Why do workers choose informal work arrangements? Evidence from Latin America*

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Abstract

Why do so many workers remain in informal employment? We field a two-phase discrete choice experiment among roughly 15,000 employed adults in seven Latin American countries (Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, and Peru). The first phase measures workers' valuation of formality as a bundle, varying contract type, scheduling, autonomy, and wages; the second decomposes formality into its constituent benefits—pensions, dismissal protection, paid leave, bonuses, and health insurance—alongside taxes. We additionally randomize whether workers receive information about formal-sector entitlements and elicit their beliefs about benefit access. Workers value a formal contract at roughly 16–18 percent of pay relative to informal salaried work, yet value the individual benefits far more, around 70–80 percent of pay combined. We reconcile this gap through beliefs: many workers doubt benefits will materialize even if formal, expect some access while informal, and perceive high tax burdens. Lower valuations of formality among informal workers reflect these beliefs, not weaker tastes for benefits, and an information treatment shifts neither beliefs nor valuations. At the same time, self-employed workers value the flexibility and control offered by their current arrangements that limits the attractiveness of formality if it requires a traditional employment arrangement. We conclude that workers value formality but doubt its returns and fear its costs, which reflect deeply held perceptions that simple information cannot dislodge, with implications for formalization policy and for how informality is modeled.

JEL Classification Codes: J21, J32, J46, O17, O54

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1 Introduction

Informal work arrangements are pervasive in Latin America and across the developing world.[1]. Workers in informal arrangements—both informal self-employment and under-the-table salaried work for firms—do not participate in formal social security systems like pensions and health insurance, are not covered by legal employment protections and benefit mandates, and often do not pay taxes or make social insurance contributions that are meant to be mandatory. The persistence of informal work is widely recognized as a central obstacle to inclusive growth, fiscal capacity, and social protection in the region. Understanding why so many workers end up outside the formal sector is therefore a first-order question for both labor economics and policy.

A key policy question is whether workers in informal arrangements would prefer formal jobs but are excluded from the formal sector or whether they place relatively low value on formal employment given their perceptions of its costs and benefits. A long tradition in development economics posits a dualist or segmented labor market model in which formal jobs are seen as the "primary" sector offering better pay and benefits, while the informal sector is a "secondary" reservoir for workers who cannot access formal jobs due to limited opportunities or institutional barriers (Fields, 1975, 1990). However, more recent scholarship supplements this "exclusion" view with an alternative, "exit" view of informality, that highlights the possibility that workers opt out of formal employment after considering the trade-offs between the two sectors. In this view, workers may have opportunities to work in formal jobs but choose informal arrangements because they do not value the benefits the flow from formal employment, are concerned about taxes and regulations, or have an aversion to the rigidity of formal work (Maloney, 2004a; Perry et al., 2007a; Levy, 2008).These two accounts carry very different implications. If informality reflects a shortage of formal opportunities, the policy levers lie on the demand side—with the firms and institutions that create formal jobs. If instead it reflects workers' own valuations, the relevant

[1]Recent estimates from the International Labour Organization indicate that 46.7 percent of workers in Latin America and the Caribbean were employed informally in the first semester of 2025, highlighting the central role of informality in the region's labor markets (International Labour Organization, 2025)

question becomes why those valuations are low. Workers may not value the underlying benefits offered by formality or, alternatively, they may believe formal jobs will not give them access to better benefits in practice. If low valuations of formal employment reflect misperception about the returns to formality relative to the costs, there may be scope for information interventions to improve labor market outcomes.

This paper presents results from a survey experiment designed to elicit workers' perceptions of the costs and benefits of formal employment and to measure how those perceptions translate into preferences over work arrangements. We fielded an original survey in seven Latin American countries—Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, and Peru—among currently employed respondents aged 18+, yielding a final analytical sample of $15,208$ respondents. At the core of the survey are discrete choice experiments (DCEs) that elicit valuations both of "formality" presented as a bundle and of the specific benefits that generally flow from formal work arrangements, building on a large literature that uses choice experiments to value job attributes (Mas and Pallais, 2017; Maestas et al., 2023). We further randomly provide half of respondents with information about the legal benefits of formal employment in their country before the experiment, allowing us to test whether perceptions can be shifted and, if so, whether shifting them changes valuations.

Our experimental design proceeds in two phases. In the first phase, respondents choose between hypothetical jobs that vary in gross wages, contract type (formal salaried, informal salaried, or self-employment), schedule control, and work independence. This phase is intended to measure overall attitudes toward formal employment as a bundle, inclusive of all perceived costs (including tax burdens) and benefits. In the second phase, respondents choose between jobs offered by the same firm in which the individual benefits associated with formality in their country—a pension, dismissal protection, paid vacation and sick leave, a legally mandated bonus, and health insurance—vary "à la carte," alongside the gross wage and an explicit tax rate, while other job characteristics are explicitly held constant. Crucially, the second phase does not label jobs as formal or informal, so it isolates the valuation of each benefit from any stigma, signaling, or administrative content attached to the formality label itself. By relating the bundled valuation from the first phase

to the component valuations from the second, we can ask how much of the value workers place on formality is accounted for by the benefits formally tied to it.

We find what at first appear to be inconsistent results across the two formulations of the choice experiment. In the first phase, where formality is presented as a bundle, respondents clearly value formality: pooling across countries, they are willing to forgo roughly 18.1 percent of gross pay to hold a formal salaried job rather than an informal salaried one, a valuation comparable to or larger than those for schedule flexibility (9.6 percent) and work independence (14.4 percent). Yet in the second phase, respondents value each individual benefit associated with formality roughly as much as—and often more than—formality as a whole, with willingness-to-pay estimates ranging from about 17.4 percent of pay for a pension to 33 percent for health insurance. In total, the component benefits imply a combined willingness to pay on the order of 70–80 percent of pay, more than four times the bundled valuation of formality from the first phase. Taken at face value, the two phases appear to tell conflicting stories about how much workers value formal work.

We show that these findings are not in fact contradictory once workers' beliefs are taken into account. The component valuations in the second phase represent what benefits would be worth *if they were received with certainty*. In contrast, the bundled valuation in the first phase reflects what workers *expect* formality to deliver in practice. We develop a simple framework that links the two and show that the gap closes once we incorporate two features of stated beliefs. Many respondents doubt they would actually receive the benefits even in a formal job—for any given benefit, more than a quarter say they would not expect to receive it if formally employed, with nearly half doubting they would have dismissal protection in a formal job. At the same time, many also believe they would be able to access at least some benefits while informal. These beliefs are, at least in part, consistent with the actual reported experiences of informal and formal workers in our sample. In addition, respondents perceive the tax burden on formality to be substantial. Accounting for these perceived access gaps and tax costs reduces the implied valuation of formality to roughly 22.4 percent of pay, statistically indistinguishable from the first-phase estimate. Workers thus value the benefits of formality; what holds down their valuation of formal work itself is skepticism about

access and concern over costs.

These belief differences help explain heterogeneity of preferences across workers in different arrangements. In the first phase, we find that formally-employed respondents value formality as a bundle more than informal and self-employed respondents do, a pattern consistent with some degree of sorting. Yet, in the second phase, the ordering reverses: if anything, informal and self-employed workers value the component benefits of formality *more* than formal workers do. Using our framework and belief elicitations, we show that this apparent contradiction can be explained by the fact that informal and self-employed workers are less likely to believe they would actually access those benefits in a formal job, and tend to perceive the tax burden on formality to be higher than formal workers themselves report. At the same time, our estimates imply that workers perceive there to be amenity advantages to self-employment (but not informal salaried work) beyond the flexibility and control dimensions we explicitly hold fixed, and these perceived advantages are strongest among those who are currently self-employed.

While we document evidence consistent with self-selection into informal work, the policy implications depend on the reason for this self selection. We find that informal workers value formal jobs relative to informal salaried jobs, but have a lower willingness to pay for formality than formal workers. Crucially, this is not because informal workers value the benefits less in principle as suggested by Levy (2008), but rather because they doubt that formality will improve their access to those benefits *in practice*. Our evidence suggests these perceptions reflect deeply held beliefs: a randomized information intervention that explicitly informed respondents of the legal benefits of formal employment moved neither their stated beliefs nor their valuations. While this result may reflect low attention our trust in our information prompts, it is also possible that informal workers' beliefs accurately reflect the experience of workers and their social networks. These findings suggest that light-touch information interventions about the benefits of formality are unlikely to impact labor supply decisions. Efforts to expand the formal sector will need to contend with—and ultimately change—these perceptions, not merely supply information.

A the same time, our results imply that efforts to shifting perceptions of formal employment

will be less effective in reducing informal self-employment. The self-employed appear to have clear preferences for the intrinsic features of self-employment and for the amenities that tend to accompany it. Policies that work by correcting perceptions of formal employment may therefore do little to draw them into formal jobs if those jobs do not offer the same degree of control and flexibility that self-employed workers value. Notably, in most of our countries, the self-employed, rather than informal salaried workers, constitute the majority of informal employment.

Our paper contributes to a large literature that seeks to identify the drivers of informality and to measure the value workers place on formal employment. A long line of work has approached these questions through survey and observational evidence and through structural, model-based inference, debating whether informality primarily reflects exclusion from formal jobs or voluntary exit into informal arrangements (for surveys, see Maloney, 2004b; Perry et al., 2007b; La Porta and Shleifer, 2014; Ulyssea, 2020). Structural and equilibrium analyses, in particular, recover preferences and frictions from observed wages and worker transitions under assumptions about job ladders and labor market dynamics (e.g., Meghir et al., 2015; Ulyssea, 2018; Samaniego de la Parra and Sharma, 2025). A smaller but growing set of studies instead elicits preferences for formalitydirectly, using survey choice experiments: Mahmud et al. (2021) value a writtencontract and job stability among workers in Bangladesh; Duval-Hernández (2022) compares Mexican workers' valuations of formal employment to their belief about their ability to find a formal job; Felix et al. (2026) studies how residents of Brazil's favelas sort into informal wage work and self-employment on the basis of preferences over nonwage attributes; citetfranco estimate willingness to pay for formal health and retirement benefits among workers in Colombian micro-enterprises; and Fietz (2025) estimate workers' willingness to pay for formal employment in Brazil using a discrete choice experiment. These studies measure either the value of formality as a bundle or the value of particular benefits, but the two have proven difficult to reconcile, and estimates differ markedly across settings. Our contribution is to elicit both within a single design and sample and to show that valuations of formal employment cannot be reduced to valuations of the benefits tied to formality in principle. Rather, the correspondence between preferences for benefits and for formality as a

bundle hinges crucially on workers' perceptions of what formal employment delivers in practice, relative to its costs—a wedge our two-phase design is built to measure directly.

Methodologically, our paper builds on a literature that uses hypothetical discrete choice experiments to elicit workers' willingness to pay for nonwage job attributes (Mas and Pallais, 2017; Maestas et al., 2023; Wiswall and Zafar, 2018; Eriksson and Kristensen, 2014). These studies typically treat each offered attribute as delivered with certainty, so that the estimated willingness to pay reflects the value of the attribute itself. Many of the benefits that define formal employment, however, are realized only probabilistically: whether a worker actually obtains a pension, severance, or health coverage depends on eligibility rules, employer compliance, and the capacity of the state to enforce entitlements. Our contribution to this literature is to show that beliefs about the actual costs and returns to such attributes shape the preferences these experiments recover. By jointly eliciting benefit valuations, access beliefs, and tax perceptions within a single instrument, we can separate how much a worker values an attribute from how likely they believe they are to receive it—a distinction that reconciles otherwise puzzling gaps between stated valuations of a bundle and of its components. Our study is therefore related to Adrjan et al. (2026), which examines how workers form beliefs about amenity bundles based on information listed in job postings.

The remainder of the paper proceeds as follows. Section 2 describes our survey and experimental design. Section 3 presents descriptive analysis of working arrangements across the seven countries we survey. Section 4 present our main willingness-to-pay estimates from the two phases of the choice experiment. Section 5 examines how perceptions shape willingness-to-pay for formality as a bundle, and presents a formal framework that can largely account for the discrepancies in the estimates from the two parts of the choice experiment. Section 6 considers heterogeneity in preferences and implications for sorting and policy. Section 7 concludes.

2 Survey and Experimental Design

2.1 Sample Selection and Survey Administration

We fielded an original survey through the online panel provider Netquest in seven Latin American countries: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, and Peru. Netquest maintains opt-in panels in each country from which respondents are recruited and compensated through country-specific incentive schemes.[2] We targeted our survey to respondents aged 18+ and currently employed, where employment is defined as having performed at least one hour of paid work of any kind during the preceding month, including formal, informal, self-employed, freelance, or temporary work.

We implement two attention screeners, one preceding each phase of the discrete choice experiment (DCE). The first is an instructional manipulation check requiring selection of a prespecified response option; the second is a simple arithmetic verification. Respondents who fail either screener are dropped from the analytical sample. A third, non-excludable screener, a dominated option embedded in the benefit-belief elicitation table ("Do not select this option for any employment type"), provides an additional signal of response quality.

We targeted a sample size of 3,000 respondents per country, with the exception of Peru (2,000) and Ecuador (500)—this respondent pool included both participants in a large pilot survey in Colombia and smaller pilot surveys in the other countries. Final collection proceeded simultaneously across all seven countries in the first quarter of 2026. After excluding pilot participants, we have a final sample of 15,208 participants, which we describe in Table 1.

One potential limitation of Netquest's online panel is that is a non-probability sample and therefore may not be fully representative of the populations in each country. To improve representativeness along observable dimensions, we construct survey weights by calibrating the Netquest sample to the joint marginal distributions of sex, age group, and education level among employed

[2]Netquest is a major online panel provider with active panels across Latin America. Respondents completed the survey on their own devices.

individuals aged 18+ in each country's most recent wave of the SEDLAC harmonized household surveys (CEDLAS and World Bank, 2024) iterative proportional fitting. [3] Table 1 presents summary statistics for the sample with and without weights, and shows that the unweighted samples in each country tend to have higher educational attainment and be younger than the employed population in the SEDLAC. An important limitation of reweighting is that individuals who do not participate in online panels might potentially differ from panelists along other unobserved dimensions that correlate with employment preferences. Our estimates should therefore be interpreted as representative of the employed population reachable through online panels in each country, rather than of the full labor force.

2.2 Experimental Design

The survey proceeds in four stages. First, respondents report demographic characteristics, current employment arrangements, earnings, usual working hours, access to both public and private benefits (health insurance, pension enrollment, and related protections) and other characteristics. Second, half of respondents are randomly assigned to an informational treatment about the legal benefits of formal employment (Section **??**). Third, respondents complete the first phase of the discrete choice experiment, which elicits preferences over bundled employment packages (Section 2.3). Finally, respondents complete the second phase of the discrete choice experiment, which decomposes formality into its constituent benefit attributes (Section 2.3).

2.2.1 Measuring Baseline Earnings and Job Characteristics

At the beginning of the survey, respondents report their gross monthly labor income and usual weekly working hours. Workers who are unable to report gross earnings are allowed to instead provide their net monthly income instead, in which case we impute what their gross salary would

[3] Calibration is performed separately by country using iterative proportional fitting, or "raking" (Deming and Stephan, 1940). Raking iteratively adjusts respondent-level weights until the reweighted sample reproduces each target marginal distribution, without requiring that every cell in the cross-classification of raking variables be populated. This property is particularly important in our setting, where certain age $\times$ education cells, especially older and less-educated workers, are sparsely represented in the online panel. We winsorize weights at the 95th percentile in each country to avoid outlier weights generated by this procedure and re-normalize weights to add up to one.

be as a formal employee using country-specific tax schedules that account for mandatory income tax withholding and employee-side social contributions, including pension, health insurance, and other legally required deductions.[4] We ask several questions about the benefits individuals current have access to in their jobs and other means by which they have access to health insurance and retirement savings. Throughout the survey, questions about are tailored by country to refer to specific social insurance policies and other institutions particular to each setting.

2.2.2 Randomized Information Intervention and Belief Elicitation

Before eliciting preferences or beliefs about hypothetical work arrangements, we randomly assign respondents into two groups: a treatment group that gets additional information about the benefits that formal employees are entitled to in their country, and a control group that proceeds without any additional intervention.[5] The informational intervention consists of a single information screen describing the legal benefits and protections associated with formal employment. Treated respondents view a single screen presenting country-specific information on the legal entitlements associated with formal employment: pension contributions and retirement savings, health insurance, dismissal protections and severance, paid vacation, mandatory leave, and legally mandated bonuses (e.g., *aguinaldo*, *prima de servicios*). The content is tailored to each country's institutional context while maintaining a common informational structure. The full text of the information provisions we provided to each country are shown in Appendix Figure A.4.

On the same screen, treated respondents answer a set of belief elicitation questions in which they indicate, for each of benefits listed in the information card, whether they expect workers in each employment type (formal salaried, informal salaried, or self-employed) to have access to that benefit (see Appendix Figure A.4). We ask the same questions about perceived benefit access under alternative working arrangements to the respondents in the control group in order to assess

[4]Country-specific recovery schedules are documented in the online appendix.

[5]Random assignment was performed at the individual level, assigning respondents to treatment and control groups in a 1:1 ratio. Randomization was implemented automatically by the survey platform (Netquest). Allocation was stratified for each country by education level, employment status (formal and informal), gender, age, and socioeconomic status to ensure balance.

baseline beliefs and to test whether the information interventions had any impact on stated beliefs. For the control group, we ask these questions *after* the conclusion of the first phase of the choice experiment to ensure the control group is not primed to focus on particular benefits during the initial phase of the choice experiment (which mention formality but not specific benefits associated with formality).[6]

2.3 Discrete Choice Experiments

All survey respondents are then presented with a series of hypothetical jobs that they are asked to choose between. These questions are divided into two distinct phases, one in which formality is presented as a single job attribute among other characteristics and another in which the benefits associated with formality vary "a la carte."

In each phase of the Discrete choice experiment, respondents are presented with a series of ten pairs of choices that they must choose between. Rather than randomly generate choice pairs, which might present respondents with uninformative choice scenarios, we worked with the survey contract firm to generate 20 distinct sequences of job pairs using a D-efficient experimental design algorithm.[7] Each respondent is randomly assigned to one design version and completes all jobs choices within that version.

In both phases of the choice experiment, we report the *gross* pre-tax monthly pay for each job choice.[8] To make the job choices more realistic, we anchor gross pay amounts to respondents' actual pay gross monthly pay rates reported at the beginning of the survey.[9] Offered salaries deviate

[6]Since we present these questions to the treatment group on the same screen as the information itself, any effects on stated beliefs may be poor indicators of effects on *persistent* beliefs; it is possible respondents who answer in line with the provided information do not retain that information after moving on from the screen. However, After initial rounds of piloting that suggested that respondents were highly insensitive to information provision, we made the intentional decision to ask these questions on the same screen to test whether the information prompts would impact answers even under such favorable conditions.

[7]The survey contract firm, Netquest, uses the algorithm proposed by Kuhfeld (2010) to select 20 sequences of job pairs for each experiment phase in order maximize D-efficiency. The algorithm enumerates a candidate set of attribute profiles, draws an initial random design, computes the normalized D-efficiency criterion, iteratively swaps profiles via a Fedorov-type exchange procedure to improve efficiency, and retains the best design.

[8]We choose to report gross pay for two reasons: first, it is what is typically advertised in job listings, and second, we aim to obtain individual's willingness-to-pay for formal work *inclusive* of all trade-offs that differentiate formal and informal work.

[9]For all individuals who reported net pay rather than gross pay in the intake questions, anchor wages were set

from the respondent's baseline by -50%, -40%, ..., 0%, ..., $+40\%$, $+50\%$, in increments of 10 percentage points (11 levels), and are displayed in local currency.[10] To limit the number of job attributes responds need to consider, we hold the weekly hours fixed across all job scenarios using one of two rules: either 1) all jobs are 40 hours a week regardless of one's current working schedule (in which case pay is anchored to baseline gross earnings per hour times 40); or, 2) all job options are set the same usual working hours as the respondents' current job. To test for sensitivity to framing, we randomly assign half of respondents to have hours set following the first rule and half following the second rule. Crucially, total hours do not vary *between* the two jobs within any choice task, so that the wage attribute captures only the price per unit of labor time and choices are not confounded by an implicit labor supply margin.

The overall experimental design structure is common across countries; however, country-specific adaptations are implemented where necessary. In particular, salary ranges are adjusted to reflect local currencies and appropriate upper and lower bounds, and the definitions and labels of attributes are adapted to match country-specific institutional contexts.

Discrete Choice Experiment Phase 1 The first phase of the DCE elicits preferences over employment types as bundled packages. Each respondent completes ten binary choice tasks in which they choose between two hypothetical jobs varying along four dimensions that they are told are otherwise similar. An example job pair from the first phase is shown in Appendix Figure A.6. In addition to gross wages, jobs vary in the following dimensions:

- *Contract type.* Jobs are labeled as formal employment, informal salaried employment (working for a firm without a formal contract), or self-employment. The use of explicit labels allows us to capture the valuation of formality as a status, inclusive of any stigma, signaling, or administrative associations, beyond the specific benefit entitlements it confers.

- Schedule control/flexibility. Jobs have one of three values: the employer determines the

using their imputed gross wages based on prevailing tax rates. For respondents with informal jobs, this procedure may have inflated anchor wages relative respondents with informal jobs who reported base wages in gross terms but do not pay taxes.

[10]The symmetric $\pm 50\%$ range is wider than the $\pm 30\%$ used by Mas and Pallais (2017) in order to accommodate the larger expected willingness-to-pay for formality relative to the scheduling amenities studied in their design.

worker's schedule; the worker has partial control; or the worker has full control over scheduling.

- Control over how work is done/independence. Jobs have one of three values: low independence, in which the worker is told what to do, how, and when; moderate independence, in which the worker has some autonomy but also follows imposed routines; or high independence, in which the worker decides what tasks to perform, how, and when.[11]

At the end of the ten choices Phase 1, workers are presented an additional choice between two jobs that are identical in all attributes except whether the option a formal or informal salaried job (see Appendix Figure A.7).

Discrete Choice Experiment Phase 2 The second phase decomposes the bundled valuation of formality from Phase 1 into its constituent benefit components. Respondents again complete ten binary choice tasks, now choosing between two hypothetical jobs *offered by the same firm*, varying in gross salary (same deviation grid as Phase 1), a tax rate, and eligibility for each of five benefits associated with formal employment: access to a pension, dismissal protections, paid vacation and sick leave, a service bonus (*aguinaldo* or country-specific equivalent), and health insurance.[12] Tax rates take values of 0%, 10%, 20%, or 30% of gross salary; the corresponding after-tax salary is displayed alongside the gross amount. Benefit labels and institutional descriptions are adapted to each country's legal and regulatory framework while maintaining a common structure. Examples of hypothetical job pairs by country are shown in Appendix Figure A.8.

Two features of the Phase 2 design are worth mentioning. First, jobs are not labeled as formal or informal. Respondents evaluate benefit bundles and tax obligations without an explicit formality frame, which avoids conflating preferences over benefits with any stigma, social desirability, or signaling content embedded in the formal/informal label. Second, the non-benefit amenities from

[11]This attribute is designed to capture the autonomy dimension of job quality emphasized in the compensating differentials literature (e.g., Maestas et al., 2023), operationalized as decision authority over task execution rather than as physical isolation from coworkers.

[12]In Brazil, the health attribute refers to a formal-employment-specific health benefit rather than private health insurance, reflecting the universal public coverage provided by the *Sistema Único de Saúde* (SUS) regardless of formality status.

Phase 1, schedule control and work independence, are held constant at the respondent's own current job attributes across all Phase 2 choice tasks, so that variation in choices is driven entirely by benefit and compensation differences.

3 Descriptive Analysis of Working Arrangements Across Latin American Countries

Before analyzing the data from the hypothetical choice experience, we first document the prevalence and nature of informal work arrangements in our sample. A central challenge in measuring the incidence informal work is the lack of a single agreed-upon definition of formality. This section describes the classifications we use in our analysis and the characteristics of workers and jobs in each arrangement.

Our survey includes several questions that are informative about the formality of one's work arrangement. First, we directly ask all workers about their employment status in their main job. While specific choice options differ across countries based on prevalent institutions and terminology, we map all options to being salaried arrangements, self-employment arrangements, unpaid arrangements, and hybrid arrangements like independent contractors and "commisionistas" that blend self-employment with elements of formality. Second, we ask workers whether they are affiliated with social security pension and/or health benefits in their current job and whether they or an employer remits the contributions. Finally we ask whether taxes are withheld in their current job. The questions form the basis of our classifications. Finally, we explicitly ask workers if they are currently or have previously been in a job with a formal contract.

