Public sector employment, relative deprivation and happiness in adult urban Chinese employees

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SUMMARY
The decline in perceived happiness within economic prosperity in Chinese society calls for further examination. In this research, we investigate the effect of employment in public sector work units on perceived happiness through the mediation of economic and social status relative deprivations. In the reform era of China, work unit is still an important mechanism maintaining social inequality, and those working in government/Communist Party agencies and public institutions have advantages of getting access to high wage, comprehensive welfare and the manipulation of administrative public power. Such economic and social status advantages are expected to reduce their relative deprivation and further promote their perceived happiness. Using a nationwide survey data conducted in 2006, we find working in public sector can significantly reduce the odds of experiencing economic relative deprivation, which is further contributive to the improvement of subjective wellbeing.

Key words: mental health promotion; urban China

INTRODUCTION
The link between relative deprivation and happiness
In the past decades, remarkable economic growth has been witnessed in mainland China, and the material life of urban Chinese citizens has been significantly improved since the 1980s (Ravallion and Chen, 2007). Intuitively, this economic prosperity should raise the general happiness of individuals after the longtime shortage economy lasting from the 1950s to the 1970s (Knight and Gunatilaka, 2010). However, people’s subjective wellbeing, such as life satisfaction and perceived happiness, declined, surprisingly, according to recent studies (Yu, 2008). This fall in happiness during the rising economy constitutes the so-called ‘China puzzle’ (Brockmann et al., 2009), which calls for further academic investigation.

Relative deprivation is a well-documented mechanism that depresses perceived happiness (Subramanian and Kawachi, 2004; Wilkinson and Pickett, 2006). According to the classic definition by Runciman, relative deprivation refers to the satisfaction of the following conditions: ‘(1) he does not have X, (2) he sees some other person or persons, which may include himself at some previous or expected time, as having X, (3) he wants X and (4) he sees it as feasible that he should have X’ (Runciman, 1966). Relative deprivation has significant impacts on health status especially psychological wellbeing (Wilkinson and Pickett, 2006). In the existing literature, the negative correlation between relative deprivation and perceived happiness has been documented among the studies performed in many industrialized countries such as the UK (Clark and Oswald, 1996), the USA (Stouffer et al., 1949; Blanchflower and Oswald, 2004;
Luttmer, 2005) and Germany (Ferrer-i-Carbonell, 2005; Brockmann, 2010). Studies in Eastern Asian countries also highlight similar findings. For instance, Urakawa and Matsuura (2007) and De la Garza et al. (2008) find people in Japan are happier when their income is higher than their peers. A cross-national research on China, Japan and Korea performed by Oshio et al. (2011) points out that the comparison with the average income level of reference group is significantly associated with individuals’ perceived happiness among these countries.

In China, Brockmann et al., (2009) coin a specific version of relative deprivation called ‘frustrated achievers’ to account for the decline in happiness in the economic prosperity of contemporary China. In particular, ‘frustrated achievers’ refers to those whose relative income positions deteriorate even though the social reform in Chinese society brings about financial gain for them in absolute terms. In other words, the exacerbation of social inequality in the reform era turns most Chinese citizens into frustrated achievers. The experience of relative deprivation causes the massive fall in happiness. Besides Brockmann’s research, relative deprivation has been widely used to explain the lower level of perceived happiness among city dwellers. For example, the findings of Smyth et al. (2008) suggest that having wealthier city mates lowers subjective well-being of urban residents. Xin and Smyth (2010) provide evidence for the negative effect of economic openness in metropolitan areas on happiness and they attribute it to the massive feeling of relative deprivation. Using National Household Survey 2002, Knight and Gunatilaka (2010) find unhappiness of migrants in the urban area can be accounted for by their high aspirations in relation to achievement. The research of Knight et al. (2009) also reveals that relative income within original village and over time are important determinants for current happiness among migrants to large cities in China.

