

Job Ads as Signals: Evidence from a Priced Amenity and Worker Beliefs

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Abstract :

Discrete choice experiments are widely used to estimate workers' willingness to pay (WTP) for job amenities under the assumption that workers evaluate each attribute in isolation. We test this assumption by embedding an amenity with a known market price --- a well-known monthly public transport pass --- in a large-scale choice experiment with 6,000 German workers. Stated WTP for the pass is roughly twice its market price, while WTP for other amenities matches prior estimates. A complementary belief-elicitation experiment shows that advertising any amenity causally shifts beliefs about unlisted characteristics of the employer, including in unstructured text that we analyze with an LLM. Posted wages similarly signal the amenity bundle so that wage variation, the money metric for WTP calculation, is itself contaminated by belief spillovers. In general, workers infer that higher pay comes with better amenities but also more stressful work environments. The belief spillovers we document imply that individual-amenity WTP estimates capture perceived bundles rather than isolated attributes. We discuss implications for the measurement of non-wage compensation and the estimation of monopsony power.