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Daniel Whateley

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Dan Whateley

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Google has a labor problem, and it's not just coming from its employees

Joshua Borden has been working in Google's Pittsburgh office for almost four years. But he's not actually an employee there.

Borden, 38, works for HCL Technologies, an Indian multinational IT and consulting company with 147,000 employees spread across 44 countries. He's one of 80 HCL workers contracted by Google in Pittsburgh to work on linguistics, classifications and data quality checks for its shopping products.

He and his colleagues earn one sixth the income of a typical employee at Alphabet, Google's parent company, and unlike Google workers, Borden doesn't have sick days. If Google has a company holiday that HCL doesn't recognize, he's required to use a vacation day to cover the time off. And his entire team could be wiped away in an instant if Google decides to switch to a new vendor.

"I don't feel like I have job security," said Borden. "At any moment we could be fired for any reason."

But Borden and his colleagues are taking steps that they hope will lead to improved workplace stability. In September, 49 out of the roughly 80 HCL workers in Google's Pittsburgh office voted to form a union with the United Steelworkers, setting the stage for a contract battle with their employer that kicked off last month.

HCL employees are the first white-collar tech workers in the U.S. to successfully organize with a union. Previous efforts at tech firms like Kickstarter, Lanetix and NPM Inc. have faced resistance from management and, allegedly, led to employee layoffs. As they head to the bargaining table, Borden and his colleagues will face an uphill battle due to the tenuous position of contract workers in the sector. Even if they are able to negotiate new benefits from HCL, they have no direct relationship with Google and could easily be relocated or lose their jobs if they start costing the tech giant more money.

Tech and office workers face a different set of workplace issues from blue-collar and factory employees, which has led some to question whether traditional unions are a fit for the sector. Union organizers say issues of job insecurity, a lack of

career mobility and poor benefits have made it necessary for today's white-collar workers to use collective bargaining.

“The issues that these people have are very similar to the issues that we hear about when we organize a university or a steel mill or a paper mill or any of these other types of workplaces,” said Damon Di Cicco, president at United Steelworkers’ Local 1088 and the representative who organized Borden and his colleagues.

“A lot of people aren’t really aware of how diverse the members of USW are in terms of the types of jobs that they do,” he said. “As we see the economy shifting, the union has to shift along with it.”

Worker unrest has created headaches across the tech sector this year as employees at companies like Google and Amazon and have led walkouts and marches to protest products and client relationships that they view as socially regressive. The phenomenon, amplified by serial leaks to the press, has become a crisis for Google, which has recently been cracking down on its activist workers with layoffs and policy changes.

Unlike employee activism, labor organizing among contract workers has the potential to create an expensive problem for tech companies if other contractors follow in the footsteps of HCL’s Pittsburgh employees. A unionized contractor workforce demanding better wages and benefits would threaten one of the sector’s major profit margin generators: the low-cost vendor worker.

Renata Nelson, an HCL senior analyst who works alongside Borden, said she hopes that they can set an example for other tech contractors who feel underpaid and exploited.

“In the past, we may have thought of unions as something to support blue-collar workers or folks who are in physical danger at work,” she said. “But union representation is about securing transparency, fair wages, dignity, and above all having a voice in your relationship with your employer. I really hope that other places can see what we’re doing and if they want to, do the same thing.”

Contract workers are cheaper and lower risk for tech companies

While it has never publicly disclosed its contractor employment numbers, Google is [reported](#) to have more temporary workers than direct employees. Pittsburgh is

just one location that HCL and Google work together. The two companies recently announced a deal for HCL to serve as an implementation partner for its Google Cloud customers in Europe.

And it's not just Google. Other big tech companies like Microsoft, Facebook and Amazon rely heavily on non-direct employees to stay nimble and save money.

Indirect workers are much cheaper than direct hires. Many of the HCL workers at Google's Pittsburgh office make between \$40,000 and \$50,000 per year. The median employee compensation at Alphabet, by comparison, is currently \$246,804.

Google saves a lot of money by not having to offer healthcare benefits and stock incentives to contractors, which account for a sizable portion of its overall operational costs. Alphabet Inc. had accrued compensation and benefits liabilities of \$7.4 billion as of September 2019.

A \$40,000 salary makes it difficult to cover living expenses in Pittsburgh, said Allie Hosinski, a former colleague of Borden's who left HCL in October. For Hosinski, 25, the pay gap between contractors and full-time Google employees was frustratingly evident in the workplace.

"There were frequent [email] threads about fun home renovations in the thousands of dollars, which is hard to read when a couple hundred dollar unexpected expense could set your budget back two to three pay periods," she said.

"I dropped off my car for inspection today and found out I have \$1,100 to \$1,200 in repairs," she said. "It's all routine things like two front tires, some brake work, but it just adds up to around \$1,100. On a \$40K salary, I can't afford that."

Hosinski, who worked as a language and taxonomy analyst at HCL for nearly two years, left HCL to become a direct employee at the software company Turnitin. "I ultimately left to find a better paying job where I felt my work was more valued."

"I really want to be able to see a future here"

Employees at vendor companies often get stuck in roles with limited options for career mobility due to the temporary nature of contract work. It's rare that a vendor

worker at Google will end up becoming an actual Google employee, though it does happen.

Isabel Mills, 22, joined HCL after graduating from the University of Pittsburgh with a degree in linguistics. She considered moving home to a Pittsburgh suburb and taking on an entry level marketing job after school, but hoped that a vendor position at Google could lead to future opportunities within the company.

