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Study of Subjective Welfare in Indonesia in Societal Domains and Globally

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Welfare is the goal of every nation's society. Often, welfare is equated with material states, such as income, consumption, and wealth but the fact is that material state is not the sole source of welfare. There are other factors such as job status that affects welfare. This job status is not included in the calculation of objective welfare but is included in subjective welfare. The subjective welfare in this study is described globally through happiness and in a particular domain such as life satisfaction, in job terminology (job satisfaction). This study aims to test the influence of wealth, main job status, education level, working hours, and demographic factors on subjective welfare globally and in domains. This research uses the logit model regression technique. The result of this research shows that wealth, job status, education level, and demographic variables have an effect on subjective wealth both globally and in domains, while working hours only affect the subjective welfare of domain.

Keywords: Subjective welfare, happiness, job satisfaction, main job status

INTRODUCTION

Welfare is a goal to be achieved by every society of a nation. Welfare refers to the conditions under which humans are prosperous, healthy, and peaceful. In general, welfare is often associated with the material state of a country as measured by its gross domestic product (GDP). However, there are some problems in using GDP as an indicator of welfare (Farabi, Abdullah and Setianto, 2019). These economic indicators are generally measured objectively with a monetary-based indicator (BPS, 2015). Conceição (2008) revealed that GDP does not take into account social and environmental aspects, such as education, health, environmental

degradation, and human rights. Measurement of welfare using the indicator also does not reflect the composition of age, the distribution of public income, the composition of national income, expenditure patterns, changes in unemployment (Mahyudi, 2004) and it is this that requires a new indicator called subjective welfare to capture this aspect.

According to Dodge et al. (2012) subjective welfare consists of three interrelated components: life satisfaction, pleasant feeling, and unpleasant feelings. Feelings refer to pleasant and unpleasant moods and emotions, whereas life satisfaction refers to what individuals think about the satisfaction of their lives globally (life as a whole) and societal domain (in certain areas of life such as work and relationships within the family and society).

There are factors that influence subjective welfare. OECD distinguishes three major factors affecting subjective welfare, namely quality of life, material conditions, and demographics (Prihandono, 2011). The first major factor is demographics. Demographics include the basic concepts used to describe the state of population such as age, gender, and, marital status. Individuals who are old-aged will have an increased or stable subjective welfare. Hansen and Slagsvold (2012) showed that of 60,000 individuals aged 20-99 in 63 countries subjective welfare was relatively stable in the older age group (50 years and over) in some communities. The second factor is the material state. This material state includes wealth.

Quality of life is the overall welfare that is not explained by the material state or which can be said to be the non-monetary attributes of an individual. Stiglitz, Sen and Fitoussi (2009) reveal that quality of life is a more important factor than the material state in which individuals focus on what they value in their lives. This evidence can be found in research (Boarini et al. 2012). In the regression model the earnings coefficient decreases sharply when the quality of life is included in the equation. One component of quality of life is the status of individual work, level of education, and hours of work. Job status also has an influence on subjective welfare.

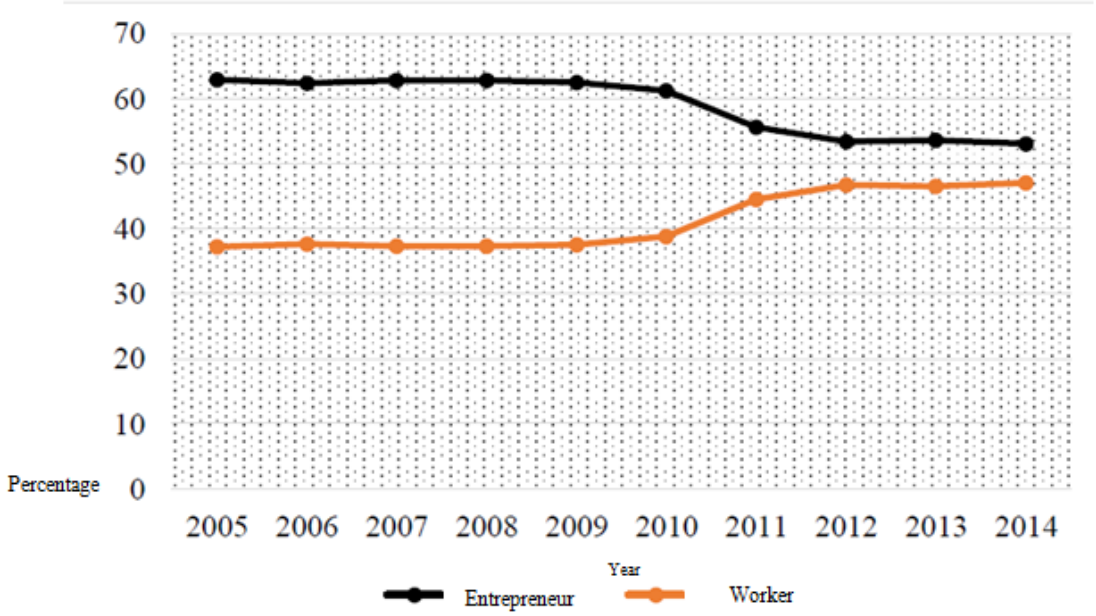
Jorens and Van Buynder (2008) classifies employment status into self-employed and workers/employees. Entrepreneurs are leading the business, both technically and/or economically with functional aspects such as: owning, managing, accepting uncertainty challenges, pioneering new ventures, innovators or imitators; by maximizing the benefits and bringing effort towards progress, expansion, development, through the path of economic leadership for the promotion of prestige, freedom, power and honour and business continuity. Workers/employees are individuals who use the power and ability to get recompense in the form of income either in the form of money or other forms of employers or entrepreneurs (Wikipedia, 2015). Wirasawasta and workers have different subjective welfare. Several previous theoretical and empirical studies have shown that the self-employed domain is more satisfied with life in terms of work, and globally happier than workers/employees (Blanchflower and Oswald, 1998; Frey, Benz and Stutzer, 2004).

