

# The Differences of Factors Influencing Employees' Happiness

## —Comparison Based on Enterprise Ownership

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### ABSTRACT

As a measure of enterprise development, affecting an important indicator of business performance, employee happiness's affecting factors have drawn more and more widespread attention. However, are the factors affecting their happiness in enterprises of different ownership in the same way? This paper selects four dimensions: total compensation, organizational commitment, self-realization and health concerns from the degree of influence on employees by a subjective and psychological comprehensive measure of well-being; We build a theoretical model of comprehensive happiness for employees. We also use the correlation analysis and regression analysis under different ownership forms to find out the factors affecting their well-being. The results showed that factors about employees' happiness are different under different ownership of enterprises.

**Keywords:** Employee Happiness; Total Compensation; Organizational Commitment; Enterprise Ownership

### 1. Introduction

After entering the 21st century, the global economy continues to develop fast and people's material life has greatly expanded. Meanwhile there is an increasing call for the satisfaction of spiritual world. Tal Ben-Shahar, who taught Harvard's most popular elective course "Happiness Course", also firmly believes that: "Happiness is the sole criterion for measuring life as well as the ultimate goal of all life goals." Li Ning (2010) believes that in order to implement people-oriented management in the enterprise, we must first focus on grass-roots staff's happiness and activate employee's enthusiasm, initiative and creativity [1]. As to the studies on happiness, the maturer view is to divide it into two orientations: one is subjective well-being (SWB) represented by Diener and the other is psychological well-being (PWB) represented by Ryff's. SWB happiness is named after the people's subjective feelings while PWB puts more emphasis on the psychological experience brought by self-realization. Research on the former has become a priority area of positive psychology; however, SWB does

not directly mean employee's happiness. The more extensively used meaning of employee's happiness is proposed by Warr (1987): staff's overall quality assessment is about experience and responsibilities for their own work [2].

### 2. Literature Review

This paper tries to review the literature from two angles: the structural dimensions of employee's well-being and factors that affect employee's happiness. There are still controversial opinions on employee's well-being dimension problem. Huhtala (2007) selected job burnout and work engagement as the two extreme perspectives of employee's well-being [3]. Hans (2010) divided the work-related well-being into two aspects: job satisfaction and job burnout [4]. Domestic scholar Wen Feng (2006) concluded through empirical research that in mainland China cultural background, work happiness is a structural model of seven factors, including the value of work, environmental controlling, benefits, autonomy, self-acceptance, interpersonal relations and development outlook

[5]. Miao Yuanjiang (2009) incorporated nine dimensions of subjective well-being and psychological well-being in his book and established a local and integrated tool for assessing happiness—"Multiple Happiness Questionnaire" (MHQ) [6]. Feng Dongdong, etc. (2008) pointed out that job satisfaction, physical health and mental health described staff's work and the physical and mental state which can collectively called work happiness [7].

Some scholars have studied the different effective factors of employees' happiness. Hans (2010) discovered that job insecurity has a significant negative impact on happiness while respectively researching on job insecurity and happiness relationship at the quantity and quality level [4]. Wegge (2006) found that organizational identity is an independent predictor of job satisfaction, turnover intention, organizational citizenship behavior and employee's well-being, and employee with high organizational identity showed higher work motivation and employee well-being [8]. Domestic scholar Teng Qingan (2007) used economic income, social status, relationships, health, education and leisure these 6 indicators as social indicators for researching staff well-being when compare employees' happiness in different ownership enterprises [9]. Deng Bo and Ma Zhanjie (2008) divided these factors into four elements: organizational commitment, psychological ownership, full pay and job security through building staff's SWB formation mechanism model, indicating that the theoretical model can effectively improve employee well-being and the organizational cohesion [10]. Based on previous studies, this paper attempts to build a more comprehensive employee happiness index system, considering both the subjective and psychological dimensions and explore the different factors that affect their well-being based on the different ownership perspective.

### 3. The Putting Forward of Hypotheses

The questionnaire major integrated Deng Bo and Ma Zhanjie's formation mechanism model on employee's SWB and the psychological well-being dimensions used in Miao Yuanjiang's comprehensive happiness questionnaire, selecting total compensation, organizational commitment, self-realization and health concerns these four indicators to comprehensively consider employees' happiness and building a theoretical model of staff's comprehensive happiness (see **Figure 1**).