Our primary classification scheme divides workers into three main categories: informal salaried workers, informal salaried workers (who work under the table for a firm that may or may not be formally established), and self-employed workers. This classification follows a growing literature that documents that informality is prevalent in both salaried employment relationships and self-employment arrangements, though there are important differences between those two modal-

ities (Perry et al., 2007b; Ulyssea, 2018; Samaniego de la Parra and Fernández Bujanda, 2024). It is also the classification we employ in our hypothetical choice scenarios and belief elicitation. Our primary approach is to first use the employment status question to determine whether workers are salaried employees (inclusive of wage work) or self-employed, then to distinguish formal from informal salaried workers based on their social security coverage. However, there are several limitations to this approach. First, independent contractor and related arrangements blend elements of formal employment and informal self-employment, and so we set aside respondents with these arrangements as "unclear if self-employed." Second, there are sometimes inconsistencies that make it difficult to classify workers. To minimize inconsistencies, we do not use the explicit "formal contract" question in our main classification and hold it out as an alternative classifications. Nonetheless, some salaried workers report not being affiliated with social security but having taxes withheld (in which case we label them "salaried, unclear if formal") and some self-employed workers occasionally report that an employer withholds taxes (in which case we label them "unclear if self-employed"). Finally, we do not distinguish between formal and informal self-employment, and discuss all self-employment as a form of informality. In practice, a small minority self-employed workers are formal business owners or otherwise contribute to social security and may be better thought of as formal.

Table 2 describes the prevalence of these classifications in both the pooled sample and broken out by country. Across countries, we find that approximately half of respondents can be classified as being in salaried arrangements, 20–30 percent in self-employment arrangements, with the balance in arrangements that cannot be cleanly classified. When we further break down salaried employees into formal and informal workers, classify about 60 percent of salaried respondents as formal, 20 percent informal, and 10 percent unclear whether formal. The breakdown of salaried workers varies substantially across countries in our sample, in large part because the prevalence of hard-to-classify cases varies across countries. In Columns 5 and 6, we break down workers using the alternative question that explicitly asks about having a formal contract (which is answered by all respondents) and find distributions of responses that are consistent with the baseline method.

Overall, 67 percent of respondents in our sample are classified in one of the three categories, of whom 46 percent are formal, 37 percent are self-employed and 17 percent of whom are informal salaried. While these estimates are in the ballpark of estimates from national surveys, we note that the goal of the survey is not to precisely measure the prevalence of informality, but rather to characterize our participants in order to assess systematic heterogeneity in beliefs and preferences across groups. Accordingly, in subgroup analyses, we take a conservative approach and focus primarily on the subsets of respondents who we can classify with the highest confidence.

To shed further light on the types of workers in each arrangement, Table 3 tabulated the relative prevalence of each classification among demographic subgroups. Several patterns stand out. First, the share of salaried workers who are informal is much higher among women than among men. Second, and potentially related, formal salaried work is notably more prevalent among full-time workers than among part-time workers. Formal salaried work is relatively rare among part-time workers, who are unambiguously more likely to working informally. Third, workers with lower educational attainment are more likely to be both informal salaried workers and self-employed workers. Finally, we find that older workers are less likely to work in informal salaried arrangements but more likely to be self-employed.

We also examine the nature of jobs in each arrangement in Table4. Consistent with a large literature on formality pay premiums, we find that informal salaried respondents earn about 25 percent less per hour in gross salary than formal salaried workers in our sample (not adjusting for individual characteristics). Hourly pay for self-employed workers falls between that of formal and informal salaried workers. Consistent with Table 3, self-employed and informal salaried workers in our sample also work 20 percent fewer hours per week compared to formal salaried workers. However, when asked, informal workers are more likely to say they have control over when they work than formal salaried workers. While informal salaried workers are only slightly more likely to have control over their schedule compared to formal salaried workers (33 versus 22 percent), the same figure is vastly higher among the self-employed (74 percent). Further, while both formal and informal salaried workers are equally likely to say they have control over how they do their work

(45 and 47 percent, respectively), the prevalence is much higher among self-employed workers, 79 percent of whom report having this type of independence in their work.

4 Willingness-to-Pay Estimates

4.1 Model Specification and Estimation Approach

In order to estimate willingness to pay for job attributes using the choice data generated by the choice scenarios presented in the survey experiment, we adopt a random utility framework following a long tradition in literature on choice experiments (McFadden, 1974; Breidert et al., 2006; Train, 2009; Maestas et al., 2023; Mas and Pallais, 2017). Specifically, we assume that the indirect utility obtained from each job choice can be represented by the following linear specification:

$$V_{ijtp} = \alpha_p + A'_{ijtp}\beta_{ip} + \delta_i \ln(w_{ijt}) + \sigma_p \varepsilon_{ijtp}, \tag{1}$$

where V_{ijtp} is the utility experienced by individual i by choosing alternative $j \in \{1, 2\}$ in choice task $t \in [1, 10]$ in phase $p \in \{1, 2\}$, A_{ijtp} is a vector of job attributes (potentially including employment type and amenities), the elements of which vary across phases, and w_{ijt} is the pay amount shown for the job. We follow the standard logit model and assume the idiosyncratic errors ε_{ijt} are independent and identically distributed following the type-I extreme value distribution with a scale parameter σ_p governing the error variance, which may differ across the two phases of the experiment p.[13]

The vector of amenities differs across the two phases of the choice experiment. In the first phase, the vector includes indicators for whether the job is a formal salaried arrangement, whether the job is a self-employment arrangement, whether the job offers independence, and whether the

[13]Choice behavior is invariant to the scale of utility, thus the variance of the logit error term must be normalized for estimation. Logit estimation procedures use a standard normalization of the error variance; however, for any given utility scale, the error variance may differ across choice settings with different features sets shift. As highlighted by Swait and Louviere (1993), individual coefficients are therefore not comparable across different settings, even if agents place similar value on an amenity/feature in all settings; however the relative magnitudes of coefficients should be constant across settings. We model this explicitly to make this point salient when comparing estimates from the two choice experiments.

job offers schedule flexibility; we omit an indicator for informal salaried arrangements to make this the reference category for valuations of formal and self-employment work. In the second phase, we include indicators for the five benefit categories as well as the logged net of tax rate $\ln(1-\tau)$ in the amenity vector.

In both phases, we model *pre-tax gross wages* w_{ijt} as entering directly into the utility function. This deserves explanation, since it is arguably more natural assume that individuals ultimately care about their *consumption*, which depends on net wages $w_{ijt}(1-\tau_j)$, where τ_j is the average tax rate on job j, rather than gross income. Our specification assumes actual choice behavior can be well-approximated by a model in which individuals pay attention only to posted gross wages that enter log-linearly into utility. This assumption is benign if the tax rate τ_j is constant, since $\delta_i \ln(w_{ijt}(1-\tau)) = \delta_i \ln(w_{ijt}) + \delta_i \ln(1-\tau)$, where the second term is invariant across jobs.[14] However, a key implication of this modeling decision is that when different work arrangements differ in their tax treatment of earnings τ_j, this treatment is reflected in the coefficients on the work arrangement indicators. In particular, when comparing formal work arrangements subject to tax rate τ to informal arrangements in which individuals do not pay taxes, the coefficient on the formal work indicator incorporates the burden of taxes $\delta_i \ln(1-\tau)$ (which is negative). We return to these considerations and examine them in depth in the next section.

Given this specification, the probability that respondent i chooses alternative 1 in task t is:

$$P_{ijt} = \frac{\exp\left[(A'_{i1tp} - A'_{i2tp})\beta^*_{ip} + \delta^*_{ip}(\ln(w_{i1tp}) - \ln(w_{i2tp})\right]}{1 + \exp\left[(A'_{i1tp} - A'_{i2tp})\beta^*_{ip} + \delta^*_{ip}(\ln(w_{i1tp}) - \ln(w_{i2tp})\right]}. \tag{2}$$

In this equation, $\beta^*_{ip} = \beta_{ip}/\sigma_p$ and $\delta^*_{ip} = \delta_i/\sigma_p$ are normalized coefficients, as the scale parameter is not separately identified from β_p and σ_p.[15] We estimate the above model separately for

[14] In practice, individuals may not behave as if a additional dollar in taxation is equivalent to a dollar less in net earnings depending on attitudes towards taxation, compliance costs, or other considerations. In the second phase of the DCE, we explicitly test whether individuals respond differently to variation in the log net of tax rate than to variation in the log gross wage.

[15] While the components of the amenity and β_{ip} are allowed to vary across phases, we assume that the marginal utility of any specific amenity a, β_{ia}, is invariant to the other amenities included in the vector and therefore constant across phases. However, we do not assume that the variance of residual idiosyncratic tastes is the same across phases σ_p, and therefore the normalized estimand β^*_{iap} is allowed to differ across phases in practice.

each phase of the choice experiment using standard logit regressions (in which case the preference parameters β_{ip} and δ_i are assumed to be constant within specified subgroups) as well as mixed logit estimation that allows coefficients to vary across individuals following a parametric distribution. For the results in this section, we pool respondents in both the information treatment and control groups; in the next section we show that the information intervention has no significant impact on choice behavior. In all cases, we cluster standard errors at the respondent (individual) level to account for repeated choices made by the same individual across multiple choice tasks in the discrete choice experiments.

We follow Maestas et al. (2023) in defining the WTP for amenity a is as the reduction in gross wages that makes respondent indifferent to obtaining amenity a:

$$\delta_i \ln(w_i) \;=\; \beta_{ia} + \delta_i \ln\left(w_i - WTP_{ia}\right) \tag{3}$$

Under the log-wage specification, the implied WTP expressed as a percentage of the baseline wage is:

$$\frac{WTP_{ia}}{w_i} \;=\; 1 - \exp\left(-\frac{\beta_{ia}}{\delta_i}\right) = 1 - \exp\left(-\frac{\beta^*_{iap}}{\delta^*_{ip}}\right), \tag{4}$$

where β_{ia} is the structural coefficient on amenity a and β^*_{iap} is the normalized coefficient we estimate in practice. This converts the relative coefficient magnitudes into an equivalent percent wage change.

4.2 First Phase: Preferences for Formality as a Bundle

We present WTP estimates from the first phase of the choice experiment in Figure 3. The figure plots estimates of willingness to pay for formal salaried employment (relative to informal salaried employment), self-employment (relative to informal salaried employment), schedule flexibility, and independence in one's work. We present estimates obtained from the full sample, as well as from models estimated on specific demographic or country subgroups.

Panel A shows that, in the pooled sample, respondents value formality. Specifically, they are willing to forgo approximately 18.1 percent of gross salary to be hired as a formal salaried worker rather than an informal salaried worker. We also find that respondents value self-employment relative to informal salaried work, but less than they value a formal salaried job—we estimate a willingness-to-pay of approximately 6.7 percent for self-employment, implying that workers would give up an additional 11 percent of pay to be formally employed rather than self-employed. As a point of comparison, we estimate that respondents would give up 9.6 percent of pay to have a job with schedule flexibility and 14.4 percent of pay for independence.

We find largely similar valuations of formal work across the Latin American countries covered in our respondent samples. In each of Argentina, Chile, Colombia, and Peru, the willingness to pay for a formal salaried job relative to an informal salaried job is 20 percent; the WTP is below 15 percent in Brazil and Mexico and closer to 30 percent (but imprecisely estimated) in Ecuador. Likewise, the WTP for self-employment relative to salaried informal work is consistently about 6 to 7 percent across countries. In almost all cases, there is a consistent ranking of amenities, with the highest WTP for formal employment, the next-highest WTP for independence, followed by schedule flexibility and self-employment (the imprecise estimates in Ecuador are the one exception).

Panel B of Figure 3 examines systematic heterogeneity in preferences across subgroups, pooling the samples from all countries. Perhaps unsurprisingly, the group of respondents with the highest valuations of formal work are those we categorize as being currently in a formal salaried work arrangement, who would give up approximately 22.5 percent of pay for a formal salaried job instead of an informal salaried job, and who would only give up 6.1 percent of pay to be self-employed rather than informal salaried. Respondents who we code as currently in informal salaried jobs have notably lower valuations for formality with WTPs of 15.5 percent of pay, and a 7.7 percent WTP for self-employment. Respondents who are currently self-employed have the lowest valuations for formal salaried work arrangements relative to informal work arrangements—about 10.4 percent—which is positive but close to a third of the WTP of formal employees. Currently self-

employed respondents also have higher valuations of self-employment relative to informal salaried work, with a WTP of 8.9 percent. Strikingly, these estimates imply that self-employed workers are nearly *indifferent* between self-employment and formal salaried work. While respondents who are currently either formal or informal salaried works have similar valuations of flexibility and independence as one another, self-employed respondents have much higher WTPs for these attributes that are roughly twice the magnitude of their formally-employed counterparts.

Looking across other demographic categories, we observe the largest differences in WTPs for formality across respondents with different levels of educational attainment, with more-educated respondents (who are most likely to be formal themselves) placing the higher value on formal work arrangements. We find no systematic difference in WTPs for formality or self-employment between male and female respondents, though women value flexibility and independence more than men. We likewise find no significant difference in WTPs for formal versus informal salaried work between full-time and part-time workers, though part-time workers have higher values of self-employment and markedly higher values of schedule flexibility. We find that women with children in the household have slightly smaller WTPs for formal employment than those without.

A key question is what drives these differences in WTPs for "formality". To that end, we examine preferences for specific benefits associated with formality in the following sub-section and compare those to perceptions of costs access to benefits in the following section.

4.3 Second Phase: Preferences for Attributes of Formality

Figure 4 presents WTP estimates from the second phase of the choice experiment, which presents key benefits associated with formality on an "a la carte" basis rather than classifying jobs as formal or informal. In this phase, we explicitly separate the benefits from the tax burdens in each job choice, so the WTP for benefits should in principle reflect only the valuation of access to the benefit itself. In practice, we find that the coefficients on log gross income and the log net of tax rate are almost identical (resulting in a WTP of approximately zero), implying that respondents care about their net-of-tax earnings and without additional preferences over their tax rate *per se*.

Strikingly, we find that respondents value *each* of the individual benefits associated with formality roughly as much—and often significantly more—than they valued formality as a bundle. In the pooled analysis, individuals are willing to give up approximately 17.4 percent of pay to get pension contributions, 21.8 percent of pay for formal dismissal protections, 22.9 percent of pay for legally-mandated paid leave, 25 percent of pay for legally-required bonuses, and 33 percent of pay for health insurance. Panel A shows that these valuations are qualitatively similar across countries.

Another surprising result, shown in Panel B of Figure 4 is that respondents who are self-employed or in informal salaried jobs value each of the individual benefits by at least as much as formally-employed respondents. This is in sharp contrast to the results in the first phase, where we found that self-employed and informal workers had significantly lower willingness to pay for formal work arrangements. Similarly, whereas more-educated respondents valued formality the most in the first phase of the choice experiment, they appear to value employment protections the least. We also observe slightly higher valuations of all benefits among women relative to men, though both valued formality similarly in the first phase.

4.4 Potential Threats to Identification

A key question is why the estimated valuations of these benefits in phase two are so large, particularly in comparison to the estimates in the first phase. We discuss whether the estimates from the two phases can be reconciled in the next section; however, it is worth first considering whether the estimates we obtain are plausible. Although our intention was to capture respondents' private willingness to pay for each benefit in isolation, there are several reasons the estimated WTPs might be biased relative to the true underlying preference parameters.

A salient concern in our setting is that, despite our instructions, participants may not consider all unlisted features of jobs to be the same across scenarios. Dafoe et al. (2018) highlight the potential threat of such "information equivalence" failures, while recent work by Adrjan et al. (2026) show that such concerns may be first-order in job choice settings. In a sense, these considerations are baked into our first choice experiment by design—our intention is that estimated valuations of

formal employment and self-employment relative to informal salaried work should be considered to reflect whatever bundles of attributes participants associate with those phrases. Nonetheless, we do attempt to separate workers' valuation of control over their schedules and how they do their work from the value of formality *per se* by explicitly including those attributes in the job descriptions and controlling for them in our analysis. It is possible that, despite our attempts to control for these attributes, respondents nonetheless believe informal work arrangements allow for flexibility and control on some residual dimension, particularly in the case of self-employment.[16] We present a framework that formalizes these considerations when interpreting the estimated valuations of work arrangements as bundles.

Information equivalence violations are also potentially a threat to estimating valuations of individual benefits in the second phase of the choice experiment, where large estimated valuations may reflect perceptions that those benefits signal access to other workplace features and amenities. While we explicitly specify access to each of the five included benefit types and tax rates, there may be unspecified aspects of jobs that may be perceived to differ depending on which of the included features the job has. There is reason to think this may occur in our setting: as in Adrjan et al. (2026), one of our benefits—the service bonus equal to one months' salary—has a cash value (1/12 of pay) that is far less than the estimate WTP (over 1/5 of pay). Another possibility is that because the second-phase choice experiment asks respondents to consider hypothetical combinations of government-sponsored benefits, valuations could potential reflect respondents social preferences over what benefits the government *should* provide *as a policy*, above and beyond their own access to the benefit.

5 Understanding Valuations of Formal Work: Preferences versus Beliefs

Taken at face value, the results from the two phases of the choice experiment appear to tell conflicting stories about worker's valuation of formal jobs, with individuals valuing the component

[16] Open-ended responses suggest that some respondents do systematically associate formal jobs with rigid schedules and less independence even when told formal and informal jobs are the same in that regard.

benefits of formal employment much more highly than formality itself. However, these findings need not be mutually inconsistent. If respondents do not perceive formal employment as necessary or sufficient to obtain the benefits we ask about in the second phase, then returns to formal employment will be less than the willingness to pay for those benefits. Moreover, respondents may associate formal employment with costs and drawbacks including, but not limited to, the taxes one has to pay on formal earnings.

In this section, we examine whether respondents beliefs about the expected costs and returns to formal employment can feasibly reconcile the two sets of estimates. We first present a framework to formalize the correspondence between the two choice experiments. We then analyze respondents stated beliefs about the nature of formal and informal work arrangements and test whether these beliefs respond to new information. We then draw on this information to directly test whether the estimates from the two choice experiment phases are mutually consistent.

5.1 Conceptual Framework

We continue to assume preferences take the linear form in Equation 1 from the previous section, and focus on a general choice by individuals i over job choices j that vary in their net of tax wages $\ln(w_j)$ and their amenities. We now explicitly distinguish job amenities that are explicitly listed in the job posting but not inherently tied to formality (such as schedule flexibility and independence, which we denote by $A_j = (A_{1j}, ..., A_{lj}, ...A_{Lj})$, amenities or benefits that are not listed directly but are generally tied to formality (such as employment protections), which we denote by $X_j = (X_{1j}, ..., X_{kj}, ..., X_{Kj})$, and an additional unobserved amenity with utility ω_{ij}. We additionally denote whether a job is formal or not with indicator F_j. Formal jobs are subject to a tax rate τ_j, while we assume workers do not pay taxes if self-employed ($\tau_j = 0$). For simplicity, we focus on the comparison between a formal salaried job and an informal salaried job, though this is without loss of generality.

The underlying indirect utility of job j is then

$$V_{ij} = A_j'\beta_i + X_j'\gamma_i + \delta_i \ln(w_j(1-\tau_j)) + \omega_{ij} + \sigma\epsilon_{ij}$$

where preferences over jobs also vary following a purely idiosyncratic error ϵ_{ij} term, which we continue to assume is distributed type I extreme value with variance parameterized by σ. Formally, the central identifying assumption in our choice experiments is that ω_{ij} is uncorrelated with the amenities A_j and X_j that are specified in the job choice scenarios.

We now consider the case where workers observe whether or not a job is formal, but have some uncertainty whether formal job will actually provide each benefit in X_j. Workers may have doubts they will actually receive benefits they are entitled to, for example due to concerns that they will be disqualified for some reason or that the government may fail provide protections and benefits due limited state capacity. Workers may also believe that there is a chance they will be able to get access to some of the benefits in X_j when informally employed, for example through back channels or through informal provision. For each benefit k, we let p_{ik}^F denote i's subjective probability that they will actually obtain benefit k if formal and p_{ik}^I be the corresponding subjective probability they will obtain k despite being informal. We let $\Delta p_{ik}^F \equiv p_{ik}^F - p_{ik}^I$ denote respondent i's perceived increase in the probability of obtaining benefit k from choosing a formal rather than an informal job. We also allow the perceived tax rate on formal earnings τ_i to potentially vary from the true burden.

While we assume that the amenity vector A_j for each job is known with certainty (consistent with our choice experiment) workers may expect formal and informal jobs to systematically differ in ex-ante unobservable working conditions or other aspects that are not intrinsically tied to laws and regulations that apply to formal employment. We let $\omega^F \equiv E[\omega_{ij}|F_j = 1]$ and $\omega^I \equiv E[\omega_{ij}|F_j = 0]$ denote the expected utility from unobservable attributes in formal and informal jobs, respectively, and $\Delta\omega_i$ refer to the utility advantage of informal employment conditional on X_j and A_j. We assume that the Type-I extreme value distributed idiosyncratic component ϵ_{ij} is a pure random term that independent of formality or any of the other specified attributes.

For two jobs with the same A_j and gross wage w_j the expected value to i of choosing a formal

job relative to an informal job is then given by:

$$\begin{aligned}\phi_i &= E[V_{ij}|F_j = 1, A_j, w_j] - E[V_{ij}|F_j = 0, A_j, w_j] \\ &= \sum_{k=1}^{K} \gamma_{ik} \Delta p_{ik}^F + \delta_i \ln(1 - \tau_i) + \Delta\omega_i \end{aligned} \tag{5}$$

It is useful to normalize all coefficients by the marginal utility of consumption δ_i to obtain a quasi-willingness to pay for formality (the reduction in *log* income one would accept to obtain a formal job)

$$\frac{\phi_i}{\delta_i} = \underbrace{\sum_{k=1}^{K} \frac{\gamma_{ik}}{\delta_i} \Delta p_{ik}^F}_{\text{Benefit Access}} + \underbrace{\ln(1 - \tau_i)}_{\text{Tax Beliefs}} + \underbrace{\tilde{\omega}_i}_{\text{Residual}} \tag{6}$$

Equation 6 shows that the willingness to pay for formality depends, first, on the willingness to pay for the *increased likelihood* of obtaining the benefits in X_j, second, on the percieved tax burden imposed by formality (negatively, since $\ln(1 - \tau_i) < 0$ for $\tau_i \in (0, 1)$, and finally on the relative benefit arising from omitted attributes $\tilde{\omega}_i \equiv \Delta\omega_i/\delta_i$ (which may be either positive or negative).

Importantly, all of the objects in Equation 6 correspond to objects we can estimate in the data. First, note that the utility in the first phase of the choice experiment can be written as

$$V_{ij} = A_j'\beta_i + \phi_i F_j + \delta_i \ln(w_j) + \sigma_1 \epsilon_{ij}$$

Here, we allow the variance of the error term parametrized by σ_1 to vary in practice across empirical choice settings. Thus, the empirical estimands from the first phase are the coefficient on formality $\phi_{i,1}^* \equiv \phi_i/\sigma_1$ and on log wages $\delta_{i,1}^* \equiv \delta_i/\sigma_1$. However, the *ratio* of these estimands recovers the ratio of the underlying utility parameters on the left-hand side of Equation 6, since the scale parameters cancel out, $\phi_{1,i}^*/\delta_{i,1}^* = \phi_i/\delta_i$. Likewise, the utility in the second phase of the choice experiment can be written:

$$V_{ij} = A_j'\beta_i + X_j'\gamma_i + \delta_i \ln(w_j) + \delta_i \ln(1-\tau_i) + \sigma_2 \epsilon_{ij}$$

The empirical estimands from the second phase are the coefficient on the benefits $\gamma^*_{ik,2} \equiv \gamma_{ik,2}/\sigma_2$ and the coefficient on log wages $\delta^*_{i,2} \equiv \delta_i/\sigma_2$. These, in turn, allow one to estimate the ratios $\gamma_{ik}/\delta_i = \gamma^*_{ik,2}/\delta^*_{i,2}$, which are on the right hand side of Equation 6.[17]

To evaluate whether Equation 6 holds in practice, one also needs estimates of the perceived likelihood of accessing benefits under alternative work arrangements p^F_{ik}, p^I_{ik} and the perceived tax rate τ_i. Our survey was designed to elicit these perceptions, as we discuss next.

5.2 Evidence on Perceptions of Benefits and Taxes

In our survey, we directly ask respondents whether they expect they would have access to each of five benefits (the same ones presented in the second phase of choice experiment) if they were employed in a formal salaried job, employed in an informal salaried job, or self-employed, respectively. For the information intervention group, these questions are asked before both phases of the choice experiment on the same page as the information prompt—which explicitly states that formal employees are entitled to all five benefits. The control group is asked these questions between after the first phase but before preferences are elicited for those five benefits in the second phase.

Three findings from the responses stand out. First, the results in Table 5 show that a considerable share of respondents say that they do not expect to receive many types of benefits if employed in a formal job—even among the group explicitly told that formal jobs carry these benefits *on the same page*. For each benefit, over a quarter of respondents say they do not expect that benefit if formal; close to half believe they will not have dismissal protections. At the same time, a significant share of respondents say they expect to have access to many of the benefits even if informally employed or if self-employed. Only about a quarter of respondents say they will not get any ben-

[17] In the second phase, we allow gross wages and tax rates to vary independently, thus the coefficients on log wages and the log net-of-tax rate are allowed to differ from one another in our estimation process. In practice, we find the coefficients are nearly identical, consistent the model where individuals only care about their net-of-tax earnings. We only vary A_j across jobs in the first phase of the choice experiment, so do not separately obtain estimates of β_i from the second phase.

efits if working in such arrangements. These results are not driven by any particular country—in Appendix Table A.1 we show that results are highly consistent across settings.

