Business Issue

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## Introduction

Considered as a highly innovative and advanced transportation service, Uber Technologies, Inc. is a multi-national, ride-sharing application originally founded and based in San Francisco, America. It was first founded in 2009 by Garrett Camp and Travis Kalanick under the banner of Uber Cab (Cramer, 2016). Currently operational in more than 785 areas across the globe, the majority of which are metropolitan, Uber provides a wide range of services inclusive of ride-hailing, food delivery, peer-to-peer ridesharing, and a bicycle sharing system as well. Anyone having a smartphone with a functional internet connection can access the platform and use these proficient services through its website or mobile applications.

Statistics report Uber's high share of market concentration through an exponential increase in its users and by alluding to a market phenomenon known as, "uberisation" (O’Byrne, 2016).

Uber has faced a fair share of criticism accounting to a lot of management and service delivery issues ranging from the adverse reactions from the existing taxi industry, to allegations of sexual harassment by the users resulting in a total shake-up of the management.

The managerial context which paved the way for this report is about ineffective recruiting and continued mismanagement of the staff. In a recent press release, Uber's management apprised the public about the kind of challenge it faced regarding workplace practices and the difficulties it posed in the way of hiring highly skilled and professional individuals as potential staff members. The company also opined that this existing inability to recruit or retain employees who were considered vital for the envisioned expansion and boom of the business may impair the current growth rates. As the drivers in these ride-sharing apps and businesses are not considered as staff or sub-ordinates but are given the same treatment as given to contractors or partners, therefore, the drivers are also exempted from any special perks and benefits of internal defense against any allegations or other workplace complaints.

### Problem Statement

The growing concerns of Uber drivers about ineffective recruitment of new drivers which results in a haphazard flow of rides and shortage of opportunities for drivers who have established some routes as a daily ritual are problematic areas in the domain of Uber's management. This issue also led to drivers' inability to reach their target which qualified them for a daily or weekly bonus. Additionally, new recruitment processes without any prior security clearances resulted in users' unsatisfactory responses towards service delivery.

There were complaints received and registered by the consumer body against the relatively new drivers, a lot of which were associated with the abysmal behavior of the drivers. The wide spectrum of complaints include drivers using mobile phones during the ride, smoking causing extreme health allergies for one or two users, ride changes during the process, straight-up refusals of the drivers to transport a service dog or domesticated animal and many other complaints of the same nature.

These complaints also brought a bad reputation to the established drivers who had been doing their duties as lawful citizens for a long time and did not violate any rules. Their earnings also faced a decline and they had to move to other modes of livelihood in the pursuit of a decent living.

## **Analysis of the Management Issue**

### Function of the Management

It is a pre-requisite for the successful development and launch of any start-up or online business which has an agenda to gain recognition in the sharing economy to fully realize the users’ requirements and the challenges they face which will be dampened with the full potential of this business. The user community facing the fear of the unknown, in this case, unfamiliarity with the drivers was solved by the management of Uber by showing full details of the drivers on the website and the applications. The drivers' respective profiles and ratings based on previous experiences by other users were also present on the application before a user could order for a ride. The management also provided real-time notifications to the users about the arrival and departure points and time of the ride which was not available to the communities in the previously existing taxi business. The management, fully accommodating the needs of a diverse group of people in the various cities of its operation introduced a cashless payment system for those who were short on cash at different points of time or if they had to re-route their rides, in which case the pricing increased.

Apart from introducing and maintaining all these services and practices, the management also recruits new drivers against the growing demand in any region.

The problem in the functions of management arose when there was a relentless increase in the hiring rate of new drivers without any formal security clearances and the previous drivers encountered various problems.

As a necessary step of the process, the user is meant to rate the driver and the driver is meant to rate the user at the end of the ride which prohibits the interference of human resource management of Uber into gauging the performance of its drivers. It is a very tech-dependent procedure, one which does not rely on the business for solving any conflicts between both the parties.

### Aspects of managerial functions influencing the issue

Lack of managerial activity has led to this issue where anyone could register to be a driver and providing his/her services. Technology and online performance measurement were solely relied upon by Uber regarding the recruits and this caused problems for the growth of business in general. Even though the online performance measurement system is very thorough and covers almost every aspect regarding the driver and vehicle's condition including vehicle's condition and quality, driver's abilities and service, yet without any proper check-and-balance provided from the management, there is a possibility that aforementioned problems will continue to rise.

The online management through the application prevents the drivers from pitching any innovative ideas, voicing their concerns or have any say in the policy changes as the traditional worker or employee does with a human manager. There are also judgments regarding the ethical nature of the philosophy of management in the self-employed environments of the sharing economy.

### Various perspectives in the literature

It is established from various studies and reports in the literature that regular monitoring and evaluation prove to be a sustainable competitive advantage for a business (Hughes, 2019). Managing the performance leads to the attainment of some goals and objectives which every employee in the workplace can adopt in the pursuit of the successful growth of the business. Honesty, hard work, diligence, and ethical behavior are some of the characteristics which every driver in such ride-sharing businesses should have as inherent qualities so that users can fully trust them and spread the word about the standard of the service (Smith, 2019). The paradoxical nature of the performance management in this business which is a growing trademark of the sharing economy makes it difficult to properly scrutinize the performance of the drivers, which results in multiple issues. Drivers and users of the app are simultaneously acting as initiators, providers, and recipients of the performance measures, and the growth of the business cannot be left in the hands of these independent actors without proper management and periodic reviews.

The absence of an employee-employer relationship in this business is portrayed as a negative aspect of sharing economy in the literature, one which has advocated on both ends (McKeown, 2016).

### Alternate strategies

Currently, Uber is practicing self-recruitment as a process of hiring new drivers which implies that anyone fulfilling the criteria of being an independent, apt driver could deliver their services after registering to the application. The claims by the company that all the drivers are self-employed agents and are not working for anyone were rejected by the Court of Appeal which declared that these drivers are workers and are eligible to a certain limit of minimum wage and other perks (Kenner, 2019).

After this verdict, I presented an alternate strategy for recruitment to the CEO of the company which constituted of the following:

1. A streamlined process for the recruitment mush be put into practice which is based on different phases:
2. Preparation of a detailed job description and advertising
3. Shortlisting of candidates
4. Initial screening test
5. Background check
6. Driving test
7. Induction (first 45 days as a probationary period)

Special focus was given to the importance of background checks of the drivers which upon due implementation could present different outcomes and results regarding the drivers’ performance.

## Conclusion

To conclude, problems in the management domain have been mentioned and discussed in detail in the former sections which demand an immediate change in the recruitment strategy. Shreds of evidence from the literature have also supported the cause apprising the founding committee of the business and the general public about the rising negative perception about the Uber drivers. Alternate courses of action have also been included in the prior sections of this paper which if executed effective immediately can be helpful for the maintenance of the business's position in the market concentration of the sharing economy. If drivers are recruited in an efficient and well-organized process, user departure can also be prevented in a short period.

## Recommendations

It is recommended that my client should instantly deploy the services of an established hiring agency for efficacious recruitment of new drivers and must match the size of the consuming body (users of the application) with the staff's (drivers) size. Besides taking this step, the recently recruited new drivers who have displayed unwanted behavior must be given notices and warnings. Formal agreements can be signed with the old drivers of a particular region and they can be promised some sort of incentive so that service quality maintains its standard. Apart from this, an online portal distinct in its function from the performance measurement in the application should be launched which gauges the satisfaction of the users.

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