How Corporate Emphasis on Competitive Culture Impacts Employee Satisfaction: Evidence From China

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Abstract. Job satisfaction is a critical component of overall well-being. Therefore, this study investigates the relationship between competitive culture and employee satisfaction in China. By employing textual analysis to quantify competitive culture and deriving employee satisfaction data from the 'China's Top 100 Employers' list, the findings reveal that an increase in competitive culture is associated with a decline in job satisfaction. Furthermore, this effect is most pronounced in medium-sized enterprises, followed by small enterprises, and weakest in large enterprises. The study confirms the negative impact of competitive culture on job satisfaction and emphasises the importance of tailoring management strategies for employee well-being by firm size.

Keywords: Employee Satisfaction, Corporate Culture, Competitive Culture, Textual Analysis

1 Introduction

Individuals dedicate a substantial portion of their lives to work, making job satisfaction a critical component of their overall well-being and a significant determinant of their quality of life [1]. Higher levels of individual happiness are often associated with increased effectiveness, creativity, and contributions to social governance, national prosperity [2] and human development.

However, Zhang et al. found that employee satisfaction in China is notably lower than the global average [3]. Employee satisfaction is closely tied to the working environment, and corporate culture, as a key factor influencing employee behaviour, exerts a pivotal influence on shaping the work environment. As globalisation and digitalisation have increased, many firms have used competition to boost performance. However, overly competitive environments lead to stress and anxiety. Huawei's 'Wolf Culture' exemplifies this, driving growth but also causing employee dissatisfaction due to intense workloads [4].

The roots of competitive culture extend beyond individual enterprises and are deeply embedded in China's historical and social context. Traditional Chinese culture, guided by Confucian values, emphasises social achievement through education and hard work.

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Additionally, China's large population, rapid urbanisation and social mobility have further contributed to resource scarcity, raising the cost of living and compelling workers to invest more time and effort to attain higher returns. This social environment not only influences corporate operations but also profoundly shapes employees' professional attitudes and behavioural patterns.

Previous research on corporate culture and employee satisfaction has largely focused on developed countries and has often relied on surveys prone to response bias, whereas this study addresses the gap by utilising market data to analyse the impact of competitive culture on job satisfaction in developing countries. Additionally, there is a growing need for policies that can alleviate the negative effects of competitive work environments, such as feelings of relative deprivation and unmet labour needs. By analysing the correlation between cultural contexts and the levels of employees' job satisfaction across different firm sizes, this study aims to contribute practical insights into promoting healthier work environments and improving satisfaction.

Following the work of Xie et al. [5] and Zhang et al. [6], this research uses textual analysis to quantify competitive culture through the frequency of competition-related terms in annual reports. Additionally, it refers to the '100 Best Companies to Work For' list adopted by Edmans et al. [7], as a proxy for employee satisfaction. This study reveals a negative association between competitive culture and job satisfaction. Recognising that factors such as firm size and governance structure can influence the transmission of culture, management practices, and employees' psychological responses, this study conducts a heterogeneity analysis across firms of varying sizes. The results reveal the strongest effect is observed in medium-sized firms, insignificant in large firms and weaker in small firms.

This study offers three contributions. Firstly, it employs textual analysis to quantify competitive culture, presenting a more robust and precise alternative to traditional methods for measuring non-financial factors. Secondly, by focusing on China's distinct competitive pressures, it provides empirical evidence from developing economies regarding the relationship between competitive culture and job satisfaction. Lastly, the findings offer new insights for practical applications in organisational behaviour and human resource management, offering specific guidance for developing policies related to employee welfare.

The structure of the paper is as follows: Section 2 provides a review of the pertinent literature and develops the hypotheses. Section 3 details the research methodology and defines the variables. Section 4 presents the empirical results, including the heterogeneity analysis and Section 5 concludes the paper.

2 Literature Review

The factors influencing job satisfaction can be broadly categorised into individual-level and organisational-level determinants. At the organisational level, existing studies have identified that elements such as the work environment, fair compensation, and career development opportunities are closely linked to employee satisfaction [8]. Firms with

a competitive culture tend to emphasise performance and outcomes, motivating employees through clear goals and structured reward systems [9]. While this culture can help achieve financial objectives, it may also result in work-life imbalances, heightened anxiety, and job instability [10]. Furthermore, employees in such environments often face riskier financial decisions, which increases ethical pressures [11].

