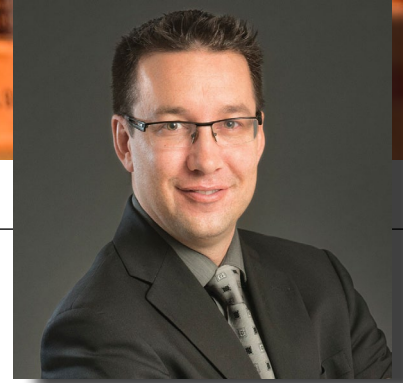




MCKERCHER LLP BARRISTERS & SOLICITORS



**GEORGE A. GREEN**  
LAWYER, SASKATOON  
DIRECT: (306) 664-1283  
[g.green@mckercher.ca](mailto:g.green@mckercher.ca)

## GIG ECONOMY: PROS AND CONS

The gig economy is a system that relies on temporary contracts where individuals are paid exclusively for the gig at hand, contrary to the traditional hourly wage or salary-based system.

In the gig economy, individuals are typically defined as independent contractors, and therefore do not receive the same treatment and benefits as employees. As the workforce becomes increasingly mobile, the gig economy may experience endless opportunities of growth. Temporary jobs that make up the gig economy include providing short term rental services via Airbnb, freelancing consulting, marketing services for social media such as Instagram, photography services, food delivery service for Skip the Dishes and ride-share services with Uber.

Jobs in the gig economy are attractive to individuals for many reasons. Personal autonomy and work life balance are increased as many of the jobs are administered through the web and do not require scheduled work hours. This means individuals can join the gig economy in numerous capacities by supplementing their income from an existing job, earn income between jobs, or become a full-time gig worker. Contrary to older generations, it is customary today to change careers numerous times. The lack of long-term commitment that working in the gig economy requires is attractive to many in today's workforce.

Another benefit of the gig economy is the potential impact on macroeconomics. The gig economy can potentially strengthen the Canadian economy as fewer people are unemployed as temporary jobs have few barriers. Organizations contracting individuals in the gig economy benefit as well because they have access to an array of flexible staff. Furthermore, contracting in the gig economy is cheap as individuals do not receive benefits and are not paid a consistently high salary.

Temporary jobs in the gig economy are not, however, flawless. Instead of the businesses taking the vast majority of the risk which is customary, individual contractors now accept significantly

Continued on Next Page

### SASKATOON

374 Third Avenue South  
Saskatoon, SK S7K 1M5  
(306) 653-2000 F (306) 653-2669

### REGINA


800 - 1801 Hamilton Street  
Regina, SK S4P 4B4  
(306) 565-6500 F (306) 565-6565



more risk in the business relationship with little to no protection in the event of job loss or disability. Because gig workers are not defined as employees, they typically do not receive benefits such as disability leave, health insurance, minimum wage, overtime pay, pension plans, severance pay, sick days and unemployment insurance. Gig workers are also responsible for managing their own taxes.

It can be argued that these lack of benefits may in fact hinder the Canadian economy and offset the decrease in unemployment by undermining traditional full-time employment and creating a two-tier labour market. Businesses also have an incentive to choose gig workers over full-time employees as they can save a significant amount of money. This may result in a middle to upper tier of the economy consisting of full-time employees with benefits, and another lower tier made up of low-skilled gig workers with no benefits. Some argue this can potentially negate the middle class and devastate the Canadian economy.

Legislation which could provide greater protection to gig workers is not up-to-date and often differs from province to province, potentially leaving individuals unprotected and businesses in a state of uncertainty. For example, workers are most often defined by the courts as either an employee or independent contractor (with a growing recognition of a hybrid dependent contractor). Each characterization bestows different obligations upon the businesses to deal with these workers legally.

As gig workers continue to fight for their rights and the legislation changes, organizations must be proactive to mitigate their risk of lawsuits and liabilities. Businesses must take steps to educate themselves and understand the classification and rights of its specific gig workers within their jurisdiction. For example, legislation and/or case law in certain provinces may view some gig workers as employees, while recognizing others as independent or dependent contractors, each with differing rights and obligations to their workers. Because the classification of an employer-employee/contractor relationship is often based on control, it is recommended that businesses impose as few rules and restrictions as possible upon their gig workers to militate against a finding of an employee relationship, which carries the most onerous obligations and responsibilities. 

#### About the Author:

George is a partner in the Saskatoon office where he practices extensively in the areas of criminal defense, debt recovery and employment law. He was assisted by summer student, Elliott J. Peterson in compiling the information for this article.

#### About McKercher LLP:

McKercher LLP is one of Saskatchewan's largest and most established law firms with offices in Saskatoon and Regina. Our deep roots and client-first philosophy have made our firm rank in the top 5 in Saskatchewan by Canadian Lawyer magazine (2017/18). Integrity, experience and capacity provide innovative solutions for our clients' diverse legal issues and complex business transactions.



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374 Third Avenue South  
Saskatoon, SK S7K 1M5  
(306) 653-2000 F (306) 653-2669

#### REGINA

800 - 1801 Hamilton Street  
Regina, SK S4P 4B4  
(306) 565-6500 F (306) 565-6565

[mckercher.ca](http://mckercher.ca)