# Workplace Amenities and The Cost to Firms in the United States*

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Abstract: This paper investigates the costs to firms of providing workplace amenities. Surveying hiring and human resources managers as representatives of their firms, we conducted a series of stated preference experiments to estimate the costs associated with offering different amenities such as telecommuting, schedule flexibility, paid time off, paid family leave, and shift work arrangements. Our findings reveal that providing these amenities entails significant costs to some firms, with considerable variation across firms. We estimate that firms, on average, consider providing telecommuting opportunities for one day per week as equivalent to a 10.6% increase. Firms currently offering telecommuting opportunities, on average, would not pay higher wages to incentivize workers to return to the office while firms not currently providing the amenity consider it equivalent to a 18.9% wage increase. Permitting workers to have complete flexibility in determining when they work is equivalent to a 24.2% wage increase. Guaranteeing that a worker does not have to work nights or weekend is evaluated as similar to a 7.6% wage increase. Paid time off and paid family leave are also estimated as large costs to employers.

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## 1. Introduction

Workers value improved working conditions such as flexibility within a job to choose when and where they can work. The provision of workplace amenities, such as opportunities to work from home, has become an increasingly important topic in the labor market, especially since the COVID-19 pandemic. Amenities are highly valued by employees and can significantly enhance job satisfaction and productivity, but they also can impose notable costs on employers. While a large literature has evaluated how workers value specific amenities, there is substantially less work quantifying the costs associated with providing amenities. This paper aims to quantify the burdens associated with workplace amenities by surveying hiring and human resources managers and employing stated preference experiments. Our findings shed light on the economic implications for firms and provide an extensive analysis of the costs involved in improving working conditions.

A large literature studies associations between workplace amenities and tradeoffs to understand workers' willingness-to-pay using cross-sectional (Duncan, 1976; Viscusi & Aldy, 2003) or panel (Brown, 1980; Kniesner et al., 2012) data.[1] The literature has also used quasi-experimental variation in the availability and provision of workplace amenities (Lavetti, 2020; Lee & Taylor, 2019).[2] More recently, there has been interest in using experimental methods (Bustelo et al., 2023; He et al., 2021; Maestas et al., 2023; Mas & Pallais, 2017; Wiswall & Zafar, 2018). This vast literature has focused on one side of the market for working conditions and there is little exploration in the literature of the costs of providing amenities.

Rosen (1986) highlights the importance of firm-side costs. The relationship between wages and amenities in equilibrium depends on the distribution of workers' willingness-to-pay for the amenity and the distribution of the costs of providing it by firms. These costs have received far less attention in the literature. There is a small literature using qualitative methods and small surveys to document firms' abilities to offer more flexibility (Bailey & Kurland, 2002; Harker Martin & MacDonnell, 2012; Lambert et al., 2012; Swanberg et al., 2008), but we have limited evidence quantifying these costs at a broad scale. Prior work has also documented productivity gains associated with working from home for a large Chinese call center (Bloom et al., 2015) and found benefits and costs associated with hybrid work among 1,612 engineers

[1] Lavetti (2023) discusses the challenges with this approach in both the cross-sectional and longitudinal settings. Hwang et al. (1992) provide theoretical reasoning for why compensating differential estimates using these approaches can produce severely biased results.
[2] Mandated benefits may also provide variation in the provision of amenities (Gruber, 1994).

(Bloom et al., 2022). However, the literature generally lacks any evidence quantifying the overall costs, summarizing productivity gains/losses along with other costs associated with providing workplace flexibility. Such cost estimates would be valuable to compare to the willingness-to-pay estimates in the literature.

This paper addresses the firm side of the working conditions market and studies the tradeoffs that firms make between providing workplace amenities and paying higher wages. We study several dimensions of flexible work given recent interest in understanding working from home and flexible work (Barrero et al., 2021; Barrero et al., 2023). Alternative work arrangements are important components of the labor market (Mas & Pallais, 2020) and are valued for their flexibility (Chen et al., 2019).

This paper uses discrete choice experiments of firm representatives to understand the tradeoffs that firms make between higher wages and providing additional flexibility. Wage and amenity packages do not solely reflect firm-specific tradeoffs and are partially designed to recruit and retain qualified workers. Given the choice between two arrangements, a firm may actually prefer to offer both a higher wage and more generous amenities if that package results in a more productive worker. Our experiments hold the worker constant such that the respondents do not consider concerns about retention or hiring of qualified workers. The experiments specify that the worker is the same across job offers and the different arrangements will not affect their desire to perform their job duties. Otherwise, in equilibrium, the firm "costs" would partially reflect workers' willingness-to-pay. In contrast, the tradeoffs from the experiments under these conditions provide evidence of the implied costs of providing the amenity.

The results are indicative of the partial equlibrium costs of providing the amenity. We did not ask about the costs of switching large shares of workers to work off-site,[3] and it is unlikely that the estimated costs in this paper scale linearly. Instead, this paper focuses on the availability of specific working conditions in the labor market for workers and the costs necessary to obtain those working conditions in the existing labor market. In this respect, the estimates here mirror the available willingness-to-pay measures available in the literature and are most relevant for understanding the existing labor market and the scope for changes at the margin.

[3] It would be more difficult for a hiring manager at a firm to provide information about the costs associated with large firm-level policy changes that have not previously been implemented. Estimates of such costs would be interesting, but the partial equilibrium costs are important on their own.

Stated preference experiments have been used in a variety of contexts to study important economic questions such as retirement behavior (Van Soest & Vonkova, 2014), job choice (Johnston, 2024; Maestas et al., 2023), environmental policy (Carson, 2012; Hanley & Czajkowski, 2019), long-term care (Ameriks et al., 2020), labor supply (Kimball & Shapiro, 2008), policy preferences (Lennon et al., 2023), and many others. We focus on mean costs, but we also provide rich evidence of heterogeneity based on observable dimensions. Heterogeneous preferences among workers are important (Lamadon et al., 2022), and we expect substantial heterogeneity in the ability for firms to provide specific amenities. Unsurprisingly, a firm's current amenity provision is highly-predictive of how costly they consider it to provide that amenity. We document this heterogeneity because, for many contexts, we may be most interested in the estimated costs among firms not already providing the amenity. In addition, our survey asked for supplementary information on the feasibility of even providing such an amenity since the nature of the job often makes some amenities especially difficult to provide. We study heterogeneity based on this auxiliary information as well.

It would be difficult to randomize firms into providing different amenities. Stated preference experiments allow us to observe and control the full hypothetical choice set of the firm. When studying workers' willingness-to-pay for workplace amenities, a benefit of the stated preference approach is the ability to offer hypothetical jobs which might not be available in the real-world. For studying firms' costs for providing those amenities, the primary benefit of this method is the ability to create hypothetical workers that may not exist in the real-world, permitting us to isolate the necessary tradeoff to identify amenity cost. In the experiments, the hypothetical worker is willing to accept either job arrangement, and the firm selects the job that is best for the firm. Such workers allow us to observe how the firms substitute between wages and amenities.

We study five dimensions of workplace flexibility: telecommuting opportunities, mandated work in nights or weekends ("shift work"), schedule flexibility, paid time off, and paid family leave. We study each of these dimensions separately, asking respondents to choose between two job arrangements—each defined by a wage and one value of the amenity—for their firm. We do not restrict the costs of the amenities to be positive. Firms may actually value providing an amenity even without factoring in considerations related to recruitment/retention. We find evidence that some firms do consider providing flexibility as saving the firm costs. However, we also find that other firms consider workplace flexibility as extremely costly. For example, there are a subset of firms which find that providing telecommuting opportunities as prohibitively costly. Similarly, firms that currently require shift work would require large wage

decreases for an arrangement which did not require working weekends/nights. Among all firms, we estimate the complete schedule flexibility is costly to firms. In addition, there is heterogenity among firms in providing paid time off. Finally, we estimate very large costs among the full sample of firms for providing additional paid family leave.

## 2. Data

### *2.1. Survey Platform*

It is difficult to survey firms. We relied on Prolific, a platform for online subject recruitment which specifically caters to researchers (Palan & Schitter, 2018). Prolific has been used as a resource in previous economic studies (Marreiros et al., 2017; Oreffice & Quintana-Domeque, 2021), including for estimating workers' willingness-to-pay for improved working conditions. While there are concerns about online survey platforms in general, research has found that Prolific has a high rate of "quality respondent" as defined by Douglas et al. (2023) and "surprisingly low levels of disengagement" (Albert & Smilek, 2023).

Prolific recruits online participants and regularly vets them based on attention and comprehension. Importantly for our purposes, Prolific collects a large set of information about each respondent and permits researchers to request customizable samples with specific characteristics. We asked for respondents aged 25-54 who had previously responded to the question "What decision-making responsibilities do you have at work?" with "Hiring" or "People Management."

These selection criteria afforded an opportunity to survey people who could potentially speak to the tradeoffs that their firms make or could make. Our survey independently screened respondents based on their responsibilities at work, requiring respondents to have hiring, retention, or human resource experience. All respondents were compensated for their responses. The survey took about 9 minutes (median) to complete and respondents were paid approximately at a rate of $15/hour. The survey was in the field February 5-15, 2024, and we received 1,479 completed surveys.

### *2.2 Workplace Amenities*

Jobs consist of a large range of non-wage benefits. We focused on different measures of workplace flexibility, motivated by the recent interest in these conditions and substantial changes in their availability within the labor market in just the last few years. In addition,

recent research has suggested that workers value these amenities (Maestas et al., 2023), suggesting that it is especially important to understand their costs to firms. We did not include non-wage benefits in which the costs are more directly quantifiable from an accounting perspective. For example, the costs of pension benefits can be derived from compensation surveys.[4] In contrast, workplace flexibility has many indirect costs. Providing opportunities to work from home may involve some direct costs to accommodate the worker, but there are also costs associated with the reduced ability to monitor the employee and communicate in person. Some tasks may be difficult to perform remotely, imposing additional costs on the employer. These costs are more difficult to quantify, suggesting need for understanding the tradeoffs that firms are willing to make.