**Aim of this study**

The above-reviewed researches provide solid supportive evidence for the negative effects of relative deprivation upon perceived happiness in the context of intensified social inequality in Chinese society. Following this line of thought, it is reasonable to hypothesize that the social institutions which maintain social inequality would bring about psychological consequences on perceived happiness through increasing or decreasing the extent of relative deprivation among individuals affiliated within these institutions. Employees of different institutions might have a different degree of subjective wellbeing due to their differential relative deprivation. In China, one of the long-lasting institutions which stratify adult employees in urban China is work unit (dangwei). In this research, we will investigate whether people working in public sector work units have a higher level of perceived happiness due to reduced exposure to relative deprivation compared with employees in other types of work units.

**WHAT IS WORK UNIT?**

Work unit, also called ‘danwei’ in China, has been extensively studied by sociologists and political scientists (Walder, 1986; Bian, 2002). Before the reform in the late 1970s, work unit has been the basic social management unit by the government in urban China in the sense that all urban residents had to be affiliated with a specific work unit. Almost every aspect in the life of urban employees is determined by their work unit in the centrally planned society, such as urban workers’ wages, retirement pension, housing, children’s education, social security and mobility, among others.

Work units in different sectors, however, were not the same in their capacities for disposing of social resources. The public-sector work units such as government or Communist Party agencies were de facto the distributor of scarce social resources and thus stayed at the highest work unit rank. Employees in these types of work units could thus benefit financially much more than those in other types of work units such as ordinary enterprises. Public sector employment in government or Communist Party agencies was generally viewed as a sign of higher social and economic status in the centrally planned economy up until the late 1970s (Walder, 1986).

Although the reform and open-up policy in the late 1970s launched a series of changes in government and Communist Party agencies such as eliminating the life tenure of officials and downsizing the overstuffed state apparatus, empirical sociological research points out the continuation of the social and economic
advantages of public sector employees (Bian and Logan, 1996; Walder, 1996; Guthrie, 1999; Lu, 1999; Gerber, 2002). In particular, government and Communist Party agencies in the reform era are still supported by government finance, which means employees in these work units can on average get access to higher wages, better job security and comprehensive welfare. Besides, those who work in government and Communist Party agencies are able to monopolistically manipulate a variety of public administrative powers, which suggests their comparative higher social status compared with employees in general enterprises or social organizations.

In short, work units of government and Communist Party agencies still take a high-rank position among all kinds of work units today due to their higher financial and social status. These advantages of public sector work units, according to the relative deprivation theory, suggest that those who work for government and Communist Party agencies may on average suffer less from relative deprivation compared with private sector employees, which would further contribute to their higher perceived happiness.

DATA AND METHODOLOGY

Sample
The data used in this article are the urban section of Chinese General Social Survey 2006 (CGSS 2006). CGSS 2006 is a comprehensive representative survey which resembles General Social Survey in the USA. CGSS 2006 adopted multi-level stratified sampling strategy and covered 22 provinces (omitting Tibet), 4 autonomous regions and 4 municipalities directly under the central government. The originally sampled respondents are aged above 18 years and the final sample size is 6013. Since the focus of this research is the effect of work unit types upon relative deprivation and happiness, we will further restrict our analysis to those adults who are employees. This operation reduces our sample size to be 4767.

As a nationwide representative survey data, CGSS 2006 provides us the opportunity to examine the determinants of happiness among Chinese adult employees with a large sample size. The series of CGSS has been conducted periodically since 2003 and CGSS 2006 is the most recent wave which is publicly accessible to date. The advantage of using CGSS 2006 in this research is that the questions about respondents’ perceived happiness, attitudes towards income, self-identification of social status, occupational background and demographic characteristics are included in this specific wave. In this regard, CGSS 2006 is one of the best data sources for our research purposes in this study.

Measures
The outcome variable of interest is the perceived level of happiness, which is measured by the question: **In general, what do you think about your life?** The responses were originally coded into five levels: 1 = very unhappy; 2 = slightly unhappy; 3 = neutral; 4 = slightly happy; and 5 = very happy. This measure has been broadly used in sociological and psychological studies and proved to be a reliable measure of perceived happiness (Veenhoven, 1996). In the following analysis, this variable is recoded by combining the first two levels into ‘unhappy’ and levels 4 and 5 into ‘happy’. So finally, the dependent variable has three categories: ‘unhappy’, ‘neutral’ and ‘happy’.

