

Regulation, Entry, and Monopsony: Heterogeneous Effects of Singapore's Platform Workers Act

Sanat Ramanathan

United World College South East Asia, Singapore

Abstract

Singapore's Platform Workers Act, effective 1 January 2025, mandates CPF-equivalent contributions, injury insurance, and legal and formal representation for platform workers, raising the effective cost of engaging drivers and delivery riders. Standard competitive labour market theory predicts that this cost increase should reduce the platform workforce. This paper tests that prediction against an alternative, monopsony-based framework by Azar & Marinescu, under which a binding benefit floor can leave employment unchanged or increase it, and asks whether the workforce response differs across job types. Using nationally representative aggregate survey data from Singapore's Ministry of Manpower (2016–2025), disaggregated into private-hire vehicle (PHV), taxi, and delivery workers, this study departs from prior work that relies on single-platform, ride-hailing-only microdata and cannot detect heterogeneity in entry, exit, or job type. For each job type, a pre-period (2016–2024) ordinary least squares regression on a covariate generates an out-of-sample counterfactual for 2025, and the residual between actual and predicted employment is evaluated against the competing frameworks. The results show a large positive residual for PHV drivers, a near-zero residual for taxi drivers, and a negative residual for delivery workers, a pattern inconsistent with either a competitive contraction or a platform-wide confound and consistent instead with job-differentiated monopsony power. These findings suggest that Singapore's Act increased rather than decreased platform employment in the segment most exposed to labour-supply frictions, offering evidence relevant to platform labor regulation beyond Singapore's borders.

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