



No Good Deed Goes Unpunished: Should Businesses Offer Benefits to Gig Workers?

Insights

6.19.18

Worker misclassification is one of the biggest issues facing businesses in the gig space and elsewhere. As the demand for gig workers increases, businesses are thinking of creative ways to hire and retain great talent. Independent contractors are increasingly becoming savvier, too, and are using their collective power to push employers for benefits traditionally reserved for W2 employees. So, what is a business to do? Well, one company is offering traditional benefits to untraditional gig workers.

Recently, SurveyMonkey, the world's leading People Powered Data platform, announced that it would provide benefits to contract workers. This move was made, in part, due to the company's own workers suggesting the move to management. The benefits packages the contractors have received include health, dental, and vision. They have also received vacation and sick leave, holidays, and 12 weeks of medical and parental leave annually.

These benefits are, of course, excellent value add-ons to attract top gig workers. However, for businesses who are planning to provide similar benefits to gig workers, they need to consider the impact federal and state laws may have on this decision. As a general rule—prior to the proliferation of the gig economy—businesses knew many of these laws generally did not apply to independent contractors. But now the lines are blurred, which makes offering benefits to gig workers a very risky proposition—albeit popular for attracting top gig talent. Providing these benefits simply make the distinction between employee and independent contractor much more challenging. Some areas of potential employer exposure include workers' compensation, unemployment benefits, Title VII, FLSA (and state wage and hour laws), as well as other areas.

Who knows? Maybe offering benefits to gig workers is the value-add employers need to be competitive in the market. Yet, with Congressional debates on the status of the gig economy on the horizon, and city ordinances attempting to better control the gig economy and make its participants more like employees, only time will tell how these competing factors will settle. Until some of these pressing issues are resolved, businesses need to think long and hard about potential implications of offering benefits to gig workers.