All of the studied amenities potentially have meaningful costs to firms that are difficult to observe by external researchers. The cost of providing more generous paid time off is likely more than just the wages paid on the additional days missed by the worker. Firms may not be able to replace the worker during those times, and they may value the added certainty associated with less generous paid time off. We selected five different measures of workplace flexibility which prior work, using an equivalent experimental setup for workers, found to be highly valued by workers (Maestas et al., 2023). Moreoever, the literature has generally found that these conditions matter to workers.[5]

### *2.3 Survey Details*

In this section, we discuss the layout of the survey and include screenshots in Appendix B. Figure B1 includes the introductory description of the survey seen by all respondents.

#### *2.3.1 Initial Intake*

The initial part of the survey asks demographic information, information about the person's firm, and the respondent's job responsibilities and job title. The question about job responsibilities includes options such as "managing employees, "negotiating wages and benefits of potential or new hires," "retention of current employees," and so on. See Appendix Figure B2. If the respondent selected that they were not responsible for any of these, they were excluded from the survey. Respondents who answered that they had responsibilities regarding new hires

[4] The costs of pension benefits are likely partially offset by reduction in wages, and employers may be aware of this tradeoff. In our framework, which holds the worker constant, the tradeoff would be primarily mechanical since the firm would just be deciding between higher pension payments and higher wages.

[5] Kostiuk (1990) documents compensating differentials associated with shift work. Hamermesh (1999) documents large reductions in evening and night work from the late-1970s to the late-1990s.

were assigned to the "new hire" arm while respondents who claimed responsibility regarding current employees were assigned to the "current worker" arm. Respondents who claimed responsibilities for both new hires and current workers were randomized into one of the two arms. The two arms are identical except that the "new hire" arm refers to a new hire throughout the survey while the "current worker" arm refers to a current worker.

The survey then asked about the occupation of the newest hire (for the "new hire" arm) or the most common occupation in the firm (for the "current worker" arm). The survey refers to this occupation throughout the survey. We then asked about the wage and hours worked for this worker.[6]

*2.3.2 Experimental Modules*

There are five "modules" in the survey – one for each amenity. The order of the modules is randomized. At the beginning of each module, the survey asks about the current level of amenities provided.

Before the first experiment encountered by the respondent, the survey provides background and instructions for the experiments (see Appendix Figure B3). Our goal was to describe the experimental conditions of interest without overloading the respondent with too much information. This screen highlighted that the respondent should answer the questions on behalf of their firm. In addition, it provided three conditions for the experiments, and the respondent was required to click on each one that they had read the condition. For subsequent experiments, respondents saw the same instruction screen to remind them of the conditions (see Appendix Figure B4), though they did not have to click each condition.

The first condition is that the candidate/worker will accept either arrangement and it will not affect their desire to remain at the firm or perform their job duties. The goal of this condition is to eliminate concerns about recruitment/retention and to hold the worker constant.[7] It was also designed to reduce concerns that the hypothetical worker might work

[6] We allowed the respondent to provide the compensation by hour, week, month, or year. When reporting hypothetical compensation back to the respondent for the experiments, we used the same units that they initially provided.

[7] We avoided saying that worker would accept either offer because that might imply that the worker may still be more likely to leave in the future (reintroducing concerns about the firms providing more generous amenities for the sake of retention). We also intentionally did not claim that the worker was indifferent between the two arrangements since that would strain credulity in cases in which one arrangement would clearly be preferred from the worker's perspective.

harder under one arrangement with the goal, again, of holding the worker constant across arrangements.[8]

The second condition asked the respondents to ignore whether the arrangements violated firm norms or policies or laws. The goal was to avoid respondents providing firm "preferences" to adhere to existing policies and regulations. The third condition specified that all other job characteristics were the same across arrangements. This condition helps isolate the effects of the specified characteristics on job arrangement choice.

These instructions were followed by a training module which was identical to the main experiments, except that the two arrangements only varied based on the wage (see Appendix Figure B5). There was no amenity in the training module. Under the provided conditions, the respondents should select the lower wage job. The primary motivation for the training module was to reinforce the conditions of the experiment. Based on their response, they were told whether their answer was "right" or "wrong" and the survey specified that the lower wage job would be preferred by their firm given that the arrangement would not affect the worker's desire to remain at the firm. To the extent that the instructions did not properly convey the experiment of interest, we hoped that the training module would do so. Throughout the survey, we asked respondents why they selected certain job arrangements. Respondents who provided a reason that violated the instructions for any of the experimental modules were excluded from all analyses.

Figure B6 provides an example of what the experiments looked like in practice. The respondent was asked to select between Job A and Job B for their firm. The arrangements varied based only on the wage offer and the provision of the amenity. The experiments also randomized a gender pronoun and years of experience for the worker.

When possible, one of the jobs was identical to the job description provided by the respondent for the new hire/current worker. For paid time off and paid family leave, the experiments only used specific values for the non-wage benefit so, in some cases, we had to map the current benefit to a close value that was available in the experiments. We required one of the job arrangements to be identical (or close) to the current job to avoid having the respondent try to select between two impractical or impossible job arrangements for their firm with the goal of heightening the realism of the experiments.

[8] Workers might be more productive or have to work harder under specific arrangements so we specified that the arrangement wouldn't change their desire to perform their duties.

The alternative arrangement was constructed by randomly selecting between the other possible values of the amenity and by perturbing the wage. We multiplied the worker's wage by a draw from a normally-distributed random variable with mean 1 and variance 0.05.[9] This approach generates some experiments in which one arrangement offers both a a higher wage and more generous amenities than the other. We were interested in the possibility that firms might actually themselves value workplace amenities because, for example, telecommuting opportunities may reduce the costs of having workers in the office. In general, we wanted to remain agnostic about firm preferences so we did not exclude these. However, for cases in which the *new job* was more generous on both dimensions than the *current job* (i.e., the one provided by the respondent), we redrew the wages. The firm could provide higher wages and more generous amenities in the real-world so these experiments should be less informative as we would expect respondents to avoid these arrangements. We only redrew the wages once, however. At that point, we used the redrawn wages in the experiment even if it resulted in the new job being more generous on both dimensions than the current job since we did not want to eliminate these experiments entirely.

*2.3.3. Experimental workplace amenities*

We briefly discuss the different experiments in this section. Table 1 lists the categories and the possible options.

Telecommuting: For this amenity, firm selected between offering no opportunities and offering opportunities to work from a location of the employee's choice one day per week.

Schedule Flexibility: Jobs were defined by one of four possible values. The most restrictive option for the worker was that the schedule was set by the company with limited (or no) possibility for changes. A less restrictive option was that the worker could choose between a set of fixed schedules set by the company. A more flexible possibility was to allow workers to schedule within limits set by the firm. Finally, the most flexible option was to allow workers to completely determine their own schedule.

Shift Work: Respondents choose between arrangements in which the position requires or does not require the worker to work weekends/nights.

Paid Time Off: For this amenity, respondents provided the current number of days available to the worker. To reduce dimensionality, we mapped these responses to 0, 10, or 20 days to

[9] When compensation was provided as an annual salary, we used a variance of 0.03 if the salary was greater than or equal to $100,000 to avoid very large and salient salary differences.

construct the baseline/current job. They could also respond "as needed." For the experiments, 0, 10, or 20 days was chosen randomly for the other job arrangement (making sure that the value was different from the current job). If the current job provided paid time off "as needed," then that was offered as part of the baseline job. However, "as needed" was never otherwise offered as part of a job arrangement. Thus, only respondents which stated that the worker received paid time off "as needed" could select a job arrangement offering paid time off "as needed." These experiments specified that "unpaid time off" was available to the worker under either arrangement.

Paid Family Leave: Job arrangements in the experiments provided 0, 6, or 12 weeks of paid family leave. When respondents were provided information on the current benefits for the worker, they could select 0-12 weeks or 13+ weeks. We mapped these values to 0, 6, or 12. The experiments specified that the worker has access to unpaid leave under either arrangement.

## 3. Model and Estimation

### *3.1. Conceptual Framework*

Wage and amenity packages do not solely reflect firm-specific tradeoffs and are partially designed to recruit, incentivize, and retain qualified workers. In equilibrium, the observed wage-amenity combinations reflect both firms' costs to provide amenities and workers' willingness-to-pay. We may observe strong correlations in the real-world between better working conditions and better pay dut to skill heterogeneity and other factors (Hwang et al., 1992). Given the choice between two arrangements, a firm may actually prefer to offer both a higher wage and more generous amenities if that package results in a more productive worker.

In our experiments, we hold the worker constant. Understanding how wages and non-wage benefits impact recruitment and retention of high-quality workers is interesting on its own, but it requires data on how wages and non-wage benefits interact to affect productivity, revenue, or profits. Our experiments rely on a tradeoff between wages and non-wage benefits and try to avoid more complicated decisions involving tradeoffs between wages, non-wage benefits, worker quality, retention, and so on. The choices made in the experiments by the firm provide information about amenity costs when worker productivity is held constant. If we observed the marginal returns of a higher quality worker given a specific package of benefits, then we could potentially isolate the costs of providing each amenity. However, we do not observe these returns. Instead, we provide information about wages and amenities. Our

respondents are likely more familiar with the tradeoffs that their firms make on these dimensions than the relationship between amenity packages, wage, and firm profits.

*3.2. Estimates of Interest*

The responses to the survey provide data on job choice for a specific amenity and the difference in wage offers across job arrangements. Let $w_0$ represent the wage of job without the amenity. $C_i$ represents the cost of providing the amenity for firm $i$, which also includes any loss in revenue due to changes in productivity. Then we are interested in the $\beta_i$ which make the firm indifferent between the two job arrangements:

$$\ln w_0 = \beta_i + \ln[w_0 - C_i] .$$

This equation implies $C_i = 1 - \exp(-\beta_i)$. We estimate these parameters through mixed logit (constraining the coefficient on the log of the wage ratio to be one) and present the mean estimates for $C_i$. We assume correlated normal distributions for all amenity costs.

We rely on relative wages, instead of wage differences, since the perturbations in our experiments multiplied the given wage. We are sampling a wide set of jobs and wages differ substantially across jobs. Therefore, it should be more appropriate to model amenity costs as proportional to wage as we might expect that the costs associated with many of our amenities increase with the wage. For example, "losing" a worker's productivity when they take time off would be related to their wage. Similarly, to the extent that workers are less productive when they work at home, this loss should be proportional to the wage.

