

## Determinants of Household Happiness in Indonesia

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### ABSTRACT

One of the dimensions that the BPS uses to gauge happiness is life satisfaction. The elements influencing home happiness in Indonesia are examined in this study. Households with secondary data from the Indonesia Family Life Survey (IFLS) comprise the study's sample. This study's model analysis makes use of logistic regression. According to the study's findings, possessions including a home, a car, savings, and even jewelry are among the things that influence household satisfaction in Indonesia. In addition, other factors such as health, ownership of electronic goods, internet access and the area of residence outside Java will increase household happiness. Overall, this study concludes that the more assets, the healthier the family condition and the easier the access, the more satisfied and happy the household will feel.

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## 1. INTRODUCTION

Everyone, including households, aspires to have a happy life. Naturally, everyone has different standards for what makes them happy. When you can purchase something with your work money, some individuals believe that happiness is easy. A sense of pleasure and contentment with something might be considered happiness. Eudaimonia, which refers to a person's psychological function, and happiness can also be seen as an assessment of a person's feelings about certain elements of life and his life overall, taking into account sensations such as emotions experienced ([1]; [2]).

Numerous markers can be used in empirical research to gauge people's degrees of happiness. Based on a framework that encompasses three aspects of life—life

satisfaction, feelings, and meaning—BPS evaluates respondents' levels of happiness. On a scale of 0 to 100, the average level of happiness among Indonesians in 2017 was 70.69, according to the findings of these assessments. North Sulawesi (73.69), Maluku (73.77), and North Maluku (75.68) are the three provinces with the highest happiness index. In the meantime, Papua (67.52), North Sumatra (68.41), and East Nusa Tenggara (68.98) have the lowest happiness indices.

According to some academics, happiness can be defined as the sensation of striving to fulfill one's potential and life's purpose. Being able to own a home is one of the things that can be regarded as an accomplishment. The most valuable asset in a household is thought to be a home. Particularly in Indonesia, assets play a

significant role in wedding customs [3]. Even according to study by [4], a woman's possessions can reveal her financial situation, which in turn can influence the amount of the dowry she would receive when she marries. The degree of family happiness can also be influenced by other elements, which can be non-material as well as material. Examples of these include residential area, health, ease of access to information, and so forth. Therefore, the goal of this research is to examine the variables that influence household satisfaction in Indonesia.

## 2. LITERATURE REVIEW

[5] contends that the economic implications of happiness and the economic applications of happiness data may be critically examined using the concept of happiness as an economic tool. A person's level of happiness can affect their performance in the job market, forecast their future income, and increase productivity, among other economic outcomes. Numerous empirical research examine the elements that influence an individual's level of pleasure or satisfaction. [6] Examine how housing conditions affect people's satisfaction with their lives in China's cities. In order to examine uniformity among communities, his study separated the sample into age and income groups. Age, gender, marital status, education level, health status, and work status are among the variables utilized as individual characteristics. The variables of home ownership, house size, and housing conditions are all included in the study. The empirical findings using the probit model demonstrate that every aspect of the home has a noteworthy beneficial impact on life satisfaction. However, the only factors that significantly affect overall happiness are home ownership and size.

In urban China, women's general happiness and contentment are positively impacted by home ownership [7]. According to [8], parents' life satisfaction in rural Germany is influenced by housing circumstances in addition to property

ownership. [9] discovered that in Tabriz, Iran, house kinds and attributes have a major influence on housing satisfaction. Ji et al. (2002) examined the factors influencing overall family satisfaction among married adults in urban China using data from the 1993 China Housing Survey in Shanghai and Tianjin. They discovered that a major contributor to total family happiness was family relationships, as evidenced by regular communication with parents.

Homeownership is not the sole factor that influences happiness. On [6] With the exception of gender, marital status, education level, and employment status, the majority of the person and household demographic variables in his study had a significant impact. Characteristics like age have also been identified by several researches to be important in affecting satisfaction ([7]; [10]; [11]; [12]). The findings indicated that as people aged, their level of contentment declined. Individual housing pleasure is strongly and favorably impacted by all aspects of housing, including the type of home, the size of the house, the number of bedrooms, and the presence of a living room or bathroom [6].

