

Mehrzaad B. Baktash
John S. Heywood
Uwe Jirjahn

**Performance Pay and Happiness:
Work vs. Home?**

Research Papers in Economics
No. 8/25

Performance Pay and Happiness: Work vs. Home?

Mehrzaad B. Baktash
University of Trier

John S. Heywood
University of Wisconsin-Milwaukee

Uwe Jirjahn
University of Trier

Abstract: Using German survey data, we show conflicting influences of performance pay on overall life satisfaction. The overall influence reflects a strong *positive* influence through domains of life satisfaction associated with the job (job satisfaction, individual earnings satisfaction and household earning satisfaction) and a strong *negative* influence through domains away from the job (health satisfaction, sleep satisfaction and family life satisfaction). This trade-off between work and home generalizes and helps explain many previous studies examining much more specific consequences of performance pay. Finally, controlling for the mediating role of the domains, the direct influence on life satisfaction is positive for women and insignificantly different from zero for men.

Keywords: Performance Pay, Life Satisfaction, Well-Being, Satisfaction Domains, Gender.

JEL Codes: D10, J22, J33, M52.

Corresponding Author: John S. Heywood, Department of Economics, University of Wisconsin-Milwaukee, P.O. Box 413, Milwaukee WI 53201, heywood@uwm.edu, (414) 229-4310.

1. Introduction

The last decades have witnessed a spread of performance pay among employers in the United States and many European countries (Bender and Skatun 2022, Lemieux et al. 2009, Zwysen 2021). Employers increasingly use performance pay to incentivize workers and to attract the right applicants. However, at issue are the consequences of performance pay for workers' well-being.

Performance pay has frequently been shown to be associated with increased worker earnings as well as with improved job satisfaction. Yet, performance pay has also been associated with a long list of adverse consequences including increased worker stress, mental and physical illness, drug use, divorce and loneliness. We suggest that there exists a broad generalization that performance pay improves satisfaction with aspects of life at work but reduces satisfaction with aspects of life away from work. Following this suggestion, we uniquely test for the role that performance pay plays in overall life satisfaction. We broadly confirm the suggestion finding strong commonalities between genders but also important differences.

First, we show that performance pay has a positive influence on satisfaction with the job, with one's own income and with household income. Second, we find that performance pay has a strong negative influence on satisfaction with health, with sleep and with family life. This pattern is similar between men and women. Third, we perform a multi-mediator analysis in which the domains of satisfaction influence overall life satisfaction (Easterlin and Sawangfa 2007, 2008, Milowanska-Farrington and Farrington 2022, van Praag et al. 2003, Vinas-Bardolet et al. 2020). The analysis shows that performance pay works through the first set of domains to increase overall life satisfaction and works through the second set of domains to decrease overall life satisfaction. The net effect of these offsetting indirect influences typically

results in performance pay having little or no net influence on life satisfaction through the domains. Fourth, in the mediation analysis, the direct influence of performance pay on life satisfaction (separate from the indirect influences through the domains) is positive for women and insignificantly different from zero for men.

These results contribute to several important branches of literature and help inform policy. On a broader scale, we contribute to the enormous literature on the measurement and determinants of subjective well-being (Blanchflower and Oswald 2011, Clark 2018, Frey 2008, Frey and Stutzer 2002, Graham 2016, Kahneman and Krueger 2006, Krueger and Schkade 2008, Layard 2010, van Praag and Carbonell 2004). Job satisfaction can be thought of as the utility from the job and it contributes to life satisfaction. Performance pay has been shown to influence job satisfaction as we make clear in the next section. Yet, the relationship between performance pay and overall life satisfaction (subjective well-being) has simply not been examined. If performance pay influences aspects of life away from the job as we anticipate, there is no reason to think it will influence life satisfaction in the same way as job satisfaction.

Moreover, we contribute to the economics of personnel by showing that performance pay potentially comes with costs in terms of lower worker well-being away from the job. The optimal setting of performance pay should take account of these costs. Some costs may be immediate to the firm such as insurance costs associated with increased illness or injury. Others may be less direct such as a deterioration in the family relationships of workers. Yet even these less direct costs may be relevant to the firm if workers require compensating wage differentials because of them or if the costs are ultimately borne by government programs for which the firm pays taxes.

A recent piece in the *California Management Review* provides an early recognition of these trade-offs and the need for firms to consider them. The authors emphasize the advantages to

firms of a healthy workforce in terms of increased productivity and lower insurance costs (Sayre and Conroy 2024). They cite the many "wellness" programs and health incentives provided to employees by firms for this reason.¹ They go on to emphasize that highly geared performance pay can generate a less healthy and more expensive workforce and that this point is not as well recognized by firms as it should be. We provide statistical evidence of this trade-off in the minds of workers. Performance pay provides benefits at work but with costs away from work.

Finally, we contribute to the literature on work-family balance. The long-standing increase in female labor participation has raised economic issues about how individuals, and parents in particular, balance time between work and family obligations. Among other things, this literature examines the links between women's childbearing and their economic outcomes, the success of family leave, and the relationship between family structure and labor market outcomes (Kimmel and Hoffman 2000). One branch of the literature focuses on firm policies that make it easier for workers to balance home and work and to measure the benefits to workers and, potentially, to firms (Bloom et al 2011). While the usual policies considered include flexible schedules, parental leave, childcare and home working (Cotti et al. 2014, Heywood and Jirjahn 2009), our results suggest that performance pay may make it more difficult to balance home and work.

In what follows, the next section provides background by reviewing what is known about the role of performance pay in increasing productivity, earnings and job satisfaction. It also isolates a variety of studies focusing on consequences of performance pay that would generally be seen as detrimental to workers. It emphasizes that many of these consequences happen away from the job. The third section introduces our data, variables and estimation approach. The fourth section provides estimates of life satisfaction that include performance pay as a

determinant. It also examines the role of performance pay as a determinant of six separate domains of life satisfaction divided between work and home. The fifth section provides the multi-mediator analysis that tracks the role of performance pay through these domains into overall life satisfaction. The final section concludes by focusing on the opposing influences on the two sets of domains and the gender differences.

2. Background Discussion

2.1 Previous Research on Performance Pay

Performance pay links workers' compensation to their contributions to the firm (measured either objectively or subjectively). Performance pay can be simple piece rates and commissions, or it can also be more complicated bonus schemes and gain sharing that follow a detailed worker evaluation. At its best, performance pay aligns the interests of workers with those of the firm (Prendergast 1999). A series of studies indeed show that performance pay increases productivity (Banker et al. 1996, Cadsby et al. 2007, Dohmen and Falk 2011, Gielen et al. 2010, Heywood et al. 2011, Jirjahn 2016, Jirjahn and Mohrenweiser 2025b, Lavy 2009, Lazear 2000, Paarsch and Shearer 2000, Shaw 2015, Shearer 2004). There is also ample evidence that performance pay results in higher wages for workers (Booth and Frank 1999, Green and Heywood 2016, Heywood and Parent 2012, Jirjahn and Stephan 2004, Parent 1999, Pekkarinen and Ridell 2008, Seiler 1984). These findings reflect that performance pay rewards higher effort and higher ability of workers.

Moreover, a range of studies across a variety of countries usually, but not always, find that job satisfaction is higher among those receiving performance pay (Artz 2008, Bin Bae 2023, Clemens 2025, Green and Heywood 2008, Heywood and Wei 2006, Ledic 2018, Pouliakas and Theodossius 2009). This result typically persists in individual worker fixed effect estimates and in estimates that instrument for the presence of performance pay. Several explanations for the

positive link between performance pay and job satisfaction have been suggested. Workers may directly value the stronger link between compensation and effort implied by performance pay. Brown and Sessions (2003) argue that workers prefer employment environments seen as rewarding their effort, and that such environments increase worker optimism about future employment. Heywood et al. (2017) suggest that being rewarded for good performance can lead to feelings of competence, pride and self-worth at work. However, by contrast, Cornelissen et al. (2011) stress that the link between performance pay and job satisfaction may largely reflect the higher earnings opportunities associated with performance pay. In this sense, the link between performance pay and job satisfaction, at least partially, may proxy for the impact of performance pay on income satisfaction.

Despite the higher earnings and the higher job satisfaction, others have pointed to dramatic negative consequences of performance pay.² These are largely seen as resulting from the increased commitment to work associated with performance pay. The point of performance pay is to increase effort. Thus, hours of work are typically greater for those earning performance pay all else equal (Artz and Heywood 2024, Baktash et al. 2025a, DeVaro 2022, Green and Heywood 2023). These hours together with greater exertion and work speed generate accidents at work. In both North America and Europe workers paid piece rates have higher rates of industrial accidents than comparable workers not paid piece rates (Artz and Heywood 2015, Bender et al. 2014). More generally, longer hours, higher effort and more uncertain earnings typically increase stress. This increased stress has been confirmed by elevated cortisol in lab experiments of performance pay (Allen et al. 2021, Andelic et al. 2025) and in field experiments of performance pay (Timio and Gentili 1976). It has also been confirmed in self-reported survey data that performance pay increases stress even holding hours of work constant and instrumenting for performance pay (Baktash et al. 2022a).

Stress and longer work hours have well-known detrimental effects on health (Uchino et al 2007). Thus, it may not be a surprise that self-reported measures of both physical and mental health are routinely worse for those on performance pay (Andelic et al. 2024a, Bender and Theodossiou 2014, Davis 2016, Davis and Hoyt 2000, Green and Heywood 2023) all else equal. These self-reports are matched by worse objective measures of health such as higher blood pressure and higher inflammation markers in the blood (Andelic et al. 2024a) and by increased sickness absence (Habel et al. 2021, DeVaro and Heywood 2017, Frick et al. 2013). In turn, the increased stress generates typical coping mechanisms. Those on performance pay are more likely to use illicit drugs and alcohol (Artz et. al 2021, Baktash et al. 2022b) and more likely to use prescription anti-anxiety drugs and anti-depressants (Dahl and Pierce 2020).

The families of those earning performance pay have also been thought to suffer reduced satisfaction with social life. Increased injury and health costs spillover to workers' families. A performance pay worker brings the stress home. In addition, the heightened mental focus on work results in employees on performance pay exhibiting an increased willingness to prioritize spending time socializing with colleagues over socializing with friends or family (Hur et al. 2021). The move away from the family is but one change in time use. Workers on performance pay have also been shown to attend fewer leisure events, exercise less and sleep less (Andelic et al. 2024b). Furthermore, performance pay even increases the risk of divorce (Adams 2025, Baktash et al. 2025b) and contributes to heightened loneliness (Baktash 2025). Altogether, the available evidence suggests that performance pay is associated with tension in the family and negatively affects the social life of workers.

