

The Real Gig Economy: Why You Should Care About Contract Workers in Tech — Medium

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In San Francisco, it seems like you (the upper-middle class tech worker with disposable income) can get everything 'on-demand'—from curated flower arrangements (BloomThat), to in-home massage therapy (Zeel), and everything in between. Predicated by the overwhelming success of Uber, hundreds of millions of dollars in venture capital have gone to fund tech companies racing to build the next 'Uber for X'.

The rise of these companies is heralded as evidence of tech's disruptive power to create a new relationship between individuals and their work. At Princeton, Lawrence Katz and Alan Krueger conducted [research](#) that shows the share of workers engaged in alternate work arrangements (temps, on-call workers, or contract workers) has risen by over 56% from 2005 to 2015. Contract workers specifically represented the fastest growing segment, rising from .6% to over 2% of all workers in the United States.

These contractors are the workers powering the new 'gig economy'—and Uber, Lyft, and others have received ample criticism for the fact that as contractors, their workers give up economic stability in exchange for flexibility. Because they aren't employees, they don't receive the healthcare, vacation, or retirement benefits that make up the social safety net that employers in the United States provide.

In the tech media, on-demand companies dominate the discussion about the rights of contract workers, and we've been conditioned to think of contract workers as our Lyft driver or Postmates bike messenger. **The reality is that this 'on-demand' economy accounts for a tiny share of all contract work in the USA, (.5% of all alternate work according to [Katz and Krueger](#)) and as a tech worker your daily interaction with a contractor is far more likely to be in your office—with a janitor, security guard, cafeteria worker or even a sales rep or engineer.**

These are the real faces of contract workers in Silicon Valley. [Research](#) conducted by Chris Benner and Kyle Neering at UCSC shows that 39% of the contracted workforce in Santa Clara and San Mateo Counties are African American or Latino (as compared to 10% of directly employed tech workers).

They are also the face of the disappearing middle class in Silicon Valley: on average, contract workers employed by tech companies earn \$40,000 a year (70% of workers in similar occupations who are employed directly). Contractors are also hard hit by the rise in housing prices, with a third of workers spending more than 50% of their income on rent, despite the fact that close to two in five live with more than one family in their household.

Labor organizing has put the pressure on tech companies to improve working conditions for contract workers. In 2015 Facebook [required all its contractors to pay a \\$15 minimum wage and offer 15 days of paid time off](#), the shuttle bus drivers who shuttle Googlers [unionized and negotiated higher wages](#), and Apple [hired all of its security guards as full time employees](#). Nationally, unions and community organizers are waging a battle for the \$15 minimum wage. Income inequality is a central issue in both the Republican and Democratic presidential campaigns.

If you want to address income inequality in the Bay Area, contract workers are the place to start. These workers don't choose to be contract workers because it gives them more flexibility (a la Uber)—they are contract workers because that relationship is the one that allows the companies they work at (but not for) to extract the most value from their labor. Tech companies that choose to treat their contracted workers better have the opportunity to become an engine of middle-class growth in the Bay Area and begin to reverse the narrative around tech and inequality.

What action can you take?

If you're a tech worker, talk with the people who help make your office a pleasant place to work. A simple personal interaction goes a long way.

You can directly support the rights of contract workers to organize—like in an upcoming action at Intel in Santa Clara on April 27. For more information, check out the [Facebook Event](#) or [Meetup](#).

If you can't make it to the event in person, tweet your support using #techcandobetter.

If you're in a position to make a decision about working with contractors, [work with those certified by the Service Employees International Union](#).

-Daniel

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