent precious antiques and pictures, and 1 percent time-share condominium memberships. A household's conspicuous consumption score is determined by the sum of the rank scores which ranges from 0 to 36.<sup>7</sup>

*Socioeconomic status* variables include households' occupational prestige, education, income, and wealth. Occupational prestige is estimated by Treiman's Standard International Occupational Prestige Scale (SIOPS: Treiman 1977). A household's occupational prestige in this study is the average of the householder's and spouse's occupational prestige when both were employed, or the householder's alone if the householder was the only employed person at the time. Education is measured by the householder's and spouse's average formal schooling years. On average, elementary school completion in Korea requires 6 years; junior high school, 3 years; high school, 3 years; junior college, 2 years; and college, 4 years. Income is based on all household members' total monthly monetary income, including property earnings. The total household monthly income is measured by Korean monetary unit (800 won approximated one U.S. dollar in August 1990). Wealth is the monetary value of all property (e.g., house, bonds, savings, land, rent deposits). To incorporate economists' claim that the utility of income or wealth varies at the margins (i.e., nonlinearity), they are log-transformed.

We include household size and householder's age as control variables. Household size that is measured by the number of household members including children and others not working is expected to influence the size of a household's potential consumption. Instead, householder's age is expected to influence status in Korea.

Table 1 shows a summary of descriptive statistics of the key variables. As predicted by Hypothesis 1, conspicuous consumption shows a stronger

<sup>7</sup>The actual distribution of the number of conspicuous consumption households (N=531) reported to possess is as follows: 14.4 % (no possession), 27.2 % (1 item), 23.5 % (2 items), 14.6 % (3 items), 10.9 % (4 items), 6.1 % (5 items), 2.3 % (6 items), .7 % (7 items), .2 % (8 items). Analyses based on the simple sum of conspicuous items produced very similar results and did not change the significant findings based on the current measure.

**TABLE 1.** MATRIX FOR ZERO-ORDER CORRELATIONS, STANDARD DEVIATIONS, AND MEANS FOR VARIABLES IN THE ANALYSIS (N=531).

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. CC <sup>1</sup>	1.00							
2. SSS	0.51	1.00						
3. INCOME	0.58	0.49	1.00					
4. WEALTH	0.44	0.42	0.42	1.00				
5. EDUCATION	0.48	0.47	0.51	0.31	1.00			
6. OCCUPATION	0.49	0.42	0.47	0.34	0.58	1.00		
7. HSIZE	0.08	0.10	0.15	0.17	-0.06	-0.02	1.00	
8. AGE	0.01	-0.03	-0.06	0.15	-0.43	-0.10	.27	1.00
MEAN	5.28	3.10	4.38	8.44	12.00	38.50	4.34	41.50
SD	6.00	1.10	.62	1.61	3.41	19.1	1.31	9.38

Note. CC, SSS, and HSIZE refer to conspicuous consumption, subjective social status, and household size respectively.

association with subjective social status ( $r=.51$ ) than with occupational prestige ( $r=.49$ ). Among the socioeconomic variables, income has the strongest association with conspicuous consumption ( $r=.58$ ), followed by occupational prestige ( $r=.49$ ) and education ( $r=.48$ ). Given that wealth has more direct pecuniary implication, it is interesting that the correlation of conspicuous consumption with wealth ( $r=.44$ ) is smaller than its correlations with occupational prestige and education. Average monthly household income is 4.38, which translates to 798,400 won (about \$998 as of August 1990). Average wealth is 8.44 (about 46,285,500 won or \$57,856). The householder's and spouse's average education is 12 which equates with high school completion. The household size averages about 4 members, which reflects an ordinary urban household structure in Korea (parents and two children). The average householders' age is about 41.

