Do you really want to share everything? The well-being of work-linked couples

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Abstract

Work and family life are crucial sources of human well-being, which, however, often interfere. Our analysis focuses on the specific case of couples that work in the same industry and occupation. Based on the economic theory of assortative matching, we argue that such a work link may foster career success and therefore well-being. Our study examines satisfaction differences between work-linked and non-work-linked partners using data from the German Socio-Economic Panel. We estimate the effects of working in the same occupation and/or industry as one's partner on life satisfaction and satisfaction in four areas of life: income, work, family, and leisure. Being work-linked is positively associated with income satisfaction and might also slightly improve life satisfaction. High-skilled couples seem to benefit in particular. We also find that work-linked couples enjoy higher levels of income and job autonomy.

Keywords: work-linked couples; well-being; assortative matching; dual-career support JEL classifications: I31, J12, J21, J44, M51

1. Introduction

Whether by meeting at university or at work, by founding a family business together, or by pure coincidence, many couples are work-linked. They have the same occupation, work in the same industry or even for the same employer. Individually, both a person's work life and relationship quality are crucial determinants of their well-being, and the interplay of work life and private life matters, too. Having said that, surprisingly little is known about the well-being of workers whose working life overlaps with that of their partners. Our research fills this gap.

The overarching question we answer in this study is whether couples reap benefits or suffer losses of well-being if they are work-linked, compared to dual-earner couples that are non-linked. Disadvantages of particularly close work links in couples may seem obvious in the light of the growing body of research and public discourse around workplace romance and personnel policies designed to address this issue (Boyd 2010; Anand et al. 2023). In

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addition, psychological research emphasizes a need to maintain clear boundaries between professional and personal life, often summarized as a healthy work–life balance (Methot and LePine 2016). However, as we argue from an economics perspective, a too narrow focus on workplace romance may conceal more general benefits of being work-linked, for instance, from working in the same industry or occupation. These benefits can be described through the economic theory of assortative matching (Becker 1973), whereby similarities between the partners (here, the same industry/occupation) produce complementarities benefiting earnings and career progression. For instance, work-linked partners may share with each other their work-related networks, experience, and information. This may allow them to obtain higher levels of income and thus utility which we would measure as positive effects of these broader work links on their subjective well-being in comparison to partners who do not work in the same industry/occupation.

Understanding the determinants of individual well-being has become a major field of research (Weimann, Knabe, and Schöb 2015). A special focus has been on working life due to its high relevance for both labour market and personnel policies. Happiness through, at and with work reduces absenteeism (Diestel, Wegge, and Schmidt 2014) and job turnover (Clark 2001) as well as increases performance (Graham, Eggers, and Sukhtankar 2004; Oswald, Proto, and Sgroi 2015; Bellet, De Neve, and Ward 2023). Similarly, unhappiness predicts family–life events (Guven, Senik, and Stichnoth 2012; Chadi and Hetschko 2021).

To benefit well-being as much as possible, the workplace should not harm family life and marital quality (Bertrand 2013). How to maintain a work–life balance has hence become a popular topic in the public arena and in research (Lauber and Storck 2019). To address this issue, employers adopt flexible working time, working from home as well as leave policies (Grzywacz and Carlson 2007). Some companies also support the employment prospects of the partners of highly demanded talents who need to relocate, which may create work links in couples as a side effect, if it means the partners end up in the same workplace or at least industry/occupation.

To the best of our knowledge, this study is the first that analyses the overall subjective well-being of work-linked partners.¹ We estimate the effect of being work-linked on general life satisfaction and the well-being in four areas of life: income, job, family, and leisure. These life-domain-specific indicators are examined to reveal mechanisms explaining why being work-linked appears to affect overall well-being. There have been some studies on the relationship of these domain-specific measures with being work-linked based on highly selective samples (Halbesleben, Wheeler, and Rossi 2012; Ferguson et al., 2016). In contrast, our study is based on the rich Socio-Economic Panel (SOEP, 2019), a large representative longitudinal household survey of the German population. It allows us to link the individual to their partner, and contains comprehensive data on a range of characteristics for both, provided they live together in the same household. This enables us to identify couples that work in the same industry *and* occupation to compare them with couples that differ in these regards.

To study the effects of being work-linked, we primarily employ pooled ordinary least squares (OLS) estimations controlling for a large number of potentially relevant confounders. In the process, we take into account the socio-demographic background and job characteristics of the individuals. What is more, we estimate the effects of being work-linked on indicators of income and job autonomy, among others, in order to shed further light on the reasons for well-being differences between linked and non-linked couples. For the same purpose, the OLS-based analysis is repeated for subgroups of workers. For instance, working in the same industry and occupation may mostly benefit the well-being of high-skilled

¹ Previous research focuses on job characteristics, such as job insecurity (Luechinger, Meier, and Stutzer 2010), part-time work (Lepinteur 2019), and self-employment (Odermatt, Powdthavee, and Stutzer 2021). The well-being effects of private life and the interplay between the work domain and the private domain have also been analysed (Allen 2012; Iseke 2014).

couples as they pursue careers of a lengthy nature whereby the sharing of experience, information, and networks may pay off in particular. Addressing issues of endogeneity further, we finally present supporting evidence from three different instrumental variable (IV) approaches.

Throughout our analyses being work-linked is positively associated with income satisfaction. In most specifications, this applies to overall life satisfaction, too. In addition, we obtain some evidence that income and job autonomy as a measure of career progression might mediate these relationships. While there are no significant gender differences, people who have an academic degree seem to benefit more from being work-linked than those without a degree. An analysis of self-employed workers implies that the closest possible work link might not be optimal.

In contrast to income satisfaction and life satisfaction, the estimated effects of being work-linked on job satisfaction and family–life satisfaction are mostly insignificant, on average. However, high-skilled work-linked couples and older couples seem to benefit here, too. Finally, unlike the IV approaches, the OLS estimations point to a negative association between leisure satisfaction and a work link, which is mediated by working hours.

Overall, our findings imply benefits of being work-linked in working life rather than private life, in line with the idea that work-linked couples represent a form of assortative matching, which generates advantages in terms of earnings and career advancement. These results imply that dual-career policies where firms provide job search assistance to the partners of highly demanded talent may be particularly beneficial if it means that these partners end up working in the same occupation/industry.

