

The Price of a Tech-Driven Economy on Labor

Senuri Fernando

The University of North Carolina Asheville
One University Heights
Asheville, North Carolina 28804 USA

Faculty Advisor: Dr. Susan Clark

Abstract

The technology industry is dominated by the ‘Big Five’ companies that continue to fuel today’s tech-driven economy. Alphabet, Amazon, Meta, Apple, and Microsoft are the biggest players in the industry, making roughly \$986.5B in combined revenue in 2021 in comparison to \$736.9B in 2020²³. The staggering growth of the technology industry has caused an increased need for competition in productivity and innovation among these companies. This paper studies the price of innovation, which allows venture capitalists, financiers, and executives to get wealthier by the exploitation of workers. With staggering technological growth, there is a continued decline in wages, increasing inequality in the labor market. Nearly 9 in 10 jobs in the Silicon Valley Region, the heart of the tech-driven economy, pay lower wages today than they did 20 years ago²⁴. Additionally, this paper will review the design of rules and regulations that ultimately give power to corporations to outsource costs and maximize profits, in return intensifying the already existing disparities in the labor market.

1. Overview of the Technology Industry

The tech giants also known as the “Big Five” are the dominant players in the tech industry. They are considered to be prestigious innovators globally. They have established themselves in major tech-related industries making them the most valuable brands across the globe. Combined, they have a market value of over 4 trillion U.S dollars. During the pandemic, the digital economy boomed further necessitating the importance of technology in all aspects of our lives. The big five tech companies are also considered to be the most valuable companies globally based on brand value. In 2021, Amazon was the world’s most valuable brand with an estimated brand value of over \$638 billion U.S. dollars¹³. Apple ranked second that year, having a brand value of \$612 billion U.S. dollars¹³. Followed by Google (Alphabet) with a brand value of \$458 billion U.S. dollars, Microsoft at \$410 U.S. dollars, and lastly Facebook (Meta) at \$226 billion U.S. dollars.¹³ These companies have major economic power with their revenues growing year over year. With their continuous innovations, they are able to stay competitive with each other and other tech companies.

Since 2001, Silicon Valley has been the hub for technological innovation. It is also home to leading big-tech companies like Alphabet (Google), Meta, and Apple. Innovation is a driving force behind its economy and despite pandemic-related issues, it has been able to grow exponentially. The region’s technology companies broke records, with the aggregate market cap of Silicon Valley and San Francisco’s public companies reaching \$14 trillion (doubling the market low of February 2020). Venture capital reached an all-time high at \$95 billion in 2021, fueled by a record 257 megadeals⁹.

With the staggering growth of the technology industry, the economic output has also increased by 74% over the past sixteen years yet wages fell for all but the top 10% of earners²⁴. When the economic output increases it means that workers are generating more value which in return generates economic growth. In Silicon Valley, there is a large degree of income inequality. Between 1997 and 2017, the median wage for workers in the Silicon Valley region declined by 14% at all levels except for those at or above the 90th percentile²⁴.

2. Three-Tier Labor System

Technology corporations have a three-tiered labor system of workers. Tiers can be described as the amount of salary or income workers receive. Tier 1 is high-skill and high-wage workers, tier 2 is mid-skill and mid-wage workers, and tier 3 is low-skill and low-wage workers. The median wage for Silicon Valley Tier 1 workers was \$135,600 in 2021, which is roughly three times higher than Tier 3 workers whose median annual wage was roughly \$49,900 in 2021. Tier 2 workers in Silicon Valley were earning roughly \$70,000-75,000 median annual wage. There is a stark difference in wage between Tier 2 employees to Tier 1 employees which is roughly \$65,600-\$60,600⁹.

Founders or CEOs of the tech companies are dramatic outliers, as their total compensation packages are stock and stock options, not salary. Listed below in Table 1 are the full compensation packages for the CEOs of the ‘Big Five’ for 2020. This table shows that CEOs are great outliers of income and wealth compared to the majority of the workforce.