The satisfaction of living in subjective welfare is the level of how much an individual loves their job and becomes an important factor in the labor market outcome. According to Sousa-Poza and Brown and Lam (2008); Lima *et al.* (2014) individuals who are satisfied with their

lives in terms of their job will have better performance and lower abatement rates. There are other positive impacts of life satisfaction in terms of work with organisational performance, namely customer satisfaction and organisational effectiveness (Ostroff, 1992; Koys, 2001).

In Indonesia, the main employment status as an entrepreneur still dominates the labor market. According to BPS (2015) the percentage of individuals who work as self-employed was about 60 percent from 2005-2010. Meanwhile, the main job status as a worker turned out to be 37 percent in the same year.

Figure 1. Population 15 Years and Over According to Main Job Status 2005 - 2014



Source: BPS, (2015)

Based on the above, 2010 was a turning point in the labor market. Gradually, the percentage of individuals working as self-employed decreased from 61.22% in 2010 to 52.99% in 2014, while the individual working as an employee increased from 38.78% in 2010 to 47.01% in 2014. This condition shows that indirectly the interest of the workforce has changed from self-employed to worker/employee. One of the factors causing this change of interest is the satisfaction of life which will affect the welfare of the individual. This is what this research will investigate and evaluate.

This study will examine the influence of wealth, main employment status, educational level, working hours, and demographic factors on subjective welfare of individuals in Indonesia. This subjective welfare can be seen from two aspects, namely the satisfaction of life in terms of work and happiness. The results of this study will imply the policy that governments need to take in improving subjective welfare in Indonesia.

LITERATURE REVIEW

The Concept of Welfare

Welfare is a general term for describing individual or group conditions, such as economic, psychological, spiritual, or health conditions. OECD (2011) expresses that welfare is characterized by the fulfillment of various human needs. This definition also incorporates an individual's ability to achieve his goals.

Tinkler and Hicks (2011) expressed that welfare can be measured based on two approaches, namely the objective and subjective welfare approach. Subjective welfare is measured by individual perceptions whereas objective welfare does not depend on individual perceptions (Gasper, 2007). The purpose of subjective welfare is happiness or objective satisfaction and welfare is a material state such as income, wealth, and consumption.

Bassi et al.(2013) reveals that objective welfare refuses to use the subjective view of individuals as a measure of welfare. Objective welfare generally depends only on tangible goods and services and leisure. This welfare can be measured by income, consumption, home ownership, education, and health facilities.

Voice (2015) identifies an objective welfare indicator that is typically used in three main areas, namely economy, quality of life, and environment. In the economic area, objective welfare indicators used are gross domestic product, economic growth, and household income. The area of quality of life is measured by education, health, crime, and unemployment levels, while in the environmental area the indicator used is air pollution and water quality.

Today's welfare is no longer seen in terms of standard material conditions and economic growth. Individuals with below-average material conditions sometimes feel a higher level of welfare. This causes the researchers to try another approach, namely subjective welfare.

Subjective welfare is a multidimensional evaluation of the lives of individuals. This evaluation takes into account cognitive assessment of life satisfaction as well as affective evaluation of individual emotions and moods (McGillivray and Clarke, 2006).

