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The Interplay of Economic Inequality and Social Mobility: A Socioeconomic Perspective on Class Stratification

Gulnaz Kousar

M.Phil Scholar, School of Economics Bahauddin Zakariya University, Multan Pakistan. Email: gulnazkousar750@gmail.com

Mudassir Zulfiqar

M.Phil Scholar, Department of Sociology Bahauddin Zakariya University Multan Pakistan. Email: mudassirZulfiqar274@gmail.com

Muhammad Danish

M.Phil Scholar Statistics, Department of Statistics Bahauddin Zakariya University Multan Pakistan. Email: muhammaddanish1752@gmail.com

Sidra Khurshid

MS Economics COMSATS University Vehari
Email: sidrakhurshid711@gmail.com

Muhammad Ramish Ismaeel

Msc Civil Engineering, Specialization in Hydraulic & Irrigation Engineering Bahauddin Zakariya University, Multan, Pakistan
Email: muhammadramishismaeel@gmail.com

Abstract

Economic inequality and mobility are two significant factors that play greater roles in the socioeconomic regard and development. This paper aims at comparing the relationship and connection between wealth distribution and social-economic mobility with I examining how disparity affects an individual's chances of climbing the ladder. To conduct this study, quantitative research design was used and data was collected from secondary sources such as global economic bulletins and national socioeconomic questionnaires employing statistical analyses such as regression analysis and correlation tests. Recent studies also state that various inequality measures are negatively associated with intergenerational mobility, and in particular, the Gini coefficient is negatively related to it. It was established that education and labor market were the factors that influenced mobility, nevertheless, there were many barriers like wages that have remained stagnant and qualitative education that lacked equality. Due to this, policies such as wealth whose operation is based on income redistribution, education that aims at offering equal opportunity to children from different background, and better qualified labor market to enhance equal opportunity in flow of income are necessary. These observations can be helpful in enriching the knowledge on class differentiation and prove informative for any policy that is implemented in the future to encourage a fair division of the society.

Keyword: Economic inequality, quality education, mobility, class differentiation



Introduction

Economic disparity and social mobility introduces factors that define class hierarchy in the contemporary world societies. What is more, the perpetuation of economic disparities where some people are affluent while others are poor reduces the possibilities of climbing the social rank. Since social class mobility is the aforementioned upward or downward movement of individuals or families, it is regulated by social inequities that involve education, employment and amassment of wealth. The fact that income inequality is passed on from one generation to another chases the social class, which inhibits people from rationally upgrading their social status from lower classes. It is also important to indicate that the increase of inequality has a negative impact on society by lowering the intergenerational mobility, regarding which Corak (2013) described the Great Gatsby Curve. Probability discounts limited quality education, well paid worthy employment and financial facilities for the needy groups of the society, thus worsening social exclusion amongst the elites.

Education, in this context, is a key ingredient of social mobility because it enables one to acquire skill in education as well as in employment. However, there are significant differences between the education level and the pupil's economic status because the privileged often gets more chances to enter the elite university and to have a beneficial occupation (Chetty et al., 2014). On the other hand, children from poor families receive less education, less of sports or other activities, and have high dropout rates, leading to a restriction of their opportunities to rise up the ladder. The pandemic amplifies these gaps, as technology becomes a significant factor that defines prosperity especially in today's world of work (Autor, 2019). Structural factors these include wage floor, employment relations and changes in the labor structures further affect mobility, whereby issues of joblessness, de-employment and casualization of employment depress mobility (Goldthorpe, 2016). That the new forms of employment such as the precarious employment, gig economy employment, and transformations caused by automation technology hit the low paid employees much harder, worsening the levels of economic inequality.