Two variables in CGSS 2006 are used to measure relative deprivation. The first one can be called relative deprivation in economic status, which is measured by income satisfaction: **Considering your capabilities and your job, what do you think of your income?** Responses are coded into two levels: 1 = unacceptable; 0 = acceptable. Income satisfaction has been shown to be highly associated with economic relative deprivation (D’Ambrosio and Frick, 2007; Brockmann et al., 2009), so it is a reliable measure. The second measure of relative deprivation is the self-identification of social class, or relative deprivation in social status, which is expressed with the question **In your opinion, which strata does your financial situation belong to?** The respondents can choose from the following five options: 1 = upper level; 2 = mid-upper level; 3 = middle level; 4 = mid-lower level and 5 = lower level. In our following analysis, we combine level 1 and level 2 to be upper class and level 3 and level 5 to be lower class, so the final categories of social status relative deprivation are ‘upper class’, ‘middle class’ and ‘lower class’. The importance of relative deprivation in social status to perceived happiness has been widely documented (Gerry 2005;
Zagefka and Brown 2005). In a recent research performed by Zhang et al. (2011), both relative deprivations in economic and social statuses have significant negative effects on individual’s life satisfaction. Thus, in order to fully understand the psychological effects of relative deprivation, it is necessary to take both of them into account.

Work unit type is measured by the question What is the type of your work unit when you get married? with responses coded as 1 = Communist Party and government agencies; 2 = public institutions; 3 = enterprises; 4 = social organizations and 5 = private business. Among these five categories, Communist Party agencies, government agencies and public institutions are treated as work units in the public sector. Communist Party and government agencies are self-evident. Public institutions can be seen to be the extension of Communist Party and government agencies. For instance, the second article of Interim Regulation on the Registration of Public Institutions (2004) in China refers public institutions to ‘social service organizations sponsored by state organs or other organizations using state-owned assets that engage in educational, science and technological, cultural, medical and other activities for the purpose of social benefit.’ In contemporary China, public institutions are usually supported by government finance and they mainly assist Communist Party and government agencies in implementing administrative policies. Thus, it is reasonable to categorize public institutions in the public sector. The category of enterprises is very broad and covers both public-owned and private-owned enterprises. Public-owned enterprises are not counted in the public sector in this research because their ties to the central political authority have been extraordinarily weakened as the command economy has been abandoned. Thus, state-owned enterprises no longer involve the manipulation of public powers. Moreover, public-owned enterprises have been found to be subject to the ‘hard-budget’ constraints as the deprivation of government financial subsidies (Kornai, 1986). Many public-owned enterprises in the reform era face severe financial difficulties in the market. Taken together, it is more appropriate to classify enterprises into the category of non-public sector. A caveat is in order here. In contemporary China, certain monopoly public-owned enterprises such as China Bank or Petro China are indeed beneficial groups and employees in these work units have considerable high wages and welfare. However, the questionnaire of CGSS 2006 cannot single those monopoly enterprises out and thus we cannot make a distinction between monopoly public-owned enterprises and ordinary public-owned enterprises. This limitation, nevertheless, can be tolerated in the light of the fact that the percentage of employees in these monopoly enterprises is relatively small compared with the number of employees in all types of public-owned enterprises in Chinese society.

Taken together, work unit type is categorized into public sector (Communist Party agencies, government agencies and public institutions) and non-public sector (enterprises, social organizations and private business). It is helpful to mention that demographic studies have shown that people’s career trajectories in the life course usually become stable after they get married (Oppenheimer, 2003). Thus, the work unit type at marriage can well reflect adults’ careers in urban China.

Several control variables are considered in this research. First we control for comprehensive income. In CGSS 2006, both wage income and business income are measured. Wage income is measured by the question What is your wage income from your current job in the last month, including wage, premium and allowance? and business income is measured by the question In the business activities mentioned above, what is your net income in 2005? Here, the net business income means that the respondents should specify their own share of the business if it is operated with others. In this paper, comprehensive income is measured by a combination of these two income variables and calculated as $12 \times$ monthly wage income + annual business income. As in many other studies, the income is log-transformed. Besides comprehensive income, we also control for age, education (1 = primary school and below; 2 = middle school; 3 = high school; 4 = college and above), gender (1 = female; 0 = male), ethnicity (1 = Han; 0 = other ethnicities), marital status (1 = divorced, living apart, or widowed; 0 = others), household registration status (1 = urban; 0 = rural), self-rated health status (1 = very unhealthy; 2 = unhealthy; 3 = healthy; 4 = very healthy), job status (1 = full time; 0 = part time) and Communist Party membership (1 = yes; 0 = no).
Methodology