Factors Affecting Subjective Welfare

There are several factors that influence subjective welfare such as wealth, main job status, education level, working hours, and demographic variables (Herianingrum *et al.*, 2019). The individual economic state consists of income and consumption. Graham and Felton (2006) express that economic situation can also be illustrated with wealth. Aguilar et al. (2013) revealed that wealth is "information about the ownership over different assets to construct a weighted linear index of household wealth using principal components analysis to derive those weights".

There is a positive relationship between wealth and subjective welfare. Wealth can be used to generate income and support higher living standards. Wealth can also be used to facilitate individual consumption over time and protect them from unexpected economic changes (OECD, 2013c). Consuming goods and services can lead to utilities.

There are two concepts of utility, namely total utility and marginal utility. Total utility is the total satisfaction consumers enjoy from consuming all goods and services. The more consumption, the more the total utility of the individual increases. The total utility can be formulated mathematically as follows:

TU = f(X1, X2,X3,.....Xn)

Marginal utility is different from total utility due to the increase of one unit of goods and services consumed. Joesron and Fathorrozi (2003) reveals that the more X items consumed the higher the level of individual utility, but to a point of maximum, the additional goods X consumed by consumers will actually decrease the individual's utility. This is in accordance with the Law of Gosen I, that if a person's needs are met continuously then the satisfaction will decrease.

Davis, Easterlin, and Parker (1972) examined the effect of income on welfare. His findings state that high incomes can increase happiness but in the long run increased income is not correlated with happiness. This phenomenon is known as easterlin paradox.

Scitovsky (1976) reveals that when the individual's wealth has exceeded a certain limit, i.e. the limits on which the individual feels adequate with his income, then a further increase in income will not contribute to, and can even reduce, the welfare of the individual. Individuals will tend to prioritize other aspects such as the existence of social interaction and leisure time.

Previous research

Aguilar et al. (2013) discloses that empirically individuals who work as self-employed in developed countries show higher subjective welfare than individuals who work as workers. On the other hand, Graham and Felton (2006) explain that in Latin America the individual who works as an entrepreneur shows subjective welfare is lower than the individual working as a worker. The aim of the Aguilar et al. study was to analyse the relationship between worker status and subjective welfare of the individual.

Millán et al. (2013) analyses the factors that affect life satisfaction in job terms: comparing entrepreneurs with workers in Europe. This study uses data derived from the European EU-15 family home panel (EUHP) in 1994-2001 with a sample of 130,000 individuals aged 16 and older. Paid employers working in micro, small, and medium sized businesses are more satisfied with the type of job than paid employment that works in large businesses. On the other hand, individuals who work as self-employed and have workers of five or more people will be more satisfied in terms of job security than self-employment that has fewer than five employees or no worker at all. The results of Millan et al. research is that individuals who work as self-employed have higher satisfaction in terms of type of work while individuals who work in paid employment have higher satisfaction in terms of job security.

Schütz et al. (2013) conducted research on happiness and health: welfare among entrepreneurs. The purpose of his research is to analyse whether the welfare of entrepreneurs is greater than

workers. Andersson used data from the Swedish Level-of-Living Survey in 1991 and 2000. This study is limited to the individuals who worked as workers and entrepreneurs and used the fixed effects logit model.

RESEARCH METHODS

Research Approach

The approach used in this study is a quantitative approach using logit regression. This regression method is a regression model used when the dependent variable of a model is qualitative. Dependent variable in this research is binary or dichotomy that is 0 and 1.

Identification of Variables

This research uses dependent variable and independent variable. The dependent variable used in the first model of subjective welfare domains is the satisfaction of life in terms of work and in the second model the global subjective welfare is happiness. The independent variables used are wealth, main job status, education level, working hours, and demographic variables. This demographic variable consists of age, quadratic age, gender, and marital status.

Operational Definition

The operational definition of the variables in the first model consists of one dependent variable of life satisfaction in terms of individual work t and 8 independent variables of wealth, primary employment status, education level, working hours, age, age squares, gender, and marital status. The definition is as follows:

1. **The subjective welfare of the domain** is the satisfaction of life in certain areas of life. In this study using life satisfaction in terms of the individual work in question is the evaluation of respondents in the domain of how satisfied individuals with their work. This evaluation was obtained based on the question of survey results consisting of four happiness scales: (1) very satisfied; (2) satisfied; (3) dissatisfied; and (4) very dissatisfied. These four scales are then simplified into two categories: satisfied and dissatisfied.
2. **Individual wealth** is the amount of ownership of various assets in the household. This data is available at the household level.
3. **Main job status** is the type of position of a person in performing work in a business unit / activity. This data is available at the individual level.
4. **The level of education** in this study are individuals who have completed formal education and proven by the last diploma. This study categorizes the level of education into four categories of education, ie no schooling, primary education, secondary education, and higher education.
5. **Working hour** indicates the average total of one person's working hours for a year in 2014. Individuals surveyed are someone who works less than equal to 50 hours a week.

