The Role of Labour Unions in a Platform Economy

A case study on Uber

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ABSTRACT,
The purpose of this study is to examine the way labour unions use their tactics to counteract the Human Resource practices of platform economy companies. The platform economy is an upcoming form of employment, thus research addressing the effect that it has on the workers in this economy is limited. On top of this, workers in the platform economy are neither legally classified as employees nor as independent contractors, which means that they are not protected by employment law. To allow for more detailed analysis of HR-practices, the study will focus on a case study on Uber. The results of the study are gathered by means of a document analysis, literature review, and by semi-structured interviews with labour union representatives of different labour unions in the Netherlands. From the study, it can be concluded that the way labour unions use their tactics to counteract the HR practices as done by the online platform Uber is similar to the way labour unions would use their tactics to counteract HR practices of a traditional taxi company. Contrary to what was thought at the beginning of the study, labour unions do not use their tactics to counteract one specific HR-practice, but rather use their tactics in a process to counteract all problematic HR-practices. Additionally, it found that the practices used by labour unions may be used as substitutes for each other or they may be used in synergy. The findings of this study may be limited by the lack of triangulation due to a low number of interviewees.

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Keywords
1. INTRODUCTION

Due to the developments in information technology and the ever-increasing price-based competition, the platform economy has grown immensely over the past years (Kenney & Zysman, 2016). This is why it has become relevant for different fields of management to study these platforms. Companies in a platform economy differ from traditional companies as they act as virtual platforms that manage the payment of earnings gained from connecting customers to a worker who is willing to provide the service (Drahokoupil & Fabo, 2016).

The online labour platforms have assigned themselves a unique position in the market by stating that they do not employ any workers as they solely connect demand and supply instead of providing a service (Benoit et al., 2017). Due to this structure, the people who find work via online labour platforms do not fall under the category “employees”, nor can they be classified as independent contractors, freelancers, or the self-employed (Lepak & Maleki, 2017). This new company structure sparks questions about the differences between the day-to-day business of traditional organisations and the day-to-day business of organisations within the platform economy. Even though the online labour platforms claim they are not employers, they do exert control over their workers through the use of Human Resource Management (HRM) practices (Simonite, 2015). These practices are used to manage employees with “a strategic and coherent approach to the management of an organisation’s most valued assets” (Armstrong, 2006, p.3), which is important since employees have the power to make an organisation successful (Lepak & Gowan, 2016). Therefore, although the labour platforms legally imply that they do not employ the workers, the fact that they make us of HR practices indicates that there is a dependence from workers on the platform.

The fact that workers in the platform economy are neither categorised as employees nor as independent contractors is why this new form of employment sparks opportunities for labour unions. (Drahokoupil & Fabo, 2016) A labour union is defined as “any organisation the officials of which attempt to enter into job regulation and collective bargaining with employers on behalf of its members.” (Child et al., 1973, p.7) The tactics that labour unions use to protect their members, as identified by Lepak and Gowan (2016), include collective bargaining, strikes, lobbying, law suits, and organising. Employees can join unions for wages negotiations, better health and accident benefits, workplace safety, job security, and a voice in the workplace (Twarog, 2005). However, since the workers in a platform economy are not employed by the platforms, they do not fall under the category “employee” and are therefore not represented by a labour union.

The aim of this paper is to identify how labour unions can adapt their traditional tactics in order to represent workers in a platform economy. This will be done by identifying current tactics that labour unions use to protect their members and by looking at how the platform economy affects the position that employees have in this scenario. The HR practices that this paper will focus on include job design, workforce planning, recruitment and selection, learning and development, performance management, compensation and incentives, and benefits as together they make up the three primary HR activities (Lepak & Gowan, 2016). Furthermore, the paper will also elaborate upon the tactics that labour unions currently use to counteract the HR-practices of labour platforms. The main research question that will be discussed in this research paper is “How do labour unions use their tactics to counteract the Human Resource practices as employed by online platform companies to protect the interests of their members?”

2. THEORETICAL FRAMEWORK

2.1 The platform economy

Kuhn and Maleki (2017, p. 185) have defined online labour platforms as “for-profit firms that use technology to facilitate the filling of immediate short-term service labour needs, either remotely or in person, with workers who are officially considered independent contractors.” Another definition for the platform economy is that it outsources jobs traditionally performed by an employee and offers them to an undefined, generally large group of people in the form of an open call (Howe, 2010). The difference between a traditional company and an online labour platform is therefore that a traditional company provides or produces a product that is then traded for money with a customer (Benoit et al., 2017), whilst an online labour platform fulfills the role of connecting the customer to a worker. Thus, in the scenario of a traditional company, there are two players; the company and the customer. A company in a platform economy however, consists of three actors; the platform, the worker, and the customer (Benoit et al., 2017).

