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Representing Precarious Work in the Sharing Economy through (De)motivations of Uber Contractors

ANNE-MARIE TUUKKA, ABAYOMI BAIYERE & KAI K. KIMPPA

Abstract The potential contribution of sharing economy to the global economy is increasing. Despite this, there are unanswered questions related to corporate social responsibility in the sharing economy. In this article, we draw from a case study on Uber and its contractors to understand the precarious work entangled to their relationship in two contexts. By unpacking the motivating and demotivating dimensions of this relationship in two context, the United States and Finland, we explore the underlying phenomenon of precarious work in the context of sharing economy.

Keywords: • Sharing economy • Platform economy • Ride sharing • Precarious work • Uber •

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1 Introduction

Sharing economy\(^1\) as used in this study, is a term that represents the collaborative utility of excess capacity in goods and services whose distribution, sharing and reuse is enabled by an underlying digital platform (Hamari, Sjöklint & Ukkonen 2016). In other words, it is a digitally enabled shared access which provides a required resource to someone while simultaneously creating value for the owner (Chasin et al. 2015). Popular innovations in this area are Uber and Lyft (transport sharing service akin to taxis), Airbnb (room sharing service akin to hotels) and Mechanical Turk (task sharing service akin to recruitment companies). While the sharing economy has been applauded for its potential contribution to the global economy, there are still questions left unanswered as to the appropriateness of work practices under this umbrella.

Digitalization has changed the environment where people work and the conditions of their work. The introduction of digital tools to various fields of business have changed the way people work (Vaast & Walsham 2005) and where they work (Kurland & Bailey 1999). At the same time, these tools have facilitated the surveillance of workers (Brey 1999) and diminished the need for human workers for certain jobs (Rifkin 1995). Digitalization has also created new forms of work. One of these is sharing economy, which seems to unveil a new set of work relationship issues related to disrupting regulatory frameworks, conventional employment relationships and traditional business models (Gonzalez-Padron 2017).

In this paper, we discuss, how companies operate in the sharing economy, and explore the precarity of work related to the way these companies orchestrate their work relationships. This topic area has already been studied by other scholars, who are interested in different interpretations of sharing in the sharing economy (Martin 2016; Kennedy 2016) and ideas for creating socially sustainable sharing economy innovations (Martin et al. 2015; Hawlitschek et al. 2017; Hendry et al. 2017). However, the empirical research on this phenomenon is still emerging and it has often been studied mainly from the user’s (e.g. Bardhi & Eckhardt 2012; Gargiulo et al. 2015; Hamari et al. 2016) perspective. Research on people who get their daily income through sharing economy is still scarce, although some

\(^1\) We acknowledge that our interpretation of the sharing economy does not cover all aspects of sharing economy which includes e.g. non-profit solutions such as Landshare (McArthur 2015).
empirical studies have been made about sharing economy in disadvantaged communities (Dillahunt & Malone 2015) and experiences among Uber contractors (Rosenblat & Stark 2016; Malin & Chandler 2017).

We draw on a case study of ride sharing platform offered by Uber since it is a widely acknowledged example of sharing economy in prior literature on (see e.g. Cannon & Summers 2014; Cusumano 2015) and is seen as lucrative business model by other companies (Rosenblat & Stark 2016). Besides the scientific literature, ride sharing platforms stand out among sharing economy platforms that have been plagued with legal issues and several lawsuits, as well as movements to boycott the service by the public media.

Similarly to many other platforms in the sharing economy, ride sharing platforms have employed peer-to-peer market structure which – according to their claims – enables sharing of rides between individual car owners and the passengers. Passengers pay to car owners on each trip while the ride sharing platform gets a pre-set commission for providing the service of connecting car owners with the passengers. Within this business model, car owners are typically considered as individual contractors rather than employees of the platform owner.

