

Worker's Preference over Payment Schedules: Evidence from Ridesharing Drivers

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Motivation

- ▶ Jobs are usually characterized by *what people do* and *how much they are paid for it*;
- ▶ Beyond those features, work arrangements also define *when people are paid*.

Research question

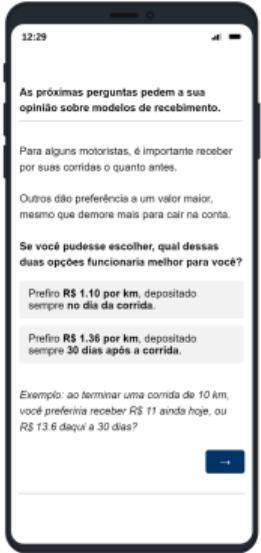
- ▶ How much do workers value a contract with a short delay-to-pay?

Key challenge

- ▶ Jobs are a bundle; payment timing is associated with other job attributes.

Research method

- ▶ Explore the *context of ridesharing drivers* using an *experimental survey*.

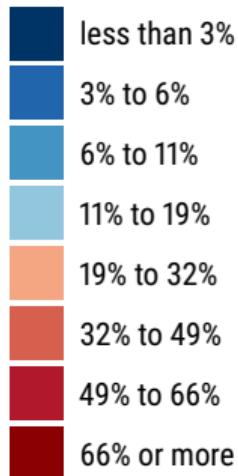


If you could choose, which of these two options would work best for you?

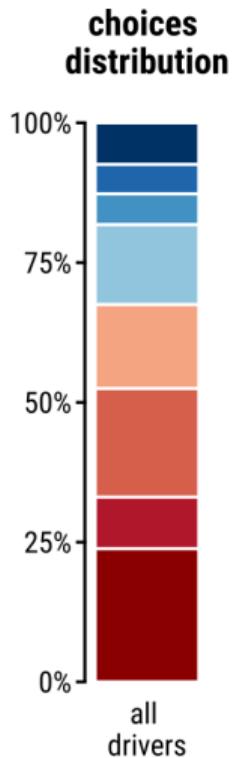
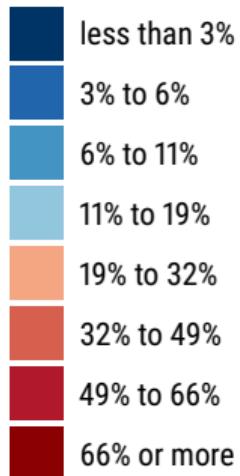
I prefer **R\$ 1.00 per km**, always deposited **on the day of the ride**.

I prefer **R\$ 1.50 per km**, always deposited **30 days after the ride**.

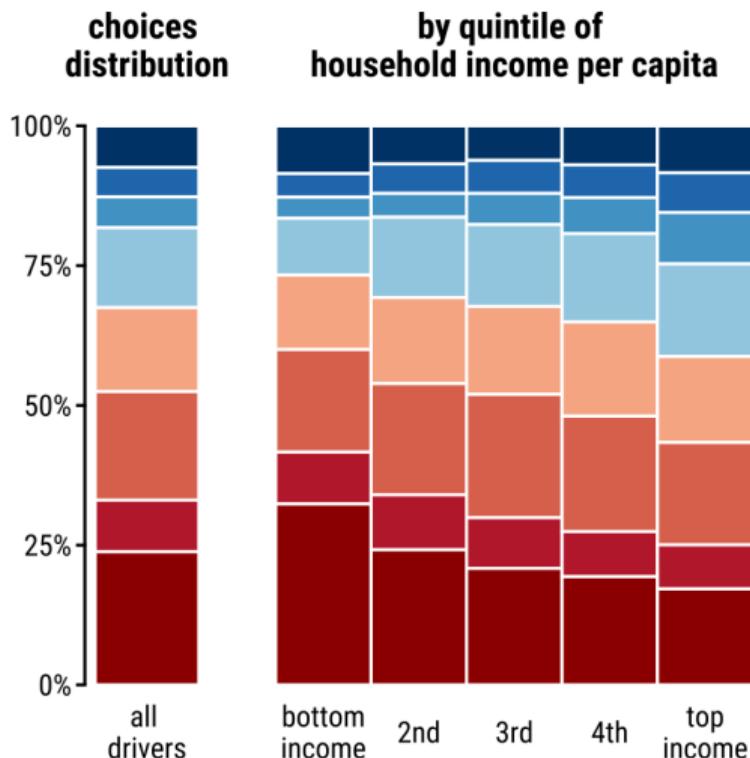
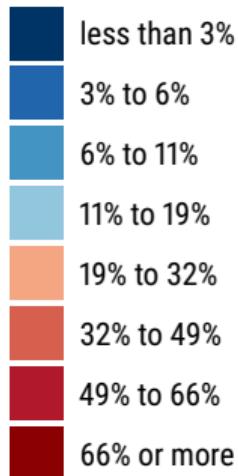
Distribution of choices over the elicited ranges of willingness to pay



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Distribution of choices over the elicited ranges of willingness to pay



1. A short delay-to-pay can be very valuable

- ▶ The median driver is willing to forego *1/3 of their earnings* in exchange for same day pay;
- ▶ Quick payments allow workers to respond to urgent needs by adjusting labor supply.

2. Non-standard pay schedules are likely to expand together with gig work

- ▶ The relatively short delay-to-pay can help explain the popularity of poorly paid gigs.

3. Unclear welfare effects

- ▶ Preference for quick payment may lead to inferior equilibrium in the long run;
- ▶ Design of social protection policy in this context is challenging; an open research agenda.