**Extended Abstract for: *Why Do People Choose Alternative Work Arrangements? Evidence from A Survey Experiment***

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A large and growing body of research has documented that a substantial share of individuals in the United States who do work for firms do so as self-employed independent contractors rather than as employees of those firms. The decision to work for a firm (or through a digital platform) as a self-employed contractor rather than as an employee has important ramifications for workers. Unlike employees, independent contractors are not protected by labor law and are not eligible for social insurance programs administered through employers such as workers compensation and unemployment insurance. Further, contractors are often responsible covering their own expenses, fees, and some taxes usually paid by employers, so that the true take-home earnings from independent contract work may be lower than appears initially. On the other, hand, it is often the case that independent contract jobs offer greater flexibility and control over one's work that is desirable to many participants. A key question for policy debates is whether freelance contractors generally have a good grasp of the tradeoffs involved in contract work and voluntarily choose such arrangements because they value the amenities, or if such arrangements might instead exploit workers' lack of awareness of the tradeoffs involved to reduce compensation without workers' awareness.

We shed light on this question using a novel survey experiment design that nests a discrete choice experiment within a randomized intervention information that allows us to disentangle the role of beliefs and salience about the tradeoffs involved in contract work from actual (and potentially heterogeneous) preferences over amenities like flexibility, control, remote work, and job security, as well as their direct tastes for inherent features of employment (such as legal protections and tax withholding). We are implementing this survey experiment as an extension of the Entrepreneurship in the Population (EPOP) survey conducted by NORC, which is fielded in the Amerispeak survey panel. Launching our experiment as a follow-on to the EPOP survey has two key benefits. First, we will be able to draw on the rich information about current and past contract work already collected by EPOP. Past waves of EPOP have identified around one-third of the workforce engages with freelance/contract work, gig work or self-employment in some capacity over the past year. Second, the Amerispeak panel is designed to cover a population with similar demographic and socio-economic diversity to that of the US. Together, these features will enable us to examine heterogeneity in beliefs and preferences in our study (e.g. by independent contractor v. traditional wage worker) in a reasonably large sample (our current hope is that our filters and incentives generate a final sample of around 3000 respondents).

To better understand each participant's current work arrangement our study includes a short questionnaire to assess the detailed characteristics of their current job. This descriptive part of the study has three parts. First, we ask questions about select job amenities similar to

those asked in the RAND American Working Conditions Survey (Maestas et al, 2023). Second, we attempt to validate EPOP responses about contract work status by asking questions about W-2 versus 1099 reporting and tax withholding motivated by Abraham et al (2024); we ask these at the very end of the survey to avoid interfering with the survey experiment. Finally, we ask detailed questions about major expenses involved in one's current job (such a using a car) and whether or not the worker is responsible for covering those expenses; this last set of questions is also intended as an exercise to make such costs salient to respondents and these questions are asked at different points in the survey corresponding to the information condition.

At the core of our survey is a discrete choice experiment implemented using the Bayesian Adaptive Choice Experiment (BACE) framework developed by Tô and coauthors (Drake et al, 2024). We have respondents choose between 18 sequential pairs of jobs. Key to our design is that in each comparison, one job is always a 1099-based independent contract job and the other is a W-2 based employment job (the order is randomized; we discuss how this information is presented below). Each job is additionally characterized by a pay amount (discussed further below), a degree of control over the performance of one's job, control over schedule, remote work possibility, the probability the job ends before 1 year—these are varied in each set of options in order to estimate one's willingness to pay for each job feature separately from a willingness to pay for a W-2 job per se (holding other attributes constant). To fix comparisons, we state that neither job offers health insurance or retirement benefits and that the weekly number of hours are the same in each job, and anchor pay levels to their actual current pay level. The BACE algorithm uses a Basyesian approach to generate subsequent comparisons based on previous choices, with comparisons designs to be maximally informative relative to information revealed by previous trials. A key benefit is that BACE yields *individual-specific* posterior estimates of one's willingness to pay for each feature. This allows us to study the distribution of tastes in richer detail than standard discrete choice experiments that impose a representative-agent logit structure on preferences. This is key to studying whether tastes differ significantly among individuals who currently do independent contract work relative to those who are current employees (or those who have recently switched, as documented in EPOP).

The second key feature of our design is to randomize what information is explicitly provided about the tradeoffs involved in independent contract work. In a control group, we simply describe jobs as either 1099 independent contractor jobs or as W-2 employment jobs and list the *gross* pay before taxes and expenses for each job in the 18 choice pairs. In a first treatment condition, we ask detailed questions about expenses (asking workers who are employees to imagine what it would cost to cover expenses themselves if they had to) before beginning the pairwise comparisons. We then explicitly highlight key differences in how the law treats employees and contractors (i.e. social insurance, tax responsibility, and legal protections) and provide expected taxes and expenses for sample independent contract and employment jobs with the same gross pay. After conducting a knowledge check and assessing beliefs about net pay, we then direct respondents to make the 18 job comparisons, again presenting gross pay for each option. In a second treatment arm, we provide the same information about how the law treats employees and contractors. However, instead of offering information about taxes and

expenses, we instead ask respondents about their beliefs about net pay (both to make the difference between net and gross pay salient and to assess uninformed beliefs about net pay) and then go straight into the the 18 job comparisons—but, crucially, presenting them directly with the *net earnings after taxes and expenses* for each option rather than gross pay amounts. In all arms, we ask about expenses at the end of the survey if not before the choice experiment, which enables us to estimate the difference between gross and net pay for each hypothetical job in all treatment arms.

We piloted the survey in March 2024, and the full survey is currently in the field alongside EPOP 2024. Data collection will be completed by the end of June. For the conference volume paper we would write up our initial descriptive findings about how job amenities differ across different types of work arrangements, as well as findings about what people perceive their expenses to be in different types of work arrangements and how sensitive those perceptions are to information interventions. We will document how perceptions of expenses differ across workers in different types of employment or contract arrangements and with different types of prior experience. We will also examine the sensitivity of these analyses to using the classification of work arrangements in the baseline EPOP or alternative classifications based on tax withholding and information return reporting to facilitate comparisons between the EPOP survey and the Gallup survey conducted by Abraham et al 2024. While we will be able to discuss broad lessons from our discrete choice experiment, we anticipate writing up the detailed methodology and results from the discrete choice experiment as a separate paper for a fully peer-reviewed outlet.