2. Theoretical considerations

In previous theoretical work in economics, love relationships have been analysed through the lens of marriage market matching (Becker 1973). Here, work-linked partners may be seen as a form of positive assortative matching, as they have chosen the same industry and/ or occupation. Positive assortative matching occurs if partners are complements. Once the match is made, this complementarity allows couples to reach higher levels of utility, reaping a gain from marriage. A higher type individual does not only find a higher type partner, their complementarity leads to additional gains in well-being.

In our context, this leads to the question of whether two partners who have the same occupation or work in the same industry ought to be seen as complements. The work link may mean that they are better able to support each other's career advancement, by sharing experience, information, and networks, by job referrals, or even nepotism, compared to workers who have a similar level of skills, but work in other industries and occupations than their partners. The labour market literature has clearly shown that improving one's informal social networks and obtaining jobs through referrals produces high matching quality and thus positive wage and employment effects (Ioannides and Soetevent 2006; Loury 2006; Dustmann et al. 2016). Hence, because they are work-linked, partners may end up at a higher hierarchical level enjoying greater earnings and non-pecuniary job quality, such as occupational autonomy, than partners who are not linked. We therefore expect the work-linked couple to enjoy higher well-being as a result, especially in the area of income as a measure of career success. While work-linked couples may differ from nonlinked couples for other reasons, too, the work link may make an additional difference here.

We address this potential mechanism based on which being work-linked might affect subjective well-being in several ways. Firstly, besides examining overall life satisfaction, we distinguish between different areas of life when it comes to the measurement of well-being. A positive association between the work link and income satisfaction may imply benefits in terms of earnings originating from the aforementioned complementarities. Secondly, in addition to our analysis of well-being, we estimate the effect of being work-linked on objective measures of income and job autonomy (i.e. the hierarchical level of someone's position), as measures of career success. Building upon this, we present variations of our wellbeing estimations that account for both income and job autonomy. This mediation analysis makes it possible to see if levels of income and job autonomy explain higher well-being in work-linked couples. Finally, the potential benefits of being work-linked in terms of career advancement might be particularly pronounced in settings where sharing networks and mutual support are highly valuable due to the extended nature of career ladders. We therefore test if high-skilled 'power' couples derive greater advantages from being work-linked compared to low-skilled couples, assuming that career ladders are comparatively long in high-skilled occupations/industries.

There may also be gender differences, which is why we estimate effects of being worklinked separately for women and men. For instance, career orientation (or, importance) is consistently measured to be higher among men, including in the German context (Beblo and Görges 2018). Men might thus benefit in particular if being work-linked indeed fostered their career prospects. On the other hand, the higher income of a work-linked partner might give rise to a positive 'tunnel effect' on the well-being of the low-income earner in the couple, which is still often a female partner. It would seem that partners are considered reference points for people's own career success (Goerke and Pannenberg 2015). This could be especially true for work-linked couples, as people choose reference groups based on similarity. In line with the 'tunnel effect', higher earnings of a partner who works in the same setting signal future increases of one's own earnings (Clark, Kristensen, and Westergard-Nielsen 2009).

One aspect of overlap in working life between partners, however, might impact negatively on how satisfied they are with their incomes. Being work-linked implies that the earnings risks of both partners are correlated, as earnings shocks and trends can be occupation/industry-specific. This should lead to higher household income volatility in both good times and bad times. An extreme example in this regard are copreneurs who run a business together (Blenkinsopp and Owens 2010; Dahl, Van Praag, and Thompson 2015). As a result, the variance of future income and hence the uncertainty about future income levels could be greater in work-linked couples than in dual-earner couples who work in different settings. In particular, risk-averse individuals and self-employed individuals may therefore suffer from being work-linked, which we test in our subgroup analyses.

The previous literature hypothesizes about advantages of being work-linked when it comes to private life. An understanding family environment that accommodates an individual's work demands is seen as important as a work environment that appreciates family demands (Voydanoff 2005). Consequently, being well-informed about the demands of the partner's job may help workers be understanding towards the sacrifices their partners make for their careers. A work link may foster this understanding based on similar experiences (Halbesleben et al., 2010; Walter and Haun, 2020). Hence, the emotional support work-linked partners give and receive may contribute to a healthy work-life balance and make them more satisfied with their family life than non-linked partners. We therefore test if a work link is associated with family-life satisfaction and leisure satisfaction.

Based on the assumption that work–family conflict is a result of time constraints, one might hypothesize that couples with children benefit particularly from a better mutual understanding. On the other hand, partners in the same industry or occupation may tend to have similar work schedules and the same level of flexibility in their working hours.² Not being linked might thus make it easier to share childcare and other family responsibilities,

² Another issue is blurred boundaries between work life and private life due to spillovers from conflicts in both areas (Foley and Powell 1997; Huffman et al. 2018). The literature even mentions insomnia spillovers as a problem of work-linked couples (Fritz, Park, and Shepherd 2019), which might be associated with low well-being (Piper 2016).

potentially benefiting women the most who still bear the brunt of household work (Jessen et al., 2022). To shed light on these competing expectations for the role of a work link in the well-being of parents, we test whether the presence of children in the household moderates the well-being effects of being work-linked.

3. Data

Our empirical analyses rely on thirty-four waves of the SOEP (1985–2018). The SOEP is an annual representative household panel study of the German population. Recent waves cover more than 30,000 individuals (Goebel et al., 2019). The data include individuals' self-reported well-being as well as detailed information on their working life and partnership status. The data allow for merging partner information if couples live together in the same household which is hence a first requirement observations need to meet to be part of our sample. Some individual–year observations that fulfil this condition are still coded as one-person or single-parent households. Given this inconsistency, they are dropped from the sample. Furthermore, all couples living in stem households or other constellations with further adults are excluded.

Motivated by the intended analysis, the sample is further reduced to dual-earner couples whereby the individuals and their partners are employed or self-employed.³ Additionally, we only keep observations of working age (25–64 years) as well as only heterosexual partnerships.⁴ Finally, we exclude all individuals with missing information needed for the analysis (see below). This applies also to missing information on the characteristics of the partner. The final dataset consists of 122,456 observations for 24,013 individuals (i.e. 12,245 couples and households). Supplementary Appendix Table A.1 provides an overview of how many observations are retained after each step of sample restrictions.