[13] examine wellbeing in Beijing, a Chinese metropolis, by looking at factors including marital status, property ownership, and family structure, including whether children are present. Assuming that having access to homeownership is significant in a person's life, people frequently combine homeownership with family structure. Existing research generally indicates that inhabitants are content after obtaining homeownership ([14]; [15]; [16]). Welfare, house ownership, family structure, personal socioeconomic traits, and the environment were the variables used in this study. The results of the study, which employed a logit model, demonstrated a substantial correlation between greater well-being and having access to homeownership. Furthermore, a higher degree of well-being will be experienced by those with higher salaries, although this effect is not statistically significant.

Women in China place a higher priority on home ownership than do males. Additionally, home ownership increases life satisfaction among older generations and those with higher incomes. Having a home can promote more involvement in social activities. In addition to having a greater sense of belonging, homeowners can select the closest school for their kids, which increases the likelihood that they will be happy living there. In contrast to [17], which discovered a positive correlation between homeownership and life happiness, the study's findings indicate that the degree of the influence varies depending on the type of homeownership. Additionally, the study discovered a negative correlation between life contentment and extended employment durations exceeding 15 years, and a positive correlation between home values and life satisfaction.

### 3. METHODS

In order to obtain cross-sectional data, this study employs secondary data from the Indonesia Family Life Survey (IFLS) wave 5. Household happiness, which is impacted by a number of circumstances, is the unit of analysis to be monitored in this study. A dummy variable with a value of 1 for "very happy" or "happy" and a value of 0 for "very unhappy" or "unhappy" will be used to measure the degree of household happiness. Consequently, since Dummy is the dependent variable, consequently, a logistic regression model will be employed in this investigation [1]; [2].

Numerous empirical research have examined happiness; in fact, the Central Statistics Agency (BPS) itself has macro statistics on Indonesia's happiness index. With a few variable tweaks and other considerations that also refer to other research (such [2]; [3]; [4] and others), the model of this study, however, is based on the study [1]. The provinces outside of Java had the highest levels of happiness in 2014 and 2017, according to the BPS (2017) report on Indonesia's happiness index. Consequently,

the following is the model of the equation used in this study:

$$Hpp_i = \beta_0 + \beta_1 P_i + \beta_2 A_i + \beta_3 S_i + \beta_4 L_i + \varepsilon_i,$$

Using, the degree of happiness, as a dependent variable. The house occupied, assets (cars, televisions, other buildings, land, jewelry, savings, receivables), household characteristics (gender, age, number of family members, health), and environment (type of residential building, type of floor, availability of internet, electricity, television, mobile phone, and area) are all independent variables that are included in the variables HPNP, A, and S. In this study, the age variable is based on LZhang et al. (2018) and Make the Dummy, where 0 represents the older age group (>42 years) and 1 represents the younger age group (≤42 years). The number of family members was likewise categorized in this study, with 1 denoting fewer than or equal to four persons and 0 denoting more than four. The province divides households into those that reside on Java (1) and those that do not (0).

### 4. RESULTS AND DISCUSSION

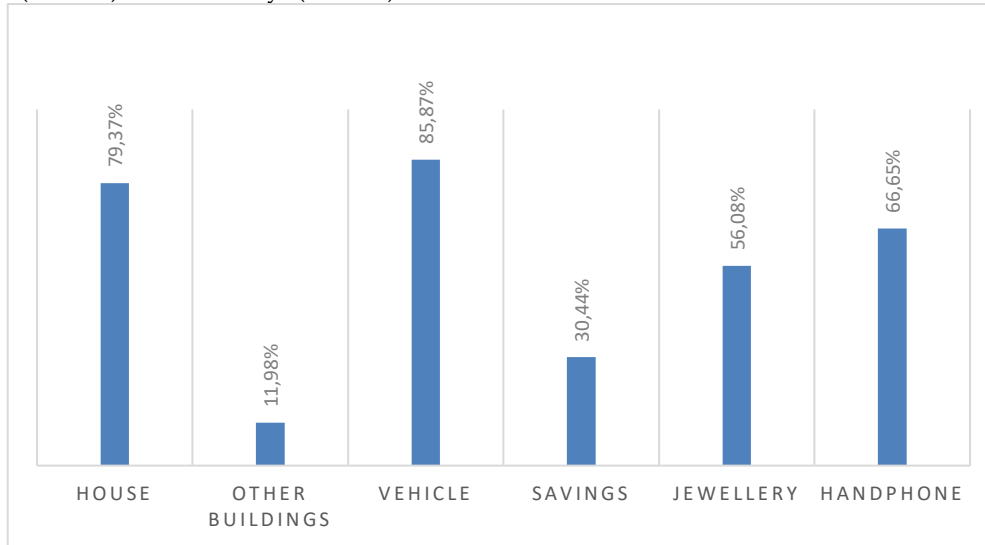
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Of the 11,348 households in Indonesia included in the study's data, 44.25% were in rural areas and 55.75% were in urban areas. Because this research is regional in nature, observations are categorized into Java and Outer Java regions in addition to urban and rural locations. There are 6,075 households, or 53.53%, in Java and 5,273 households, or 46.47%, outside of Java.