Positive estimates imply that the amenity is costly to provide. We interpret these estimates as the percentage increase in the wage that would be equivalent in cost to providing the amenity to the worker.

We will also present results in which we use a standard logit, assuming no cost heterogeneity across firms. The mixed logit model above assumes that costs are normally-distributed. However, we might worry that a share of firms have very high costs associated with some amenities such that the distribution of costs may be bimodal. To account for this possibility, we separately estimate parameters based on information about the current provision of amenities and the feasibility of providing those amenities. For example, when studying telecommuting opportunities, we estimate separate mixed logit models for: (1) firms currently offering telecommuting opportunities; (2) firms not currently offering telecommuting opportunities but in which it is possible to be productive off-site; (3) firms in which it is not

possible to be productive off-site. This approach permits each category to have its own distribution of preferences.

*3.3. Sample Details*

We received 1,479 completed surveys. As discussed above, we tried to remain agnostic about job choices since some firms may prefer to provide better working conditions and higher wages even in the absence of concerns about retention and recruitment. For example, it might be costly to have workers work on-site every day. When respondents selected an arrangement with both a higher wage and better working conditions, they were asked to indicate the rationale behind their choice. The response options included explanations that could legitimately justify such an arrangement (e.g., cost-savings from having workers off-site) as well as other reasons—such as reducing turnover, benefiting the worker, or following firm policies—that, according to our experimental guidelines, should not be considered valid justifications for preferring one job arrangement over another.

Respondents who selected a job arrangement for reasons that violated the guidelines for any of the experimental modules were removed from the analysis sample. Our final sample has 1,071 respondents. Table 2 provides information about the respondents, their firms, and the baseline jobs for the final analysis sample. Most of the sample (61.25%) described themselves as "employee supervisors" with 13% of the sample identifying as "hiring managers." The mean wage for the job of interest was $30 per hour (the median was $22 / hour) with 37.5 hours worked per week.

Table 3 shows the industry composition of the sample and the firm size distribution. We calculated the same metrics in the 2024 Current Population Study (CPS) Annual Social and Economic Supplement (ASEC). Our sample consists of 44.4% service industry jobs, which is smaller than the national rate of 49.6%. We have higher rates of Public Administration jobs and lower rates of Wholesale Trade jobs. For firm size, our firms are much more likely to have 25-99 and 100-499 workers than in the CPS.

In Appendix Table 1, we present the share of respondents selecting each possible job responsibility. Respondents could select as many responsibilities as relevant to their job. Over 80% of respondents are responsible for some hiring decisions while 40% negotiate wages and benefits with new hires and 31% make decisions about wages and benefits for current employees.

## 4. Results

In this section, we present the main findings of our paper. We focus on the estimated mean costs of providing each amenity, as derived from our mixed logit model. In addition, each subsection reports results from alternative estimation techniques and from stratified analyses. These stratifications rely on responses from individuals that we are more confident have an understanding of the tradeoffs their firms face when making decisions about tradeoffs between wages and amenities.

### *4.1 Telecommuting*

Table 4, Panel A provides an overview of telecommuting availability in our sample. Overall, 42.2% of jobs currently permit remote work. Among the remaining positions where telecommuting is not offered, 24.8% reported that it would be possible to be productive off-site.

Figure 1 provides estimates for the cost of providing telecommuting. Our mixed logit estimates indicate that, for the full sample of jobs, offering telecommuting is on average equivalent to raising wages by about 10.6 percent. The results differ dramatically depending on whether jobs already permit remote work. Among firms that currently offer telecommuting opportunities, providing this option is associated with a 2.6 percent *decrease* in implied wage costs, suggesting that such firms may realize efficiencies (e.g., reduced overhead) with remote arrangements. In contrast, firms that do *not* currently allow telecommuting face a much higher cost of providing it, equivalent to roughly an 18.9 percent wage increase, reflecting additional hurdles or investments required to enable remote work.

The table also stratifies among jobs that do not currently permit telecommuting based on whether remote work was reported to be feasible. For those indicating that employees *could* be productive off-site, the implied costs of adopting telecommuting are low. While noisy, our estimate implies little cost to providing telecommuting opportunities. Among firms that view off-site productivity as infeasible, we estimate especially high costs. Telecommuting opportunities would be equivalent to almost a 30% wage increase. Taken together, these results emphasize the importance of firm- and job-specific factors in shaping the perceived costs of telecommuting.

Figure A1 includes a set of sensitivity analyses. Panel A provides results from a sample of respondents which indicated that they had responsibilities regarding negotiations of wages and benefits among potential hires or new employees. These respondents would likely be more knowledgeable about the tradeoffs in the experiments. We also surveyed respondents about the

primary goal of their role at the firm. The options included ensuring that employees are happy, maximizing firm profitability, minimizing workplace conflict, and minimizing firm costs. We assumed that those responding that their goal was to maximize profits or minimize costs would have more understanding of the experiments. We used this sample to estimate mean costs as well. We estimate similar costs for these samples.

Panel B provides results from a standard logit model and the median firm costs from the mixed logit model. We also estimated mean costs for three subsamples: jobs which provide telecommuting opportunities, jobs that do not but in which it is possible to be productive off-site, and jobs that do not and it is not even possible to be productive off-site. We then took a weighted (by sample size) average of these costs. This approach relaxes the assumption that costs are normally-distributed for the entire sample, permitting each type of job to have its own mean and median. We find that our estimates of costs are similar across estimation techniques.

*4.2 Schedule Flexibility*

Table 4 Panel B provides an overview of schedule flexibility in the sample. Among the jobs in our sample, 52.4% require a fixed schedule, 19.9% allow employees to select among fixed schedule, 25.1% provide some flexibility within limits, and 2.6% provide complete flexibility. Among jobs that do not offer complete flexibility, 36.4% state that it would be feasible to be productive working whenever the employee wants.

Figure 2 provides estimates for the mean costs of providing different amounts of schedule flexibility. The baseline (excluded) category is no flexibility at all. These experiments highlighted that the number of hours worked per week remained the same across all arrangements and, in fact, this number was specified for each arrangement.[10]

We estimate that granting workers complete autonomy over their schedules is, on average, equivalent to a 24.2% wage increase—suggesting that offering unlimited flexibility can be especially costly to firms. In contrast, providing flexibility within certain boundaries translates to about a 9.4% wage increase, indicating that some leeway in scheduling remains costly but is less expensive than full autonomy. Finally, letting employees choose among a set of fixed schedules yields an estimated cost equivalent to a 6.1% wage increase.

Appendix Figure 2 provides evidence of substantial heterogeneity in these estimates. The cost of each level of flexibility declines almost monotonically as we stratify on more flexible

[10] This number was simply the number of hours in which the respondent reported for that job.

jobs. For jobs offering complete flexibility, we do not estimate any costs associated with this flexibility. Complete flexibility is costly to firms which already provide some, but not total, flexibility. Panel B explores this further by stratifying based on jobs in which it is not feasible for the employee to be productive working whenever they chose. The estimated mean costs of any amount of flexibility rise considerably for this sample.

*4.3 Shift Work*

Table 4 Panel C summarizes requirements to work nights and/or weekends among the jobs in our sample. In the sample, 59.1% of jobs require night or weekend work. Among jobs in which shift work is required, it is possible for a worker to be productive without working shifts in 82.1% of positions, suggesting that the costs of guaranteeing no night or weekend work might be lower than the costs of other types of flexibility.

Figure 3 presents results for the costs of guaranteeing that a worker not have to work nights or weekends. The number of hours is specified in each arrangement and held constant. For the full sample, we estimate that the costs to firm of guaranteeing no shift work is equivalent to a 7.6% wage increase. This cost is much higher among firms that currently require shift work – 16.3%. For firms that do not require shift work, we estimate that such a guarantee is equivalent to a (statistically insignificant) small wage decrease. Finally, we estimated the model for jobs which require shift work but in which it is possible to be productive not working at night or on weekends. We estimate slightly smaller costs for this sample relative to all jobs requiring shift work.

Appendix Figure A3 Panel A provides results for different samples based on knowledge and experience with wage-amenity tradeoffs. Panel B presents estimates from different estimation methods. We generally find that the results are similar across samples and methods.

*4.4 Paid Time Off*

Table 4 Panel D summarizes the paid time off policies for the jobs in the sample. We find that 24.5% of the jobs provided paid time off "as needed." Among the other firms, the mean offered paid time off per year is 16.2 days (the median is 14).

Figure 4 presents the estimates of the costs of providing paid time off opportunities. The experiments specified that both job arrangements offered access to unpaid time off. The baseline (excluded) category was not providing any paid time off. We estimated that providing 10 days of paid time off per year was equivalent to a 2.3% wage increase (not statistically

different from zero) while 20 days increased costs by 12.6% of the wage. We also estimated that paid time off "as needed" was equivalent to a 6.1% wage increase.

The results suggested important non-linearities in offering paid time off given the large cost differences between 10 and 20 days. Providing paid time off "as needed" was only an option among firms in which that was the current policy so this estimate is not necessarily directly comparable to the others.

We studied heterogeneity in these costs in Appendix Figure A4. Panel A splits the sample based on whether the current job offers 5 days of paid time off or less, 6-15 days, 16+ days, or "as needed." We estimate especially large costs among firms that do not currently provide generous paid time off. The cost of 20 days of paid time off appears to be driven entirely by firms that only offer 15 days or less paid time off, suggesting that this level is especially costly to some firms but not others. Panel B replicates the main findings with different estimators and finds similar estimates.

*4.5 Paid Family Leave*

Table 4 Panel E summarizes the paid family leave policies in the sample. Among the jobs, 36% have no access to paid family leave. Among those with access to paid family leave, about 35% only have access to 1-2 weeks for per year. 18.3% have 6 weeks of paid family leave per year while over 14% have access to at least 12 weeks per year.