We define work-linked partners as individuals who work in both the same occupational group and the same industry as their partner. These are referred to as 'combined work links' ('WL' in tables). Given the existence of both links, we assume there is some overlap in the working lives or work environments of the two partners. Occupations are categorized according to the 1992 classification by the German Federal Statistical Office (Klassifikation der Berufe 1992, KldB92, see Hartmann and Schütz 2017). KldB92 consists of thirty-three major occupations (*Berufsabschnitt*), which comprise eighty-eight sub-major occupations (two-digit level, Berufsgruppe). The latter cover 369 more narrowly defined occupational groups (three-digit level, Berufsordnung). Couples who are in the same occupation at that level are considered occupation-linked.⁵ Industry sectors are compartmentalized based on the statistical classification of economic activities in the European Community (NACE). The SOEP provides these data at two levels. Twenty-one major onedigit industries cover eighty-eight two-digit level divisions, fifty-eight of which are observed in the data. Partners are considered industry-linked if their two-digit level industry matches. Based on this definition, we observe 6,416 combined links (industry and occupation).6

Especially, agricultural occupations and bank/building society/insurance specialists produce relatively many work links (see Supplementary Appendix Table A.3). In contrast,

³ This sample restriction might to some extent eliminate the correlated earnings risk as a channel, as we do not consider unemployed workers. In Supplementary Appendix Table D.1 (panel 1), the sample is extended to couples where one or both partners are currently not working. The results are largely in line with our main findings.

⁴ In a later additional analysis, we will employ IV strategies of which one works for heterosexual couples only. In order to harmonize samples, same-sex partnerships are therefore not considered. The estimation results are insensitive to this restriction (see Supplementary Appendix Table D.1 (panel 2)).

⁵ Note that the data cover too few links at four-digit level. See Supplementary Appendix Table A.2 for an illustration of all levels.

⁶ As can be seen in Supplementary Appendix Table D.1 (panel 4), separate occupation/industry links do not produce different results from the ones we present in what follows based on the combined link.

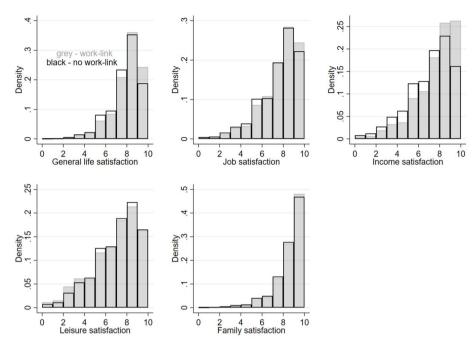


Figure 1. Distribution of satisfaction.

Source: Authors' calculations based on SOEP (2019). *Note*: The figure depicts the distribution of the different satisfaction measures (scales from 0 to 10) for work-linked (grey) and non-linked (black frame) workers.

work links are rare in manufacturing, building, and technical professions. Similarly, relatively many workers in the agricultural and financial/private services sectors are work-linked, unlike in construction and manufacturing (see Supplementary Appendix Table A.4). In addition, Supplementary Appendix Fig. A.1 depicts the share of work links observed in our estimation sample by major occupations and industries. Agriculture no longer ranks high, as only a small fraction of the workforce is employed in this industry. Hence, for our sample, social welfare and teaching professions play a significant role, as well as the public sector, as these cover a sizable fraction of the workforce while work links are relatively common.

To measure life satisfaction, SOEP respondents answer the following question every year on an eleven-point scale (0–10): *How satisfied are you with your life, all things considered?* The distribution of the resulting variable is shown in Fig. 1 for work-linked and non-linked individuals. The combined distribution is left-skewed with a mean of 7.35, a median of 8 and a standard deviation of 1.53. As is shown in Supplementary Appendix Table A.5, work-linked individuals, on average, score significantly higher on life satisfaction than non-linked individuals.

In addition, individuals are asked to indicate their satisfaction with a number of life domains on the same scale. Our analyses consider satisfaction with job, personal income, family life, and leisure. While job satisfaction is available for the whole time span, satisfaction with personal income (2004–18) and with family life (2006–18) are covered in subperiods only. Leisure satisfaction was not surveyed in 1990 and 1995 and not at all for certain SOEP subsamples ('L1'–'L3'). The distributions of the four domain satisfactions are shown in Fig. 1, too. Work-linked individuals enjoy significantly higher well-being than non-linked workers with respect to job and income satisfaction, but report lower wellbeing when it comes to leisure satisfaction. Generally included control variables of the household are the marital status (married or not), the number of children in the household, and the partnership length in years.⁷

Further individual characteristics are age, gender, and years of education as well as job characteristics (tenure in years, three firm size categories, binary indicators for working in a learned occupation, self-employment, full-time employment, fixed-term contract). Information about the federal state the individual lives in, as well as an indicator for whether the individual lives in a rural or urban area, allows for considering regional differences. As explained in the next section, we consider the monthly net individual labour income and the net household equivalent income as mediators of the work-link–well-being relationship.⁸ This also applies to the contractually agreed weekly working hours, subjective job security as well as occupational autonomy. Table 1 gives an overview of the main characteristics of people who (do not) have a work-linked partner.

4. Multiple regression analyses

To identify the effects of being work-linked on well-being, we run an OLS estimation relying on control variables to tackle endogeneity issues. Later on, we address issues of endogeneity further using two-stage IV estimations. Our conclusions will rely only on results that appear robust across approaches.

4.1 Empirical model

We estimate the effects of being work-linked on the different satisfaction outcomes using the following standard pooled OLS model

$$WB_{it} = \beta_1 + \beta_2 WL_{it} + \beta_3 HHC_{it} + \beta_4 IC_{it} + \beta_9 RC_{it} + \beta_5 PIC_{it} + \beta_6 O_{it} + \beta_7 I_{it} + \beta_8 T_t + \varepsilon_{it}$$
(1)

where WB_{it} is the general or domain-specific satisfaction level of individual *i* at time *t* and WL_{it} is the indicator for whether the individual is work-linked based on the definitions above. Thus, β_2 is our parameter of interest.