6. **Demographics** consist of age, gender, and marital status. Age (Age) in this study using the age of the labor force. Gender (Gender) consists of men and women. Individuals with male gender are 1 and worth 0 if female. Individual marital status (Mar) is an individual status at the time of enumeration.
7. **Global subjective welfare** is a comprehensive measure of welfare. This study uses happiness (individual happiness) which is the evaluation of global respondents about how happy they are with their life as a whole.

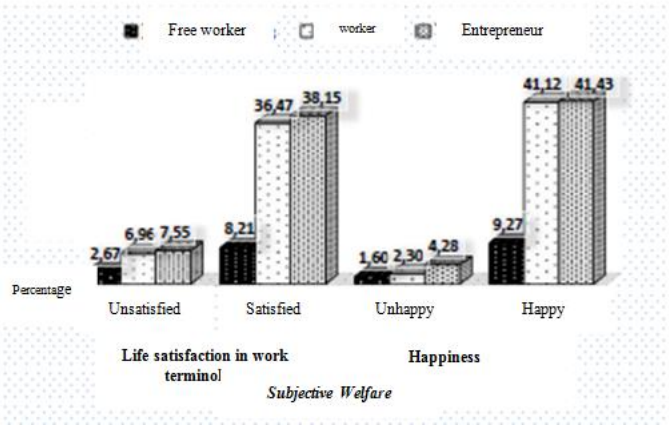
Types and Sources of Data

The type of data used in this study is secondary data, which is a cross section data of 2014. The data is a sample taken from a household data survey, the Indonesian Household Life Aspect Survey 2014 (SAKERTI-5) or better known as Indonesia Family Live Survey 2014 (IFLS5). This data was collected by RAND Corporation in cooperation with Center for Population and Policy Studies (CPPS) of Gadjah Mada University and METRE Survey.

RESULTS AND DISCUSSIONS

In this study, subjective welfare can be measured globally and by domain. Subjective welfare uses life satisfaction in job terminology and is divided into four ordinal-scale categories, which are highly satisfied, satisfied, dissatisfied, and highly dissatisfied. The happiness in this survey is used as a global subjective welfare and also an ordinal scale, which is very happy, happy, unhappy, and not very happy. In addition, this study uses wealth. This variable is the total type of asset held by the household. In essence, the ownership of these assets can be a buffer when households are hit by economic shocks. Of the 100% of respondents, 0.02% of individuals own 12 wealth assets and 0.05% of individuals have no assets at all. On average the individual has 5 assets in the household

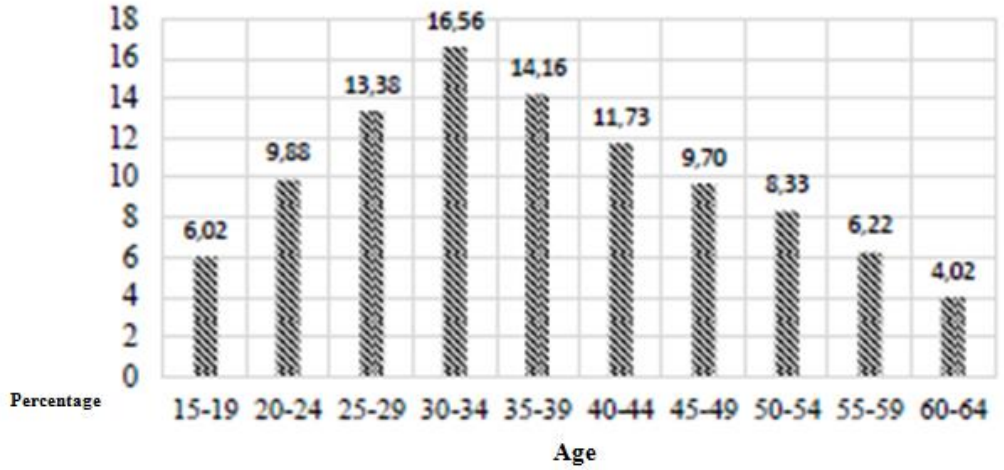
Figure 2. Percentage of Subjective Welfare by Main Employment Status



Source: IFLS, 2014

The status of individual primary occupations became the focus of this study. Of the 100 percent of individuals there are 10.87 percent of individuals who have employment status as free workers, 43.42 percent of individuals as workers, and 45.70 percent of individuals who have employment status as self-employed.