Figure 5 presents the estimates for the costs of providing 6 weeks or 12 weeks of paid family leave. The excluded category is no paid leave. Both arrangements specified that the worker would have access to unpaid leave. For the full sample, we estimated that offering 12 weeks of paid family leave was equivalent to 28.8% wage increase while 6 weeks increased costs by 13.2% of the wage. These are high costs. The figure also presents results stratified by the current availability of paid family leave. These costs are driven by firms not currently offering generous paid family leave. Firms offering high amount of PFL currently actually appear to be willing to pay to provide more PFL, especially when the choice is between offering 6 weeks or not offering any PFL at all. Appendix Figure A5 tests the sensitivity of these estimates to different estimation methods. The results are generally similar across estimators.

## 5. Conclusion

Workplace flexibility has become an increasingly critical factor in the national labor market. Despite broad interest among economists in exploring to what extent workers value

more flexibility in terms of when and where they can work, there is surprisingly little evidence about firm capabilities to provide these amenities. The literature has evaluated whether specific factors, such as productivity or retention, are impacted, but there are no estimates of the full costs of providing the amenities that could be directly compared to the estimates in the willingness-to-pay literature.

We use stated preference experiments targeted to human resource and hiring managers which ask how their firm tradeoffs between wages and workplace flexibility. Our approach does not consider recruitment or retention concerns since those would partially reflect workers' willingness-to-pay. Instead, we hold the worker constant such that the tradeoff between wages and amenities reflect the cost of amenity provision.

We find evidence of considerable heterogeneity in these costs across firms. Unsurprisingly, whether a firm currently offer an amenity or not is highly predictive of their costs to provide the amenity. We estimate that telecommuting opportunities have only modest costs to firms at the average, but that there are many firms which consider this amenity to be extremely costly. We observe similar, though less stark, findings for requiring shift work. Firms that require shift work would find it costly for a worker to not work weekends/nights.

We also estimate large costs of providing completely schedule flexibility. We also estimate that some firms consider increasing PTO as a large cost. However, we find more consistent evidence of the costliness of PFL. Overall, we find evidence that amenity provision is costly for many firms. However, there is substantial heterogeneity.

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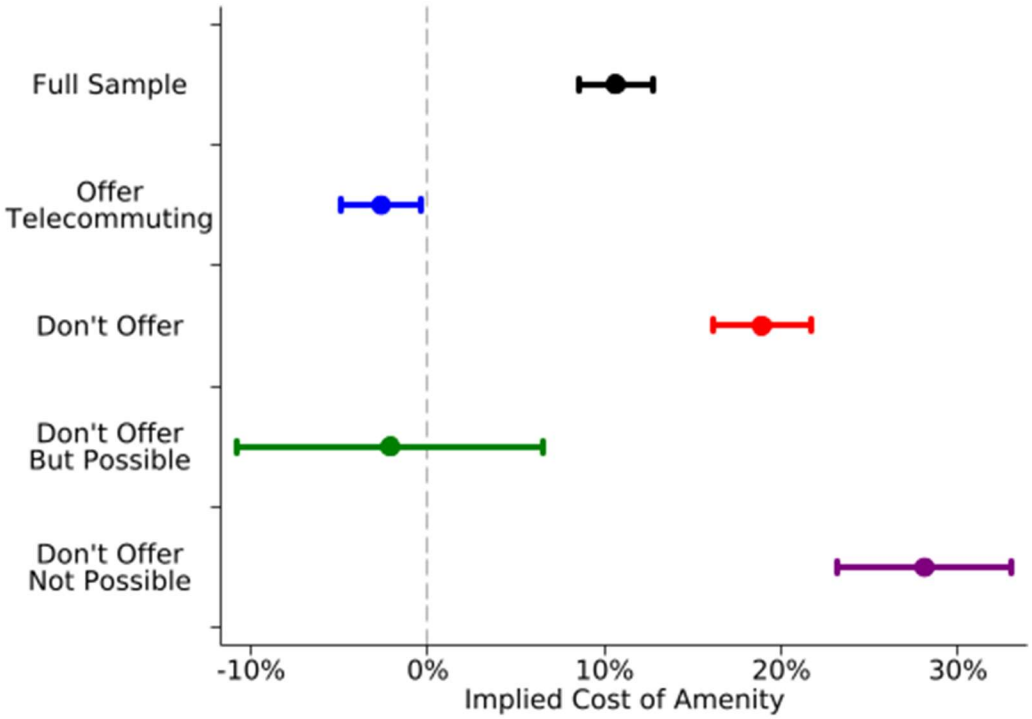
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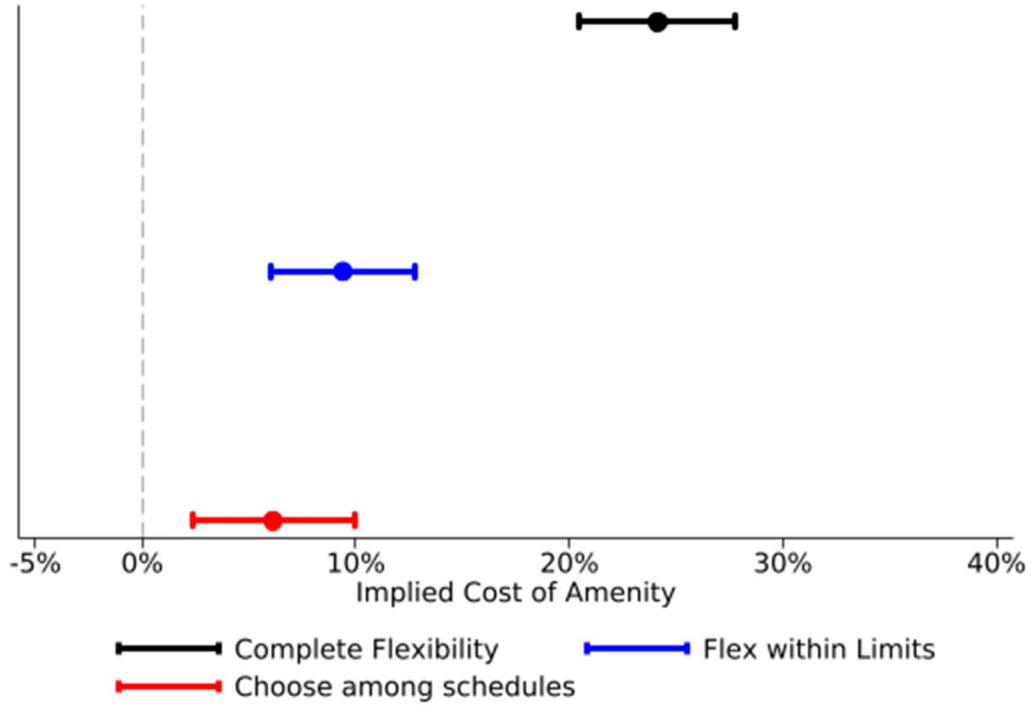
# Figures

## Figure 1: Firm Costs for Providing Telecommuting Opportunities



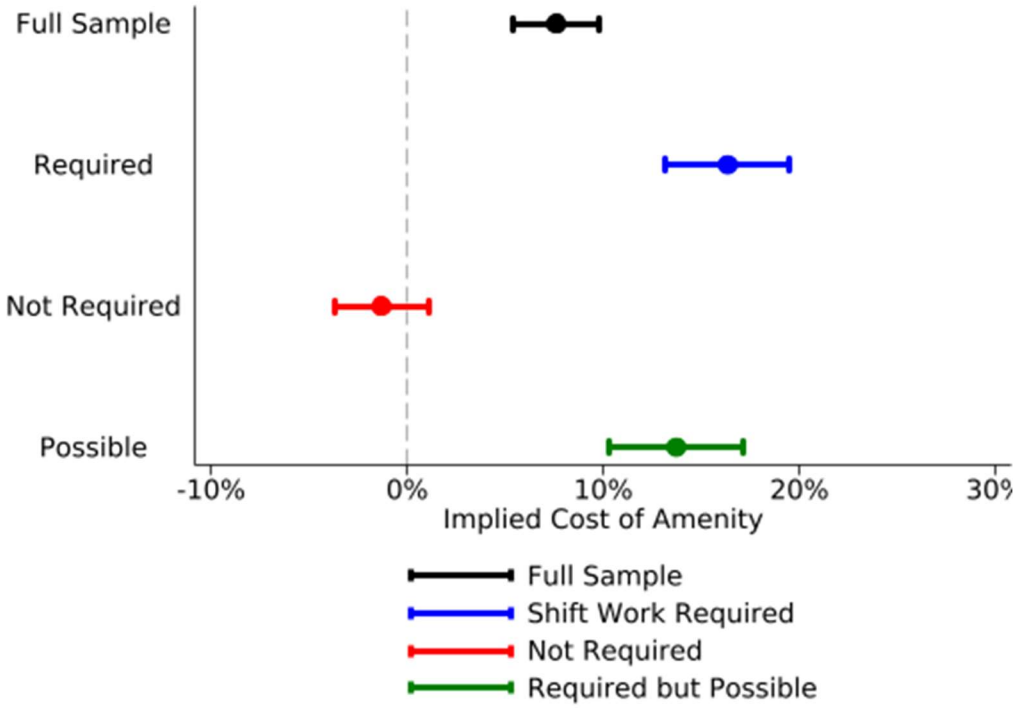

*Notes:* Each row represents an estimate of the mean cost of providing telecommuting opportunities from a mixed logit model. 95% confidence intervals included. The first row is for the full sample; the second row stratifies on jobs that currently permit telecommuting while the third row selects on jobs that do not. The fourth row uses jobs that do not currently permit telecommuting but responded that it was possible for workers to be productive off-site. The final row stratifies on jobs that do not currently permit telecommuting and responded that it was not possible for workers to be productive off-site.