The traditional definition of an employee is “a person who is paid to work for somebody” (Hornby, 2010) and an employer is “a person or company that pays people to work for them” (Hornby, 2010). It is apparent that workers in the platform economy do not fall under this definition, as the platforms claim that they connect demand and supply and that the workers do not work for the platform. On the contrary, to be classified as an independent contractor “an individual must be free from control of the client, be able to exercise his or her judgment as to the matter and methods to accomplish the end-result and be responsible for the end-result only under the terms of the contract” (Business Dictionary, n.d.). The workers of a platform economy also do not classify as independent contractors, as online labour platforms do not allow workers to exercise judgment and they also exert control over the workers through the use of HR-practices (Simonite, 2015). Companies make use of HR practices in order to sustain performance effectiveness. However, as said before HR practices are focused on the management of employees. This shows that the position of workers in the platform economy is rather unique, and that the relationship between an employer and a worker in the platform economy cannot be defined by an employer-employee relationship nor by a client-contractor relationship.

2.2 HR practices in platform economy

2.2.1 Job design

Job design involves “determining the tasks and responsibilities that employees in a particular job are expected to perform as well as how they need to interact with their co-workers to realize those contributions” (Lepak & Gowan, 2016, p. 108). Jobs in the platform economy are sized down significantly, leaving workers with basic jobs (European Parliament, 2017).
2.2.2 Workforce planning

The definition of workforce planning is “the process of making sure that individuals with the right skills are where they need to be, at the right time, to meet a firm’s current and future needs” (Lepak & Gowan, 2016, p. 153). In the platform economy, workforce planning is done by an algorithm that assigns workers to specific customer needs instead of by a manager (Leupen, 2018). Workers thus depend on an algorithm for their income, but these algorithms do not take personal circumstances of workers into account (Simonite, 2015).

2.2.3 Recruitment and selection

Recruitment includes “the process of generating a qualified pool of potential employees interested in working for your company or encouraging individuals within your company to pursue other positions within your company” (Lepak & Gowan, 2016, p. 8). Selection is a process that builds on recruitment, as it selects the most qualified candidate out of the pool recruited people (Lepak & Gowan, 2016). The difference between recruitment of an online platform and a traditional company is that online platforms greatly benefit from continuous recruitment and selection as it provides them with a large enough database to be able to supply demand to supply (Hopkins, 2018).

2.2.4 Learning and development

The HR practice learning and development focuses on ensuring that employees are up to date on relevant organisational information and skills needed for their work (Lepak & Gowan, 2016). The Human Capital Theory of Becker (1964) says that firms are only willing to invest in learning and development of employees if these skills are not transferable. Since jobs in the platform economy are broken down into small parts, the skills needed for these positions are rather generic and transferable. Online platforms are therefore not interested in investing in the learning and development of their workers, as they will not have a return on this investment.

2.2.5 Performance management

Performance management is “the process of managing two related activities: (1) evaluating the performance of your employees and (2) helping them develop action plans to improve their performance” (Lepak & Gowan, 2016, p. 328). Since online platforms do not physically meet their workers, they outsource their performance management to their customers (Leupen, 2018). Worker’s performance is thus measured by the opinion of others and not by facts.

2.2.6 Compensation and incentives

Compensation and incentives include (non-)monetary rewards that employees receive in return for the work they do that is designed to motivate employees (Lepak & Gowan, 2016). In some legal systems, companies are only obliged to pay their employees minimum wage (Dokko et al., 2015). Since workers in the platform economy do not fall under this category, the online platforms are not forced to adhere to this minimum wage.

2.2.7 Benefits

Benefits are created to make employees feel more positive about their employer. Mandatory benefits include social security, unemployment insurance, workers’ compensation insurance, and an affordable care act (Lepak & Gowan, 2016). Because employees are not legally employees, the online platforms are not forced to provide these mandatory benefits for employees to their workers.

2.3 Labour unions

Labour unions play a crucial role in bargaining for better working conditions, wages, and benefits for employees (Willman, 2000). Over the last few years, a trend in the labour union movement has been to include groups that have not been targeted by labour unions before, such as adjunct faculty members and graduate students at universities (Lepak & Gowan, 2016). As said before, people who work in the platform economy, do not fall under the traditional definition of an employee. This can be problematic, as it is therefore complicated for labour unions to represent workers in the platform economy. A possible future trend within the labour union movement might be labour unions that try to include platform workers into their pool of members in order to also protect the interests of workers (Lepak & Gowan, 2016).

Power is defined as the capacity that party A has to influence the behaviour of party B so party B acts in accordance with party A’s wishes (Robbins & Judge, 2016). In the case of labour unions, this refers to the power that a labour union has to influence the behaviour of organisations so that these organisations act in accordance with the interests of the workers represented by the labour union. As stated by Robbins and Judge (2016), dependence is the most important aspect of power and dependence in turn is based on the alternatives and importance that the other party perceives. According to Hardy (1996), there are three types of power; resource power, power of processes, and power of meaning.

- Resource power refers to power that is obtained by deploying key resources that others depend on.
- Power of processes stems from the procedures and political routines as used by dominant groups to influence outcomes.
- Power of meaning is obtained through the capacity to legitimise interests by using meaning, symbols, rituals, and language.