We consider a detailed set of control variables to eliminate distortion from unobserved selection into work links (for a detailed list see Supplementary Appendix Table B.1). The model includes the individual (IC_{it}), household (HHC_{it}), and regional characteristics (RC_{it}) introduced in the previous section. In addition, we control for a number of individual characteristics of the partner (PIC_{it}), namely years of education, tenure, whether they are working in their trained occupation, fixed-term contract, and full-time employment. As can be seen in the previous section, the probability of being work-linked varies across one-digit level industries and occupations, which may affect well-being for other reasons, too. Therefore, we also consider industry-fixed effects I_{it} and occupation-fixed effects O_{it} at the one-digit level. Time-fixed effects T_t (wave dummies) are controlled for, too. In the following, we refer to the full set of the controls mentioned up to here as vector X'_{it} .

Standard errors are clustered at the household level to account for the serial correlation in the error terms between partners, whose work-link indicators as well as many control variables are, by definition, identical. The sensitivity of the results with respect to the choice of the cluster variable has been checked. Results of estimation models in which standard errors are clustered at the individual level or industry/occupation level may be obtained from Supplementary Appendix Table D.1 (panel 3). Alternatively, a random

 $^{^7}$ The partnership length prior to SOEP participation is unknown. To avoid losing observations of couples who met beforehand, an indicator for whether the variable is left-censored or not is included as a control variable.

⁸ Equivalent income is computed using the new OECD scale. Net household income is divided by the weighted sum of household members. The weights are 1 for the first adult in the household and 0.5 (0.3) times the number of additional household members that are at least 14 years old (younger than that).

Table 1. Summary statistics by work link.

	All Mean	No WL Mean	WL Mean	<i>t</i> -test <i>P</i> -value
Individual characteristics				
Female	0.50	0.50	0.50	1.00
Age, years				
25-34	0.18	0.18	0.20	0.00
35-44	0.37	0.37	0.35	0.00
45–54	0.33	0.33	0.30	0.00
55-64	0.12	0.11	0.15	0.00
Years of education	12.57	12.51	13.65	0.00
Self-employed	0.09	0.09	0.16	0.00
Tenure (in years)	11.58	11.46	13.82	0.00
Firm size (number of employees)				
Small (under 20)	0.29	0.30	0.26	0.00
Medium (20–199)	0.26	0.27	0.21	0.00
Large (200 and more)	0.44	0.44	0.53	0.00
In trained occupation	0.59	0.59	0.69	0.00
Fixed-term contract	0.06	0.06	0.06	.41
Full-time employed	0.64	0.64	0.64	.28
Net labour income ^a	1,644.91	1,625.26	2,000.17	0.00
Equivalent income ^a	2,022.11	2,000.73	2,408.63	0.00
Occupational autonomy ^a	,	,		
Untrained	0.14	0.14	0.11	0.00
Low level	0.27	0.28	0.15	0.00
Executive level	0.31	0.31	0.27	0.00
Middle level	0.24	0.23	0.37	0.00
Upper level	0.05	0.04	0.09	0.00
Working hours ^a	37.37	37.22	40.09	0.00
Household characteristics				
Married	0.88	0.88	0.83	0.00
Number of children in HH	0.89	0.89	0.90	.44
Partnership length	7.75	7.81	6.68	0.00
Censored partnership length	0.73	0.73	0.72	.17
Partner characteristics	01/0	0.70	0=	• • •
Years of education	12.57	12.51	13.65	0.00
Tenure	11.58	11.46	13.82	0.00
In learned occupation	0.59	0.59	0.69	0.00
Fixed-term contract	0.06	0.06	0.05	.41
Full-time employed	0.64	0.64	0.64	.28
Regional characteristics	0.04	0.04	0.07	.20
Rural area	0.33	0.33	0.33	.84
East of Germany ^b	0.33	0.33	0.20	.04
Observations	122,456	116,040	6,416	.02
Observations	122,730	110,040	(5.24%)	
Individuals	24,013	23,254	1,877	
	27,015	23,237	(7.82%)	

Source: Authors' calculations based on SOEP (2019).

Note: Every individual is also included in the data as a partner which is why the means of individual characteristics and the partner characteristics are identical.

^a Variables are not included as control variables in the main estimation model but added to the model in the mediation analysis of Section 4.3.

^b In the main estimation model, mode detailed region-fixed effects are captured by including federal state indicators.

effects model could have been used. It would also have allowed us to account for the serial correlation at the individual level, but not at the partner (i.e. household) level, which, we argue, is the most important in our context.

In the main specification, we deliberately do not control for equivalent income, personal labour income, subjective job security, occupational autonomy, and working hours. These variables are particularly likely to mediate impacts from being work-linked on well-being which is why they should be regarded as endogenous (and, hence, 'bad') controls (Angrist and Pischke 2009). Accordingly, they will be analysed separately as channels of well-being effects from being work-linked in Section 4.3.

In principle, our data would allow us to conduct an individual-fixed effects estimation, too, which is fairly standard in research on well-being to address issues of endogeneity (Clark, D'Ambrosio, and Ghislandi 2016; Van der Zwan, Hessels, and Rietveld 2018). However, we note that the variation in work links within the same persons over time is small (the correlation coefficient between current and 1-year-lagged work links is 0.83). An individual-fixed effects estimation produces qualitatively similar results, in particular for broader definitions of work links at higher digit levels (see Supplementary Appendix Table D.2). However, we consider this type of analysis no less susceptible to omitted variable bias as the pooled OLS in our context. If being work-linked varies within the same person over time this will originate from drastic changes that affect well-being beyond the work link, such as changes in partnership (e.g. marriage, divorce, death of spouse), in one's own working life (e.g. unemployment, change of occupation), or the partner's working life (Clark and Georgellis 2013; Chadi and Hetschko 2018; Nikolova and Avhan 2019). Controlling for all of these changes would also capture any variation in being work-linked, preventing us from estimating the effect of interest. Hence, in our context, an individualfixed effects approach is of no value beyond the cross-sectional analysis described above. Issues of endogeneity are therefore addressed by IV analyses presented in Section 5.

4.2 Main results

We present the estimates for the whole sample as well as the two gender subsamples separately in Figs 2 and 3. We distinguish between unconditional OLS estimates (excluding control variables) and conditional OLS estimates (covariates considered). Full estimation results for the conditional OLS can be found in Supplementary Appendix Tables B.1, B.2, and B.3.

