

ECONOMICS

The gig is up

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Alternative work arrangements are a growing feature of labour markets. Commonly described as the gig economy, they are thought to improve work–life balance but can be exploitative, prompting legal scrutiny of irregular scheduling practices and worker classification. However, little is known about how workers value these alternative arrangements.

In a recent study, Alexandre Mas and Amanda Pallais elicit workers' preferences for various work arrangements by building a choice experiment into the application process for a national call centre. They ask applicants to choose between two positions — a 40-hour-per-week (9–5, Monday to Friday), on-site option and a randomly chosen alternative (that is, flexible schedule, work from home, irregular schedule) — and vary the associated hourly wages across applicants. They find that the majority of workers do not value scheduling flexibility, as they prefer to work 40-hour weeks, and have a strong aversion to employer discretion over scheduling. They are, however, willing to take an 8% pay cut on average for the option to work from home. The authors validate the field study with a module in the nationally representative Understanding America Study and find that individuals would accept a 29% pay cut to avoid employer discretion.

Despite strong preferences for traditional hours, alternative work arrangements are increasing. This recent evolution and uncertainty about the future employment landscape make understanding the effects of these alternatives a pressing matter for the social sciences.

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