MICHIGAN RETIREMENT AND DISABILITY RESEARCH CENTER
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# Bridging Employment for Older Workers and the Role of Flexible Scheduling Arrangements

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In this research, we conduct a series of stated preference experiments that allow us to estimate a firm's willingness to pay to avoid providing different work amenities. Apart from varying the job amenity on offer and the wage, we conduct two novel treatment branches within the experiment. We alter the experience profile and the gender of the job applicant. Each job candidate gets one of three experience profiles two, 10, or 35 years of experience. We infer that the candidate with 35 years of experience is seeking to remain employed and is trying to find a job that bridges them for the next few years into retirement. A noncollege graduate who started their career job at 20 would be 55 years old when he/she attained 35 years of experience.

We find statistically significant evidence that firms are willing to pay significant percentages of their wage bill to avoid schedule flexibility for their workers. Firms were willing to pay 33% more in wages to avoid offering workers "flexibility within limits" and 62% more to avoid "complete flexibility."

## Data

Our data were collected from a web-based survey respondent pool, Prolific, that allows researchers to host a web-based survey. The advantage of using Prolific is the large number of filters that can be applied to their respondent pool. In this study, we filtered on age so that only prime age (25 to 54) respondents were included. Additionally, we filtered by job duties to include only those who had either hiring or people-managing experience. The respondents taking the survey are likely to be well equipped to answer hiring and compensation question, with 78% responsible for hiring new employees and 88% responsible for managing employees. In total, we had 708 respondents complete our survey.

## Job amenities

We experimentally manipulated six different categories of workplace amenities: telecommuting, mandated nights/weekends, paid time off, paid family leave, mandated shifts, and schedule flexibility.

## Experimental set-up

Prior to conducting the experiment, our survey gathered information about the characteristics of each manager's

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most common occupation or most recent hire. This included wage, hours, days, and information about whether the firm offered the job amenities listed above. This was to ensure that the baseline job was always feasible for the firm.

We provided explicit instructions that the hiring manager should make decisions based on what is best for the firm. The respondent is told that the worker is a good match for the position, will accept either offer, and will not change employment duration. Finally we provided instruction such that, if all else is equal between Job A and Job B, the respondent should select the job with lower wages because that is better for the firm.

Each vignette provided information about the prospective worker (experience level and sex) as well as a randomly drawn wage (centered on the reported wage) and a randomly drawn job amenity. The respondent (hiring manager) was asked to select either job A or job B based on which job was best for the firm.

## Main findings

Full sample: Overall we find that hiring managers are willing to pay significant portions of their wage bill to avoid schedule flexibility. Estimates range from 33% to 62% depending on the amount of flexibility. For schedules completely determined by the employee, the firm would be willing to pay up to a 62% premium. Similarly, firms were willing to pay a 33% premium to avoid providing 12 weeks of paid leave. Other amenities had less straightforward interpretations. Telecommuting had a negative sign indicating that they were willing to pay to avoid "no telecommuting." Similarly, firms were willing to pay to avoid having zero (0) days of paid time off. Mandated nights/weekends and shift also had negative coefficients, implying that firms were willing to pay to avoid mandates. These results suggest that firms are concerned about labor productivity if they make a job too burdensome.

Older/younger: Estimates that compared those with the most experience (35 years) to younger workers with less experience (two, 10 years) provided suggestive evidence that firms were willing to pay more to avoid offering schedule flexibility to older workers relative to younger workers. However, none of the results across groups was statistically significant at conventional levels.

Male/female: Estimates comparing male and female job candidates provided a similar story to the younger/older sample. It appears that hiring managers were willing to pay more to avoid providing schedule flexibility to women relative to men, but again most of the results were not statistically significant and the standard errors were too large to determine statistically significant differences by group.

## Policy implications

Monitoring hiring manager behavior and negotiations is very difficult and costly, consequently workers are unlikely to know what types of flexibility are available to them, and how it is being negotiated. Evidence in this work suggests that firms may be willing to pay more to avoid scheduling flexibility for older and female workers. Legislation promoting reasonable flexibility accommodations could be one way to encourage firms to adopt the working conditions older employees desire. ❖

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**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.