The clearest pattern is that income satisfaction improves with being work-linked, even if individual characteristics and all other covariates are considered. The effect size corresponds to 10 per cent of a standard deviation. Being work-linked is also positively associated with overall life satisfaction. However, once the full set of covariates is included, the effect size shrinks (5 per cent of a standard deviation) and the effect is only significant at the 10 per cent level. Both women and men report higher levels of income satisfaction and life satisfaction if they are work-linked to their partners. Again, controlling for the characteristics as described in Equation (1) reduces the effect size and statistical significance.

Our results are less conclusive for job satisfaction where we mostly find insignificant effects and family-life satisfaction where there seems to be no effect. In contrast, being work-linked attracts a negative effect on leisure satisfaction in the OLS estimation (7 per cent of a standard deviation), particularly in the male sample. Life satisfaction may be regarded as a composite of the domain satisfactions (Van Praag, Frijters, and Ferrer-I Carbonell 2003). This is compatible with our results of large positive estimates of being work-linked in some life domains (e.g. income), much lower or negative estimates in others (e.g. leisure) and a life satisfaction estimate somewhere in between. The fact that income satisfaction seems to be a relatively responsive well-being outcome is also in line with the previous literature (Powdthavee 2012).

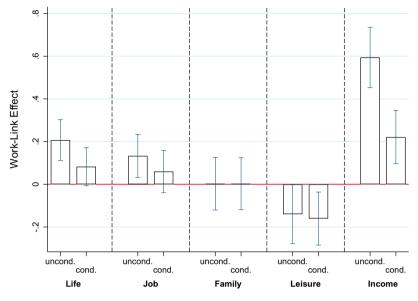


Figure 2. Estimation results

-OLS.

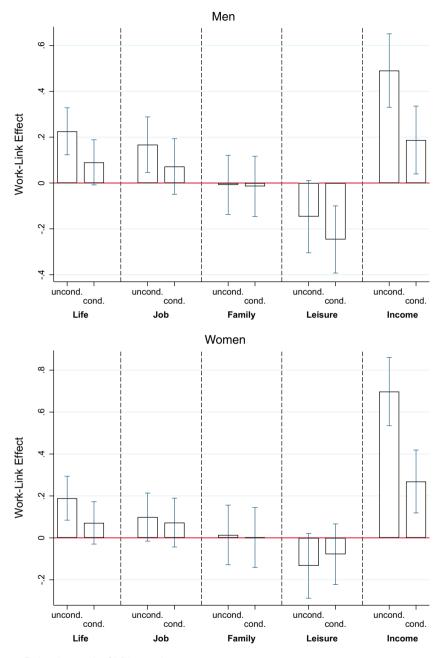
Source: Authors' calculations and illustrations based on SOEP (2019). Note: The figure shows estimated effects of being work-linked (OLS) on different indicators of satisfaction based on the whole sample. Confidence intervals are based on standard errors clustered at the household level and refer to the 95th percentile. Corresponding estimation coefficients can be found in Supplementary Appendix Table B.1. Conditional results are based on the full set of controls (vector X'_{it}).

4.3 Autonomy, job security, income, and hours as mediators

According to our analyses up to here, positive effects of being work-linked are predominantly found in satisfaction with income. This is in keeping with the power-couple hypothesis, which posits that work-linked partners help each other climb the career ladder, earn higher incomes, and therefore gain satisfaction, compared to non-linked couples. To shed light on these potential channels, we separately include a number of endogenous variables in the main specification, namely equivalent income, individual net labour income, and occupational autonomy. The latter reflects the degree to which an employee performs leadership tasks.

To begin with, we examine the effect of being work-linked on these potential mediators by substituting them for the satisfaction outcomes in Equation (1). As illustrated in Supplementary Appendix Table B.4, a work link is associated with higher occupational autonomy as well as higher equivalent income and labour income. In the next step, we separately add these endogenous control variables to Equation (1). Each of them reduces the effect of the work link, in line with the hypothesis that career success explains the effect of being work-linked on satisfaction with income as well as general life satisfaction (Supplementary Appendix Table B.5). That being said, the coefficient sizes of the work link indicator in each specification change only slightly. In particular, the relationship between work links and income satisfaction remains significantly positive when we control for labour or household income. This is important as income might not just be a mediator, but also a confounder.⁹

⁹ To address this issue, we control for predictors of socioeconomic status that do not result from being work-linked (education, age). What is more, the work-link effect on income satisfaction even remains significant if all potential mediators are controlled in the same regression. Concerns about confounders are addressed on a more general level in Section 5, where we present IV analyses.





Source: Authors' calculations and illustrations based on SOEP (2019). Note: The figure shows estimated effects of being work-linked (OLS) on different indicators of satisfaction based on subsamples of males/females. Confidence intervals are based on standard errors clustered at the household level and refer to the 95th percentile. Corresponding estimation coefficients can be found in Supplementary Appendix Tables B.2 and B.3. Conditional results are based on the full set of controls (vector \mathbf{X}'_n).

As another potential mediator, we consider the contractually agreed weekly working hours. They could be a sign of career success if a work link affects the likelihood of landing a full-time job. At the same time, we observe lower leisure satisfaction in work-linked couples which could point to a desire to work less due to work–family conflict. Indeed, being work-linked correlates with hours significantly (Supplementary Appendix Table B.4). While the positive effects of being work-linked found in satisfaction with life and income do not shrink if we control for hours of work, the negative effect of the work link on satisfaction with leisure vanishes (Supplementary Appendix Table B.5).

Lastly, job security is considered a potential benefit of work-linked couples. It is measured using the item 'How worried are you about losing your job' on a three-point scale which we reverse. What worries people may be the probability of losing their current job or the consequences of job loss (Geishecker 2012). A work link might alleviate both. Mutual career support could limit the probability of job loss and reduce the time spent unemployed and the effort necessary to find a new job in the actual event of a job loss. We find that concerns about job security are indeed lower in work-linked couples (Supplementary Appendix Table B.4). Job security hardly explains the work link–well-being relationship, however (Supplementary Appendix Table B.5).

