

Heterogeneous valuation of discretionary work arrangements and flexible schedules*

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Abstract

This study quantifies employees' valuation of flexible and discretionary work arrangements and examines their implications for employment and pension behavior. Using an online stated-preference experiment conducted in May 2023 with 702 full-time male employees aged 35–44 in Japan, participants chose between standard, flexible, and discretionary work plans under varying income levels. Willingness to pay (WTP) was estimated using a logit model. The results show that flexibility in working time and location has almost no monetary value, whereas discretion over job content carries a negative value—employees require approximately 18–20% higher pay to accept such positions. Higher-income respondents place somewhat greater value on flexibility and demand smaller wage premiums for discretionary work. Regression analysis further indicates that preference for flexible work is associated with a slightly higher preferred retirement age but has no significant effect on the preferred pension claiming age. These findings suggest that while flexible work may encourage longer employment, discretionary work is not inherently attractive to mid-career employees. Promoting flexible or autonomous work styles alone is therefore unlikely to extend working lives or enhance pension sustainability without complementary institutional measures.

Keywords: Flexible work arrangements; Discretionary work; Willingness to pay; Job autonomy; Pension claiming; Retirement behavior

JEL Classification: J22, J24, J26, J31, M54

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