



ASSOCIATION OF ECONOMIC STATUS ON JOB SATISFACTION CASES OF INDONESIA

Achmad Kautsar^a, Citra Kumala^b, Ekki Syamsulhakim^c

^aUniversitas Pertamina, Jakarta, Indonesia.

^bBadan Perencanaan dan Pembangunan Nasional, Jakarta, Indonesia.

^cUniversitas Padjadjaran, Bandung, Indonesia.

Corresponding Email: kautsarachmad@gmail.com

Abstract

The association between economic status and job satisfaction is different across individuals. Economic status is related to increased probability of job satisfaction. If an individual has a low job satisfaction, it can affect the productivity and health status. This study aims to investigate the effect of economic status on job satisfaction and identify factors associated with job satisfaction among individuals in Indonesia. This study used Indonesia Family Life Survey (IFLS) data. The Indonesian Family Life Survey (IFLS) is an on-going longitudinal survey in Indonesia. Total sample data is 12,344. The logit regression was used to estimate the potential relationship between people's economic status, health status, and job satisfaction. The individuals with formal jobs have a positive outcome on job satisfaction compared to informal job. The probability is 3.2% higher than informal job. The quality of sleep also has positive impact on job satisfaction. On the other hand, income has negative effect on job satisfaction. In the category of health behavior and health status, the smoker and depressed individuals have a lower probability to be satisfied with their job. Our findings point out two important aspects of work satisfaction. Firstly, occupational status is important because individual needs job security. Secondly, health status could be the sign whether individual is satisfied with their job or not.

Keywords: Job Satisfaction, Economic Status, Health Status.

1.Introduction

Awareness for the consequence of job dissatisfaction on an individual's health is essential, not only from a medical standpoint, but also from an economic perspective (Nadinloyi et al, 2013). The association between economic status and job satisfaction is different across individuals. Job happiness may cover workers from stressors, in the period of neoclassical, theories have proven the fact that employees' satisfaction immediately affected productivity (Hoboubi *et al.*, 2017). Job satisfaction is a fundamental factor for employees' motivation and encouragement to reach better achievement (Raziq and Maulabakhsh, 2015).

Job dissatisfaction may lead to raised level of absence and workers turnover. A lot of factors affect individual's job satisfaction since being satisfied or not is an emotional reaction. Job satisfaction could be explained by result and expectation, if the result meet with the expectation, we can conclude that the individuals will be satisfied with their job. For example, if he/she is working harder than others, one could expect to get rewards, but if the expectation is too high, he/she will be disappointed with his/her job.

Theoretically, there are explanations to expect a positive or a negative link between wage level and job satisfaction. Most models of pay satisfaction impose a positive correlation between income level and income satisfaction, and income satisfaction is one of the important components of overall job satisfaction (Judge *et al.*, 2010).

Furthermore, job security is important because it probably has indirect effect to job satisfaction. Workers in developing countries focus on satisfying basic needs such as wage and job security (Aghdasi et al, 2011).The five aspects that employees determined as dominant job satisfaction contributors were respectful attention of all employees at all layers, compensation/pay, trust between employees and senior management, job security, and opportunities to use their skills and abilities at work(Lee et al, 2017).Job security, generally measured using explored possibility of profession loss in the near future, is a significant determinant of job satisfaction (Artz and Kaya, 2014). A robust discover from the psychological literature is that job insecurity is a root of reduced health and well-being. The main justification in psychological theory is the argument that job insecurity is a stressor, initial to work strain(Green, 2011).

2. Methods

Data were derived from Indonesian Family Life Survey (IFLS). The Indonesian Family Life Survey (IFLS) is an on-going longitudinal survey in Indonesia. The sample is a representative of about 83% of the Indonesian population and contains over 30,000 individuals living in 13 out of the 27 provinces in the country. This research used IFLS 5 which is the newest data collected from Indonesian Family Life Survey (IFLS) (Rand, n.d).The probit model was used to estimate the potential relationship between people’s job characteristics, health status, and job satisfaction.

Table 1: Variable Descriptions

Variable	Description
Variable Outcome	
Satisfaction	1: Satisfaction 0: Others
Job Characteristics	
Working Experience	Year
Salary/Wage During the Last Month	Million
Category of Work	1: Formal 0: Non-Formal
Job Status	
Permanent Contract	1: Yes 0: No
Health Status	
Mental Health	1: Depressed 0: Others
Quality of Sleep	1: Good 0: Poor

Source: Indonesian Family Life Survey 5

We used the probit model since the dependent variable is discrete. Probit modelling was used to find an indication of positive or negative alteration in individual’s job satisfaction as a function of their job characteristics and health status. This study looked at how salary can affect a person’s satisfaction. The analysis used binary data for the variables of satisfaction, category of work, health status, and quality of sleep.

Individual’s working experience and salary during the last month were used nominally. Based on the results of questionnaires from Indonesian Family Life Survey (IFLS), there were 9,591 workers who match with the criteria used in this study.

