




The Analysis of Subjective Well-Being Influenced by Self-Employment and Personal Functioning

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Abstract. This study investigates the influence of subjective well-being on self-employment moderated by personal functioning variables. The happiness index based on the level of education in groups of people without formal education is in the low category. This condition will not change if there is no improvement in self-employment and personal functioning in those groups. Excellent self-employment can be expressed by considering education a priority for every community with a positive impact. To obtain data on subjective well-being in Indonesia, researchers used a descriptive quantitative method on 30 respondents observed directly and virtually. The data collection process used a cross-sectional survey approach. The data collected were analyzed with multiple regression methods using SPSS software. Based on data analysis results, self-employment does not influence subjective well-being.

Furthermore, personal functioning influences subjective well-being. Finally, this study found the simultaneous effect of self-employment and personal functioning on subjective well-being. The influence of self-employment on subjective well-being is smaller than that of personal functioning. Thus, efforts to develop personal functioning to improve subjective well-being are more vital. This research has a novelty in testing the simultaneous self-employment and personal functioning of subjective well-being because previous researchers did not mention the size of the influence.

Keywords: Personal Functioning, Self Employment, Subjective Well-Being.

1. INTRODUCTION

Based on the survey conducted in 2023, Indonesia's education enrollment, completion, and graduation rates rank 67th out of 203 countries ¹. This ranking has remained consistent from the previous year. It is crucial to note that education ranking is directly linked to the happiness index. Those who did not enrol in education had a significantly lower happiness index when compared to those who completed their education (refer to Table 1). Individuals with higher levels of education tend to have a higher happiness index ^{2,3}.

Table 1. Indonesian Happiness Index

No	Education	Score
1.	Academic Higher Education	80,79
2.	Vocational Higher Education	76,53
3.	Senior High School	73,31
4.	Junior High School	71,30
5.	Elementary School	70,10
6.	Did not Finish Elementary School	68,83
7.	Never attended school	66,94

The title of this study is "Analysis of subjective well-being influenced by self-employment and personal functioning". It is essential to conduct this research because self-employment and subjective well-being are relevant topics in work and personal functioning⁴. At the same time, Indonesia has a low happiness index for people who do not get education services. Education provides several knowledge or skills to be self-employed effectively. Individuals who have completed their education can increase their level of self-employment⁵. Personal functioning has a positive impact on the intention to drop out of school on individuals. This impacts the problem of people's life satisfaction if the education received by the individual is low, and the quality of the community in that country or region is also low⁶. This study differs from past research as it investigates how subjective well-being affects self-employment, considering individual functioning variables as moderators. The researchers aimed to understand the combined impact of self-employment and personal activities on subjective well-being and their relative importance.

1.1 Subjective Well-Being and Self-Employment

Subjective well-being is another word for happiness in simple terms. Happiness may be a collection of many pleasant moments or experiences for individuals, especially self-evaluations from personal life, including life assessments⁷. Positive feelings, such as optimism, and negative feelings, such as sadness, are indirectly found in specific environments, such as work, family, and education⁸. Based on this statement, the proposed research hypothesis is *H1: Self-employment influences subjective well-being*. There needs to be more agreement on defining or measuring subjective well-being, which is intricately linked with one's quality of life⁹. In this study, the indicators used to measure subjective well-being combine previous researchers' indicators: happiness, life satisfaction, affective well-being, and evaluative. In this study, self-employment is a predictor of subjective well-being. Self-employment is a characteristic that will lead to the creation of new businesses or services that are seen as a way to keep unemployment rates low and maintain or improve living standards in a country¹⁰. In this study, the indicators used to measure self-employment variables are types of income, employment, education and skills, health, and environmental barriers¹¹.

1.2 Subjective Well-Being and Personal Functioning

Subjective well-being can be shaped not just by self-employment but also by personal functioning¹¹. Management research literature has shown that a leader's values are essential to the organization. For example, personal values affect leadership style¹². Based

on previous research, the hypothesis proposed in this study is *H2: Personal functioning influences subjective well-being*. As a variable, personal functioning in this study can be measured using toughness, meaning and purpose, autonomy and control, and attachment¹². Personal functioning and self-employment have the same position as predictors of subjective well-being. The researchers will simultaneously test hypothesis *H3: Self-employment influences subjective well-being through personal functioning*.