Wealthual accumulation and intergenerational transfers help the rich to accumulate more wealth and infants and invest to give a chance to the lower classes to acquire assets (Piketty, 2020). Articles dealing with wealth, property right and fixed capital give the privileged a compounded returns, so it key factors in creating economic stability. It simply sustains class prejudice since favor in the economic department continues to remain a hereditary investment thus supporting inequity in the distribution of the same. Government policies and social welfare programs are crucial in handling these imbalances as taxation progression, income redistribution, and social protection are vital in building mobility (Stiglitz, 2019). Still, some of the most mobile groups are from countries with well-developed welfare policies, for example, from the Scandinavian countries as compared to countries with limited governmental support, for example, the United States of America (Esping-Andersen, 2017). Structural factors therefore have to be tackled through such measures as passage of proper education policies, equal employment opportunities and proper protection of labour to help in promoting the upward mobility and reducing existing inequalities within the country's otherwise polarized socio-economic framework. As it pertains to economic contexts and the dynamics of societies at the present,



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there are issues on economic disparity and restricted social mobility. As much as economic growth promotes mobility, there is social institutionalization of differentiation along class, education, labor, and income lines. Education and labor market policies along with progressive taxation are the major policy policies that can reduce the disparities and make the society much more equal. It is possible to reduce the gap between two different social classes by adopting appropriate measures that would enable each member of the society to be economically mobile regardless of her or his social aggregate.

Review Literature

Social class and economic status are closely related in defining class structure in current society. Economic inequality has been explained as the unfair distribution of assets and income; referred to as disparity, it has a significant impact on social mobility that is, the movement of people or a given group up or down the society's hierarchy. Applying the theoretical perspectives of economic mobility and empirical studies of economic mobility with specific reference to major factors in the social class structure this paper looks at the effects of economic inequality and mobility. The review also seeks to discuss the measures taken that seek to counteract inequality and promote social mobility.

Theoretical frameworks are contemporarily deemed useful for grasping the nature of the relation between economic disparity and social mobility. According to Becker (1993) Human Capital Theory presupposes people's ability to improve their position in the economic domain by utilizing education, skills, and labor market. However, poor access to education and training compounds the effects of class distinctions in the society thereby retarding the chances of the disadvantaged classes. According to Marxist Theory, there is conflict in every capitalist society in as much as the economy benefits the minority and the working class is left jobless or underpaid (Marx, 1867/1990). According to the Social Capital Theory, networks and relationships are key to economic development, and because one is born into some social circle, there is a tendency by such a person to progress in life (Bourdieu, 1986). Corak (2013) came up with the Great Gatsby Curve, proving how economic inequality leads to reduction mobility between generations and thus forming mobility confining castles.

Researcher notes have also substantiated that the economic inequality has a central determinant of mobility between nations. Chetty et al (2014) in their study sought to establish mobility level in the United States and showed that different states offered different levels of mobility depending on level of access to education, health care, and other social amenities. They also found out that children in the lower bracket have poor probabilities of escaping the status and economic inequality in areas of high child poverty. Similarly, Esping-Andersen (2017) in one of his works on the social mobility of European countries stressed that generous social policies and efficient welfare state and insurance such as education and health care contributed to higher level of mobility comparing to the countries with limited role of the state. Economic restructuring and labor market segmented form alternative routes to GM, Silver, and Goldthorpe (2016), pointing out to the UK that has led to rigidity in mobility because of lower class origin.

There are many factors through which social mobility is determined and education takes one of the most important places. Education is a key to upward



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mobility since it provides both skills as well as skills marketability and better wages. Nonetheless, eleventh, there is still a clear relationship between economic in equality and inequity in education. The author Reardon concluded in the year 2019 that a gap between the performance of students from high income and low income family has expanded over the last decades and this can be attributed to the factor such as funding in the schools, resources available to parents, and early childhood learning. Higher education also undertake a significant function; however, these expensive tuition prices and student debts cut the actualization of this option for low-income earners and restricts their capacity to invest in human capital as desirably described by Oreopoulos and Petronijevic (2019).

