

CHAPTER V

CONCLUSION AND SUGGESTIONS

A. Conclusion

This study has analyzed the factors affecting happiness in Indonesia by using data from IFLS-5 2014. Overall, the analysis results can be summarized as follows:

1. This study provides an empirical study that subjective well-being (SWB) in Indonesia in 2014 was influenced by SHS, income, education, and SUS. Nevertheless, the unemployment variable has a negative effect on subjective well-being. Meanwhile, the variables of health, income, and education have a positive effect on subjective well-being.
2. The results statistical analysis performed in Indonesian urban and rural areas confirm that subjective health status, income, and education have a positive and significant effect on subjective well-being with the significance level of 1%. A person who is healthy will feel happier. The healthier a person is, the happier the person will be. The higher a person's income is, the happier the person will be. Thus, this study has proven that Indonesia in 2014 had no Easterlin Paradox, i.e. an increase in income that cannot boost a person's level of welfare or happiness. The education also has a positive and significant effect on SWB. The higher the level of education of a person, the happier the person will be.
3. The results of logistic regression indicate that the subjective unemployment status variable has a negative and significant effect on SWB with the significance level of 1%. This confirms that the unemployed are less happy than the employed.

B. Suggestion

The study indicates that public health, increased income, and a higher level of education play an important role in boosting the Subjective Well-Being (SWB) of Indonesian people. Hence, the government should make policies that make people aware that health and education are important in daily life and the government does not need to be afraid of the Easterlin Paradox in Indonesia. However, the paradox still needs to be prevented.

Further studies are necessary to conduct in order to assist the government in issuing policies relative to predicting the future events which have a correlation with efforts to increase the happiness of the people.