2.2 The Influence on Life Satisfaction and Its Domains

As our review of the literature makes clear, previous research on performance pay suggests that there are opposing influences of performance pay on the well-being of workers. While there

exist beneficial consequences of performance pay at work in terms of higher earnings and job satisfaction, there are detrimental consequences for health, leisure and relations at home. This gives rise to the question of what net impact performance pay has on worker well-being. We address this question by examining the link between performance pay and overall life satisfaction. Rather than a further examination of narrow indicators such as injury rates or drug consumption we use life satisfaction as a comprehensive measure of well-being capturing the sum of the various influences from performance pay. While not identical to utility, life satisfaction has been thought to be systematically related to utility. As Kimball and Willis (2023) emphasize, "happiness can give important information about preferences" and "long-run happiness is important for economic welfare in the same way as other higher-order goods such as health, entertainment, or nutrition."

Overall satisfaction with life is an aggregate measure, which can be unfolded into its domain components such as job satisfaction, health satisfaction and family life satisfaction (Easterlin and Sawangfa 2007, 2008, Milowanska-Farrington and Farrington 2022, van Praag et al. 2003, Vinas-Bardolet et al. 2020). To obtain insights into the transmission channels through which performance pay influences overall life satisfaction, we also analyze the impact of performance pay on various job-related and home-related domains. Using a multiple mediator analysis, we estimate a two-layer model where performance pay has an influence on domain satisfactions and domain satisfactions in turn have an impact on overall life satisfaction. Thus, on the one hand, the direction and the strength of the influence of performance pay on the various domain satisfactions can differ between the domains. On the other hand, the various domains can differ in their importance for overall life satisfaction.

We recognize that there still remains some debate over the right interpretation of subjective well-being measures (Bertrand and Mullainathan 2001). Nonetheless, the interest in these

measures has increased dramatically among economists during the last decades and their usefulness has been demonstrated in many studies (see Clark 2018 for a review). First, life satisfaction is strongly correlated with objective measures of well-being (Oswald and Wu 2009). Second, subjective well-being measures have been proven successful in prediction. Unhappy individuals are more likely to develop mental disorders such as anxiety and depression (Layard et al. 2013). Unhappiness is even positively correlated with suicidal risk (Daly and Wilson 2009). In a similar vein, subjective measures of health satisfaction are surprisingly effective at predicting health outcomes, sometimes even outperforming clinical biomarkers for old-age mortality prediction (Idler and Benyamini 1997). Greater subjective health satisfaction is not only closely linked to a longer lifespan but also to better health behaviors, and future fewer illnesses (Joe and Subramanian 2017). As another example, subjective measures of job satisfaction predict quitting by workers in general and retirement by older workers (Clark 2001, Clark et al. 2015). Lower job satisfaction is also associated with "objective" measures of unfairness such as earning less than one's otherwise equal peers at work (Barazzetta et al. 2018).

3. Data, Variables and Empirical Approach

Data are drawn from the SOEP, a large representative longitudinal survey of private households in Germany (Goebel et al. 2019). While routine socio-economic and demographic questions are asked annually, specific 'special' topic questions appear in specific waves. We use the waves 2008, 2011 and 2016 as these waves contain information on our key variables. We pool the three waves for our panel data analysis. The analysis focuses on workers aged 19 to 65 years. This reflects the typical working age population in Germany. We exclude apprentices, interviewees reporting zero working hours and marginally employed individuals (monthly earnings of below 450 Euros) as these workers usually do not receive performance pay.

Table 1 provides the definitions and descriptive statistics of our key variables. Following Cornelissen et al. (2011) and Grund and Sliwka (2010), individual performance pay is equal to 1 if an employee is subject to regular and formalized performance appraisal and the performance appraisal has consequences for the employee's earnings. In our sample, 27.2 percent of employee observations receive performance pay. The other variables described in Table 1 are measures of satisfaction on a zero to ten Likert scale. Life satisfaction is the overall global measure. The job domains include job satisfaction, personal income satisfaction and household income satisfaction. The domains outside the job include health satisfaction, sleep satisfaction and family life satisfaction.³ The mean satisfaction levels range from a low of 6.66 for personal income satisfaction to a high of 7.87 for family life satisfaction.

We include a wide range of control variables. Personal characteristics include age and its square, gender, marital status, migration background, years of education, risk tolerance, locus of control and the Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness and neuroticism). Household variables include whether there are children in the household under age 16, the total number of people in household, whether the worker thinks the dwelling fits the size of their household and regional controls for the location of the household. Work variables include years of tenure, part-time status, full-time years of work experience, part-time years of work experience, total length of time spent unemployed, whether they work in the public sector, industry dummies and occupation dummies. Variables for the observation year are also included. The total sample size is 19,881 person-wave observations. The definitions and descriptive statistics of the control variables are shown in Appendix Table A1.

Our empirical analysis proceeds in several steps. To set the stage we provide estimations on the link between performance pay and overall life satisfaction. This provides initial insight

into the net influence of performance pay on life satisfaction. In the next step, we estimate the determinants of the six domain satisfactions to highlight the contrasting role of performance pay in job- and home-related domains of satisfaction. In the third step, we return to the life satisfaction regressions and now include the domain satisfactions as additional determinants. This allows examining the link between performance and life satisfaction when holding constant job- and/or home-related domain satisfaction. In the final step, we undertake a full mediator analysis. Here performance pay simultaneously determines each of the six domains and those domains in turn determine overall life satisfaction. This allows us to trace out the consequences of performance pay through the separate domains into life satisfaction. It also allows identifying both those indirect effects and any remaining direct effect.

4. Initial Results

4.1 Performance Pay and Overall Life Satisfaction

Table 2 shows the key results of linear random effects regressions estimating the determinants of life satisfaction.⁴ Standard errors are clustered at the worker level. Control variables are included in the regressions but suppressed to save space.⁵ Regression (1) uses the combined sample of male and female workers. The dummy for women takes a significantly positive coefficient implying the female workers have greater life satisfaction. This may reflect the so called "paradox of the contented female worker" spilling over into life satisfaction.⁶ Most salient to our topic, performance pay emerges as a significantly positive determinant of life satisfaction. This indicates that the net influence of performance pay on overall life satisfaction is positive.

However, the separate estimations by gender in columns (2) and (3) reveal a more nuanced pattern.⁷ Performance pay does not take a significant coefficient in the regression for men whereas it emerges as a statistically significant determinant of life satisfaction in the regression

for women. This is the first of a series of results suggesting differences by gender. The result here suggests that women on performance pay gain sufficiently from it that their overall life satisfaction improves even as that is not true for men. We will return to this and its potential implications after further development.

4.2 Performance Pay and Domain Satisfaction

To obtain insights into transmission channels, we next examine the six domains of satisfaction. The key results are provided in Table 3.⁸ The regressions with the combined sample of men and women in Panel A yield greater insight into the paradox of the content female worker. The significant positive female coefficient seen in estimating life satisfaction emerges *only* for personal income satisfaction and household income satisfaction. The female coefficient in the other domains is insignificant.

Most importantly, turning to the role of performance pay, the regressions in panel A highlight the distinction that we found in our review of the many disaggregate studies. Performance pay takes a positive and significant coefficient in estimating each of the work domains. Workers on performance pay are more satisfied with their job, their personal income and their household income. Despite the many controls, the magnitudes are meaningful. For example, workers on performance pay report satisfaction with personal income that is nearly 13 percent of a standard deviation larger than those not on performance pay. These results are contrasted by the other three domains. Workers on performance pay are significantly less satisfied with their sleep and their family life. Thus, performance pay seems associated with opposing influences. Those on performance pay have greater satisfaction in the job domains and less satisfaction in the non-job domains.

Panels B and C provide separate estimations for men and women. The two panels show a similar pattern of results. For men, performance takes significant coefficients in all of the six

domain regressions. Performance pay is positively associated with job satisfaction, personal income satisfaction and household income satisfaction while it is negatively associated with health satisfaction, sleep satisfaction and family life satisfaction. For women, performance pay is a significantly positive covariate of personal income and household income satisfaction whereas it is a significantly negative covariate of sleep satisfaction and family life satisfaction. Thus, for both genders, performance pay is associated with higher satisfaction in the job domains but with lower satisfaction in the non-job domains.

4.3 Controlling for Domain Satisfaction in the Life Satisfaction Regressions

In Table 4 we return to our life satisfaction regressions and add the domains satisfactions as additional explanatory variables to the specification. The object is to hold constant satisfaction with one set of domains to examine how this influences the role of performance pay on the remaining variation in life satisfaction.

Regressions (1), (4) and (7) in the first column replicate the estimations in Table 2 including as mediators the three variables for job-related domain satisfaction. As anticipated, those domain satisfaction variables each take significant and positive coefficients. The coefficient on performance pay, which was positive and significant at the ten percent level in the regression with all workers in Table 2, now becomes negative and insignificant. For men, the coefficient was positive and insignificant and is now significantly negative. For women, performance pay was a significantly positive covariate of life satisfaction but does no longer play any significant role once satisfaction with the job domains is held constant. Controlling for the three job-related domain satisfactions means that the positive influence of performance pay through these domains is filtered out implying that the negative influence through the non-job domains gains a higher weight when estimating the link between performance pay and overall life satisfaction.

This yields a significantly negative performance pay coefficient in the estimation for men and an insignificant coefficient in the estimations for all workers and for women.

Regressions (2), (5) and (8) in the second column do not control for the job-related domains but instead hold constant the satisfaction with the non-job domains. The three variables for domain satisfactions away from the job emerge with significantly positive coefficients in the regressions. Adding these variables to the specification of the life satisfaction regressions yields much higher magnitudes of the positive performance pay coefficient than in Table 2. The coefficient is significant in the estimations for all workers and women and now also in the estimation for men. Controlling for the three home-related domain satisfactions means that the negative influence of performance pay through these domains is filtered out so the positive influence through the job-related domains gain higher weight when estimating the link between performance pay and overall life satisfaction.

Regressions (3), (6) and (9) in the third column control for both satisfaction with job-related domains and satisfaction with domains away from the job. As anticipated, the level of satisfaction in each domain significantly adds to overall life satisfaction. Most importantly, including all of the six domain variables in the regressions implies that the performance pay coefficient now reflects any possible remaining influence of performance pay on overall life satisfaction that is not captured by these variables. Performance pay takes a significantly positive coefficient in the regression with all workers. However, this finding hides crucial gender differences. In the estimation for male workers, the coefficient on performance pay is insignificant suggesting that performance pay only has an influence on life satisfaction through the six domain satisfactions considered in our analysis. In the estimation for female workers, performance pay takes a significantly positive coefficient implying that there remains a direct influence of performance pay on women's life satisfaction beyond the six domain satisfactions.

In what follows we will examine the indirect and direct influences of performance pay in more detail using a multiple mediator analysis. Before turning to that analysis, we emphasize the gender coefficient in the regressions with the combined sample of men and women. The coefficient on the variable for female workers was significantly positive in Table 2 and loses statistical significance in the regression that only controls for job-related domain satisfactions. The coefficient retains significance in the estimation only controlling for home-related domain satisfactions. Importantly, it takes a significant positive coefficient when controlling for both job- and home-related domain satisfactions. This last result provides continued support for the view that gender influences overall happiness.

5. Multiple Mediator Results

We now adopt a multiple mediator model to examine the influence of performance pay through each of the domains as they contribute to life satisfaction. Our multiple mediator analysis uses a seemingly unrelated regression model decomposing the influence of performance pay into a direct influence and indirect influences through the six satisfaction domains (Preacher and Hayes 2008). All control variables are included at each step of the analysis.