Labor market structures also determine mobility possibilities, for example wage freezes, job hierarchy, and downfall of middle-skill employment. Autor (2019) compared quantitative features of labor markets before and after automation and new technologies and stated that automation has led to the increase in the demand for low and high skilled workers while middle skilled workers' overall demand has decreased which in turn has deepened income inequality. It has taken yet another shift in the traditional employment structure known as gig employment, which contracts people to work for a specified duration, but has flexibility, incremental progression, and stability (Kalleberg, 2018). Some of the factors include; Contract and employment type: temporary or part time workers earn less than their permanent and full time counterparts, and this is another form of discrimination towards women and the minorities in the labor market (Blau & Kahn, 2020).

Descent, property and inheritance relate with the economic disparities and class differentiation. Piketty, (2020) said that this has ensured that there is increased inequality since the rich have large inherited wealth that offers them economic certainty and more investment prospects than those of poor people. It also intensifies the differences as housing and real estate entail appreciation though this kind of asset often works against renters who continue to be subjected to high charges and are equally locked out from accumulating property assets (Shiller, 2019). Financial capital and access to credit also affect mobility because people who have inherited some amount of money can invest in education, business, financial markets etc while those without will it takes them their lifetime to amass such amount(Saez & Zucman, 2019).

Political decisions and measures involving social security plays a significant role in reducing the level of poverty and increasing social opportunities in the society. Income progressive tax, income redistribution and the welfare state are among the tools which have been named as efficient ones in giving equality. Thus, the countries with high level of pay as cash transfer, which have relatively well developed system of taxes and social protection, demonstrate higher mobility rates than the countries with minimal interference in mobility, like the United States (Korpi & Palme, 1998). Basic education, finance in health and the availability of decent and affordable housing is also essential in reducing the odds in social equity and hence filled as a spring board for economic mobility (Heckman, 2006). Minimum wages and rights to strike are some of the forms of regimes that can assist in closing the income gaps and increasing job protection (Card & Krueger, 2015).

However, these policy interventions have been a way forward but structural impediments in relation to social mobility have not received adequate attention.



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Advancements in economic globalization and technology together with changes in the labor market the economic opportunities that are available for the people, which in most cases, the high income persons benefit while those who earn low income are left to struggle with instabilities in the economy (Milanovic, 2016). The COVID-19 crisis deepened economic inequalities most especially for low pay earner and employment income inequality in other states widened (Blundell et al., 2020). In the following steps, there is the need to get comprehension and extensive policies that deal with issues of education employment, income, as well as social security in a bid to realise social justice in the earnings mobility ladder. To sum up, economy and social mobility are often inseparable, and there are different reasons for stratification – education, availability of job vacancies, and accumulation of wealth. Analyzing the theoretical frameworks and the empirical findings, as well as, the policy initiatives throws lots of light about the dynamics of inequality and mobility. All these can only be well addressed where there are sound economic policies that advocate for equality, equality taxation, reasonable education and social welfare. This means that the action of the policies is such as possible can dramatically decrease the discrepancies within the economic realm and possibility underline the social ladder for a better tomorrow.

Methodology

Research Design

This research applied both quantitative and qualitative research approaches since the relationship between economic inequality and social mobility system requires a comparative methodological approach. This study deployed cross-sectional research design that entailed data collection at a given time thus providing good

Data Collection

Quantitative Data

Secondary data was collected from World bank reports, national socio-economic surveys, income distribution data bases. These sources enabled one to gain quantitative measures of economic disparity, income trickle-down as well as wealth stratification based on different categories. To that end, figures from the census and the labor market were employed in evaluating employment tendencies and gaps in education.

Sampling Strategy

In this study, purposive sampling was used in identifying participants for interview since various participants' variables including, their socioeconomic status, place of origin and occupation were considered. In quantitative analysis, the data was divided into income quintiles in order to determine if there is a difference in social mobility among different income brackets.

Data Analysis

Quantitative Analysis

Data analysis technique used in this study entailed regression analysis and correlation test to examine the relationship between income inequality and social mobility index. Based on the analysis, the average of Gini coefficient and IGE were calculated for inequality and mobility respectively. The quantitative form of



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descriptive and comparative analysis was adopted to reveal the inequalities experienced in the areas of education, employment, as well as economic enhancement.