Table 1: 2020 compensation packages for the big five technology company CEOs. The total compensation is calculated using salary, stock awards, non-equity incentive compensation, and all other compensation

Name	Year	Salary	Stock awards	Non-equity incentive compensation	All other compensation	Total compensation
Sundar Pichai <i>Chief Executive Officer, Alphabet and Google, and Director</i>	2020	\$2,015,385			\$5,410,162	\$7,425,547
	2019	\$650,000	\$276,612,072		\$3,359,480	\$280,621,552
Andrew R. Jassy <i>President and Chief Executive Officer of Amazon</i>	2020	\$175,000	\$35,639,068		\$34,381	\$35,848,449
	2019	\$175,000			\$173,809	\$348,809
Mark Zuckerberg <i>Chief Executive Officer of Meta</i>	2020	\$1			\$25,288,264	\$25,288,265
	2019	\$1			\$23,415,972	\$23,415,973
Tim Cook <i>Chief Executive Officer of Apple</i>	2020	\$3,000,000		\$10,731,000	\$1,038,259	\$14,769,259
	2019	\$3,000,000		\$7,671,000	\$884,466	\$11,555,466
Satya Nadella <i>Chairman and Chief Executive Officer of Microsoft</i>	2020	\$2,500,000	\$30,718,608	\$10,992,000	\$111,180	\$44,321,788
	2019	\$2,333,333	\$29,668,651	\$10,796,868	\$111,363	\$42,910,215

3. Tech Business Models Exploiting Labor

Tech’s business models are created on the basis of innovation. CEOs and other C-suite executives are avoidant on how the tech business models are taking advantage of workers. Workers classified as employees, independent contractors, temporary workers, and other contracted workers drive the global economy’s labor productivity and deliver high economic growth. Yet, these workers are the first to be financially compromised as they do not receive fair financial compensation from those profits. Workers at technology companies provide larger financial gains for their shareholders and are distributed to venture capitalists, financiers, and C-level executives and invested back into the growth of those companies. CEO compensation surged 14% in 2019 to \$21.3 million and CEOs now earn 320 times as much as a typical worker¹⁴. This clearly shows the exploitation of employees, independent contractors, temporary workers, and other low-level workers. The tech industry business models allow companies to take advantage of the labor system loopholes to create disparities in the income system, ultimately affecting wealth. The consolidation of the technology industry dampens competition forcing workers to take the wage and salary competition companies offer instead of being about to negotiate. The price of innovation is that it is expensive. Having high initial costs allow investors, lenders, and shareholders the ability to lend capital for the initial tech product or service. Over the last 20 years, the industry has created business models and positive culture around which venture capitalists, financiers, and C-suite executives are able to take advantage by maintaining the promised profit margins, the per-unit costs of production – including labor costs for production, distribution, maintenance of plants and

equipment, and other labor are pushed as low as possible²⁴. The tech companies that dominate a large portion of the technology industry have created business models in which a large amount of concentrated wealth is being paid to financiers while the workers are being unfairly compensated.

4. Worker Classifications: Employee vs. Independent Contractor

Under the Fair Labor Standards Act, independent contractors are not classified as “employees”. According to the U.S Department of Labor, the Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments²⁰. By law, this means that independent contractors are listed as “self-employed” and may contract and work with multiple employers. As a consequence of being “self-employed”, independent contractors are responsible for paying the employer-side of federal and state payroll taxes. Workers misclassified as independent contractors in the tech industry are left more vulnerable to economic instability and abuse from companies and third-party contracting agencies because they are not covered under workplace protections and benefits. These savings incentivize the misclassification of workers as “independent workers” even though these workers perform as “employees”. The savings of misclassification of workers on a global scale can grant even more benefits to corporations.

Being classified as an “employee” or an “independent contractor” is not straightforward. Even though federal rules and regulations have distinctive tests to classify workers, the definition can get blurry and vary from state to state. For a worker with employee status, the company withholds income taxes, Social Security, and Medicare from wages every pay period. Under the Fair Labor Standards Act (FLSA), workers classified as employees receive working benefits and protections due to their working relationship with the employer²⁰.

