



Can We Amazon-Prime An Employee?! How The Gig Economy And Technology Are Changing How Hospitality Companies Hire And Manage Their Workforces

Insights

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The surge in popularity of the gig economy in recent years has largely been a positive trend. The gig economy has made it possible for us to Uber from place to place, hire housecleaners or handymen as needed, find a dog walker or babysitter at the last minute, and have just about any meal you want delivered to your door quickly. All with the touch of an app.

However, the popularity of the gig economy has many industries, including hospitality, rethinking their business models in order to stay competitive. Consumers today are spending more money on travel and dining out than ever before. More importantly, today's consumers expect instant gratification as a result of modern marvels like Amazon Prime's Same-Day Delivery, Uber and Lyft, Postmates, Wag, and Handy.

As the gig craze has grown, hospitality employers have taken a hit; the gig economy may be one main factor making hospitality employment less attractive. Workers generally find it easier to forgo a 10-hour hospitality shift with a job driving Uber or Lyft. Add to that the ability to set your own hours and work as little or as much as you want, and it's hard for restaurant and hotel jobs to compete.

In fact, the hospitality industry is experiencing its highest turnover rates in recent years. For examples, data released last year by TDn2K and Black Box Intelligence show that restaurants in particular are seeing their highest turnover in 10 to 15 years. According to this survey, 42% of front-of-the-house employees leave within the first three months and 43% of managers leave within one year.

On a more positive note, hospitality companies tend to have a notably higher percentage of part-time workers than the broader workforce, which makes it prime for gig workers. So, how can hospitality employers use technology to their advantage to capture the gig market and make hospitality employment more attractive?

App-Based Hiring

Digital platforms, including apps, have the potential to reshape the way employees work, how they find work, and who gets that work. The hospitality industry has long embraced technology to manage, advertise, and grow its business. From relying on POS systems and restocking platforms,

to leveraging Yelp reviews and social media, this industry has long accepted technological changes. The time has come to do that again.

At last year's Restaurant Innovation Summit, Dine Brands Global Chief Information Officer, Adrian Butler, said the company was exploring app hiring. He went on to state that "at some point, if the labor market and the pool remains as tight as it does now, we're going to have to break the model of hiring and basically training for several weeks and getting them to competency, and then having them leave six months later. That has to evolve."

New and emerging hiring platforms, such as app-based hiring and scheduling platforms, seem to be the wave of the future. They can offer an alternative to traditional models, enabling hospitality companies to connect with a pool of qualified workers in a more efficient way. Such apps allow hospitality companies to narrow the pool of workers to focus only on candidates with the right skills and qualifications.

Hiring apps centralize and consolidate the hiring process for its clients and users. They allow companies to avoid logging into multiple systems, dealing with a mix of emails, phone calls, and spreadsheets. For example, Fountain, a hiring automation platform, provides employers with a personal dashboard of which they have total control. It works with restaurants, franchises, grocers, and retailers to optimize employee management from recruiting to scheduling. Fountain's "Boost" feature gives job postings an added "boost" to ensure the highest number of qualified applications, and the software can schedule interviews based on managers' availability.

Instawork is another hospitality-focused app that aims to solve hospitality employers' turnover problem. Their platform posts shifts for gig workers who download the firm's app and provide identifying information. The gig workers are rated across a five-star system when their work is done. Highly-rated workers are eventually eligible for bonuses or access to special events. Its platform also suspends workers if they cancel a job within 24 hours. Those repeat offenders may see their accounts deactivated and those who do not show up at all without documentation as to why they no-showed are banned. Instawork partners with companies to process credit card or ACH payments, ensuring workers are paid every week.

Other Alternatives For Managing Gig Workers

Some companies are exploring how to provide scheduling flexibility while maintaining structured operating hours, as well as exploring using apps to make it easier for employees to track and trade shifts. Other companies have started adding employee referral programs to encourage employees to help recruit their friends and increase retention. Finally, some companies are exploring alternative pay structures, such as piece rate pay, for gig workers in a hospitality role.

Benefits And Takeaways

There are several obvious benefits to hospitality companies to move towards a gig-focused workforce. First, companies can save money by eliminating overtime pay if more part-time gig workers are hired. If gig workers are treated as independent contractors, there can be additional

workers are hired. If gig workers are treated as independent contractors, there can be additional costs savings to the company. But, not so fast for those of you in California—you have [Dynamex](#) to worry about.

Staffing processes can also likely be streamlined to allow for gig workers to step in and out of certain positions. Third, the burden of a more watchful day-to-day management eye can also be removed by utilizing gig workers.

Finally, utilizing gig workers and scheduling alternatives may provide ways for employers to navigate around the wave of predictive scheduling ordinances sweeping the nation. For example, [Chicago](#) just passed what is arguably the most expansive predictive scheduling ordinance yet. There, beginning next year, employers will be required to provide employees with 10 days' notice of their schedules. If the employer alters an employee's schedule after the deadline, the employer is responsible for paying the employee a penalty and must still pay 50% of the employee's regular rate if a shift is altered with less than 24 hours' notice. However, one exception to the late notice penalties are a mutually agreed upon shift trade or coverage arrangement. Presumably, utilizing app-based scheduling and allowing employees to unilaterally schedule themselves and/or trade shifts would meet this exception.

Overall, the hospitality industry seems primed to embrace gig workers as well as the latest technology in order to stay competitive. Just make sure you are subscribed to [Fisher Phillips's alert system](#) and in touch with your favorite Fisher Phillips employment attorney so you do not run afoul of any other laws.

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