At the individual level, job satisfaction is largely affected by work-related stress and interpersonal relationships [12]. While competitive culture may offer more career development opportunities [13], the concept of relative deprivation has a deeper impact on subjective satisfaction than absolute income [14]. Specifically, in environments with significant income disparity among colleagues, employees may experience stronger negative emotions, thereby reducing overall job satisfaction.

Prior studies on the connection between corporate culture and employee satisfaction have mainly concentrated on developed countries and often employed surveys to measure these variables (e.g. [15]). However, such methods are susceptible to response bias. Instead, this study seeks to fill this gap by utilising market data to comprehensively examine the impact of competitive culture on job satisfaction in developing countries. Based on this, the study proposes the two following hypotheses:

Hypothesis 1: Employee satisfaction will be lower in firms that place a greater emphasis on a competitive culture.

Moreover, firm size is frequently regarded as a key organisational factor influencing job satisfaction [16]. Smaller firms are typically more effective in implementing organisational culture, as their size allows for more direct and efficient communication between management and employees, thus positively impacting job satisfaction [16]. In contrast, the increase in hierarchical levels and communication complexity in larger firms hampers the effective transmission of corporate culture [17] and dilutes the impact of culture on job satisfaction. Therefore, this study proposes:

Hypothesis 2: The effect of a competitive culture on job satisfaction varies significantly across firms of different sizes.

3 Research Design

3.1 Data Source

This paper utilises three main data sources. The first is the '100 Best Employers in China' list, organised and released by Zhaopin Limited, which has been published annually since 2005. By 2022, a total of 93,426 enterprises have participated in this selection process. This list covers a large number of enterprises and provides extensive insights into corporate employee satisfaction.

The measurement of competitive culture is primarily based on the frequency of relevant terms in annual reports. Annual reports of listed companies from 2015 to 2022 were retrieved from Cninfo, the official disclosure platform authorised by the China Securities Regulatory Commission.

Additional financial data has been sourced from the China Stock Market & Accounting Research Database (CSMAR). The CSMAR database draws upon international standards established by renowned databases such as CRSP and COMPUSTAT, while

being tailored to China's specific context, to support high-precision academic research and financial analysis.

The initial sample for this study consists of A-share listed companies from the main boards of the Shanghai and Shenzhen Stock Exchanges during the period from 2015 to 2022. These companies have been chosen due to their high levels of transparency and their relevance to China's capital markets. Financial and insurance companies are excluded because their regulatory environments differ. Additionally, ST and *ST companies facing financial distress have been excluded to prevent distortion in the analysis. Firms with missing key variables have also been removed to ensure data completeness. Lastly, the sample was winsorized at the 1% level to reduce the impact of outliers. After applying the above processes, the final number of observations totalled 20,016, and the data was structured as panel data.

3.2 Empirical Model

To test the proposed hypothesis, this study employs a panel data logistic regression (logit) model and is specified as follows:

$$EMPS_{i,t} = \beta 0 + \beta_1 \mathrm{COMP}_{i,t} + \beta 2 \mathrm{X}_{i,t} + \mu_i + \tau_t + \epsilon_{i,t} \quad (1)$$

where, $EMPS_{i,t}$ is a binary variable indicating employees' job satisfaction for firm i. $\mathrm{COMP}_{i,t}$ represents the competitive culture index of firm i in year t. $X_{i,t}$ stands for the characteristics of firm i in year t, including profitability, liquidity ratio, growth rate of revenue, cash-holding level, firm age, CEO duality, along with the shareholding of the largest shareholder. μ_i and τ_t denote firm and year fixed effects, respectively. $\epsilon_{i,t}$ represents the random disturbance term. In line with the hypothesis, a significant negative relationship is anticipated between competitive culture and employee satisfaction. Specifically, β_1 is expected to be negative.

3.3 Variables Definition

Dependent Variable.