The United States Department of Labor (DOL) defines a temporary or 'temp' worker as one who is hired to work for one year or less with a specific end date²². The technology industry again profits from hiring a large number of temp workers rather than independent contractors or employees as they have the opportunity to underpay them. The technology companies attract workers by showcasing illustrious work environments with high benefits while shifting the entire roles to benefit the corporation's labor costs. Temp workers and other subcontractors in the tech industry are doing the same work as permanent, directly hired employees without the same labor benefits and protections. “The tech industry depresses wages and degrades working conditions for temp workers which intensifies occupational disparities for temp workers”. It also increases their vulnerability to discrimination, harassment, and other illegal conduct, and locks them into a system of permanent temporary work²⁵.

5. Common-Law Test and Economic Reality Test

There are two primary tests used by employers and the U.S Court System to determine whether a worker is classified as an employee or an independent contractor. The Internal Revenue Service (IRS) conducts the “Common-law Test” and the United States Department of Labor (DOL) conducts the “Economic Reality Test”. Both of these tests are used to weigh the type of employment relationship the company has with the worker. Companies must weigh all these factors when it comes to determining whether a worker is an employee or an independent contractor. Sometimes, factors that are relevant to the justification of employment for one circumstance might not be relevant to another in classifying workers’ employment relationships with an employer¹⁷. The Common Law Test includes behavioral, financial, and relationship aspects. Behavioral: Does the company control or have the right to control what the worker does and how the worker does his or her job? Financial: Are the business aspects of the worker’s job controlled by the payer? (these include things like how a worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.) Type of Relationship: Are there written contracts or employee-type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?⁸

The behavioral aspect of the test examines if the employer has the right to direct and control how the worker does the work. Therefore, workers are classified as “employees” if their work is majorly directed and controlled by the companies⁸. The behavioral control factors depend on these categories: type of instructions given, degree of instruction, evaluation systems, and training.

The financial aspect of the test is to determine if the company has the right to control the economic situation of the workers’ jobs⁸. The financial control factors fall into the categories of: significant investment, unreimbursed expenses, opportunity for profit or loss, services available to the market, and method of payment.

The type of relationship aspect of the test examines the facts that show how the worker and business perceive their relationship with each other⁸. The factors determining this test include: written contracts, employee benefits, permanency of the relationship, and services provided are key activities of the business.

The Economic Reality Test conducted by the Department of Labor (DOL) has seven factors to establish the working relationship on a more contractual basis rather than technical. The employer-employee relationship under the Fair Labor Standards Act (FLSA) is tested by the “economic reality” of the worker and is much broader than the Common Law Test. The main purpose of this test is to determine if the worker is contingent upon the employer to make a living, which would classify the worker as an “employee”. If not, then the worker is “self-reliant”, which would classify the worker as an “independent contractor”⁵. The factors that determine the test are as follows: the extent to which the services rendered are an integral part of the principal's business, the permanency of the relationship, the amount of the alleged contractor's investment in facilities and equipment, the nature and degree of control by the principal, the alleged contractor's opportunities for profit and loss, the amount of initiative, judgment, or foresight in open market competition with others is required for the success of the claimed independent contractor and the degree of independent business organization and operation.

6. Misclassification of Workers

Misclassification of employees as independent contractors is common now in the tech industry due to the nature of work and how business models are structured. Misclassification of workers occurs when companies classify workers as “independent contractors” rather than “employees”. The tech companies are not held liable for this type of hindering and damaging misclassification because they are able to find flaws in the system that allow for exploitative labor practices. The labor laws and system make it easy for the exploitation of the workers while not holding tech corporations accountable for the misuse of the law. Direct employees have benefits and protections through the labor system, but independent contractors, temporary employees, and outsourced workers have little to no labor protections which allows for exploitative labor practices in the fast-growing tech industry. The net income of independent contractors is lowered due to the self-employment tax they are liable to pay as they are classified as self-employed by the tax laws. This causes their net income to be significantly lower as they are not offered employee benefits and protections. Misclassification of independent contracts especially robs workers of fair pay and benefits and contributes to an economy where the rich continue to prosper at the expense of the working class. Misclassified workers do not receive minimum wage and overtime, workers’ compensation, unemployment insurance, anti-harassment and discrimination, employer-provided benefits, and the right to form unions. All of these benefits directly hired employees to get access.