4.4 Heterogeneity

As a next step, we examine whether our findings pertain to certain individuals in particular. Following the power-couple hypothesis, mutual support in working life should play a role, especially in occupations with relatively long career ladders, for instance, those that require an academic degree (see Section 2). In panel 1 of Supplementary Appendix Table B.6, we therefore interact the work link indicator with an indicator for whether the individual has a university degree. In order to ensure that the work link estimate does not pick up effects of having two academic degrees in the household, we additionally control for an indicator for the presence of two academic degrees in the couple. It turns out that all satisfaction estimates of being work-linked are indeed significantly more positive in the group of individuals with academic degrees compared to less educated workers, independent of whether the partner (also) has an academic degree or not.

Closely related to this finding, we analyse our power couple hypothesis further by separating high-income earners (net labour income greater than the 75th percentile of the distribution) from all other workers. Based on this, we differentiate between couples with two non-high earners, couples with one high earner (either self or the partner), and couples with two high earners. The results of the heterogeneity analysis are presented in panel 2 of Supplementary Appendix Table B.6. In line with expectations, we estimate particularly positive satisfaction effects of being work-linked in couples with two high-income earners (significant for satisfaction with life, work, and family life).

Next, we examine work links dependent on how the individual's income compares to their partner's income. In keeping with the notion of a tunnel effect (see our discussion in Section 2), a work-linked partner who earns less than their partner may have higher income satisfaction than someone in the same position in a non-linked couple. Panel 3 of Supplementary Appendix Table B.6 distinguishes between people who earn at least 500 euros per month less than their partners (after taxes), roughly the same as their partners (maximum deviation = 500 euros), or at least 500 euros more than their partners. While most estimated effects of a work link are similar across groups, the positive income satisfaction effect indeed is most pronounced in workers who earn less than their partners, even if the level of equivalent income is controlled for.

Another issue discussed in Section 2 is the possibility that work-linked partners suffer from correlated earnings risks. If true, risk-averse work-linked individuals should report comparatively low well-being, as they dislike being exposed to risks in life more than others. Individual willingness to take risks has been elicited in the SOEP in 2004, 2006, and annually since 2008, by asking respondents if they are 'generally a person who is willing to take risks' (scale 0–10). We calculate the average of all individual observations of risk attitude during participation in the panel survey and classify respondents as either riskaverse or risk-seeking depending on whether they rank below or above the median. Although risk seekers enjoy higher levels of well-being, we cannot detect any significant heterogeneity in the estimated well-being effects of being work-linked between risk-seeking and risk-averse individuals (panel 4 of Supplementary Appendix Table B.6).

Moreover, we consider the possibility that the closest possible work link is not the optimal work link despite the positive effects found up to here. Couples may enjoy many of the advantages just by working in the same occupation or industry (networks, information sharing), whereas some risks of being work-linked may grow if they even work for the same employer (blurred boundaries, correlated earnings risks). To shed light on this issue, we analyse work-linked couples who are self-employed, as we expect many of them to share a place of work. There is a tendency that self-employed workers benefit less from being work-linked, but the interaction effects are mostly insignificant, except for leisure satisfaction (see panel 5 of Supplementary Appendix Table B.6).

Being work-linked might influence couples' ability to reconcile work demands with family life, in particular, if the family includes children (see Section 2). We, therefore, check if the effects of being work-linked are moderated by the fact that children younger than 14 years live in the household of the interviewed individual. Our results seem to indicate that the presence of young children in the household decreases the well-being effects of being work-linked, however, this difference is only significant for job satisfaction (see panel 6 of Supplementary Appendix Table B.6).

Lastly, the effect of a work link might change over the life course, as both partners progress on their careers and may become increasingly able to support each other. Age is usually U-shaped in well-being, which is why we interact the work-link variable with age bands splitting the sample into four 10-year brackets. No clear patterns emerge when it comes to satisfaction with life, leisure, or income (results in panel 7 of Supplementary Appendix Table B.6). The family-life satisfaction of the youngest group of adults (25–34 years) is statistically significantly less positively associated with being work-linked than that of older age groups. Likewise, the relationship between the work link with job satisfaction seems to become increasingly positive with age.

5. Additional evidence – IV analyses

5.1 Methodology

To causally identify the effect of being work-linked on well-being, we would need to examine situations in which either occupation/industry choice or partner choice is as good as random. As this is not possible with our observational data, an OLS estimation will be able to address endogeneity concerns only in a limited way. For instance, measurement error seems particularly relevant in the context of well-being data and is known to downward bias the estimates of endogenous variables (Böckerman and Ilmakunnas 2012). In the absence of random assignment of occupations/industries, exogenous IVs may help to correct for endogeneity bias. As mentioned in Section 4.3, income or occupational autonomy may differ between work-linked couples and non-linked couples not just because of the work link. In what follows we present the methodology and results of two external IV estimations addressing endogeneity concerns.

The IV estimations reflect an alternative way of examining the effect of being worklinked on worker well-being, not necessarily a better way compared to the OLS estimation above. The IV strategy is limited to local average treatment effects (LATE) and it is difficult to prove that the exclusion restriction is met. We therefore interpret the results of our IV estimations merely as a way of gauging the potential of endogeneity bias in the OLS-based results: The risk of bias appears the less serious the closer the IV estimates resemble the OLS results (for a more detailed discussion of the exclusion restriction see Section 5.2).

The first IV z_{it} (IV 1) denotes the average of the gender disparities in the individual's three-digit occupation and two-digit industry. The notion here is that heterosexual couples are more likely to form in occupations and industries in which the gender disparity is low. In an occupation/industry chosen by similar numbers of males and females, we may expect to find more pairs than in sectors where the ratio is 99 to 1. As this notion only applies to heterosexual couples, same-sex relationships are not considered. The gender disparity (*GD*) of industry *sec* or occupation *occ* is calculated as

$$GD_{sec/occ} = |50 - \left(\frac{females_{sec/occ}}{workforce_{sec/occ}} \times 100\right)| \qquad GD_{sec/occ} = [0, 50]$$
(2)

$$z_{it} = (GD_{sec} + GD_{occ})/2 \tag{3}$$

Employing this instrument means that we approximate the probability of being worklinked for each individual at the level of their industry and occupation only and, by doing so, address some issues of endogeneity as someone's individual decisions and well-being cannot affect these shares.¹⁰ To measure gender disparities, we merge our dataset with administrative data from the German Federal Employment Agency (Bundesagentur für Arbeit) about the gender shares in industries and occupations as of 31 March 2016 for the universe of the German workforce (Bundeagentur für Arbeit 2016a, 2016b).¹¹ Supplementary Appendix Figure C.2 illustrates the relationship between occupational gender disparity and the probability of being work-linked.

