

Workers' valuation of workplace flexibility: A field experiment

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Extended abstract:

In recent years, we have seen a dramatic increase in the prevalence of flexible work practices, which occur when employees are able to initiate flexibility in how long (time flexibility), when (timing flexibility), and where (place flexibility) they work. As an important form of non-monetary incentives and non-standard employment, workplace flexibility may help encourage labor market participation and facilitate work-life balance hence to improve work motivation and productivity, but on the other hand may reduce chance of promotion due to less on-the job training and less face time in the office. Knowing how workers value different workplace flexibility can give light to practices that may stimulate currently inactive labor supply. According to the theory of compensating wage differentials, workers should trade off wage with work amenities. However, empirical studies based on observational data may be difficult to distinguish between preferences for workplace flexibility and productivity sorting.

We collaborate with a Chinese online job board to conduct a field experiment by using real job ads from an IT company that is interested in providing jobs with and without various flexible conditions to its newly recruited employees in five occupations. Our experiment uses a 2*2 factorial design in which we vary the degree of timing and place flexibility: (1) no flexibility (work only at regular work hours and in the office); (2) only timing flexibility (work for 8 hours that can start and end during a large time range,); (3) only work place flexibility (work wherever one wants through the company's online working system); and (4) full flexibility (the combination of the above (2) and (3) conditions). We also vary the pre-tax monthly salary offered in three ranges – low, medium and high. More specifically, we send a job ad with one randomly selected condition to eligible job seekers via the job board's email and APP pushing system. Interested job seekers can then apply for the job by sending their resumes. We then send a short interview questionnaire to all applicants, through which we elicit applicants' anticipated monthly salary for the job, plus other information.

We aim to examine workers' valuation by addressing three research questions. First, can flexible working conditions attract more applications? We find that granting timing flexibility or place flexibility significantly raises the probability of applying compared to no flexibility. Granting both timing and place flexibility further increases the probability of applying compared to only granting place flexibility. The increase in the probability of applying from no flexibility to timing flexibility is driven by the increase at medium and high salary offer levels, and the increase in the probability of applying from place flexibility to full flexibility is driven by the increase at medium salary offer level.

Second, what type of job seekers are attracted? We find that married job seekers like to apply to flexible jobs, and married females like to apply to jobs with place flexibility. The probability of applying to

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flexible jobs increases with age, and this probability is significantly higher in jobs with place flexibility than with timing flexibility. Job seekers with more experience relative to no experience are more likely to apply to all types of jobs, and the probability is significantly higher to jobs with timing flexibility or full flexibility than with place flexibility when experience is over 5 years. Currently employed job seekers compared to the unemployed are more prone to apply to timing flexible jobs. Job seekers expected to work in Beijing relative to those not expected to work in Beijing are more likely to apply to jobs with place flexibility or full flexibility.

Third, do applicants anticipate lower salary for flexible jobs? We find that applicants expect to earn higher salary in jobs with timing flexibility and place flexibility, and these are driven by applicants who are offered low salary level. Applicants may consider jobs with flexibility better jobs, and hence expected to be paid more. We also asked a hypothetical question about anticipated salary for this job if a flexible job were changed to a non-flexible one, and vice versa. We find that applicants are willing to pay to obtain the flexibility (WTP) and need to be compensated if the flexibility is removed (WTA). The WTA is greater than WTP.