**Uber Case Study**

 Technology has changed human lives much easier and faster where comfort level of a person increases each day. One such example of growing technology benefited human to enjoy booking a cab at doorstep using modern smartphones. Travelling in populous and metropolitan cities is really a tedious task where booking a cab and reaching the destination on time really takes toll on people. During emergency situations, handling congested traffic is a challenging task for working class.

 This put forth the inception of “Uber Technologies Inc.” company. It is commonly known as ‘Uber’ which is an American multinational ride-hailing company that offers services that include peer-to-peer ride sharing, ride service hailing, and a micro mobility system with electric bikes and scooters. The company is headquartered in San Francisco, California, USA. It was found by Garrett Camp and Travis Kalanick in March 2009. Uber cabs has grown into a giant in its domain reaching out to many countries including United states, India, Australia, United Kingdom, South Korea and France. As with other transportation network companies, Uber has been criticized for unfair treatment of drivers, for disrupting the taxicab business, Uber’s disruptive technology, explosive growth and its aggressive strategy in dealing with regulators and several unlawful practices. *i*

**Challenges:**

Some of the main challenges faced by Uber are:

* Uber faces legal disciplining:

During its expansion, Uber met fierce resistance from both the taxi industry and government regulators. The company faces legal action in several cities around the world and has drawn criticism that its vehicles increase congestion and takes business from regular taxis. Transport department in London removed Uber’s license in the capital for the second time citing its failing in approach to reporting serious criminal offences and background checks on drivers putting passenger safety at risk. *ii* Another such incident was on August 2018, when there was restriction imposed by New York City Council which caused big blow on Uber and this meant a pause on any new licenses for the ride sharing service in the city for a 12-month period. An Uber driver sued the company for misclassifying its drivers as independent contractors and thus company paid $20million to settle a long-running lawsuit brought by drivers.

* Cash Burn:

Uber appears to have been growing at rate of 40% each consecutive quarter. From the first to the second quarter of 2015, gross bookings increased from $1.5billion to $2.13billion. However, the gross bookings are not the same as net revenue which came in at $663.2million in the first half of 2015. *iii* That’s the amount Uber actually receives but it pays the drivers their cut and promotions and driver incentives and more. Meanwhile operating expenses are going way up. Hence every year, Uber is burning through cash to cover billion- dollar losses. To build ride share and attract drivers, Uber (and Lyft) pay out -- in rider discounts and driver payments - more money is spent than they bring in. *iv*

* Surge Pricing:

Uber used surge pricing method which raises rates at various times and locations when the corporations felt it could dominate the marketplace to increase profits. Uber even instituted surge pricing during hurricanes and blizzards. Surge pricing infuriated users, who perceived it as price gouging. Uber used an automated algorithm to do this surging based on supply and demand in the market. On New year eve 2011, prices shot high as much as seven times the standard rates, this triggered the negative feedback from the users. *v*

* Uber Discloses subsidiary Loses:

Uber’s subsidiary ‘Uber Eats’ has faced huge loses where it pulled the business out of the market in South Korea and sold off to another rival company in India. Uber set [two dubious quarterly records](https://investor.uber.com/news-events/news/press-release-details/2019/Uber-Reports-Second-Quarter-2019-Results/default.aspx) on Thursday as it reported its results: its largest-ever loss, exceeding $5 billion, and its slowest-ever revenue growth. Uber Eats has helped Uber boost its revenue but now the unit has posted as adjusted loss before interest, taxes, depreciation and amortization of $461million for the three months ended Dec 31,2019. Uber Eats, its second biggest business after ride-hailing has faced a serious downfall in 2 different nations and hence Uber has adjusted its retained earnings in compensating its adjusted losses. *vi*

* Public Opinion:

The CEO of the company, Mr. Travis Kalanick created various controversies on his own. His foes included regulators in jurisdictions where the company was located, business and personal rivals, the taxi industry, and even customers who criticized the company. Kalanick expressed himself vigorously in speeches, emails, company blogs and videos. In early 2017, a video was viral where Kalanick was verbally combative with one of his drivers losing his temper. This publicized the dark side of the Uber’s top manager and shed light on another undesirable personality trait which gave a negative feedback in common customer and people’s mind resulting in reduction of the respective app and services. The corporation’s highly publicized unethical activities certainly influenced public perception of the company.