## RESULTS

To evaluate the hypotheses, we employ OLS regression and two-stage least square regression. Hypothesis 1 predicts conspicuous consumption (CC) as a better determinant of subjective social status (SSS) than occupational prestige, controlling for other socioeconomic statuses. To examine this argument, we employ two models (see table 2). To get a baseline estimation, model 1 regresses subjective social status (SSS) on four socioeconomic status variables controlling for household size and householder's age (see model 1 in table 2). In contrast to the findings in the United States, the results indicate that a household's occupational prestige is

the weakest determinant of subjective social status in Korea ( $b = .092$ ). Reflecting higher educational aspirations among Koreans, the strongest determinant is education ( $b = .276$ ). The second is household income ( $b = .227$ ).<sup>8</sup> Confirming the common expectation among Koreans, householder's

TABLE 2. UNSTANDARDIZED AND STANDARDIZED ESTIMATES FOR REGRESSION OF CONSPICUOUS CONSUMPTION (CC) AND SUBJECTIVE SOCIAL STATUS (SSS) ON SELECTED INDEPENDENT VARIABLES (N=531).

	MODEL			
	(1)	(2)	(3)	(4)
Dependent variable	SSS	SSS	CC	CC
Education	.088*** .276 (.016)	.075*** .235 (.016)	.356*** .207 (.086)	.282*** .160 (.087)
Occupation	.005* .092 (.002)	.005** .120 (.002)	.053*** .168 (.013)	.048** .153 (.013)
Income	.401*** .227 (.078)	.220*** .153 (.070)	3.27*** .337 (.399)	2.89*** .298 (.402)
Wealth	.132*** .194 (.027)	.070** .128 (.023)	.584*** .158 (.141)	.465*** .124 (.142)
Hsize	.023 .028 (.030)	.007 .010 (.025)	-.071 -.015 (.157)	-.094 -.020 (.154)
Age	.008* .072 (.004)	.005 .049 (.004)	.073** .114 (.025)	.065** .101 (.025)
CC	—	.035*** .196 (.008)	—	—
SSS	—	—	—	.936*** .170 (.219)
Constant	-1.49	-.66	-23.17	-1.45
Adjusted R <sup>2</sup>	.355	.376	.446	.457

\*  $P < .05$  \*\*  $P < .01$  \*\*\*  $P < .001$

Note 1. The first and the second rows for each variable are unstandardized and standardized estimates of each parameter.

2. Standardized errors are in parentheses

<sup>8</sup>It is not advisable to draw any strong inference, given that our scale of subjective social status is different from the conventional scale (Center 1949; Hodge and Treiman 1968; Hodge

age tends to positively influence the household's subjective social status, controlling for its socioeconomic statuses and household size ( $b = .072, p < .05$ ).

The results in model 2 support hypothesis 1. Having more conspicuous household articles significantly increases the households' self-evaluation of social status (see model 2 in table 2). Adding conspicuous consumption increases around 6 percent of the explanation of subjective social status. As for the effect size, conspicuous consumption has the second largest effect on subjective social status ( $\beta = .196, p < .001$ ). In consistent with the results in model 1 (table 2), education has the strongest effect ( $\beta = .235, p < .001$ ). Interestingly, once conspicuous consumption is included in the model, the effect of age on subjective social status becomes spurious ( $\beta = .049, ns$ ). This result may reflect the fact that although older households tend to possess more conspicuous household items, it is not the householder's age itself but the degree of possession of conspicuous household items that directly influences the households' subjective social statuses. Overall, the results dovetail with the claim that net of a household's socioeconomic status, Korean urban households that possess more conspicuous household articles evaluate their subjective social status higher than other Korean urban households.<sup>9</sup> The current findings imply that controlling for householder's age and household size, conspicuous consumption tends to inflate household's subjective social status beyond the social status determined objectively by socioeconomic status (e.g., wealth, income, occupation, and education).

Table 2 also reports the result of regressing conspicuous consumption on socioeconomic statuses (see model 3). Because conspicuous consumption involves the mobilization of a household's resources to make its competitive social status visible, model 3 allows us to examine which resources constitute the major dimension in allowing the household to spend more conspicuously, again controlling for household size and householder's age. Household's resources may be categorized into two classes, i.e., human capital such as education and occupation and real capital such as wealth and income. The question is whether households with high income and wealth invest more in the status contest simply by taking advantage of their

1987; Jackman and Jackman 1987; see for the discussions of the scale, Vanneman and Pampel 1977; Dalia and Guest 1975).

