

ABSTRACT

This study examines the effect of capabilities on subjective well-being (SWB) among residents of Kemijen Subdistrict, East Semarang. The phenomenon of low welfare passthrough indicates that economic growth has not been fully translated into improved household well-being. Although labor force participation in Kemijen is relatively high, the area continues to face educational constraints, environmental risks, and structural poverty, reflecting conditions of capability deprivation.

This quantitative study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 3 with data from 258 respondents. Capabilities are measured through seven dimensions: health, education and knowledge, economic freedom, social participation, autonomy and personal control, social responsibility and ethics, and empowerment. Subjective well-being is assessed through evaluative, affective, and eudaimonic dimensions.

The results show that capabilities have a positive and significant effect on SWB ($\beta = 0.714$; $t = 12.045$; $p < 0.001$), with well-being freedom—particularly economic freedom and education and knowledge—as the main contributors. In contrast, sociodemographic and socioeconomic variables are not statistically significant. An R^2 value of 0.590 indicates that 59% of the variance in SWB is explained by capabilities. These findings suggest that subjective well-being is more closely associated with the expansion of capabilities and substantive freedoms than with economic or demographic conditions alone.

Keywords: Capability Approach, Subjective Well-Being, Structural Equation Modeling, Kemijen.