Do Workers Value Non-traditional Work Arrangements in the United States?

Researchers:

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Sector(s): Labor Markets

Location: United States of America

Sample: 7,000 individuals

Target group: Job seekers Women and girls

Outcome of interest: Employment

Intervention type: Recruitment and hiring Pricing and fees

AEA RCT registration number: AEARCTR-0001250

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Employees may value alternative work arrangements like flexible scheduling and working from home and dislike schedules that vary from week to week on short notice. However, there is little evidence on how much these alternative work arrangements actually matter to employees. Researchers gave US job applicants choices over positions with randomly-determined wages to determine how much applicants valued these options. They found that the average worker valued the option to work from home but did not value scheduling flexibility. Furthermore, workers strongly disliked employers setting their schedules on short notice and preferred not to work nights or weekends.

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Alternative work arrangements, such as flexible scheduling, working from home, and working irregular schedules are an increasingly common feature of the United States labor market. These arrangements often present a tradeoff for workers: while alternative work arrangements may facilitate work-life balance, they may also make it harder for workers to anticipate their work schedules. In order to design public and corporate polices around flexible work arrangements, policymakers need to understand how workers actually value these arrangements. However, little evidence exists on how much these alternative work arrangements matter to workers.

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This evaluation took place in 2016 during a large-scale recruitment drive for a national call center that implements telephone surveys. During the application, applicants were asked to choose between a traditional, Monday – Friday, 9 am to 5 pm job and a job with an alternative arrangement.



Hiring manager reviews a resumé

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Researchers conducted a randomized evaluation to determine how much workers value non-traditional work arrangements like working from home and working flexible schedules and how much they dislike having employers set their schedules on short notice. In order to determine how much workers value these types of arrangements, the researchers posted advertisements for telephone interviewer positions on a US job search platform in 68 large metro areas. The job description included the necessary skills for the job and information about the wage range. Once job seekers began their application for the position, they were asked to identify their preferences between two positions: a baseline Monday – Friday 9 am – 5 pm on-site job and an alternative job description. Each applicant was randomly assigned to view one of five alternative descriptions:

- *Flexible schedule*:A forty hour-per-week position that allowed the worker to select his or her own work schedule;
- *Flexible number of hours*: A position that allowed the worker to select the number of hours to work per week, up to forty hours;
- *Work from home*: A forty hour-per-week position with a traditional schedule that gave the worker the option of working from home;
- *Combined flexible*: A position that allowed the worker to select his or her own schedule, select the number of hours worked, and work from home;

- *Employer discretion*: A forty hour-per-week position that allowed the employer to select the worker's schedule (including evenings and weekends) with one week's notice.

Researchers also randomly varied the wage difference between these two options. Researchers randomly assigned one of the job descriptions to have the maximum hourly wage for that metro area, either US$16 or US$19. The other job description was randomly assigned to have a wage that was between US$0 and US$5 lower than the maximum. In addition, the job descriptions were presented in a random order; half of the job applicants saw the baseline job description first and half saw the alternative job description first.

Approximately 7,000 job-seekers participated. The researchers used applicants' choices to determine their willingness to pay for these alternative arrangements. To ensure their results were representative of a broader population, they replicated their results using the nationally representative Understanding America Study.

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Most job-seekers were not willing to pay to have flexibility in when they worked or the number of hours they worked. Among the flexible work arrangement options, workers valued working from home the most. On average, workers were willing to take up to eight percent lower wages in order to have the option to work from home. In addition, workers strongly disliked jobs that allowed employers to determine their schedules on short notice. They were willing to earn up to 21 percent lower wages in order to work a traditional schedule. Additional treatments suggest that this was driven by an aversion to working nights and weekends, rather than unpredictability in scheduling. Results from the nationally-representative Understanding America Study were very similar, indicating that these preferences are representative of the broader population in the U.S.

While these results represent the average preferences of workers, the researchers note that there was variation in how much workers valued these alternative work arrangements. For example, while scheduling flexibility was not valued by most workers, the 25 percent of workers who placed the highest value on having a flexible schedule were willing to accept wages that were up to eleven percent lower than the wages offered for a traditional schedule. The variation among different types of workers implies that employers could offer a flexible-schedule or work from home job at a lower wage and still attract applicants who place a higher value on these alternative work arrangements. However, employers should still consider other factors when setting their wage and work terms, such as relative worker productivity, turnover, and capital costs.

Preferences differed by gender. Women placed a higher value on flexible work arrangements and were more averse to employer discretion than men were. Indeed, women in this sample were more likely to work from home and less likely to be in jobs with irregular schedules. However, these differences in work schedule by gender were not large enough to explain gender wage gaps.