2. METHODS

2.1. Hypothesis

The research design used was causal. It is designed to collect data and create a structure that allows researchers to comprehend cause-effect relationships in the research variables¹³. According to the literature review, this study was conducted based on the grand theory of entrepreneurship, subjective well-being, self-employment, and personal functioning, as shown in Fig. 1.

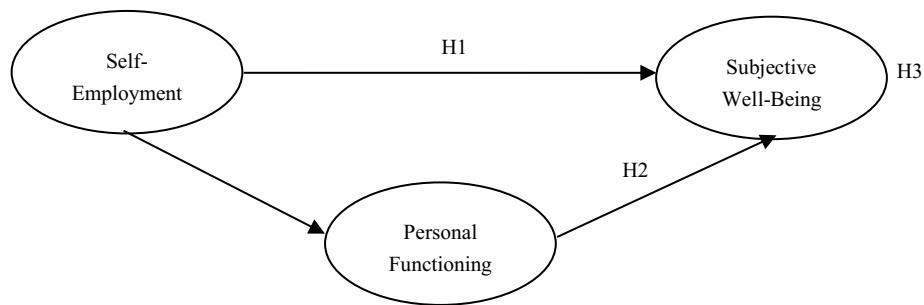


Fig. 1. Relationship between self-employment, personal functioning, and subjective well-being

2.2. Sample and Data Collection

The population of this study was Indonesian society, at least entrepreneurs who do not have formal education at the elementary school level in West Java. However, they still manage to own and run a successful business with employees under their responsibility. The survey was sent via e-mail and face-to-face. The study sample was 30, and the respondent provided varied ratings for all items. In this quantitative, the program used to perform data analysis using the path analysis method is SmartPLS. Interval scales allow researchers to perform numerical calculations on data collected from respondents. The measurement does not have a true zero value. The attitude measure commonly used in business research is the Likert scale. A Likert scale requires respondents to answer their degree of agreement or disagreement with a perceived object.

3. RESULTS AND DISCUSSION

3.1 Outer Model Testing

Based on the Smart PLS program results, the estimate of the parameter λ is the same as the estimated value of the standardized regression parameter, also known as the path

coefficient. The magnitude of the coefficient values resulting from the estimation of the descriptive parameters χ and λ describes Y during the external loading process.

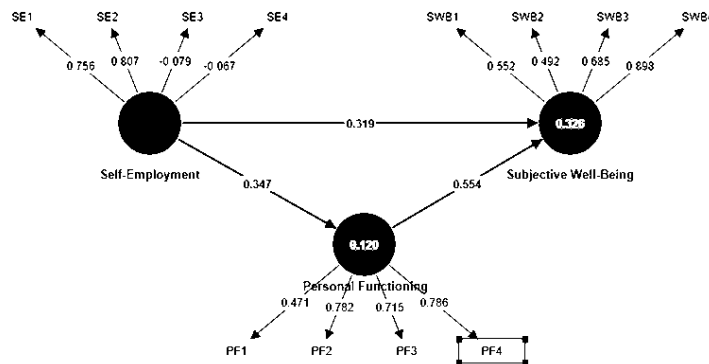


Fig. 2. Outer Loadings

The initial measurements showed that happiness, life satisfaction, affective well-being, health, environmental barriers, and determination were not relevant or significant indicators in this study's constructs of self-employment and personal functioning.

Table 2. Outer Loadings

Exogenous Variables	λ	Endogenous Variables	λ	Intervening Variable	λ
<i>Self-Employment</i>		<i>Subjective Well-Being</i>		<i>Personal Functioning</i>	
SE1-Education	0.756	SWB1-Happiness	0.552	PF1-Toughness	0.471
SE2-Income	0.807	SWB2-Life Satisfaction	0.492	PF2-Meaning and Purpose	0.782
SE3-Health	-0.079	SWB3-Affective Well-Being	0.685	PF3-Autonomy and Control	0.715
SE4-Environmental Barriers	-0.067	SWB4-Evaluation	0.898	PF4-Interconnectedness	0.786

The estimated values of the parameter λ according to the criteria of exogenous, endogenous and intermediate variables all have coefficients greater than 0.7 and are significant at the $\alpha = 0.05$ level. This means the indicators identify a valid and reliable factor for each latent variable or construct.

