

Home Sweet Home: How Much Do Employees Value Remote Work?[†]

By ZOË CULLEN, BOBAK PAKZAD-HURSON, AND RICARDO PEREZ-TRUGLIA*

Remote working arrangements have become increasingly prevalent in recent years. An estimated 11.8 percent of full-time employees in the United States work fully remotely while an additional 29 percent work partly remotely (“hybrid”) (Barrero, Bloom, and Davis 2023). In theory, remote work can be viewed as either a positive or negative amenity: It offers greater scheduling flexibility, enhancing work-life balance, but it may also limit access to face-to-face mentoring and raise concerns about potential career growth penalties (Emmanuel, Harrington, and Pallais 2023). In this article, we present new evidence on employees’ preferences for remote work and on the corresponding wage-setting strategies adopted by employers.

We estimate the amenity value of remote work using revealed preference data from Cullen, Pakzad-Hurson, and Perez-Truglia (2025), which captures the set of job offers individuals receive and the offers they ultimately accept. The dataset includes a sample of 1,396 workers from the US tech sector. The tech sector provides a particularly interesting context given its high work-from-home rate (Barrero, Bloom, and Davis 2023) and its status as arguably the highest-paying and most innovative industry. Our findings indicate that, on average, individuals are willing to forgo approximately 25 percent of total compensation for a job that is otherwise identical but offers partially or fully remote work instead of being fully in person. Our estimate is three to five times that of previous studies, which we partly attribute to methodological differences.

Additionally, we analyze wage-setting differences associated with remote work. Given the strong preference for remote work, a compensating wage differential would be expected, where companies offer a premium for in-person positions. However, our data indicate that the average compensation for in-person roles is, on the contrary, slightly lower than that for otherwise identical remote positions. We propose potential explanations for this puzzling fact, such as optimization frictions and worker sorting.

I. Institutional Context and Data

We use survey data from Cullen, Pakzad-Hurson, and Perez-Truglia (2025), collected between May 2023 and December 2024 as part of a field experiment and in collaboration with levels.fyi, a leading platform that provides comprehensive wage data for professionals in the tech sector. The study recruited participants from a sample of workers in the US tech sector. The survey gathers detailed data on the job offers individuals receive and the alternatives they ultimately choose.¹ The survey captures key characteristics of the alternatives, such as total cash compensation, the state where the job is based, and whether the position is remote.

Additionally, we merge the survey responses to complementary datasets to measure other job characteristics. We use data on Glassdoor’s employer ratings, which aggregate reviews from current

* Cullen: Harvard University (email: zcullen@hbs.edu); Pakzad-Hurson: Brown University (email: bph@brown.edu); Perez-Truglia: University of California, Los Angeles (email: ricardo.truglia@anderson.ucla.edu). We thank Hashir Baqai, Zaheer Mohiuddin, Zuhayeer Musa, and Brian Nguyen for their help, and we thank levels.fyi for granting access to their data. Yuerong Zhuang provided excellent research assistance.

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¹ At the time of the follow-up survey, for individuals who had not yet officially accepted an offer, the survey elicited the likelihood of accepting each offer. The outcome of interest in our analysis is the offer that was either already chosen or deemed most likely to be chosen.

and former employees regarding their overall satisfaction with a company, on a scale from 1 to 5 stars.² We use data on employer characteristics such as whether the company is publicly traded and the dollar value of employee benefits.³ And we use cost-of-living and quality-of-life measures based on job location.⁴

Our relevant sample consists of 1,396 individuals with at least two alternatives, averaging 2.4 alternatives per individual.⁵ The average subject is 32 years old and has 6.7 years of work experience. The average job offers \$239,000 per year in total compensation.⁶ Women make up 16.3 percent of the sample, slightly lower than other estimates of female representation in the tech industry.⁷ Some of the most common position titles include software engineer, product manager, and data scientist, and some of the most popular employers include Google, Meta, and Apple. Approximately 18.3 percent of the offers in the sample are for fully in-person work, while 81.7 percent are for remote roles.⁸

II. Preferences for Working from Home

We estimate a conditional logit model. We study a set of individuals I . Each individual $i \in I$ chooses one alternative j from a set J_i of i 's alternatives that include staying at the current job (for those who are currently employed), each of the offers received from different employers, or the outside option (not being employed). Each individual i chooses the alternative that provides him or her the highest utility: $U_{ij} = V_{ij} + \epsilon_{ij}$, where ϵ_{ij} is the unobservable component of utility, assumed to follow a Gumbel (type I extreme value) distribution. The observable component is $V_{ij} = \mathbf{x}'_{ij}\beta$, where $\mathbf{x}_{ij}$ is a vector of characteristics of the alternative and β is the vector of coefficients to be estimated via maximum likelihood. It is important to note that our model assumes homogeneous preferences, which leads us to interpret the results as reflecting average preferences. In reality, preferences are likely heterogeneous—see Supplemental Appendix A1 for further discussion.