<sup>9</sup>To check whether the results change by different measures of conspicuous consumption, we reanalyzed the data with two additional measures of conspicuous consumption. The first one is the sum of conspicuous household articles. Another is a log-transformation of the current measure. These alternative measures, however, did not result in any significant different findings.

affluence and buying more conspicuous household articles (see also Tocqueville 1956). An alternative argument is that education and occupation as cultural and symbolic capital are more influential in shaping consumption patterns. This alternative argument explains that education and occupation are more abstract and invisible than income and wealth, and therefore require a more conspicuous demonstration to evidence a competitive status (see Bocock 1993, pp. 22-3; Warner 1949; Bourdieu 1984; Bocock 1993).

The results provide mixed support of each argument (see model 2 in table 2). Consistent with the real capital argument, household income shows the largest impact on conspicuous consumption ( $\beta = .337, p < .001$ ). Supporting the human capital argument, however, household education has the second largest impact on conspicuous consumption ( $\beta = .207, p < .001$ ) which is substantially larger than the impact of household wealth ( $\beta = .158, p < .001$ ).

Hypothesis 2 predicts a reciprocal effect between conspicuous consumption and subjective social status. That is, hypothesis 2 predicts that conspicuous consumption tends to inflate a household's subjective social status which in turn makes the household further consume conspicuously to confirm their inflated subjective status. Model 2 in combination with model 4 (see table 2) shows preliminary results of this hypothesis. The results in model 4 show that an increase in subjective social status (i.e., inflated social status) controlling for other socioeconomic status variables as well as household size and householder's age increases a substantial amount of conspicuous consumption ( $\beta = .170, p < .001$ ). Combined with the significant impact of conspicuous consumption on subjective social status (see model 2 in table 2), results in model 4 suggests the reciprocal influence between conspicuous consumption and subjective social status.

To examine the reciprocal impacts after controlling for other unidentified variables' influences on both conspicuous consumption and subjective social status, we employ two-stage least square regression (Wonnacott 1979). For the estimation, we create predicted variables each for conspicuous consumption and subjective social status by replacing

**TABLE 3.** TWO-STAGE LEAST SQUARE REGRESSION OF HYPOTHESIZED RECIPROCAL EFFECTS BETWEEN CONSPICUOUS CONSUMPTION (CC) AND SUBJECTIVE SOCIAL STATUS (SSS) (N=531).

Hypothesis	Regression	Estimate	SE	SL
H2	SSS on CC	.160	.001	P < .001
	CC on SSS	6.05	.046	P < .001

Note. SE and SL refer to standard error and significance level respectively.

regression parameters (i.e.,  $bs$ ) with their estimated values in model 1 and 3 of table 2. Next, each predicted variable is regressed on the other. Table 3 reports the results of this two-stage least square regression.

Supporting the reciprocal influence argument, the estimated effects of both conspicuous consumption (CC) on subjective social status (SSS) and subjective social status (SSS) on conspicuous consumption (CC) are positive and statistically significant ( $bs = 6.05$  and  $.160$ ;  $p < .001$  for both). Controlling for the influences by unknown factors that might influence conspicuous consumption and subjective social status at the same time, one unit increase in conspicuous consumption tends to inflate  $.160$  unit of subjective social status, whereas one unit increase in subjective social status tends to increase about 6 unit of conspicuous consumption.

Overall, the results support the claim in hypothesis 2 that Korean urban households which are more status conscious with inflated social status are the ones more likely to engage in acquiring conspicuous household articles and thereby reinforce their own status consciousness. In other words, net of socioeconomic statuses and others (i.e., household size and householder's age), conspicuous consumption inflates subjective social status which in turn reinforces conspicuous consumption.

## DISCUSSION

This study began with Veblen's (1979) and Simmel's (1904, 1950) discussion of the motives hidden in conspicuous consumption: The possession of resources is not enough to evidence a higher status, but must be demonstrated visibly. Conspicuous consumption involves transformation of material resources or human capital into status symbol in process of status emulation, since critical to high status is not the possession but its visible demonstration (see also McKendrick et al. 1982; Williams 1982; McCracken 1988; Packard 1957; Williams 1982; Bell 1980; Campbell 1987; Bourdieu 1984; Baudrillard 1988; Kellner 1992; Collins 1992; Boccock 1993). Veblen (1979) indicates that conspicuous consumption in modern society is not limited to a higher leisure class, but permeates every stratum. Simmel (1950) demonstrates how conspicuous consumption is differentiated from consumption for the subsistence and develops into a *form* for its own sake. In Simmel's sense, conspicuous consumption is a status game which develops from consumption but exists as its own form. Simmel's (1904) trickle-down theory indicates that imitation by lower status and differentiation by higher status are the two principles of status game pervasive in most modern societies.