Figure 1 summarizes the estimation. First, there is no direct effect of performance pay on life satisfaction independent of its influence on the six domains of satisfaction. Satisfaction in each of those six domains is positively associated with overall life satisfaction. Thus, the indirect effects of performance pay depend on its role in influencing satisfaction within those domains. As in the earlier estimations, that pattern is clear. Performance pay tends to be associated with higher satisfaction in the work domains and lower satisfaction in the other domains. For example, the indirect effect of performance pay through satisfaction with household income is an *increase* in life satisfaction of 0.023 (0.183×0.126) while the indirect effect of performance pay through satisfaction with family life is a *decrease* in life satisfaction

of 0.025 (-0.108×0.235). These opposing influences reiterate our finding that performance pay jobs are associated with increased life satisfaction because of increased satisfaction with the job but with decreased life satisfaction because of decreased satisfaction off the job. The null hypothesis that the sum of the six indirect influences equals zero cannot be rejected (z-stat 0.31).⁹ Thus, the positive and negative influences through the job- and home-related domain satisfactions appear to largely offset each other.

Figures 2 and 3 repeat the multiple mediator analysis separately by gender. While the magnitudes or significance levels of single coefficients wax or wane, the lesson of the previous estimate remains intact. Both men and women appear to face a tradeoff. Performance pay increases life satisfaction by improving satisfaction with the job but diminishes life satisfaction by lowering satisfaction with the other domains of life. The null hypothesis that the sum of the indirect influences equals zero cannot be rejected for both men (z-stat 0.08) and women (z-stat 0.22). Thus, the notion that the job- and home-related influences on overall life satisfaction offset each other is also supported by our gender split. Confirming these offsetting influences stands as the major contribution of our analysis. As suggested, it generalizes many previous studies that focused on the relationship between performance pay and specific outcomes such as earnings, health, divorce and time for family outside of work.

Interestingly, gender differences emerge with respect to the direct influence of performance pay. Our mediator analyses do not find a significant direct influence of performance pay on life satisfaction for men, but a significantly positive one for women. This conforms to the estimates in Table 4 that control for the six domain satisfactions in the life satisfaction regressions. For men, performance pay does not appear to have an influence beyond the six domain satisfactions considered in our analysis. By contrast, for women, there remains a residual influence of performance pay on life satisfaction that is not captured by the six domains.

It is worth briefly speculating why women on performance pay gain an element of satisfaction not shared by men. It could be that performance pay reduces the extent of discrimination in earnings and so increases their sense of self-worth not captured by the existing job domains (Heywood and O'Halloran 2005, Jirjahn and Stephan 2004). It may also be that the increased earnings opportunities associated with performance pay provide an element of self-sufficiency breaking up traditional gender roles and making women more independent of a partner (Baktash et al. 2025b). Finally, there may still be a vestige of the contended female worker that spills over into overall life satisfaction. Women take pride in their workplace success and perhaps sharing it with friends and family to a greater extent than do men. This may happen because it is less common or expected for women (Crosby 1982). While these rationales are only speculation, the direct influence of performance pay for women remains an intriguing result.

6. Conclusion

Firms make increasing use of performance pay. This gives rise to the question of how performance pay influences worker well-being. Our study uses German survey data to show that performance pay is associated with greater satisfaction with the job and with individual and household earnings. At the same time, it is associated with lower satisfaction with health, sleep and family relations. We interpret this as suggesting that the increased demands of performance pay jobs cause workers to shift their time and mental attention toward work and away from home, family and leisure. This change in time and focus is associated with improvements in satisfaction with work but has negative spillovers into dissatisfaction outside of work.

The multiple-mediator analysis traces these contrasting influences into life satisfaction. Overall life satisfaction is increased through the indirect influence of performance pay on the

domains of job-related satisfaction. Simultaneously, life satisfaction is decreased through the indirect influence of performance pay on the domains of non-job satisfaction. These positive and negative indirect influences largely offset each other. Taking the indirect influences into account, we do not find a significant direct influence of performance on life satisfaction for men but a significantly positive one for women.

These results lead to tentative conclusions. First, the overall influence of performance pay may be smaller than previous research has suggested. Previous research emphasizing the increase in job satisfaction has not done justice to the harm apparently done by performance pay away from the job. Similarly, those who have isolated the negative influence on injury, health and family, have not weighed that against the increase in satisfaction with the job-related domains.

Second, the seeming paradox of gender remains even when examining overall life satisfaction. Performance pay, an obvious condition of employment, is directly associated with increased life satisfaction for women even as it is not for men. Further research is needed to confirm and refine these tentative conclusions.

References

- Allen, J.L., Andelic, N., Bender, K.A., Powell, D., Stoffel, S. and Theodossiou, I. (2021) "Employment Contracts and Stress: Experimental Evidence," *Journal of Economic Behavior and Organization* 187: 360 – 373.
- Andelic, N., Allan, J., Bender, K. A., Powell, D. and Theodossiou, I. (2024a) "Performance-Related Pay, Mental and Physiological Health," *Industrial Relations* 63: 3–25.
- Andelic, N., Allan, J., Bender, K. A., Powell, D. and Theodossiou, I. (2024b) "Does How You Get Paid at Work Affect Your Time off Work? The Relationship between Performance-Related Employment Contracts and Leisure Activities," *IZA Working Papers*, No.16886.
- Andelic, N., Allan, J., Bender, K. A., Powell, D. and Theodossiou, I. (2025) "Performance-Related Pay and Sorting into Stress," *Oxford Economic Papers*, Forthcoming.
- Artz, B. (2008) "The Role of Firm Size and Performance Pay in Determining Employee Job Satisfaction," *Labour* 22: 315 – 343.
- Artz, B., Green, C.P. and Heywood, J.S. (2021) "Does Performance Pay Increase Alcohol and Drug Use?" *Journal of Population Economics* 34: 969 – 1002.
- Artz, B. and Heywood, J.S. (2024) "Performance Pay and Work Hours: US Survey Evidence," *Oxford Economic Papers* 76: 609 – 627.
- Baktash, M.B. (2025) "Does Performance Pay Increase the Risk of Worker Loneliness?" *Kyklos*, Forthcoming.
- Baktash, M.B., Heywood, J.S., and Jirjahn, U. (2022a) "Worker Stress and Performance pay: German Survey Evidence," *Journal of Economic Behavior and Organization* 201: 276 – 291.
- Baktash, M.B., Heywood, J.S., and Jirjahn, U. (2022b) "Performance Pay and Alcohol Use in Germany," *Industrial Relations* 61: 353 – 383.
- Baktash, M.B. Heywood, J.S., and Jirjahn, U. (2025a) "Variable Pay and Work Hours: Does Performance Pay Reduce the Gender Time Gap?" *Economica* 92: 1149 – 1167.
- Baktash, M.B., Heywood, J.S., and Jirjahn, U. (2025b) "Does Performance Pay Increase the Risk of Marital Instability?" *Review of Economics of the Household*, Forthcoming.
- Banker, R.D., Field, J.M., Schroeder, R.G., and Sintia, K.K. (1996) "Impact of Work Teams on Manufacturing Performance: A Field Study," *Academy of Management Journal* 39: 867 – 890.
- Barazzetta, M., Clark, A.E. and D'Ambrosio, C. (2018) "Unfairness at Work: Well-Being and Quits", *Labour Economics* 51: 307 – 316.
- Bender, K.A., Green C.P. and Heywood, J.S. (2012) "Piece Rates and Workplace Injury: Does Survey Evidence Support Adam Smith?" *Journal of Population Economics* 25: 569 – 590.

- Bender, K.A. and Skatun, J. (2022) "Performance-Related Pay: The Expected and the Unexpected," in K.F. Zimmermann, ed., *Handbook of Labor, Human Resources and Population Economics*. Springer, Cham, https://doi.org/10.1007/978-3-319-57365-6_316
- Bender, K.A. and Theodossiou, I. (2014) "The Unintended Consequences of the Rat Race: The Detrimental Effects of Performance Pay on Health," *Oxford Economic Papers* 66: 824 – 847.
- Bertrand, M. and Mullainathan, S. (2001) "Do People Mean What They Say? Implications for Subjective Survey Data," *American Economic Review* 91: 67 – 72.
- Bin Bae, K. (2023) "The Effect of Pay for Performance on Work Attitudes in the Private, Public, and Nonprofit Sectors: A Panel Study from South Korea," *International Review of Administrative Sciences* 89: 186 – 201.
- Blanchflower, D.G. and Bryson, A. (2024) "The Female Happiness Paradox," *Journal of Population Economics* 37: 16.
- Blanchflower, D.G. and Oswald, A.J. (2011) "International Happiness: A New View on the Measure of Performance," *Academy of Management Perspectives* 25: 6 – 22.
- Bloom, N., Kretschmer, T. and van Reenen, J. (2011) "Are Family-friendly Workplace Practices a Valuable Firm Resource?" *Strategic Management Journal*, 32: 343 – 367.
- Booth, A.L. and Frank, J. (1999) "Earnings, Productivity and Performance-Related Pay." *Journal of Labor Economics* 17: 447 – 463.
- Brown, S. and Sessions, J.G. (2003) "Attitudes, Expectations and Sharing," *Labour* 17: 543 – 569.
- Cadsby, C.B., Song, F. and Tapon F. (2007) "Sorting and Incentive Effects of Pay for Performance," *Academy of Management Journal* 50: 387 – 405.
- Clark, A.E. (1997) "Job Satisfaction and Gender: Why are Women so Happy at Work?" *Labour Economics* 4: 341 – 372.
- Clark, A.E. (2001) "What Really Matters in a Job? Hedonic Measurement Using Quit Data," *Labour Economics* 8: 223 - 242.
- Clark, A.E. (2018) "Four Decades of the Economics of Happiness: Where Next?" *The Review of Income and Wealth* 45: 245 – 269
- Clark, A.E., Mavromaras, K. and Wei, Z. (2015) "Happy to Stay: Job Satisfaction and Retirement," *Working Paper*, National Institute of Labor Studies. <https://www.parisschoolofeconomics.com/clark-andrew/Jobsat%20and%20retirement-v2.pdf>
- Clemens, M. (2025) "Bonuses, Profit Sharing, and Job Satisfaction: The More, the Merrier?" *Industrial and Labor Relations Review* 78: 832 – 858.
- Cornelissen, T., Heywood, J.S. and Jirjahn, U. (2011) "Performance Pay, Risk Attitudes and Job Satisfaction," *Labour Economics* 18: 229 – 239.