Second, we find that our information intervention had little to no impact on respondents' stated beliefs. The results in Table 5 show that the treatment group, who were explicitly informed that formal workers were entitled to all of the five benefits we asked about, were not significantly more likely to say they expected to receive any of those benefits if hired as a formal employee relative to the control group. In some cases the treatment group was slightly *less* likely to say they expected to receive benefits in all work arrangements than the control group, though these differences are small. In Appendix Table A.4, we find this is true even among respondents who are currently self-employed or in informal salaried jobs, who one might expect to be the most responsive to information. In Figure 5 we additionally test whether providing information systematically shifted the WTP for formality in the treatment group relative to the control groups. We find no evidence that the information intervention shifted WTPs in any country or any subgroup. Thus, our intervention does not appear to have affected respondents' perceptions of the returns to formality. This suggests that respondents' beliefs about formality are deeply held and not easy to shift with simple information prompts.

Third, perceptions of benefit access across work arrangements differ sharply between respondents who are currently formal salaried employees and those who are informally- or self-employed. Figure 1 shows that formally-employed respondents are more likely to believe that formal employment improves access to benefits relative to informal arrangements (higher Δp_{ik}^{F} in the terminology of our framework). In particular, while a large majority of formal employees say they expect formal workers to get each of the five benefits, respondents who are currently self-employed or otherwise informal are more skeptical they would have access to those benefits if formal. In most cases, only half of respondents in the latter group say they would expect to have access to those benefits if formal, and about ten percent think that formal workers get *none* of the five benefits. By contrast, these groups of respondents largely agree with one another in their perceptions of benefit access in informal and self-employment arrangements, with most respondents of all types believing informal

and self-employed workers have access to at least some benefits.

A natural question is whether or not respondent's beliefs, which appear to be deeply-held, are accurate. In analyses of the drivers of informality, it is common to assume that formal workers have access to all the benefits to which they are entitled and that informal workers have access to none. However, many benefits may be obscure, complex to access, subject to technical qualifications, or otherwise provided inconsistently. For instance, while formal jobs may offer access to public pension programs, such benefits may require paying in for a large number of years that workers believe they cannot attain. On the other hand, informal workers may have access to some kinds of benefits or to other public programs and informal programs they view as equivalent to the benefits available to formal workers. We can partially assess whether respondents' stated beliefs reflect their own personal experiences based on their answers about their own benefit access at the start of the survey, summarized in Figure 2 and broken out in detail by country and benefit in Appendix Table A.2. We find that, for each of the five benefit types, a sizable minority of formal workers report not receiving those benefits in their current jobs and roughly consistent with the stated beliefs in 1. Likewise, a non-trivial share of informal salaried workers report getting access to health insurance, paid leave, bonuses, and even dismissal protection and pension contributions, though this is less common among self-employed workers. Thus, respondents' stated beliefs appear to be largely consistent with their perceptions of their own experiences.

Finally, we directly elicit perceptions about the tax burden on formal jobs (τ_i) for all respondents prior to both phases of the choice experiment. We report average perceived tax rates by country and respondent work arrangement in Table 6 as well as kernel density plots of the full distribution of respondents. We find that informal and self-employed workers systematically believe the tax burden on formality is higher than is perceived by formal workers themselves, even though the formal workers in our sample tend to be higher-income than informal workers and would likely face higher tax rates in practice. This adds another channel that may lead to lower valuations for formality among informal and self-employed workers.

5.3 Reconciling the Two Choice Experiments

With both preference estimates and belief elicitations on hand, we can use Equation 6 in our framework to understand what drives valuations of formality among our respondents. To that end, Figure 6 compares the WTP for formality in our first choice experiment to three potential WTPs for formality implied by our framework and our other estimates. First, we calculate the implied WTP for formal work implied by our estimates in the second phase of the choice experiment under the simple assumption that workers get all five benefits for sure if formal and not otherwise $WTP_i^1 = 1 - \exp\Big(-\sum_{k=1}^{K} \gamma_{ik}/\delta_i\Big)$ using our estimates from the second phase of the choice experiment. Second, we calculate the implied WTP under the assumption that the value of formality comes from the expected gain in access to the five benefits with no attention to taxation: $WTP_i^2 = 1 - \exp\Big(-\sum_{k=1}^{K} \Delta p_{ik}^F \times \gamma_{ik}/\delta_i\Big)$. For this exercise, we estimate Δp_{ik}^F based on the mean response of individuals i in a specified subgroup. Third, we calculate the WTP implied by the right-hand-side of Equation 6 (which additionally takes the tax burden on formal work into account) under the assumption that $\tilde{\omega}_i = 0$, i.e. there are no omitted variables that drive systematically different valuations of formal versus informal work: $WTP_i^3 = 1 - (1 - \tau_i) \exp\Big(-\sum_{k=1}^{K} \Delta p_{ik}^F \times \gamma_{ik}/\delta_i\Big)$. Finally, we estimate the willingness to pay for the unobserved amenity implied by Equation 6 $1 - \exp(-\tilde{\omega}_i)$. We estimate all parameters jointly using seemingly unrelated regression in order to explicitly test whether one can reject that WTP_i^3 is equal to the WTP for formality in the first phase of the choice experiment.

Focusing first on the comparison of formal and informal salaried work in Panel A, we find that the valuations of formal work in the first phase of the choice experiment are actually largely consistent with respondents' beliefs and preferences over the underlying benefits. While it is true that the combined WTP for the five benefits in the second phase is immense relative to the WTP for formality in the first phase—workers are willing to give up 70–80 percent of pay, over four times the magnitude of the first-phase WTP for formality—the implied WTP falls by roughly half once one accounts for beliefs that informal employees might access benefits while some formal employees might not. Once one additionally accounts for the perceived tax burden, the resulting

estimate of WTP^3 is 22.4 percent, which is close to the 18.1 percent WTP estimate for formality in the first phase and we cannot reject equality of the two estimates at the 5% level (p=.065). Taken at face value, the -4.3 percent WTP for the unobserved amenity implies that the unobserved *costs* of formality above and beyond the specified tax rate exceed any unobserved benefits of formal employment, though we cannot reject that this residual WTP is zero. We find qualitatively similar results for each individual country.

These results provide evidence that the lower valuation of formal work among informal salaried workers relative to formal salaried workers reflects differences in *beliefs* about the costs and benefits of formality rather than differences in valuations of the underlying benefits. The results in Figure 6, Panel A confirm that informal salaried workers have a WTP for the benefits in phase 2 that is 9 percentage points *higher* than formal workers in our sample, even though their phase 1 WTP for formality is 7 percentage points lower. However, pessimistic beliefs about the returns to formality and higher perceived costs drive informal salaried workers' implied valuation of formality 14 percentage points below that of formal workers. Although the error bands around each point estimate are wide, differences in perceptions of costs and benefits of formal work can quantitatively account for the heterogeneity in WTPs in the first phase.

When we examine comparisons of formal salaried work and self-employment in Panel B of Figure 6, we find that perceptions of costs and benefits can explain most, but not all of the discrepancy between the WTPs in the first and second phases. However, even after accounting for beliefs, we find an implied WTP for formality for the pooled sample of 26 percent, which is well above the 12.3 percent WTP for formal salaried employment versus self-employment from DCE 1. These estimates imply that workers perceive there to be an unobserved *disamentiy* to formal work relative to self-employment reflected in the ω_i term that they would give up approximately 15 percent of pay to avoid.

This finding suggests that, although we explicitly stated the degree of control of hours and over how one does their work in each hypothetical job alternative, respondents nonetheless perceive self-employment arrangements to offer additional advantages above and beyond the flexibility and

independence detailed in the job descriptions provided in the first phase of the choice experiment. This could include the value of not having a boss to report to, the value of controlling where one works, or other dimensions of control not captured well by our job specifications. Notably, while this residual valuation of self-employment is similar for both formal and informal salaried respondents (about 15 percent of pay), it is higher for self-employed respondents (about 22 percent of pay). This is similar to the pattern we observe in WTPs for flexibility and independence, which are valued more by self-employed respondents than by those who are salaried workers. These results imply that workers may be drawn to informal self-employment due to preferences that are not related to informality *per se* and go beyond the trade-offs that drive attitudes towards formal and informal salaried arrangements.

6 Sorting and Implications for Policy

Our results highlight a potential reason why informality may persist across countries: while all workers value formal employment on net, we find that currently informal and self-employed workers value formality less than workers who are currently employed in formal jobs. This could lead to self-selection of workers into informal arrangements if formality is priced into wages as an equilibrium compensating differential. In particular, if compliance with formal employment rules is costly to firms above and beyond the taxes imposed on individuals, individuals might have to accept *lower* gross pay to work in otherwise-equivalent formal jobs, which might in turn lead workers with lower valuations to choose to forgo formal employment. In this section, we examine the role that sorting may play in reinforcing dual labor markets and the implications for inequality and policy.

6.1 Sorting into Informal Salaried Arrangements

We first consider the scope for sorting into informal salaried work arrangements. We find that currently informal salaried respondents have a WTP of 15.5 percent for formal versus informal salaried jobs, which is less than the 22.5 percent valuation among formal workers. However,

we found that informal salaried respondents value the *benefits* of formality at least as much as their formally-employed counterparts but were more pessimistic that they would access to those benefits in a formal job. If workers focus on the total expected *net* return to formal employment when choosing jobs, those beliefs could potentially result in sorting away from formal jobs.

The policy implications of this type of sorting hinge crucially on whether or not informal workers' beliefs are accurate. One possibility is that many informal workers make systematic errors in assessing the returns to formality due to low awareness of the benefits they would have access to if formal or are excessively pessimistic about whether their employers and the government would actually provide the benefits they would be entitled to in a formal job. In that case, some workers who self-select into informality might be better off if their beliefs were corrected, or even if they required to work in formal jobs despite their incorrect beliefs. Our study found no evidence that providing respondents with information reduced their pessimism about formal workers' benefit access. Nonetheless, it is possible that individuals have strongly-held beliefs that cannot easily be shifted by unfamiliar parties.

However, it is also important to take seriously the possibility that workers who are currently working in informal salaried arrangements are rightly concerned about their access to benefits they would receive if they moved in to formal employment. Even if these individuals understand that currently-formal workers have access to many benefits, there may be reason to doubt whether they themselves would have access to the same benefits if they became formal. As shown in Tables 3 and 4 respondents in informal salaried work arrangements are more likely to be working part-time and be from less-advantaged backgrounds (as indicated by lower educational attainment). These workers on the economic periphery may have valid concerns that the system will not work as well for them, or that they may not qualify for some benefits because they will not plausibly meet minimum work history requirements or other eligibility criteria. If formal employment is less likely to deliver benefits for peripheral workers, they may rationally self-select out of formal employment.

Even taking the heterogeneity in WTP estimates for formal employment at face value, sort-

ing on preferences does little to offset the pay gap between formal and informal salaried workers. Importantly, both formal and informal workers alike have positive net valuations of formal work relative to informal salaried work, even after accounting for the tax burden on formal work. Once one takes into account each type of worker's willingness to pay for formal employment, Appendix Figure A.2 shows that "real" pay inequality is actually *more* pronounced than suggested by the gross pay gap. Moreover, Table 4 shows that informal salaried arrangements offer no more flexibility or control over work than formal salaried jobs, so accounting for those amenities does not change the picture.

In sum, our evidence suggests that most informal salaried workers would prefer to be formal employees if they could do so while earning the same gross wage. However, if it is costly for firms to comply with labor legislation, firms may not be willing to hire those workers—many of whom have relatively low skill levels—in formal jobs at the same wage. Given the low pay rates among many informal workers, it may not be possible for firms to lower pay further while complying with the minimum wage laws that apply to formal work. As a result, few formal work options may be available to peripheral workers. In our survey, we find that 41 percent of informal salaried workers say they are actively searching for formal work (Appendix Figure A.3)—though we note that informal workers may not bother searching for formal work if they do not think obtaining such a job is possible.

6.2 Sorting into Self-Employment Arrangements

In contrast to informal salaried work, we observed more pronounced sorting on preferences into self-employment. Notably, although respondents who are currently employed have a 17.5 percent WTP for formality *relative to self-employment* in Panel B of Figure 6, the WTP among self-employed workers is only 1.6 percent of pay and not statistically distinguishable from zero. In other words, self-employed workers have essentially *no* preference for formal work over self-employment. This low WTP reflects not just pessimistic beliefs about the benefits and tax burden associated with formality, but also residual preferences for self-employment that go beyond the

tastes for control and flexibility that we explicitly hold fixed.

This sorting on preferences for self-employment *per se* is further reinforced by sorting on preferences for flexibility and independence. While these amenities are assigned independently of self-employment in the first phase of the choice experiment, we observe in our survey responses that self-employment arrangements offer more schedule control and independence in practice: Table 4 shows that self-employed respondents are far more likely to say they have control over when and how they work than salaried workers. Further, we found in our analysis of the first choice experiment (Figure 3 Panel B) that respondents who are currently self employed value independence and schedule flexibility each twice as much as formally-employed respondents to. Together, these results imply that self-employed workers would not be willing to trade their current arrangements for formal jobs with less flexibility and control, even if they offered the same gross wages.

These results suggest that the prevalence of self-employment—which is far more prevalent than salaried informal work in all countries we survey and most of which is informal—is in large part a reflection of those workers' preferences for flexibility, control, and other innate features of working for oneself. While many self-employed workers report they would prefer to be formally employed, the share is notably lower than among informal salaried workers (Appendix Figure A.3). Notably, among workers with lower educational attainment in each country, the gross pay gaps between formal and self-employed workers disappear when accounting for access to flexibility and independence. As a result, this workforce may not be supportive of efforts to promote formal employment that require a transition to less-flexible salaried jobs.

7 Conclusion

This paper used a two-phase discrete choice experiment, fielded among employed workers in seven Latin American countries, to measure and unpack workers' valuations of formal employment. We find that workers genuinely value formal employment, but value the individual benefits tied to formality far more. Our analysis highlights that these two facts are not contradictory—once we account for workers' stated beliefs that many benefits may not materialize even in a formal job,

that some benefits can be obtained while informal, and that formal earnings carry a substantial tax burden, the implied value of formality falls into line with the bundled valuation. The lower valuation of formal relative to informal salaried arrangements among informal and self-employed workers likewise reflects these beliefs about access and cost, not weaker tastes for the underlying benefits. A randomized information intervention moved neither beliefs nor valuations, indicating that these perceptions are deeply held.

For policy, our results temper optimism that informality can be reduced simply by informing workers of the benefits they stand to gain. Workers already value those benefits; what limits their valuation of formal work is doubt about whether formality will deliver them in practice, together with its perceived costs. Because these doubts proved resistant to a straightforward information treatment, efforts to expand the formal sector will likely need to change what formal employment actually delivers—through more reliable enforcement and benefit provision—rather than relying on information alone. This lever is weakest exactly where it would need to be strongest: among the self-employed, who make up the majority of informal workers in most of our countries and who display stronger preferences for self-employment itself, above and beyond any pessimism about formal benefits. At the same time, because both formal and informal salaried workers value formal work positively on net, the welfare gap between them is likely wider than gross wage differences alone suggest.

Our findings also carry a methodological lesson for the analysis of informal work. It is common to assess valuations of formal employment by eliciting willingness to pay for specific amenities and benefits associated with formality. Our results suggest that the WTPs for specific benefits cannot be directly mapped onto valuations of formality. We document that a sizable minority of formal workers report not receiving benefits they are owed, while many informal workers report partial access. As a result, the value workers place on formality cannot be read off the legal benefits attached to it; it depends on subjective probabilities of access and on perceived costs that vary systematically across workers. Whether these beliefs are mistaken, or instead an accurate reflection of life under limited state capacity and imperfect enforcement, is the central open question our

evidence raises—and one on which the returns to formalization efforts ultimately hinge.

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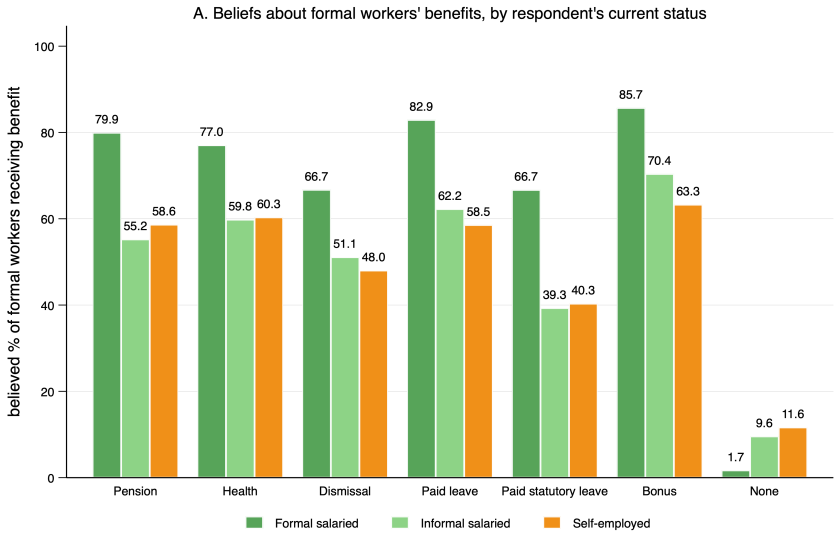
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Figures

Figure 1: Belief about benefits affiliated with different work arrangements, by respondent's current work arrangement

(a) Beliefs about formal workers' benefits



(b) Beliefs about informal workers' benefits

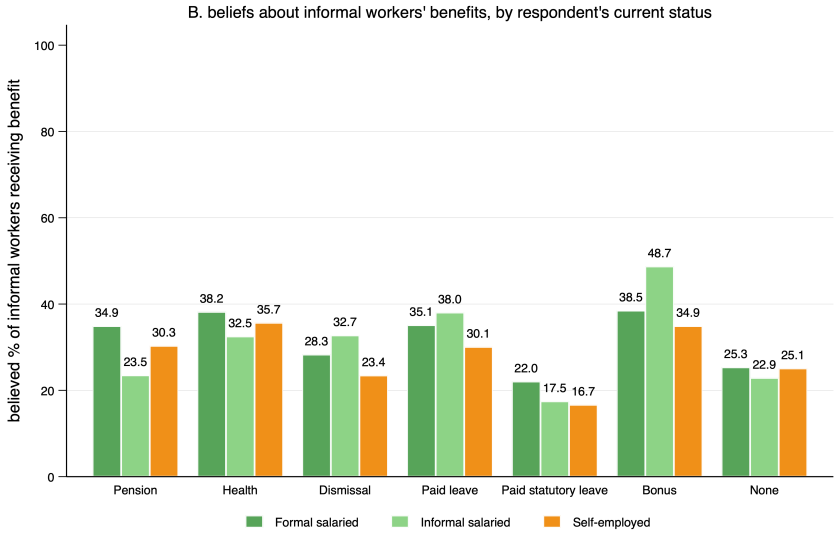
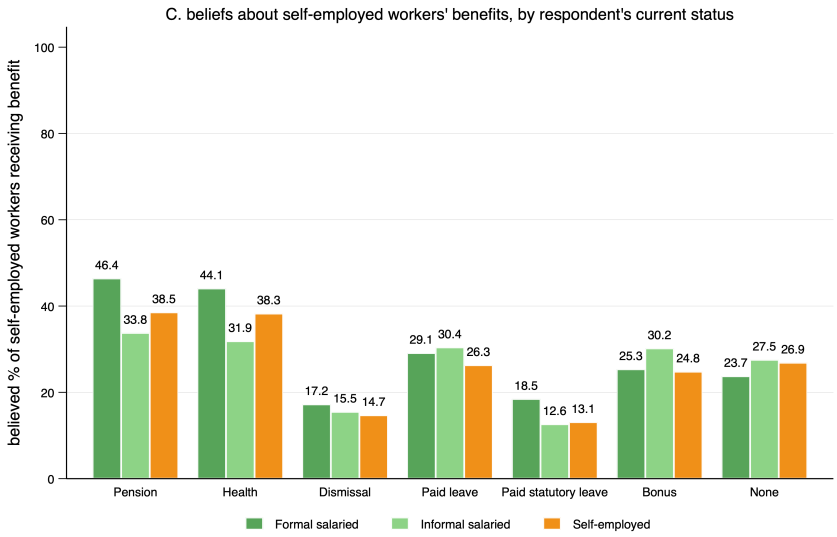


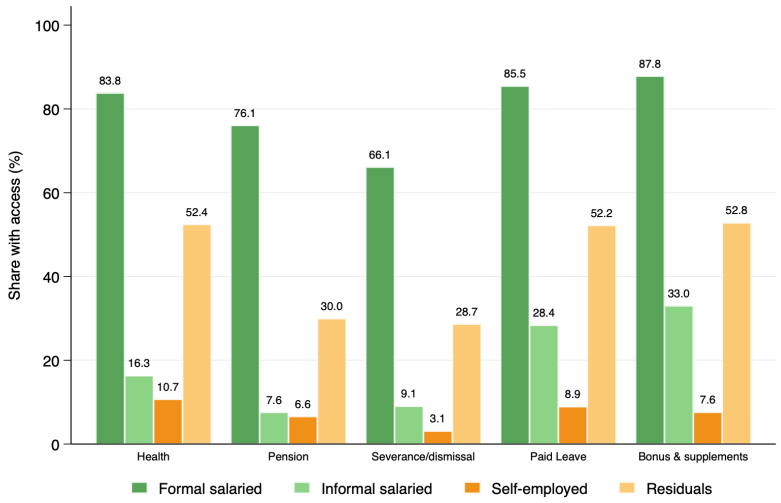
Figure 1 (continued)

(c) Beliefs about self-employed workers' benefits



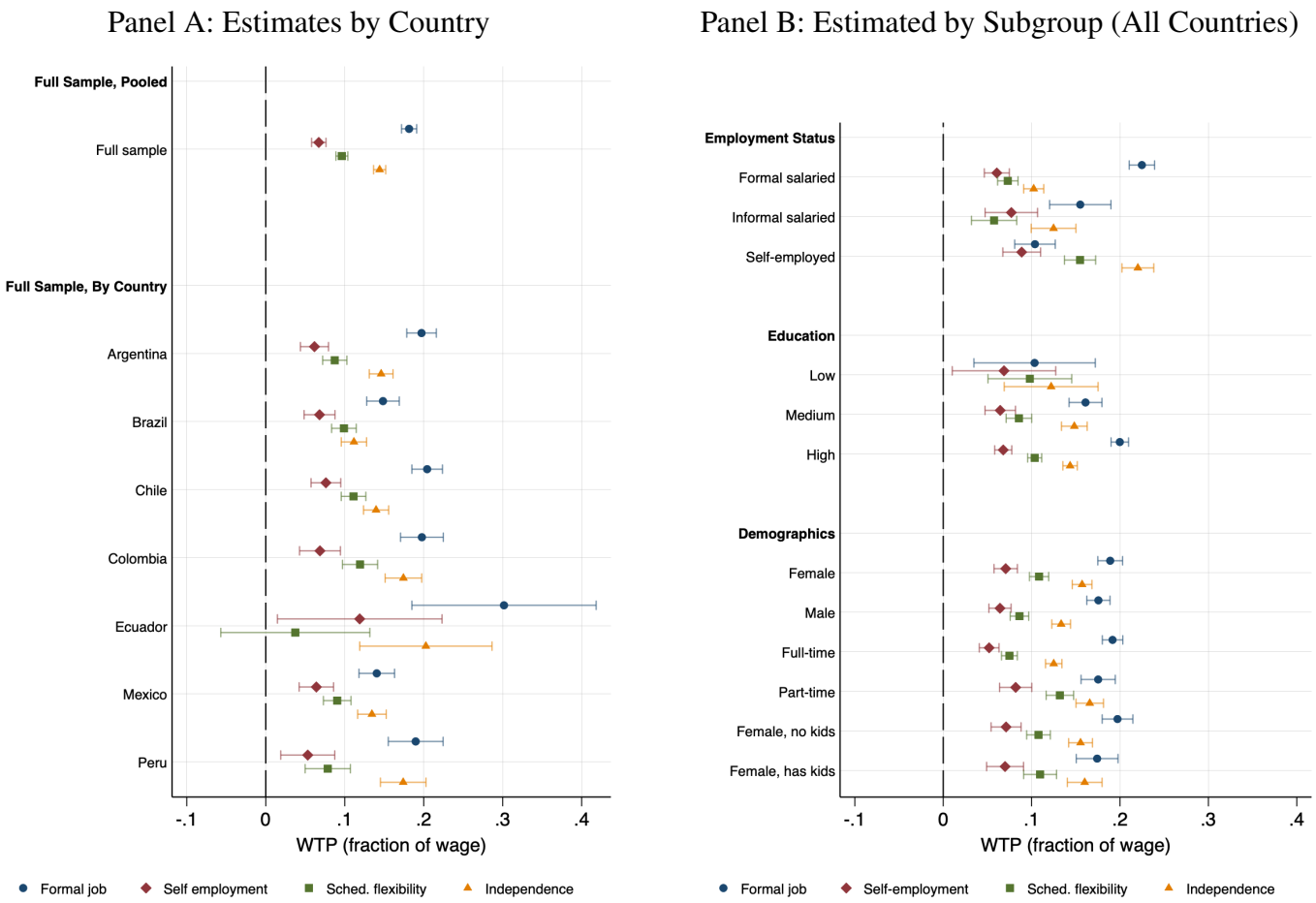
Notes: these figures plot the share of respondents who expect each benefit to be associated with a given work arrangement. Panel (A) reports the share of respondents' expectation for benefits associated with formal job, (B) for benefits associated with informal job, and (C) for benefits associated with self-employment. All benefits are pooled from country-specific variables that correspond to these benefits. The survey in Ecuador does not include a question on bonuses; respondents from Ecuador are therefore treated as missing for that category. Bonus in Chile (*Gratificaciones*) refers to profit sharing rather than a thirteenth-month salary, and is excluded from the pooled bonus variable. Health for Brazil (*licença médica*) corresponds to sick leave rather than health insurance access, and is excluded from the pooled health variable. Analysis is at the respondent level with a total of 4866 (N= 3623 for health, and N= 3535 for bonus) currently formal salaried respondents, 1530 (N= 1333 for health, and N= 1290 for bonus) informal salaried respondents, and 3638 (N= 2938 for health, and N= 2946 for bonus) self-employed respondents, per classification we discussed in the text. All tabulations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country and normalized within each country to sum to the country's sample size.