This study applies Veblen's and Simmel's ideas to Korea, one of the newly industrializing societies in East Asia. A rationale to apply the theory to a country in East Asia is that the social and economic circumstances in Korea are similar to those of the early days of Western industrialization in which Simmel and Veblen developed their theories. Beyond this, we suggest why conspicuous consumption is more salient in industrializing societies such as the contemporary East Asian societies. One of the reasons is that East Asian industrializing countries underwent within three decades changes spanning over a century in Western industrialized countries, which makes their people relatively rich in a short period and their societies extremely mobile. The rapidity of the accumulation of wealth makes it difficult for those people to learn the way of wise spending but makes simple conspicuous spending. Coupled with this, the unstable mobility and collapse of traditional status order in a short period magnify people's status uncertainties and status competitions.

Korea is an exemplar of such societies. At the early stage of Korean industrialization, conspicuous consumption among most people was tacit and defensive. An explicit display of conspicuous consumption was derided publicly as "getting above oneself," or "lack of prudence" regardless of their social status. Therefore, the main motivation underlying the conspicuous consumption was to not fall behind the living standards of their fellow status equals. This trend has been changing lately. Now, many Korean people engage explicitly in status competitions, actively update new patterns of consumption, and use consumption as a means of gaining relative status advantage over status equals. An example supporting this change of trends is the popularity of possession rituals among many Korean people. Possession rituals are informal ceremonies in which individuals invite their significant others to show a new car, apartment, house, and articles of clothing. In the rituals, the individuals display the goods as markers of status and claim a newly enhanced status.<sup>10</sup>

<sup>10</sup>Possession rituals among Koreans are analogous to what Goffman (1959) calls "performance." Performance refers to all activities an individual mobilizes in others' presence to "dramatically highlight and portray confirmatory facts that might otherwise remain unapparent or obscure" (Goffman 1959, pp. 22-30). Goffman (1959) indicates that for performance in a house, the living room serves as the usual front setting for an assemblage of luxurious furniture, decorations, and other items calculated to convey high status: "We also find that middle-class housewives sometimes employ—in a secret and surreptitious way—cheap substitutes for coffee, ice cream, or butter; in this way they can save money, or effort, or time, and still maintain an impression that the food they serve is of high quality. The same woman may leave *The Saturday Evening Post* on their living room end table but a copy of *True Romance* ("It's something the cleaning women must have left around.") concealed in their bedroom" (Goffman 1959, pp. 41-2).



An examination of Korean urban households provides support for Veblen's argument that conspicuous consumption is driven by status envy or aspiration among status equals. First, supporting hypothesis 1, the results show that conspicuous consumption among Korean urban households inflated their subjective status evaluation beyond the status determined by their socioeconomic status such as income, wealth, education, and occupation. That is, the Korean urban households with more conspicuous household articles identify themselves with a higher status than other households, controlling for their socioeconomic status as well as household size and householder's age. Also in support for hypothesis 2, results of two-stage least square regression indicate a significant reciprocal influence between subjective social status and conspicuous consumption among Korean urban households. Those Korean households which are most status conscious with inflated subjective status are the ones most likely to engage in a status contest by acquiring more conspicuous household items and through the contests, reaffirm their inflated subjective status.

The unit of analysis of this study is households. Among scholars, households have traditionally been recognized as a vehicle through which inequality in power and wealth is inherited (see Schumpeter 1966). Resources are redistributed in a household as a consumption unit (Curtis 1986). An individual's consumption is, therefore, not determined solely by personal earnings, but also by other household members' contribution to the resource pool and the number of members relying on that pool. Households as the analysis unit also dovetails with the distinction between market class and consumption class (Abbott and Sapsford 1987, p. 27). The former depends on the relationship of the individual to the labor market, the latter on the relationship of the household to the market of goods and services. It has been recognized that modern conspicuous consumption tends to be mainly by vicarious consumers such as main earners' wives and their children for the good name of the household (Veblen 1979, pp. 79-83; see also Collins 1992; Bock 1993).