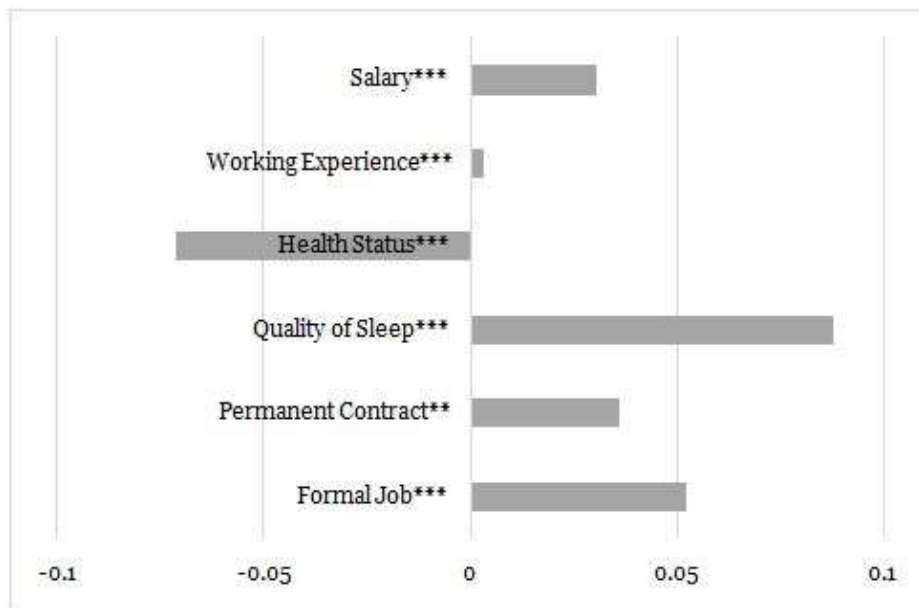
3. Results

Table 2: Variable Percentage

Variable	Average	Percentage
Variable Outcome		
Satisfaction		
Satisfied in Current Job		83.12%
Not Satisfied in Current Job		16.88%
Job Characteristic		
Formal		42.35%
Non-Formal		57.65%
Salary/Wage During the Last Month (IDR)	1,896,003	
Working Experience (Year)	8.1	
Job Status		
Permanent Contract		10.71%
Non-Permanent Contract		89.29%
Health Status		
Depression		
Depressed (feeling in the past week)		13.96%
Not Depressed		86.04%
Quality of Sleep		
Good		88.08%
Poor		11.92%
Observations: 9,591		

Source: Indonesian Family Life Survey 5

Table 2: Marginal Effect



Significant level: *10%, **5%, ***1%

Source: Data Processing

In our observations, the percentage of job satisfaction is 83.12% out of 9,591 individuals. The average salary and working experience are Rp. 1,896,003 and 8.1 years respectively. Health status of respondents are 86.04% and 88.08% for depression and good quality of sleep. In the category of job, 42.35% individuals are considered to have a formal job and 57.65% are not. In job status variable, 10.71% individuals work with permanent contract, while the other 89.29% do not.

4. Discussion

Based on these outcomes, depressed people have lower probability to be satisfied by 7.1% than happier people. One of the possible arguments is higher psychological distress may lead to lower job satisfaction. This result related to (Lee *et al.*, 2009), the study found that psychological distress is significantly and negatively correlated with job satisfaction among employees. Individuals with good quality of sleep have 8.7% higher probability of satisfaction compared to individuals with poor quality of sleep. Besides that, quality of sleep can also affect performance. The result is consistent with (Luz *et al.*, 2011), which showed that the correlation between quality of sleep and job satisfaction is negatively significant ($r=-0.41$; $p<0.00$).

In terms of category of work and job status, individuals who work in formal job and permanent contract had higher probability level to be satisfied by 5.2% and 3.6% respectively. The higher satisfaction can be caused by job security. Job security is important for employees since they want to feel safe and secure. If an employee is distressed about their job security, it can affect their best work. The outcome is relevant with (Artz and Kaya, 2014), job security increases employee job satisfaction more than a rise in salary. This phenomenon can be explained by the loss aversion theory, since they may have the fear of job loss in a greater capacity than the utility of having a greater income.

On the other hand, one more year of working experience gives 0.3% higher probability of job satisfaction. It is generally related to commitment with the company. Besides that, working experience is also associated with career. For instance (Tahere *et al.*, 2012) reported that the impact of job experience on job satisfaction was proved in significant level of 0.04 and path coefficient of 0.259 (< 0.07).

Salary is a significant factor on job satisfaction, 1% increase in salary will increase the probability to have job satisfaction by 3.1%. Higher salary will lead to a rise in job satisfaction. This result is consistent with (Judge *et al.*, 2010), pay level is positively correlated with both overall job satisfaction ($\hat{\rho}=.15$, $p<.05$) and with pay satisfaction ($\hat{\rho}=.24$, $p<.05$). The other study (Ehsan Malik *et al.*, 2012) showed that salary has significant effect on job satisfaction but the promotion has lower impact and partially significant to the job satisfaction.