7. Benefits to Corporations from Misclassifying Workers

The costs for workers being classified as “independent contractors” are brutal, but corporations are massively profiting from this misclassification of workers. By classifying workers as independent contractors, companies can save up to 20-30% on labor costs annually. Additionally, by using this approach they are able to save on administrative costs and gain an advantage over competitors. Misclassifying workers take away the massive liabilities corporations have on the well-being of the workers and allows them to exploit labor more easily due to policy gaps. These types of savings incentivize companies to illegally misclassify employees as independent contractors. Tech companies who majorly rely on independent contractors have a high incentive to continue classifying workers as “independent contractors” to minimize labor costs without federal or state penalties.

Employers also reap multiple tax benefits by misclassifying employees as independent contractors. Employers have to match workers’ taxes who are classified as employees at a combined rate of 7.65% of earned income for the Federal Insurance Contributions Act (FICA)¹⁶. This tax is a combination of Social Security Tax at 6.2% and Medicare Tax at 1.45%. The Federal Unemployment Tax Act (FUTA) is 6% of the first \$7,000 paid to each employee annually and is imposed on employers only, not their employees¹⁶. Both FICA and FUTA are U.S Federal payroll taxes. Employers must also consider state unemployment tax which varies from state to state. The more claims made for unemployment by former employers, the higher the state tax will be. The self-employment tax for workers classified as “independent contractors” is 15.3% which is broken down to Social Security at 12.4% and 2.9% for Medicare. The independent contractors must pay their self-employment taxes and are not paid by the employer. By having more workers classified

as independent contractors, corporations hugely benefit from not having to pay payroll taxes since the independent contractors are liable for the “self-employment” tax requirements¹⁶.

Workers compensation tax is another tax that employers are 100% liable for and a benefit granted to employees and is not deducted from employees’ payroll²². Employers are responsible for paying the premiums to an insurance company if an employee claims workers’ compensation. Employers also have the possibility of getting sued for workers’ compensation and workplace-related injuries and also if not given proper compensation for workplace inflicted injuries. Under this tax law, employees may not be discriminated against for filing a worker’s compensation. Employers are also prohibited from firing and using any forms of discrimination against employees claiming worker’s compensation. Employers are not responsible for paying worker’s compensation to independent contractors, so they must pay for their own premiums if they get injured on the job²².

Another benefit technology corporations get by misclassifying workers is the ability to have lower operating costs. For employees, initial operating costs are covered such as hiring and training expenses needed to perform critical job functions. Employees also are paid hourly or salary at which the employee must meet the minimum wage. For independent workers, the minimum wage is not taken into account. By misclassifying workers as independent contractors, tech corporations are easily able to pay them much less than an employee while still doing the same or similar job functions. Independent contractors must also pay for their own materials, tools, and equipment to accomplish critical job functions. Hence, employers save additional costs on materials, tools, and equipment by profiting from the misclassification. Employers can save larger percentages year after year by hiring independent contractors because tech corporations can avoid paying payroll taxes, unemployment insurance, workers’ compensation, and disability, as well as benefits that include pensions, sick days, health insurance, and vacation time.

8. “1099 Economy” Growth

The “1099 economy” is the rapid growth of independent contractors in the labor market. “1099” refers to the IRS Form 1099-MISC used by independent contractors when filing taxes. The exponential growth of the “1099” forms shows the increase in independent contractors who are required to file as “self-employed”. The “1099 economy” has been exponentially growing since 2000 and is on a steep incline since 2014. The cause of this may be that companies are taking this as an opportunity to minimize labor expenses or they are not familiar with these regulations, which often leads to the misclassification of employees as independent contractors. The growth of the “1099 economy” has created the incentive for technology corporations to hire “independent contractors” over employees²⁶.