Employee satisfaction (*EMPS*) is measured based on the 'China's Top 100 Employers' list, which evaluates firms across multiple dimensions, including compensation and benefits, training and development and work environment, etc. This ranking provides a comprehensive reflection of employee satisfaction within the Chinese context and has been widely adopted in existing research to assess satisfaction (e.g., Zhang et al.)[6]. In this study, companies listed among the 'Top 100 Employers' between 2015 and 2022 are assigned a value of 1 for *EMPS*, while those not included are assigned a value of 0.

Independent Variable.

Following Xie et al. [5], this research adopts word frequency analysis of annual reports of A-share listed companies as a measure of corporate competitive culture (*COMP*). The specific calculation process is as follows: firstly, a dictionary represent-

ing competitive culture is established. Next, the frequency of each word in the dictionary is counted. Finally, the sum of the frequencies of all words in the dictionary is divided by the total word count of the cleaned annual report, resulting in the word frequency that reflects the emphasis a firm places on a competitive culture.

$$COMP = \frac{\sum_{j=1}^{N} \text{occurrences of term j from the dictionary}}{\text{Total word count of the cleaned annual report}} \quad (2)$$

A higher *COMP* indicates a stronger emphasis on competitive culture. The final lexicon for text analysis includes terms such as 'competition,' 'promotion,' 'incentive mechanism,' 'target,' 'challenge,' and other terms.

Control Variables.

Table 1. Definitions and explanations of variables.

Variables	Symbol	Definition	Source
Employee satisfaction	EMPS	Companies listed among the "Top 100 Employers" between 2015 and 2022 are assigned a value of 1, otherwise set to 0	'China's 100 Best Employers Award' conducted by Zhaopin
Competitive culture	COMP	Competitive culture word frequency. The greater the value, the more the enterprise emphasises competitive culture	Companies' Annual Report
Profitability	ROA	Return on total assets	CSMAR database
Liquidity ratio	LIQU	Current assets divided by current liabilities	
Growth	GTH	Revenue growth rate	
Cash-holding level	CASH	The ratio of cash flow from operating activities to total assets	
Listed years	AGE	The natural logarithm of the number of years since the company went public	
Dual posts in one	DUAL	A value of 1 is assigned when chairman and CEO roles are occupied by the same individual; otherwise, the value is 0.	CSMAR
Shareholding of the largest shareholder	TOP	The ownership percentage of the largest shareholder	

In line with previous studies [6, 18] this paper incorporates a series of control variables. The definitions and data sources of the key variables are presented in Table 1.

4 Empirical Analysis

4.1 Descriptive Statistical Analysis

Table 2 presents the descriptive statistics for the variables. The mean value of *EMPS* is 0.018, suggesting that approximately 1.8% of the listed companies in the sample were featured in the Top 100 list. *COMP* ranges from 0.007 to 0.001, reflecting considerable variation in the degree of emphasis on competitive culture across the sample companies.

Table 2. Descriptive Statistics of Variables.

Variable	Obs	Mean	Std. dev.	Min	Max
EMPS	20,016	0.018	0.131	0.000	1.000
COMP	20,016	0.003	0.001	0.001	0.007
ROA	20,016	0.058	0.043	0.002	0.219
LIQU	20,016	0.575	0.200	0.103	0.951
GTH	20,016	0.003	0.007	-0.006	0.045
CASH	20,016	0.074	0.053	0.002	0.264
AGE	20,016	9.676	8.143	0.000	28.000
DUAL	20,016	0.320	0.466	0.000	1.000
TOP	20,016	0.344	0.148	0.087	0.750

4.2 Baseline Regression Analysis

Table 3 presents the baseline regression outcomes of the logit regression model on panel data, incorporating firm and year fixed effects, with the marginal effects included. Column (1) demonstrates an inverse relationship between *EMPS* and *COMP* at the 1% level after controlling for key firm characteristics. In columns (2) through (4), where additional control variables are gradually introduced, this negative relationship remains significant. The baseline regression supports hypothesis **H1**, which posits that a stronger emphasis on competitive culture is linked to lower employee satisfaction, consistent with previous research in developed countries (e.g., [15]).

Table 3. Basic Regression Results.

