

Unfairness at Work: Well-Being and Quits*

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Abstract

We consider the effect of unfair income on both subjective well-being and objective future job quitting. In five waves of German Socio-Economic Panel data, the extent to which labour income is perceived to be unfair is significantly negatively correlated with subjective well-being, both in terms of cognitive evaluations (life and job satisfaction) and affect (the frequency of feeling happy, sad and angry). Perceived unfairness also translates into objective labour-market behaviour, with current unfair income predicting future job quits.

Keywords: Fair income, subjective well-being, quits, SOEP.

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