



## Racial, Ethnic, and Gender Disparities in Labor Market Outcomes in the Aftermath of the COVID-19 Pandemic

*Marco Angrisani, Jeremy Burke, and Francisco Perez-Arce \**

The onset of the COVID-19 pandemic spotlighted new potential dimensions of labor market inequality, emphasizing gaps in work schedule adaptability and chances to undertake supplemental work such as gig jobs. As the trend toward remote work took hold, disparities across sectors and roles that do not afford the privileges of workplace and schedule flexibility have started to emerge. Given that workers are unevenly sorted across these sectors and roles based on socioeconomic factors and pre-existing barriers, the evolving work landscape could have intensified inequalities based on sex and race/ethnicity.

In this paper, we use newly collected longitudinal data from the Understanding America Study (UAS) covering the onset and aftermath of the COVID-19 pandemic to examine the evolution of sex and racial/ethnic disparities in employment status, preferences for, and employers' accommodation of work from home (WFH). In particular, we analyze individuals' forms of employment and job stability before and during the pandemic (e.g., full/part-time, gig work). For the period 2021 to 2023, we document trends in the prevalence of remote work as well as in individuals' preferences for WFH and willingness to pay for more days of WFH. We also investigate how a more flexible work arrangement — as measured by the ability/possibility to WFH — affects job satisfaction, work-life balance, mental

health, and propensities to seek a new job across workers. We explicitly examine heterogeneity in these outcomes across sex, race, and ethnicity, to gauge whether existing labor market disparities have narrowed or widened as the pandemic has progressed.

Consistent with prior research, we find that the pandemic-induced labor market turmoil in 2020 predominantly impacted minority workers, particularly Blacks and Hispanics, who faced higher transitions out of full-time employment compared to whites. With the labor market's strong recovery in 2021 and 2022, these differences narrowed, and full-time employment levels for Black and Hispanic individuals rebounded to prepandemic standards, aligning closely with the level observed among white workers. However, disparities in work arrangements following the pandemic appear to be substantial and persistent. Women are more likely than men to hold a job that can be done at least in part from home. Blacks and Hispanics were significantly less likely than whites to have a job amenable to WFH in 2021, and this gap has remained large as the pandemic progressed. Regression results reveal, though, that racial/ethnic differences in WFH amenability are driven by differences in socioeconomic status and type of occupation.

Preferences for WFH have increased over time. Among

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\***Marco Angrisani** is an economist at the University of Southern California's Center for Economic and Social Research (CESR). **Jeremy Burke** is a research scientist at CESR. **Francisco Perez-Arce** is an economist at the Center for Economic and Social Research, based in the Washington, D.C., office. This research brief is based on working paper [MRDRC WP 2023-470](#), UM23-04.

those who have a job that can be done at least in part remotely, the fraction of employees who would like to work at least three days from home per week increased from 59% in 2021 to 68% in 2023. Women are more likely than men to prefer three or more days of WFH per week; Blacks and Asians are more likely than whites to report such preference.

While differences in WFH preferences by sex, race, and ethnicity are informative, they do not necessarily imply disparities in work arrangements. A better measure of inequality is the (mis)match between employees' WFH preferences and employers' accommodations across groups. We document notable gender and racial/ethnic gaps in unmet WFH preferences. After accounting for demographic, socioeconomic characteristics, and occupation type, women are more likely than men to prefer more WFH than allowed by their employer. This gender gap is particularly large among caregivers, with female caregivers facing a higher chance that their preferences for WFH remain unfulfilled. We also find evidence of racial and ethnic disparities. Relative to whites, Black and Hispanic workers with WFH-amenable jobs are more likely to prefer more WFH days than their employer will accommodate. Moreover, these gaps appear to be growing over time.

Consistently with these patterns in unmet WFH preferences, we find evidence that women and minorities value WFH days more. We estimate that these groups of workers are more willing to tolerate sizeable pay cuts in exchange for an additional WFH day per week than their counterparts with matched WFH preferences.

Finally, we examine how workplace and schedule flexibility relates to job satisfaction, job-seeking behavior,

work-life balance, and mental health. We provide empirical evidence that WFH is strongly linked to job satisfaction. Our analysis reveals a clear gradient where job satisfaction tends to increase with the extent to which remote work is allowed. This is particularly true for women as they experience a significantly larger increase in job satisfaction from having their WFH preferences met than men. WFH stands out as a significant determinant of job satisfaction. Among the various job benefits we evaluated, WFH is the perk most strongly associated with the level of job satisfaction, with a predictive power superior to that of paid sick leave, paid vacation, health insurance access, and retirement plan availability.

Perhaps unsurprisingly given its importance to workers, we find that the extent to which remote work is possible and allowed is linked to both proclivity to search for a new job and mental health. Workers with unmatched preferences for WFH are more likely to be actively looking for a new job and have lower mental health than similar individuals whose employer meets their WFH preferences. Relatedly, individuals with non-WFH-amenable jobs are more likely to report lower levels of work-life balance.

The strong relationships between workplace/schedule flexibility and job satisfaction, turnover intentions, and mental health establish that the disparities in WFH accommodations across sex and race/ethnicity matter. Considering the clear connection between WFH and various facets of employees' wellness, tackling differences in WFH opportunities among different genders and racial/ethnic groups could help lessen existing disparities in labor market outcomes. ❖

### **Michigan Retirement and Disability Research Center**

Institute for Social Research  
426 Thompson Street, Room 3026  
Ann Arbor, MI 48104-2321

**Fax:** (734) 615-2180

[mrdrumich@umich.edu](mailto:mrdrumich@umich.edu) [www.mrdrc.isr.umich.edu](http://www.mrdrc.isr.umich.edu)

**Sponsor information:** The research reported herein was performed pursuant to grant RDR18000002 from the U.S. Social Security Administration (SSA) through the Michigan Retirement and Disability Research Center

(MRDRC). The findings and conclusions expressed are solely those of the author(s) and do not represent the views of SSA, any agency of the federal government, or the MRDRC.

### **Regents of the University of Michigan:**

Jordan B. Acker, Huntington Woods; Michael J. Behm, Grand Blanc; Mark J. Bernstein, Ann Arbor; Paul W. Brown, Ann Arbor; Sarah Hubbard, Okemos; Denise Ilitch, Bingham Farms; Ron Weiser, Ann Arbor; Katherine E. White, Ann Arbor; Santa J. Ono, *ex officio*