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**Title:** “Wage Differentials and the Price of Workplace Flexibility” (with Marshall Drake and Linh Tô)

**Abstract:**

This paper studies the distribution of workplace flexibility in the labor market and its sources. We collect information on which workers have workplace flexibility along three dimensions, flexible location, flexible scheduling of hours, and flexible total number of hours worked. Low-wage workers can choose to work part-time more flexibly but have a significant disadvantage when it comes to flexible location and scheduling. We overcome challenges in measuring individual-level willingness-to-pay (WTP) by using an adaptive discrete choice experiment, finding WTP for all three dimensions of workplace flexibility to be relatively flat across the wage distribution. Differences in preferences thus cannot account for the facts, suggesting that workers may face unequal compensating prices to obtain the same workplace amenity. We microfound this relationship with a model in which workplace flexibility interacts with production processes that utilize labor inputs at different skill levels. Using a structural model of compensating differentials, we quantify that unequal amenity prices explain 7.2% of wage inequality and 8% of total utility inequality. The results highlight that the unequal distribution of workplace flexibility contributes to the widening of wage inequality even in the presence of compensating differentials.