Figure 2: Benefit Access by Respondents' Current Work Arrangement



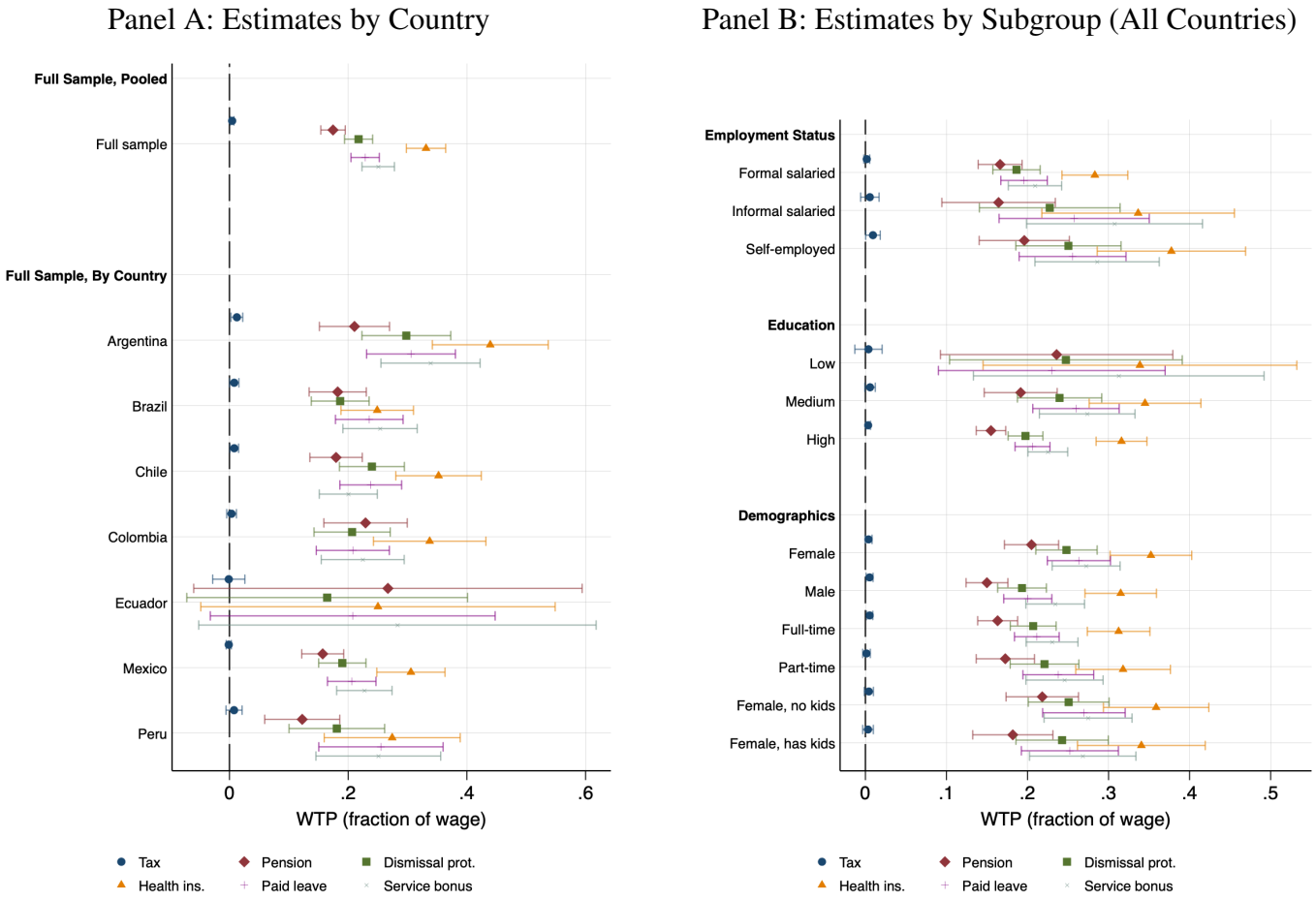
Notes: This figure plots the weighted share of respondents reporting access to at least one benefit within each categories, across different current work arrangement (formal salaried, informal salaried, self-employed, and other), pooled across all countries in the survey. For each respondent, a benefit-category indicator equals 1 if they report receiving any benefit assigned to that category, and 0 otherwise. All tabulations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country and normalized within each country to sum to the country's sample size. The breakdown of benefit in the five categories can be found in Table A.1. For countries where access categories is *Social Security* instead of *Health* and *Pension*, we categorize Brazil only to pension, due to universal access of health in Brazil. For Colombia and Ecuador, social security is counted in both the pension and health category.

Figure 3: WTP for formality



Notes: These figures report WTP estimated, expressed as a fraction of gross wage, for four job attributes: formal employment, self-employment, schedule flexibility, and independence. The reference group for both formal employment and self-employment is informal employment. Estimates are derived from a logit model from the first discrete choice experiment, as described in the text, in which respondents would choose between two hypothetical job that vary in wage and each attribute. Panel(A) shows the estimates from the pooled-country full sample and separately for each country and Panel(B) shows the estimates from the pooled-country sample, broken down by current work arrangement and demographic subgroups. WTP is estimated from equation (4). Observations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country.

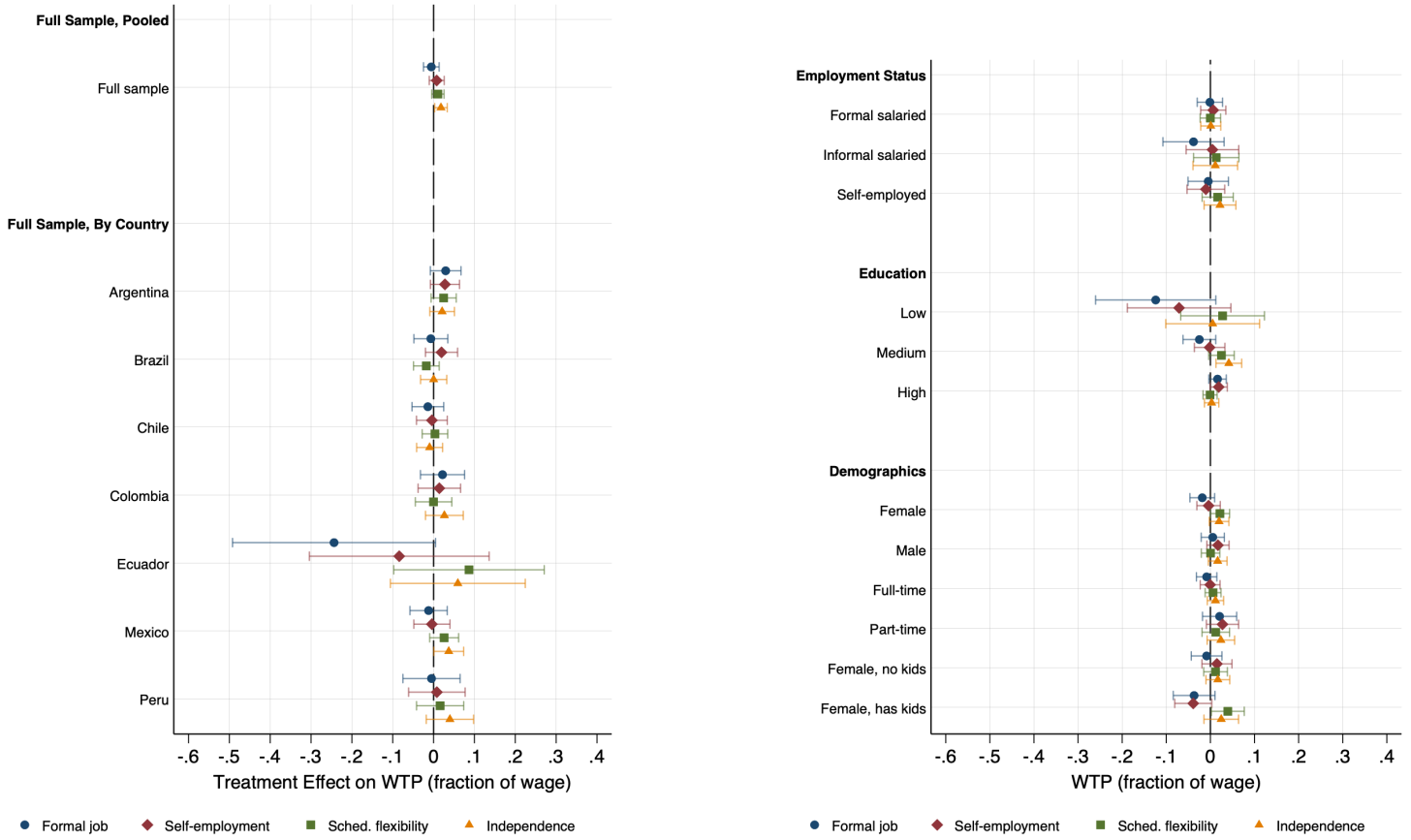
Figure 4: WTP for amenities associated with formality



Notes: These figures plot the WTP estimates expressed as a fraction of gross wage for six non-wage amnities associated with formal employment: tax, pension, dismissal protection, health insurance, paid leave, and service bonus. Estimates are derived from a logit model from the second discrete choice experiment, as described in the text, in which respondents choose between two hypothetical jobs that vary in wage and attributes. Panel (A) shows the estimates from the pooled-country full sample, and full sample separately for each country. Panel (B) shows the estimates from the pool-country sample broken down by current work arrangement and demographics. In the all-country pooled sample, both full and by subgroup, Chile is omitted from the estimation of WTP for service bonus because *Gratificaciones* in Chile refers to profit sharing rather than a service bonus, and health is excluded from the pooled analysis for Brazil because *licença médica* corresponds to sick leave instead of health insurance access, making them not directly comparable to the attributes in the pooled estimation. For the individual country-level estimations, all six amenities are included using the country-specific attributes. Observations are weighted using raked weights adjusted to the national population (using sex, age, and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country.

Figure 5: Treatment Effect on WTP for Formality

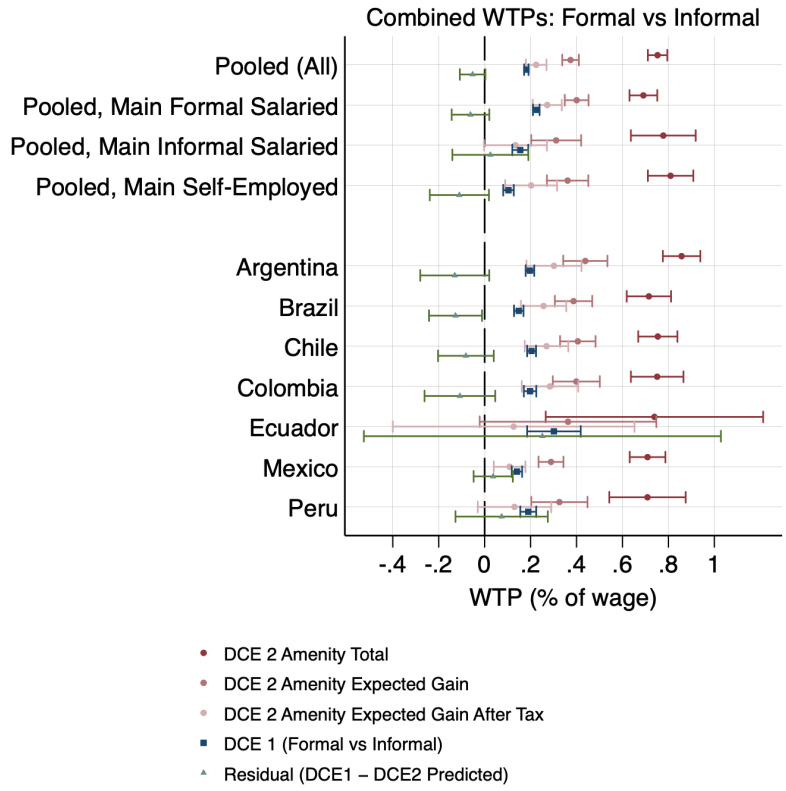
Panel (A) WTP for Formality: Treatment Effect by Country **Panel (B)** WTP for Formality: Treatment Effect by Subgroups



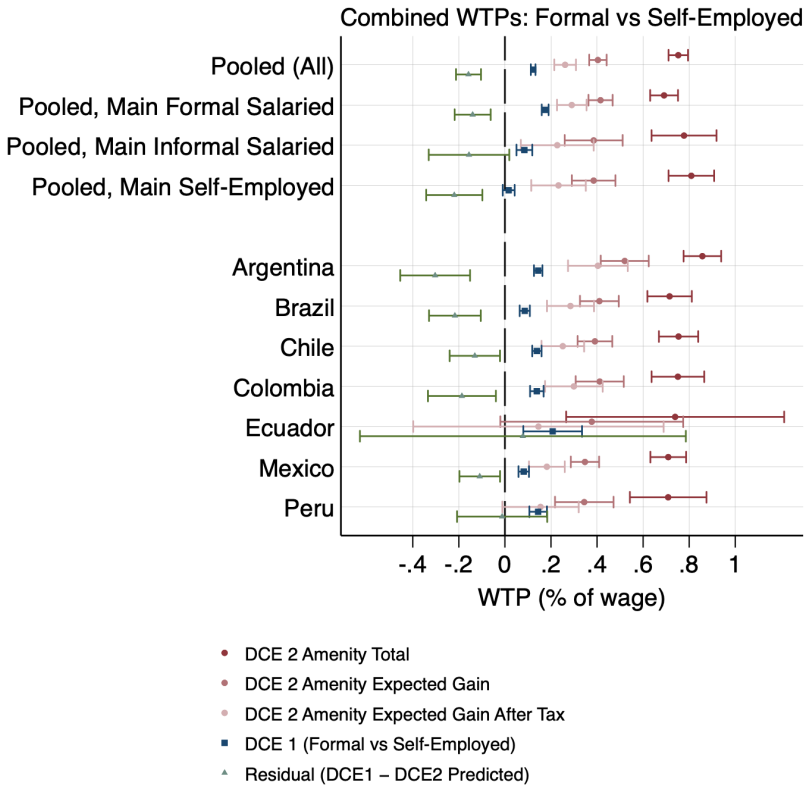
Notes: This figure plots the estimated treatment effects of information treatment on respondent's estimated WTP for formality. The top panel shows all country pooled sample, and the bottom panel shows full sample in each country. Treatment effects on WTP are estimated using a logit model that fully interacts each attributes and log wage with treatment indicator. Treatment effect on each attribute is defined as the difference between WTP for the treated group and the control group. Standard errors are obtained via the delta method, and are clustered at the respondent level. The sample is restricted to the main sample only. Observations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country, and normalized within each country to sum to the country's sample size.

Figure 6: Reconciliation DCE 1 and DCE2

Panel (A) WTP: Formal Salaried Vs. Informal Salaried



Panel (B) WTP: Formal Salaried Vs. Self-Employed



Notes: These figures plot the estimated WTP expressed as a fraction of gross wage. DCE2 amenity total is derived from the DCE2 coefficients on amenity k, where k is an amenity from pension, health, dismissal protection, paid leave, and service bonus. The survey in Ecuador did not ask the question about bonuses, and thus, we use the weighted average across all other six countries to proxy for the belief gap in Ecuador, with the mean carried through as a constant (i.e. the standard error is 0). Panel (A) plots the WTP for formality with informal as the reference group, and Panel (B) reports the WTP for formality with self-employment as the reference group. Standard errors are clustered at the individual level and are derived via seemingly unrelated estimation from all components of the model jointly. All estimates are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country and normalized within each country to sum to the country's sample size.

Tables

Table 1: Demographic Characteristics of the Sample, Pooled and by Country

	Pooled		Argentina		Brazil		Chile		Colombia		Ecuador		Mexico		Peru	
Demographic Characteristics	Unw. %	Wtd. %	Unw. %	Wtd. %	Unw. %	Wtd. %	Unw. %	Wtd. %	Unw. %	Wtd. %	Unw. %	Wtd. %	Unw. %	Wtd. %	Unw. %	Wtd. %
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*	*(16)*
Gender/Family																
Female …	49.01	45.59	48.73	51.43	47.92	44.08	48.30	43.03	53.98	49.57	49.50	29.35	48.25	42.08	48.52	48.01
… no children	31.36	29.17	31.12	32.70	36.20	33.46	27.41	24.30	36.09	32.77	23.75	13.08	30.14	26.90	29.40	28.17
… with children	17.65	16.42	17.61	18.73	11.72	10.62	20.89	18.73	17.90	16.80	25.75	16.27	18.12	15.18	19.12	19.84
Male …	50.99	54.41	51.27	48.57	52.08	55.92	51.70	56.97	46.02	50.43	50.50	70.65	51.75	57.92	51.48	51.99
… no children	37.93	40.64	36.19	33.75	43.77	46.82	36.46	40.16	34.47	38.26	30.50	42.27	38.69	43.65	37.64	39.73
… with children	13.06	13.77	15.08	14.82	8.31	9.10	15.24	16.81	11.55	12.17	20.00	28.38	13.05	14.27	13.84	12.27
Employment Status																
Full-time	66.83	66.93	56.20	54.77	68.51	69.03	68.92	70.06	74.98	73.53	64.51	77.69	68.22	67.29	67.38	67.35
Part-time	33.17	33.07	43.80	45.23	31.49	30.97	31.08	29.94	25.02	26.47	35.49	22.31	31.78	32.71	32.62	32.65
Education																
Low	5.36	7.16	2.17	4.41	16.02	12.26	7.08	11.24	0.29	0.80	1.25	7.53	2.28	5.27	1.67	6.10
Medium	31.95	40.68	32.69	45.12	43.91	30.69	36.71	29.85	25.75	55.92	25.75	54.25	15.98	31.23	36.78	62.52
High	62.69	52.17	65.13	50.47	40.07	57.05	56.21	58.91	73.96	43.28	73.00	38.22	81.74	63.49	61.55	31.39
Age Groups																
18-30	26.66	24.85	19.54	27.41	31.40	23.13	23.43	22.10	22.52	26.52	44.25	7.53	31.56	27.79	27.73	25.48
31-40	24.25	25.58	23.07	26.04	22.63	26.32	25.26	27.14	24.60	25.29	26.00	34.37	25.46	24.86	24.45	20.87
41-50	24.53	23.15	28.63	25.71	22.06	24.46	22.68	22.49	26.15	16.44	21.50	31.71	24.68	22.12	23.80	24.27
51-65	20.95	22.81	24.49	17.82	20.92	22.61	24.19	23.71	22.58	27.12	8.25	26.39	15.83	22.13	19.71	25.57
66+	3.61	3.60	4.28	3.03	2.98	3.47	4.44	4.57	4.16	4.63	0.00	0.00	2.46	3.10	4.31	3.81
Total N	15,208		2,805		2,815		2,795		1,732		400		2,804		1,857	

Notes: this table reports the unweighted and weighted distribution of respondents' demographic characteristics for the pooled sample and separately for each of the seven countries. The table includes gender and parental status, employment status, education, and age groups. Education categories are defined as: low = less than high school, medium = high school, and high = more than high school.

Table 2: Main Work Arrangement Status, Pooled and by Country

	Salaried						Self-employed		Unclear if self-employed		Others
Subsample	All	formal	informal	unclear if formal	with contract	without contract	All	with pension	All	with pension	All
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*
Pooled	52.61	31.19	11.14	10.28	37.34	15.27	25.00	4.84	17.38	8.77	5.01
Argentina	51.79	12.66	16.46	22.67	26.70	25.09	28.44	3.07	12.87	3.09	6.90
Brazil	54.42	46.79	6.13	1.50	41.23	13.19	23.51	7.87	18.08	12.96	3.99
Chile	51.94	44.24	6.70	0.99	45.03	6.91	21.01	5.19	20.60	14.68	6.46
Colombia	55.02	48.60	4.66	1.75	49.32	5.70	25.33	9.05	16.43	9.64	3.23
Ecuador	46.36	29.49	15.46	1.41	30.93	15.43	23.23	4.87	27.57	12.99	2.83
Mexico	53.96	15.66	17.42	20.88	32.11	21.85	24.89	2.33	17.07	5.45	4.08
Peru	49.17	23.46	13.03	12.67	34.06	15.11	28.30	2.25	17.46	5.38	5.08

Notes: table reports the weighted distribution of respondents by main work arrangement status for the pooled sample and each country. Percentages are weighted using *PONDE10*. In each row, the four broad "All" categories, namely main salaried workers, self-employed workers, respondents with unclear self-employment status, and others, sum to 100 percent. Subcolumns under each broad category provide additional breakdowns and should not be added across the full row. Among main salaried workers, the table reports formality status: formal salaried employment, informal salaried employment, and salaried employment with unclear formality status. As an alternative classification of salaried work, the table also reports whether the respondent has a contract. Among self-employed workers and respondents with unclear self-employment status, the table separately identifies those with pension coverage.

Table 3: Main Work Arrangement Status by Demographic Characteristics

	Salaried						Self-employed		Unclear if self-employed		Others
Subsample	All	formal	informal	unclear if formal	with contract	without contract	All	with pension	All	with pension	All
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*
All respondents	52.61	31.19	11.14	10.28	37.34	15.27	25.00	4.84	17.38	8.77	5.01
Gender/Family											
Female	50.34	26.44	14.81	9.08	32.59	17.75	26.69	4.15	16.75	7.51	6.22
Female, no children	50.98	27.32	14.07	9.59	34.06	16.92	25.80	4.33	17.42	7.74	5.81
Female, with children	49.20	24.89	16.13	8.18	29.97	19.23	28.27	3.82	15.58	7.10	6.95
Male	54.51	35.17	8.07	11.27	41.33	13.18	23.58	5.42	17.91	9.82	4.00
Male, no children	52.43	33.71	8.45	10.27	38.96	13.47	25.22	5.63	18.10	9.88	4.25
Male, with children	60.65	39.49	6.93	14.24	48.33	12.33	18.74	4.81	17.33	9.66	3.28
Employment Status											
Full-time	63.81	43.10	8.07	12.64	50.65	13.16	15.88	3.73	16.78	9.18	3.53
Part-time	40.98	16.48	15.83	8.67	21.77	19.21	34.44	6.14	18.93	8.32	5.65
Education											
Low	45.40	21.87	17.47	6.06	25.18	20.23	29.51	4.71	17.50	10.95	7.59
Medium	49.95	26.47	14.11	9.37	31.85	18.10	29.70	4.73	14.84	6.87	5.51
High	55.67	36.15	7.96	11.56	43.29	12.38	20.71	4.94	19.35	9.95	4.27
Age Groups											
18-30	56.15	30.09	14.57	11.49	40.58	15.57	19.58	2.88	19.46	8.64	4.81
31-40	56.43	34.09	12.09	10.25	40.37	16.06	22.94	3.70	15.91	8.33	4.72
41-50	54.94	33.16	10.32	11.45	38.49	16.45	24.90	4.49	16.12	8.65	4.05
51-65	47.05	30.46	7.95	8.64	32.87	14.18	29.93	7.38	17.57	9.48	5.45
66+	21.27	10.25	6.18	4.85	14.51	6.76	46.41	12.66	20.42	8.94	11.90

Notes: This table reports within-row weighted percentages of main work arrangement status by demographic characteristics. Each cell represents the weighted share of respondents in the demographic row category who belong to the specified work arrangement column category. The denominator is the weighted number of respondents within each demographic row. The main work arrangement categories, mainly salaried, self-employed, unclear if self-employed, and others, sum to 100 percent within each row. Subcolumns report breakdowns within broader work arrangement categories and should not be summed with the corresponding "All" column.