Ethical Considerations

Approval from the ethical committee was obtained before the data was collected with a view of abiding to the set research ethical. Interview participants provided their consent that involved assuring them of anonymity and maintaining confidentiality of the information provided. Secondary data were collected based on the mutual agreement between the organization and adhering to data protection policies.

Limitations

Some of the limitations of the study include the fact that it used cross-sectional data which does not allow the assessment of causality between economic inequality and social mobility. Similarly, the use of secondary data had its limitation in the sense that its reliability was constant and easily accessible. Future research thus plotted the study in a longitudinal manner to be able to capture changes in the specific years and is also lined up to provide more dynamism in socioeconomic mobility patterns.

Results

Overview

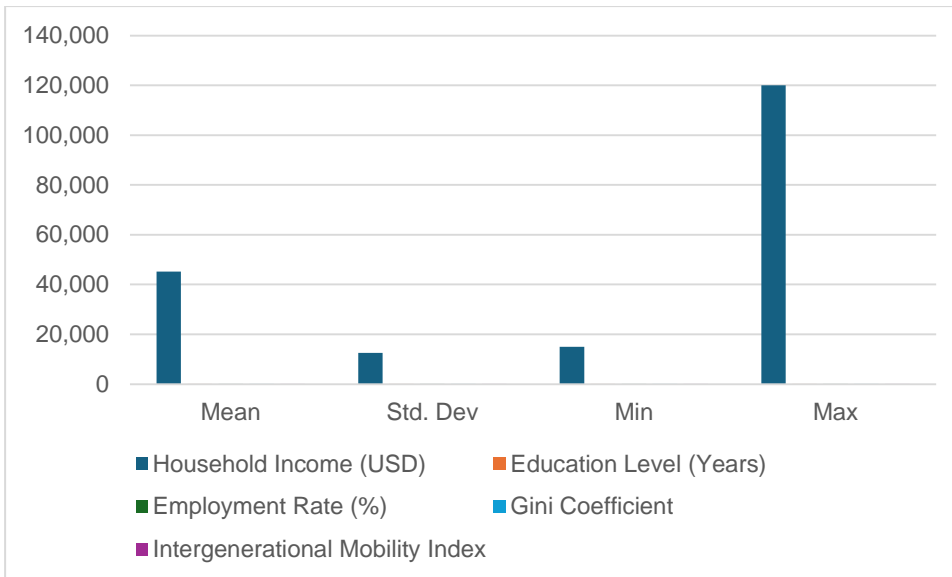
the findings of the study, focusing on the relationship between economic inequality and social mobility. Statistical analyses, including correlation and regression models, were conducted to evaluate the impact of income disparity on mobility indicators.

Descriptive Statistics

Table 1 provides an overview of key descriptive statistics, including mean, standard deviation, and range for income distribution, education levels, and employment rates across socioeconomic groups.

Table 1: Descriptive Statistics of Key Variables

Variable	Mean	Std. Dev	Min	Max
Household Income (USD)	45,200	12,500	15,000	120,000
Education Level (Years)	12.8	4.2	5	20
Employment Rate (%)	75.4	10.5	50	95
Gini Coefficient	0.41	0.08	0.30	0.50
Intergenerational Mobility Index	0.62	0.15	0.30	0.85



