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The Relationship between Happiness to Income and Non-Income Variables among Malaysian Chinese

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Abstract:

The main objective of this empirical study is to examine the level of happiness, to investigate the income and non-income determinants of happiness among Malaysian Chinese.Using stratified random sampling, a total of 1,319 respondents aged above 15 years are selected from three states in Malaysia (Perlis, Kedah, and Selangor including Kuala Lumpur). This study has used the descriptive statistics, Chi-Squares Tests and Pearson Correlation analysis to analyze the data. The empirical results show the majority of the Malaysian Chinese are happy during the survey period. Furthermore,happiness is significantly related to some categorical demographic variables (such as marital status, employment status, and type of religions), at the significant level of 0.01 or 0.05, excepted for gender. Results also illustrate that the continuousdemographic variables (such as health status and age) have a positive and significant correlation with happiness except for the educational level (with negative correlation), at the 0.05 or 0.01 level of significance. The correlation coefficients are found to be ranged from -0.151 to 0.432. For the income variables, the results show that the income variables are statistically significant either at the 0.01 or 0.05 level, with correlation coefficients range from -0.066 to 0.178. Income variables are found to have lower values of correlation coefficient than the non-income variables. The findings of this exploratory study can be beneficial in revealing the underlying relationship between happiness to the income and non-income variables in the context of Malaysian Chinese.

Keywords —Happiness, income, non-income, Malaysian Chinese, religiosity.

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I. INTRODUCTION

Happiness is commonly considered as the ultimate goal of life because everybody wants to be happy (Abdel-Khalek, 2005; Frey & Stutzer, 2002; Veenhoven, 1994). Research documents have indicated that being happy is more important than the pursuit of material achievements for the majority of the people (Van Boven, 2005;Larsen & Eid, 2008; Lyubomirsky, Sheldon, & Schkade, 2005).Additionally, recent studies show that data of self-reported happiness exhibiting persistent consistency in measuring an individual's happiness or subjective well-being (Frey & Stutzer, 2002; Kahneman, Wakker, & Sarin, 1997). Thus, since the 2000s, there has been a steady increase in the number of economists who participated in the study of happiness or subjective well-being. Though, the economics of happiness is a relatively new field within the discipline of economics. The economists

are hoped that insights gained from happiness researches can throw new light for new economic policies formulation with the purpose of increase the happiness of the community.

Furthermore, to the best of my knowledge, there was a lack of empirical study on the income-happiness relationship among Chinese in Malaysia. Accordingly, this empirical study attempted to address this gap by not only to examine the level of happiness but it is also tried to identify the income and non-income determinants of happiness among Malaysian Chinese. Moreover, this study was beneficial in annotating the income-happiness relationship in the context of the Malaysian Chinese community. Thus, hopefully, the present study could add new information to the body of knowledge about Economics of Happiness from the Eastern perspective.

II. LITERATURE REVIEW

In literature, Aristotle has emphasizes that happiness is the ultimate end and purpose of human existence. Moreover, happiness is also an activity of the soul in accordance with the perfect virtue (as cited in Kraut, 1979). Bentham (1789) has asserted that happiness, pleasure, and utility would be used interchangeably. However, Veenhoven (1984, 1991) defines happiness as the degree to which an individual judges the overall quality of his life favorably. By its very nature, happiness could be considered as life-satisfaction and an attitude towards one's life. According to Layard (2003), happiness is feeling good, enjoying life and feeling it is wonderful. Happiness could also mean pleasure, life satisfaction, positive emotions, a meaningful life, or a feeling of contentment, among other concepts (Diener & Seligman, 2004). From the literature reviews, there are different definitions and concepts about happiness that have been proposed by different scholars: psychologists, physiologists, economists, and sociologists. However, in summary, happiness can be divided into two main components. The affective component (physiological happiness) includes material, physical and sensual pleasures. On the other hand, the cognitive component (psychological happiness) that includes mind and spiritual happiness, positive inner experiences, positive emotions, life satisfaction, quality of life and meaningful life.

With regard to the Easterlin income-happiness paradox, it is argued that within a country at a given time (cross-sectional), happiness would positively be correlated with an individual's income. However, over time, the relationship between income and happiness seems to be insignificant. The reason behind might due to people's higher material aspirations in which the positive influence of higher income on happiness was counterbalanced by the negative influence of higher living level norms (Easterlin, 1995, 2001). In contrast, Veenhoven & Vergunst (2014) had drawn different conclusions about the Easterlin paradox. The authors used the time-series data from the World Database of Happiness to examine the paradox. The result showed that in the majority of the countries, with average happiness, there was a positive association between happiness and GDP growth. Furthermore, studies that employing data from different countries also had pointed to a persistent positive correlation between well-being or happiness and income against countries and over time (Clark et al., 2008; Gerdtham & Johannesson, 2001; Lim, Shaw, & Liao, 2017; Stevenson & Wolfers, 2008, 2013).