Following the suggestions of prior studies to examine the societal nature of driving for ride sharing platforms (Chen et al. 2015; Schor 2016) we wish to elaborate the discussion on people who work through ride sharing platforms and analyse the work related issues they face through the concept of precarious work. Precarious work is characterized by insecurity, uncertainty, and low income (Arnold & Bongiovi 2013). It is related to casualization of labor, which enables sift from regular employment to the use of workers in short-term employment arrangements (Standing 2008). In industrial societies, self-employment offers companies a legal way to find people to work without obligation to carry out the responsibilities of an employer. However, precarious work can also be done through zero hour contracts, which do not require the employer to give any specific amount of work to any employee. Such legal arrangements facilitate the existence of hyper flexible work, which is a form of non-standard work, where working conditions are not fixed by temporal, numerical or financial characteristics (Harvey et al. 2017). This definition also applies to the work conditions of the Uber contractors, who experience splintering precarity according to Malin and Chandler (2017).
In this study, we have employed an inductive research approach which led us to study the precariousness of work in the context of ride sharing. We focus on people who are in contractual relationship with Uber to drive for it, and to whom we refer as Uber contractors or as drivers. From these premises, our research question is: How do motivation and demotivation of Uber contractors reflect precarious work in the sharing economy? The following sections aim to answer this question by presenting our research methods, empirical findings and our conclusion. We take a critical stance to construct the avenues through which the insights from the ride sharing can be of value for research in other emerging forms of precarious work, particularly in the sharing economy context.

2 Research Methods

We adopt a qualitative research approach involving semi-structured interviews (Myers & Newman 2007) to get an in-depth understanding of the work practices and the experiences among Uber's contractors. To get a deeper insight of the importance of the context, we conducted our study in two countries: the United States and Finland.

The interview questions were grouped under two main themes – the reasons for driving for Uber and the disadvantages of driving for Uber. As enabled by the semi-structured nature of the interviews, the questions were developed under these themes and expanded based on the flow of the interview. Emphasis was placed on understanding the relationship between the driver and Uber, and the drivers' personal perceptions and details of their individual experience. Additionally, the knowledge gathered from earlier interviews was tested and evaluated during subsequent interviews for confirmation to filter out the cross-location commonalities and differences as well as to establish the general attributes and the location specific attributes of the Uber–contractor relationship.

The participants were found by requesting an Uber ride. In the beginning of the ride, the researcher presented themselves and asked driver to give an interview for research purposes. To offer full anonymity to the drivers, their names and contact information was not stored. Hence, it was not possible to contact drivers for further investigations. Drivers were also asked a permission to record the interview. When a driver did not want to be recorded, thorough notes were taken.
during the interview. Some drivers declined the request to participate in the study and no data was recorded from the discussions with them.

Our study was conducted during years 2016 and 2017, when a total of 48 semi-structured interviews were collected. The interviews lasted for about 20 minutes each. In the United States, 23 interviews were done in Boston and 19 in San Diego. In Finland, 7 interviews were done in Helsinki. We chose these cities as the US cities are recognized for the high maturity adoption rate of Uber in both cities, while Helsinki provided us a context where the adoption and existence of Uber is relatively new and its presence has been fraught with resistance, which implies uncertainty for both the company and especially the workers. In Helsinki particularly, it was not possible to collect more data through our methods after August 2017, because Uber had to stop operating in Finland at that time.

All the interviews were transcribed using professional services. We analysed the interview data by using the process of hermeneutics to make sense of the emerging insights from the study. Adopting this approach involves utilizing the hermeneutic cycle, which is a process that facilitates the abstraction of meaning from a text as a whole relative to the interpretation of its parts in a continuous interaction. According to Myers (1997), the flow of understanding takes place from the whole to the parts and back from the parts to the whole and this happens continuously in a circular fashion. As required by the hermeneutic approach, this analysis process continued as we sought to get an understanding of how the insights noted from the parts formed a representation of the meaning derived from the whole. This approach provided clarification and helped in getting a deeper insight to the nature of the relationship between Uber and its drivers.

3 Findings

The results from the data collection are indicative of the work arrangement between Uber and its drivers and the associated work relationship that characterizes them. A noticeable aspect is the asymmetric nature of this relationship that could be observed from the data, for example, the capacity of Uber to change its operating principles (loosely translated as contract in traditional sense of work-relationships) when and how it so desires. We also notice the demography and various motivations of the drivers to work for Uber.
We specifically draw insights from those drivers who are particularly dependent on Uber and highlight the associated impact of the asymmetry in the relationship on the social and the economic well-being of these drivers.