The results are presented in Table 1. Column 1 presents the simplest specification, including only two offer characteristics: (log) total compensation and a dummy variable for remote work, which equals 1 for both fully remote and partly remote positions.⁹

The coefficient on (log) compensation is positive and statistically significant, indicating that employees are more likely to choose offers with higher compensation. The key coefficient of interest on the remote work dummy, is also positive and significant, confirming that the average employee views remote work as a valued amenity. The magnitudes of the raw logit coefficients are not directly interpretable. Therefore, panel B presents the willingness to pay for remote work, calculated as the coefficient on the remote work dummy divided by the coefficient on (log) total compensation. The coefficient of 0.296 in column 1 implies that, *ceteris paribus*, the average individual is willing to forgo 25.6 percent ($= 1 - e^{-0.296}$) of total compensation to have a remote instead of fully in-person position.

Before interpreting this magnitude further, we first present a series of robustness checks. The primary concern is omitted variable bias: Unobservable job characteristics may influence utility and be correlated with remote offers. For instance, if more prestigious employers are more likely to offer

²Glassdoor ratings are missing for 18.6 percent of observations, mainly due to companies that are too small to appear on Glassdoor. When including this variable, we always control for a separate dummy for missing data.

³The benefits data were provided by levels.fyi. They are available mainly for major companies (18.1 percent of observations). When including this variable, we always control for a separate dummy for missing data.

⁴State-level indices for 2024 from the Council for Community and Economic Research and US News & World Report.

⁵Since data collection is ongoing, we rely on preliminary data from both waves of Cullen, Pakzad-Hurson, and Perez-Truglia (2025). The total number of individuals and offers is larger, but some individuals are excluded from the estimation of the conditional logit model because they either have only one alternative or did not accept any of their alternatives.

⁶This total compensation is calculated as the sum of base salary (on average, 68.8 percent of total compensation), bonus (7.5 percent), and equity compensation (23.7 percent).

⁷For example, Deloitte Insights reports that women held approximately 25 percent of technical roles in large US tech firms (see <https://www2.deloitte.com/us/en/insights/industry/technology/women-tech-leadership.html>).

⁸Among the remote roles, 40.7 percent are fully remote, and 59.3 percent are partly remote.

⁹The results are broadly similar but less straightforward to interpret if total compensation is replaced with its components (base salary, bonus, and equity).

TABLE 1—RESULTS FROM THE CONDITIONAL LOGIT MODEL

	(1)	(2)	(3)	(4)	(5)
<i>Panel A. Raw coefficients</i>					
log(Total compensation) ⁽ⁱ⁾	1.239 (0.130)	1.258 (0.132)	1.068 (0.133)	1.045 (0.141)	1.071 (0.133)
Remote (= 1) ⁽ⁱⁱ⁾	0.367 (0.122)	0.345 (0.122)	0.348 (0.143)	0.368 (0.149)	
Glassdoor rating ⁽ⁱⁱⁱ⁾		0.288 (0.105)	0.263 (0.109)	0.255 (0.128)	0.272 (0.109)
Fully remote (= 1)					0.367 (0.147)
Partly remote (= 1)					0.320 (0.134)
<i>Panel B. WTP</i>					
Remote ((ii)/(i))	0.296 (0.104)	0.274 (0.102)	0.326 (0.142)	0.352 (0.152)	
Basic controls			✓	✓	✓
Additional controls				✓	
Individuals	1,396	1,396	1,396	1,396	1,396
Observations	3,351	3,351	3,351	3,351	3,351

Notes: Conditional logit model results analyzing job offer choices. Each column represents a different specification. Basic controls include dummies for publicly listed and start-up companies, dollar value of employer-provided benefits, dummies for current employer and state, and the state's cost of living and quality of life. Additional controls add 48 dummies for top employers and 5 for top states. Standard errors are clustered at the individual level.

remote positions and individuals place value on working for such companies, this could introduce a positive bias in the remote work coefficient reported in column 1. Ideally, an experiment randomizing which offers are remote would provide the variation needed for identification. Since this is not feasible, we address omitted variable concerns by incorporating additional job characteristics into the model.