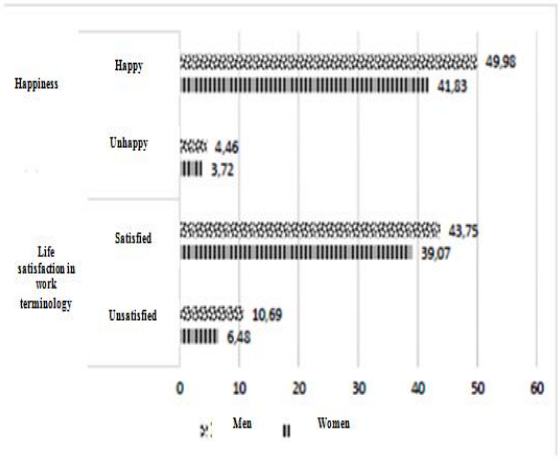
Figure 3. Individual Age Distribution Year in 2014



Source: IFLS, 2014

Research subjects used are individuals who are working and aged 15 to 64 years. Figure 3 shows the age distribution of individuals. Based on the graph, the number of individuals aged 30-34 years old becomes the highest age group in Indonesia. The increasing age also causes the number of individuals to decrease. This decline began to occur in the age group more than 34 years until reaching the age of 64 years.

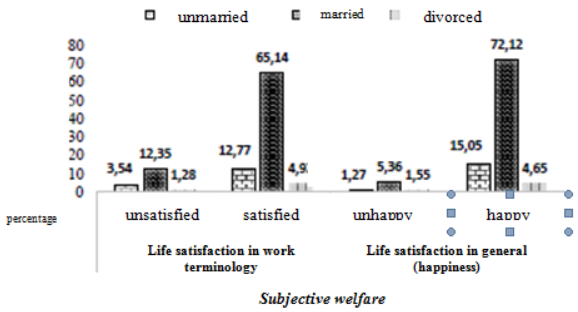
Figure 4. Percentage of Subjective Welfare by Gender



Source: IFLS, 2014

The percentages of women and men in this study are 45.56 percent and 54.44 percent respectively. Figure 4 shows the percentage of global subjective welfare and by domain in Indonesia, by gender. Men who are satisfied with their life in terms of job have a percentage of 43.75 percent while women have a percentage of 39.07 percent. Men and women who are happy with their lives are 49.98 percent and 41.83 percent respectively.

Figure 5. Percentage of Subjective Welfare by Marital Status

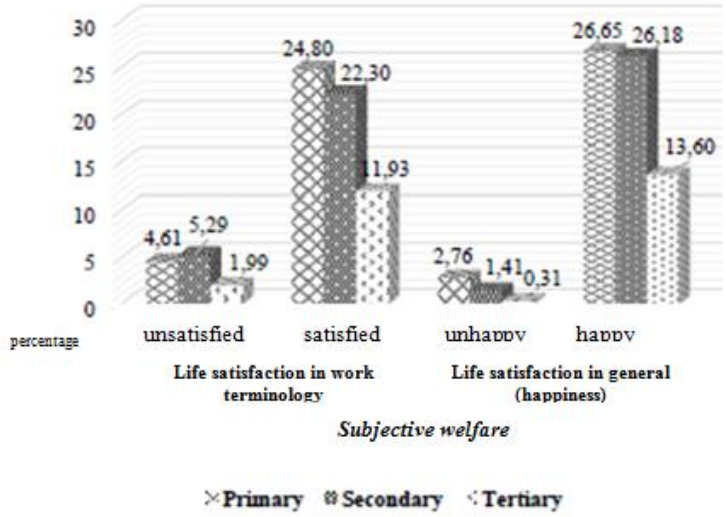


Source: IFLS, 2014

The marital status that is focused on in this research is the status of unmarried, married, and divorced individuals. Based on Figure 5, the number of individuals with unmarried status is 16.32 percent, individuals with marital status of 77.49 percent while those with divorce status of 6.20 percent. Figure 5 shows the percentage of global subjective welfare and domain in Indonesia based on their marital status. Based on the above results, individuals who are satisfied with their life in terms of employment with married status have a percentage of 65.14 percent, greater than individuals who are satisfied with their life in terms of work with divorce and unmarried status of 4.92 percent and 12.77 percent. The number of individuals who are

happy with their lives with unmarried status, married, and divorced status respectively by 15.05 percent, 72.12 percent and 4.65 percent.