The results from the United States and Finland are discussed in separate sections. In both of these contexts, the relationships between Uber and its drivers are discussed through two themes: the motivation and the demotivation.

3.1 Findings in the United States

In the United States, we identified four key motivations and demotivations for most people to decide to drive for Uber as a contractor. These are source of income, promotional incentives, self-employment and work-time liberty. The demotivations to drive for Uber are related to declining rates, withdrawn incentives, account deactivation and increasing work time requirement.

Source of income is a recurrent motivation for many of the respondents to join Uber as a driver. A clear distinction as identified between those that embarked on this relationship solely based on using this as a means of daily sustenance versus those that do it just for the purpose of getting some extra income. The former usually tend to be people who would have otherwise been unemployed or who consider that their earlier jobs did not provide as much income as they would obtain from driving for Uber. The latter are typically people with another job and chose to drive for Uber on their free time.

“Well, this is my part-time job. I have a full-time job. What I like is, whenever I [decide] I'm going home, I'm going home. And I don't have nobody to tell me what to do.”

Incentives as a motivation for the Uber-driver relationship are closely related to income as a source of motivation. The data revealed that the incentives offered by Uber have a particular allure that attracts many in the United States to decide to use their car and time to provide the driver service for Uber. It appears that the type of incentives vary from location to location. Some of the incentives could yield returns that are equivalent to double the income earned after meeting specified targets.
“[W]hen the [passenger] demand is high, demand for drivers is [also] high then they increase the price. It’s called surge. Before this the highest (rate) was 2.2 but the surge can go as, big as 3.0 and yeah [I also get better payment if the price goes up].”

Regular income from Uber with incentives is significant enough for many to quit their jobs and join Uber after possibly doing some calculations and comparing the job options. In some cases, the income motivation is sufficient to inspire some of the respondents to take a loan to get a new car, just for the purpose of taking advantage of the income opportunity opened up by Uber in this regard. The following quote captures this motivation:

“I’m doing [Uber] just because I need to pay my bills, and not live like animal in zoo park. Eat something, coffee and anything that is necessary in life. That’s all. It’s quite expensive country, and of course I still haven’t won Lotto [lottery]. So, I must do something [to make income i.e drive for Uber].

To some interviewees possibility to be self-employed is important reason to drive for Uber. It is also related to the liberty to use their time as they find fitting as described in following quote:

“I started to drive for Uber, based on its comfortability and, it’s like you are boss of your own. You are not under pressure that somebody [is] controlling you, [you work] at your own pace, [and] you can choose to drive or choose not to drive.”

The work-time liberty is essential for drivers, who have care responsibilities (e.g. the need to take care of a terminally ill spouse) restricting their career options. For example, one of the respondents who is a single mother explains that driving for Uber provides her with the time to be with her child, while still offering her the much needed opportunity to earn an income. The freedom offered by the arrangement between Uber and its drivers was valued especially by those, who have caring responsibilities, because they can now fit their work schedule into their life schedule.

“I like how you can, only do one run a day you if you wanted to [or] you can do as many as you want. [If] you don’t wanna drive for a week man you only gotta turn it off. Be your own boss.”
According to our data, one of the cherished features of driving for Uber is the liberty that the drivers have over the use and the distribution of their time. However, the data revealed that Uber has systematically been changing the rates it charges passengers as it becomes more popular in an area. The dissatisfaction for many drivers comes from the fact that, some have joined Uber based on the calculated income that is accruable by driving for Uber during a given amount of time. Since their income is dependent on the rate the passenger is billed, the reduction in the rates by Uber means the drivers can no longer meet up with the anticipated level of income by providing the driving service for the same time period.

Most of the drivers who have a second job, pointed out, albeit grudgingly, that they are still able to meet their needs with their other income, since driving for Uber is basically an exercise to get more. This is however not the case with those that are completely dependent on Uber and are driving full time for Uber. For this category of drivers, the drop in income has been a recurring theme in the interviews as a source of demotivation and dissatisfaction with the work relationship. However, we found out that for these drivers, despite the discontent, they consider Uber to still be the better alternative than their other options.