Table 4: Job Wages, Hours, Flexibility, and Independence by Work Arrangement Status

	All respondents	Salaried, formal	Salaried, informal	Salaried, unclear if formal	Self-employed	Unclear if self-employed	Others
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
Panel A. Pooled sample							
Mean Hourly Log Wage	1.43	1.50	1.13	1.53	1.34	1.54	1.37
Mean Weekly Hours	37.05	40.86	32.32	40.40	32.17	37.30	33.45
Share with Flexibility	0.43	0.22	0.33	0.20	0.76	0.48	0.52
Share with Independence	0.56	0.45	0.47	0.43	0.79	0.57	0.60
Panel B. Colombia							
Mean Hourly Log Wage	1.28	1.34	0.79	0.75	1.30	1.29	0.97
Mean Weekly Hours	37.68	41.67	29.34	42.35	32.30	34.65	35.09
Share with Flexibility	0.46	0.24	0.32	0.21	0.82	0.57	0.68
Share with Independence	0.57	0.44	0.48	0.52	0.83	0.58	0.70
Panel C. Chile							
Mean Hourly Log Wage	1.60	1.66	1.33	1.60	1.50	1.63	1.52
Mean Weekly Hours	37.03	40.66	31.59	44.88	30.96	35.29	34.79
Share with Flexibility	0.41	0.20	0.40	0.23	0.79	0.46	0.47
Share with Independence	0.56	0.44	0.53	0.56	0.81	0.56	0.59
Panel D. Argentina							
Mean Hourly Log Wage	1.80	2.13	1.43	1.99	1.60	1.98	1.72
Mean Weekly Hours	34.11	38.51	30.68	36.80	30.97	34.96	32.22
Share with Flexibility	0.43	0.18	0.30	0.18	0.76	0.48	0.54
Share with Independence	0.57	0.46	0.44	0.42	0.78	0.59	0.63

Table 4: Job Wages, Hours, Flexibility, and Independence by Work Arrangement Status (continued)

	All respondents	Salaried, formal	Salaried, informal	Salaried, unclear if formal	Self-employed	Unclear if self-employed	Others
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
Panel E. Mexico							
Mean Hourly Log Wage	1.26	1.43	0.98	1.22	1.25	1.47	1.05
Mean Weekly Hours	37.63	41.97	34.65	43.00	30.06	39.77	33.53
Share with Flexibility	0.42	0.19	0.34	0.19	0.77	0.44	0.50
Share with Independence	0.56	0.47	0.47	0.40	0.82	0.56	0.64
Panel F. Ecuador							
Mean Hourly Log Wage	1.33	1.49	1.30	0.36	0.99	1.57	0.62
Mean Weekly Hours	43.06	43.09	28.82	50.00	40.74	53.14	32.81
Share with Flexibility	0.43	0.16	0.23	1.00	0.77	0.52	0.47
Share with Independence	0.61	0.42	0.47	0.00	0.85	0.72	0.50
Panel G. Brazil							
Mean Hourly Log Wage	1.37	1.38	1.01	1.86	1.33	1.43	1.42
Mean Weekly Hours	36.59	40.11	31.00	34.81	30.58	35.41	33.88
Share with Flexibility	0.41	0.24	0.37	0.26	0.72	0.47	0.51
Share with Independence	0.54	0.44	0.45	0.47	0.74	0.57	0.54
Panel H. Peru							
Mean Hourly Log Wage	1.16	1.31	0.86	1.11	1.05	1.37	1.18
Mean Weekly Hours	39.05	42.16	34.16	43.56	37.54	39.01	31.91
Share with Flexibility	0.45	0.27	0.30	0.22	0.74	0.52	0.48
Share with Independence	0.58	0.49	0.50	0.49	0.76	0.55	0.53

Notes: This table reports weighted means of current job characteristics by work arrangement status. Mean hourly log wages are calculated after converting local-currency hourly wages to U.S. dollars using 2024 average exchange rates, winsorizing hourly wages at the 1st and 99th percentiles within each country, and then taking the natural logarithm. Weekly hours refer to the mean number of hours worked per week. Flexibility and independence are normalized to range from 0 to 1, with higher values indicating greater schedule flexibility and greater independence, respectively.

Table 5: Perceptions of Benefits Access in Alternative Work Arrangements

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	66.72	67.39	66.04	1.66*	31.31	31.16	31.46	0.00	40.93	39.98	41.89	-1.56*
				(0.89)				(0.88)				(0.93)
Health	68.41	67.32	69.50	-1.92*	37.08	36.25	37.91	-1.36	40.18	39.35	41.00	-1.29
				(1.01)				(1.03)				(1.04)
Dismissal	57.18	57.70	56.66	1.17	28.40	28.58	28.21	0.43	16.29	15.81	16.77	-0.94
				(0.95)				(0.86)				(0.72)
Paid Leave	70.85	69.54	72.15	-2.46***	34.81	34.36	35.27	-0.96	29.16	28.68	29.64	-1.03
				(0.88)				(0.91)				(0.88)
Paid statutory leave	51.71	51.75	51.67	0.39	19.68	19.47	19.90	-0.34	15.87	15.36	16.39	-0.99
				(0.93)				(0.75)				(0.68)
Bonus	74.75	73.11	76.41	-3.15***	39.87	39.38	40.36	-1.00	26.73	26.48	27.00	-0.58
				(0.96)				(1.05)				(0.96)
None	6.02	6.66	5.37	1.27***	23.18	24.49	21.86	2.56***	24.10	25.06	23.13	1.78**
				(0.47)				(0.80)				(0.82)

Notes: This table reports the perceived likelihood of benefit access for each work arrangement presented in the survey, expressed in percentage terms. Analysis is at the respondent level with 15208 total respondents. *Treat* and *Control* groups refer to the randomization of information treatment, in which respondents receive country-specific information about benefits associated with formality. All benefits are pooled from country-specific variables that correspond to these benefits. Health for Brazil (*licença médica*) corresponds to sick leave rather than health insurance access, and is excluded from the pooled health variable (N = 12393). Bonus in Chile (*Gratificaciones*) refers to profit sharing rather than a thirteenth-month salary, and is excluded from the pooled bonus variable; the survey in Ecuador does not include a question on bonuses. Respondents from Chile and Ecuador are therefore treated as missing for the bonus category (N = 12013). Differences in group means and standard errors are obtained through a weighted robust linear regression of the outcomes on treatment status with country fixed effects. Standard errors are reported in parenthesis. All tabulations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country. Stars represent significance levels:$^{***}p < 0.01$,$^{**}p < 0.05$,$^{*}p < 0.10$.

Table 6: Average Perceived Tax Rate by Work Arrangements and Country

	Perceived Tax Rate			
	All	**FS**	**IS**	**SE**
Colombia	16.0	13.6	18.1	16.9
	(0.378)	(0.447)	(2.714)	(0.715)
Chile	18.6	17.8	18.8	19.8
	(0.322)	(0.453)	(1.495)	(0.725)
Argentina	19.5	18.8	18.9	20.4
	(0.361)	(0.854)	(0.949)	(0.735)
Mexico	20.2	19.6	20.8	20.9
	(0.438)	(0.955)	(1.164)	(0.950)
Ecuador	27.1	29.9	25.4	21.7
	(1.432)	(2.886)	(3.116)	(2.524)
Brazil	17.5	16.2	19.5	18.1
	(0.412)	(0.578)	(1.823)	(0.851)
Peru	22.5	22.4	24.3	22.2
	(0.632)	(1.224)	(2.162)	(1.318)
Pooled	19.3	17.6	20.5	19.9
	(0.173)	(0.278)	(0.601)	(0.361)

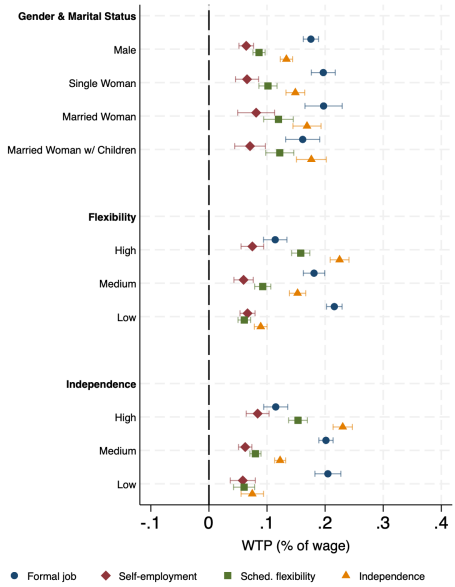
Notes: this table reports the average perceived tax rate in each country and the perceived tax rate by respondents' current work arrangements and country. Each column reports the perceived tax rate by all respondents, formal salaried workers, informal salaried workers and self-employed workers. Standard errors are reported in parenthesis. All tabulations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country.

Online Appendix

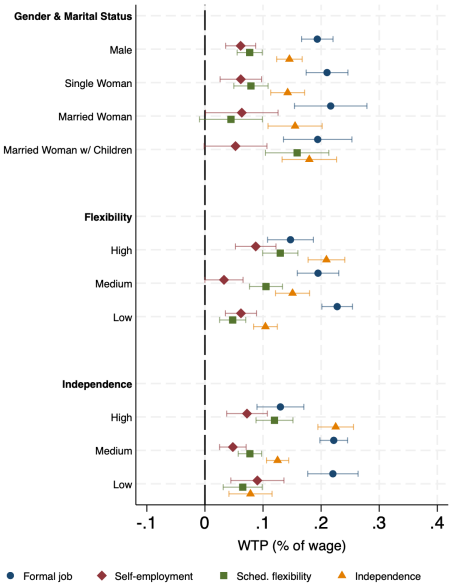
A Appendix Figures

Figure A.1: WTP for formality, by additional demographic subgroups

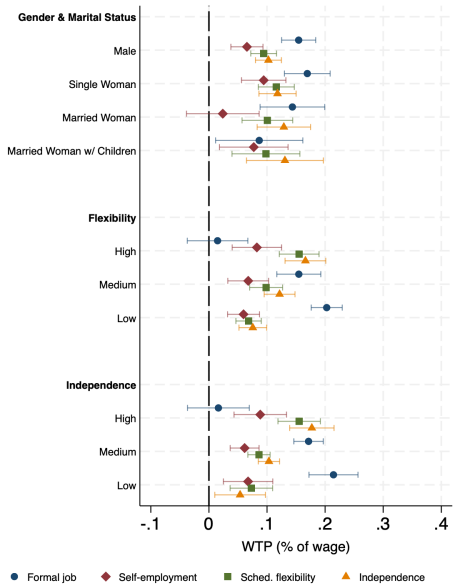
Panel A: WTP for formality, Pooled



Panel B: WTP for formality, Argentina



Panel C: WTP for formality, Brazil



Panel D: WTP for formality, Chile

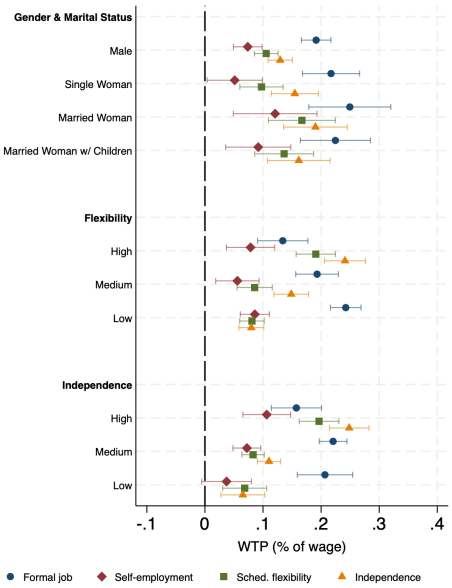
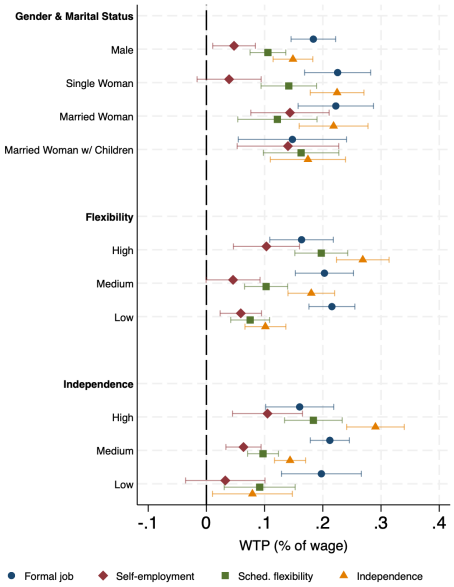
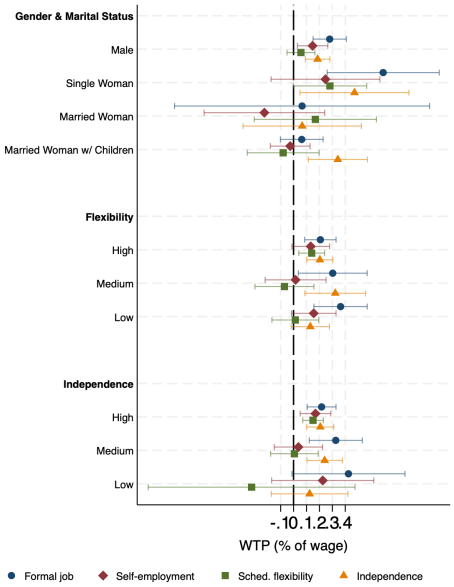


Figure A.1 (continued)

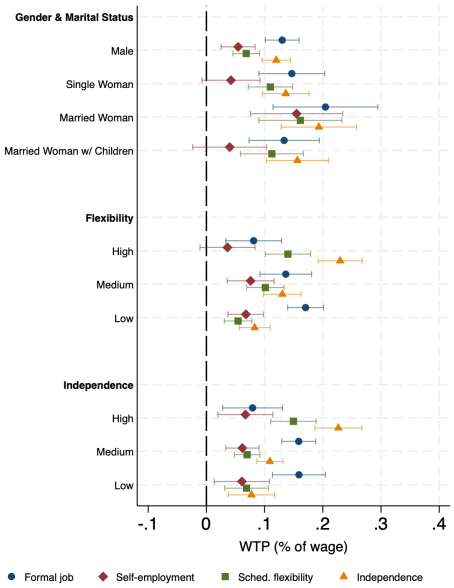
Panel E: WTP for formality, Colombia



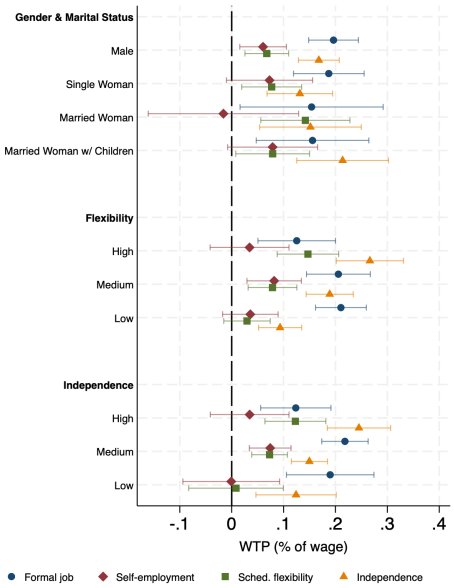
Panel F: WTP for formality, Ecuador



Panel G: WTP for formality, Mexico



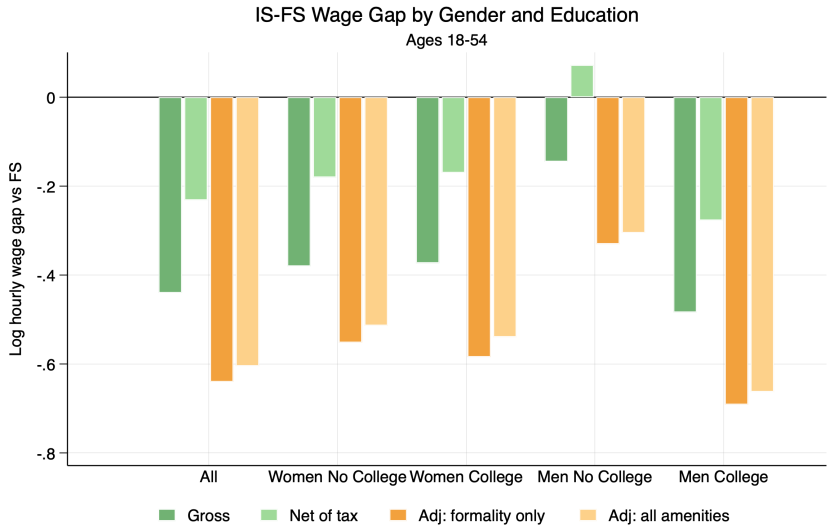
Panel H: WTP for formality, Peru



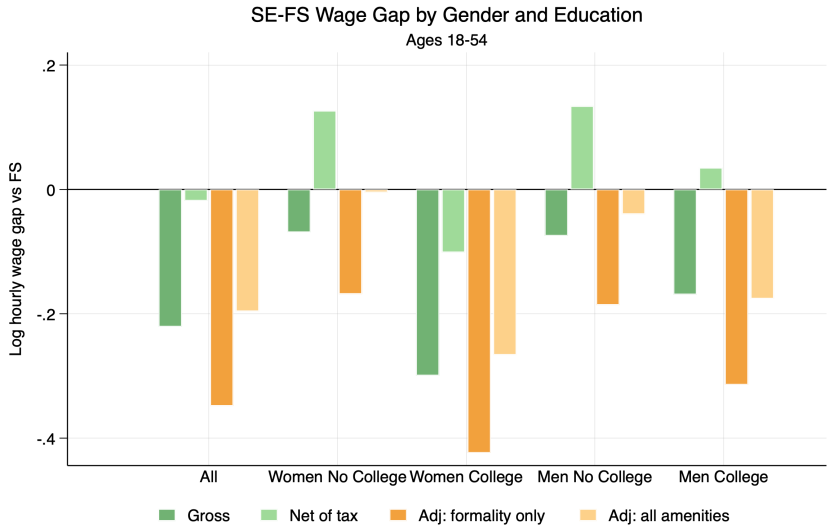
Notes: These figures report additional by country and demographic breakdown in addition to those of Figure 3 of WTP estimated, expressed as a fraction of gross wage, for four job attributes: formal employment, self-employment, schedule flexibility, and independence. The reference group for both formal employment and self-employment is informal employment. Estimates are derived from a logit model from the first discrete choice experiment, as described in the text, in which respondents would choose between two hypothetical job that vary in wage and each attribute. Each panel presents a different sample, with Panel (A) being the analysis on the pooled sample, and Panel (B) - Panel (H) showing country-specific subgroups. Flexibility and independence cuts are divided using respondents' answers to the survey about their flexibility and independence in their current job.

Figure A.2: Wage Gap

Panel (A) Wage Gap, FS-IS

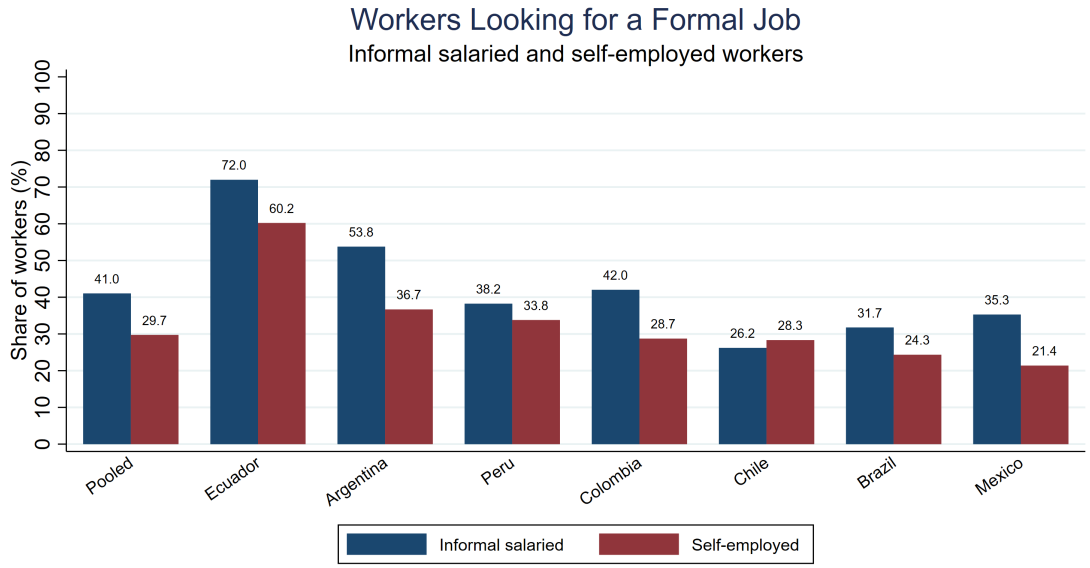


Panel (B) Wage Gap, FS-SE



Notes: This figure plots the log hourly wage gap between formal salaried (FS) workers and two alternative work arrangements for individuals aged 18 to 54. Panel (A) compares FS and informal salaried (IS) workers; Panel (B) compares FS and self-employed (SE) workers. Each bar reports the coefficient on the IS or SE indicator from a weighted OLS regression of log hourly income (in USD) on work arrangement indicator, with standard errors clustered at the individual level. Each panel reports four measures of the gap: gross earnings; earnings net of taxes, where FS workers are assumed to pay tax at the rate of the average weighted perceived tax rate by formal workers in each country (as shown in Column 2 of Table6); earnings adjusted for workers' WTP or formality alone; and earnings adjusted for WTP for formality and all non-wage amenities (independence and schedule flexibility). Hourly wages are converted to USD and winsorized at the 1st and 99th percentiles within each country. Bars below zero indicate that the alternative arrangement pays less than formal salaried employment under the corresponding measure. Results presented are disaggregated by gender and education attainment (college).

Figure A.3: Informal Salaried and Self-Employed Workers Looking for a Formal Job



Notes: This figure reports the weighted share of informal salaried and self-employed workers who report looking for a formal job, for the pooled sample and separately by country. Shares are calculated within each work arrangement group.

B Appendix Tables

Table A.1: Perceptions of Benefits Access in Alternative Work Arrangements, by Country

	Pooled	Colombia	Chile	Argentina	Mexico	Ecuador	Brazil	Peru
Formal								
Pension	0.67	0.80	0.72	0.50	0.67	0.78	0.74	0.58
Health	0.68	0.77	0.64	0.76	0.63	0.73	0.64	0.62
Dismissal	0.57	0.57	0.63	0.66	0.49	0.58	0.54	0.52
Paid leave	0.71	0.78	0.69	0.70	0.67	0.72	0.76	0.66
Paid statutory leave	0.52	0.63	0.60	0.56	0.33	0.50	0.58	0.42
Bonus	0.75	0.80	0.61	0.76	0.71		0.77	0.70
None	0.06	0.04	0.06	0.08	0.06	0.04	0.06	0.05
Informal								
Pension	0.31	0.43	0.34	0.26	0.27	0.41	0.35	0.23
Health	0.37	0.48	0.30	0.46	0.35	0.40	0.27	0.27
Dismissal	0.28	0.25	0.25	0.38	0.29	0.35	0.23	0.27
Paid leave	0.35	0.32	0.27	0.37	0.41	0.36	0.35	0.36
Paid statutory leave	0.20	0.21	0.21	0.24	0.15	0.20	0.21	0.16
Bonus	0.40	0.36	0.24	0.45	0.45		0.34	0.37
None	0.23	0.21	0.26	0.21	0.20	0.16	0.28	0.23
Self-employed								
Pension	0.41	0.52	0.45	0.38	0.31	0.53	0.46	0.34
Health	0.40	0.51	0.37	0.48	0.34	0.46	0.26	0.31
Dismissal	0.16	0.16	0.17	0.18	0.14	0.18	0.16	0.17
Paid leave	0.29	0.28	0.29	0.23	0.34	0.32	0.29	0.32
Paid statutory leave	0.16	0.15	0.21	0.14	0.11	0.15	0.18	0.14
Bonus	0.27	0.25	0.20	0.27	0.29		0.24	0.28
None	0.24	0.20	0.23	0.24	0.27	0.14	0.26	0.25

Notes: This table reports the perceptions of benefit access for each work arrangement presented in the survey for all respondents in the final sample from each country. All benefits are derived from country-specific variables corresponding to each benefit. The survey for Ecuador does not include a question about bonuses, and therefore, respondents from Ecuador are treated as missing in the pooled sample for bonuses. Health in Brazil refers to rick leave and bonus in Chile refers to profit sharing. All tabulations are weighted using raked weights adjusted to the national population (using sex, age, and education) from SEDLAC, trimmed at the 95th percentile and rescaled by country.