Figure 6. Percentage of Subjective Welfare Education Status

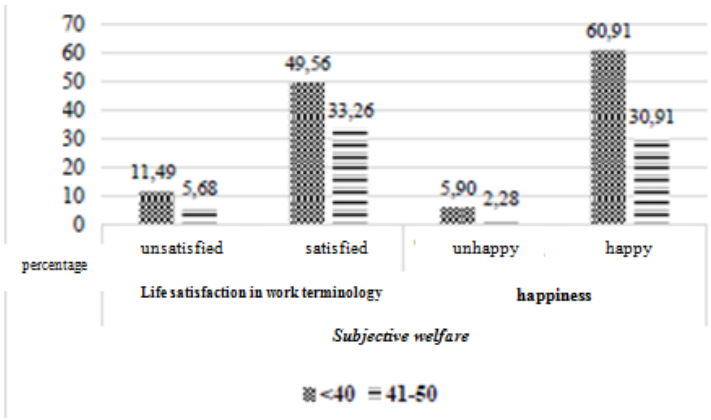


Source: IFLS, 2014

The level of education in this study is the level of formal education that has been resolved and proven by the last diploma. Based on Figure 6, the percentage of individuals with the lowest level of education in the form of basic education is 29.41 percent, secondary education is 27.59 percent, and higher education is 13.92 percent. Based on Figure 6, it can be seen that the percentage of individuals who are satisfied with their life in terms of work and feel happy with life with the last level of education primary education (24.80 percent and 26.65 percent) are the largest group. Individuals with secondary education who are satisfied with their life in terms of job and are happy with their lives are respectively 22.30 percent and 26.18 percent. There are 11.93 percent of the last tertiary educated individuals who are satisfied with their life in terms of work, and 13.60 percent who are happy with their lives.

Source: IFLS, 2014

Figure 7. Percentage of Subjective Welfare by Working Hours



The hours worked in this study uses a total of individuals working within a week. Based on Figure 7, it can be seen that there are as many as 66.81 percent of individuals working in working hours less than equal to 40 hours a week and only 33.19 percent of individuals who work more than 40 hours. Based on Figure 7, there are 49.56 percent of individuals who work less than 40 hours who are satisfied with their life in the terms of work, and 60.91 percent who are happy with their lives.

Results of Estimation and Hypotheses Proofing

The model used in this research is binary logit model. In this research, there are two dependent variables, that is life satisfaction in terms of job and happiness. The dependent variable on the subjective welfare model of the domain is the satisfaction of life in terms of simplified work into two categories: satisfaction and dissatisfaction; while the global subjective welfare model uses the happiness variables which are divided into happy and unhappy.

Table 1. Logit Regression Model

Variable	**Job_St First Model**			**HP Second Model**
Coefficient	***Odds Ratio***		**Coefficient**	***Odds Ratio***
wi	0.117* (0.014)	1.12	0.228* (0.021)	1.26
DP2i	0.458* (0.070)	1.58	0.575* (0.094)	1.78
DP3i	0.397* (0.066)	1.49	0.424* (0.084)	1.53
Agei	-0.028** (0.013)	0.97	-0.113* (0.018)	0.89
Agesqi	0.000* (0.000)	1.00	0.001* (0.000)	1.00
Genderi	-0.415* (0.046)	0.66	-0.145** (0.065)	0.87

Mar2i	0.211* (0.073)	1.23	0.884* (0.111)	2.42
Mar3i	-0.227** (0.111)	0.80	-0.271** (0.138)	0.76
DEdu2i	0.151* (0.058)	1.16	0.189* (0.071)	1.21
DEdu3i	-0.133** (0.059)	0.88	0.610* (0.089)	1.84
DEdu4i	0.038 (0.080)	1.04	1.291* (0.160)	3.64
Houri	0.008* (0.002)	1.01	0.003 (0.002)	1.00
_cons	0.774* (0.229)	2.17	2.806* (0.337)	16.54
Pseudo R2	**0.023***			**0.099***
LR test	**0.000**			**0.000**
Count R2	**0.828**			**0.918**
Observation	**15715**			**15715**

Test and Calculation of Statistics

a. Simultaneous Test

Based on Table 1, it can be seen that the estimation results of the two models are statistically significant. The probability value of the Likelihood Ratio (LR) test of each model is 0.000. This value indicates that the probability value is less than the critical value or significance level α = 1% so H0 is rejected. It can be concluded that all independent variables in each model, namely wealth, main job status, education level, working hours, and demographic variables simultaneously significantly influence statistically the dependent variable in the form of life satisfaction in terms of job and happiness.

b. Partial Test

In the subjective subjective welfare model (Table 1) significant wealth is below the 1% significance level and is in the rejected H0 area. This means that wealth can be used as an estimator and significantly influence the satisfaction of life in terms of individual work partially.

Significant significance in the main employment status is the probability value of the main employment status as a worker and an entrepreneur. The status of the main occupation as a free worker can not be explained because it acts as the basis of two other major occupational status categories. The significance of the main employment status as worker and entrepreneur are each below the critical value of 1% so that H0 is rejected. This means that employment status significantly affects life satisfaction in terms of individual work partially.