2.4 Labour union tactics

2.4.1 Collective bargaining

“Collective bargaining is the process that labour unions and employers use to reach agreement about wages, benefits, hours worked, and other terms and conditions of employment.” (Lepak & Gowan, 2016, p. 502) Collective bargaining has a big influence on labour market outcomes and is therefore an effective tool for labour unions (Aidt T. S., Tzannatos Z., 2008).

2.4.2 Strikes

The definition of a strike is “a period of time when an organised group of employees of a company stops working because of a disagreement over pay or conditions” (Hornby A. S., 2010). Strikes are the primary method of labour unions to advocate worker demands and is created to make firms see the importance of their employees due to increasing costs and thus it may make firms surrender to worker demands (Schmidt M.B., Berri D.J., 2004).
2.4.3 Lobbying

Lobbying is the “the stimulation and transmission of a communication, by someone other than a citizen acting on his own behalf, directed at a governmental decision-maker with the hope of influencing his decision” (L. Milbraith’s, 1963, p. 8). Labour unions can use lobbying to create publicity for their cause, which can ensure more recognition of the problem they aim to solve (Berry J. M., 1977).

2.4.4 Legal strategies

Labour unions can employ legal strategies by using individual employment rights “to pressurise employers and to galvanise support amongst members for action on key workplace issues.” (T. Colling, 2009, p. 3)

2.4.5 Organising employees

Organising entails “to form a group of people with a shared aim, especially a union or political party” (Hornby A.S., 2010). The organisation of employees is important to labour unions as a labour union must usually have a minimum number of members for an employer to be willing to meet with a labour union (P. Willman, 2000).

2.4 The role of labour unions in the platform economy

The combination of the lack of rights of workers in the platform economy and the way companies in a platform economy exercise their HR-practices may influence the way that labour unions employ their tactics to safeguard the interests of their members. In order to find out how labour unions react to the way companies in the platform economy manage their HR-practices, this research aims to fill out Table 1. Table 1 sets out all the HR-practices against all the possible tactics that may be used by labour unions.

Table 1. Overview of practices as used for each HR-practice

<table>
<thead>
<tr>
<th>HR-practices</th>
<th>Collective bargaining</th>
<th>Strikes</th>
<th>Lobbying</th>
<th>Legal strategies</th>
<th>Organising</th>
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</thead>
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<tr>
<td>Job design</td>
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<td>Workforce planning</td>
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<td>Recruitment and selection</td>
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<td>Learning and development</td>
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<td>Performance management</td>
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<tr>
<td>Compensation and incentives</td>
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<td>Benefits</td>
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3. METHODOLOGY

3.1 Case study on Uber

For this research, a case study will be done on Uber. Uber is a company that was founded in 2009 and that provides a virtual platform that allows users to request a car hire on a worldwide basis (Bloomberg, 2018). Despite the relatively short lifespan of the company, Uber’s HR-practices have been frequently criticised in the media by for example the Guardian, the New York Times, and the Dutch Financial Times. The amount of media attention shows the urgency and relevancy of studying Uber. The choice for a case study was made because according to Yin (2012) the type of research strategy used is dependent upon three conditions; (1) the type of research question posed, (2) the extent of control in an investigator has over actual behavioural events, and (3) the degree of focus on contemporary as opposed to historical events. The question posed in this research can be classified as a how/why question, does not require control over behavioural events, and focuses on contemporary events. According to Yin’s model, it would then be most appropriate to use the strategy of a case study. Different companies use different HR-practices, so focusing on one specific platform will allow for more detailed analysis. Uber is currently the online platform with the biggest workforce size and therefore an appropriate company for this case study (De Stefano, 2016).

3.2 Units of analysis and variables

The research contains two units of analysis; labour unions and the HR-practices of Uber. The first category of variables that are used to operationalise labour unions are the different labour union tactics identified. The second category of variables that are used to operationalise labour unions are the different power types that labour unions can obtain. For both these categories, the aim is not to measure to what extent these tactics of power is used, but rather whether these tactics or power is used to counteract the HR-practices of Uber. The variables that are used to operationalise the HR-practices of Uber are the different HR-practices identified in the theoretical framework.

3.3 Research methods

In order to find the answer to the question that has been stated, a multi-phase research will be done. This research will consist of three methods; a document analysis, a literature review, and interviews with labour union representatives.

3.3.1 Document analysis and literature review

The first step in the research methods used in this research is to perform a document analysis and a literature review. According to Hart (2001), a literature review is defined as “the selection of available documents (both published and unpublished) on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfil certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents in relation to the research being proposed.” (p.13) The main purpose of the document analysis and literature review therefore is to gather in-depth knowledge about the HR-practices of Uber. The aim is to find out how the design of the HR-practices of Uber might harm the workers. With this knowledge, interview questions can be constructed that aim to find out how labour unions react to the way these HR practices are executed. The inclusion criteria for the document analysis and literature review are shown in table 2.
The primary data collection method used in this research will consist of interviews. The aim of these interviews is to find out how labour unions try to represent the interests of workers based on the HR practices that are examined by using the literature review. These interviews will be of an exploratory nature following the method of Cooper and Schindler (2008), as we do not have any hypotheses about the answers to our questions. The data collection method of interviews is preferred over surveys for the same reason. The people that will be interviewed in order to get this information will include labour union representatives of different labour unions that are relevant regarding the work that workers for Uber perform. The targeted labour unions include the Federatie Nederlandse Vakbeweging (FNV), the National Federation of Christian Labour Unions (CNV), and the Loon Belasting Verzekering (LBV) as together they represent a large part of the Dutch population (CBS, 2013).