The largest assets owned by households are cars (85.87%), homes (79.37%), and cell phones (66.65%), as seen in Graph 1. Since cars are typically used for commuting to work, school, and other locations, they are an essential form of transportation for any household. Furthermore, a lot of financial institutions now provide credit or loans so

that even people with low incomes can acquire cars. As of right now, the typical household can own many vehicles, such as a car for each child or a car for the husband and wife. In Indonesia, households own more jewelry (56.08%) than money (30.44%) and

assets such as real estate or other structures (11.98%). Receivables are essentially listed in the home property portion of the questionnaire, although their ownership is only 12.12%, meaning that their worth is not much different from that of other buildings.



**Graph 1. Percentage of Types of Household Asset Ownership in Indonesia**

Table 1 below shows that households both in villages and cities in Java and outside Java feel that their lives at this time are happy. Across all regions and areas, more than 90% of households answered happy or very happy. In addition, households in all regions and areas are already using electricity. Even in rural and urban areas in Java, almost 100% of households there already use electricity. Outside Java, there are still 2.17% of households in rural areas that do not use electricity.

Based on the percentage of asset ownership, namely the house or land occupied, households in rural areas are higher than in urban areas. 91.64% of households in rural Java have a house building or occupied land, while in urban Java only 74.23% of households are occupied. Outside Java, only 70.76% of urban households have occupied buildings, while rural households outside Java 84.32%. In addition, based on the characteristics of the buildings occupied, the majority of households live in non-multi-storey houses.

**Table 1. Descriptive Statistics**

Variable	Javanese		Outside Java	
	Village	City	Village	City
<b>Happiness</b>				
Happy	92,14%	94,02%	93,62%	94,04%
Unhappy	7,86%	5,98%	6,38%	5,96%
<b>Asset Ownership</b>				
<i>Home / Land</i>				
Yes	91,64%	74,23%	84,32%	70,76%
No	8,36%	25,77%	15,58%	29,24%
<i>Vehicle</i>				
Yes	84,51%	89,20%	80,55%	87,92%
No	15,49%	10,80%	19,45%	12,08%

Variable	Javanese		Outside Java	
	Village	City	Village	City
Health Status				
Healthy	81,89%	79,38%	75,49%	72,67%
Unhealthy	18,11%	20,62%	24,51%	27,33%
Electricity Availability				
Yes	99,73%	99,84%	97,03%	99,64%
No	0,27%	0,16%	2,17%	0,36%
Age				
≤ 42 years	65,22%	65,92%	71,43%	72,22%
> 42 years	34,78%	34,08%	28,57%	27,78%
Type of House				
Multilevel	2,80%	15,64%	21,30%	12,25%
Non-tiered	97,20%	84,36%	78,70%	87,75%
Number of Family Members				
≤ 5 people	78,46%	76,61%	76,42%	71,78%
> 5 people	21,54%	23,39%	23,58%	28,22%

Regarding the head of household's age, 65.22% and 65.92% of households in rural and urban Java are categorized as young or under 42 years old, respectively, but 71.43% and 72.22% of households outside of Java fall into this category. The majority of the characteristics in this study had an impact on household satisfaction in Indonesia, according to the findings of the logistic regression analysis in Table 2. A household's level of satisfaction is positively and considerably impacted by possessions including homes, cars, savings, jewelry, receivables, televisions, and cell phones. The happiness of his family is also positively and significantly impacted by the head of the household's age, gender, and health. The sorts of residential buildings, residing outside of Java, and the availability of internet connection are other factors that affect household satisfaction in Indonesia.