- Cotti, C.D., Haley, M.R. and Miller, L.A. (2014) "Workplace Flexibilities, Job Satisfaction and Union Membership in the US Workforce," *British Journal of Industrial Relations* 52: 403 – 425.
- Crosby, F.J. (1982) *Relative Deprivation and Working Women*, New York: Oxford University Press.
- Daly, M. and Wilson, D. (2009) "Happiness, Unhappiness and Suicide: An Empirical Assessment," *Journal of the European Economic Association* 7: 539 – 549.
- Davis, M.E. (2016) "Pay Matters: The Piece Rate and Health in the Developing World," *Annals of Global Health* 82: 858 – 865.
- Davis, M.E. and Hoyt, E. (2000) "A Longitudinal Study of Piece Rate and Health: Evidence and Implications for Workers in the US Gig Economy," *Public Health* 180: 1 – 9.
- DeVaro, J. (2022) "Performance Pay, Working Hours, and Health Related Absenteeism," *Industrial Relations* 61: 237 – 252.
- DeVaro, J. and Heywood, J.S. (2017) "Performance Pay and Work-related Health Problems: A Longitudinal Study of Establishments," *Industrial and Labor Relations Review* 70: 78 – 98.
- Dohmen, T. and Falk, A. (2011) "Performance Pay and Multidimensional Sorting: Productivity, Preferences and Gender," *American Economic Review* 101: 556–90.
- Easterlin, R.A. and Sawangfa, O. (2007) "Happiness and Domain Satisfaction: Theory and Evidence," *IZA Working Papers*, No. 2584.
- Easterlin, R.A. and Sawangfa, O. (2009) "Happiness and Domain Satisfaction: New Directions for the Economics of Happiness," in eds. Dutt, A.K and Radlif, B., *Happiness, Economics and Politics*, Cheltenham: Edward Elgar Publishing.
- Frey, B.S. (2008) *Happiness: A Revolution in Economics*. MIT Press, Cambridge, MA.
- Frey, B.S. and Stutzer, A. (2002) *Happiness and Economics*. Princeton University Press, Princeton, NJ.
- Frick, B.J, Goetzen, U. and Simons, R. (2013) "The Hidden Costs of High-Performance Work Practices: Evidence from a Large German Steel Company," *Industrial and Labor Relations Review* 66: 189 – 214.
- Gielen, A.C., Kerkhof, M.J. and van Ours, J.C. (2010) "How Performance Related Pay Affects Productivity and Employment," *Journal of Population Economics* 23: 291 – 301.
- Goebel, J., Grabka, M.M., Liebig, S., Kroh, M., Richter, D., Schröder, C. and Schupp, J. (2019) "The German Socio-Economic Panel Study (SOEP)," *Jahrbücher für Nationalökonomie und Statistik* 239: 345 – 360.
- Graham, C. (2016) "Subjective Well-being in Economics," in Adler, M.D. and Fleurbaey, M., eds., *The Oxford Handbook of Well-Being and Public Policy*, Oxford: Oxford University Press.
- Green, C.P. and Heywood, J.S. (2008) "Does Performance Pay Increase Job Satisfaction?" *Economica* 75: 710 – 728.

- Green, C.P. and Heywood, J.S. (2016) "Don't Forget the Gravy! Are Bonuses Just Added on Top of Salaries?" *Industrial Relations* 55: 490 – 513.
- Green, C.P. and Heywood J.S. (2023) "Performance Pay, Work Hours and Employee Health in the UK," *Labour Economics* 84: 102387.
- Green, C.P., Heywood, J.S., Kler, P. and Leeves, G. (2018) "Paradox Lost: The Disappearing Female Job Satisfaction Premium," *British Journal of Industrial Relations* 56: 484 – 502.
- Grund, C. and Sliwka, D. (2010) "Evidence on Performance Pay and Risk Aversion," *Economics Letters* 106: 8 – 11.
- Habel, J., Alavi, S. and Linsenmayer, K. (2021) "Variable Compensation and Salesperson Health," *Journal of Marketing* 85: 130 – 149.
- Heywood, J.S. and Jirjahn, U. (2009) "Family Friendly Work Practices and Worker Representation: German Evidence," *Industrial Relations* 48: 121 – 145.
- Heywood, J.S., Jirjahn, U. and Struewing, C. (2017) "Locus of Control and Performance Appraisal," *Journal of Economic Behavior and Organization* 142: 205 – 225.
- Heywood, J.S. and O'Halloran, P.L. (2005) "Racial Earnings Differentials and Performance," *Journal of Human Resources* 40: 435 – 452.
- Heywood, J.S. and Parent, D. (2012) "Performance Pay and the Black-White Wage Gap," *Journal of Labor Economics* 30: 249 – 290.
- Heywood, J.S., Wei, X., and Ye, G. (2011) "Piece Rates for Professors," *Economics Letters* 113: 285 – 287.
- Heywood, J.S. and Wei, X. (2006) "Performance Pay and Job Satisfaction," *Journal of Industrial Relations* 48: 523 – 540.
- Hur, J.D., Lee-Yoon, A. and Whillans, A.V. (2021) "Are they Useful? The Effects of Performance Incentives on the Prioritization of Work versus Personal Ties," *Organizational Behavior and Human Decision Processes* 165: 103 -114.
- Idler E.L., Benyamini Y. (1997) "Self-rated Health and Mortality: A Review of Twenty-seven Community Studies," *Journal of Health and Social Behavior* 1997: 21 – 37.
- Jirjahn, U. (2016) "Performance Pay and Productivity: A Note on the Moderating Role of a High-Wage Policy," *Managerial and Decision Economics* 37: 507 – 511.
- Jirjahn, U. and Mohrenweiser, J. (2025a) "Management Practices, Workplace Health Promotion and Productivity," IZA Discussion Paper No. 18059.
- Jirjahn, U. and Mohrenweiser, J. (2025b) "Variable Payment Schemes and Productivity: Do Individual-Based Schemes Really Have a Stronger Influence Than Collective Ones?" *Kyklos*, Forthcoming.
- Jirjahn, U. and Stephan, G. (2004) "Gender, Piece Rates and Wages: Evidence from Matched Employer-Employee Data," *Cambridge Journal of Economics* 28: 683 – 704.

- Joe, W. and Subramanian, S.V. (2017) "Subjective health and well-being: Toward robust cross-cultural comparisons," *SSM – Population Health* 3: 814 – 816.
- Kahneman, D. and Krueger, A.B. (2006) "Developments in the Measurement of Subjective Well-Being," *Journal of Economic Perspectives* 20: 3 – 24.
- Kimball, M.S. and Willis, R.J. (2023) "Utility and Happiness," *NBER Working Paper* No. 31707, September.
- Kimmel, J. and Hoffman, E.P. (2000) *The Economics of Work and Family* Kalamazoo: The W.E. Upjohn Institute for Employment Research.
- Krueger, A.B. and Schkade, D.A. (2008) "The Reliability of Subjective Well-being Measures," *Journal of Public Economics* 92: 1833 – 1845.
- Lavy, V. (2009) "Performance Pay and Teachers' Effort, Productivity and Grading Ethics," *American Economic Review* 99: 1979 – 2011.
- Layard, R. (2010) "Measuring Subjective Well-Being," *Science* 327: 534 – 535.
- Layard, R., Chisholm, D., Patel, V. and Saxena, S. (2013) "Mental Illness and Unhappiness," *IZA Discussion Paper* No. 7620.
- Lazear, E.P. (2000) "Performance Pay and Productivity," *American Economic Review* 90: 1346 – 1361.
- Ledic, M. (2018) "Performance Pay Jobs and Job Satisfaction," *CESifo Economics Studies* 64: 78 – 102.
- Lemieux, T., MacLeod, W.B. and Parent, D. (2009) "Performance Pay and Wage Inequality," *Quarterly Journal of Economics* 124: 1 – 49.
- Milowanska-Farrington, S. and Farrington, S. (2022) "Happiness, Domains of Life Satisfaction, Perceptions, and Valuation Differences across Genders," *Acta Psychologica* 230: 103720.
- Oswald, A.J. and Wu, S. (2009) "Objective Confirmation of Subjective Measures of Human Well-Being: Evidence from the USA," *Science* 327: 576 – 579.
- Paarsch, H.J. and Shearer, B. (2000) "Piece Rates, Fixed Wages, and Incentive Effects: Statistical Evidence from Payroll Records," *International Economic Review* 41: 59 – 92.
- Parent, D. (1999) "Methods of Pay and Earnings: A Longitudinal Analysis," *Industrial and Labor Relations Review* 53: 71 – 86.
- Pekkarinen, T. and Riddell, C. (2008) "Performance Pay and Earnings: Evidence from Personnel Records," *Industrial and Labor Relations Review* 61: 297 – 319.
- Pouliakas, K. and Theodossiou, I. (2009) "Confronting Objections to Performance Pay: The Impact of Individual and Gain Sharing Incentives on Job Satisfaction," *Scottish Journal of Political Economy* 56: 662 – 684.
- Preacher, K.J. and Hayes, A.F. (2008) "Asymptotic and Resampling Strategies for Assessing and Comparing Indirect Effects in Multiple Mediator Models," *Behavior Research Methods* 40: 879 – 891.
- Prendergast, C. (1999) "The Provision of Incentives in Firms," *Journal of Economic Literature* 37: 7–63.

- Sayre, G. and Conroy, S. (2024) "Want a Healthier Workforce? Take a Look at Your Pay Strategy," *California Management Review*, March 24, 2024. <https://cmr.berkeley.edu/2024/03/want-a-healthier-workforce-take-a-look-at-your-pay-strategy/>
- Seiler, E. (1984) "Piece Rates vs. Time Rates: The Effect of Incentives on Wages," *Review of Economics and Statistics* 46: 363 – 376.
- Shaw, J.D. (2015) "Pay Dispersion, Sorting and Organizational Performance," *Academy of Management Discoveries* 1: 165–79.
- Shearer, B. (2004) "Piece Rates, Fixed Wages and Incentives: Evidence from a Field Experiment." *Review of Economic Studies* 71: 513 – 534.
- Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations* . W. Strahan and T. Cadell, London.
- Timio, M. and Gentili, S. (1979) "Adrenosympathetic Overactivity Under Conditions of Work Stress," *British Journal of Preventive and Social Medicine* 30: 262 - 265.
- Uchino, B.N., Smith, T.W., Holt-Lunstad, J., Campo, R., & Reblin, M. (2007). "Stress and Illness, " in J.T. Cacioppo, L.G. Tassinary, & G.G. Berntson (Eds.), *Handbook of Psychophysiology* (pp. 608–632). Cambridge University Press.
- van Praag, B.M.S., Frijters, P. and Ferrer-Carbonell, A. (2003) "The Anatomy of Subjective Well-being," *Journal of Economic Behavior and Organization* 51: 29-49.
- van Praag, B.M.S. and Ferrer-Carbonell, A. (2004) *Happiness Quantified: A Satisfaction Calculus Approach*, Oxford: Oxford University Press.
- Vinas-Bardolet, C., Guillen-Royo, M. and Torrent-Sellens, J. (2020) "Job Characteristics and Life Satisfaction in the EU: A Domains-of-Life Approach," *Applied Research in Quality of Life* 10: 1069 – 1098.
- Zwysen, W. (2021) "Performance Pay Across Europe: Drives of the Increase and the Link with Wage Inequality," Working Paper 2021.06, European Trade Union Institute.