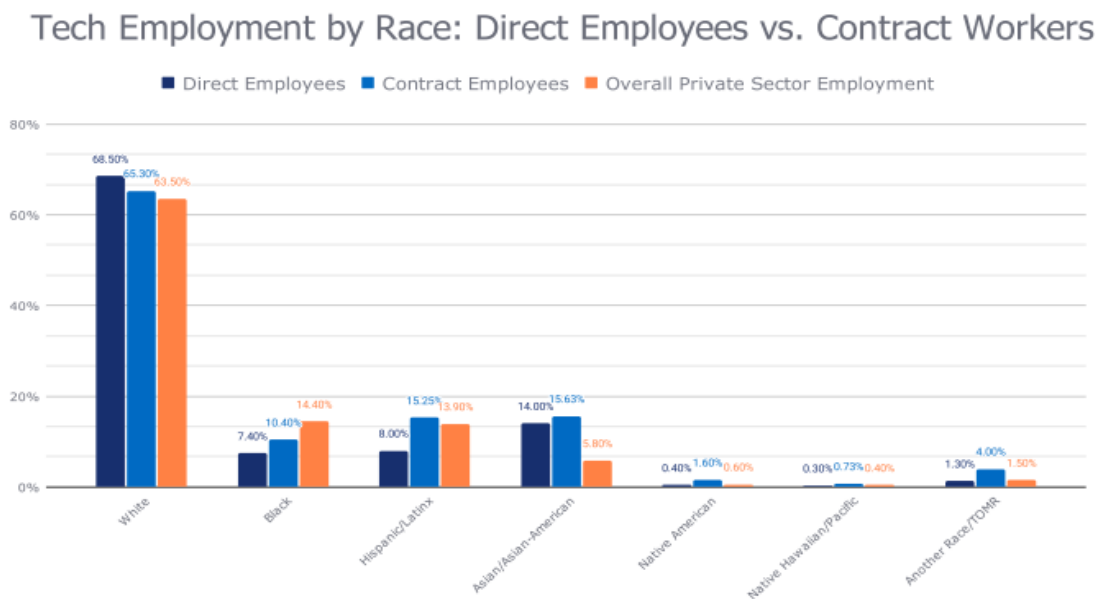
9. Proposition 22

Proposition 22, or Prop 22 was a ballot initiative that passed in California in November 2020. This initiative gave technology-based rideshare companies such as Uber, Lyft, Doordash, and Postmates the advantage of classifying drivers as independent contractors rather than employees. It became a controversial stance because Prop 22 was passed in response to California Assembly Bill 5 which gave independent contractors wage and benefit protections. Proposition 22 does offer a wage floor and limited benefits to classified independent contractors, yet it allows the exploitation of independent contractors because they are full-time working employees. Big tech companies now have the ability to scale operations by building large cohorts of workers who are classified as independent contractors. Corporations can pocket large savings by not providing the benefits that the workers would be entitled to as employees²⁷.

This decision leaves independent contractors vulnerable to being taken advantage of by employers who value profits over business ethics and employee satisfaction. Independent contractors are left without basic rights’ like worker compensation, unemployment insurance, or a stable work environment. Technology-based rideshare companies like Uber and Lyft make large profits from these independent contacts that make up an integral and crucial part of their business model²⁷.

10. Race, Ethnicity, Gender, and Income Disparities in the Technology Labor Market

There is an over-saturation of Latinx, Asian, women, nonbinary, and Indigenous workers as independent contractors compared to employees in the tech industry. The TechEquity survey results of 2021 below, show the technology employment by race in which White direct employment is highest in comparison to Black, Hispanic/Latinx, Asian/Asian American, Native American, and others. This indicates that the worker misclassification of independent contractors impacts marginalized groups substantially. The existing racial disparities allow for the exploitation of minority labor in the tech industry to maximize profits. The survey indicates that contract and temporary workers are more likely to be Black, Indigenous, Latinx, Asian, women, and nonbinary people than those hired in the direct workforce. For every single racialized category, the rate of employment in contract work was greater than the rate of employment of those same racialized groups indirectly employed roles at the tech company. The data below shows that independent contractors in racialized categories are paid substantially less than the employees that are directly hired²⁸.