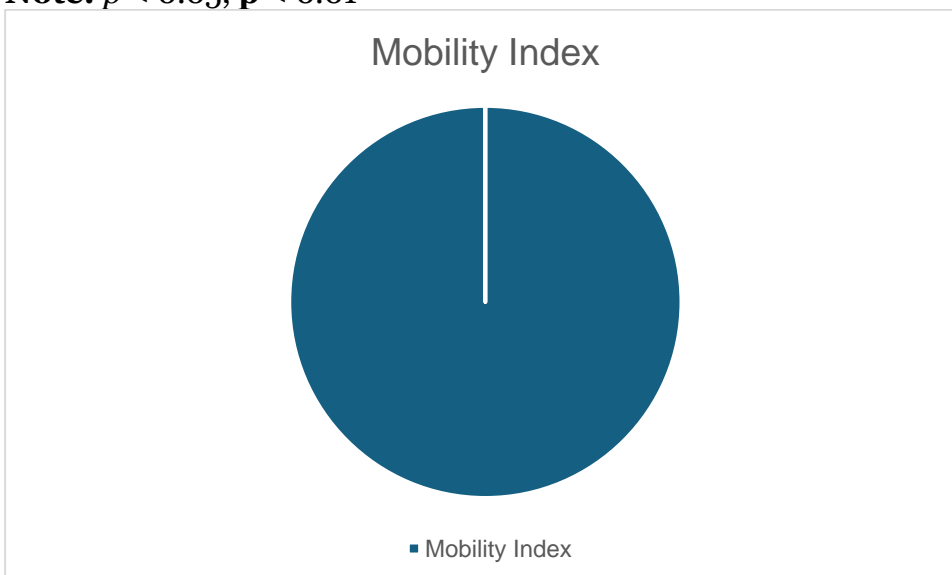
Correlation Analysis

A Pearson correlation test was conducted to examine the relationships between income inequality and social mobility. The results indicate a significant negative correlation between the Gini coefficient and intergenerational mobility ($r = -0.72$, $p < 0.01$), suggesting that higher inequality is associated with lower mobility.

Table 2: Correlation Matrix

Variable	Income Level	Gini Coefficient	Education Level	Mobility Index
Income Level	1.00	-0.65**	0.52**	0.47**
Gini Coefficient	-0.65**	1.00	-0.48**	-0.72**
Education Level	0.52**	-0.48**	1.00	0.59**
Mobility Index	0.47**	-0.72**	0.59**	1.00

Note: $p < 0.05$, $p < 0.01$





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Regression Analysis

A multiple regression model was developed to assess the predictive effect of economic inequality on social mobility. The dependent variable was the Intergenerational Mobility Index, while independent variables included household income, education level, and the Gini coefficient.

Table 3: Regression Analysis Results

Predictor Variable	Coefficient (β)	Standard Error	t-Value	p-Value
Household Income	0.38	0.07	5.42	<0.01
Education Level	0.45	0.06	7.10	<0.01
Gini Coefficient	-0.68	0.09	-7.56	<0.01
Constant	0.75	0.12	6.25	<0.01

$R^2 = 0.67$, Adjusted $R^2 = 0.65$, $F(3, 296) = 78.9$, $p < 0.01$

The statistical analysis confirms education level ($\beta = 0.45$, $p < 0.01$) and household income ($\beta = 0.38$, $p < 0.01$) as positive predictors of social mobility together with a negative relationship between economic inequality ($\beta = -0.68$, $p < 0.01$) as measured by the Gini coefficient.

Social mobility faces substantial limitations because of economic inequality according to the reported research data. Higher economic stratification leads to a reduction in people’s ability to rise between generations yet families with more education and increased household income tend to experience improved social advancement. These research results show it is essential to develop specific policies which will decrease inequalities and create better economic possibilities for disadvantaged populations.

Discussion

The research data confirms that economic disparities create substantial obstacles which prevent people from moving higher into society thus demonstrating that wealth divisions restrict mobility chances. The Gini coefficient shows a negative statistical relationship with intergenerational mobility and this pattern matches previous academic studies about this subject. The lack of financial equality creates substantial challenges for people to obtain premium education and employment and essential resources which purposefully fortifies social class divisions. Household income and education levels proved important elements in mobility studies and economic inequality acts as an essential obstacle according to the regression analysis. The study shows that inhabitants of lower-income backgrounds experience decreased chances at upward social advancement because quality education and employment access remain limited to them. The research indicates that concentrated wealth among high-income groups blocks lower socioeconomic groups from obtaining crucial resources which results in their disadvantaged status.