3.2. Inner Model Testing

External model validation via R2 values precedes internal model validation. We compared observed and estimated values for the partial least squares structural model using a goodness-of-fit model. Table 2 highlights subjective well-being performance in the internal model.

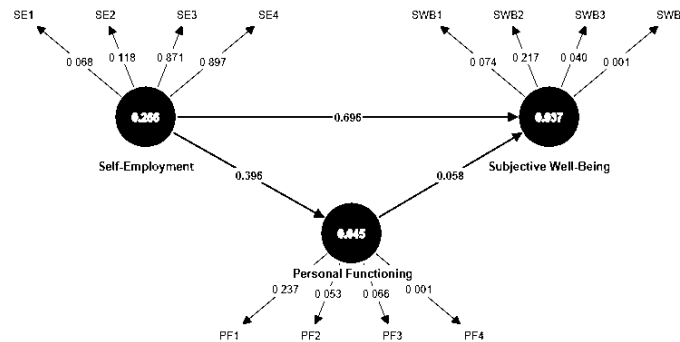


Fig. 3. Inner Model testing

The RMSEA will evaluate discriminant validity for all constructs in the model. Except for perceived interaction, adequate validity is indicated by AVE > 0.6, Cronbach's Alpha > 0.7, and Rho > 0.7 for the three variables. The full Figure 3 measurement model is valid with $P < 0.5$, barring the perceived interaction variable.

Table 3. Structural Model Testing

Latent Variable	AVE	Cronbach Alpha	Rho	R-Square
Subjective well-being	0.456	0.655	0.937	0.326
Self-employment	0.308	0.587	0.420	-
Personal functioning	0.490	0.642	0.645	0.120

3.2. Hypothesis Testing of H1

The first analysis explored correlations in the outer model, linking variables to subjective well-being and self-employment. The second analysis showed self-employment's impact on subjective well-being with an R2 value of 69.6%. The third analysis tested the central hypothesis H1; however, the non-significant p-value (0.696 > 0.05) led to its rejection, contrasting earlier findings that suggested a positive link between self-employment and subjective well-being.

Table 4. Hypothesis testing of H1

Hypothesis	λ	STDEV	T-VALUES	P-VALUES	R-SQUARE
H1 Self-Employment → Subjective well-being	0.145	0.221	0.658	0.512	0.146

3.3. Hypothesis Testing of H2

The first analysis linked variables to subjective well-being and personal functioning in outer model testing. The second analysis assessed the direct impact of personal functioning on subjective well-being, yielding an R2 value of 56.1%. The third analysis tested the central hypothesis H1, which was accepted with a significant p-value of 0.001 < 0.05 in Table 5, contradicting previous research indicating a positive link between self-employment and subjective well-being.

Table 5. Hypothesis testing of H2

Hypothesis	λ	STDEV	T-VALUES	P-VALUES	R-SQUARE
H2 Personal Functioning→ Subjective well-Being	0.517	0.159	3.371	0.001	0.535

3.4. Hypothesis Testing of H3

We examined the correlation between latent variables in the outer model test to test the third hypothesis about indirect influence. Previous research suggested that personal functioning mediates entrepreneurship and subjective well-being. By investigating this mediation, we gain insights into how self-employment affects subjective well-being. In the first analysis, we assessed the direct effect of self-employment on subjective well-being, resulting in an R2 value of 48%. The second analysis also aimed to determine the indirect effect of self-employment on subjective well-being, mediated by personal functioning, with an R2 value of 10%. However, the results suggest that self-employment does not significantly affect subjective well-being. This study concludes that personal functioning is not a mediating variable for self-employment, and subjective well-being is an endogenous variable.

Table 6. Hypothesis testing of H3

Hypothesis	λ	STDEV	T-VALUES	P-VALUES	R-SQUARE
H3 Self-Employment →Personal Functioning→Subjective well-Being	0.129	0.133	0.722	0.472	0.179*0.561

4. CONCLUSION

This study shows that personal functioning significantly affects subjective well-being, whereas self-employment does not. It involves Indonesian entrepreneurs without formal elementary education in West Java but has limitations due to a small sample size (30 participants). To improve, consider changing the role of self-employment, expanding the sample, and using more efficient data collection methods. Despite limitations, the research contributes to understanding the causal relationship between variables and offers development insights.

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