Since our outcome variable is an ordinal categorical variable, the common statistical model is ordinal logistic regression, which is an extension of the usual model for binary data (Scott et al., 1997). However, one important assumption of ordinal logistic regression is the proportional odds assumption that requires the cumulative odds ratio for any two values of the covariates being constant across response categories. The analysis in this research, unfortunately, violates this assumption and ordinal logistic regression is inappropriate here. An alternative analytical strategy is to treat the ordinal outcome variable as a nominal one and use multinomial logistic regression model.

By setting the reference level to be unhappy, we have the following multinomial logistic model with α and β being regression coefficients of covariates:

\[
\log \frac{P(\text{being happy})}{P(\text{being unhappy})} = \alpha \text{ covarites} \quad (1)
\]

\[
\log \frac{P(\text{being neutral})}{P(\text{being unhappy})} = \beta \text{ covarites} \quad (2)
\]

The theoretical discussion above suggests a mediation effect model, as shown in Figure 1. As hypothesized, public sector employees are expected to be happier than those in the non-public sector because they feel less relative deprivation. This hypothesis means relative deprivation plays a mediation role between public sector employment and perceived happiness. In Figure 1, public sector employment can have indirect effects on happiness through economic and social status relative deprivations (dotted lines). The effect of public sector employment on happiness which is not explained by these two types of relative deprivations is denoted with the direct effect (solid line). This mediation model, nevertheless, cannot be directly shown in multinomial logistic regression. In order to test whether relative deprivations in economic and social statuses intermediate between public sector employment and perceived happiness, we apply the `idecomp` model in STATA 12 to decompose the total effects of public sector employment on happiness into direct and indirect effects (Buis, 2010).

RESULTS

Table 1 presents the descriptive information about the covariates used in this research. The average age for adult employees in urban China is 42 with standard deviation 13. As to their educational background, 17% of respondents have

![Fig. 1: Illustration of mediation effect. Note: dotted lines refer to indirect effects of public sector employment on happiness through economic and social status relative deprivation. Solid line is the direct effect of public sector employment on happiness net of indirect effects.](image-url)
primary school education and below, 32% finished middle school and 32% finished high school. College degree holders and other higher education receivers take around 19% in the sample. The average log value of comprehensive income is 9.27. There are a little bit more female adults in our sample (52%) and only 6% of people in this sample are divorced, living apart or widowed. Most of the respondents are urban residents with 85% holding urban household registration status. In addition, most respondents rate themselves to be healthy (62%), 86% of adult employees in urban China have full time jobs and the majority of them have Han ethnicity. Communist Party members constitute 12% of the sample and 20% of respondents work in government/Communist Party agencies or public institutions. Finally, a half of the respondents state that they endure economic relative deprivation and over 60% of respondents self-identify themselves to be lower class.

In Table 2, we present the results of multinomial logistic regression. For all of the models presented here, no multicollinearity has been detected as all variance inflation factor values are <10. The reference level of happiness is set to be unhappy so that Table 2 has two sections: section one refers to the happiness level of ‘neutral’ versus ‘unhappy’ and section two refers to the happiness level of ‘happy’ versus ‘unhappy’. From section one, we can find that working in public sector work units can significantly promote perceived happiness from unhappy to neutral with odds increased by 80% ($e^{0.59} - 1$). Similar extent of positive effects persists after controlling for economic and social status relative deprivation. Economic relative deprivation is found to have a significant and remarkable negative effect on perceived happiness. Compared with those who do not suffer from economic relative deprivation, experiencing economic relative deprivation can reduce the likelihood of transiting from unhappy to neutral by around 64% ($1 - e^{-1.02}$ and $1 - e^{-1.03}$). No substantial changes are detected in this effect after controlling for relative deprivation in social status. Finally, there are no evident negative effects for social status relative deprivation as the odds of transiting from unhappy to neutral do not reveal significant changes if an individual demotes from upper class to either middle or lower class.