* Competition from Lyft:

From the launch of Uber there has been ferocious competition between Uber and its closest rival Lyft. In 2014, both uber and Lyft claimed that drivers and employees of each company engaged in sabotage by regularly booking and cancelling rides on each other’s services. *vii* Even Kalanick also openly admitted for trying to undermine Lyft’s fundraising efforts in an article

**Causes:**

Uber followed many unethical behaviors for achieving huge profits in a short duration and backfired on it and made it hard to survive in the global market. Some of main causes are:

* Scientific Corruption:

The CEO of the company made the company legally questionable in many ways by insisting the employees to follow illegal tactics. Uber technicians tried to alter the company’s ride sharing app in such a way that they would identify and tag users even though they have deleted the Uber app from their mobiles. But they been caught red handed by Apple CEO Tim Cook and on threatening, Kalanick agreed the desist doing it. Uber followed practices of collecting data about passengers after their rides and were monitored even after turning off their GPS. They used it users contact list for marketing purposes and this program worked without user’s knowledge. They abused user’s trust tracking the location of journalists who reported on the app and used their contacts to revenge personally. All this was found by Electronic Privacy Information Center and filed against Uber.

* Delete Uber Campaign:

Kalanick, the CEO of the company joined President Trump’s economic advisory council in December 2016 and encountered a strong backslash from the employees. Employees circulated a 25-page letter in the workplace that listed the reasons employees wanted Kalanick to resign from the council. Meanwhile, more than 200,000 customers deleted their Uber apps and accounts since Kalanick had announced he would join President’s council. There was a considerable concern about how easy it was for them to delete the Uber app and replace it with Lyft’s. Starting off with #DeleteUber campaign, they were alluded with series of adverse publicity events. *viii*

* Controversial Practices:

Uber used a secret program called VTOS, an acronym for “violation of terms and service” which identified potential abusers of the service as well as law enforcement officials who sought to ticket or those who try to compromise Uber’s drivers. The team used a tool called Greyball which identifies where and when customers opened the Uber app; It identifies potential law enforcement agents, the app tagged the users, denied them rides and displays fake location of real Uber drivers. Uber used other cyber products that helped it evade government officials who were investigating Uber’s operations.

Uber used self-driving cars beginning in California, although the company neglected to inform the traffic division of Police Department. Uber officials posted in blog posts that called the requirement for a permit debatable even after the Mayor made a personal phone call. All these caused a negative image about Uber in the perspective of higher authorities.

* Uber’s culture:

The company’s organizational culture was influenced significantly by Kalanick’s demonstrated values and ethics. But his ethics were in such a way that his profanity filled letter was found during an investigation of sexual harassment at the company just before his departure. Uber’s dispute with its drivers was the source of numerous articles in the public press and social media postings from current and former drivers. Uber’s driver turnover ratio decreased every month. Uber’s focus on aggressive growth and intensive competition led to failure in prioritizing compliance.

After the former employee Susan Fowler filed detailed allegations of sexual harassment and gender discrimination against the company, problems extended beyond control. Executives had an overall distain for regulation, a penchant for flouting laws, an active anti-union stance, an atmosphere that devalued female employees and was often rampant with sexual harassment. This culture led to significant attrition and made it more difficult to attract high-quality employees.

* Disgruntled Drivers:

Uber used a variety of psychological techniques to influence when, where and how long its driver worked. The company intended to minimize its labor costs as much as possible, and made drivers work in areas and hours not profitable to them. Uber alerted drivers of how close they were to achieving targets which prompted drivers to stay available rather than logging off from the service. *ix* At times, Uber used to send continuous barrage of e-mails, texts and pop-up boxes through the app to get the drivers attention. Uber’s use of behavioral science was abusive to its drivers because the company maintained a low cage ceiling and influenced its drivers with gaming techniques that could be considered unethical.

