

Seth Sternberg: 'Gig' economy can leave workers, families behind

By Seth Sternberg | Special to the Mercury News

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1 COMMENT

A group of Silicon Valley contract workers from diverse backgrounds recently gathered in a closed-door session with Secretary of Labor Thomas Perez. They shared stories of struggles to feed their families and pay for housing while providing tech companies with their professional services in what's called a "gig" economy.

With the boom in gig economy businesses, the on-demand workforce is expected to grow to 7.6 million Americans by 2020. The majority are contractors who are not eligible for employee benefits.

Derecka Mehrens with Working Partnerships believes many are struggling. "When we have put shuttle bus drivers and security workers in the news because they are living in their cars and can't make it, we've seen the industry respond. Business leaders need to step up. Because the race to the bottom is a very dangerous race." I couldn't agree more.

I cofounded Honor with the intent to modernize the home-care market, making it easier for older adults to remain in their homes with joy, comfort and grace. Mobile app technology is the platform that streamlines scheduling and improves communication with families. But Care Pros are the engine and the heart needed to deliver on our promise to provide the highest quality care to our clients.

That's why our caregiving workforce is being converted from independent contractors to W-2 employees.

We can now provide caregivers with workers' comp and paid sick leave. We can also offer job training, career advancement opportunities and equity -- something rarely done in the service industry -- so our Care Pros can ultimately share in the company's success.

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The home care industry employs about 1 million workers who typically have

underpaid. Of these workers, 90 percent are women, 56 percent are women of color, 36 percent have dependent children. Over 50 percent receive government assistance because they cannot earn enough to provide for their families. The home-care industry has not been working for the very individuals who do work.

The jobs we create must allow caregivers the ability and incentive to grow their skills and advance their careers while contributing to our company's success. The independent contractor model didn't allow for this. I know firsthand that jobs that help people advance their careers and give them the tools to succeed lead to a happier employee who stays for the long haul and delivers better service.

The reaction to our decision is humbling. Pando's Sarah Lacy tweeted: "A sharing economy comp. that treats both its workers and users with respect? Now 'that's' a unicorn." Ben Field with the South Bay Labor Council said, "Honor is a leading example of how companies in the digital economy can fulfill their moral obligation to raise the floor for all of their employees."

Now it's up to us as a team to make it work.

There are other gig economy startups doing the right thing. They include companies with employees that offer everything from on-demand food service to grocery delivery. Together, we can move the sharing economy toward a more caring economy that truly benefits workers and the customers they serve.

The gig economy is no doubt contributing to innovation and economic growth. But everyone participating and working hard should have a chance to benefit and at the very least be able to provide financial stability for themselves and their families.

Seth Sternberg is the co-founder and CEO of Honor, an in-home care company based in San Francisco. He wrote this for this newspaper.