**Figure 2: Firm Costs for Providing Flexible Scheduling**



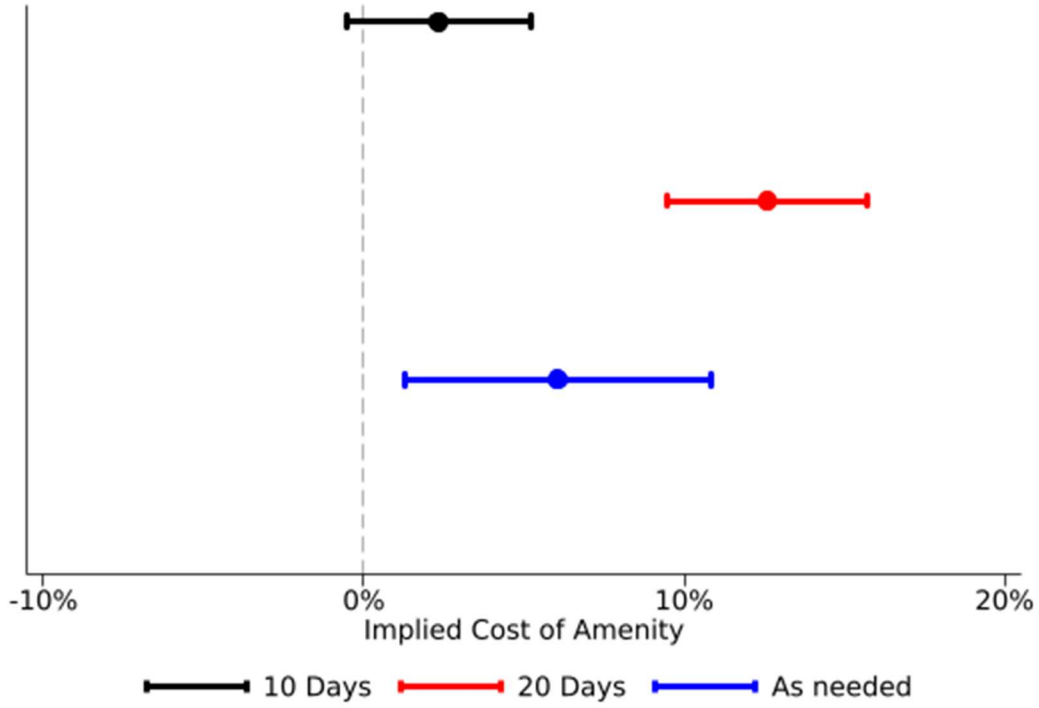

*Notes:* Each row represents an estimate of the mean cost of providing that level of schedule flexibility from a mixed logit model. 95% confidence intervals included. The baseline (excluded) category is no flexibility. The experiments highlighted that the number of hours worked was the same across arrangements.

**Figure 3: Firm Costs for Guaranteeing No Shifts at Night or on Weekends**



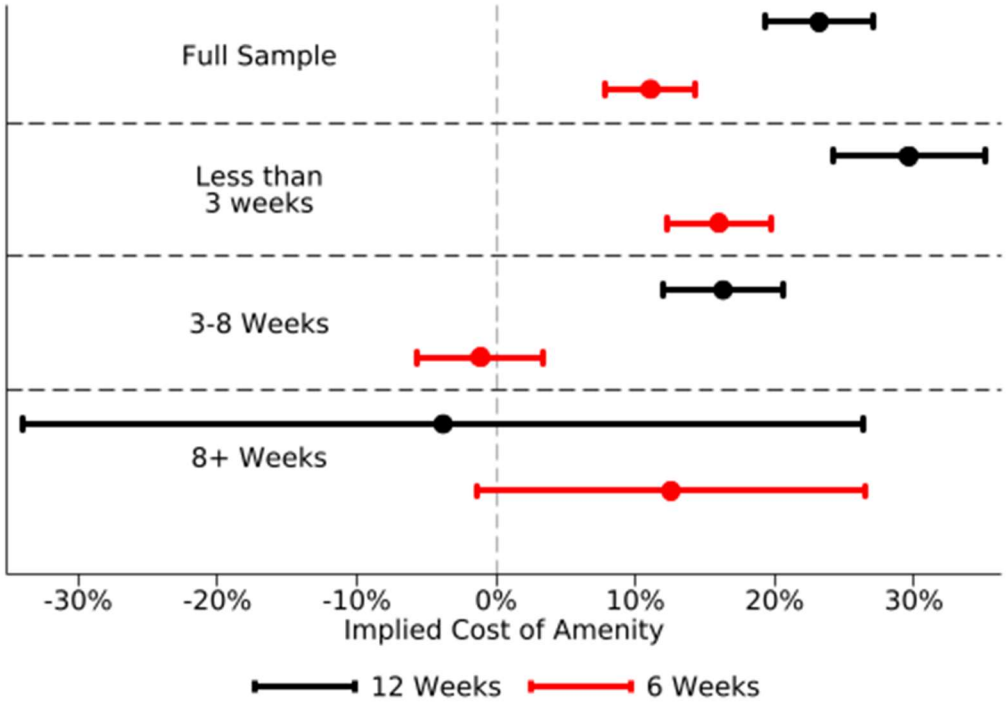

*Notes:* Each row represents an estimate of the mean cost from a mixed logit model of guaranteeing no shift work. 95% confidence intervals included. The experiments highlighted that the number of hours worked was the same across arrangements. The sample for the first row is the full sample. The second row shows results for show which currently require shift work. The third row provides results among firms in which shift work is not required. The fourth row selects among firms that currently require shift work but in which it is possible for a worker to be productive without working nights or weekends.

**Figure 4: Firm Costs for Paid Time Off**




*Notes:* Each row represents an estimate of the mean cost from a mixed logit model of providing paid time off for the given number of days or "as needed." 95% confidence intervals included. The experiments highlighted that both arrangements provide unpaid time off.

**Figure 5: Firm Costs for Paid Family Leave**




*Notes:* Each row represents an estimate of the mean cost from a mixed logit model of providing paid family leave for the given number of weeks. The excluded category is no paid family leave. 95% confidence intervals included. The experiments highlighted that both arrangements provide unpaid time off.

**Table 1: Amenities and Values in Experiments**

| Amenity | Options |
|---|---|
| **Telecommuting** | • Opportunities to work from location of worker's choice one day per week<br>• No opportunities to work from location of worker's choice one day per week |
| **Schedule Flexibility** | • Schedule is set by company with limited (or no) possibility for change<br>• Worker chooses from a set of fixed schedules set by company<br>• Worker chooses schedule within limits set by firm<br>• Worker completely determines their own schedule |
| **Paid Time Off** | • 0 days per year<br>• 10 days per year<br>• 20 days per year<br>• "As needed" |
| **Paid Family Leave** | • No paid leave<br>• 6 weeks<br>• 12 weeks |
| **Shift Work** | • Required to work weekends/nights<br>• Not required to work weekends/nights |

**Table 2: Respondent, Firm, and Employee Characteristics**

| | |
|---|---|
| **Respondent Characteristics** | |
| **Gender** | |
| Male | 53.31% |
| Female | 46.41% |
| Other | 0.28% |
| | |
| **Job Title** | |
| Hiring Manager | 12.70% |
| Employee Superviser | 61.25% |
| Human Resources Manager | 6.54% |
| Human Resources Specialist | 3.36% |
| Other | 16.15% |
| | |
| **Race** | |
| Asian | 6.35% |
| Black | 14.01% |
| Mixed | 7.94% |
| Other | 2.52% |
| White | 69.00% |
| | |
| **Firm/Employee Characteristics** | |
| Wage (mean) | $29.77 |
| Wage (median) | $21.75 |
| Hours (mean) | 37.50 |
| Hours (median) | 40.00 |
| Part-Time (%) | 21.50% |

**Table 3: Firm Characteristics Compared to the Population**

| | Survey Sample | 2024 ASEC |
|---|---|---|
| **Industry** | | |
| Agriculture, Forestry, And Fishing | 0.84% | 1.37% |
| Mining | 0.09% | 0.88% |
| Construction | 6.82% | 7.43% |
| Manufacturing | 7.75% | 9.57% |
| Transportation, Communications, Electric, Gas, And Sanitary Services | 6.16% | 2.04% |
| Wholesale Trade | 1.12% | 10.14% |
| Retail Trade | 13.26% | 7.08% |
| Finance, Insurance, And Real Estate | 9.24% | 7.00% |
| Services | 44.35% | 49.56% |
| Public Administration | 10.36% | 4.93% |
| **Firm Size** | | |
| 1-9 | 8.31% | 18.34% |
| 10-24 | 11.11% | 14.06% |
| 25-99 | 16.34% | 6.77% |
| 100-499 | 21.66% | 11.82% |
| 500-999 | 8.78% | 5.28% |
| 1000+ | 33.80% | 43.73% |

*Notes*: We used the 2024 Current Population Study Annual Social and Economic Supplement for comparison

## Table 4: Job Characteristics

| Panel A: Telecommuting | |
|---|---|
| % Telecommute | 42.23% |
| % Non-Telecommuting Jobs Possible to be Productive Off-Site | 24.78% |
| % Non-Telecommuting Jobs Permit Negotiation to work Off-Site | 10.97% |

| Panel B: Schedule Flexibility | |
|---|---|
| % Fixed Schedule | 52.39% |
| % Workers chooses from set of fixed schedules | 19.90% |
| % Flexibility within limits | 25.08% |
| % Complete flexibility | 2.64% |
| % Non-flexible jobs feasible to work whenever | 36.43% |
| % Non-flexible jobs permit negotiation for more flexibility | 57.93% |

| Panel C: Shift Work | |
|---|---|
| % Shift work required | 59.07% |
| % Shift jobs possible to be productive without working nights/weekends | 82.12% |
| % Permit negotiations to not work nights/weekends | 33.70% |

| Panel D: Paid Time Off | |
|---|---|
| % PTO as needed | 24.48% |
| PTO (mean) | 16.2 |
| PTO (median) | 14 |
| % Permit negotiate for more PTO | 27.38% |
| % Permit negotiate for less PTO with higher pay | 16.63% |