The second IV z_{it} (IV 2) is the current overall work link probability in the occupation the partner's father pursued when the partner was 15 years old (retrieved from the SOEP biographical questionnaires). We use the probability for the paternal occupation only due to a high number of missing occupations for mothers (>60%). The instrument is based on the idea of intergenerational transmission of occupational choice (Kelly et al., 2014). The fact that occupational choice often depends on parents' occupation implies that one's own probability of being work-linked correlates with the parents' probability of being work-linked and that of the partner's parents. Arguably, this is independent of one's own well-being in a reversed causality sense as well as other choices made before meeting one's partner. The work link probability of the partner's paternal occupation is the current share of work links in the partner's father's occupation (in per cent). The share is estimated based on the mean of the work link indicator per occupation in the current SOEP wave. We cannot identify this probability for 20 per cent of the sample. The sample size reduces, accordingly.

We separately estimate a linear regression model with endogenous binary treatment for both instruments using the Maximum Likelihood Estimator ('MLE', STATA: etregress).¹² The MLE is preferred to a two-stage least squares (2SLS) approach as the binary and rare nature of our treatment leads to inflated estimators in 2SLS due to the

¹⁰ An alternative instrument could be the occupational/sectoral share of workers of the opposite gender. However, we expect a lack of external validity in this case. The estimated LATE would be driven by worklinked couples in occupations/industries where work links are rare as the gender disparity is high. The effects the work link has on these exceptional couples' well-being is likely not representative of the effect on the average work link couple (i.e. the LATE is much different from the true ATE).

¹¹ As the relative shares of females and males barely changed within occupations over time, the disparity as of 2016 is indicative of the disparity at each other point in time, see Supplementary Appendix Fig. C.1 for female shares in two-digit KldB occupations between 1999 and 2016.

¹² As a check, we later estimate an overidentified model by including both instruments simultaneously (panel 1 in Supplementary Appendix Table C.1). Results are robust.

violation of the linearity assumption at the first stage. Note that the qualitative findings of 2SLS and MLE are the same, with the latter being more conservative.

$$WB_{it} = \beta_1 WL_{it} + \mathbf{X}'_{it}\beta_2 + \varepsilon_{it} \tag{4}$$

$$WL_{it}^* = \mathbf{X}_{it}' \pi_1 + \pi_2 z_{it} + v_{it}$$
(5)

$$WL_{it} = \begin{cases} 1 & \text{if } WL_{it}^* > 0 \\ 0 & \text{otherwise} \end{cases}$$
(6)

 X'_{it} comprises the same control variables as the simple OLS estimation from before (Section 4.1) with one exception. Due to non-convergence of the MLE, the federal state indicators are replaced by a single indicator for living in the East of Germany in all estimations using IV2. To account for the binary nature of the endogenous treatment variable, the treatment equation in the first stage is estimated using a probit model. The instruments correlate with being work-linked as expected (see results from the first-stage estimations in Supplementary Appendix Tables C.2 and C.3). With the exception of IV2 for the subsample of men, the instruments can be assumed to be strong.

5.2 Exclusion restriction and internal instrument as sensitivity check

For the exclusion restriction to hold, the two IVs must not directly impact well-being beyond the work link $Cov(z_{it}, \varepsilon_{it}) = 0$. Although this assumption cannot be formally tested, we modify our analyses in order to support it. For instance, in regard to the gender disparity instrument, one might hypothesize that a more gender-equal environment fosters, for instance, mutual respect between colleagues at the workplace and therefore increases wellbeing beyond generating work links between partners. To address issues like this, we control for all variables from before which may capture other channels from the gender disparity to well-being. In particular controlling for the industry and the occupation at a more aggregate level (first-digit) eliminates bias from the fact that occupations and industries with a high or low gender disparity may differ in other respects, too.

Controlling for the major industry and occupation also addresses the potential issue that comparatively happy or unhappy individuals select into more gender-equal or genderunequal occupations and industries. To further address self-selection in certain industries/ occupations, we analyse a subsample of individuals that we observe at the age of 17 years and test whether their life satisfaction correlates with the gender disparity in their first occupation or industry. This is not the case (see Supplementary Appendix Fig. C.3).

Similar arguments imply with regard to the exclusion restriction when it comes to IV2, the probability of being work linked in the occupation of the individual's partner's father. The fact that many control variables are included, particularly those for occupation and industry, should alleviate some of the concerns. However, there can be no ultimate proof that the exclusion restriction is met for the two instruments which is why we mainly consider the IV-based analyses a useful way of addressing some of the shortcomings of our OLS-based findings rather than irrefutable causal evidence.

Having two instruments that nevertheless produce qualitatively and quantitatively consistent second-stage results (see Section 5.3) is also reassuring. If this was due to different issues concerning the exclusion restriction, these would need to coincidentally bias results in the same direction to a similar extent. In the same spirit, we seek to check our IV-based findings further by applying a third, entirely different IV strategy. To this end, we employ the heteroskedasticity-based approach of generating instruments internally introduced by Lewbel (2012).¹³ The instruments are calculated as the product of the demeaned values of

¹³ For practical advice and applications in the context of well-being, see Baum and Lewbel (2019), Awaworyi Churchill and Smyth (2020), and Elsas (2021).

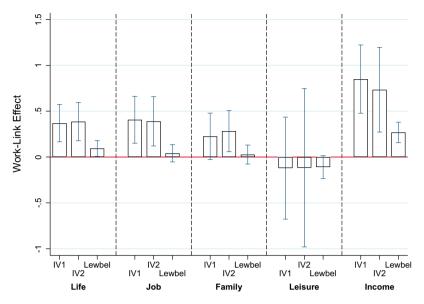


Figure 4. Estimation results—IVs.

