



Gig Economy Can Harness Power From Refugees And Immigrants

Insights

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As the U.S. unemployment continues to drop to pre-recession levels, the supply of motivated and qualified workers is tightening. Gig economy businesses competing for a shrinking supply of labor may want to consider turning to refugees and asylum seekers to fill their ranks. It turns out that giving gig platforms to resettled refugees and asylum seekers can boost profits and help companies adapt to a globalizing economy.

A new report from the Tent Foundation and the Open Political Economy Network (OPEN) argues that getting refugees to work quickly should be a top priority for communities in which refugees resettle. Working enables refugees to “contribute to the society that has welcomed them, start paying taxes and end their reliance on welfare – all of which neutralize the claim that they are a burden.” And it is quite likely that all adult refugees want to work; one survey from the Netherlands found that basically every refugee who had worked in their home country said that getting a job in their new community was “very important” to them. One could presume that a similar survey in the U.S. would yield similar results.

The key question is how to harness refugees’ desire to become self-sufficient and contribute to their new community’s economy. Refugees are an ideal source of human capital for companies in the gig economy. Indeed, the entire premise of the gig economy is to monetize otherwise underutilized capital (think empty second bedrooms now filled up thanks to AirBnB, and car owners renting rarely used cars to their neighbors on Turo). When they arrive in the U.S., refugees typically have time on their hands and a desire to work, but few job prospects. They are, in other words, underutilized human capital.

Companies in the gig economy are increasingly offering opportunities to refugees in the U.S. and across the world. While many of the gig economy’s marquee names have announced ambitious plans to provide assistance to refugees, other companies in the gig economy have found ways to offer refugees a way to earn a living in positions ranging from manual labor to tech work. For instance, the startup Dwell currently employs refugees from eight countries to clean homes in the Atlanta area. Language and cultural training service Chatterbox aims to take advantage of refugees’ foreign language skills by offering a platform for refugees to tutor people interested in learning a new language. Targeting a higher-tech niche, San Francisco-based Harmoni is building a mobile app that will allow refugees to do gig work from a smartphone.

Retaining refugees can benefit gig businesses in at least two ways: loyalty and tax credits. Whether working for themselves in the gig economy or as employees in the traditional economy, refugees tend to be loyal workers. As every hiring manager knows, employee loyalty has tangible benefits. Take, for example, Denver shipping pallet manufacturer L&R Pallet. When the company began hiring refugees in 2013, its annual staff turnover was 300% (the company's average employee worked there for just four months). By 2017, its turnover rate had plummeted to 15%. Of its 130 employees, 85 are now refugees. Not only does the company spend less time and money on recruiting and training now, its profits have increased, and its product quality has improved.

Gig businesses that treat workers as employees rather than independent contractors may also be eligible for significant tax credits. The Work Opportunity Tax Credit (WOTC) can provide employers up to \$2,400 per new refugee hired. This tax credit can help offset the up-front costs associated with recruiting and training refugees. A report from the Boston Consulting Group found that those initial costs, while roughly 40% higher than for non-refugees, are offset in most instances within one year due to added earnings and government subsidies like the WOTC.

Refugees are an underutilized but key part of this country's labor market. ZipCar founder Robin Chase has observed that when companies "tap directly into the full diversity and energy of their human marketplaces, [they] are able to scale faster, learn faster, innovate and adapt faster." Despite the recent decline in refugee admissions to the United States, companies in the gig economy and the economy at large are learning that working with and hiring refugees is not only a "good thing" to do, but it's also good for the bottom line.

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