Table 1: Definitions and Descriptive Statistics of the Key Variables

<i>Variable</i>	<i>Definition</i>	<i>Mean</i>	<i>Std. dev.</i>
Performance pay	Dummy equals 1 if the worker faces a regular performance appraisal that has consequences for his or her earnings.	0.272	0.445
Life satisfaction	The global overall life satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	7.303	1.540
Job satisfaction	The overall job satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	7.076	1.916
Personal income satisfaction	The overall personal income satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	6.658	2.066
Household income satisfaction	The household income satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	6.868	1.984
Health satisfaction	The overall health satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	6.921	1.930
Sleep satisfaction	The overall sleep satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	6.902	2.107
Family life satisfaction	The overall family life satisfaction scored on an eleven-point Likert scale ranging from 0 “completely dissatisfied” to 10 “completely satisfied.”	7.870	1.813

N = 19881.

Table 2: Determinants of Life Satisfaction

	<i>All</i>	<i>Men</i>	<i>Women</i>
	(1)	(2)	(3)
Performance pay	0.043 (0.023)*	0.018 (0.031)	0.083 (0.036)**
Female	0.073 (0.030)**	---	---
Control variables	Included	Included	Included
R ²	0.192	0.201	0.187
No. of observations	19881	10119	9762
No. of employees	13102	6574	6528

Dependent variable: Life satisfaction. Method: Random effects GLS. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$.

Table 3: Determinants of Life Domain Satisfactions

	<i>Panel A: All</i>					
	<i>Job satisfaction</i>	<i>Personal income satisfaction</i>	<i>Household income satisfaction</i>	<i>Health satisfaction</i>	<i>Sleep satisfaction</i>	<i>Family life satisfaction</i>
	(1)	(2)	(3)	(4)	(5)	(6)
Performance pay	0.088 (0.031)***	0.266 (0.031)***	0.196 (0.029)***	-0.051 (0.031)	-0.108 (0.034)***	-0.093 (0.028)***
Female	0.045 (0.039)	0.077 (0.040)*	0.197 (0.040)***	-0.023 (0.039)	-0.060 (0.044)	-0.047 (0.038)
Control variables	Included	Included	Included	Included	Included	Included
R ²	0.100	0.205	0.184	0.138	0.093	0.130
No. of observations	19881	19881	19881	19881	19881	19881
No. of employees	13102	13102	13102	13102	13102	13102
	<i>Panel B: Men</i>					
	<i>Job satisfaction</i>	<i>Personal income satisfaction</i>	<i>Household income satisfaction</i>	<i>Health satisfaction</i>	<i>Sleep satisfaction</i>	<i>Family life satisfaction</i>
	(7)	(8)	(9)	(10)	(11)	(12)
Performance pay	0.105 (0.042)**	0.318 (0.040)***	0.259 (0.038)***	-0.073 (0.040)*	-0.092 (0.044)**	-0.099 (0.038)***
Control variables	Included	Included	Included	Included	Included	Included
R ²	0.110	0.224	0.207	0.157	0.093	0.148
No. of observations	10119	10119	10119	10119	10119	10119
No. of employees	6574	6574	6574	6574	6574	6574
	<i>Panel C: Women</i>					
	<i>Job satisfaction</i>	<i>Personal income satisfaction</i>	<i>Household income satisfaction</i>	<i>Health satisfaction</i>	<i>Sleep satisfaction</i>	<i>Family life satisfaction</i>
	(13)	(14)	(15)	(16)	(17)	(18)
Performance pay	0.069 (0.048)	0.189 (0.048)***	0.114 (0.045)**	-0.013 (0.049)	-0.115 (0.053)**	-0.085 (0.044)*
Control variables	Included	Included	Included	Included	Included	Included
R ²	0.096	0.187	0.173	0.125	0.095	0.125
No. of observations	9762	9762	9762	9762	9762	9762
No. of employees	6528	6528	6528	6528	6528	6528

Method: Random effects GLS. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

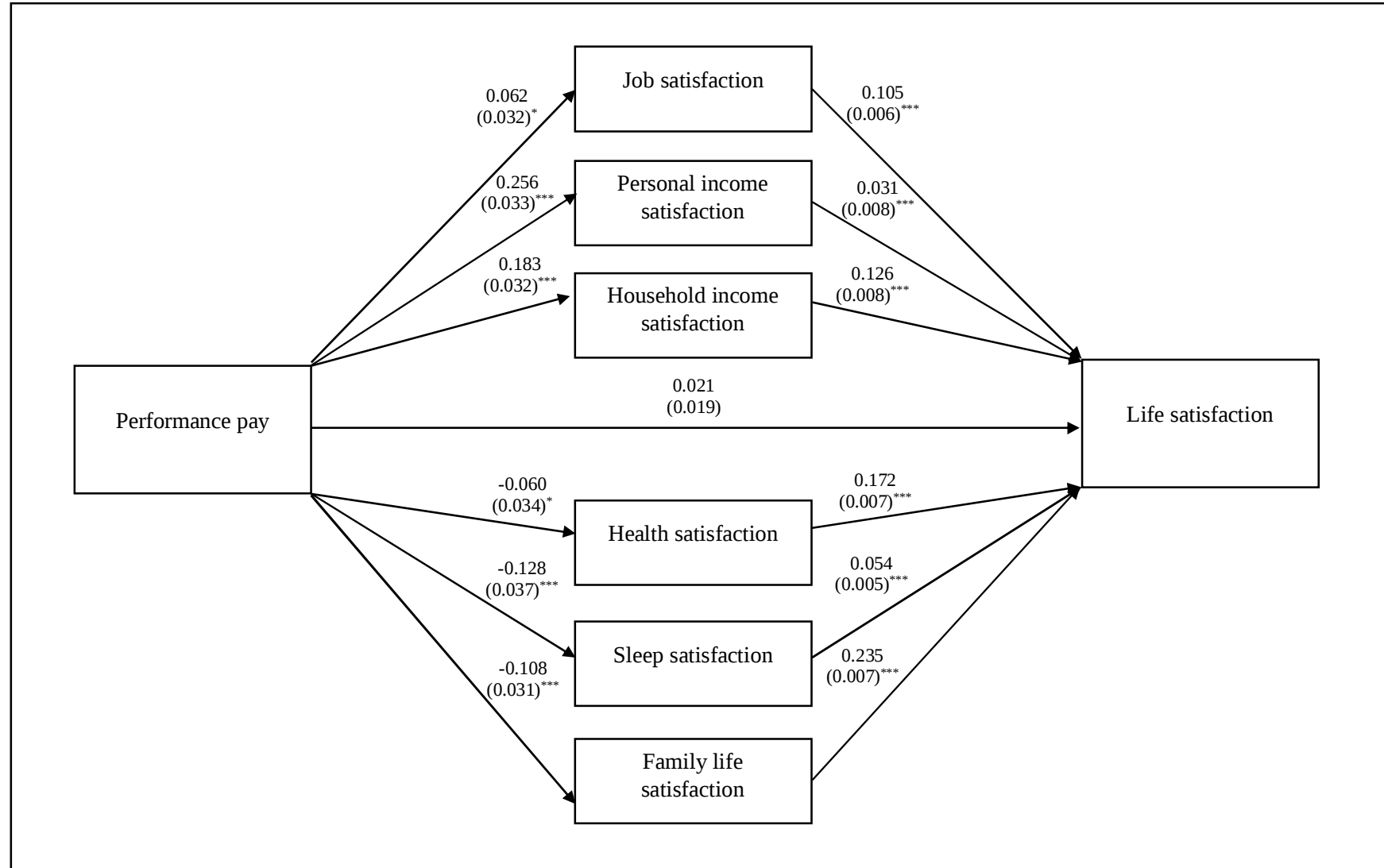
Table 4: Determinants of Life Satisfaction: Controlling for Domain Satisfactions

	<i>Panel A: All</i>		
	(1)	(2)	(3)
	<i>With job-related domains</i>	<i>With non-job-related domains</i>	<i>With job-related and non-job-related domains</i>
Performance pay	-0.026 (0.021)	0.082 (0.020)***	0.032 (0.019)*
Job satisfaction	0.186 (0.007)***	---	0.102 (0.006)***
Personal income satisfaction	0.037 (0.009)***	---	0.031 (0.008)***
Household income satisfaction	0.192 (0.009)***	---	0.118 (0.008)***
Health satisfaction	---	0.215 (0.007)***	0.169 (0.007)***
Family life satisfaction	---	0.263 (0.007)***	0.228 (0.007)***
Sleep satisfaction	---	0.084 (0.006)***	0.053 (0.005)***
Female	0.023 (0.026)	0.095 (0.024)***	0.060 (0.023)***
Control variables	Included	Included	Included
R ²	0.369	0.451	0.502
No. of observations	19881	19881	19881
No. of employees	13102	13102	13102
	<i>Panel B: Men</i>		
	(4)	(5)	(6)
	<i>With job-related domains</i>	<i>With non-job-related domains</i>	<i>With job-related and non-job-related domains</i>
Performance pay	-0.067 (0.028)**	0.061 (0.026)**	-0.002 (0.025)
Job satisfaction	0.200 (0.010)***	---	0.116 (0.009)***
Personal income satisfaction	0.052 (0.017)***	---	0.053 (0.015)***
Household income satisfaction	0.167 (0.017)***	---	0.091 (0.015)***
Health satisfaction	---	0.227 (0.009)***	0.176 (0.009)***
Family life satisfaction	---	0.240 (0.010)***	0.208 (0.010)***
Sleep satisfaction	---	0.082 (0.008)***	0.045 (0.008)***
Control variables	Included	Included	Included
R ²	0.382	0.448	0.501
No. of observations	10119	10119	10119
No. of employees	6574	6574	6574

	<i>Panel C: Women</i>		
	<i>(7)</i>	<i>(8)</i>	<i>(9)</i>
	<i>With job-related domains</i>	<i>With non-job-related domains</i>	<i>With job-related and non-job-related domains</i>
Performance pay	0.036 (0.033)	0.113 (0.030)***	0.080 (0.029)***
Job satisfaction	0.173 (0.009)***	---	0.089 (0.008)***
Personal income satisfaction	0.031 (0.011)***	---	0.021 (0.010)**
Household income satisfaction	0.208 (0.011)***	---	0.132 (0.010)***
Health satisfaction	---	0.204 (0.009)***	0.162 (0.009)***
Family life satisfaction	---	0.286 (0.010)***	0.248 (0.010)***
Sleep satisfaction	---	0.086 (0.008)***	0.061 (0.008)***
Control variables	Included	Included	Included
R ²	0.361	0.457	0.506
No. of observations	9762	9762	9762
No. of employees	6528	6528	6528