The results in Table 2 illustrate the conditions in which households that own their own homes experience a happier life 0.01 times compared to households that do not have their own homes. This is because households that have their own house will be more comfortable living with their families without having to take into account time and

rental costs. The happiness and contentment of family life will rise 0.02 times greater if a household additionally has assets like cars, savings, and jewelry since they have more assets than homes without any. Additionally, because a portion of their assets are held by third parties, which means that they indirectly possess savings, households with receivables on other people's loans will also be 0.03 happier.

The characteristics of the head of the family such as age, gender and health condition also play an important role in determining household happiness. The age of the head of the family who is under 42 years old has a happier family 0.03 times larger than the household whose head of the family is more than 42 years old. A household headed by a man will be 0.05 times happier than a household headed by a woman. In addition, the health condition of the head of the family is also able to affect the happiness of the family at home. The head of the family who has a good health condition will increase his family happiness by 0.07 times more than a household with a head of family whose health is not good. This is due to the large role of the head of the family in his household life.

**Table 2. Results of Estimation of Logistic Regression and Marginal Effect**

Variable	Logistic Regression	Marginal Effect
Home Ownership	0.218** (0.0959)	0.0164** (0.00719)
Building Ownership	0.195 (0.129)	0.0146 (0.00967)
Land/land ownership	0.172 (0.114)	0.0129 (0.00851)
Vehicle Ownership	0.320*** (0.0892)	0.0240*** (0.00668)
Savings Ownership	0.346*** (0.0977)	0.0259*** (0.00734)
Jewelry Ownership	0.271*** (0.0764)	0.0203*** (0.00573)
Receivables	0.428*** (0.148)	0.0321*** (0.0111)
Age of the Head of Family	0.527*** (0.0935)	0.0394*** (0.00702)
Gender Head of Family	0.672*** (0.146)	0.0503*** (0.0110)
Health of the Head of Family	0.944*** (0.0744)	0.0707*** (0.00561)
Internet Access	0.556*** (0.142)	0.0416*** (0.0106)
Living in Urban Areas	0.115 (0.0768)	0.00859 (0.00576)
Types of Residential Buildings	0.468*** (0.128)	0.0350*** (0.00957)
Electricity Access	0.275 (0.351)	0.0206 (0.0263)
Television Surveillance	0.531*** (0.117)	0.0397*** (0.00876)
Number of Family Members	0.0324 (0.0757)	0.00242 (0.00567)
Mobile Phone Ownership	0.442*** (0.0832)	0.0331*** (0.00625)
Types of Residential Floors	0.0953 (0.109)	0.00714 (0.00816)
Living in Java Region	-0.268*** (0.0773)	-0.0201** (0.00580)
Constant	-1.041*** (0.379)	

Information : ( ) *standard errors*, \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Health is a form of long-term investment where healthier people will be more able to do all activities comfortably. In addition, people who have mobile phones, televisions and internet access will be 0.03

times happier than people who do not have them. Mobile phones, televisions and the internet today are not only for communication, but are closely related to all daily activities that can be used for all kinds of

activities such as seeking information, entertainment, shopping to conducting meetings or meetings.

An interesting result of this study is that the type of building you live in will also affect happiness. Households living in high-rise buildings will feel 0.03 times happier than living in non-multi-storey buildings. In addition, households outside Java also have 0.02 greater happiness than households living on Java.

## 5. CONCLUSION

Happiness can mean different things to different people. Three dimensions of the BPS—life satisfaction, feelings, and life meaning—are used for statistical evaluation,

and one of them is the assessment of happiness. The outcomes of this study are intriguing, and they primarily have a favorable impact on happiness. In Indonesia, possession of goods including homes, cars, money, jewelry, receivables, televisions, and cell phones significantly affects a household's level of satisfaction. The happiness of his family is also positively and significantly impacted by the head of the household's age, gender, and health. The sorts of residential buildings, residing outside of Java, and the availability of internet connection are other factors that affect household satisfaction in Indonesia. Based on the findings of this study, more research is required in order to periodically depict the variations in the state of household happiness in Indonesia.

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