The questions for the interview will use the information gathered by the document analysis and combine them with the labour union tactics that are identified in the theoretical framework. The interview will be face-to-face or through telephone and the structure that is used is a semi-structured interview. The semi-structured method is used as this allows the interviewer to exert control over the interview, yet still supplementary questions can be asked according to the replies given (Wilson, M., Sapsford R., 2006). Table 4 shows the operationalisation of the HR-practices.

### Table 2. Criteria for document analysis/literature review

<table>
<thead>
<tr>
<th>Inclusion</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentioning of Uber.</td>
<td>Published before January 2015.</td>
</tr>
<tr>
<td>Mentioning of HR-practices of Uber.</td>
<td>Not published by a verified journal, source, or person.</td>
</tr>
<tr>
<td>Mentioning of (or synonym for) platform economy.</td>
<td>Written in language other than English or Dutch.</td>
</tr>
</tbody>
</table>

The databases that are used for finding the literature include Scopus, LISA, and Google Scholar. In order to find the correct literature to base the interview questions on, search strings were created. The search strings used consisted of “Uber + (synonym of) HR-practice”. Table 3 shows several search strings that were used.

### Table 3. Selection of search strings uses

<table>
<thead>
<tr>
<th>Uber criticism</th>
<th>Uber worker problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages Uber drivers</td>
<td>Uber rating system</td>
</tr>
<tr>
<td>Uber algorithm</td>
<td>Uber working benefits</td>
</tr>
<tr>
<td>Uber management</td>
<td>Uber worker training</td>
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<tr>
<td>Uber recruitment</td>
<td>Uber worker selection</td>
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</tbody>
</table>

### Table 4. Operationalisation of HR-practices

<table>
<thead>
<tr>
<th>HR-practice indicators</th>
<th>Interview questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Design</td>
<td>What do you think of the amount of control that Uber exerts over drivers?</td>
</tr>
<tr>
<td>Job description</td>
<td>What tactics does your labour union use to help the drivers with this?</td>
</tr>
<tr>
<td>Responsibilities</td>
<td>Are these tactics effective?</td>
</tr>
<tr>
<td>Workforce planning</td>
<td>What do you think of the amount of the fact that Uber makes use of a dynamic pricing algorithm?</td>
</tr>
<tr>
<td>Working hours</td>
<td>What do you think of the surge zones that Uber uses?</td>
</tr>
<tr>
<td>Recruitment</td>
<td>What tactics does your labour union use to help the drivers with this?</td>
</tr>
<tr>
<td>Requirements</td>
<td>Are these tactics effective?</td>
</tr>
<tr>
<td>Turnover</td>
<td>What do you think of the continuous recruitment of Uber?</td>
</tr>
<tr>
<td>Selection</td>
<td>What tactics does your labour union use to help the drivers with this?</td>
</tr>
<tr>
<td>Job interviews</td>
<td>Are these tactics effective?</td>
</tr>
<tr>
<td>Learning &amp; Development</td>
<td>What do you think of the lack of investment in training of Uber?</td>
</tr>
<tr>
<td>Training</td>
<td>What tactics does your labour union use to help the drivers with this?</td>
</tr>
<tr>
<td>Investments</td>
<td>Are these tactics effective?</td>
</tr>
<tr>
<td>Performance management</td>
<td>What do you think of the amount of the customer-based performance management of Uber?</td>
</tr>
<tr>
<td>Work evaluations</td>
<td>What tactics does your labour union use to help the drivers with this?</td>
</tr>
<tr>
<td>Compensation &amp; Incentives</td>
<td>Are these tactics effective?</td>
</tr>
<tr>
<td>Income</td>
<td>What do you think of the amount of control that Uber exerts over drivers?</td>
</tr>
<tr>
<td>Bonuses</td>
<td>What do you think of the inability of employees to influence the amount of Uber’s compensation?</td>
</tr>
<tr>
<td>Benefits</td>
<td>What tactics does your labour union use to help the drivers with this?</td>
</tr>
<tr>
<td>Insurances</td>
<td>Are these tactics effective?</td>
</tr>
<tr>
<td>Pension</td>
<td>What do you think of the lack of retirement plans of Uber?</td>
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<td></td>
<td>What do you think of the lack of insurances of Uber?</td>
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<td></td>
<td>What tactics does your labour union use to help the drivers with this?</td>
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<td></td>
<td>Are these tactics effective?</td>
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</tbody>
</table>
Due to the semi-structured method of these interviews, the follow-up questions on the ones listed above differed but focused on the effect of the methods that are used to assist workers in these situations.

In this study, five labour union representatives were willing to participate by means of an interview. In total, the interviewees represented three different labour unions in the Netherlands. Table 5 provides an overview of the interviewees and their respective labour unions, positions, and length of the interviews.