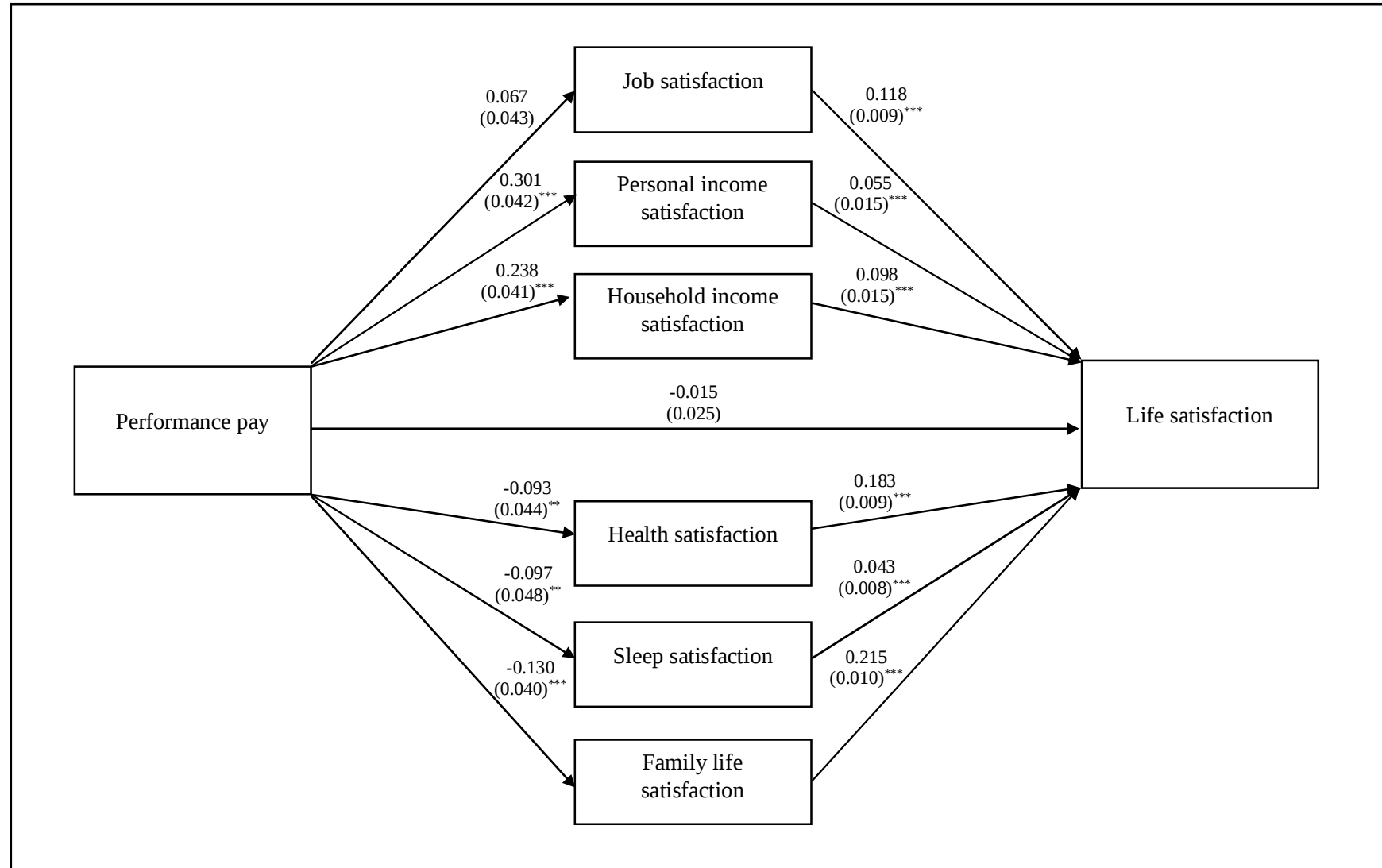
Dependent variable: Life satisfaction. Method: Random effects GLS. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Figure 1: Mediator Analysis: All



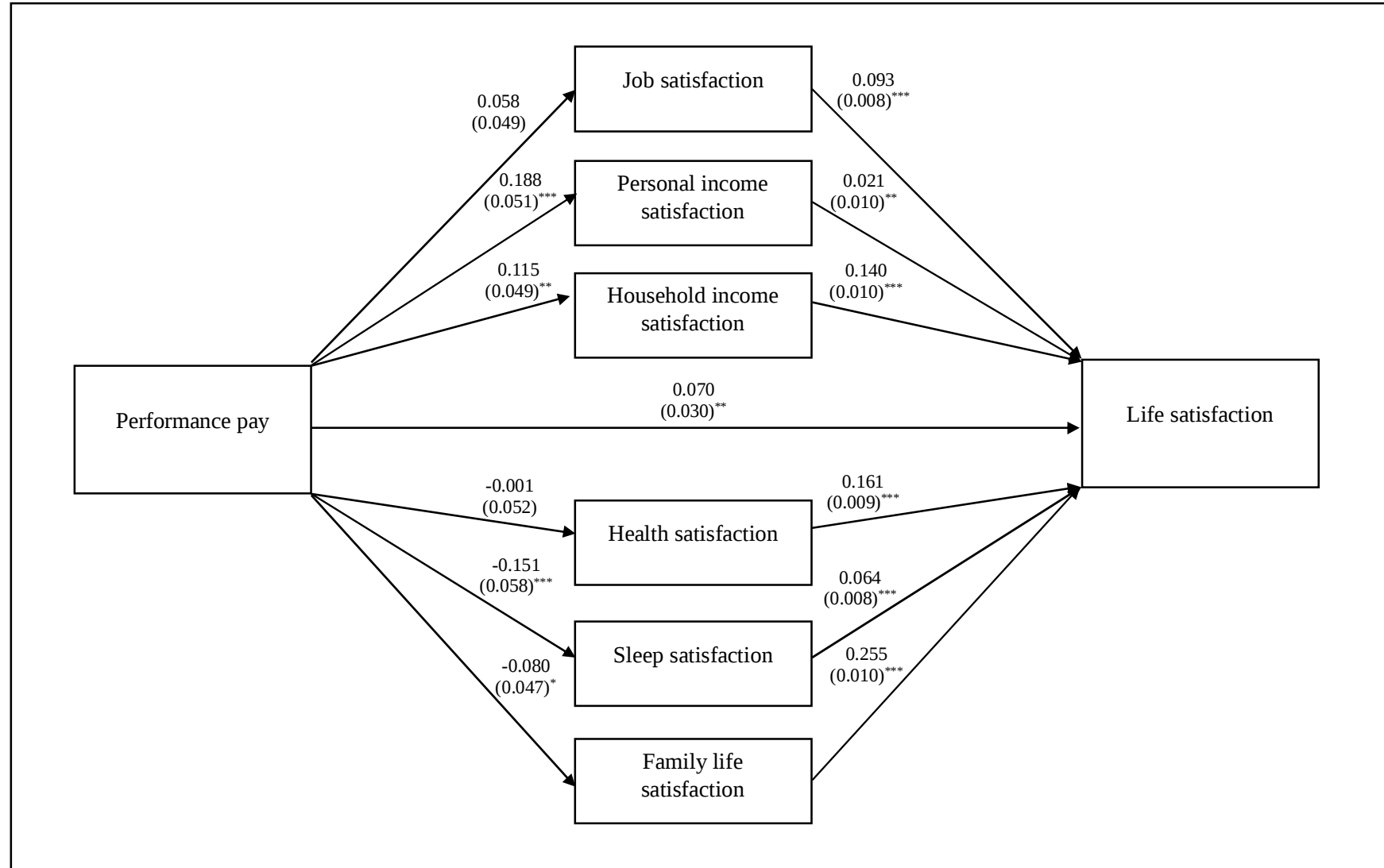
Number of observations = 19,881. The figure shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. Control variables are included at each step, but suppressed to save space. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Figure 2: Mediator Analysis: Men



Number of observations = 10,119. The figure shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. Control variables are included at each step, but suppressed to save space. ** $p < 0.05$, *** $p < 0.01$.

Figure 3: Mediator Analysis: Women



Number of observations = 9,762. The figure shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level- Control variables are included at each step, but suppressed to save space. ** $p < 0.05$, *** $p < 0.01$.

Appendix

Table A1: Definitions and Descriptive Statistics of the Control Variables

<i>Variable</i>	<i>Definition</i>	<i>Mean</i>	<i>Std. dev.</i>
Female	Dummy equals 1 if the worker is a woman.	0.491	0.500
Age	The worker's age by years ranging from 19 to 65.	44.784	10.244
Age ²	The worker's age squared.	2111	900
Married	Dummy equals 1 if the worker is married.	0.646	0.478
Migration background	Dummy equals 1 if the worker is a first-generation or second-generation immigrant.	0.170	0.376
Children in HH	Dummy equals 1 if there are children under 16 years in the household.	0.398	0.490
Size of HH	The number of persons in the household.	2.890	1.265
Fit dwelling	Dummy equals 1 if the worker thinks that the total size of their dwelling is just right for their household.	0.709	0.454
Education	The worker's years of education ranging from 7 to 18.	12.928	2.727
Public sector	Dummy equals 1 if the worker is employed in the public sector.	0.297	0.457
Tenure	The number of years the worker is with their current firm.	12.339	10.551
Full-time experience	The worker's total length of full-time employment experience in years.	17.065	11.512
Part-time experience	The worker's total length of part-time employment experience in years.	3.618	6.011
Unemployment experience	The worker's total length of unemployment experience in years.	0.652	1.716
Part-time	Dummy equals 1 if the worker is employed part-time.	0.262	0.440
East Germany	Dummy equals 1 if the worker resides in one of the federal states located in East Germany (Berlin, Brandenburg, Mecklenburg-West Pomerania, Saxony, Saxony-Anhalt, Thuringia)	0.248	0.432
Southern West Germany	Dummy equals 1 if the worker resides in one of the Southern federal states located in West Germany (Bavaria, Baden-Wuerttemberg)	0.277	0.448
Northern West Germany	Dummy equals 1 if the worker resides in one of the Northern federal states located in West Germany (Schleswig-Holstein, Hamburg, Lower Saxony, Bremen).	0.143	0.351
Risk tolerance	Score of risk tolerance. The interviewee answers the question 'Are you generally willing to take risks or do you try to avoid taking risks?' on an eleven-point Likert scale ranging from 0 'not at all willing to take risks' to 10 'very willing to take risks'	4.790	2.212
Conscientiousness	Score of conscientiousness constructed from adding three survey items measured on a seven-point Likert scale ranging from 1 'does not apply to me at all' to 7 'applies to me perfectly'. The sum of items is divided by 3. The items are: I see myself as someone who ... 'does a thorough job', 'does things effectively and efficiently', 'tends to be lazy'. The last item was recoded in inverse order before adding.	5.864	0.867
Extraversion	Score of extraversion constructed from adding three survey items measured on a seven-point Likert scale ranging from 1 'does not apply to me at all' to 7 'applies to me perfectly'. The sum of items is divided by 3. The items are: I see myself as someone who ... 'is communicative', 'is sociable', 'is reserved'. The last item was recoded in inverse order before adding.	4.846	1.135
Agreeableness	Score of agreeableness constructed from adding three survey items	5.308	0.950

