

# Handy: The Future of Work

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If you were in Hanrahan's position, what's your view of classifying cleaners on Handy's platform? What are the economic and ethical implications? Do they conflict?

[...] Society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic.

- Karl Marx, *The German Ideology*

In this case - and in the case of most gig economies - I agree with Hanrahan's notion that there ought to be a new economic classification for gig economy workers. The rise of online platforms is a fundamentally new approach to the business landscape. By incurring nearly all the fixed costs required to start what would normally be a "full" small business, the modern online platform transfers the risks incurred from investing in significant overhead from skilled workers to the platform itself.

In the case of any specialist seeking the flexibility of owning their own business, here's what starting a full small business might entail:

1. Purchasing the equipment required for the specialist to do their task
2. In the modern world, creating a website (or other digital listing) and constantly managing this service;
3. Advertising to create a large and reliable customer base;
4. In the case of appointment-based specialists, setting up a working schedule to accommodate the interested customer base; and
5. Set up a system for collecting (and, if necessary, enforcing) payments.

A centralized platform can, ideally, handle points **2**, **3**, and **5** by leveraging the digital economies of scale - it is, overall, more cost-efficient for one platform run by dedicated developers to handle the digital logistics and advertising overhead for 100 specialists than it is for 100 individual specialists to create 100 websites of the same capabilities for themselves, both in terms of specific knowledge and digital infrastructure required.

A large enough platform can provide more flexibility to **4** by providing a broader selection of times and dates from which specialists can select from.

Ultimately, **digital platforms place the specialists it hosts under the same fixed-cost umbrella**, allowing for easier entry in (and out) of the labor market for constituents of that specialization.

At risk of sounding Marxian, then, it is important to note that by concentrating the market into the hands of a single platform poses the risk that the platform will be put in the ethically dicey position of:

1. Void of regulation, having full control over the design of the market **and** who can or cannot participate in the market; and

2. Be able to extract value from both the convenience created for the customer *and* the convenience created for the specialist.

Handy, in running its' platform, used the advantages of being an employer-like to decide eligibility, while also using the advantages of being contracting-like to extract value from the specialists.

Handy, specifically in the push to make its' specialists do full Handy branding, skirted the lines of becoming an employer versus its' intent of being a platform. If the point is truly to let businesses operate off the platform *as individual entities*, as is expected for a contractor, requiring platform branding is a step too far.

A lack of regulation in the labor platform space meant that Handy was additionally able to deplatform specialists based on its' own criteria, which could very well be determined arbitrarily by the company itself. Especially for those that used the platform as their livelihood, this also put Handy close to the status of an employer as well.

The training that Handy wanted its' specialists to go through is a final nail in the "employer" coffin. By having a significant say in how these specialists did their jobs, Handy further placed itself in the position of employer.

While practicing as an employer-like entity, though, Handy also required that its' specialists purchased their own equipment in the way a pure platform for specialist contractors would.

Ultimately, it was attempting to offer both the quality control of an employer **and** the flexibility of a contracting platform that Handy became a nightmare to classify. However, there is an economic benefit to having a platform that encourages both consumer confidence and flexibility. Creating a classification between employee and contractor would allow for a company that could balance both.

## Is it fair to classify Handy's workers as contractors?

Because of the way that Handy attempted to ensure quality as an employer would, it would be unfair to classify Handy's workers as simply contractors.

## What responsibilities do you think Handy should have to the cleaners when the COVID crisis hit?

I believe Handy should have had the responsibility to ensure a safe environment for their cleaners by using their ability to grant or bar *customers'* entry into the cleaning market to prohibit customers who do not create a safe environment for cleaners from using the platform.