Table 5. Overview of interviewees

<table>
<thead>
<tr>
<th>Number</th>
<th>Labour Union</th>
<th>Position</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LVB</td>
<td>Board member</td>
<td>1:11:34</td>
</tr>
<tr>
<td>2</td>
<td>FNV</td>
<td>Consultant</td>
<td>0:52:48</td>
</tr>
<tr>
<td>3</td>
<td>FNV</td>
<td>Board member</td>
<td>1:04:01</td>
</tr>
<tr>
<td>4</td>
<td>FNV</td>
<td>Consultant</td>
<td>0:46:24</td>
</tr>
<tr>
<td>5</td>
<td>CNV</td>
<td>Board member</td>
<td>0:55:11</td>
</tr>
</tbody>
</table>

In order to analyse the interviews, they were transcribed and coded. The coding’s that were used were based on the variables that were defined above; labour union tactics (collective bargaining, strikes, lobbying, law suits, informing employees, organising), labour union power types (resource power, power of processes, power of meaning), and HR-practices (job design, workforce planning, recruitment, selection, learning and development, performance management, compensation and incentives, and benefits). By combining the answers that have received the same code, a conclusion can be drawn.

3.4 Reliability and validity assessment
The low number of interviewees means that the reliability of the study is low. Especially the data collected from the LVB and the CNV, as only one representative of these labour unions was interviewed. Due to the lack of triangulation, the validity of the study is questionable. The low number of interviewees restricted drawing on different sources of data.

4. RESULTS

4.1 HR-practices used at Uber

4.1.1 Job design
Even though Uber heavily recruits people by promising much freedom for drivers about when they want to drive and how much they earn, many drivers experience “extensive control over the business terms and the driver ability to earn money” (Geitung, 2017, p. 43). A consultant of the FNV said that Uber is not unique in this as many companies use false advertising techniques to recruit employees. However, the interviewees still saw problems in Uber’s job design. As said by a consultant of the FNV, Uber drivers “have to lease a taxi permit from Uber, have to lease a car from Uber, and they are dependent upon one company for their rides.” Due to these contracts and the costs that come along with them, the drivers are not able to quit working for Uber since they are not qualified to work for more traditional taxi companies. So, the labour union representatives do not necessarily mind the false advertising. Another consultant of the FNV even said that “we would have to take on half of the Netherlands” if they wanted to counteract false advertising of jobs. However, the labour unions do not agree with the fact that the drivers are stuck working for Uber in an environment that is different than what was promised to them. The drivers should be able to leave the company whenever they wish.

4.1.2 Workforce planning
Uber uses a dynamic pricing algorithm, which determines different fares for distance and time. This algorithm allows the price to be influenced by the demand in a particular location, which is called surge pricing (Prassl & Risak, 2016). This surge pricing is used by Uber to manage a higher demand by bringing more supply to an area with high demand (Kedmey, 2014). Thus, Uber uses surge pricing to make sure that their drivers are where Uber wants them to be, at the time Uber wants them to be there. However, when drivers drive to a surge pricing zone, they may still receive ride requests from adjacent lower surge rate locations (Rosenblat & Stark, 2016). Additionally, drivers would find themselves going to a surging area, only to find that the surge had disappeared when they arrived (Rosenblat & Stark, 2016).

The labour union representatives unanimously disagreed with the way Uber performs their workforce planning. A board member of the CNV said it raised questions like “Who says that this algorithm works and on what is it based?” In their opinion, the biggest problem is that Uber drivers do not know what this algorithm is based on and they do not understand how this algorithm works. On top of this, the interviewees also noted that the dynamic pricing algorithm also creates more uncertainty for drivers as their income is not dependent on the number of hours worked.

4.1.3 Recruitment
The number of Uber drivers is increasing, which is due to the continuous recruitment of Uber. Retention rates are poor as almost half of the drivers that are selected quit after a year (Hall & Krueger, 2015). Despite this, the number of Uber drivers is increasing, which means that the same amount of demand for rides is divided amongst a larger number of drivers (Kokalitcheva, 2016). This could be problematic for existing drivers who rely largely on Uber for their income as they will be assigned less rides. Even though the interviewees also mentioned the high turnover amongst Uber drivers, it became apparent from the interviews that the continuous recruitment by Uber is not only a problem for the Uber drivers, but also for the municipality of Amsterdam. According to a board member of the LVB, the increasing number of Uber drivers puts “more pressure on the drivers”. A consultant of the FNV said that “there are too many taxi’s in the city of Amsterdam”. Together with the municipality of Amsterdam the FNV wants to set a maximum number of taxi drivers to which Uber has to uphold. There are too many active taxi drivers in the city and many of those drivers work for Uber. For Uber drivers this means that there is chance that they will not get assigned a ride for a period which would in turn affect their salary.