Granted the pervasiveness of conspicuous consumption and status competition among Korean households, a question worth investigating in the future is the relation between conspicuous consumption and perceptions of social inequality. Status emulation driven by conspicuous consumption is rooted in individualism and motivated by upward mobility (Lopreato and Hazelrigg 1972), making individuals take as the reference group not their own group but a higher stratum and adopt the mentality of higher strata (Campbell 1987). In contrast with Weber's (1969) status groups in which members consolidate distinct status boundaries from others by

collectively displaying distinct life (or consumption) styles, conspicuous consumption is a source of differential status consciousness among status equals, since it is built upon an individualistic motivation to copy and identify with thoughts and life styles of higher strata (see Veblen 1979; Simmel 1904; McKendrick et al. 1982; Williams 1982; Campbell 1987; Bocoock 1993). For the lower strata in a hierarchy, conspicuous consumption fosters status consciousness of middle class, while for the *nouveau riches* it generates that of upper class. From Marx's (1957) standpoint, status consciousness, though not originated from property ownership, is a false consciousness generating mechanism, since it encourages lower strata to imitate upper strata mentality despite their lower strata roots. Generally, the arguments indicate that conspicuous consumption frames conservatively the perception of social inequality in a society. Future empirical research should determine how conspicuous consumption influences the perception of inequality of a society.

Finally, care should be taken for the valid criteria of conspicuous consumption depending on the target populations, because the criteria of conspicuous consumption vary across strata or subgroups in a society as well as they vary at the cross-cultural level. At the cross-cultural level, for example, playing golf can be considered to be conspicuous for most Koreans but not for most Americans. The criteria are also relative to each subgroup of a society. Thus, if we focus on conspicuous consumption of upper class in Korea, even time-share condominium membership may not be a good criterion to differentiate those in upper class households. It is also important to differentiate imported items from others and take into account the degree to which the household keeps on to update the new brands.

## CONCLUSION

The rapid economic development of Korea along with Taiwan, Hong Kong, Singapore, and Japan has led many scholars to investigate Confucian ethics these countries share as the dominant value system (Hick and Redding 1983; Berger and Hsiao 1988). For instance, Berger and Hsiao (1988) propose "vulgar Confucianism" to explain East Asian industrialization, contrasting Christianity in the West with Confucianism in the East. The three characteristics Berger cites are respect for authority, unconditional sacrifice for the family, and hard work. In tandem with the research, some research is required to understand how Confucianism has also influenced the patterns of consumption among these peoples. Several hypothetical explanations worth empirical investigations in the future

research are as follows: First, Confucian ethics in Korea often stress the *form* and *appearance* more than *content* and *practical utility*. This value orientation is evidenced in recent studies which compare differences in decision making styles between Americans and Koreans (Hafstrom et al. 1992; Lee and Burns 1993; Kim 1988; Ho 1991). The results indicate that (1) Koreans are more brand conscious, while Americans are more quality oriented when they decide a purchase, and (2) Koreans are more concerned with public social impressions and buy clothing more as a means for managing their public appearance than are Americans. Second, while Confucian ethics in Korea emphasize hard work and industriousness, they relatively lack ethics guiding frugality or spending. Third, hierarchical principles of Confucian ethics have traditionally treated a higher rank as a higher status and thereby made Koreans more conscious of rank. Most of the cardinal principles of Confucianism which have been widely accepted in Korea emphasize ranks between ancestral line, age, and gender. We believe that these Confucian ethics still play an important role in nourishing the rank consciousness of Korean people on achieved socioeconomic status such as education, occupation, wealth as well as the traditional ascribed status, which in turn motivates them to excel their fellows even in conspicuous consumption.

To conclude, Korea is traditionally a status-oriented society. Although industrialization since the early 1960s has transformed much of the traditional status order, some elements remain influential. The status order in Korea today features status uncertainty caused by the confluence of rapid societal transition, persistence of the old status order, high aspiration for upward mobility, experiences of affluence in a short time, and conflicting ethics of Confucianism. Whether the relations of conspicuous consumption and status competition are replicable to other East Asian societies as well as Western industrialized societies is an important topic for further comparative studies.

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