5. Conclusion

Job security (permanent contract and formal job) and salary have a significant positive impact on job satisfaction. Job security has higher probability of job satisfaction than salary. It may be explained by the individuals' need to have a safe and secure job without being afraid of job loss. Besides that, salary is also important because individuals have to meet their basic needs. Job security and salary are two of the more important factors to increase job satisfaction. Job satisfaction is important to rise workers' productivity.

6. Limitation

The limitation of this study is that a person's satisfaction status is self-reported, respondents can be biased or mistaken. IFLS data does not provide information about individual clinical data and the proxy of the IFLS questionnaire data is only indicator values. Ideally, the data provides individual clinical data for health status.

References

- i. Aghdasi, S., Kiamanesh, A. R. and Ebrahim, A. N., 2011. 'Emotional intelligence and organizational commitment: Testing the mediatory role of occupational stress and job satisfaction', *Procedia - Social and Behavioral Sciences*. Elsevier B.V., vol. 29, pp. 1965–1976. [Online] Available at: doi: 10.1016/j.sbspro.2011.11.447.
- ii. Artz, B. and Kaya, I., 2014. 'The impact of job security on job satisfaction in economic contractions versus expansions', *Applied Economics*, vol. 46, no. 24, pp. 2873–2890. [Online] Available at: doi: 10.1080/00036846.2014.914148.
- iii. Ehsan Malik, M., Qaiser Danish, R. and Munir, Y., 2012. 'The Impact of Pay and Promotion on Job Satisfaction: Evidence from Higher Education Institutes of Pakistan', *American Journal of Economics*, vol. 2, no. 4, pp. 6–9. [Online] Available at: doi: 10.5923/j.economics.20120001.02.
- iv. Green, F., 2011. 'Unpacking the misery multiplier: How employability modifies the impacts of unemployment and job insecurity on life satisfaction and mental health.' *Journal of Health Economics*. Elsevier B.V., vol. 30, no. 2, pp. 265–276. [Online] Available at: doi: 10.1016/j.jhealeco.2010.12.005.
- v. Hoboubi, N., Choobineh, A., Ghanavati, F. K., Keshavarzi, S. and Hosseini, A. A., 2017. 'The Impact of Job Stress and Job Satisfaction on Workforce Productivity in an Iranian Petrochemical Industry', *Safety and Health at Work*. Elsevier Ltd, vol. 8, no. 1, pp. 67–71. [Online] Available at: doi: 10.1016/j.shaw.2016.07.002.
- vi. Jo, H. S., Moon, J. Y., Kim, B. G. and Nam, E. W., 2015. 'Analysis of Socio-demographics, Self-rated Health, Social Capital, and Happiness in a Medium-Sized Healthy City, Republic of Korea.', *Journal of Lifestyle Medicine*, vol. 5, no. 2, pp. 68–75. [Online] Available at: doi: 10.15280/jlm.2015.5.2.68.
- vii. Judge, T. A., Piccolo, R. F., Podsakoff, N. P., Shaw, J. C. and Rich, B. L., 2010. 'The relationship between pay and job satisfaction: A meta-analysis of the literature', *Journal of Vocational Behavior*. Elsevier Inc., vol. 77, no. 2, pp. 157–167. [Online] Available at: doi: 10.1016/j.jvb.2010.04.002.
- viii. Lee, C., Esen, E. and DiNicola, S., 2017. *Employee Job Satisfaction and Engagement: The Doors of Opportunity Are Open*. s.l.; s.n.
- ix. Lee, M. S. M., Lee, M. B., Liao, S. C. and Chiang, F. T., 2009 'Relationship between mental health and job satisfaction among employees in a medical center department of laboratory medicine', *Journal of the Formosan Medical Association*. Formosan Medical Association & Elsevier, vol. 108, no. 2, pp. 146–154. [Online] Available at: doi: 10.1016/S0929-6646(09)60045-0.
- x. Luz, E. M. S., Marqueze, E. and Moreno, C., 2011. 'Job satisfaction and sleep quality in nursing professionals'. *Sleep Science*, vol. 4, no. 2, pp. 49–51.
- xi. Nadinloyi, K. B., Sadeghi, H. and Hajloo, N., 2013. 'Relationship Between Job Satisfaction and Employees Mental Health', *Procedia - Social and Behavioral Sciences*. Elsevier B.V., vol. 84, pp. 293–297. [Online] Available at: doi: 10.1016/j.sbspro.2013.06.554.
- xii. Rand (no date) *The Indonesia Family Life Survey*. [Online] Available at: <https://www.rand.org/labor/FLS/IFLS.html>.
- xiii. Raziq, A. and Maulabakhsh, R., 2015. 'Impact of Working Environment on Job Satisfaction', *Procedia Economics and Finance*. Elsevier B.V., vol. 23, no. October 2014, pp. 717–725. [Online] Available at: doi: 10.1016/S2212-5671(15)00524-9.
- xiv. Tahere, N., Zahra, G. and Asma, Y., 2012. 'Investigating the Effects of Job Experience , Satisfaction , and Motivation on Organizational Commitment Case Study: (The Nurses of Ghaem Hospital in Mashhad , Iran)', *Research Journal of recent sciences*, vol. 1, no. 7, pp. 59–67.