4.1.4 Selection
The selection of Uber is done according to some basic requirements of Uber drivers. These are that they must be of legal age to drive, in good health, able to drive, and must pass a background check” (Prassl & Risak, 2016). Uber’s “Become a Driver” (2018) page clearly describes the selection process that drivers have to go through. After drivers have signed up with Uber, they are put through a certain selection process depending on the country of residence. Uber’s website shows that there are several requirements for drivers in the Netherlands. The first step
in this process is to obtain an advanced driving license called a Chauffeurskaart, which can be done by passing a theory and practical exam at CBR. On top of this, proof is needed to show drivers are physically fit to drive by a medical exam issued by a doctor and a proof of conduct needs to be approved by a driver’s municipality. The second step in the process is to obtain a taxi permit. For this, drivers can start their own company by registering at the KvK and they can then use their KvK-number to sign up at the KIWA. Drivers can then use their taxi permit to activate and their ‘Ondernemerskaart’, which they need to do their administration and taxes. The last step in the process is to acquire an ‘Uber-ready’ vehicle. A vehicle can either be leased or drivers can use their own vehicle. In case of the latter, drivers have to check whether a driver’s vehicle is ‘Uber-ready’, which can be done by checking a list of approved cars as published on Uber’s website. Additionally, they have to obtain a blue license plate and install an on-board computer (BCT). The vehicle also needs to be properly insured for commercial transportation of people.

A board member of the LVB said that by forcing Uber drivers to invest in obtaining a taxi permit, Chauffeurskaart, and an Uber-ready vehicle, Uber “passes company risk onto the drivers”. A consultant of the FNV also mentioned that part of the problem lies with the drivers themselves as they consciously decide to make this investment. The example that was given is that they “choose to lease a car”.

4.1.6 Performance management

The performance management of Uber drivers is done by means of a rating system that is offered to passengers. (Fuller & Smith, 1991; Stark & Levy, 2015) The customer’s rating gives Uber the means to exercise control over its drivers without any physical interaction (Geitung, 2017). Even though it is not uncommon for companies to do this, Uber’s expectations might not be fair to their drivers. The drivers must maintain an average score of 4.6/5 to not get deactivated. However, the passengers are not properly informed about this rating system and might thus assume that 4/5 stars is a good rating, which is actually a failing grade (Rosenblat, 2016). Apart from the fact that customers are not educated on the rating system, there are many other factors that might influence the rating of a passenger. The rating, for example, might be influenced by traffic or discrimination (Rosenblat, 2016). Two other tools employed by Uber to control their drivers are the acceptance rate and the cancellation rate of drivers (Simonite, 2015).

According to the labour union representatives, the way Uber uses the rating system and acceptance/rejection rate is not an appropriate way to manage the performance of their drivers. A board member of the CNV said that “this is a superficial way of looking at [the performance of] the drivers”. It was noted that this type of performance management is always subject to randomisation as it is dependent upon the mood of a customer. A board member of the LVB said “When you have had a bad day, the service can be really good, but it is then likely [that customers give] a low rating.” A consultant of the FNV also mentioned that “Uber has nothing to do with [performance management]. It is nothing more than a platform where demand and supply are connected.” This shows that the claim of Uber that they are solely a platform to connect supply and demand is contradicted by the performance management that they use.

4.1.7 Compensation and incentives

The business model of Uber is that the company takes a commission of 25% (in the Netherlands) out of the amount charged to customers (Prassl & Risak, 2016). The company has full control on the amount of commission they take, and the fare customers have to pay (Rosenblat, 2016). Customers pay the fare directly to Uber, who then transfers 75% of this to the drivers (Henten & Windekkilde, 2015). On top of the commission, drivers in the Netherlands have to pay an additional 6% of their income to taxes, leaving them with 69% of the total fare as income. On top of this, not every ride that drivers accept is profitable. Sometimes requested rides are so short, that drivers might spend more fuel driving to the customer than they make during the trip (Geitung, 2017). However, this problem is unavoidable for drivers as Uber employs a blind rider acceptance, which means that they are not shown the destination of a customer before they accept a ride (Rosenblat & Stark, 2016).

A board member of the LVB mentioned that this is yet another factor that lies outside the control of the drivers and therefore makes them even less certain about their income. Additionally, a board member of the CNV said “Given the assumption that the Uber driver is self-employed or an independent contractor, this is yet another very clear example that the Uber drivers is not a real independent contractor, because if that were real independent contractors it would not be possible that they have no say in the amount of commission.” It was also noted by a consultant of the FNV that the income of the drivers of Uber is well below the minimum wage in the Netherlands. According to the consultant “Uber can stay, but then they have to start working with real independent contractors or real employees, not with this grey area.” If drivers are real employees, Uber is forced to pay them minimum wage. On the other hand, if drivers are real independent contractors, they have the power to negotiate the commission that Uber takes.

4.1.8 Benefits

Besides primary benefits, most company also offer their employees secondary benefits of which a very important one is
pension. Uber does not offer their drivers a pension plan, however many people rely on a pension plan for their retirement (Secunda, 2017).