Table A.2: (A) Baseline Access to Benefits, Argentina

	FS	IS	SE	All
Health				
Pension (SIPA)	62.2	7.9	3.4	21.5
	(2.4)	(1.3)	(0.7)	(0.8)
Pension				
Health (obra social)	88.8	19.8	9.0	44.5
	(1.6)	(2.0)	(1.0)	(0.9)
Severance / dismissal				
Dismissal compensation	57.2	12.8	1.0	24.9
	(2.5)	(1.7)	(0.4)	(0.8)
Paid Leave				
Paid vacation	90.3	34.7	6.6	46.2
	(1.5)	(2.4)	(0.9)	(0.9)
Paid sick days	74.1	23.7	4.2	36.1
	(2.2)	(2.1)	(0.7)	(0.9)
Paid licenses	62.8	11.8	1.3	26.0
	(2.4)	(1.6)	(0.4)	(0.8)
Bonus and supplements				
Bonus (aguinaldo)	90.9	36.8	5.6	47.2
	(1.4)	(2.4)	(0.8)	(0.9)
N	397	402	774	2805

Table A.2: (B) Baseline Access to Benefits, Brazil

	FS	IS	SE	All
Social security				
Social security (INSS)	73.4	8.1	7.9	44.8
	(1.3)	(2.0)	(1.0)	(0.9)
Other				
FGTS	68.7	12.6	5.3	41.6
	(1.3)	(2.4)	(0.8)	(0.9)
Severance / dismissal				
Unemployment insurance	56.3	10.5	3.8	34.0
	(1.4)	(2.2)	(0.7)	(0.9)
FGTS penalty (multa 40%)	53.5	5.8	2.7	31.6
	(1.4)	(1.7)	(0.6)	(0.9)
Paid Leave				
Paid vacation (+1/3)	87.2	31.4	6.4	53.8
	(0.9)	(3.3)	(0.9)	(0.9)
Maternity/paternity leave	49.0	8.9	3.5	29.2
	(1.4)	(2.0)	(0.7)	(0.9)
Sick leave (auxílio-doença)	49.2	10.1	2.6	29.6
	(1.4)	(2.1)	(0.6)	(0.9)
Bonus and supplements				
13th salary	88.8	29.7	7.1	55.6
	(0.9)	(3.3)	(1.0)	(0.9)
N	1243	197	700	2815

Table A.2: (C) Baseline Access to Benefits, Chile

	FS	IS	SE	All
Health				
Pension (AFP)	74.4	16.5	5.7	46.1
	(1.3)	(2.7)	(0.9)	(0.9)
Pension				
Health (Isapre/Fonasa)	78.9	21.9	8.1	50.0
	(1.2)	(3.0)	(1.1)	(0.9)
Severance / dismissal				
Unemployment insurance	56.1	7.8	3.9	33.4
	(1.4)	(1.9)	(0.8)	(0.9)
Severance (cesantías)	59.6	9.4	3.9	35.5
	(1.4)	(2.1)	(0.8)	(0.9)
Paid Leave				
Paid holidays	75.9	31.2	7.0	48.0
	(1.2)	(3.3)	(1.0)	(0.9)
Paid sick days	39.9	20.9	4.4	25.7
	(1.4)	(2.9)	(0.8)	(0.8)
Parental leave	39.5	10.2	2.2	23.2
	(1.4)	(2.2)	(0.6)	(0.8)
Postnatal leave	26.5	7.2	0.6	15.3
	(1.3)	(1.9)	(0.3)	(0.7)
Other				
Daycare	15.2	4.1	0.6	8.6
	(1.0)	(1.4)	(0.3)	(0.5)
N	1214	194	596	2795

Table A.2: (D) Baseline Access to Benefits, Colombia

	FS	IS	SE	All
Social security				
Social security contrib.	85.4	9.6	10.0	53.2
	(1.7)	(5.5)	(2.3)	(1.8)
Health				
Health insurance	76.0	0.0	17.5	47.2
	(1.9)	(0.0)	(2.4)	(1.6)
Pension				
Pension	89.8	0.0	14.9	51.4
	(1.4)	(0.0)	(2.3)	(1.6)
Severance / dismissal				
Severance (cesantías)	86.2	5.0	4.8	47.9
	(1.1)	(2.9)	(1.1)	(1.2)
Other				
Compensation fund	83.4	0.0	6.2	47.1
	(1.2)	(0.0)	(1.2)	(1.2)
Paid Leave				
Paid vacation	81.5	11.5	5.8	46.8
	(1.3)	(4.3)	(1.2)	(1.2)
Paid sick leave	63.8	1.5	3.9	35.8
	(1.6)	(1.6)	(1.0)	(1.2)
Bonus and supplements				
Service bonus (prima)	84.1	18.3	4.3	48.3
	(1.2)	(5.2)	(1.0)	(1.2)
Transport allowance	66.1	26.8	6.7	40.4
	(1.6)	(5.9)	(1.2)	(1.2)
N	912	57	410	1732

Table A.2: (E) Baseline Access to Benefits, Ecuador

	FS	IS	SE	All
Social security				
IESS contribution	86.9	16.9	8.6	40.9
	(3.1)	(5.6)	(2.9)	(2.5)
Severance / dismissal				
Dismissal indemnification	52.2	1.4	0.4	22.1
	(4.6)	(1.8)	(0.6)	(2.1)
Paid Leave				
Paid vacation	79.3	9.3	6.7	34.0
	(3.8)	(4.3)	(2.6)	(2.4)
Paid medical leave	43.5	8.6	3.8	19.3
	(4.6)	(4.2)	(2.0)	(2.0)
Bonus and supplements				
13th salary (navideño)	92.4	26.2	10.5	47.0
	(2.5)	(6.6)	(3.1)	(2.5)
14th salary (escolar)	68.8	18.5	6.3	34.8
	(4.3)	(5.8)	(2.5)	(2.4)
Transport subsidy	22.3	18.2	3.8	15.1
	(3.9)	(5.7)	(2.0)	(1.8)
Other				
Cooperativa benefits	11.6	0.0	0.0	6.2
	(3.0)	(0.0)	(0.0)	(1.2)
N	117	46	96	400

Table A.2: (F) Baseline Access to Benefits, Mexico

	FS	IS	SE	All
Health				
Health (IMSS/ISSSTE)	89.5	13.9	8.2	45.2
	(1.4)	(1.6)	(1.1)	(0.9)
Pension				
Pension (Afore)	71.4	2.3	6.8	25.1
	(2.1)	(0.7)	(1.0)	(0.8)
Other				
Housing credit (Infonavit)	74.4	2.9	2.3	30.2
	(2.0)	(0.8)	(0.6)	(0.9)
Severance / dismissal				
Dismissal pay	47.9	5.1	1.8	19.3
	(2.3)	(1.1)	(0.5)	(0.7)
Paid Leave				
Paid vacation	89.0	28.0	10.0	49.4
	(1.4)	(2.1)	(1.2)	(0.9)
Maternity/paternity leave	51.4	3.1	1.2	20.2
	(2.3)	(0.8)	(0.4)	(0.8)
Bonus and supplements				
Annual bonus (aguinaldo)	90.8	38.9	8.4	52.1
	(1.3)	(2.3)	(1.1)	(0.9)
Sunday premium	52.9	3.5	2.0	23.7
	(2.3)	(0.9)	(0.6)	(0.8)
Seniority bonus	52.2	3.3	2.3	21.2
	(2.3)	(0.9)	(0.6)	(0.8)
N	481	442	631	2804

Table A.2: (G) Baseline Access to Benefits, Peru

	FS	IS	SE	All
Health				
Health (EsSalud/EPS)	92.5	14.1	17.1	49.2
	(1.2)	(2.5)	(1.8)	(1.2)
Pension				
Pension (ONP/AFP)	80.2	8.7	5.2	35.0
	(1.8)	(2.0)	(1.1)	(1.1)
Severance / dismissal				
CTS	67.7	8.8	3.0	29.0
	(2.1)	(2.1)	(0.8)	(1.1)
Dismissal compensation	28.0	1.9	0.7	11.0
	(2.0)	(1.0)	(0.4)	(0.7)
Paid Leave				
Paid vacation	80.0	12.4	10.1	38.7
	(1.8)	(2.4)	(1.5)	(1.1)
Maternity/paternity leave	45.4	4.3	0.7	17.1
	(2.2)	(1.5)	(0.4)	(0.9)
Bonus and supplements				
Gratifications	73.7	9.7	7.7	35.3
	(2.0)	(2.1)	(1.3)	(1.1)
Family allowance	48.3	7.9	2.2	20.4
	(2.2)	(2.0)	(0.7)	(0.9)
N	502	192	431	1857

Notes: These tables report the share of respondents who self-report access to each benefit, by current work arrangement and country. Standard errors are reported in parentheses. FS refers to formal salaried workers, IS to informal salaried workers, SE to self-employed workers, and All to all respondents in the final sample. Benefits are categorized into five groups: social security, other, severance/dismissal protection, leave and licenses, and bonus and supplements. For Colombia, the social security question was split into two separate questions on access to health and access to pension. The sample that answered the single social security question is All (N=757), FS (N=410), IS(N=33), and SE(N=200); the sample that answered both the health and pension questions is: All (N= 975), FS (N= 502), IS(N=30), SE(N=301). All tabulations are weighted using raked weights adjusted to the national population (using sex, age, and education) from SEDLAC, trimmed at the 95th percentile and rescaled by country.

Table A.4: (A) Currently Formal Workers

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	79.93	80.00	79.86	0.34	34.89	35.32	34.46	1.09	46.40	45.68	47.09	-1.31
				(1.34)				(1.59)				(1.66)
Health	77.05	77.15	76.94	0.20	38.18	38.14	38.22	0.19	44.07	44.01	44.12	0.21
				(1.65)				(1.91)				(1.95)
Dismissal	66.71	67.79	65.65	2.17	28.28	28.41	28.16	0.31	17.21	16.68	17.73	-0.96
				(1.60)				(1.52)				(1.30)
Paid Leave	82.91	82.10	83.69	-1.58	35.11	34.47	35.73	-1.11	29.10	27.95	30.22	-2.26
				(1.26)				(1.59)				(1.54)
Paid statutory leave	66.69	66.67	66.70	-0.07	22.04	21.76	22.32	-0.53	18.46	18.47	18.45	0.14
				(1.58)				(1.36)				(1.29)
Bonus	85.68	83.85	87.49	-3.50**	38.47	36.58	40.33	-3.46*	25.34	25.25	25.44	-0.11
				(1.44)				(1.92)				(1.74)
None	1.68	1.87	1.50	0.38	25.33	26.59	24.10	2.44*	23.73	24.86	22.63	2.12
				(0.42)				(1.42)				(1.40)

Table A.4: (B) Currently Informal Workers

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	55.21	56.11	54.25	1.78	23.48	23.10	23.88	-0.31	33.76	33.18	34.39	-0.55
				(3.07)				(2.49)				(2.88)
Health	59.79	56.71	63.17	-5.38*	32.49	29.89	35.34	-4.46	31.85	30.40	33.44	-2.30
				(3.23)				(2.96)				(2.94)
Dismissal	51.09	49.26	53.05	-3.06	32.73	33.06	32.38	1.05	15.48	15.33	15.63	-0.30
				(3.03)				(2.86)				(2.15)
Paid Leave	62.23	57.08	67.75	-10.08***	38.03	36.91	39.23	-2.66	30.41	30.30	30.53	-0.59
				(2.98)				(2.82)				(2.84)
Paid statutory leave	39.29	38.13	40.54	-0.88	17.45	16.32	18.66	-1.78	12.60	11.97	13.28	-0.91
				(2.84)				(2.24)				(1.90)
Bonus	70.38	67.86	73.07	-4.45	48.71	49.54	47.82	1.41	30.19	30.68	29.67	0.69
				(3.03)				(3.26)				(3.04)
None	9.56	10.84	8.19	2.67	22.88	23.15	22.58	0.77	27.54	27.70	27.37	0.35
				(1.95)				(2.67)				(2.84)

Table A.4: (C) Currently Self-Employed Workers

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	58.63	60.15	57.01	3.59*	30.31	30.37	30.25	0.55	38.54	37.99	39.13	-0.50
				(1.88)				(1.78)				(1.85)
Health	60.32	59.42	61.31	-1.41	35.66	35.47	35.86	0.12	38.25	37.11	39.50	-1.81
				(2.15)				(2.11)				(2.10)
Dismissal	48.00	49.84	46.03	3.96**	23.45	24.54	22.28	2.18	14.69	13.74	15.69	-2.01
				(1.93)				(1.69)				(1.44)
Paid Leave	58.55	58.63	58.45	0.63	30.06	31.11	28.94	2.17	26.29	26.49	26.06	0.36
				(1.93)				(1.82)				(1.74)
Paid statutory leave	40.33	41.48	39.09	2.94	16.65	17.54	15.70	1.97	13.08	13.27	12.88	0.49
				(1.84)				(1.47)				(1.28)
Bonus	63.27	63.03	63.52	-0.18	34.89	36.32	33.38	2.78	24.79	25.09	24.47	0.51
				(2.13)				(2.09)				(1.89)
None	11.64	12.29	10.94	1.35	25.08	26.16	23.93	2.26	26.86	27.46	26.21	1.07
				(1.22)				(1.65)				(1.74)

Notes: Notes: This table reports the perceived likelihood of benefit access for each work arrangement presented in the survey, separately by respondents' current work status: formal salaried, informal salaried, and self-employed. *Treat* and *Control* groups refer to the randomization of information treatment, in which respondents receive country-specific information about benefits associated with formality. All benefits are pooled from country-specific variables that correspond to these benefits. Health for Brazil (*licença médica*) corresponds to sick leave rather than health insurance access. Bonus in Chile (*Gratificaciones*) refers to profit sharing rather than a thirteenth-month salary. Survey in Ecuador does not include a question on bonuses. And accordingly, health in Brazil and bonuses in Chile and Ecuador are excluded from the pooled analysis of the corresponding belief about benefits. Differences in group means and standard errors are obtained through a weighted robust linear regression with country fixed effects of the outcomes on treatment status. Standard errors are reported in parenthesis. All tabulations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country. Stars represent significance levels:$^{***}p < 0.01$,$^{**}p < 0.05$,$^{*}p < 0.10$.

Table A.5: (A) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Argentina

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	49.90	53.66	46.14	7.52***	26.45	26.96	25.95	1.01	38.18	37.08	39.27	-2.20
				(2.04)				(1.75)				(1.96)
Health	76.38	74.51	78.25	-3.74**	45.79	45.37	46.21	-0.83	47.86	47.46	48.26	-0.80
				(1.79)				(2.04)				(2.04)
Dismissal	66.05	66.95	65.15	1.80	38.42	39.28	37.55	1.73	17.77	17.40	18.14	-0.74
				(1.97)				(2.00)				(1.58)
Paid Leave	69.70	69.18	70.23	-1.05	36.87	36.62	37.12	-0.51	23.32	23.68	22.96	0.72
				(1.93)				(1.98)				(1.74)
Paid statutory leave	55.60	56.50	54.70	1.80	23.80	23.95	23.65	0.30	14.47	13.60	15.34	-1.74
				(2.05)				(1.72)				(1.43)
Bonus	75.62	74.84	76.40	-1.56	45.10	45.08	45.12	-0.04	27.09	27.77	26.40	1.36
				(1.81)				(2.04)				(1.85)
None	7.65	8.53	6.76	1.77	20.92	22.50	19.34	3.17*	23.58	24.13	23.03	1.11
				(1.13)				(1.64)				(1.74)

Table A.5: (B) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Brazil

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	73.90	73.96	73.85	0.12	35.07	35.59	34.55	1.04	46.32	46.79	45.85	0.94
				(1.79)				(1.96)				(2.06)
Sick Leave	64.44	64.55	64.33	0.22	26.53	27.35	25.72	1.63	26.27	27.23	25.31	1.93
				(1.95)				(1.81)				(1.82)
Dismissal	54.43	56.03	52.82	3.21	22.73	23.92	21.53	2.39	15.56	15.49	15.63	-0.14
				(2.05)				(1.71)				(1.50)
Paid Leave	76.34	76.09	76.58	-0.49	35.18	36.11	34.25	1.86	28.69	28.75	28.63	0.13
				(1.71)				(1.97)				(1.87)
Paid statutory leave	58.09	58.66	57.52	1.14	20.68	20.52	20.85	-0.33	18.13	18.75	17.50	1.25
				(2.02)				(1.66)				(1.61)
Bonus	77.12	75.62	78.61	-2.99*	33.84	33.75	33.93	-0.18	24.22	24.82	23.63	1.19
				(1.69)				(1.95)				(1.77)
None	6.29	6.39	6.19	0.20	28.40	30.21	26.59	3.62*	26.18	26.31	26.06	0.25
				(1.01)				(1.88)				(1.82)

Table A.5: (C) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Chile

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	71.55	72.78	70.33	2.45	33.62	32.78	34.46	-1.68	44.52	43.36	45.68	-2.32
				(1.75)				(1.83)				(1.93)
Health	63.51	62.95	64.08	-1.12	29.93	29.77	30.09	-0.32	37.23	36.88	37.58	-0.70
				(1.88)				(1.77)				(1.87)
Dismissal	63.19	63.66	62.73	0.93	25.38	25.92	24.83	1.09	16.72	15.83	17.60	-1.77
				(1.88)				(1.69)				(1.45)
Paid Leave	69.16	68.42	69.91	-1.48	27.16	27.14	27.18	-0.04	29.02	26.30	31.73	-5.43***
				(1.80)				(1.72)				(1.76)
Paid statutory leave	60.12	60.52	59.72	0.80	20.88	21.48	20.28	1.20	21.30	20.57	22.04	-1.47
				(1.91)				(1.57)				(1.58)
Gratifications	60.75	59.99	61.50	-1.51	24.41	22.56	26.25	-3.69**	19.87	17.87	21.87	-4.00***
				(1.90)				(1.66)				(1.55)
None	5.52	5.03	6.01	-0.98	25.93	27.12	24.74	2.39	22.83	24.53	21.14	3.39**
				(0.90)				(1.70)				(1.63)

Table A.5: (D) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Colombia

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	79.92	79.48	80.34	-0.86	42.77	42.66	42.87	-0.21	51.98	49.47	54.35	-4.88
				(2.44)				(2.99)				(3.02)
Health	77.13	76.03	78.15	-2.12	48.19	49.49	46.96	2.52	51.20	50.95	51.43	-0.48
				(2.61)				(3.02)				(3.02)
Dismissal	56.84	57.44	56.27	1.17	24.79	24.57	24.99	-0.41	16.05	16.60	15.54	1.06
				(3.01)				(2.62)				(2.20)
Paid Leave	77.70	76.91	78.45	-1.53	32.14	30.85	33.35	-2.50	27.91	27.85	27.96	-0.11
				(2.60)				(2.84)				(2.71)
Paid statutory leave	63.39	62.63	64.10	-1.47	21.49	21.93	21.07	0.86	15.45	15.98	14.94	1.04
				(2.96)				(2.53)				(2.16)
Bonus	80.20	78.98	81.35	-2.37	35.79	34.74	36.79	-2.05	24.90	25.45	24.39	1.07
				(2.49)				(2.95)				(2.64)
None	4.31	5.31	3.37	1.94	20.68	21.91	19.53	2.38	20.45	22.15	18.84	3.31
				(1.27)				(2.38)				(2.47)

Table A.5: (E) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Ecuador

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	77.67	73.33	80.65	-7.33	40.86	51.02	33.90	17.12*	52.79	55.76	50.76	5.01
				(9.05)				(10.03)				(10.32)
Health	72.81	66.70	77.00	-10.30	39.62	43.54	36.93	6.61	46.49	45.17	47.40	-2.23
				(9.27)				(10.26)				(10.35)
Dismissal	57.95	62.18	55.05	7.14	35.31	36.49	34.51	1.99	18.48	17.89	18.89	-1.00
				(10.18)				(9.91)				(8.13)
Paid Leave	72.05	67.66	75.06	-7.39	36.23	34.02	37.76	-3.74	31.63	40.42	25.61	14.82
				(9.22)				(10.08)				(9.85)
Paid statutory leave	50.08	43.73	54.43	-10.70	19.67	16.91	21.57	-4.65	14.95	12.94	16.33	-3.40
				(10.24)				(8.23)				(7.20)
None	4.36	10.50	0.15	10.35**	15.60	13.86	16.79	-2.93	13.78	16.87	11.66	5.21
				(5.03)				(7.32)				(7.13)

Table A.5: (F) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Mexico

	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	67.41	65.48	69.41	-3.93*	27.37	26.23	28.54	-2.31	30.89	30.00	31.81	-1.82
				(2.02)				(1.90)				(1.95)
Health	63.27	63.40	63.14	0.26	34.74	32.99	36.54	-3.55*	33.69	33.32	34.08	-0.76
				(2.10)				(2.01)				(1.98)
Dismissal	48.66	48.29	49.04	-0.74	29.22	28.95	29.50	-0.55	14.46	14.17	14.76	-0.59
				(2.12)				(1.93)				(1.52)
Paid Leave	67.14	64.65	69.72	-5.07**	40.83	39.76	41.94	-2.19	33.95	32.90	35.03	-2.12
				(2.08)				(2.06)				(2.00)
Paid statutory leave	32.51	33.56	31.42	2.13	14.56	14.26	14.86	-0.61	11.43	10.35	12.54	-2.19*
				(1.90)				(1.43)				(1.28)
Bonus	71.07	68.99	73.22	-4.22**	45.23	44.50	45.98	-1.48	29.25	27.73	30.82	-3.09
				(2.02)				(2.11)				(1.94)
None	6.50	8.09	4.85	3.24***	20.10	20.74	19.44	1.30	26.85	27.49	26.20	1.29
				(1.10)				(1.72)				(1.90)

Table A.5: (G) Treatment Effect on Belief about Benefits Associated with Different Work Arrangement, Peru

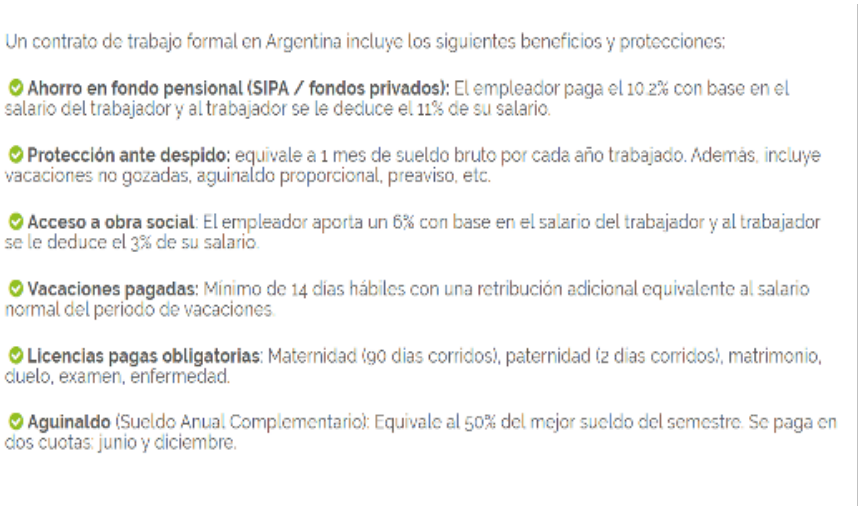
	Formal Salaried				Informal Salaried				Self-Employed			
	All	Treat	Control	Diff	All	Treat	Control	Diff	All	Treat	Control	Diff
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Pension	58.21	61.35	54.71	6.64**	22.68	22.47	22.91	-0.44	33.82	33.27	34.43	-1.16
				(3.31)				(2.77)				(3.14)
Health	62.41	61.60	63.30	-1.70	27.31	24.61	30.31	-5.70*	31.16	29.13	33.43	-4.30
				(3.25)				(2.91)				(3.03)
Dismissal	51.91	51.52	52.35	-0.83	27.04	25.35	28.93	-3.57	17.02	15.30	18.93	-3.63
				(3.33)				(2.99)				(2.52)
Paid Leave	65.73	63.37	68.35	-4.97	35.79	34.15	37.61	-3.46	32.32	31.72	32.99	-1.27
				(3.24)				(3.20)				(3.10)
Paid statutory leave	41.99	41.01	43.08	-2.07	16.20	14.55	18.04	-3.50	13.72	12.72	14.84	-2.12
				(3.22)				(2.35)				(2.18)
Bonus	70.30	67.98	72.89	-4.90	36.79	35.85	37.84	-1.99	27.93	26.06	30.00	-3.94
				(3.13)				(3.23)				(2.98)
None	5.13	5.17	5.10	0.07	23.12	24.79	21.27	3.52	25.10	25.69	24.44	1.25
				(1.49)				(2.78)				(2.92)

Notes: This table reports the by country breakdown of the perceived likelihood of benefit access for each work arrangement presented in the survey. *Treat* and *Control* groups refer to the randomization of information treatment, in which respondents receive country-specific information about benefits associated with formality, as shown in Figure A.4. All benefits are pooled from country-specific variables that correspond to these benefits. Health for Brazil (*licença médica*) corresponds to sick leave rather than health insurance access. Bonus in Chile (*Gratificaciones*) refers to profit sharing rather than a thirteenth-month salary. Survey in Ecuador does not include a question on bonuses. Differences in group means and standard errors are obtained through a weighted robust linear regression of the outcomes on treatment status. Standard errors are reported in parenthesis. All tabulations are weighted using raked weights adjusted to the national population (using sex, age and education) from the SEDLAC, trimmed at the 95th percentile and rescaled by country. Stars represent significance levels:***$p < 0.01$,**$p < 0.05$,*$p < 0.10$.

