



Human Resources Can Take These 3 Steps to Minimize Misclassification of Gig Economy Workers

Insights

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As the gig economy continues to grow and workforce shortage concerns continue to mount, Human Resource Departments may be feeling the strain of ensuring proper separation between independent contractors and those employed by the organization. While HR could play a key role in supporting those business functions carried out by gig-economy-like contractors, it is critical to ensure Human Resource Departments are not “managing” independent contractors such that courts or government agencies conclude that those contractors are improperly classified and actually should be considered employees. This is even an even more acute concern given that the Department of Labor has indicated it will continue to prioritize action to prevent and remedy the misclassification of workers as independent contractors. What are the three key steps your HR Department can take to minimize the risk of misclassification scenarios?

1. Consider Proven Gig Platforms

Work-on-demand applications and gig platforms can support staffing needs during busier seasons and automate the hiring process. Employers from a variety of industries are already turning to gig platforms to quickly tap into qualified labor pools. Food delivery companies, for example, have the ability to hire short-term delivery drivers during peak hours or during events such as the Super Bowl that stretch staffing demands.

By relying upon work-on demand applications, you can not only create separation from independent contractors but also streamline their onboarding processes. In addition to creating separation, gig hiring platforms eliminate staffing lag time and allow you to efficiently retain and onboard workers for short-term needs during peak demand cycles.

2. Keep Track of Talent

In order to retain experienced independent contractors with well-aligned skills for the work to be performed, Human Resource Departments can create and maintain a database of independent contractors who have performed work for the company. By developing and maintaining a list of experienced freelancers, you can quickly notify qualified workers of assignments when the needs arise. By relying upon experienced workers, Human Resources Departments can avoid the potential of having to manage or train freelancers who are unfamiliar with the tasks required to be completed.

3. Put Workers in a Position to Succeed

Finally, you can also create programs to allow independent contractors to self-monitor their expenses to reduce their potential tax burden, track their work performed for the company, and reduce the amount of direct communication between the independent contractor and your organization. By preparing form documents and processes related to the completion of the work, you can reduce the potential of independent contractors being actively managed by Human Resource Departments. You can also prepare standard correspondence to send to gig workers at the completion of each project to streamline the process of concluding the relationship with the independent contractor.

Conclusion

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