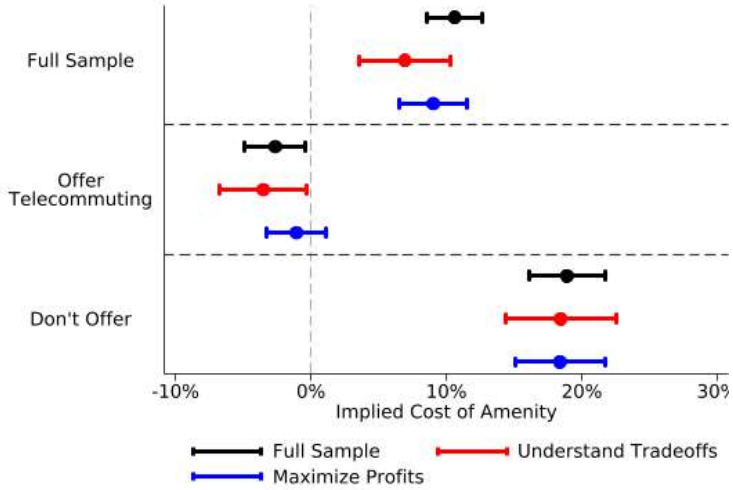
*(Continued on next page)*

**Table 4: Job Characteristics (continued)**

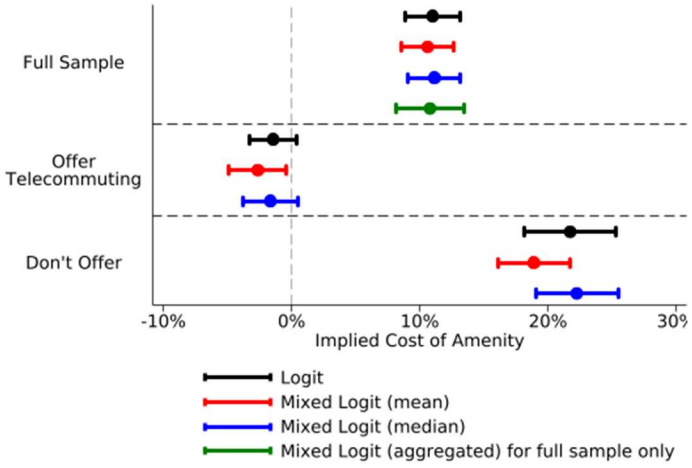
| Panel E: Paid Family Leave | |
|---|---|
| % Any Paid Family Leave Benefits | 64.02% |
| 1 week | 11.97% |
| 2 weeks | 23.36% |
| 3 weeks | 7.45% |
| 4 weeks | 15.62% |
| 5 weeks | 1.61% |
| 6 weeks | 18.25% |
| 7 weeks | 0.15% |
| 8 weeks | 5.11% |
| 9 weeks | 0.88% |
| 10 weeks | 1.31% |
| 11 weeks | 0.00% |
| 12 weeks | 11.53% |
| 13+ weeks | 2.77% |
| % Permit negotiations for more PFL | 20.37% |
| % Permit negotiations for less PFL | 13.55% |

# Appendix A: Additional Figures and Tables

## Appendix Figure A1: Telecommuting Costs



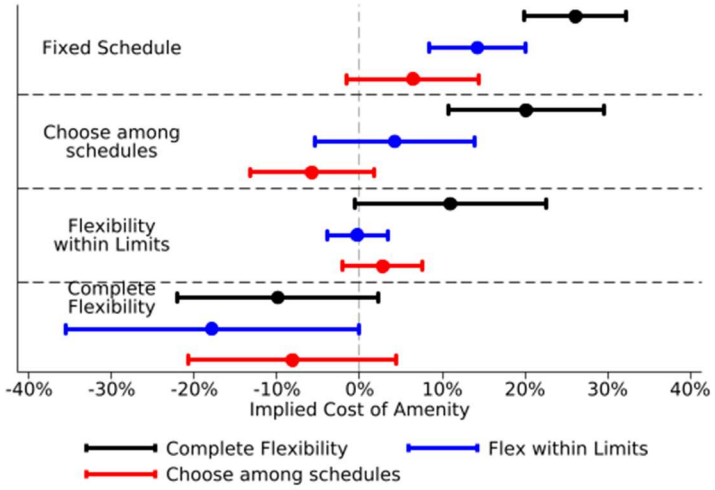

### A. Respondents with more experience with wage-amenity tradeoffs



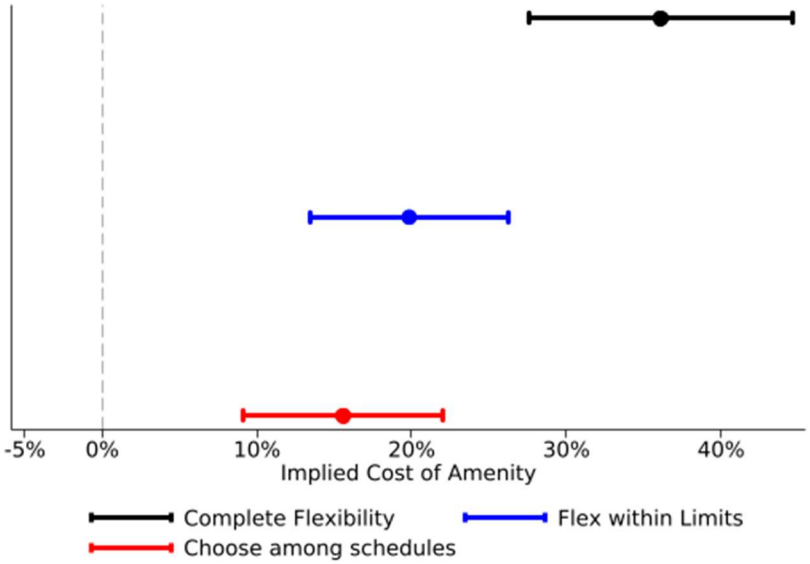

### B. Different Estimators

*Notes:* Each row represents an estimate of the mean cost of providing telecommuting opportunities with 95% confidence intervals. Panel A includes results from (1) a sample using only respondents who had experience with wages/benefits for employees at their firm and (2) a sample of respondents who reported that their job was to maximize profits or minimize costs. Panel B provides results from different estimators. "Mixed Logit (aggregated)" is only available for the full sample. It takes a weighted average of the mixed logit estimates from the telecommuting sample, the non-telecommuting sample in which it is possible to be productive off-site, and the non-telecommuting sample in which it is not possible to be productive off-site.

## Appendix Figure A2: Heterogeneity in Firm Costs for Providing Flexible Scheduling



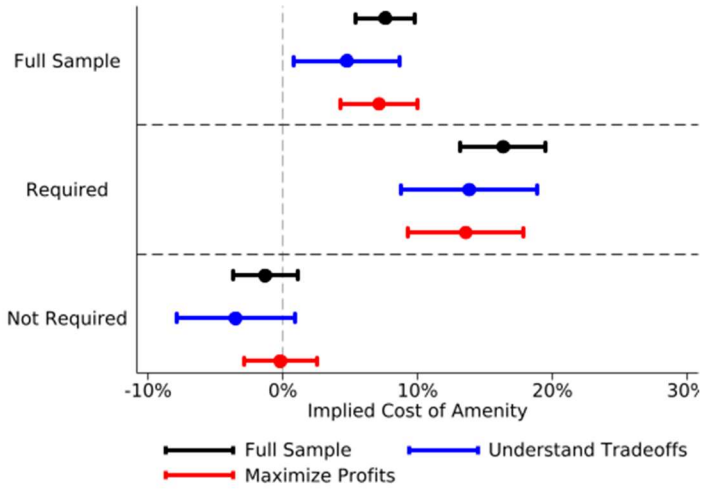

**A. Heterogeneity by Current Job Flexibility Status**



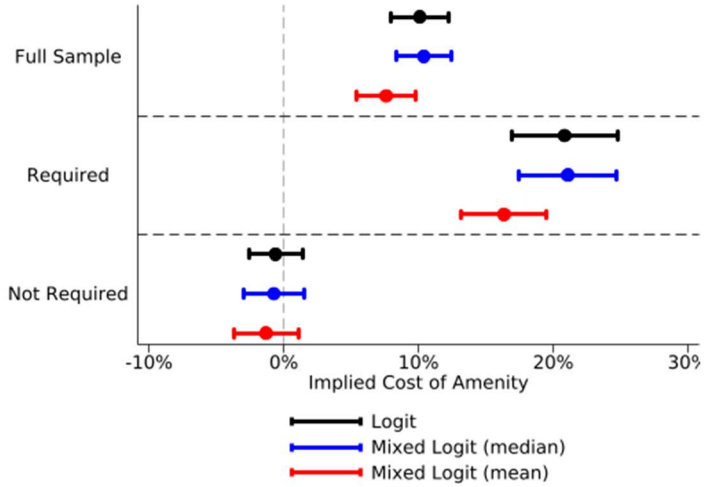

**B. Costs for Jobs in which Not Feasible to be Productive Working Whenever Employee Wants**

*Notes:* Each row represents an estimate of the mean cost of providing that level of schedule flexibility from a mixed logit model. 95% confidence intervals included. The baseline (excluded) category is no flexibility. The experiments highlighted that the number of hours worked was the same across arrangements. Panel A provides estimates stratified by the current job arrangement. Panel B shows results for the sample indicating that it is not feasible to be productive working whenever the employee wants.