The level of education, the significance of which is elaborated, is primary education, secondary education, and final education. At the primary level the significance level is at the level of 1% and the secondary education is 5%. This means that the level of primary and secondary education significantly affects the satisfaction of life in terms of individual work partially. Higher education can not be an estimator and does not affect life satisfaction in terms of job as it has exceeded the 10% critical value limit.

The significance value of working hours is below the critical value limit of 1%. This shows that H0 is rejected and it can be concluded that working hours significantly influence life satisfaction in terms of individual work partially.

Age has significance below the 5% significance level so it indicates that H0 is rejected. This means that age significantly affects life satisfaction in terms of individual work partially while quadratic age has significance below 1% significance level indicating H0 rejected and it can be concluded that quadratic age significantly influences life satisfaction in terms of individual work partially.

Gender can be used as an estimator and has an effect on life satisfaction in terms of individual work partially. This is because gender with a significance that resides in area H0 is rejected with 1% level of significance.

The significance of marital status that can be elaborated is the significance of married and divorced marriage status. With the 5% critical value limit, each variable is in the rejected H0 area. This means that marital status significantly affects life satisfaction in terms of individual work partially.

The global sub-optimal model of welfare (Table 1) shows that wealth, primary employment status as workers and entrepreneurs, age, quadratic age, and educational level have significance values below the critical value limit of 1% indicating that H0 is rejected and affects individual happiness whereas gender has significance under the 5% critical value limit. Marital status consisting of married and divorced categories respectively affect happiness with a significant level of 5%. Working hours can not be used as estimators and have no effect on happiness because working hours have probability values above the critical value limit of 10%.

Goodness of Fit Test

The result of pseudo R2 in the first model of subjective welfare domain (life satisfaction in job terminology) is 0.0236. This means that the independent variable is able to explain the dependent variable of 2.36 percent or also defined as 2.36 percent of the variation of the dependent variable can be explained by the model.

Interpretation of Coefficients & Odds Ratio

a. The Logistic Regression Model on the Domain Subjective Welfare Model

Interpretation of coefficient is done to see and know the influence of direction and coefficient value. The coefficient value of logistic regression is difficult to interpret directly. To interpret it it is necessary to perform an antilog of the coefficient value. Thus, it will get the ratio of probability or called odds ratio. Here are the respective interpretations of coefficients and odds ratios for the subjective welfare model of the domain.

Wealth has a positive slope which interpreted means that when more assets are owned by individuals then the probability of being satisfied with life in terms of work will also increase. When calculating the antilog of the value coefficient worth 0.117 it will get the value of 1.12 (≈*e*0.117). This shows that if individual wealth increases by one unit then the probability of being satisfied with life in terms of work will increase by 1.12 times with the assumption that nothing else has changed.

The status of the main occupation, ie the status of the main occupation as a worker has a greater probability of being satisfied with his life in terms of employment than the status of the main job as a free worker. When calculating the antilog from the coefficient of the main job status as a worker of 0.458 it will get the value of 1.58 (≈*e*0.458). This suggests that individuals with employment status as workers have a probability 1.58 times greater to be satisfied with their life in terms of employment than with individuals with employment status as free workers assuming nothing else of matters has changed. The status of the main job as an entrepreneur also has a greater probability of being satisfied with his life in terms of work than the main employment status as a free worker. When calculating the antilog of the main employment status coefficient as an entrepreneur of 0.397, it will get the obtained value of 1.49 (≈*e*0.397). This indicates that the individual with employment status as an entrepreneur has a probability of being satisfied with his life in a higher employment term of 1.49 times than the individual with the status of employment as a free worker assuming nothing else has changed.

The level of education, i.e. the individual with the primary level of education has a greater probability of being satisfied with his life in terms of employment when compared with individuals who are not in school. When calculating the antilog of the coefficient of basic education level of 0.151 it will get the value of 1.16 (≈*e*0.151). This suggests that the probability of a basic educated individual to be satisfied with his life in terms of a job is 1.16 times higher than that of an individual who is not schooling, assuming that nothing else has changed. Individuals with secondary education have a smaller probability than non-school-aged individuals in life satisfaction in terms of a job. When calculating antilog from coefficient of middle education level equal to -0.133 it will get value 0.88 (≈*e*-0,133). This suggests that a middle-educated individual has a probability of 0.88 times lower in being satisfied with his life in terms of employment when compared to individuals not in school, assuming nothing else changes.

Working hours have a positive slope, which interpreted means that the more hours of work, the greater the probability of being satisfied with life in terms of work. When calculating the antilog of clock work coefficient which equal to 0.008 it will get value of 1.01 (≈*e*0,008). This indicates

that if the individual work hour increases by one hour then the probability of being satisfied with life in terms of work will be greater than 1.01 times, assuming nothing else changes.