Source: TechEquity survey results and "Diversity in High Tech," EEOC ²⁵

Table 2: Shows technology employment by race looking at direct employees versus contract workers.

Silicon Valley's Tech Workforce as of 2020 shows the leadership disparities among the race groups. White workers in Silicon Valley make up roughly 62% of leadership in the tech industry, while only 25% of Asians and less than 10% of all other races have a leading seat at the table⁹. There is roughly a 52%-37% stark difference between the white leadership and minority employees having the opportunity to pursue leadership roles. Asian tech workers represent 46% of technical roles and nearly 1/3 of all employees at the biggest tech companies in Silicon Valley. The black force is by far the lowest employed in the tech roles, leadership roles, total tech, and the combined Silicon Valley Workforce⁹.

Along with racial disparities, there are also income disparities that are prevalent in the tech industry. The highest-earning among racial/ethnic groups in 2019 in the Silicon Valley area were White residents at nearly \$89,000⁹. The second highest-earning were Asian residents at \$69,172. Black and Hispanic residents were earning \$40,381 and \$30,618, respectively⁹. Over the decade between 2009 and 2019, inflation-adjusted personal per capita income in Silicon Valley rose significantly for most racial/ethnic groups (23-35%); however, per capita income for Black or African American residents barely outpaced inflation, with only a 5% increase over those ten years⁹.

The share of female employees is dramatically less in comparison to male employees at Silicon Valley's largest tech companies. While women make up 44% of Silicon Valley's workforce, they only account for 26% in leadership roles

and 11% in technical roles. Men have established themselves across all major positions in Silicon Valley. Men make up 89% of technical roles and 74% of leadership positions in Silicon Valley's largest tech companies.

11. Third-Party Agencies' Role in Misclassifying Workers and Outsourcing

Tech companies hire staffing, payroll, and service agencies to assist with essential functions. Staffing agencies are used as staffing assistance to find specific workers without hiring them directly through the company. Payroll agencies are hired for the purpose of paying and keeping base on contracted workers. Service agencies are contacted by tech firms to provide a certain service. These agencies tend to further the exploitation of independent contractors and outsourced employment²⁸.

The H-1B Visa Program has allowed many migrant workers to establish themselves in the U.S workforce. It is a temporary work visa program that allows U.S. companies to recruit and hire educated migrant workers. These workers can be highly skilled and specialized in one or more areas of work that are relevant to the tech industry. It is one of the few work visa programs that can provide temporary migrant workers with the opportunity of permanent residency and citizenship in the United States and the H-1B visa is controlled by the employers. The original intent of the program was to attract skilled and talented workers to the United States to fill labor shortages in professional fields. An example of a technology corporation outsourcing and using third-party contractors is HCL Technologies. HCL Technologies is an outsourcing firm and is India's third largest outsourcing firm. HCL Technologies earned 63% of its \$11 billion in revenue in 2020 from the United States. In a recent report, it is prevalent that the company maximizes profit by finding H-1B workers who are significantly less expensive to employ than already-employed U.S. workers. This outsourcing loophole allows firms like HCL and technology companies to use outsourcing firms to get around U.S labor laws. HCL pays its H-1B workers less than the U.S. workers it employs with a similar skillset and educational background as a key competitive strategy, allowing it to expand its business and increase profits across all business lines. The firm pays H-1B workers much less than its U.S. citizen employees. HCL's apparent wage theft from H-1B workers amounts to approximately \$95 million annually²⁹.

12. Alternative Models and Solutions

Policymakers and government advocates can disclose the serious issue of misclassifying employees. They can advocate for independent contractors in the tech industry to be granted "employee" classification to give them access to pay benefits and protections such as unemployment benefits, workers compensation, social security, healthcare, and retirement benefits like a 401(k). The National Employment Law Project (NELP) could continue to pressure policymakers to reform laws that would hold tech companies accountable for the massive misclassification of employees. Employers can also reap the benefits of properly classifying independent contractors as "employees". Shareholders, executives, and leaders of these major tech companies would have the ability to retain and attract talent. Instead of workers who are classified as "independent contractors" looking for better working environments with employee benefits and protection plans, they might be willing to stay. With the continuous change due to innovation and the way processes are efficiently completed, retaining and attracting talent and loyal workers should be a priority for the longevity of the business. Employers can also mitigate the risk of hefty lawsuits due to the misclassification of "independent contractors". Due to the change of worker classification, there will be an increase in employee expenses, but this expense does not amount to the lawsuit payment that would negatively affect the brand and reputation of technology companies.