**Appendix Figure A3: Firm Costs Associated with Guaranteeing No Shift Work**



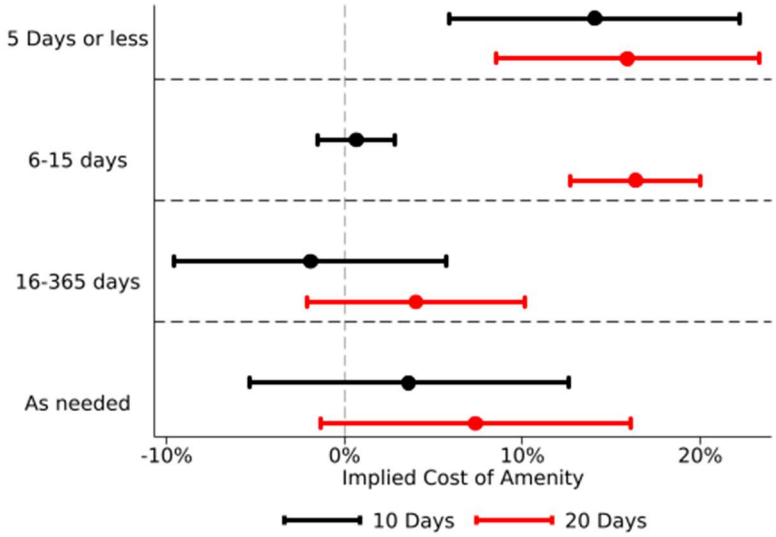

## A. Respondents with more experience with wage-amenity tradeoffs



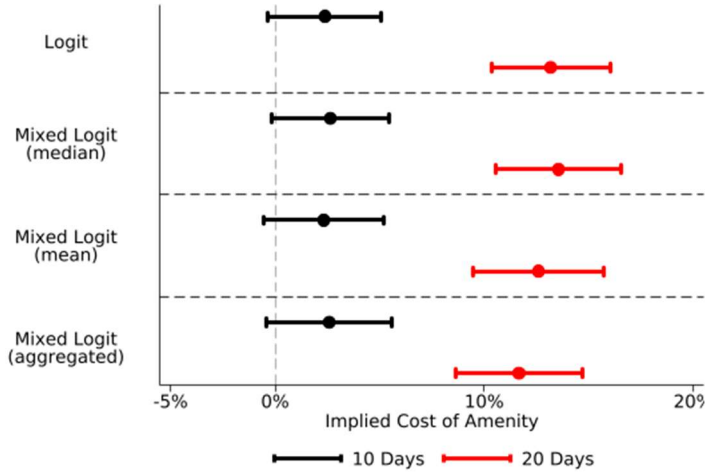

## B. Different Estimators

*Notes:* Each row represents an estimate of the mean cost of guaranteeing that the worker does not have to work nights or weekends with 95% confidence intervals. Panel A includes results from (1) a sample using only respondents who had experience with wages/benefits for employees at their firm and (2) a sample of respondents who reported that their job was to maximize profits or minimize costs. Panel B provides results from different estimators.

**Appendix Figure A4: Firm Costs of Paid Time Off, Heterogeneity and Sensitivity**



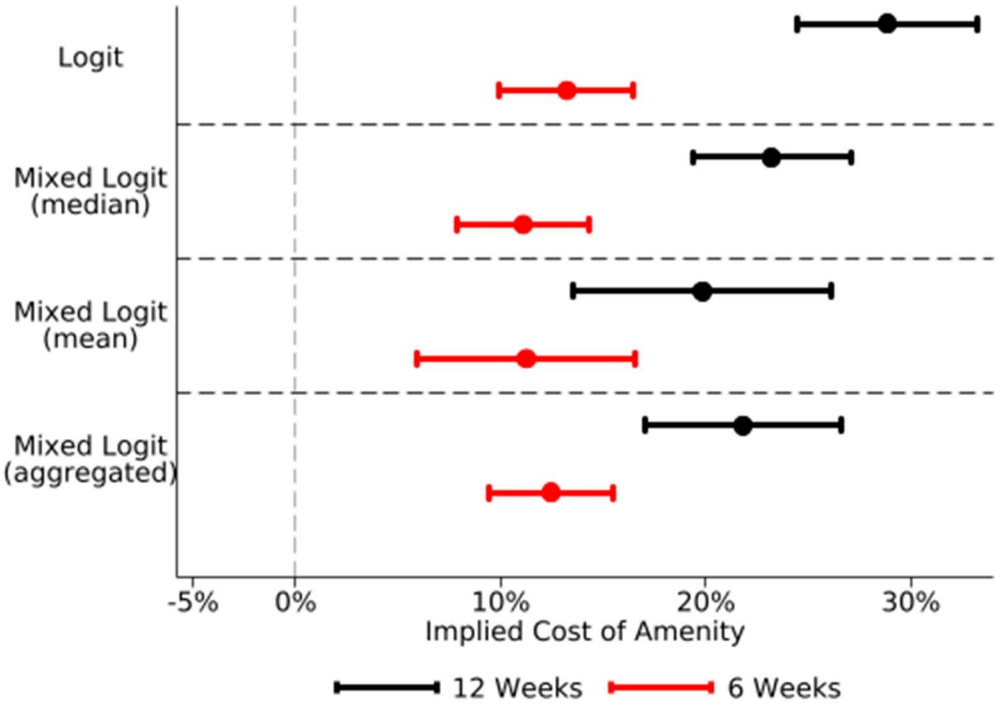

**A. Heterogeneity**




**B. Different Estimators**

*Notes:* Each row represents an estimate of the mean cost of providing that amount of paid time off in a year from a mixed logit model. 95% confidence intervals included. The baseline (excluded) category is no paid time off. Panel A provides estimates stratified by the current job arrangement. Panel B shows results for different estimators. "Mixed Logit (aggregated)" takes a weighted average of the mixed logit estimates from each of the categories in Panel A.

**Appendix Figure A5: Firm Costs for Paid Family Leave**




*Notes:* Each row represents an estimate of the mean cost from a mixed logit model of providing paid family leave for the given number of weeks. The excluded category is no paid family leave. 95% confidence intervals included. The experiments highlighted that both arrangements provide unpaid time off.

**Appendix Table 1: Job Responsibilities of Respondents**

| | |
|---|---|
| Hiring new employees | 80.11% |
| Negotiating wages and benefits of potential or new hires | 40.06% |
| Managing employees | 89.82% |
| Making promotion decisions | 49.39% |
| Making termination decisions | 51.63% |
| Making decisions about changes in benefits and wages for current employees of the firm | 30.53% |
| Accommodating requests for changes in work schedules | 64.99% |
| Retention of current employees | 59.57% |

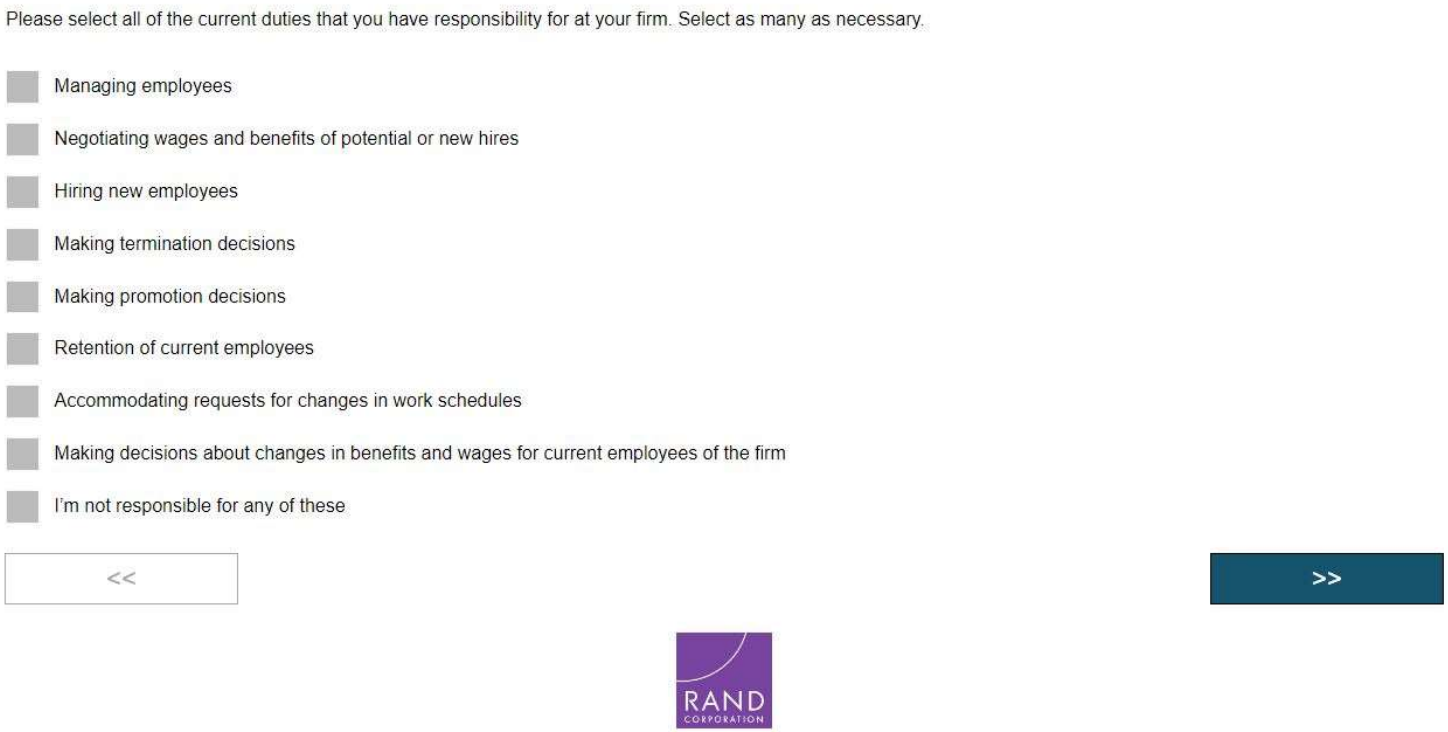
*Notes*: Respondents could select as many options as necessary to describe their responsibilities.