Nevertheless, in Malaysia, the income-happiness study was still in a pioneer state. A few studies had been investigated, the impact of income or other monetary factors like materialism, personal wealth, saving, and debt on happiness or life satisfaction. Ang & Talib (2011) conducted empirical research to investigate the relationship between materialism and satisfaction of life among Malaysian undergraduate students. The data had been obtained from a survey of 366 undergraduate students by using the responses of self-administrated questionnaires. The study showed that materialism was statistically associated with life satisfaction. Howell, Howell, & Schwabe (2006) examined the

relationship between wealth (a measure of possessions and savings) and subjective well-being among poor indigenous farmers in Peninsular Malaysia. The authors asserted that wealth was positively correlated with life satisfaction ($\beta = 0.24$, $p < 0.001$), after controlling for demographic variables amongst the country's aboriginal people by using hierarchical multiple regression.

On the other hand, Cheah & Tang (2013) used an ordered probit model to identify the socio-demographic variables that affected the level of happiness among Penang (Malaysia) adults. The authors used sample data that consists of 398 respondents through a primary survey. However, the empirical results indicated that there was no evidence to show the income-happiness relationship among respondents. Moreover, Noor, Gandhi, Ishak, & Wok (2014) used a stratified random sampling method to obtain primary survey data from 2808 households (a parent and a child aged at least 13 years) with a total sample of 5616 respondents. The results of the multiple regression analysis indicated that only savings and debts were predictive of the overall economic situation, and the family's monthly income was not significant as a happiness indicator.

More recently, Boo, Yen, & Lim (2016) carried out an empirical study to investigate the happiness and life satisfaction of Malaysians. The authors used the data obtained from the 6th waves of the World Values Survey (2010-2014) that it was comprised of a sample size of 1289. The empirical results showed that income has a robust positive association with happiness and life satisfaction. Thus, the result upheld the Easterlin paradox partly, that in the short-term, income had a positive and significant influence on one's happiness. Boo et al. (2016) asserted that the other common income-related factors like employment, health status, and satisfaction on the financial situation of households also statistically significant in affecting both happiness and life satisfaction among Malaysian citizens positively.

In light of the above literature review, several research gaps have been identified. Regarding happiness studies, which are mostly concerned with Western countries and cultures. In Malaysia, happiness or well-being studies are still in the pioneer level. There is a lag of empirical studies on happiness while most of the studies evaluating the level of happiness in terms of Western perspective. The income-happiness study is still very limited in Malaysia. The related literature on the relationship between happiness and income in Malaysia is rare throughout, especially for the Malaysian Chinese community. As a result, the happiness study among Malaysian Chinese is a new and uncovered area in the current literature, and this has made it an interesting subject matter of study. The objectives of this study are to examine the happiness level of Malaysian Chinese and investigate the relationship between happiness to income and non-income variables among Malaysian Chinese.

III. DATA AND METHODOLOGY

A self-administered questionnaire (survey) has been used for the data collection. In order to incorporate representativeness and generalizability into the sampling design, a two-stage stratified random sampling method is chosen for this study. The data of the study are cross-sectional in nature.The data collection for this study was carried out within four and a half months which started from 1st of January 2019 to 15th of April 2019. A total number of 1319 questionnaires were to be used for the purpose of this study.

The present study has used self-rated happiness as the dependent variable. In order to measure the respondent's happiness, the following question would be asked: "Taking all together, how happy would you say you are?" Then, the respondents are required to rate their responses in a 7-point rating scale that ranges from 1 (Not happy at all) to 7 (Very happy). A crosstab analysis and Chi-Square Test of Independence is applied to determine the relationship between two or more categorical

variables. Moreover, Pearson's r correlation is used to determine whether there is a significant association or relationship between two continuous variables.

Empirical Results

Table 1 displays the frequency statistics for happiness in the present of the respondents. The results show only 4.5% of the respondents assert that they are either not at all happy or not happy, meanwhile, 80.6% indicates that they are either happy or very happy. In addition, Figure 1 illustrates the histogram and the normal curve of happiness in the present scores of the respondents. The empirical result implies that the majority of Malaysian Chinese in this study are happy (≥ 5 in happiness score) and the scores of happiness in present are also approximately normally distributed. The mean of the happiness in the present is 5.26 and the standard deviation is 1.027 (Figure 1).

Table 1
Frequency Statistics for Happiness

A feeling of happiness (scale)	F	%	Cum %
Not at all happy	2	0.2	.2
2	15	1.1	1.3
3	42	3.2	4.5
4	197	14.9	19.4
5	518	39.3	58.7
6	410	31.1	89.8
Very happy	139	10.2	100.0
Total	1319	100.0	

It is important to note that almost five percent of the Malaysian Chinese are not happy (see Table 1), although the majority of the respondents are happy. This reveals that there is a small but substantial number of Malaysian Chinese who are unhappy. Thus, this result has answered the first objective of the study, in which the Malaysian Chinese is considered happy except for some who are unhappy.