Age has a negative slope which indicates that with an older individual the probability of being satisfied with their life in terms of work will decrease. With the inclusion of quadratic age variables that have positive coefficients then the implication is that the increase in the age of the individual will be coupled with a decrease in life satisfaction in terms of work but at a certain age point the age of the individual will increase life satisfaction in termsof work.

Gender having a negative slope indicates that the male gender individual has a lower probability of being satisfied with his life in terms of the job than the individual female gender.Marital status, i.e. married married status individuals have a greater probability of being satisfied with their life in terms of work than with individuals of unmarried marital status.

b. The Logistic Regression Model in the Global Subjective Welfare Model.

Interpretation of coefficient is done to see and know the influence of direction and coefficient value. The coefficient value of logistic regression is difficult to interpret directly. To interpret it it is necessary to perform an antilog of the coefficients. Thus, it will get the ratio of probability or called odds ratio. Here are the respective interpretations of coefficients and odds ratios for global subjective welfare models.

Wealth, that is, the more wealth assets possessed by the individual the probability of being happy with his life will also increase. When calculating the antilog of the coefficient of wealth of 0.228 it will get the value of 1.26 ($\approx e0{,}228$). This shows that if the individual wealth increases by one unit then the probability of happiness will increase by 1.26 times, with the assumption that nothing else has changed.

The status of the main occupation, i.e. the status of the main occupation as a worker has a greater probability of being happy with his life than the main employment status as a free worker. When calculating the antilog of the main employment status coefficient as worker which is equal 0.575 it will get the value of 1.78 ($\approx e0{,}575$). This shows that individuals with employment status as workers have a 1.78 times greater probability of being happy with their lives compared to individuals with employment status as free workers, assuming other things have nothing to change. The status of the main job as an entrepreneur also has a greater probability of being happy with his life than the main employment status as a free worker.

The level of education, that is, individuals with basic education levels have a greater probability of being happy with their lives compared to individuals who are not in school. When calculating the antilog of the coefficient of basic education level of 0.189 it will get the value of 1.21 ($\approx e0.189$). This suggests that individuals with basic education levels have a 1.21 times greater probability of being happy than individuals who are not in school assuming nothing else has changed. Individuals with secondary education have a greater probability of being happy with their lives compared to individuals who are not in school.

Gender has a negative slope indicating that the male gender individual has a lower probability of being happy with his life than the female individual. When counting antilog from gender coefficient which equal to -0.145 then will get value 0.87 (≈*e*-0,415). This shows that male gender individuals have a probability of 0.87 times less likely to be happy than with individuals of the female gender with, assumptions that nothing else has changed.

Marital status, i.e. married married status individuals have a greater probability of being happy than individuals with unmarried marital status. When calculating the antilog of married status coefficient of equal to 0.884 it will get value 2.42 (≈*e*0,884). This suggests that the probability of married married individuals of being happy is 2.42 times higher than for unmarried married individuals, assuming that nothing else has changed.

Based on the results of research conducted, it can be seen that there are some limitations in this study, namely: first, income data in IFLS5 is imperfect because there is a missing main job income data and 0 so that this variable can not be used in research and replaced with proxy state other materials, such as wealth. Second, this study excludes religious and residential variables.

CONCLUSION

Based on the results of research that has been through the process of analysis and discussion, conclusions of this study can be formulated, as follows:

1. Simultaneously the wealth, employment status, level of education, working hours, and demographic variables have a statistically significant effect on the probability of individuals to be satisfied with their life in terms of work. Partially the level of higher education does not significantly affect life satisfaction in terms of employment while wealth, primary employment status, primary and secondary education, working hours, age, gender, marital status have a significant influence.

2. All independent variables simultaneously influence significant impact on happiness. The estimation results show that partially working hours do not significantly affect happiness while wealth, main employment status, education level, working hours, age, and marital status significantly influence individual happiness.

RECOMMENDATIONS

After going through the stages of analysis in this study, there are some suggestions related to policy implications, including:

1. To obtain the highest subjective welfare, the work force or job seeker is advised to work as an employee because the individual working as a worker is shown to have a global subjective welfare and a higher domain than the individual working as an entrepreneur or free worker. The government is expected to be able to encourage employment creation especially for employment of workers through improving the investment climate and improving Indonesia's competitiveness in international markets

2. The results of this study also indicate that increased education can improve the global subjective welfare (happiness) so that the government is expected to improve the education level in Indonesia through increased participation and teaching-learning process at primary education level, improving efficiency and relevance in secondary education level, quality that is in line with national development priorities of higher education, as well as improving adult education and training.

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