A consultant of the FNV mentioned that “if Uber is not an employer, then they are not the ones who have to provide the pension provision, but then the compensation rate should be such that the driver can afford an individual pension plan. The compensation rate does not even come close to that.” A board member of the LVB added that the fact that an employer has not arranged a pension plan only becomes a problem “when you as an employee or an independent contractor are unable to arrange one yourself.” A board member of the FNV added that “Uber does not include [benefits] in the ride fare, because they would be as expensive as a taxi driver if they did.” So according to the labour union representatives, it is not unfair of Uber to expect their drivers to arrange their own pension as they categorise them as independent contractors and not as employees. However, the tariff of Uber rides does not include charges for these benefits, which is why they are cheaper than competitors.

4.2 Labour union tactics

Uber’s company structure is not quite as novel as initially thought compared to traditional taxi companies. A consultant of the FNV said “The only thing new [about Uber], is that demand and supply are managed through a platform. It’s not very new, except for the digital part” Uber claims its drivers are independent contractors as the platform itself only connects demand to supply, however the study has shown that Uber exerts extensive control over its drivers through the use of HR-practices. As said by a board member of the CNV, “The employees of Uber are sort of independent contractors in a sham construction.” A consultant of the FNV said that is in the interest of labour unions to ensure that this sham construction is altered, because “when the sham constructions are gone, and Uber has become a normal company, we can do something about [the labour conditions of Uber drivers].” The currently low fare price and high commission leave the drivers with little income, due to which they are not able to provide themselves with the proper training, insurance, and benefits that an independent contractor ought to have. The removal of the sham construction will ensure that employees are either categorised as employees or as independent contractors and this will ensure that the drivers have proper primary and secondary labour conditions.

The biggest change that the removal of the sham construction will trigger is the pay of the drivers. As stated by a board member of the LVB, “[The drivers] have the earnings of an employee, but not the risk.” The board member of the LVB stated that Uber should be responsible of at least part of the costs associated with the company risk and that the drivers should not be completely responsible for the risk. According to consultants and a board member of the FNV, there are therefore two options when the sham construction disappears; officially employing the drivers or classifying them as independent contractors. Officially employing the drivers would mean that they are protected by labour law and that Uber should adhere to for example minimum wage and other secondary labour conditions such as insurances and pension. On the other hand, “every independent contractor must be able to have insurance for pension and sickness”, as said by a FNV consultant, “and if Uber claims not to be an employer, then they are not responsible for providing the pension plan, but then the compensation should be high enough for independent contractors to be able to afford this themselves.” Essentially, the labour unions are saying that there should be a correlation between the amount of compensation and the level of risk. As independent contractors bare more risk than employees, their compensation should be higher. Thus, the drivers of Uber are currently treated as independent contractors yet receive the compensation of employees and this is what labour unions want to change.

All labour unions mentioned that their ultimate goal is to sit down with the companies concerned so that they can agree upon a collective labour agreement. According to a consultant of the FNV, Uber is currently not willing to talk to any labour unions which is why steps are being taken to change this. Both board members of the FNV and the CNV said that the first step that labour unions undertake to get a company to talk to them is to organise the employees. In Uber’s case the drivers. However, the board member of the CNV also said that it is harder to organise these employees. A consultant of the FNV said this is due to the fact that “people are scared, because drivers are removed from the platform if Uber finds out that they are in contact with a labour union.” According to a board member of the FNV, another reason why it is hard to organise the drivers is because “in the new economy, there is no physical place were the work takes place.” If organising the employees is not enough motivation for a company to meet with a labour union, they are forced to take other measures. The second step in the process of labour unions to act against Uber, can be done by using different tactics; lobbying, legal action, and other measures. Contrary to what was thought at the beginning of the study, lobbying is used to target not only governmental decision-makers, but also the public prosecutor (FNV consultant), municipalities (FNV board member), inspection (FNV consultant). Legal action is aimed at removing the so-called sham construction of Uber. According to an FNV consultant, the labour union is “trying to gather ten people and then we have enough to create a law suit. Then we can change Uber into a normal company.” The “other” tactics that a labour union uses are aimed at gaining awareness of the situation. As said by a board member of the FNV, “You first need to bring people together. Then you have to show this to the world. You have to show the world that we stand together.” This is done by executing actions that are aimed at specific companies. The examples aimed at Uber that were mentioned in the interviews included publicly washing cars, collectively walking/driving through the city, handing out pamphlets, etc. The board member of the FNV added “Because you stand out, the media will react to this which results in publicity. Uber does not like this. So they will be more willing to talk.” These tactics may be used simultaneously or in succession and the goal is again to meet with the company in order to bargain for the workers. Finally, if the lobbying and legal action have not convinced the company to talk to the labour union, the employees can decide to strike. As said by a board member of the FNV, “In general, you see that people last a little longer than the company, because customers who have left will not just come back.” The process with which labour unions attempt to influence the practices of companies is shown in figure 1.
5. DISCUSSION

The relevance of this research can be shown by looking at its contribution to theory and contribution to practice. Even though it proved to be impossible to fill out the aforementioned table, the findings of this paper contribute to theory and to practice.