Allowing all workers whether classified as "employees" or "independent contractors" to unionize is crucial. Supporting workers' right to negotiate fair labor standards is crucial so companies can support the well-being of their working conditions and support their employees. The leading tech companies should consider adopting and advocating a culture that allows employees to openly communicate their concerns, needs, and wants. The National Labor Relations Board is an independent federal agency that protects the rights of private-sector employees to join together, with or without a union, to improve their wages and working conditions. The NLRB can help amplify workers' voices that do not receive proper compensation for their work by protecting them from getting fired. Being able to unionize will not only impact workers' lives at work but also outside of work. Being able to negotiate and advocate for better working conditions and wages are their rights as part of a democratic society. Unions can help mobilize local, state, and federal governments. The establishment of unions gives all workers the power to effectively set borders around

income equality and also make the income inequality gap more prevalent, so companies can quickly react by changing compensation strategies to attract and keep talent at their companies, increasing competitiveness.

Exploitation becomes even more obvious when considering the transformation in the traditional workplaces and the move by many corporations to “perma-temps”, also known as permanent temporary workers. Many “independent workers” seek opportunities that give them financial security, but being misclassified as an independent contractor prevents them from gaining this. The structural shift of the employment classification is one of the most dangerous consequences of the tech-driven economy. Major tech companies and policymakers that advocate for the high-tech economy have made these inequalities in the labor system something to be celebrated. The major sell point for this type of work is flexibility when it comes to workers' time and schedule, but in reality, it is a scam.

The concept of “corporate” workplace culture is changing. Workers and shareholders are demanding more from these companies, rather than just a paycheck. Employees that feel they are respected and valued are more satisfied with their work. A large part of worker satisfaction is their overall compensation. When employees are compensated properly, they do not have to worry about meeting their financial obligations. Employees that are not able to meet their financial obligations may be looking for other job opportunities that have better pay, benefits, and protections. Classifying “independent contractors” as “employees” will allow the workers to be motivated and perform better.

Since 2003, German companies have been obliged to pay “temporary workers”, the same wages as those earned by employees with similar or same working conditions. In April 2017, an update to the German Temporary Employment Act contained this principle of equal pay and extended it to include the principle of equal treatment. Equal treatment encompasses overtime, breaks, rest periods, remuneration for night work, holidays, and days off¹¹.

The European Union establishes new guidelines for granting “gig” workers into classified “employees”. In the EU’s 27 member states, roughly 5.5 million workers are misclassified as “independent contractors” withholding these employees from basic worker benefits and protections. As of December 9, 2021, the European Commission took a major step to consider employees classified as “independent contractors” entitled to minimum wage and protections. If enacted, these proposed rules would affect up to an estimated 4.1 million workers in the European Union giving them labor protection. Under the new proposal guidelines, “gig economy” workers would be considered employees if two of these five criteria are met: the platform determines the pay, the platform requires workers to follow rules regarding appearance, conduct toward clients, or performance of the work, the platform uses electronic means to supervise and assess job performance, the platform restricts work times or the freedom to turn the app off, and or the platform requires exclusivity or noncompetition¹⁸.

In February 2021, the U.K’s Supreme Court ruled that Uber drivers must be considered “workers”, and not “independent contractors”. This set a precedent for the new proposal made by the European Union. Under U.K. law, “worker” is a third classification that is between employee and independent contractor. If this reclassification proposal is passed “gig” workers would gain the right to a minimum wage, where some employment protections and benefits would exist such as minimum wage, paid leave, and unemployment benefits, but not all the employment benefits like unemployment benefits¹⁸.

13. Acknowledgements

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