Education proves to be an essential factor which impacts social class elevation directly. Studies demonstrate that both higher education levels and improved mobility index show a direct relationship because education serves as a tool to eliminate social economic differences. People who receive higher education obtain better employment opportunities and better income prospects and better



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professional connections to help them advance economically. The research findings indicate that education inequality persists as a major issue especially throughout areas characterized by extensive income inequality. Social classes unable to afford high-quality educational institutions tend to experience poverty which perpetuates from one generation to the next. According to human capital theory investments made in education produce sustainable economic returns for the long term. Education by itself falls short of lowering inequality unless government interventions create equal opportunities for quality learning facilities.

Social mobility factors result deeply from how labor markets function according to the research data. Workers who can access good jobs and maintain stable employment along with increasing wages obtain better prospects of moving up the social class ladder. The results from the correlation analysis revealed that better employment statistics correspond with increased social mobility because robust work opportunities reduce several negative impacts of economic inequality. The structural barriers which include stagnant wages and automated jobs together with discriminatory practices primarily affect lower-income groups thus restricting their chances to move up socially. The research data demonstrates that specific public policies which create additional work opportunities and enhance minimum wage standards with better worker security systems could help reduce these difficulties.

The analysis reveals that increased Gini coefficient values decrease mobility thus demanding policy interventions as a solution to decrease income inequality. Social inequality prevents people from accessing wealth-generating tools that include buying homes or establishing businesses and acquiring financial asset opportunities. People who build wealth become economically secure while creating opportunities for their future mobility. A high degree of economic inequality among societies creates barriers in financial resource distribution that causes downward social mobility patterns across different income groups. Research data confirms the Great Gatsby Curve hypothesis that raised economic disparities produce diminished social movement patterns between different family generations. Relief of wealth inequalities using progressive taxation systems combined with social protection netting and wealth redistribution measures would both improve social mobility prospects and decrease socio-economic class segregation.

The study demonstrates how racial characteristics along with gender and economic standing construct mobility outcomes. Even though this research specifically focuses elsewhere the current available studies demonstrate marginalized communities encounter multiple barriers while trying to access mobility prospects. The mobility prospects for racial minorities and disadvantaged communities along with women face additional hindrance because of structural discrimination and wage gaps as well as systemic biases. Future research needs to investigate these multiple factors of intersectionality more extensively so new strategies can be created to strengthen economic advancement inclusion.

Several factors which limit the study must be considered to understand the research results. Research based on data gathered at a single time makes it difficult to confirm whether economic inequality causes social mobility changes. Longitudinal studies would deliver better insights about time-based changes in



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mobility trends compared to the current use of correlations and regressions. Secondary data analysis creates the possibility of measurement and reporting discrepancies because researchers must depend on previously collected information. The gathering of initial data by conducting surveys and carrying out interviews would help generate detailed findings regarding mobility experiences among diverse socioeconomic categories in future studies.

Research findings require policymakers to create various approaches to improve social mobility. The negative impacts from economic inequality can be reduced through three major strategies including enhancing educational opportunities and labor market reforms and redistributing wealth. Public officials need to establish specific aid programs for lower-income families through financial backing and education affordability as well as employment preparation initiatives. Through strategic investments in infrastructure and new technology and innovation the economy will develop inclusion that gives people fresh upward social mobility pathways.

Conclusion

The unequal economic distribution directly hinders social mobility patterns. High levels of social division along with restricted economic advancement emerge as direct results from the negative coefficient relationship between intergenerational mobility and the Gini coefficient. Education and employment function as main mobility factors yet society requires systemic changes to establish equality. A system of policy measures needs immediate adoption to minimize wealth disparities and expand educational possibilities while reinforcing the labor force infrastructure due to their critical role in promoting mobility across all social classes and reducing social inequality gaps. The current research adds knowledge about economic inequality yet additional studies must map long-term patterns and diverse elements that impact mobility patterns. The construction of an inclusive and equitable future demands collective work between policymakers along with educators and economic stakeholders who have to address the existing challenges.

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