#### 3.1. Total Compensation

Total Compensation contains 16 dimensions, of which there are 12 significantly correlated with employees' SWB [11]. Wang Lingyun and Liu Hong (2007) concluded that although the pay system in all kinds of ownership are biased to mechanical compensation system,

but foreign companies attach the most importance to position payment and external equity, while state-owned enterprises put the most emphasis on internal equity and private enterprises see the highest degree of attention to performance based on empirical analysis of different ownership enterprises' pay system [12]. Wang Wen (2009) proved that state-owned enterprises' return rate on employees' education and work experience is much lower than that in non-state-owned enterprises, resulting state-owned enterprises' deteriorating technical talent through empirical and commentary study from home and abroad [13].

Accordingly, we propose Hypothesis 1: the perfection degree of total compensation significantly affects happiness of employees.

#### 3.2. Organizational Commitment

The higher organizational commitment of employees can enhance employees' organizational loyalty and dependence, increase their sense of ownership and thus increase the employee's subjective well-being [10]. Liu Xiaoping (2003) found through a comparative study that managers and general staff's level of emotional commitment in state-owned enterprises and foreign invested enterprises are on the contrary. Organizational culture under the foreign background sees heavily on economic exchange, which is closely associated with the continued commitment. Organizational culture under the state-owned enterprises sees heavily on social exchange, which is closely associated with the emotional commitment [14]. Xin Xun (2006) explored the interrelation between total compensation and organizational commitment targeted groups of knowledge workers, which found that overall satisfaction with the total compensation has a significant positive correlation with organizational commitment, emotional commitment, continuous commitment and normative commitment and the overall pay satisfaction affects organizational citizenship behavior, performance, and turnover rates by influencing organizational commitment [15].

Accordingly, we propose Hypothesis 2: the validity level of organizational commitment significantly affects employees' happiness.

#### 3.3. Self-Realization

Self-realization need is the highest requirement of Maslow's hierarchy of needs. Aristotle's Realization Theory considers the true meaning of happiness is not joy and self-realization is the only source of happiness. Zhang Lu and Zuo Bin (2007) indicated through researches that self-realization is the theoretical basis of psychological well-being and philosophical roots and they also affirmed the importance of self-realization for

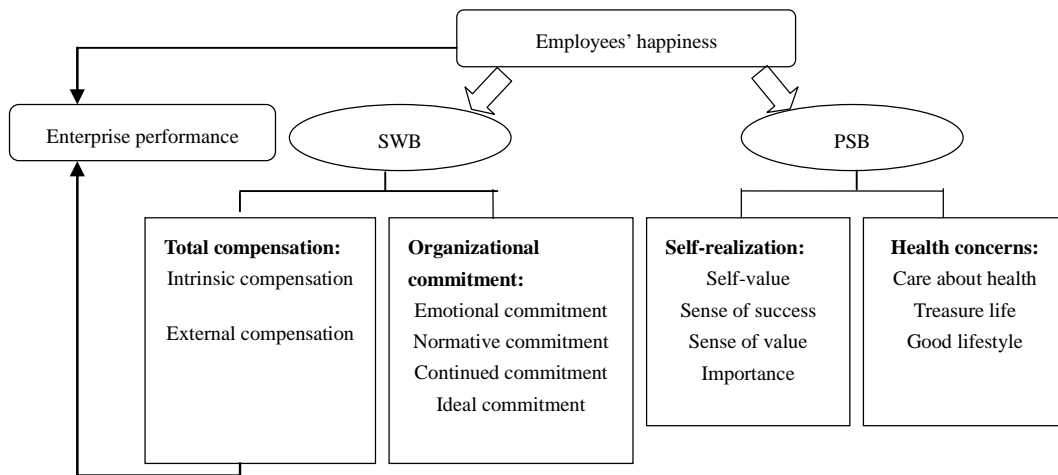


Figure 1. Theoretical model of staff's comprehensive happiness.

happiness [16]. Miao Yuanjiang (2011), etc. studied the new perspective of realizing happiness based on identity theory, theory of self-determination and self-purpose theory and believed that it constitute the overall framework of individual happiness with subjective well-being and psychological well-being [17].

Accordingly, we propose Hypothesis 3: self-fulfilling satisfaction significantly affects employees' well-being.

### 3.4. Health Concerns

“The body is the capital for revolution.” Enterprises should focus on employee health and leisure, increase investment in employee health and let them really feel satisfied. Teng Qingan (2007) pointed out that in enterprises of different ownership, employee's health and leisure are different in the study of factors affecting employee well-being. The correlation value between leisure activities satisfaction and people's life satisfaction is 0.42 [9]. Miao Yuanjiang also put health and leisure as an important dimension into the comprehensive happiness questionnaire in his book “Psychology's Perspective of Happiness”.