"Just, passing my time with [Uber] because I don’t have any other job. So that’s why I’m doing it. If I find another job I won’t do it for a second."

In addition to declining rates, another source of demotivation is the withdrawal of incentives. The responses to our interviews revealed a pattern, which Uber deploys to get more drivers, particularly when it is just launching in a new city. In each of the cities, where we collected data, the trend has been first a flurry of incentives during the early months of Uber in the location, after which it systematically begin to cut some incentives when a critical mass have been reached. Hence, all the drivers that have made their plans and calculations based on the incentives would find those plans in jeopardy after the slash of the incentives.

Prior dimensions of demotivation have focused on the income associated with the relationship between the driver and Uber, while account deactivation terminates the relationship. According to our respondents, Uber has the power
to deactivate any of the drivers' account thereby denying them the option to continue driving for Uber. The essence of the demotivation due to this threat is driven by the fact that the drivers need to have a minimum score of 4.5 star rating out of a possible 5 star rating. The ratings are the mechanism through which Uber collects feedback from the passengers. The challenge with this, as described by the respondents, is that the measure is subjective and depends on the personality of the passenger. Some passengers tend to give 5 stars while there are some that consider a 5 star rating to be a perfect score and hardly ever give such rating. The problem with this is that, since the rating is an aggregate of the passenger ratings, a driver can easily get less than 4.5 with a few ratings of 4 stars of less.

“So if everyone gives you a 4 it’s bad actually. Even though 4 sounds good, 4-5 sounds good, but if your rating’s below 4.5 then yeah they, don’t let you drive anymore.”

For many, the appeal of Uber lies in the time that they have to accommodate other life activities in their schedule, while still benefiting from the revenue from driving for Uber. However, depending on Uber as a source of revenue seems to gradually require the drivers to do much more work because of the diminishing rates and incentives. Especially drivers, who have taken a loan for a new car to be able to drive for Uber, had very limited options but to remain with Uber. The availability of this group of people who are still in a better financial position with Uber, despite the reduction in income, appear to provide Uber with sufficient supply of drivers to maintain its business model.

3.2 Findings in Finland

A major difference between Finland and the United States is that offering a ride for payment requires an official taxi permission document. This requirement is part of Finnish legislation, and it is supervised by police. The differences in Finnish and American regulations are reflected in the motivations and especially in the demotivation of the Finnish drivers (see Table 1).

The source of income was the main motivation for drivers in Finland as it was also for drivers in the United States. This applied to drivers, whose main source of income came from driving for Uber, and to those drivers, who had another
job and drove for Uber to get extra income. One of the interviewees, who was a full-time driver said:

“Best thing is getting the money. Money is good motivation.”

Those two drivers, for whom driving for Uber was their only source of income, were really disappointed by Uber’s decision to leave Finland. They were not sure about how to support themselves when Uber would leave Finland. One of them had a plan to start a business even if he was not interested to be an entrepreneur:

“I’m thinking about, I thought about many, many times about my own company because, it’s good business but it’s not for me. I’m doing just because I need to pay my bills, and live”.

While the income was important motivation to Finnish drivers, they were not interested in the incentives. The topic was discussed only because researchers brought it up in the interviews. Some of the drivers remembered that they got incentives when they started to drive for Uber but they had almost disappeared at the time of the interviews as revealed in the following quote:

“[W]hat I had earlier and when it started, there were incentives. So when you go for about maybe some 25 or 50 trips, [you get some incentives] 200 euros is at next job, your commission. But now I think they have stopped and no incentives are given.”

For most of the interviewees money is not the only motivation to drive for Uber. They were generally satisfied with the platform and appreciated its accuracy to get payments in time. Many of them drive for pleasure. One of the part-time drivers explains:

“For me, in my case I also drive out of pleasure. A lot of people drive out of necessity. I need to go there, I have to drive. For me driving around it’s something that I enjoy. So, and if you get to make some money on it, why not?”