Column 2 incorporates the Glassdoor rating into the model. The positive and large coefficient on this variable shows that workers value employment at higher-rated companies.¹⁰ Most importantly, the willingness to pay for remote work remains nearly unchanged in column 2 compared to column 1. In column 3, we introduce additional control variables, including a dummy for whether the company is publicly listed, a dummy for whether it is a start-up, employer-provided benefits, a dummy for current employment at the job, a dummy for whether the location matches the individual's current workplace, and the location's cost of living and quality of life. Comparing the results from column 3 to those in columns 1 and 2 shows that including the additional controls does not alter the magnitude of the willingness to pay for remote work. In fact, if anything, the willingness to pay increases slightly. The specification in column 4 builds on that in column 3 by adding further controls: 48 dummies for the most common employers and 5 dummies for the most common states.¹¹ Again, the addition of controls, if anything, slightly increases the estimate on willingness to pay for remote work. While other unobserved characteristics could contribute to omitted-variable bias, the evidence from columns 1 through 4 suggests that this bias may have a limited impact on the conclusions.

¹⁰More precisely, the average individual would be willing to take a pay cut of 20.5 percent ($= 1 - e^{-0.288/1.258}$) in exchange for a one-point increase in the Glassdoor rating.

¹¹For the employer dummies, the omitted category is "other employers," corresponding to 63.3 percent of observations. For the state dummies, the omitted category is "other states," corresponding to 28.7 percent of observations.

For a final robustness check, column 5 is identical to column 3 except that it includes separate dummies for fully remote and partly remote work. The coefficients for these two dummies are similar in magnitude. The average employee values fully remote work slightly more than partly remote work (raw coefficients of 0.367 versus 0.320), but the difference is statistically insignificant.

Next, we compare our findings with those of related studies. Some studies have explored variations of a survey question asking how much of a pay cut individuals would accept to work remotely. Barrero, Bloom, and Davis (2021) find that the average employee is willing to accept a 7 percent pay cut to work from home 2–3 days per week. Bartik et al. (2024) report that the median worker would accept a pay cut of around 5 percent to work remotely.¹² Finally, Mas, and Pallais (2017) estimate that the average respondent is willing to take a 10 percent pay cut for remote work, and they confirm similar results using a discrete choice experiment.

Our estimates align directionally with these studies but differ in magnitude.¹³ While these studies suggest that the average worker is willing to accept a pay cut between 5 percent and 10 percent to work remotely, our estimate is substantially higher, at around 25 percent (column 1 of Table 1).¹⁴ One plausible source of the discrepancy is the difference in samples, as our study focuses on tech workers. For instance, remote work may function as a luxury good, appealing more to high earners; and tech jobs might be better suited for remote work. This is likely to explain part of the discrepancy, but not all. Using the latest available data from the Survey of Working Arrangements and Attitudes, we find that the average respondent is willing to take a pay cut of 7.0 percent to work remotely. When looking at a more comparable subsample (respondents in IT and with salaries above \$150,000), that estimate goes up to 15.8 percent but still falls short from our 25 percent estimate.

The rest of the discrepancy in magnitude between our study and previous studies may stem from methodological differences. Some employees may be unwilling to sacrifice salary to work remotely in hypothetical scenarios, but they may reveal their true preferences when faced with real stakes. For example, when workers are asked how much of a pay cut they would accept to work remotely, they might underreport the true amount due to concerns that employers could use their responses to justify salary reductions.¹⁵

III. Compensating Wage Differential

Given the strong preference for remote work, one might expect a compensating wage differential, with companies offering lower salaries for remote positions compared to in-person ones. To test this hypothesis, we utilize data from levels.fyi, which collects direct user submissions detailing compensation packages. To ensure data quality, levels.fyi employs verification measures such as asking users to upload tax forms or offer letters. Our analysis uses salary submissions from June 2023 to June 2024. This sample is comparable to the survey sample analyzed below—for instance, they work in a similar mix of occupations (e.g., software developer) and companies (e.g., Google). This similarity is expected since survey respondents were recruited from visitors to the levels.fyi website and during a similar time window. The samples are not identical—however, Supplemental Appendix A2 shows that the results are similar if we reweight the observations to make them more comparable.

The key for this exercise is to compare salaries in positions that are in person versus remote but otherwise identical. We split individuals into groups, where each group is a combination of company (e.g., Google), company-specific position title (e.g., Level-3 Software Engineer in Back-End API

¹²More precisely, Bartik et al. (2024) report that 40 percent of respondents would accept a pay cut of 5 percent or more, implying that the median willingness to pay is slightly below 5 percent.

¹³The positive amenity value is also consistent with evidence that remote work improves job satisfaction and reduces quit rates (e.g., Bloom, Han, and Liang 2024). It is also consistent with revealed-preference evidence from Colonnelli et al. (2023) that remote work is the most valued nonwage amenity.