Accordingly, we propose Hypothesis 4: the degree of concern for their own health significantly affects employees' well-being.

### 3.5. The Impact of Different Enterprises Ownership

Many companies have seen enhancing employee well-being as one of important organizational goals. However, under different ownership enterprises, corporate culture, remuneration system, and organizational management all have different characteristics. Zhang Xinggui (2011) showed through empirical research that employees' satisfaction in different ownership enterprises is significantly different. The well-being of employees from pri-

vate enterprises was significantly lower than that of employees from state-owned enterprises and joint-stock enterprise [18].

Therefore, we propose Hypothesis 5: the factors of employee well-being are significantly different in enterprises of different ownership.

## 4. Research Design

### 4.1. Sample Selection and Data Sources

This questionnaire is designed by using a combination of Yang Yuanjiang's comprehensive Happiness Questionnaire and Yang Xinxin's (2009) happiness questionnaire [19]. It is more prominent in the integration of subjective well-being and psychology well-being, selecting comprehensive compensation, organizational commitment, self-fulfillment and health concerns these four dimensions. And we use 5 Likert scale for positive rating, which means “1” represents strongly disagree and “5” represents very consistent. We also use SPSS16.0 as the statistical analysis tools.

The Survey's data is collected through questionnaires to enterprises and institutions mainly for the Yangtze River Delta region. We received a total of 150 questionnaires, among which are 110 valid questionnaires and the effective rate was 73%. And the number of samples from private enterprises is 60, foreign-funded enterprises 15 samples and state-owned enterprises 35.

### 4.2. Measurement of Study Variables

The total compensation dimension set 10 test items, using individual level measurement and allowing respondents to describe the degree of realization of their expected job return from compensation and benefits, training opportunities, working conditions, relationships and other aspects.

Organizational commitment is designed to allow each respondent to describe their identity, sense of belonging and loyalty to the organization from their own perspective. These aspects clearly reflect the degree of realization of organizational commitments to employees, which determines the psychological distance between employee and organization. This part has a total of nine test items.

Self-realization dimension focuses on reflecting respondents' subjective feelings of self-evaluation, investigating their satisfaction of their own value, quality and working conditions and these aspects have a great influence on employees' psychological well-being. This part has a total of eight test items.

Health concern is also an important dimension which affects employees' psychological well-being. This part has a total of four test items, focusing on reflecting respondents' satisfaction of physical fitness and lifestyle.

Sample's reliability and validity. Through the Cronbach's  $\alpha$  value test of staff happiness factors' dimensions, we measured the internal consistency between the questions. The results showed the Cronbach's  $\alpha$  value of employees' happiness, total compensation, organizational commitment, self-realization, and health concern were 0.821, 0.887, 0.760, 0.860 and 0.762, which are all over the recommended 0.7; therefore, the sample has a high reliability.

## 5. Empirical Analysis

This paper focuses on the research of what are the existing different factors about staff's happiness under different ownership. Therefore, we first discuss whether there are some differences on employees' happiness in different ownership enterprises. Then we use correlation analysis to examine the correlation between the independent variables and the dependent variable and regression analysis to test factors of employees' happiness in different ownership enterprises.

### 5.1. Variance Analysis of Employees' Happiness in Different Enterprises Ownership

In contrast, there do exist differences among employees from different ownership enterprises. Private enterprises' employee has the strongest happiness with an average score of 3.37; foreign enterprises scored 3.29; while as the weakest, state-owned enterprises scored 2.93. Meanwhile, the single-factor analysis of variance showed that employees' happiness of different ownership enterprises differs at the 0.05 level.

### 5.2. Correlation Analysis

Through correlation analysis of the overall sample, **Table 1** can be obtained from which we know that total compensation and organizational commitment are posi-

tive correlated with employees' happiness at the level of 0.01 and correlation coefficient are 0.910, 0.637, supporting the Hypothesis 1, 2. And the accompanied probability Sig. of self-realization and health concerns are 0.02, 0.04, both less than the significant level of 0.05. This describes a significant correlation between self-realization, health concern and employees' happiness, and the correlation coefficients are 0.503, 0.453, and thus support Hypothesis 3, 4.

### 5.3. Regression Analysis

To further verify the hypothesis, we use the regression analysis for the multiple linear regression about the overall sample, state-owned enterprises, foreign-funded enterprises and private enterprises samples. The results are shown in **Table 2**.