Unlike in United States, the self-employed aspect of driving for Uber does not motivate Finnish drivers. Finnish drivers are not satisfied for being contractors instead of employees. However, they do appreciate the work-time liberty offered to them through Uber platform. This was clearly stated by one of the interviewees:
“[O]ne can choose their own schedule. That’s really important. You can drive when you want. If you don’t want to drive, then you don’t.”

While there are some similarities between motivational dimensions in Finland and in the United States, the demotivational dimensions differ significantly. In Finland, important demotivating factors are related to the relationship between the driver and Uber. As discussed earlier, Uber does not acknowledge drivers as its employees. Uber defines drivers as its contractors. The nature of the relationship is usually clear for Finnish drivers; however, they are usually not pleased for it. Some of them would prefer to be employed by Uber. They also complain about the heavy cost of maintaining the car.

“They [Uber] do not pay much because you have to pay for the gasoline and diesel yourself. Maintain the car.”

Because Uber regards its drivers as contractors instead of employees, drivers are personally responsible for respecting the Finnish law. This is problematic because most of them do not have a taxi permit hence they are engaged in unlawful acts while transporting passengers for Uber. Most experienced drivers explained that it used to be very unlikely that police would stop someone for driving for Uber. However, the situation has changed and drivers acknowledge that police might stop them for driving for Uber.

All drivers did not appear to think that the unlawfulness of the driving was a big problem. Non-European drivers assumed that they might be stopped by the police more easily than European drivers. While the amount of interviews was scarce, analysis of the interviews appears to support their perception. One of the non-European drivers had been stopped twice according to his interview, however European drivers did not bring up the topic of police harassment if it was not directly asked. When asked they did not report any problems.

4 Conclusion

Some of our findings reflect the results of Malin & Chandler (2017) on splintering precarity among drivers for Uber and for Lyft in the United States. They found out that most drivers, especially the once who drive to get extra income, consider driving as fun and flexible way to earn money. At the same time, they experience
number of anxieties and risks. However, our study revealed new aspects of precarious work among Uber contractors. This was partly due to our focus on those drivers, who rely on driving for Uber as their main source of income, although we did not exclude those drivers, who drive Uber to get extra income. In addition, we expanded the data collection to Finland, which had many differences compared with the United States (see Table 1 for comparison).

Table 2: Motivations and demotivations in the United States and in Finland

<table>
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<th>Motivations</th>
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<th>Finland</th>
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<td>source of income</td>
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<td>source of income</td>
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<td>promotional incentives</td>
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<td>pleasure of driving</td>
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<td>self-employment</td>
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<td>increasing work time requirement</td>
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In the United States, precariousness increased especially among drivers, who were driving full time, when the incentives were lost and prices on rides were lowered due to saturation in a certain market area. This caused problems to drivers due to extended periods of driving needed to gather the expected income from the work, as this was clearly diminished. Many drivers had expected to be able to considerably enhance their income with relatively small amounts of work, at times suitable for them for a variety of reasons such as looking after sick or elderly relatives. Nonetheless, many of the drivers in our sample continued working for Uber even after the negatively perceived changes in working conditions due to their need to get some additional income on, more-or-less, their own terms.

In Finland, the biggest concern for the drivers was their legal status. None of the interviewed drivers had a taxi permission, hence they engaged in an unlawful activity while driving for Uber. In addition, Finnish drivers felt that they ought to be able to be employees of Uber rather than “partners” who still have no say in the partnership. Despite these concerns, those, who were driving full time, were worried about their future income because Uber had announced leaving Finland.
Our study is not without its limitations. Firstly, our research method led to a randomized sample of drivers within given geographical locations, however this sample cannot be seen as representative sample of drivers within those geographical locations. Secondly, we were able to offer full anonymity to the drivers participating in our study, but it is not possible for the researchers to intentionally contact the participants again. Future research on this topic should closely evaluate if it is more important to offer full anonymity to the participants or assure the possibility to interview participants multiple times by collecting their contact information. Thirdly, our data from Finland is limited. Future research in Finnish context would be necessary because the new Act on Transport Services come into effect in July 2018 and at the same time, Uber returned to Finnish market. While the taxi permission is still needed for transporting passengers, its price got cheaper and its requirements became more flexible. Hence, the experiences among Uber contractors can differ from the ones identified in this study.

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