Chapter 2
Narratives of Sustainability: How Did Uber Curate the Driver Category to Rationalize Its Business Model?

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ABSTRACT

Given the unprecedented growth of communication technologies, a wide range of industries from transportation to accommodation has become a part of the sharing economy. The premise to exchange between what is already owned with what is needed has become a way to promote sustainable consumption practices. For many, the sharing economy is an important business strategy because it offers a way to make use of the underutilized assets, services, and talents. However, business problems unveiled the sustainability premise, and organizations had to deal with agent conflict. By analyzing the lawsuit case that is filed against Uber Technologies Incorporated between in 2013, this chapter aims to show how agents’ and principals’ interests are inconsistent with each other, and how organizations use framing strategies to survive in the digital age.

INTRODUCTION

Today organizations are expected to meet present consumers’ needs while considering the requirements of future generations not just by preserving resources, but also by sustaining intangibles such as trust. Companies started to face pressure from governments, consumers, institutions and investors to undertake their social and ethical liabilities. Firms became more aware of the need to apply responsible approaches while seeking profit.

In a global and highly integrated economy, providing a reliable exchange and a consistent stakeholder value is challenging. The rise of digital technologies escalated these challenges as the transactions started to take place in a virtual environment with service providers all around the world. Digitized platforms provided access to under-utilized assets, services or talents, providing them boundary-less career op-
tions and service delivery systems. This type of engagement also enabled a more sustainable business model as it offers making use of what already exists and matches it with what is demanded (Heinrichs, 2013; Botsman and Rogers, 2010). By doing so experts believed that sharing instead of owning would improve market efficiency, sustainability and enhance community bonds (Heinrichs, 2013). However some scholars pointed out conflicting interests between governments, business enterprises and service providers, as the will to make profit may not always align with the will to protect the well-being of stakeholders (Mi & Coffman, 2019).

The idea to exchange, lend or make use of the underutilized assets made sustainability seem so achievable that the disguised motivation to make profit over these exchanges and exploit labor power were dismissed (Martin, 2016). For instance, Uber Technologies Inc. has faced several allegations against its practices in the United States of America. They were criticized for using the premise to share and enable access to private cars while rejecting any liability regarding driver compensation, insurance and safety. The platform insisted on not labelling itself as the employer of the drivers. This issue led to larger questions such as whether freelance labor might really be sustainable or not. The controversies also indicated that Uber failed to create a legitimate business model and collaborate with local governments (Cohen and Kitzman, 2012). They most certainly had a dismissive management policy which caused the company millions of dollars (Scheiber, 2017). Despite the fact Uber proposed to lower the gas footprint, reduce traffic and enhance community bonds, the company showed that it chose profit over the well-being of its stakeholders.

By using the court case filed against Uber, this chapter aims to show that during times of uncertainty actors channel their actions in the most favored and rational behavior. Therefore digital platforms like Uber have distinct stakeholder engagement processes. Additionally, they use different discursive strategies to manage agent dynamics which this case will justify.

The remainder of the paper is organized into four sections. To anchor the statements above, the first section gives a brief review about literature on sustainability, the sharing economy and framing as an organizational strategy. The following section outlines how litigation files are used in literature and why they hold value. Next the court case that is filed against Uber Technologies Inc. is analyzed, alongside other qualitative sources about the case, through which the platform’s framing practices and agency conflicts can be observed. Finally in the discussion section, the implications of these strategies and recommendations are discussed for future research. The case shows that the sustainability premise of the sharing economy is obscured because expectations of the service providers and the organization are not aligned.

BACKGROUND

Sustainability and the Sharing Economy

Literature on sustainability in organizations focuses typically on three factors: commitment to economic, environmental and social aspects (Colbert and Kurucz, 2007). Scholarly debates have focused on organizational structure, design or operations for so long that the psychological and social well-being of organizational members of sustainability have been recently recognized. Supply-chain cycle time or cost reduction are ways to improve an organization but today, reducing waste, choosing more environmental-
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