C Survey Screenshots

Figure A.4: Survey screenshot on the information provision of formal job benefits, by country

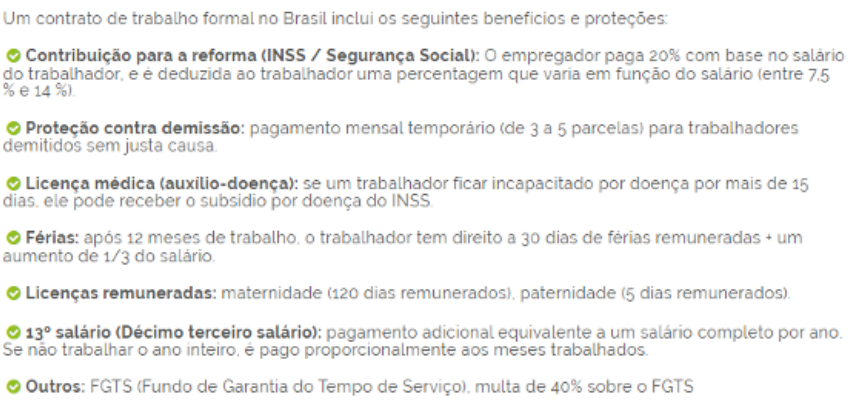
(a) Information provision, Argentina



Un contrato de trabajo formal en Argentina incluye los siguientes beneficios y protecciones:

- **Ahorro en fondo pensional (SIPA / fondos privados):** El empleador paga el 10.2% con base en el salario del trabajador y al trabajador se le deduce el 11% de su salario.
- **Protección ante despido:** equivale a 1 mes de sueldo bruto por cada año trabajado. Además, incluye vacaciones no gozadas, aguinaldo proporcional, preaviso, etc.
- **Acceso a obra social**: El empleador aporta un 6% con base en el salario del trabajador y al trabajador se le deduce el 3% de su salario.
- **Vacaciones pagadas:** Mínimo de 14 días hábiles con una retribución adicional equivalente al salario normal del periodo de vacaciones.
- **Licencias pagas obligatorias**: Maternidad (90 días corridos), paternidad (2 días corridos), matrimonio, duelo, examen, enfermedad.
- **Aguinaldo** (Sueldo Anual Complementario): Equivale al 50% del mejor sueldo del semestre. Se paga en dos cuotas: junio y diciembre.

(b) Information provision, Brazil

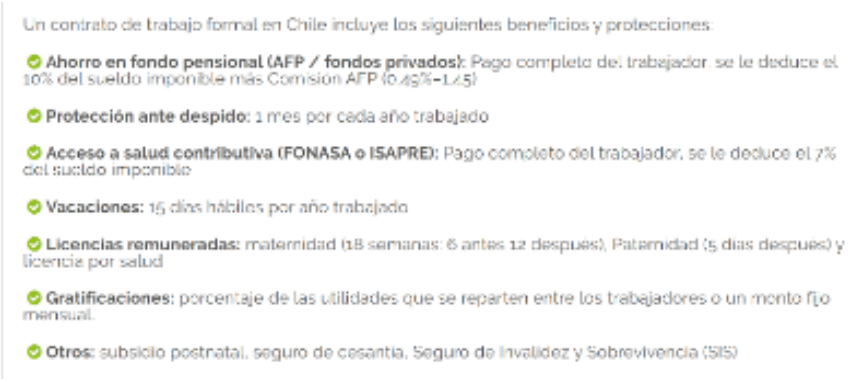


Um contrato de trabalho formal no Brasil inclui os seguintes benefícios e proteções:

- **Contribuição para a reforma (INSS / Segurança Social):** O empregador paga 20% com base no salário do trabalhador, e é deduzida ao trabalhador uma percentagem que varia em função do salário (entre 7,5 % e 14 %).
- **Proteção contra demissão:** pagamento mensal temporário (de 3 a 5 parcelas) para trabalhadores demitidos sem justa causa.
- **Licença médica (auxílio-doença):** se um trabalhador ficar incapacitado por doença por mais de 15 dias, ele pode receber o subsídio por doença do INSS.
- **Férias:** após 12 meses de trabalho, o trabalhador tem direito a 30 dias de férias remuneradas + um aumento de 1/3 do salário.
- **Licenças remuneradas:** maternidade (120 dias remunerados), paternidade (5 dias remunerados).
- **13º salário (Décimo terceiro salário):** pagamento adicional equivalente a um salário completo por ano. Se não trabalhar o ano inteiro, é pago proporcionalmente aos meses trabalhados.
- **Outros:** FGTS (Fundo de Garantia do Tempo de Serviço), multa de 40% sobre o FGTS

Figure A.4 (continued)

(c) Information provision, Chile



(d) Information provision, Colombia

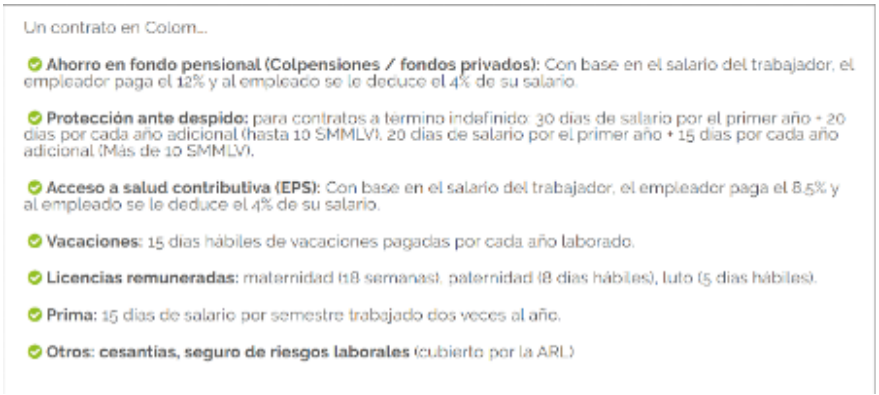
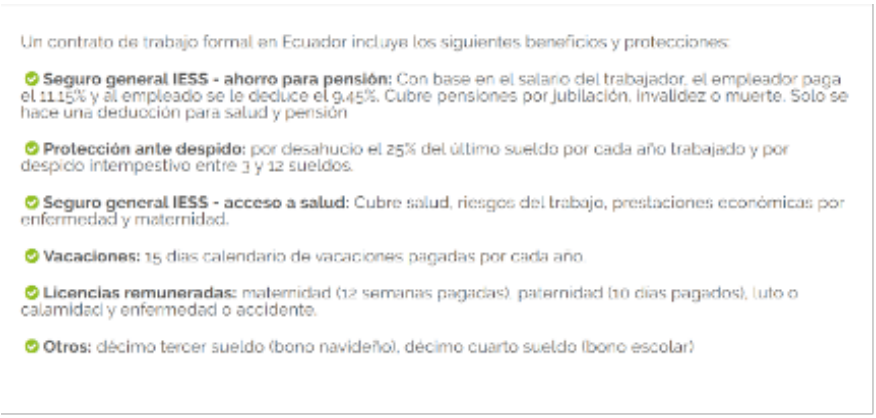


Figure A.4 (continued)

(e) Information provision, Ecuador


Un contrato de trabajo formal en Ecuador incluya los siguientes beneficios y protecciones:

Seguro general IESS - ahorro para pensión: Con base en el salario del trabajador, el empleador paga el 11.15% y al empleado se le deduce el 9.45%. Cubre pensiones por jubilación, invalidez o muerte. Solo se hace una deducción para salud y pensión

Protección ante despido: por desahucio el 25% del último sueldo por cada año trabajado y por despicio intempestivo entre 3 y 12 sueldos.

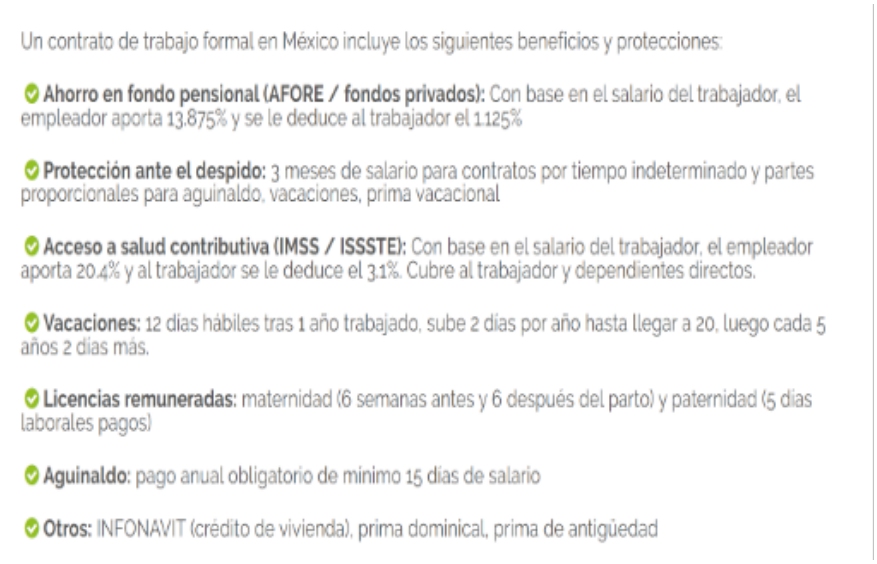
Seguro general IESS - acceso a salud: Cubre salud, riesgos del trabajo, prestaciones económicas por enfermedad y maternidad.

Vacaciones: 15 días calendario de vacaciones pagadas por cada año

Licencias remuneradas: maternidad (12 semanas pagadas), paternidad (10 días pagados), luto o calamidad y enfermedad o accidente.

Otros: décimo tercer sueldo (bono navideño), décimo cuarto sueldo (bono escolar)

(f) Information provision, Mexico


Un contrato de trabajo formal en México incluye los siguientes beneficios y protecciones:

Ahorro en fondo pensional (AFORE / fondos privados): Con base en el salario del trabajador, el empleador aporta 13.875% y se le deduce al trabajador el 1.125%

Protección ante el despido: 3 meses de salario para contratos por tiempo indeterminado y partes proporcionales para aguinaldo, vacaciones, prima vacacional

Acceso a salud contributiva (IMSS / ISSSTE): Con base en el salario del trabajador, el empleador aporta 20.4% y al trabajador se le deduce el 3.1%. Cubre al trabajador y dependientes directos.

Vacaciones: 12 días hábiles tras 1 año trabajado, sube 2 días por año hasta llegar a 20, luego cada 5 años 2 días más.

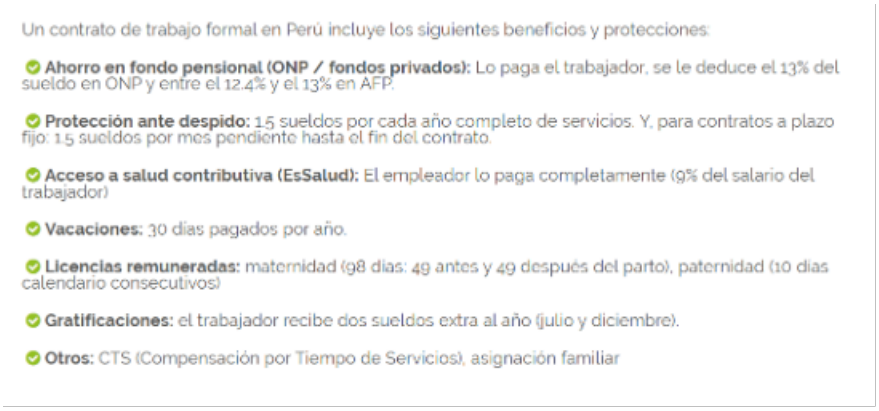
Licencias remuneradas: maternidad (6 semanas antes y 6 después del parto) y paternidad (5 días laborales pagos)

Aguinaldo: pago anual obligatorio de mínimo 15 días de salario

Otros: INFONAVIT (crédito de vivienda), prima dominical, prima de antigüedad

Figure A.4 (continued)

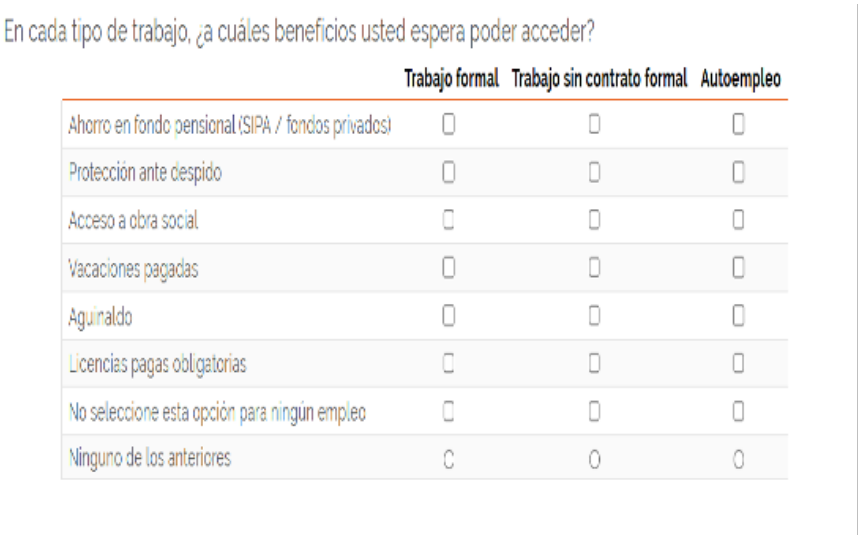
(g) Information provision, Peru



Notes: this information prompt is showned to the *treated* respondents. *Treated* respondents in each country see country-specific information provision on benefits associated with formal employment in each country, prior to being asked to complete the question in Figure A.5.

Figure A.5: Question about belief on benefit access, by country

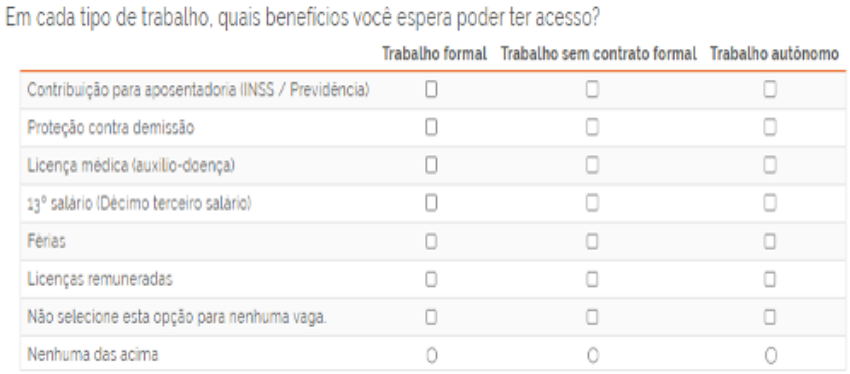
(a) Question about benefit access across alternative work arrangement, Argentina



En cada tipo de trabajo, ¿a cuáles beneficios usted espera poder acceder?

	Trabajo formal	Trabajo sin contrato formal	Autoempleo
Ahorro en fondo pensional (SIPA / fondos privados)	☐	☐	☐
Protección ante despido	☐	☐	☐
Acceso a obra social	☐	☐	☐
Vacaciones pagadas	☐	☐	☐
Aguinaldo	☐	☐	☐
Licencias pagas obligatorias	☐	☐	☐
No seleccione esta opción para ningún empleo	☐	☐	☐
Ninguno de los anteriores	○	○	○

(b) Question about benefit access across alternative work arrangement, Brazil

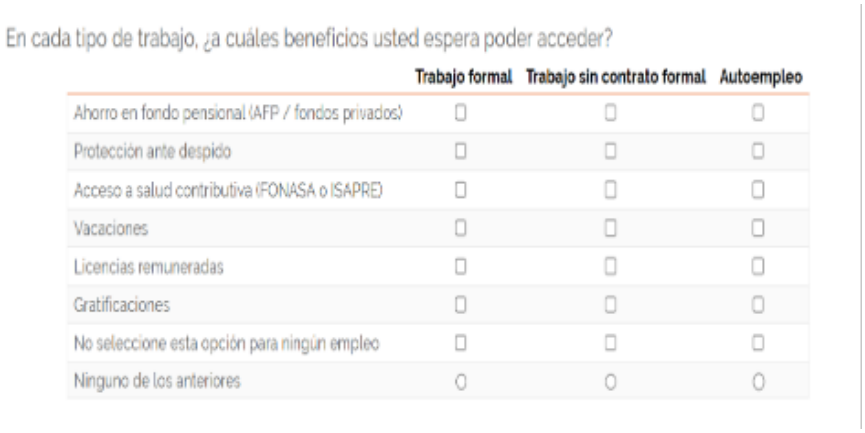


Em cada tipo de trabalho, quais benefícios você espera poder ter acesso?

	Trabalho formal	Trabalho sem contrato formal	Trabalho autônomo
Contribuição para aposentadoria (INSS / Previdência)	☐	☐	☐
Proteção contra demissão	☐	☐	☐
Licença médica (auxílio-doença)	☐	☐	☐
13º salário (Décimo terceiro salário)	☐	☐	☐
Férias	☐	☐	☐
Licenças remuneradas	☐	☐	☐
Não selecione esta opção para nenhuma vaga.	☐	☐	☐
Nenhuma das acima	○	○	○

Figure A.5 (continued)

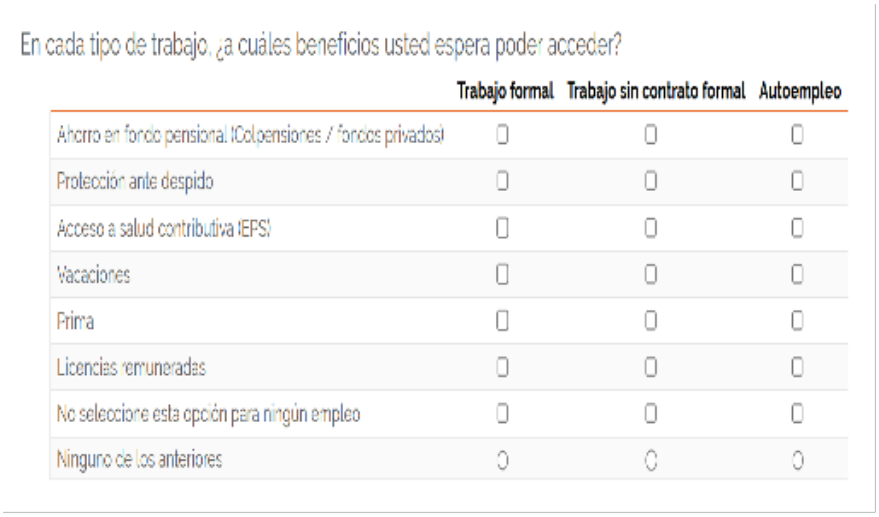
(c) Question about benefit access across alternative work arrangement, Chile



En cada tipo de trabajo, ¿a cuáles beneficios usted espera poder acceder?

	Trabajo formal	Trabajo sin contrato formal	Autoempleo
Ahorro en fondo pensional (AFP / fondos privados)	☐	☐	☐
Protección ante despido	☐	☐	☐
Acceso a salud contributiva (FONASA o ISAPRE)	☐	☐	☐
Vacaciones	☐	☐	☐
Licencias remuneradas	☐	☐	☐
Gratificaciones	☐	☐	☐
No seleccione esta opción para ningún empleo	☐	☐	☐
Ninguno de los anteriores	○	○	○

(d) Question about benefit access across alternative work arrangement, Colombia

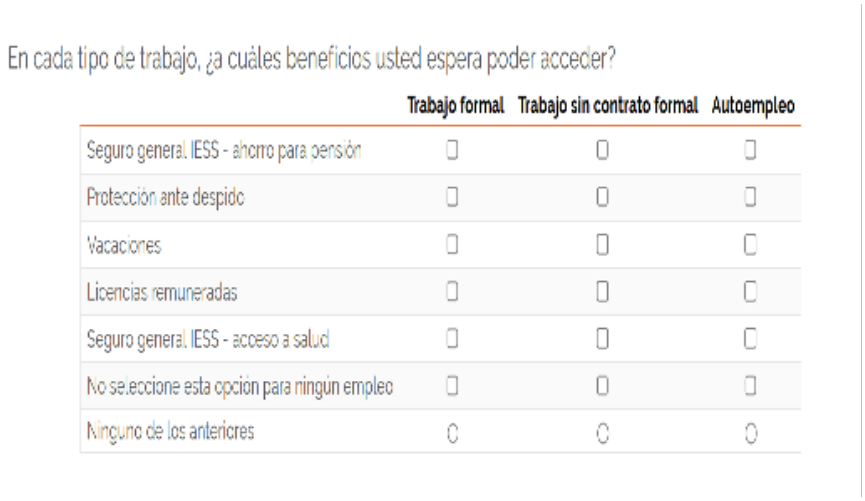


En cada tipo de trabajo, ¿a cuáles beneficios usted espera poder acceder?

	Trabajo formal	Trabajo sin contrato formal	Autoempleo
Ahorro en fondo pensional (Colpensiones / fondos privados)	☐	☐	☐
Protección ante despido	☐	☐	☐
Acceso a salud contributiva (EPS)	☐	☐	☐
Vacaciones	☐	☐	☐
Prima	☐	☐	☐
Licencias remuneradas	☐	☐	☐
No seleccione esta opción para ningún empleo	☐	☐	☐
Ninguno de los anteriores	○	○	○

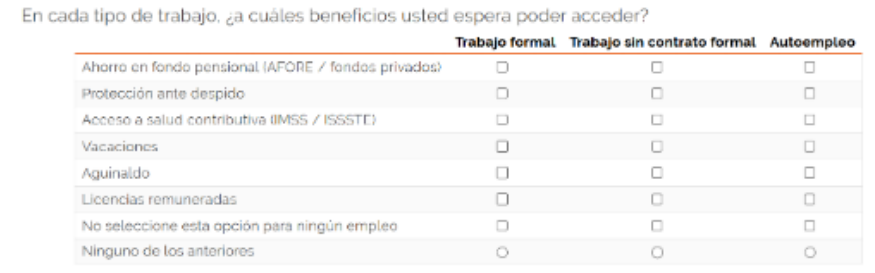
Figure A.5 (continued)

(e) Question about benefit access across alternative work arrangement, Ecuador


En cada tipo de trabajo, ¿a cuáles beneficios usted espera poder acceder?

	Trabajo formal	Trabajo sin contrato formal	Autoempleo
Seguro general IESS - ahorro para pensión	☐	☐	☐
Protección ante despido	☐	☐	☐
Vacaciones	☐	☐	☐
Licencias remuneradas	☐	☐	☐
Seguro general IESS - acceso a salud	☐	☐	☐
No seleccione esta opción para ningún empleo	☐	☐	☐
Ninguno de los anteriores	○	○	○

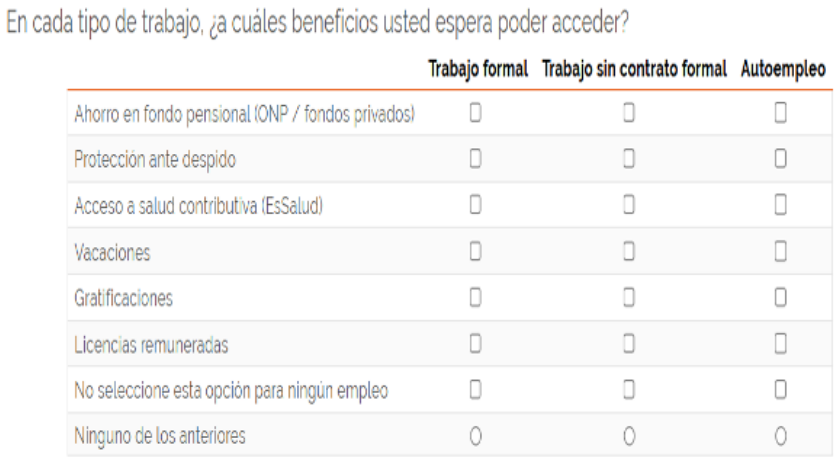
(f) Question about benefit access across alternative work arrangement, Mexico


En cada tipo de trabajo, ¿a cuáles beneficios usted espera poder acceder?