Source: Authors' calculations and illustrations based on SOEP (2019), Bundeagentur für Arbeit (2016a, 2016b, 2011), and Statistisches Bundesamt Deutschland (2016). Note: The figure shows the second-stage estimates of being work-linked on different indicators of satisfaction based on the whole sample and the full set of control variables (vector \mathbf{X}'_{it}). Confidence intervals are based on standard errors clustered at the household level and refer to the 95th percentile. Corresponding first-stage estimates, test statistics and second-stage estimation coefficients can be found in the Supplementary Appendix Table C.2. Federal state fixed effects are replaced by an indicator for East Germany in all models using IV2, due to non-convergence.

a chosen subset of variables from X (called Z-variables) with the residuals from an auxiliary regression of the work-link indicator on these Z-variables. The strength of the instrument is thus based on the presence of heteroskedasticity in the auxiliary regression. We choose survey waves, age, gender, and occupation/industry dummies as our Z-variables, which generate a sufficiently strong first stage. However, the set of covariates is flexible in this regard, without yielding different results. To illustrate this point, we provide results based on varying sets of Z-variables used in Supplementary Appendix Table C.1, namely smaller/larger sets, and sets including/excluding occupation and industry. The required presence of heteroskedasticity of the residuals is confirmed using the Breusch–Sargan test, and the F-statistics of the reduced rank test by Kleibergen and Paap (2006) (K–P F-Statistics) support that the instrument is sufficiently strong (F > 10) and the Hansen-J test statistic (test for overidentifying restrictions) does not suggest that exogeneity is violated.

5.3 Results based on IV strategies

Figure 4 summarizes the findings obtained from our two main external IVs and the Lewbel (2012)-generated instrument as a check. For the two external instruments (IV1: gender disparity, IV2: work-link probability in partner's father's occupation), we find generally larger IV estimates of being work-linked on life satisfaction and income satisfaction compared to the OLS coefficients in Fig. 2. For instance, in the case of IV1, the estimated effects of being work-linked in the full sample correspond to 24 per cent of a standard deviation for life satisfaction (versus 5 per cent in the OLS estimations above) and 40 per cent of a standard deviation for life satisfaction for income satisfaction (versus 10 per cent). IV1 and IV2 are highly similar in this regard. This could imply that the OLS estimates are downward biased due to measurement error.

In line with the OLS results, the income satisfaction and life satisfaction of both genders are positively related to being work-linked according to the IV-based estimations (see Supplementary Appendix Table C.3). We obtain additional evidence for a positive effect of a work link on job satisfaction, whereas the previously negative effect found in leisure satisfaction is not confirmed by the IV-based results.

The Lewbel (2012)-generated instrument yields qualitatively consistent findings compared to both the OLS analysis and the external instruments in that life satisfaction and, most of all, income satisfaction again increase if there is a work link with the partner. The estimated effect sizes range between the OLS and the other IV-based results (life satisfaction: 6 per cent of a standard deviation, income satisfaction: 13 per cent). Job satisfaction and leisure satisfaction do not seem to be associated with being work-linked according to the results from using the internal instrument.

Overall, the IV estimations confirm higher satisfaction with income and higher satisfaction with one's life as a whole in work-linked couples. This suggests that issues of endogeneity do not explain the qualitative direction of these results. However, the IV-based findings do not confirm the negative leisure satisfaction effects reported before which means that these might actually result from endogeneity bias.

6. Concluding remarks

Our investigation suggests that there are positive effects of being work-linked on subjective well-being. Most importantly, an occupation and/or industry link is positively related to workers' satisfaction with their incomes. We also find a positive but much less pronounced association of being work-linked with overall life satisfaction. Taken together with the results of our mediation analysis, these results point to the idea of power couples working in the same occupation or industry which enables the two partners to benefit each other's careers. In line with that, the positive role of being work-linked is most pronounced in people with an academic degree who work in settings where career ladders are relatively long and earnings growth is potentially steep. Interestingly, this group as well as the group of older workers also report higher levels of job satisfaction when being work-linked, unlike less educated workers and younger workers. What is more, our results do not indicate that any of the documented positive work-link–satisfaction relationships are driven by either women or men in particular.

We obtain less conclusive findings for family-life satisfaction. Dependent on the considered sample and the estimation technique, this indicator of well-being is sometimes positively associated with a work link, sometimes not. According to our heterogeneity analysis, this might be because the work link effect on family-life satisfaction is age dependent. A potential explanation is that, as partners grow older, the suspected disadvantages, such as blurred boundaries between work life and the family domain, cease to outweigh the advantages of a good understanding of each others' career demands. None of our empirical approaches reveals an increase of leisure satisfaction as a result of the work link. All findings taken together imply that the positives of being work-linked are predominately related to working life.

It remains for future research to explore if the relatively high well-being of work-linked people translates into benefits for the firm, too (e.g. in the form of reduced turnover, better performance). Moreover, it would be important to further examine possible non-linearities in the work–link–well-being relationship. The closest possible link, working on the same team, may not be the optimal work link. Instead, partners may already be able to fully reap the gains of being work-linked from working in the same industry or occupation.

Our findings bear implications for hiring practice. The demand for high-skilled workers has led to transregional, sometimes even international, markets for talents in many sectors. Here, an individual accepting a job may mean that the whole household relocates. In these

instances, firms and other organizations are confronted with the challenge to offer dual career support for the partners of highly demanded talent, a topic research has touched on from different angles (Padgett and Morris 2005; Schiebinger, Henderson, and Gilmartin 2008; Kojima, Pathak, and Roth 2013; Sarpong 2018). Job search support or even hiring couples are solutions to the problem which create (closer) work links. At the same time, love at the workplace brings about multiple repercussions employers may actually want to avoid (Boyd 2010). Therefore, job search support with the objective of placing partners in the same industry (i.e. not necessarily in the same firm) seems to be a desirable compromise.

Supplementary material

Supplementary material is available at Oxford Economic Papers Journal online. These are the STATA replication files and the online appendices. The data from SOEP (2019) are available via https://www.diw.de/en/diw_01.c.601584.en/data_access.html. The data on relative shares of females and males in occupations (Bundeagentur für Arbeit 2016a) and industries (Bundeagentur für Arbeit 2016b) for the analysis in Section 5 as well as data on historic shares of females and males in occupations for Fig. C1 (Bundeagentur für Arbeit 2020) are available from and via http://statistik.arbeitsagentur.de/ or from the authors upon request. Crosswalks for industry codes are available from Statistisches Bundeagentur für Arbeit (2016) and crosswalks for occupation codes are available from Bundeagentur für Arbeit (2011) and Bundeagentur für Arbeit (2010).

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