Section two of Table 2 shows the effects of covariates on the likelihood of transiting from unhappy to happy. Like the pattern we find in section one, public sector employment is positively correlated with the likelihood of achieving a higher level of happiness. This contributive effect, moreover, does not show remarkable variation after adding different types of relative deprivation into models. Economic relative deprivation can reduce the odds of transiting from unhappy to happy by 86% ($1 - e^{-1.02}$ and $1 - e^{-1.03}$). No substantial changes are detected in this effect after controlling for relative deprivation in social status. Finally, there are no evident negative effects for social status relative deprivation as the odds of transiting from unhappy to neutral do not reveal significant changes if an individual demotes from upper class to either middle or lower class.

In sum, what we find in Table 2 suggests that economic relative deprivation is an important

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>42.73</td>
<td>13.19</td>
<td>18.00</td>
<td>70.00</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary school and below</td>
<td>0.17</td>
<td>0.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle school</td>
<td>0.32</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school</td>
<td>0.32</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College and above</td>
<td>0.19</td>
<td>0.39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Log income</td>
<td>9.27</td>
<td>0.83</td>
<td>3.00</td>
<td>13.42</td>
</tr>
<tr>
<td>Gender (female)</td>
<td>0.52</td>
<td>0.50</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Divorced, living apart or widowed</td>
<td>0.06</td>
<td>0.25</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Household registration status (urban)</td>
<td>0.85</td>
<td>0.35</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Self-rated health status</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very unhealthy</td>
<td>0.03</td>
<td>0.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unhealthy</td>
<td>0.18</td>
<td>0.39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthy</td>
<td>0.62</td>
<td>0.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very healthy</td>
<td>0.17</td>
<td>0.37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job status (full time)</td>
<td>0.86</td>
<td>0.35</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Ethnicity (Han)</td>
<td>0.95</td>
<td>0.21</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Communist Party member</td>
<td>0.12</td>
<td>0.32</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Public sector employment</td>
<td>0.20</td>
<td>0.40</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Economic relative deprivation</td>
<td>0.50</td>
<td>0.50</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Social status relative deprivation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper class</td>
<td>0.03</td>
<td>0.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle class</td>
<td>0.29</td>
<td>0.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower class</td>
<td>0.68</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

determinant of individual’s perceived happiness among adult employees in urban China. Experiencing economic relative deprivation can exert significant negative effects on the odds of transiting from unhappy to neutral as well as from unhappy to happy. Compared with economic relative deprivation, no comparable significant effects can be found for social status relative deprivation on the odds of promoting from unhappy to neutral. Although self-identification with lower class compared with upper class can reduce the odds of being happy from unhappy, such effect cannot hold after controlling for economic relative deprivation. Taken together, it is economic inequality that mainly affects perceived happiness within urban adult employees.

In addition to the covariate of relative deprivation, the information about control variables shown in Table 2 is consistent with common intuitions. For instance, comprehensive income,
full time employment and physical health status are all found to be positively correlated with the odds of transiting from unhappy to neutral as well as from unhappy to happy. The marital status of divorced, living apart or widowed is negatively correlated with perceived happiness.

The results of multinomial logistic regression inform us the positive effect of public sector employment and the negative effect of relative deprivation on perceived happiness. However, it is still unclear whether the higher level of happiness among public sector employees can be attributed to their lower relative deprivation. In order to answer this question, we perform mediation test and the findings are presented in Table 3.

In Table 3, the left column refers to direct and indirect effects illustrated in Figure 1. The sum of them constitutes total effect. From Table 3, we find that economic relative deprivation can significantly mediate between public sector employment and happiness. In particular, of the total effects of public sector employment on perceived happiness, economic relative deprivation explains 13 and 25%, respectively, for the transition from unhappy to neutral and from unhappy to happy. Table 3 also presents the mediation effect of relative deprivation in social status. For the odds of transiting from unhappy to neutral, we do not find any mediation effect. In terms of the likelihood of transiting from unhappy to happy, 17% of the total effect can be attributed to social status relative deprivation. However, as what we find in Table 2, such mediation effect de facto reflects economic relative deprivation.