	Trabajo formal	Trabajo sin contrato formal	Autoempleo
Ahorro en fondo pensional (AFORE / fondos privados)	☐	☐	☐
Protección ante despido	☐	☐	☐
Acceso a salud contributiva (IMSS / ISSSTE)	☐	☐	☐
Vacaciones	☐	☐	☐
Aguinaldo	☐	☐	☐
Licencias remuneradas	☐	☐	☐
No seleccione esta opción para ningún empleo	☐	☐	☐
Ninguno de los anteriores	○	○	○

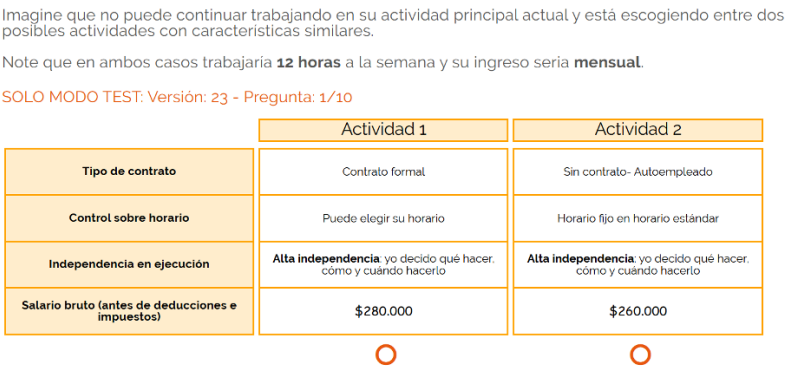
Figure A.5 (continued)

(g) Question about benefit access across alternative work arrangement, Peru



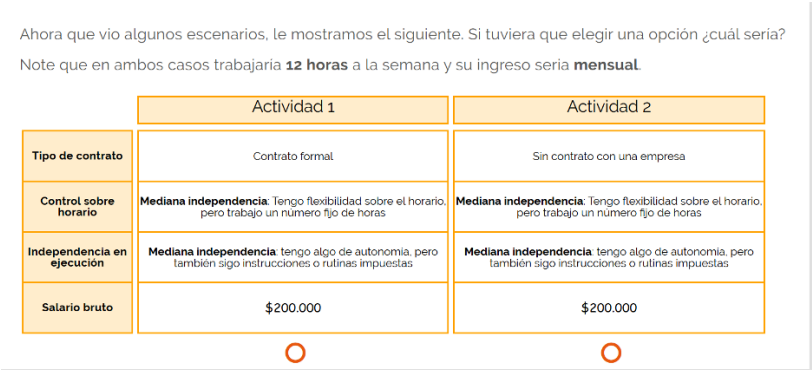
Notes: This figure shows the question on perceived access to benefits under alternative work arrangements (formal job, informal job and self-employment), shown to all respondents. *Treated* respondents viewed this question after reviewing the informational prompt displayed in Figure A.4 and before they proceed to the DCEs. Respondents in the *control* group go directly into these questions about benefit access across alternative work arrangement before DCE1, without viewing the information. Respondents could select multiple options within each column, with the exception of the "None" option, which is mutually exclusive. An attention check is embedded in each of the three columns, consisting of an option instructing respondents not to select it.

Figure A.6: Hypothetical Job Pair from DCE1



Notes: This figure shows an example of the hypothetical job pair displayed to respondents in the first phase of the DCE. Each respondent answers 10 choice tasks, each presenting two hypothetical jobs that vary along four attributes: (i) contract type (formal contract, informal salaried, or self-employed/no contract), (ii) schedule flexibility, (iii) independence in execution (high or low), and (iv) gross monthly salary (before deductions and taxes). The working hours and pay frequency are held constant within each choice task and stated in the prompt. Respondents are assigned to either their current working hours or 40 hours. For those assigned to their current working-hour group, we use their log earnings as the log wage for the hypothetical job, whereas for respondents who see 40 hours, we use their current wages to calculate the equivalent wage for a 40-hour job. Respondents who did not report hours worked are assigned to the 40-hour group. The attribute levels shown in each pair are determined by the experimental design provided by Netquest using the D-efficient method, which is randomly assigned across respondents.

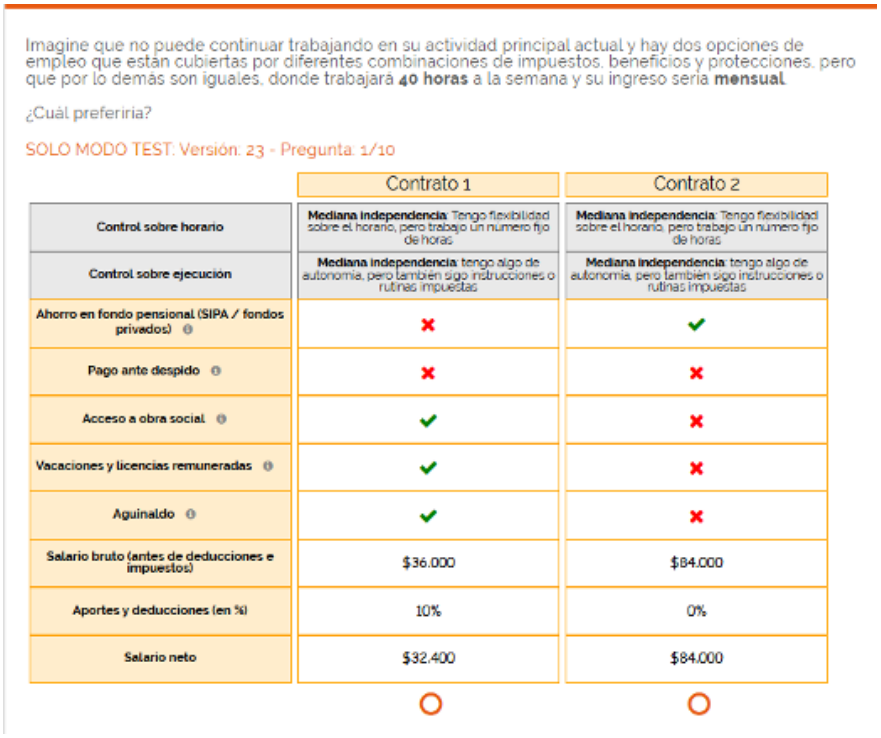
Figure A.7: DCE1 final choice scenario



Notes: This figure shows the final choice scenario respondents receive after DCE1. Respondents are presented with two hypothetical jobs that differ only in formality, one formal and one informal, while all other attributes are held constant (medium independence, medium schedule flexibility, and the same gross salary). The hours and gross monthly salary displayed in this scenario are the same as those shown in Figure A.6.

Figure A.8: Hypothetical Job with variation in non-wage amenities associated with formality (DCE2), by country

(a) Hypothetical Job Pair from DCE2, Argentina



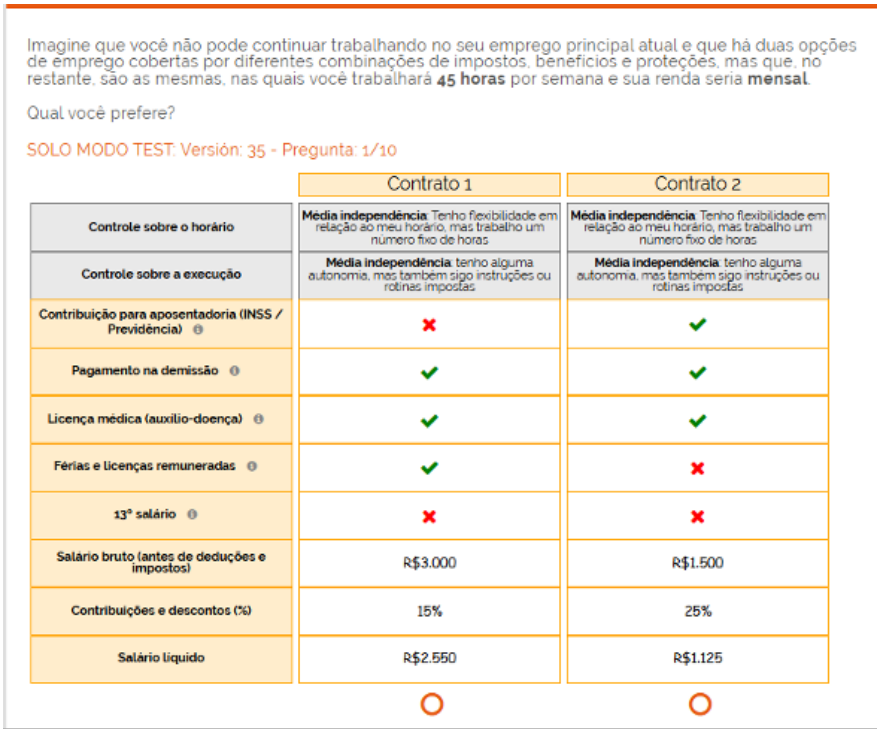
Imagine que no puede continuar trabajando en su actividad principal actual y hay dos opciones de empleo que están cubiertas por diferentes combinaciones de impuestos, beneficios y protecciones, pero que por lo demás son iguales, donde trabajará **40 horas** a la semana y su ingreso sería **mensual**.

¿Cuál preferiría?

SOLO MODO TEST: Versión: 23 - Pregunta: 1/10

	Contrato 1	Contrato 2
Control sobre horario	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas
Control sobre ejecución	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas
Ahorro en fondo pensional (SIPA / fondos privados)	✗	✓
Pago ante despido	✗	✗
Acceso a obra social	✓	✗
Vacaciones y licencias remuneradas	✓	✗
Aguinaldo	✓	✗
Salario bruto (antes de deducciones e impuestos)	$36.000	$84.000
Aportes y deducciones (en %)	10%	0%
Salario neto	$32.400	$84.000

(b) Hypothetical Job Pair from DCE2, Brazil



Imagine que você não pode continuar trabalhando no seu emprego principal atual e que há duas opções de emprego cobertas por diferentes combinações de impostos, benefícios e proteções, mas que, no restante, são as mesmas, nas quais você trabalhará **45 horas** por semana e sua renda seria **mensal**.

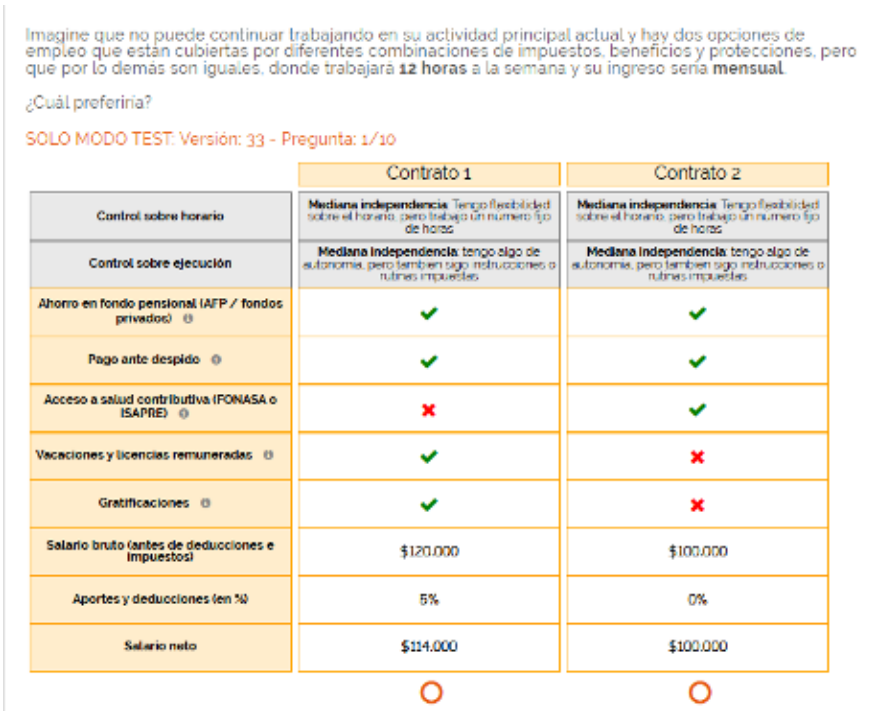
Qual você prefere?

SOLO MODO TEST: Versión: 35 - Pregunta: 1/10

	Contrato 1	Contrato 2
Controle sobre o horário	**Média independência**: Tenho flexibilidade em relação ao meu horário, mas trabalho um número fixo de horas	**Média independência**: Tenho flexibilidade em relação ao meu horário, mas trabalho um número fixo de horas
Controle sobre a execução	**Média independência**: tenho alguma autonomia, mas também sigo instruções ou rotinas impostas	**Média independência**: tenho alguma autonomia, mas também sigo instruções ou rotinas impostas
Contribuição para aposentadoria (INSS / Previdência)	✗	✓
Pagamento na demissão	✓	✓
Licença médica (auxílio-doença)	✓	✓
Férias e licenças remuneradas	✓	✗
13º salário	✗	✗
Salário bruto (antes de deduções e impostos)	R$3.000	R$1.500
Contribuições e descontos (%)	15%	25%
Salário líquido	R$2.550	R$1.125

Figure A.8 (continued)

(c) Hypothetical Job Pair from DCE2, Chile



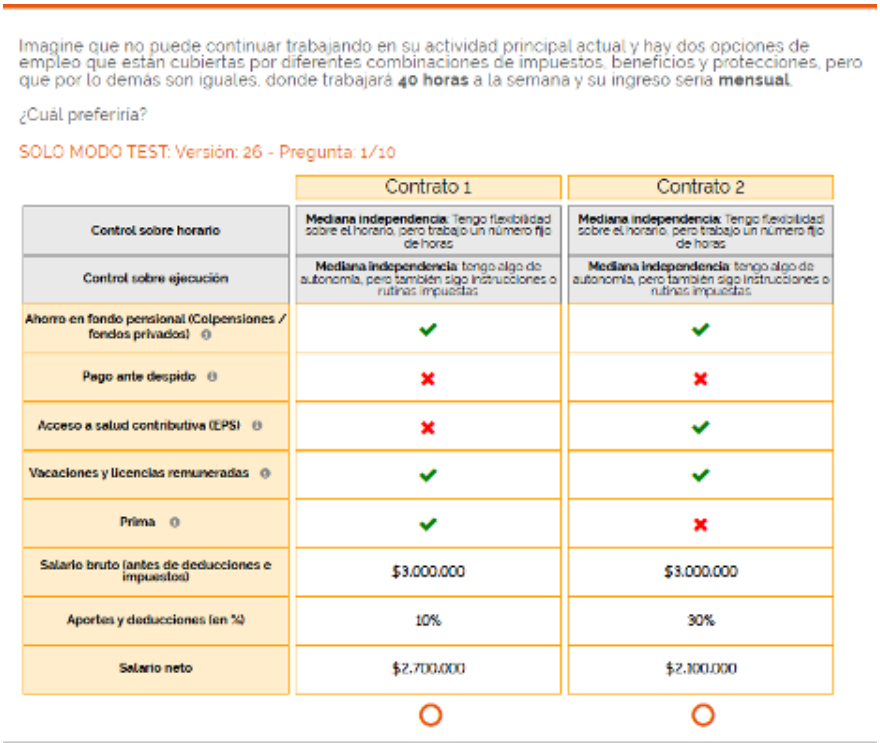
Imagine que no puede continuar trabajando en su actividad principal actual y hay dos opciones de empleo que están cubiertas por diferentes combinaciones de impuestos, beneficios y protecciones, pero que por lo demás son iguales, donde trabajará **12 horas** a la semana y su ingreso sería **mensual**.

¿Cuál preferiría?

SOLO MODO TEST: Versión: 33 - Pregunta: 1/10

	Contrato 1	Contrato 2
Control sobre horario	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas
Control sobre ejecución	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas
Ahorro en fondo pensional (AFP / fondos privados)	✔	✔
Pago ante despido	✔	✔
Acceso a salud contributiva (FONASA o ISAPRE)	✖	✔
Vacaciones y licencias remuneradas	✔	✖
Gratificaciones	✔	✖
Salario bruto (antes de deducciones e impuestos)	$120.000	$100.000
Aportes y deducciones (en %)	5%	0%
Salario neto	$114.000	$100.000

(d) Hypothetical Job Pair from DCE2, Colombia



Imagine que no puede continuar trabajando en su actividad principal actual y hay dos opciones de empleo que están cubiertas por diferentes combinaciones de impuestos, beneficios y protecciones, pero que por lo demás son iguales, donde trabajará **40 horas** a la semana y su ingreso sería **mensual**.

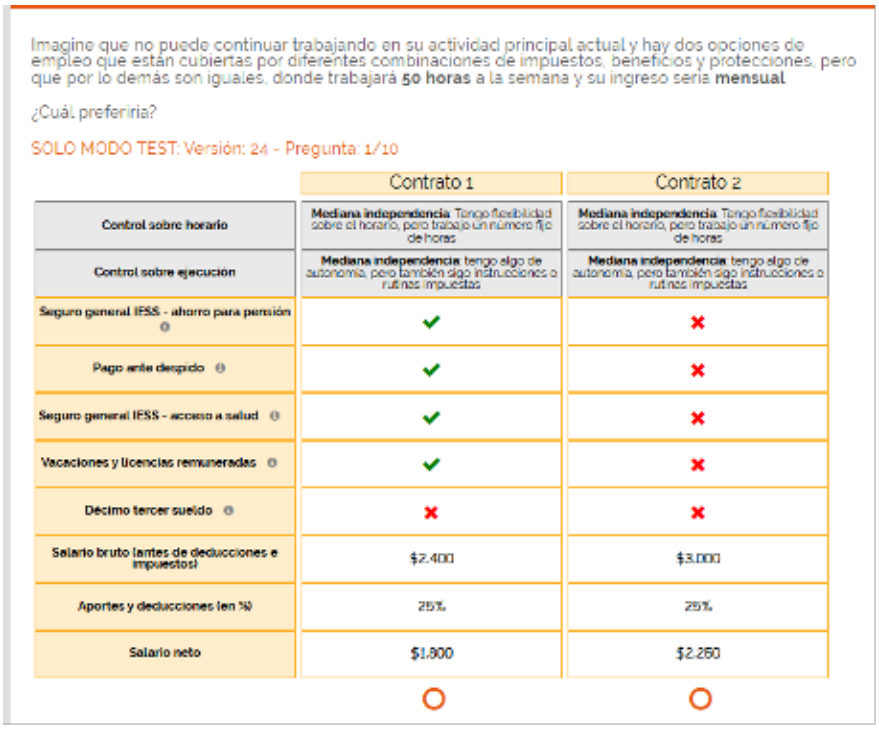
¿Cuál preferiría?

SOLO MODO TEST: Versión: 26 - Pregunta: 1/10

	Contrato 1	Contrato 2
Control sobre horario	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas
Control sobre ejecución	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas
Ahorro en fondo pensional (Colpensiones / fondos privados)	✔	✔
Pago ante despido	✖	✖
Acceso a salud contributiva (EPS)	✖	✔
Vacaciones y licencias remuneradas	✔	✔
Prima	✔	✖
Salario bruto (antes de deducciones e impuestos)	$3.000.000	$3.000.000
Aportes y deducciones (en %)	10%	30%
Salario neto	$2.700.000	$2.100.000

Figure A.8 (continued)

(e) Hypothetical Job Pair from DCE2, Ecuador



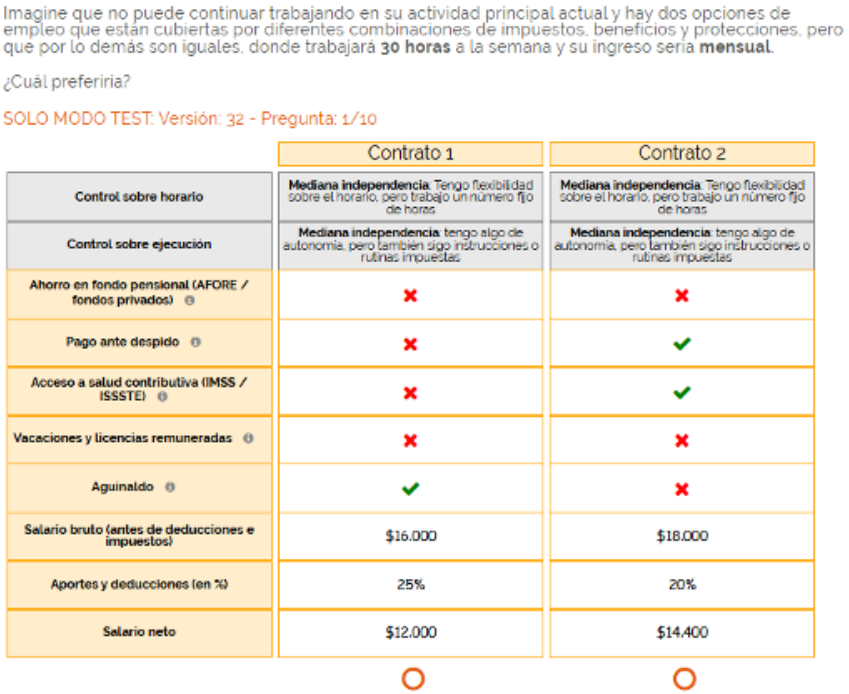
Imagine que no puede continuar trabajando en su actividad principal actual y hay dos opciones de empleo que están cubiertas por diferentes combinaciones de impuestos, beneficios y protecciones, pero que por lo demás son iguales, donde trabajará **50 horas** a la semana y su ingreso sería **mensual**.

¿Cuál preferiría?

SOLO MODO TEST: Versión: 24 - Pregunta: 1/10

	Contrato 1	Contrato 2
Control sobre horario	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas
Control sobre ejecución	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas
Seguro general IESS - ahorro para pensión	✔	✖
Pago ante despido	✔	✖
Seguro general IESS - acceso a salud	✔	✖
Vacaciones y licencias remuneradas	✔	✖
Décimo tercer sueldo	✖	✖
Salario bruto (antes de deducciones e impuestos)	$2.400	$3.000
Aportes y deducciones (en %)	25%	25%
Salario neto	$1.800	$2.250

(f) Hypothetical Job Pair from DCE2, Mexico



Imagine que no puede continuar trabajando en su actividad principal actual y hay dos opciones de empleo que están cubiertas por diferentes combinaciones de impuestos, beneficios y protecciones, pero que por lo demás son iguales, donde trabajará **30 horas** a la semana y su ingreso sería **mensual**.

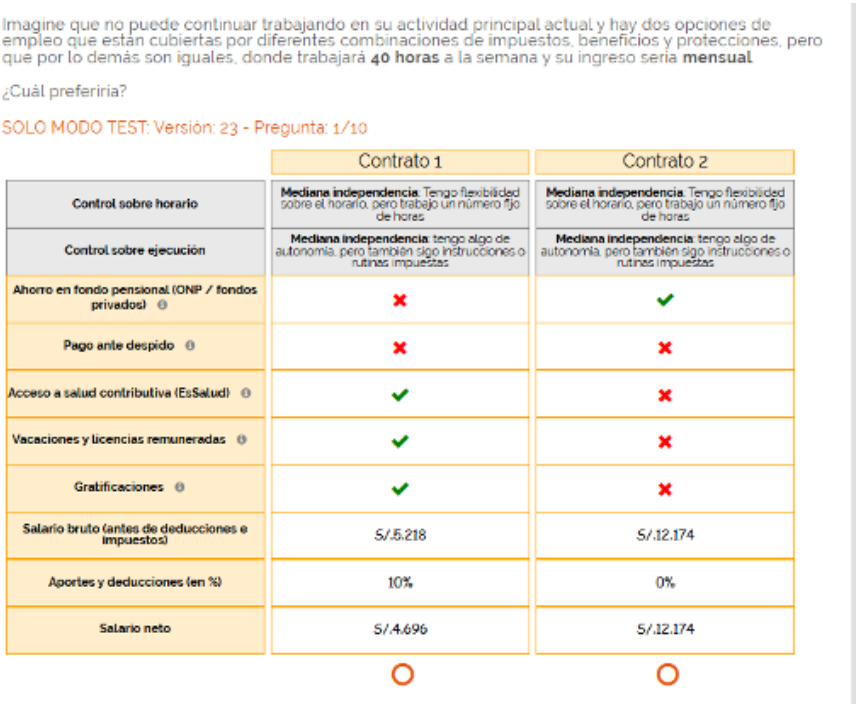
¿Cuál preferiría?

SOLO MODO TEST: Versión: 32 - Pregunta: 1/10

	Contrato 1	Contrato 2
Control sobre horario	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas	**Mediana independencia**: Tengo flexibilidad sobre el horario, pero trabajo un número fijo de horas
Control sobre ejecución	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas	**Mediana independencia**: tengo algo de autonomía, pero también sigo instrucciones o rutinas impuestas
Ahorro en fondo pensional (AFORE / fondos privados)	✖	✖
Pago ante despido	✖	✔
Acceso a salud contributiva (IMSS / ISSSTE)	✖	✔
Vacaciones y licencias remuneradas	✖	✖
Aguinaldo	✔	✖
Salario bruto (antes de deducciones e impuestos)	$16.000	$18.000
Aportes y deducciones (en %)	25%	20%
Salario neto	$12.000	$14.400

Figure A.8 (continued)

(g) Hypothetical Job Pair from DCE2, Peru



Notes: this figure shows the hypothetical job pair that each respondent view on a single scree, as 1 out of 10 choice set exercises in the second phase of the DCE, where the two jobs vary in the combination of the five components of formality (pension, dismissal protection, health, paid leave, and service bonus) that correspond to the context within the country of the respondent (and is the same as the attributes shown in Figure A.4 and Figure A.5), tax deduction, and gross salary. Net salary is computed from gross salary and tax deduction rate. Respondents were randomly assigned to one of fourty design versions, provided by Netquest using the D-efficient method. Respondents are assigned to the same prompt (same hours) as for the first phase of the DCE (Figure A.6).