	(1)	(2)	(3)	(4)
COMP	-2.541***	-1.890***	-1.911***	-1.368**
	(-0.75)	(-0.719)	(-0.731)	(-0.665)
ROA	-0.007	0.021	0.021	0.022
	(-0.019)	(-0.021)	(-0.023)	(-0.021)
LIQU	0.005	0.011*	0.010*	0.012**
	(-0.006)	(-0.005)	(-0.006)	(-0.006)
GTH	-0.030**	-0.072**	-0.076**	-0.061**
	(0.000)	(-0.030)	(-0.031)	(-0.030)
CASH	0.019**	0.012	0.014	0.013
	(-0.008)	(-0.009)	(-0.009)	(-0.009)
AGE		0.001***	0.001***	0.001***
		(0.000)	(0.000)	(0.000)
DUAL			0.003*	0.004**
			(0.002)	(0.001)
TOP				0.004
				(0.010)
Wald chi^2	12.84	23.55	41.42	49.18
Prob > chi^2	0.0249	0.0003	0.0000	0.0000
Observations	20,016	20,016	20,016	20,016

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1.

In column (4), the correlation coefficient of -1.36 indicates that, holding other variables constant, each standard deviation rise in *COMP* leads to a 0.001 decrease in *EMPS* (0.003×1.368), equating to a reduction of approximately 7.6% of the mean *EMPS* (0.001/0.018). Competition often increases job pressure, stress and job insecurity, leading to decreased employee well-being. Additionally, competitive environments heighten the awareness of income inequality, fostering a sense of relative deprivation [14], which further undermines satisfaction.

Among the control variables, only GTH exhibits a negative correlation with employee satisfaction, while the others show positive correlations. These results align with prior research [6, 18].

4.3 Heterogeneity Analysis

This section analyses the impact of competitive culture on employee satisfaction across firms of different sizes. According to the general classification of enterprise size in China, the sample is divided into three subsamples: small firms (< 500 employees), medium firms (500–1,000 employees), and large firms (>1,000 employees). The regression results are shown in Table 4.

Table 4. Results of Heterogeneity Analysis.

	(1)	(2)	(3)
	< 500	(500,1000)	>1000
COMP	-0.753*	-1.918**	-0.487
	(0.430)	(0.884)	(1.815)
CONTROL VARIABLES	YES	YES	YES
Wald chi^2	33.36	9.39	0.97
Prob > chi^2	0.000	0.094	0.965
Observations	1,981	3,432	14,590

There is a significant difference in the impact of competitive culture on employee satisfaction in different company sizes, confirming hypothesis **H2**. The negative effect is stronger in medium-sized firms than in small firms. Direct communication and management support may offset competitive pressures in small firms, while a larger workforce makes personalised support more difficult, exacerbating the negative impact of competition in medium-sized firms. In large firms, the effect is not statistically significant, likely due to the complexity of communication channels between management and employees; consequently, cultural transmission is weaker, which renders this relationship insignificant.

5 Conclusion

This research investigates the relationship between competitive culture and employee satisfaction in Chinese listed companies and how this relationship varies across firms of different sizes. The results reveal a significant negative correlation between competitive culture and employee satisfaction, with the effect being most pronounced in medium-sized enterprises, followed by small enterprises, while large enterprises experience a relatively weaker impact.

Specifically, a greater emphasis on competitive culture increases employee stress and heightens awareness of income inequality, leading to lower satisfaction, particularly in environments where cultural communication is more effective. These findings enhance our understanding of how organisational culture influences employee well-being and offer practical insights for tailoring management strategies according to company size.

Despite these contributions, the study has certain limitations. Firstly, the scope of the study is restricted to companies listed on the A-share market, which may overlook the dynamics of companies listed in other regions or private companies. Additionally, while using word frequency in annual reports to measure competitive culture is innovative, it may not fully capture the complexity of a company's internal cultural practices. Furthermore, the employee satisfaction data is derived from the 'Top 100 Employers in China' list, which may not adequately reflect satisfaction levels across a broader range of companies.

Future studies may overcome these limitations by broadening the sample to encompass unregistered enterprises and investigating corporations from diverse geographical areas or sectors. Additionally, longitudinal studies that examine how shifts in corporate culture affect both employee satisfaction and firm performance over time would provide a more dynamic perspective on the evolving impact of corporate culture.

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