In sum, Table 3 provides us evidence to support the mediation effect of economic relative deprivation on the positive influences of public sector employment to perceived happiness. As what we hypothesized at the beginning of this research, those who work in government/Communist Party agencies and public institutions can on average have less economic relative deprivation, which further contributes to their better off subjective wellbeing. However, social status relative deprivation is not found to be relevant, which suggests that the advantages of public sector employees which reduce their relative deprivation are mainly financial ones.

CONCLUSION AND DISCUSSION

The decline in perceived happiness within the economic prosperity in Chinese society constitutes the China puzzle. In order to promote a further understanding of this puzzle, we investigate the effect of employment in public sector work units on perceived happiness through the mediation of relative deprivations in economic and social statuses. In the reform era of China, work unit is still an important mechanism maintaining social inequality (Xie and Wu, 2008), and those working in government/Communist Party agencies and public institutions have advantages to get access to high wage, comprehensive welfare and the access to administrative public power. Such economic and social status advantages are expected to reduce their relative deprivation and further promote their perceived happiness. Using a nationwide survey data of CGSS 2006, we find working in public sector can significantly reduce the odds of experiencing economic relative deprivation, which is further helpful to the improvement of subjective wellbeing.

**Table 3:** The results of the mediation test

<table>
<thead>
<tr>
<th>Economic relative deprivation</th>
<th>Happiness (neutral versus unhappy)</th>
<th>Happiness (happy versus unhappy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total effect</td>
<td>0.64 (0.26)**</td>
<td>0.86 (0.35)**</td>
</tr>
<tr>
<td>Indirect effect</td>
<td>0.08 (0.03)**</td>
<td>0.22 (0.06)**</td>
</tr>
<tr>
<td>Direct effect</td>
<td>0.56 (0.25)*</td>
<td>0.65 (0.35)*</td>
</tr>
<tr>
<td>Percentage of indirect effect in total effect</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Social status relative deprivation</td>
<td>Happiness (neutral versus unhappy)</td>
<td>Happiness (happy versus unhappy)</td>
</tr>
<tr>
<td>Total effect</td>
<td>0.59 (0.26)*</td>
<td>0.82 (0.31)**</td>
</tr>
<tr>
<td>Indirect effect</td>
<td>0.00 (0.03)</td>
<td>0.14 (0.04)**</td>
</tr>
<tr>
<td>Direct effect</td>
<td>0.59 (0.27)*</td>
<td>0.68 (0.31)*</td>
</tr>
<tr>
<td>Percentage of indirect effect in total effect</td>
<td>00%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Note: unstandardized coefficients with standard error in parentheses. Total effect = direct effect + indirect effect.


*p < 0.05 **p < 0.01, ***p < 0.001 (two-tailed test).
Our empirical result suggest implications to public policies aiming towards health promotion. The findings in this paper support the effects of relative deprivation, especially the subjective perception of income inequality, on happiness in the context of structural inequality between different types of work units. Although on average the economic life of urban employees has been improved in the reform era of China, the structural cross-work unit financial inequality counteract to the contributions of the quantitative growth in social wealth to perceived happiness, which constitutes the Chinese version of Easterlin Paradox (Easterlin, 1974).

In this regard, welfarist policies of simply raising people’s economic capacities, as what happened in the past decades in China as well as many underdeveloped countries such as Malawi (Ravallion and Lokshin, 2010), cannot guarantee higher subjective health status. What is equally important is to remove the structural barriers such as work unit system to the equal accessibility to social resources. This policy implication is also relevant to many former communist countries such as Russia where work unit system is still influential.

We recognize that this analysis has a variety of limitations. First of all, not all of the effects of public sector employment on perceived happiness are examined in this research. As shown in Tables 1 and 2, public sector employment can have significant positive effects on subjective wellbeing net of the effects of economic and social status relative deprivation, which indicates the existence of other mechanisms mediating between public sector employment and happiness. Second, the categorization of public sector work units can be further refined. For instance, the economic and social benefits between different government and Communist Party agencies may be different. Besides, monopoly public-owned enterprises are not specifically examined in this study either. Nuanced measures of work unit types as well as their characteristics in future research can be helpful to fully understand how public sector employment influence psychological wellbeing.

REFERENCES