¹⁴Part of the discrepancy may of course stem from measurement error; for example, while our estimate is highly statistically significant, it is somewhat imprecise, with a 95 percent confidence interval ranging from 10.5 percent to 40.7 percent.

¹⁵This concern is explicitly discussed in Mas and Pallais (2017); see their footnote 16 for details.

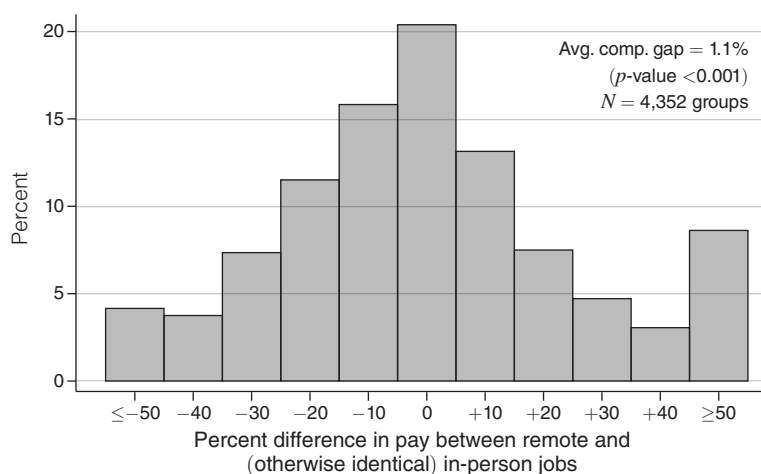


FIGURE 1. COMPENSATION, REMOTE VERSUS IN PERSON

Notes: Within each group (defined by employees at the same company, in the same position, location, and experience level) we calculate the difference in average total compensation between remote and in-person positions as a percentage of the in-person average.

Development), location (e.g., Bay Area), and experience level (e.g., 0–3 years).¹⁶ We keep groups in which there are at least five observations with at least one remote and one in person, resulting in a final sample of 4,352 unique groups. As shown in Supplemental Appendix A3, and consistent with the high-skill nature of the position (Cullen, Li, and Perez-Truglia, forthcoming), there is quite a bit of salary dispersion: Some employees are paid significantly more than others even though they work for the same company, in the same position, location, and experience level.

Within each group, we can compare the average salary for in-person positions to the average salary of the (otherwise identical) remote positions. Figure 1 presents a histogram of those differences.¹⁷ According to the compensating wage differential hypothesis, we expect remote positions to be paid about 25 percent less than otherwise identical remote positions. However, the results deviate substantially from this prediction. If anything, we find a statistically significant (p -value < 0.001) difference in the opposite direction that is small in magnitude: Remote positions are, on average, paid 1.1 percent *more* than otherwise identical in-person positions.

We propose several potential explanations for this puzzle. One possibility is optimization frictions: Since remote work is a relatively new phenomenon, companies may still be adapting and have yet to optimize their wage-setting practices. Worker sorting could also play a role. If remote positions are limited and employers systematically aim to attract the most talented employees by offering remote work opportunities (in addition to higher pay), this could exert a force against the compensating wage differential.

Another possible explanation is that, due to fairness concerns or legal constraints (Gentile Passaro, Kojima, and Pakzad-Hurson 2024), companies may avoid paying different salaries to employees in the same position, regardless of whether they work remotely or in person. However, this explanation is unlikely, as it predicts pay compression, whereas substantial pay dispersion is observed. Equilibrium forces on the employer side could also provide an explanation. If companies believe remote positions are more productive than in-person positions, this would exert a force against compensating

¹⁶ Following levels.fyi categorization, we consider three experience levels: Entry Level (0–1 years), Middle (2–6 years) and Senior (7 or more years).

¹⁷ To minimize the potential influence of outliers, we winsorize observations at ± 50 percent of the group average throughout.

differentials. However, if employers consistently perceive remote positions as more productive, we may expect them to cease offering in-person positions altogether.

IV. Conclusion

We present evidence on how participants in a real-world labor market value remote work arrangements. This study contributes to a small but growing body of literature focused on measuring employee preferences for remote work (Mas and Pallais 2017; Barrero, Bloom, and Davis 2021; Bartik et al. 2024). We contribute in two main ways. First, in terms of methodology, we infer the willingness to pay for remote work via revealed preferences in a real-world context with high stakes. This improves on the existing approach of unincentivized or hypothetical questions. Indeed, our preferred interpretation is that the existing nonincentivized methods may significantly underestimate the true willingness to pay for remote work. Second, we contribute with a puzzling observation: Despite the high willingness to pay for remote work, we do not find a compensating wage differential between remote and in-person jobs. While we discuss some potential explanations for this puzzle, we leave its investigation as an avenue for future research.

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