Firm Pay, Amenities, and Inequality*

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Abstract

We use discrete choice experiments embedded in a large-scale survey of German workers to estimate the value of non-wage amenities provided by specific firms. By randomizing wages across hypothetical job offers from firms that respondents identify as likely application targets, we recover money-metric valuations for the set of marginal workers. Valuations vary widely across firms and between workers for the same firm. Because valuations are non-negatively correlated with wages, non-wage amenities do not dampen inequality. Gender differences in valuations of non-wage amenities explain a large fraction of the gender pay gap.

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