	measured on a seven-point Likert scale ranging from 1 'does not apply to me at all' to 7 'applies to me perfectly'. The sum of items is divided by 3. The items are: I see myself as someone who ... 'is sometimes somewhat rude to others', 'has a forgiving nature', 'is considerate and kind to others'. The first item was recoded in inverse order before adding.		
Openness	Score of openness constructed from adding three survey items measured on a seven-point Likert scale ranging from 1 'does not apply to me at all' to 7 'applies to me perfectly'. The sum of items is divided by 3. The items are: I see myself as someone who ... 'is original', 'values artistic experiences', 'has an active imagination'.	4.519	1.147
Neuroticism	Score of neuroticism constructed from adding three survey items measured on a seven-point Likert scale ranging from 1 'does not apply to me at all' to 7 'applies to me perfectly'. The sum of items is divided by 3. The items are: I see myself as someone who ... 'worries a lot', 'gets nervous easily', 'deals well with stress'. The last item was recoded in inverse order before adding.	3.703	1.199
Locus of control	Score of locus of control constructed from adding eight items measured on a seven-point Likert scale ranging from 1 'disagree completely' to 7 'agree completely'. The sum of items is divided by 8. The items are: 'How my life takes course is dependent on me', 'Success is gained through hard work', 'Compared to others, I have not achieved what I deserve', 'What one achieves in life is, in the first instance, a question of destiny or luck', 'I often experience that others have a controlling influence over my life', 'When I encounter difficulties in my life, I often doubt my own abilities', 'The opportunities that I have in life are determined by the social conditions', 'I have little control over things that happen in my life'. Items 4–8 are recoded in inverse order before adding.	4.960	0.792
Industry dummies	Six broad industry dummies for manufacturing, construction, trade, transport, banking/insurance and services (reference group: agriculture, energy and mining).	---	---
Occupation dummies	Ten broad two-digit occupation dummies for skilled blue-collar, blue-collar foreman/forewoman, blue- and white-collar master craftsperson, semi-skilled white-collar, skilled white-collar, highly skilled white-collar, white-collar with extensive managerial duties, middle-level civil servant, upper-level civil servant, and executive-level civil servant (reference group: unskilled/semi-skilled blue-collar, unskilled white-collar, and lower-level civil servant).	---	---
Year dummies	Two dummies for the years 2011 and 2016 (reference year: 2008)	---	---

N = 19881.

Table A2: Determinants of Life Satisfaction: Full Results

	<i>All</i>	<i>Men</i>	<i>Women</i>
	(1)	(2)	(3)
Performance pay	0.043 (0.023)*	0.018 (0.031)	0.083 (0.036)**
Female	0.073 (0.030)**	---	---
Age	-0.059 (0.009)***	-0.055 (0.012)***	-0.065 (0.013)***
Age ²	0.001 (0.000)***	0.000 (0.000)***	0.001 (0.000)***
Married	0.266 (0.028)***	0.228 (0.041)***	0.285 (0.038)***
Migration background	0.233 (0.031)***	0.275 (0.043)***	0.189 (0.046)***
Children in HH	-0.012 (0.030)	0.037 (0.043)	-0.063 (0.043)
Size of HH	0.039 (0.012)***	0.030 (0.016)*	0.046 (0.018)**
Fit dwelling	0.149 (0.023)***	0.135 (0.031)***	0.165 (0.033)***
Education	0.009 (0.006)	0.005 (0.009)	0.015 (0.008)*
Public sector	0.072 (0.030)**	0.100 (0.047)**	0.056 (0.040)
Tenure	0.003 (0.001)*	0.003 (0.002)	0.002 (0.002)
Full-time experience	-0.006 (0.003)*	-0.003 (0.005)	-0.006 (0.004)
Part-time experience	-0.003 (0.004)	-0.002 (0.008)	-0.005 (0.005)
Unemployment experience	-0.044 (0.009)***	-0.034 (0.013)**	-0.050 (0.012)***
Part-time	0.027 (0.033)	-0.061 (0.076)	0.052 (0.040)
East Germany	-0.108 (0.032)***	-0.114 (0.044)***	-0.093 (0.046)**
Southern West Germany	-0.042 (0.029)	-0.050 (0.040)	-0.038 (0.044)
Northern West Germany	0.124 (0.033)***	0.087 (0.047)*	0.157 (0.047)***
Risk tolerance	0.041 (0.005)***	0.047 (0.007)***	0.035 (0.008)***
Conscientiousness	0.046 (0.014)***	0.063 (0.019)***	0.028 (0.020)
Extraversion	0.056 (0.011)***	0.053 (0.015)***	0.058 (0.016)***
Agreeableness	0.065 (0.012)***	0.089 (0.017)***	0.039 (0.018)**

Openness	0.031 (0.010)***	0.024 (0.014)*	0.038 (0.015)**
Neuroticism	-0.198 (0.010)***	-0.194 (0.014)***	-0.203 (0.014)***
Locus of control	0.385 (0.016)***	0.372 (0.022)***	0.394 (0.023)***
Occupation dummies	Included	Included	Included
Industry dummies	Included	Included	Included
Year dummies	Included	Included	Included
R ²	0.192	0.201	0.187
No. of observations	19881	10119	9762
No. of employees	13102	6574	6528

Dependent variable: Life satisfaction. Method: Random effects GLS. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A3: Determinants of Life Domains Satisfaction: Full Results (All)

	<i>Job satisfaction</i>	<i>Personal income satisfaction</i>	<i>HH income satisfaction</i>	<i>Health satisfaction</i>	<i>Sleep satisfaction</i>	<i>Family life satisfaction</i>
	(1)	(2)	(3)	(4)	(5)	(6)
Performance pay	0.088 (0.031)***	0.266 (0.031)***	0.196 (0.029)***	-0.051 (0.031)	-0.108 (0.034)***	-0.093 (0.028)***
Female	0.045 (0.039)	0.077 (0.040)*	0.197 (0.040)***	-0.023 (0.039)	-0.060 (0.044)	-0.047 (0.038)
Age	-0.067 (0.012)***	-0.051 (0.012)***	-0.060 (0.012)***	-0.060 (0.011)***	-0.038 (0.012)***	-0.096 (0.011)***
Age ²	0.001 (0.000)***	0.000 (0.000)***	0.001 (0.000)***	0.000 (0.000)***	0.000 (0.000)**	0.001 (0.000)***
Married	0.036 (0.036)	0.247 (0.037)***	0.398 (0.036)***	0.028 (0.035)	0.046 (0.040)	0.767 (0.035)***
Migration background	0.183 (0.041)***	0.152 (0.043)***	0.077 (0.042)*	0.327 (0.041)***	0.253 (0.047)***	0.214 (0.038)***
Children in HH	0.096 (0.039)**	-0.080 (0.041)**	-0.165 (0.040)***	-0.035 (0.038)	-0.195 (0.042)***	-0.117 (0.036)***
Size of HH	0.053 (0.015)***	-0.001 (0.016)	0.015 (0.015)	0.076 (0.015)***	0.078 (0.016)***	0.094 (0.015)***
Fit dwelling	0.158 (0.030)***	0.175 (0.030)***	0.183 (0.029)***	0.148 (0.029)***	0.153 (0.031)***	0.204 (0.028)***
Education	-0.026 (0.008)***	0.037 (0.008)***	0.051 (0.008)***	0.031 (0.008)***	0.022 (0.009)**	-0.025 (0.007)***
Public sector	0.165 (0.040)***	0.200 (0.043)***	0.039 (0.041)	-0.033 (0.040)	-0.019 (0.045)	0.001 (0.037)
Tenure	-0.012 (0.002)***	0.016 (0.002)***	0.011 (0.002)***	-0.000 (0.002)	0.003 (0.002)	0.005 (0.002)***
Full-time experience	-0.007 (0.004)*	0.002 (0.004)	-0.006 (0.004)	-0.006 (0.004)	-0.011 (0.004)**	-0.001 (0.004)
Part-time experience	-0.004 (0.005)	0.007 (0.005)	0.001 (0.005)	-0.002 (0.005)	-0.012 (0.005)**	-0.004 (0.004)
Unemployment experience	-0.022 (0.011)**	-0.070 (0.011)***	-0.078 (0.012)***	-0.036 (0.010)***	-0.039 (0.011)***	-0.011 (0.009)
Part-time	0.015 (0.044)	-0.375 (0.047)***	-0.098 (0.045)**	-0.052 (0.043)	-0.040 (0.048)	0.060 (0.040)
East Germany	-0.048 (0.041)	-0.246 (0.044)***	-0.336 (0.042)***	-0.094 (0.040)**	0.002 (0.046)	-0.106 (0.039)***
Southern West Germany	-0.003 (0.038)	-0.059 (0.038)	-0.052 (0.037)	-0.024 (0.038)	0.087 (0.042)**	-0.059 (0.035)*
Northern West Germany	0.077 (0.046)*	0.049 (0.047)	0.052 (0.045)	0.019 (0.044)	0.092 (0.050)*	0.072 (0.041)*
Risk tolerance	0.036 (0.007)***	0.035 (0.007)***	0.028 (0.007)***	0.036 (0.007)***	0.009 (0.007)	0.004 (0.006)
Conscientiousness	0.085 (0.018)***	0.009 (0.017)	0.007 (0.017)	0.103 (0.017)***	0.046 (0.019)**	0.090 (0.016)***
Extraversion	0.047 (0.014)***	-0.005 (0.014)	-0.002 (0.014)	0.011 (0.014)	0.000 (0.015)	0.064 (0.013)***

Agreeableness	0.090 (0.016)***	0.042 (0.016)***	0.038 (0.016)**	0.093 (0.015)***	0.082 (0.017)***	0.116 (0.014)***
Openness	-0.005 (0.013)	0.014 (0.014)	0.024 (0.013)*	0.018 (0.013)	0.037 (0.015)**	0.041 (0.013)***
Neuroticism	-0.198 (0.013)***	-0.126 (0.013)***	-0.124 (0.012)***	-0.270 (0.013)***	-0.315 (0.014)***	-0.138 (0.012)***
Locus of control	0.318 (0.020)***	0.420 (0.021)***	0.403 (0.020)***	0.227 (0.020)***	0.233 (0.022)***	0.289 (0.019)***
Occupation dummies	Included	Included	Included	Included	Included	Included
Industry dummies	Included	Included	Included	Included	Included	Included
Year dummies	Included	Included	Included	Included	Included	Included
R ²	0.100	0.205	0.184	0.138	0.093	0.130
No. of observations	19881	19881	19881	19881	19881	19881
No. of employees	13102	13102	13102	13102	13102	13102

Method: Random effects GLS. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A4: Determinants of Life Domains Satisfaction: Full Results (Men)