# Appendix B

## Figure B1: Introductory Screen



## Figure B2: Respondent's Responsibilities at Firm (Screening Question)



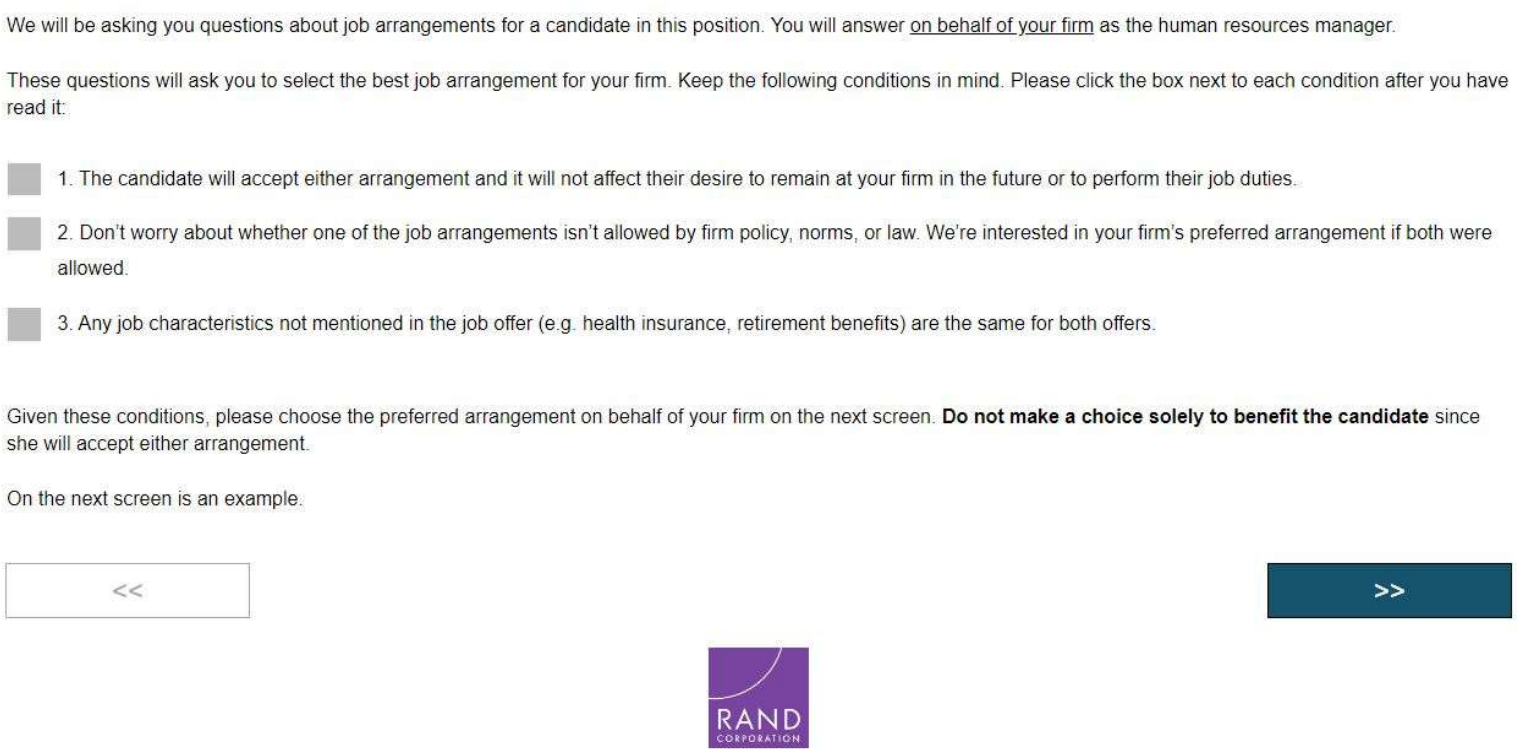



**Figure B3: Initial Instructions for Experiments**

*Notes: This screen is identical for all respondents with two exceptions. First, we use "candidate" in the new hire arm, but "worker" in the current worker arm. Second, we use "human resources manager" in this example, but this is replaced by their job title (previously provided by the respondent).*




**Figure B4: Instructions for Experiments (after initial experiment)**

*Notes: This screen is identical for all respondents with two exceptions. First, we use "candidate" in the new hire arm, but "worker" in the current worker arm. Second, we use "human resources manager" in this example, but this is replaced by their job title (previously provided by the respondent).*

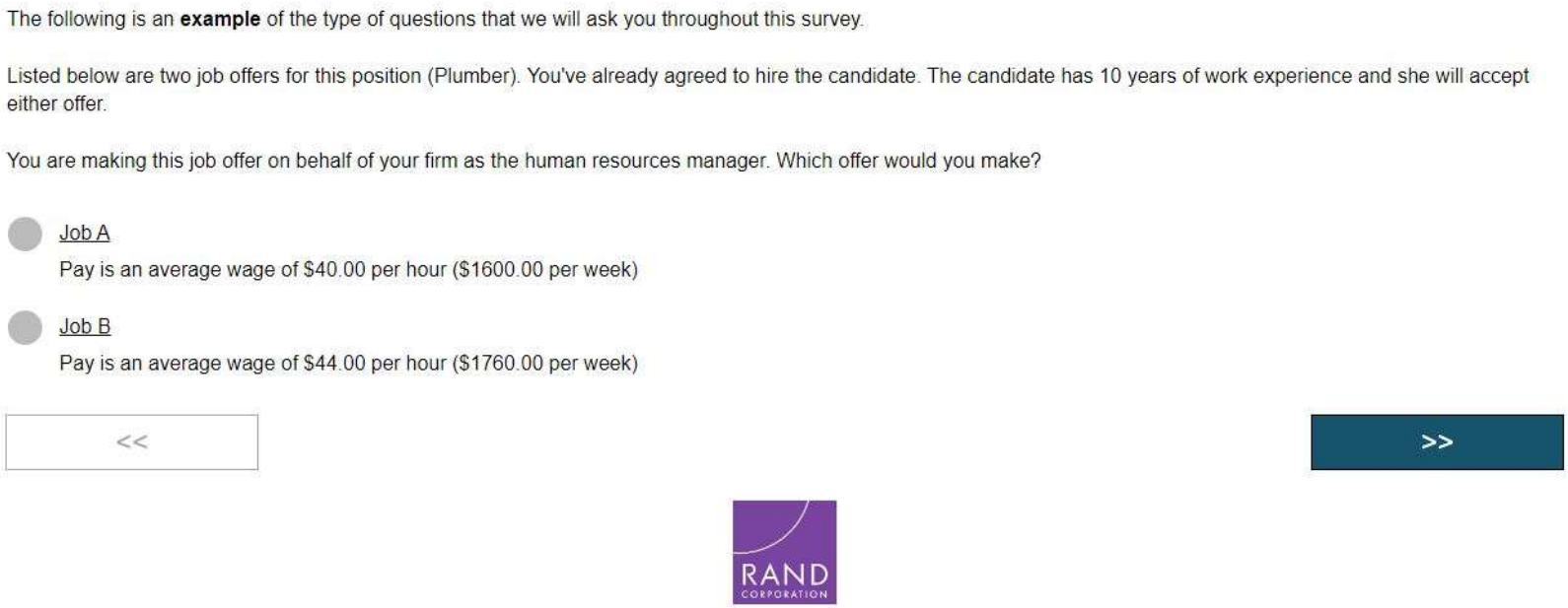



**Figure B5: Training Module Example**

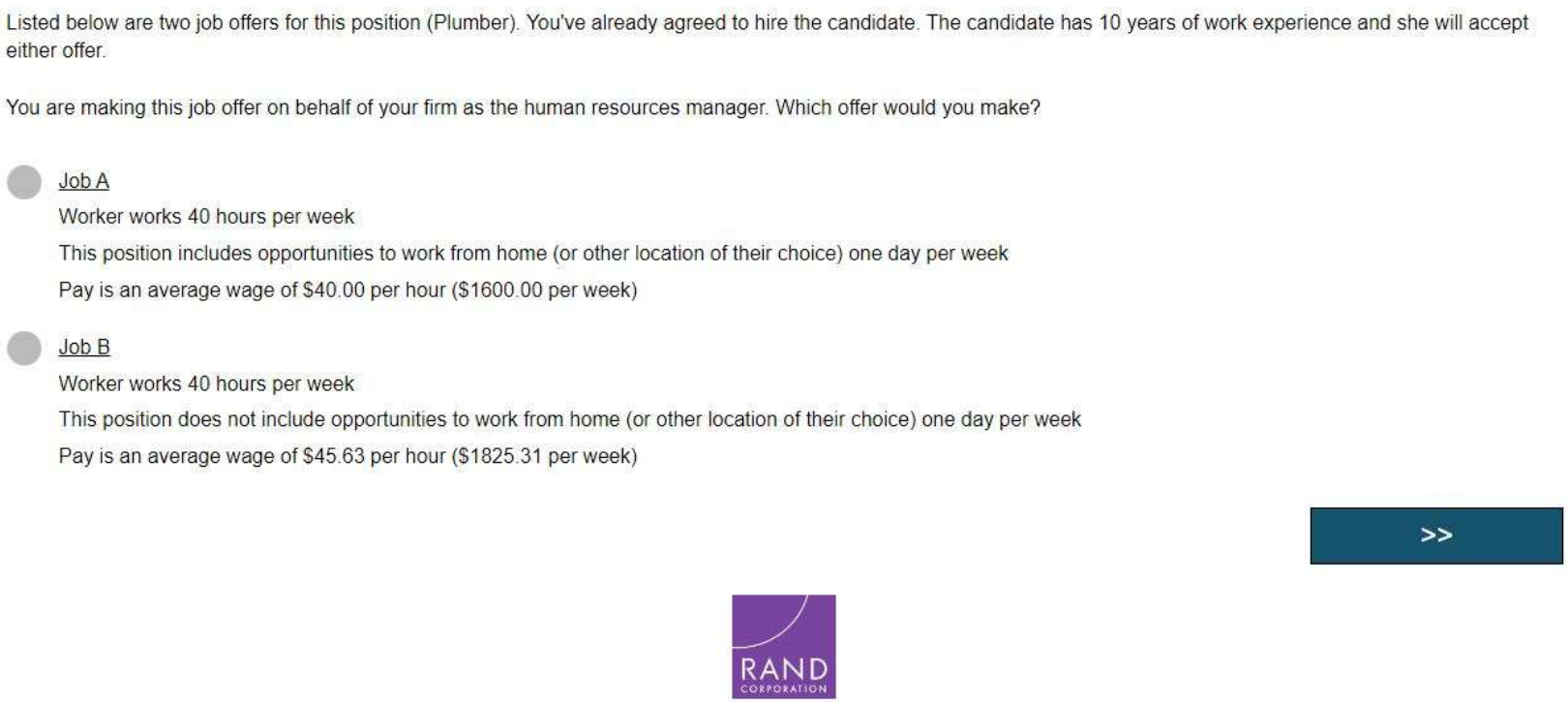



**Figure B6: Experiment Example**

*Notes: The position of the worker and of the respondent are based on a previous answer from the respondent. One of the job offers (randomized between Job A and Job s) is identical to the exact job described by the respondent.*