5.1 Implications

5.1.1 Theoretical implications

Contrary to what was thought at the beginning of this study, it was found that labour unions use a process to counteract HR-practices of online platforms rather than separate tactics. The goal of using these tactics is to convince a company to talk to a labour union and to construct a collective labour agreement. As stated before, the first tactic used is the organising of employees. After this, the tactics of lobbying, legal actions, and other actions targeted a specific company are used. This last form of action was not identified at the beginning of this study, which can be attributed to the fact that these actions differ for each company. The final tactic that a labour union uses to achieve collective bargaining is a strike. It was also found that the tactics may be used in synergy or as substitutes.

Another relevant finding of this paper is that labour unions use lobbying in a more extensive way than was defined in the study. In the definition, lobbying was defined as being used at governmental-decision makers. The interviews however have shown that lobbying may not solely be used to target governmental-decision-makers, but also to target the public prosecutor, inspection services, and municipalities. This shows that labour unions may use lobbying to gain power of processes at more stakeholders than just governmental decision-makers.

5.1.2 Practical implications

This paper aims to give an overview of the combination of different strategies used by different labour unions in the Netherlands. The contribution that it therefore makes to practice is that it serves as a framework that other labour unions may use to when constructing a strategy for companies that follow the same structure/strategy/HR-practices as Uber. Furthermore, the study has shown that workers in the platform economy are neither classified as employees nor are they classified as independent contractors. The analysis of the different interview that were done show that labour unions aim to remove the sham construction from Uber’s company structure. The reason for this is that Uber drivers currently carry the risk of an independent contractor but receive the compensation of an employee. Here, labour unions aim to either classify the workers as employees or as independent contractors and wish that the compensation is changed accordingly. For further research, it would be relevant to look at whether it would be possible to classify the drivers according to a new construct.

5.2 Limitations

This research was subject to several limitations. These limitations include limited number of interviewees, no triangulation, no outside perspective, and time.

As stated before in the paper, five interviews were conducted. One with a board member of the LVB, one interview with a board member of the CNV, one interview with a board member of the
FNV, and two interviews with consultants of the FNV. This means that the information drawn from the interviews with the LVB and the CNV are based upon one source. Due to this low number of interviewees, the reliability of this research is low, and the validity may be questionable. However, the interviewees of the LVB and CNV were both board members which ensures more validity than if they were regular employees. Further research could thus focus on improving the reliability and validity by performing a quantitative research aimed at interviewing labour union representatives of the LVB and the CNV.

To strengthen the representativeness of the case studies, additional case studies can be done. Uber presents themselves as a platform that connects demand and supply for taxi services. However, it the platform economy there are also online platforms that provide other services. Further research can be aimed at supplying additional analysis on how labour unions use their tactics to counteract the Human Resource practices as employed by online platform companies to protect the interests of their members.

6. CONCLUSION

The research question posed in this study was “How do labour unions use their tactics to counteract the Human Resource practices as employed by online platform companies to protect the interests of their members?” This was studied by means of a document analysis, literature review, and interviews with labour union representatives of different labour unions in the Netherlands.

The findings presented in this paper show that the strategy used by labour unions in order to protect the drivers of Uber is not different from the strategy that labour unions use to protect the drivers of other taxi companies in the Netherlands. The reason for this is that it is rather common for taxi companies to use the structure of having one client, in this case Uber, that assigns rides to a number of independent contractors, in this case the drivers. However, the reason that labour unions see problems in the structure of Uber compared to other taxi companies is because even though Uber claims their drivers are independent contractors, they are in some respects treated as employees.

This becomes clear in the compensation structure of Uber. The drivers are unable to earn an income that is equivalent or more than the minimum wage in the Netherlands due to the low fare price and high commission that Uber has set. An independent contractor would not only be allowed to negotiate the terms of the commission, they would also be compensated in a way that is suitable for independent contractors in order to be able to afford proper insurance, pension plan, and training. Studying the HR-practices of Uber such as performance management and workforce planning also shows that Uber exerts much control over the drivers, which is unusual compared to other taxi companies that work with independent contractors.

The goal of labour unions is to negotiate a collective agreement with Uber, which can be done by bargaining with Uber on behalf of the drivers. However, Uber will not be willing to agree to such a negotiation unless a labour union has gained enough power. This power is obtained by using several tactics. The first step labour unions take in order to convince Uber to negotiate with them is by organising the drivers. Organising the drivers will give a labour union power of resources, as Uber is dependent upon the drivers to gain profit. If this tactic does not work, labour unions can choose between a number of other tactics including lobbying and legal action. These tactics are used by labour unions to gain power of processes by approaching politicians, public prosecutor, inspection services, municipalities, the House of Representatives, or going to court.

The table introduced earlier in this report (table 1), aimed to set out the different labour union tactics (collective bargaining, strikes, lobbying, law suits, informing, and organising) against the HR-practices of Uber (job design, workforce planning, recruitment and selection, learning and development, performance management, compensation and incentives, and benefits). However, the strategy elaborated upon above shows that labour unions do not employ their tactics to counteract one specific HR-practice, but rather they use their tactics to construct a collective agreement in which all working conditions are negotiated. The table can therefore not be filled out.

In conclusion, the way labour unions use their tactics to counteract the HR-practices as done by the online platform Uber is similar to the way labour unions would use their tactics to counteract the HR-practices of a traditional taxi company.

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8. REFERENCES