“It was strongly implied that by working with HCL on-site at Google, I would be able to build relationships with full-time Google employees and establish myself as a possible future Google linguist,” she said. “I have since learned that Google and HCL have a non-compete clause, and that I would not be eligible to be hired at Google as a current HCL employee,” she said. “I just graduated college this spring, and I really want to be able to see a future here.”

Google says being a vendor, temporary worker, or contractor is not intended to be a path to employment at the company. But some members of Congress disagree. Ten senators, including presidential candidates Bernie Sanders, Elizabeth Warren and Kamala Harris, recently [wrote a letter](#) to CEO Sundar Pichai recommending that the company assign temporary workers to full-time positions after six months of work.

The fuzzy barrier between full-time and temporary workers has presented legal challenges for tech companies in the past. In 2000, Microsoft settled an 8-year-old class action lawsuit spearheaded by temporary employees who said they had become “permatemps” and deserved the benefits awarded to full-time employees like health coverage and stock options. The company paid a \$97 million settlement.

“What that decision did, even though it found that they were misclassified, was it opened the door for the use of contract workers,” said Veena Dubal, an associate professor at the University of California, Hastings College of the Law.

Since then, companies have been careful about how they manage indirect employees, signing outsourcing contracts that ensure workers are classified as full-time employees of a different company.

Google has recently taken some steps to try to improve the work lives of its indirect workers. The company announced in April that any U.S. vendors and staffing companies it works with must pay a \$15 per hour minimum wage, offer 12

weeks of paid family leave, eight days of paid sick leave, \$5,000 per year in tuition reimbursements, and comprehensive healthcare coverage.

Should HCL comply with these requirements, Borden and his colleagues will receive many of the benefits that originally led them to organize. One major area that Google's new policies fail to address is a lack of career growth options for its vendor workers.

"Other than a meager yearly raise, higher positions were few and far between with HCL," said Hosinksi. "When promotions such as a lead position came up, there were dozens before you who had worked there longer."

Google's own employees are supporting their HCL colleagues

Google has been mostly silent on the union fight happening in its Pittsburgh office, but its employees are speaking up.

As HCL workers waited for the National Labor Review Board to schedule a union vote this fall, Google employees signed a petition asking their company to remain neutral in the process. Forty-three full-time Google employees at the company's Pittsburgh office added their names to an office-wide mailing list expressing support for the unionization effort.

"You see a lot of great solidarity from directly employed workers who have a kind of different privilege and different kind of power within the workplace," said Jeffrey Buchanan, policy director at Silicon Valley Rising, a California workers' rights campaign organized by Working Partnerships USA. "It's not something that's necessarily part of their resumé or past, but you've seen a lot of folks growing into roles and understanding what organizing at a workplace means."

Lately, Google has been cracking down on its own activist employees. The company hired an anti-union consulting firm, IRI Consultants, to advise its management team on how to address a rising tide of employee unrest. It recently updated its employee [community guidelines](#) to say that workers aren't allowed to let political debates disrupt the work day. And it's been targeting employees who leak information to reporters, firing several lead organizers last month.

"Google is doing a pretty effective job of surveilling people who are trying to organize in the workplace," Dubal said. "To see them clamping down on

organizing efforts in these very insidious ways has been eye opening. Whether that leads to more unrest or whether that means that people are just going to put their heads down and just do their work, I'm unsure."

What's next for HCLers at Google?

HCL has not fired any of its workers who are organizing in Pittsburgh, a common tactic in labor disputes.

"We respect our employees' legal right to decide whether or not they want to be represented by a union and are dedicated to fostering an inclusive and open office culture for all of our team members at HCL," a spokesperson for HCL Technologies said in a statement.

The company did put up an anti-union fight in the days leading up to its employees' vote in September. When Borden and his colleagues signed their authorization cards and filed with the National Labor Relations Board to schedule a representation election, HCL hired Eric Vanetti of the consulting firm, Vantage Point Alliance, to dissuade workers from voting yes. Vanetti put forth a similar anti-union effort for a campaign at Fuyao Glass' Ohio plant in 2017, as documented in the 2019 Netflix documentary "American Factory."

"It was very disingenuous," Borden said. "The company lied to us, saying that he was just this neutral guy they hired to educate us. That was very disappointing and insulting."

It's unclear how Google will respond if HCL does end up offering higher wages or benefits that get in the way of cost efficiencies for the tech giant. There are many competitors to HCL in the marketplace, including companies like Infosys, Accenture, Tata Consulting, Tekmark Global and Vaco. If HCL's Pittsburgh workers suddenly become more expensive, there's nothing stopping Google from finding a different vendor when its contract ends.

It's much simpler for tech companies to fire contract workers because they don't have to report indirect employee layoffs to investors, said Dubal. "It doesn't look bad for shareholders, for your stock, so there's lots of optics reasons that it's helpful in addition to the fact that it lowers costs."

And there's also nothing blocking Google from stripping away the courtesy benefits it currently offers to HCL workers. The company could also move HCL employees out of its Bakery Square office to a Google-owned vendor-dedicated space as a cost-saving measure, according to a person familiar with the matter.

"We work with lots of partners, many of which have unionized workforces, and many of which don't. As with all our partners, whether HCL's employees unionize or not is between them and their employer. We'll continue to partner with HCL," a Google spokesperson said in a statement.

Borden and his colleagues aren't sure how a new union will affect HCL's relationship with Google, but they're aware that it could complicate their already tenuous position. If they are able to negotiate severance pay, one of the items on their bargaining list, it would ease the burden of a future layoff.

"A couple years ago, there was one team that did get let go. I just kind of know that could happen at any moment," said Borden. "I just want to know that if that does happen, there's somebody looking out for all of us together."