**Recommendations:**

* Reframe the entire management:

In a multi-national corporation, top management needs to be strong and ethical so that the management has strong fold against any offensive complaints. A team needs to be formed to keep a check on regular process, customer-based requirements within the given constraint. As uber has lots of illegal discrepancies and controversies, the new person allotted as CEO should act wisely and follow practices the company should abide in. A routine Audit helps maintain the state of progress and security in all aspect. The auditing at lower levels can be done on a monthly basis and at higher levels on annual basis.

* Customer feedback:

Feedback is necessary for any company. And customer feedback is important for customer related organizations. When a customer feedback link or popup comes, the customers will be able to respond their issues once the ride is completed and steps can be taken to resolve them. This helps in creating better customer bonds. In order to get better rating from the customers as well not obliging into any illegal road rules, the drivers can be trained and a refresher course once in every 5 years. Requirements can vary based on drivers working time.

* Deregulate Fares:

Uber sets its own rate depending on type of service and takes a commission up to 25% unlike other taxi fares which is set by City Hall. *x* The report recommends that street-hailed rides still be regulated, but individual taxi brokerages be allowed to set their own rates if the ride is pre-booked. Uber uses a controversial surge-pricing model, where regular rates can be doubled or tripled or even more when demand is high, and the supply of cars is low. But the consumer must consent to increased rate or have the option to decline. By deregulating fares, taxi companies would have every chance to compete — and a taxi brokerage could bring in surge pricing, if it wished.

* Equality in race, sex and employees:

Employing men and women without any discrimination brings a good perception about the company in the outset and helps the company get more customers and get back customers in Lyft. More women in men dominated sectors reduce the difference and gives a feeling of equality. Especially employing woman in higher designation reduces and keeps a check on misconduct by the male employees. There has to be a sex ratio like 50% maintained in organization to ensure equal participation by both the sexes. Also hiring few lady drivers would be recommended in-case of major requirements. Woman drivers can be assigned to female passengers and this kind of instills confidence during the ride.

* Licensing:

All drivers need to be screened with background checks, with the same rules for everyone, with the city doing periodic audits. All vehicles must be inspected before it is taken on the road, with inspections permitted. A copy of the permission given by government and uber services needs to be displayed on the vehicle. This gives an assurance to the customers that the vehicle is legally checked and safe to travel.
Flexible licensing fees are needed, one for the company and another for drivers. There has to be strict norms and conditions before a license is issued to a person. All drivers should clear a strict background check**.** The background check has to renewed annually. By doing this the drive is under surveillance and the crime rate may reduce.

**Summary:**

Uber is one of the top popular company in the world which started with utmost profits and strong customer support. The unethical behavior degraded their quality in the eyes of the public which ultimately led to a major downfall of the reputation. Even though the condition of uber seems to be stable now, it is still thriving hard to regain its position in the market. On following the recommendations, Uber will be able to make a strong comeback with positive vibrations and a model to other start up companies.

**References:**

i <https://en.wikipedia.org/wiki/Uber>

*ii*<https://www.reuters.com/article/us-uber-britain-factbox/factbox-ubers-legal-challenges-around-the-world-idUSKBN1XZ25F>

*iii*<https://www.forbes.com/sites/briansolomon/2016/01/12/leaked-ubers-financials-show-huge-growth-even-bigger-losses/#511b94fb36ba>

*iv*<https://www.bizjournals.com/chicago/news/2019/05/22/uber-faces-serious-challenges-in-the-future.html>

*v*<https://www.uber.com/us/en/drive/driver-app/how-surge-works/>

*vi*<https://www.wsj.com/articles/ubers-food-delivery-boss-leaving-company-11582728973?mod=searchresults&page=1&pos=12>

*vii*[*https://www.businessofapps.com/data/uber-statistics/*](https://www.businessofapps.com/data/uber-statistics/)

*viii*<https://www.theguardian.com/technology/2019/apr/11/uber-ipo-risk-factors>

*ix*<https://www.theguardian.com/technology/2019/apr/11/uber-ipo-risk-factors>

*x*<https://www.marsdd.com/news/5-recommendations-for-uber-and-other-car-sharing-services/>