From **Table 2** we can see, there are differences on the impact factors of employees' happiness in state-owned enterprises, foreign-funded enterprises and private enterprises. In state-owned enterprises, the significance level of total compensation and organizational commitment are over 0.01, and self-realization's significance level is more than 0.05 while health concern has little effect on its employees' happiness. In foreign-funded enterprises, the total compensation affects employees' well-being at the significant level of 0.01; organizational commitment and health concerns are at the 0.05 significance level and self-realization is not played a significant influence. For private enterprises, total compensation, organizational commitment and self-realization all have reached a significant level of 0.01, indicating that the three variables has a significant effect on staff well-being. Thus, it can be seen that in different ownership enterprises, the factors that affect employees' well-being are differed, which supporting Hypothesis 5.

## 6. Conclusions and Discussion

The empirical results show that total compensation, organizational commitment, self-realization, and health concerns have a significant impact on happiness of employees and in different ownership of enterprises, the factors that affect employees' well-being are different, mainly in the following aspects:

First, for state-owned enterprises, the total compensation and organizational commitment are major factors that affect their employees' happiness. This is due to a better welfare and because the overall salary level is high in state-owned enterprises and state-owned enterprises have more strengthen caste system, making employees feel strong emotional commitment, normative commitment and ideal commitment. Self-realization significantly affects happiness of employees from state-owned enterprises, indicating that the fair and equitable devel-

**Table 1. Correlation analysis of employees' happiness in sample companies.**

		Employee Happiness	Health concerns	Total compensation	Organizational commitment	Self-realization
Employee Happiness	Pearson correlation	1				
	Significance (two tails)					
Health concerns	Pearson correlation	0.453*	1			
	Significance (two tails)	0.004				
Total compensation	Pearson correlation	0.910**	0.365**	1		
	Significance (two tails)	0.000	0.000			
Organizational commitment	Pearson correlation	0.637**	0.264*	0.373**	1	
	Significance (two tails)	0.000	0.012	0.000		
Self-realization	Pearson correlation	0.503*	0.605**	0.352**	0.298*	1
	Significance (two tails)	0.002	0.000	0.001	0.004	

Notes: \*\*significantly related at the 0.01 level (two tails), \*significantly related at the 0.05 level (two tails).

**Table 2. Different samples' regression analysis comparison.**

Variables	Total samples	State-owned enterprises	Foreign-founded enterprises	Private enterprises
	Standardized coefficient	Standardized coefficient	Standardized coefficient	Standardized coefficient
Total compensation	0.287**	0.148**	0.246**	0.609**
Organizational commitment	0.499**	0.914**	0.203*	0.305**
Self-realization	0.099	0.134*	-	0.368**
Health concerns	-	-	0.123*	-
R	0.708	0.836	0.548	0.867
R <sup>2</sup>	0.501	0.698	0.300	0.752
Adjusted R <sup>2</sup>	0.477	0.638	0.285	0.731

Notes: \*\*Significant at 0.01 level, \*Significant at 0.05 level.

opment space and the affirmation of employees' value are closely linked with the employees' happiness. While the health concerns of SOE employees' happiness are not significant, possibly because employees bear more psychological pressure and the pressure on the body is relatively small, so the degree of concern for health is not high.

Second, for foreign-funded enterprises, total compensation has the greatest impact on employees' well-being. In these enterprises, human resource management policies are more comprehensive, and training, performance and compensation systems are relatively mature. Foreign companies employ more humane management so staff's intrinsic and extrinsic salaries have got a great incentive. The results show that organizational commitment and health concerns also have a significant influence on staff's well-being. On the one hand, since the foreign enter-

prise has a mature management system, its organizational promotion and employees' career development are relatively clear. On the other hand, employees in the foreign-founded companies are under the heavy load of tasks and they are in urgent need to strengthen the health training and better enjoy life. While the self-realization's effect on the happiness of employees is not significant under the foreign work environment, the importance and influence of teamwork is far greater than the individual, and personal values are often ignored.

Third, as to the private enterprise, its main factors of employees' well-being are comprehensive compensation and self-realization. Private enterprises have more relaxed working atmosphere for employees and give full play to their talents to provide a space for development; and in recent years, China's increasing support for private enterprises, makes employees' work very satisfying.

Organizational commitment also significantly affects employees' happiness. When employees feel no reward, their happiness will be greatly reduced. Health concerns' influence on staff's well-being is not significant, indicating that many employees in private enterprises are committed to seeking better career development; although they are facing the heavy work pressure, health factors can not significantly increase their happiness.

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