	<i>Job satisfaction</i>	<i>Personal income satisfaction</i>	<i>HH income satisfaction</i>	<i>Health satisfaction</i>	<i>Sleep satisfaction</i>	<i>Family life satisfaction</i>
	(1)	(2)	(3)	(4)	(5)	(6)
Performance pay	0.105 (0.042)**	0.318 (0.040)***	0.259 (0.038)***	-0.073 (0.040)*	-0.092 (0.044)**	-0.099 (0.038)***
Age	-0.057 (0.017)***	-0.034 (0.017)**	-0.058 (0.016)***	-0.064 (0.016)***	-0.038 (0.018)**	-0.113 (0.015)***
Age ²	0.001 (0.000)***	0.000 (0.000)*	0.001 (0.000)***	0.000 (0.000)**	0.000 (0.000)**	0.001 (0.000)***
Married	-0.016 (0.052)	0.138 (0.055)**	0.139 (0.053)***	-0.037 (0.051)	0.031 (0.058)	0.910 (0.054)***
Migration background	0.221 (0.057)***	0.177 (0.057)***	0.199 (0.056)***	0.450 (0.056)***	0.309 (0.064)***	0.241 (0.051)***
Children in HH	0.039 (0.056)	-0.030 (0.055)	-0.109 (0.053)**	0.014 (0.053)	-0.158 (0.059)***	0.002 (0.051)
Size of HH	0.037 (0.020)*	0.000 (0.021)	0.012 (0.020)	0.052 (0.019)***	0.066 (0.022)***	0.077 (0.019)***
Fit dwelling	0.125 (0.041)***	0.175 (0.039)***	0.199 (0.039)***	0.172 (0.039)***	0.146 (0.042)***	0.148 (0.038)***
Education	-0.016 (0.012)	0.036 (0.012)***	0.040 (0.012)***	0.033 (0.012)***	0.009 (0.013)	-0.023 (0.011)**
Public sector	0.234 (0.064)***	0.080 (0.064)	0.007 (0.062)	-0.010 (0.062)	-0.015 (0.069)	0.044 (0.056)
Tenure	-0.010 (0.003)***	0.017 (0.002)***	0.014 (0.002)***	0.002 (0.002)	0.004 (0.003)	0.005 (0.002)**
Full-time experience	-0.005 (0.007)	-0.004 (0.007)	-0.009 (0.007)	-0.007 (0.007)	-0.015 (0.008)**	0.006 (0.006)
Part-time experience	-0.006 (0.010)	-0.026 (0.012)**	-0.017 (0.011)	-0.010 (0.009)	-0.027 (0.011)**	-0.008 (0.010)
Unemployment experience	-0.012 (0.017)	-0.075 (0.018)***	-0.071 (0.017)***	-0.016 (0.015)	-0.030 (0.018)*	0.000 (0.014)
Part-time	-0.085 (0.104)	-0.335 (0.113)***	-0.198 (0.112)*	-0.186 (0.093)**	0.014 (0.107)	0.234 (0.088)***
East Germany	-0.083 (0.056)	-0.273 (0.060)***	-0.304 (0.059)***	-0.158 (0.056)***	0.037 (0.064)	-0.087 (0.054)
Southern West Germany	-0.056 (0.053)	0.008 (0.050)	-0.016 (0.049)	-0.042 (0.051)	0.056 (0.057)	-0.039 (0.048)
Northern West Germany	0.039 (0.064)	0.079 (0.064)	0.088 (0.062)	0.029 (0.060)	0.079 (0.069)	0.095 (0.056)*
Risk tolerance	0.034 (0.010)***	0.041 (0.009)***	0.033 (0.009)***	0.042 (0.009)***	0.008 (0.010)	0.004 (0.009)
Conscientiousness	0.110 (0.024)***	0.024 (0.023)	0.021 (0.023)	0.113 (0.023)***	0.061 (0.026)**	0.104 (0.023)***
Extraversion	0.047 (0.019)**	-0.011 (0.018)	0.002 (0.018)	0.004 (0.019)	0.002 (0.020)	0.076 (0.017)***
Agreeableness	0.065 (0.021)***	0.058 (0.021)***	0.053 (0.021)**	0.110 (0.021)***	0.098 (0.023)***	0.120 (0.020)***

Openness	-0.002 (0.019)	0.035 (0.019)*	0.031 (0.018)*	0.024 (0.018)	0.022 (0.021)	0.033 (0.018)*
Neuroticism	-0.206 (0.018)***	-0.126 (0.018)***	-0.125 (0.017)***	-0.263 (0.018)***	-0.325 (0.019)***	-0.105 (0.017)***
Locus of control	0.344 (0.028)***	0.415 (0.028)***	0.409 (0.027)***	0.203 (0.028)***	0.204 (0.031)***	0.278 (0.026)***
Occupation dummies	Included	Included	Included	Included	Included	Included
Industry dummies	Included	Included	Included	Included	Included	Included
Year dummies	Included	Included	Included	Included	Included	Included
R ²	0.110	0.224	0.207	0.157	0.093	0.148
No. of observations	10119	10119	10119	10119	10119	10119
No. of employees	6574	6574	6574	6574	6574	6574

Method: Random-effects. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A5: Determinants of Life Domains Satisfaction: Full Results (Women)

	<i>Job satisfaction</i>	<i>Personal income satisfaction</i>	<i>HH income satisfaction</i>	<i>Health satisfaction</i>	<i>Sleep satisfaction</i>	<i>Family life satisfaction</i>
	(1)	(2)	(3)	(4)	(5)	(6)
Performance pay	0.069 (0.048)	0.189 (0.048)***	0.114 (0.045)**	-0.013 (0.049)	-0.115 (0.053)**	-0.085 (0.044)*
Age	-0.086 (0.017)***	-0.066 (0.018)***	-0.064 (0.017)***	-0.063 (0.017)***	-0.033 (0.018)*	-0.078 (0.016)***
Age ²	0.001 (0.000)***	0.001 (0.000)***	0.001 (0.000)***	0.000 (0.000)**	0.000 (0.000)	0.001 (0.000)***
Married	0.079 (0.049)	0.324 (0.052)***	0.597 (0.050)***	0.064 (0.049)	0.047 (0.056)	0.627 (0.047)***
Migration background	0.160 (0.061)***	0.139 (0.064)**	-0.026 (0.062)	0.196 (0.062)***	0.193 (0.069)***	0.187 (0.056)***
Children in HH	0.171 (0.057)***	-0.115 (0.061)*	-0.162 (0.059)***	-0.067 (0.056)	-0.227 (0.062)***	-0.273 (0.053)***
Size of HH	0.089 (0.024)***	0.004 (0.025)	0.028 (0.024)	0.105 (0.023)***	0.089 (0.026)***	0.096 (0.023)***
Fit dwelling	0.188 (0.043)***	0.175 (0.044)***	0.165 (0.043)***	0.126 (0.043)***	0.162 (0.046)***	0.266 (0.041)***
Education	-0.030 (0.011)***	0.035 (0.012)***	0.062 (0.011)***	0.032 (0.011)***	0.031 (0.012)**	-0.023 (0.010)**
Public sector	0.118 (0.051)**	0.290 (0.057)***	0.069 (0.055)	-0.048 (0.053)	-0.015 (0.060)	-0.026 (0.050)
Tenure	-0.015 (0.003)***	0.013 (0.003)***	0.007 (0.003)***	-0.004 (0.003)	0.001 (0.003)	0.005 (0.003)*
Full-time experience	-0.003 (0.005)	0.010 (0.005)*	0.002 (0.005)	-0.002 (0.005)	-0.009 (0.006)	-0.007 (0.005)
Part-time experience	0.000 (0.006)	0.014 (0.006)**	0.008 (0.006)	-0.002 (0.006)	-0.007 (0.007)	-0.008 (0.005)
Unemployment experience	-0.022 (0.015)	-0.067 (0.015)***	-0.077 (0.016)***	-0.050 (0.013)***	-0.046 (0.014)***	-0.020 (0.012)
Part-time	-0.022 (0.052)	-0.370 (0.055)***	-0.133 (0.052)**	-0.020 (0.051)	-0.064 (0.056)	0.085 (0.049)*
East Germany	-0.032 (0.060)	-0.230 (0.064)***	-0.381 (0.062)***	-0.036 (0.059)	-0.011 (0.068)	-0.092 (0.056)
Southern West Germany	0.039 (0.055)	-0.140 (0.059)**	-0.102 (0.056)*	-0.004 (0.057)	0.122 (0.062)*	-0.072 (0.052)
Northern West Germany	0.116 (0.065)*	0.011 (0.071)	0.009 (0.066)	0.008 (0.064)	0.105 (0.073)	0.044 (0.060)
Risk tolerance	0.040 (0.010)***	0.031 (0.010)***	0.025 (0.010)**	0.030 (0.010)***	0.012 (0.011)	0.002 (0.009)
Conscientiousness	0.054 (0.026)**	-0.010 (0.026)	-0.009 (0.025)	0.093 (0.026)***	0.028 (0.029)	0.075 (0.024)***
Extraversion	0.047 (0.021)**	0.003 (0.021)	-0.009 (0.021)	0.017 (0.020)	-0.003 (0.023)	0.048 (0.019)**
Agreeableness	0.118 (0.023)***	0.023 (0.024)	0.018 (0.023)	0.069 (0.023)***	0.065 (0.025)**	0.118 (0.021)***

Openness	-0.008 (0.019)	-0.006 (0.020)	0.015 (0.019)	0.009 (0.019)	0.051 (0.021)**	0.050 (0.019)***
Neuroticism	-0.193 (0.018)***	-0.125 (0.019)***	-0.124 (0.018)***	-0.278 (0.018)***	-0.305 (0.021)***	-0.171 (0.018)***
Locus of control	0.286 (0.029)***	0.418 (0.030)***	0.391 (0.030)***	0.247 (0.029)***	0.260 (0.032)***	0.302 (0.028)***
Occupation dummies	Included	Included	Included	Included	Included	Included
Industry dummies	Included	Included	Included	Included	Included	Included
Year dummies	Included	Included	Included	Included	Included	Included
R ²	0.096	0.187	0.173	0.125	0.095	0.125
No. of observations	9762	9762	9762	9762	9762	9762
No. of employees	6528	6528	6528	6528	6528	6528

Method: Random effects GLS. The table shows the estimated coefficients. Standard errors in parentheses are clustered at the individual level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Endnotes

¹ Jirjahn and Mohrenweiser (2025a) provide evidence that management practices including performance pay indeed work better when coupled with wellness programs.

² Indeed, Adams Smith in the *Wealth of Nations* (1776) claimed early that piece rates would cause workers working so hard as to seriously harm their health.

³ All survey participants respond to the family life satisfaction question regardless of their family status. Thus, family life satisfaction can also capture the influences of a lack of family and loneliness.

⁴ All regressions were performed using Stata 18.5.

⁵ See Appendix Table A2 for the full results.

⁶ This paradox that women earn less and face barriers to promotion but seem happier at work was first labeled by Crosby in 1982 and has spawned its own very large empirical literature (see Clark 1997, Green et al. 2018 among many others). For evidence that women may no longer have greater well-being and, at minimum, that the paradox depends on country and period of examination see Blanchflower and Bryson (2024).

⁷ Such a separation is supported by testing the null hypothesis that added gender interactions are all zero in a fully gender interacted estimation on the combined sample of men and women. The null hypothesis can be rejected at the 0.07 level of significance.

⁸ See Appendix Tables A3 to A5 for the full results.

⁹ The standard errors for testing the hypotheses are bootstrapped.