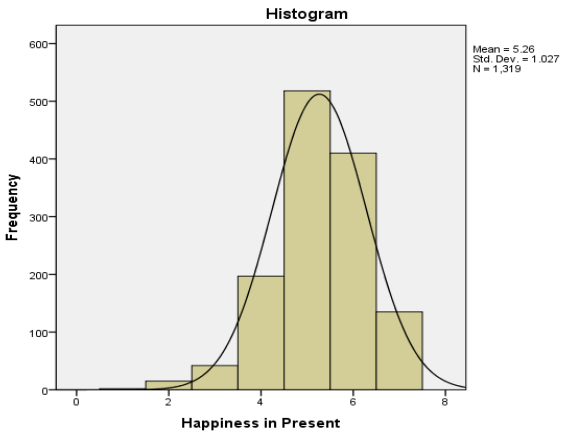

Fig. 1 Histogram of the Happiness in Present

Table 2, shows the summary of Chi-Squares Tests for happiness and the independent variables of the study. The empirical results indicate that all of the independent variables are statistically significant at the level of 0.01 or 0.05 such as marital status, types of religion, age group, educational status, and employment status. But, for gender and areas are insignificant, $p > 0.05$.In other words, there is a significant relationship between happiness and the independent variables excepted for gender and areas.

Table 2
Chi-Square Tests for Happiness and Independent Variables

	Independent Variables	Value	df	Sig. (2-sided)
Pearson Chi-Square	Gender	3.597	2	0.166
	Marital Status	73.227	8	0.000
	Types of Religion	39.112	16	0.001
	Age Groups	51.708	8	0.000
	Educational Status	24.024	12	0.020
	Employment Status	92.082	12	0.000
	Areas	5.341	4	0.254

Table 3, illustrates that all the continuous demographic variables have a positive correlation with happiness except the educational level (negative correlation) of the respondents at either 0.05 or 0.01 level of significance. The correlation coefficients are between -.151 to .432. Thereafter,

in terms of health and happiness (r = .432, p < 0.01), the age of the respondents (r =.271, p < 0.01), number of brothers and sisters (r = .216, p < 0.01), and educational status (r = -.151, p < 0.01). In other words, for those who are healthier, the older, the number of brothers and sisters tend to be happier in their life. However, the higher the educational level of the respondents, the possibility to become happier is lower as compared to those who have a lower educational status.

Table 3
Correlations between Happiness and Demographic Variables (Continuous)

	Happ	Health	Age	BroSis	Educa
Happ	1				
Health	.432**	1			
Age	.271**	.035	1		
BroSis	.216**	.033	.595**	1	
Educa	-.151**	-.171**	-.317**	-.317**	1

Note: Happ = Happiness; BroSis = Number of Brothers and Sisters; Educa = Educational Level
* $p < 0.05$; ** $p < 0.01$

Table 4
Correlations between Happiness and Income Variables

	Happ	AInc	EInc	DPInc	DCInc	DPInc	RInc
Happ	1						
AInc	.077*	1					
EInc	-.066*	.682**	1				
DPInc	.084**	.973**	.686**	1			
DCInc	.076*	.958**	.636**	.913**	1		
DPInc	.178**	.341**	-.455**	.303**	.350**	1	
RInc	.091**	.646**	.399**	.620**	.605**	.274**	1

Note: AInc = Actual Income; EInc = Expected Income; DPInc = Disposable Income; DCInc = Discretionary Income; DPInc = Discrepancy Income; RInc = Relative Income
* $p < 0.05$; ** $p < 0.01$

On the other hand, Table 4 demonstrates the correlations between happiness and income variables. The empirical results indicate that all the income variables are statistically significant either at the 0.01 or 0.05 level. The correlation coefficients are between -.066 to .178. The strongest positive correlation among the various incomes that been used in this study is discrepancy income with the correlation coefficient of .178, followed by relative income (r = .091), disposable income (r = .084), actual income (r = .077) and discretionary income (r = .076). Thereafter, only the expected income has a negative correlation with happiness (r = -.066).

IV. CONCLUSIONS

The Chi-Square test of independent and Pearson's r correlation analysis isused to examine the relationship between happiness and its' independent variables. The empirical results of Chi-Squares tests indicate thatthere is a significant relationship between happiness and its's categorical independent variables such as marital status, types of religion, age groups, educational status, and employment status. On the other hand, the results of Pearson's r correlation show that all the continuous demographic variables have a positive correlation with happiness except the educational level (negative correlation). For income variables, the empirical results indicate that all the income variables such as actual income, disposable income, discretionary income, discrepancy income, and relative income have positively correlated with an individual's happiness, except for expected income with negative correlation.

The significant empirical results indicate that all of these income and non-income variables would be a vital factor in determining the Malaysian Chinese happiness. There are some limitations to the current study. Firstly, the scope of this study is limited, as it has only focused on the Malaysian Chinese sample. Secondly, the study is cross-sectional in nature where the data were collected at a particular point of time. Therefore, future studies might include all ethnicities in Malaysia, not only the Malaysian Chinese. Thus, a comparative study could be conducted to estimate the level of happiness of all Malaysians.

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