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What Motivates Gig Economy Workers

by Alex Rosenblat

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The gig economy workforce is growing. A new Pew Research Center survey on the sharing economy shows that 8% of American adults earned money from an online employment platform in the last year across industries, such as ride hailing, online tasks, and cleaning/laundry. These gig economy workers are driven by a range of motivations, from lacking other jobs to wanting control over their schedule to seeking social connection. But there are big differences separating those who are more financially reliant on gig work (56% of workers surveyed) and "casual" gig workers (42%) who report that they could live comfortably without the additional income. While gig work is a necessity for some, it is a luxury for others.

This bifurcation has been apparent in my own research. For over two years, I've been doing qualitative research on Uber and Lyft drivers, first examining how Uber uses automated mechanisms to manage drivers with my coauthor Luke Stark. And, more recently, I've interviewed 85 Uber and Lyft drivers across the U.S. and Canada to see how their work varies across regions. I've also found that the "ridehail" workforce spans many different types of drivers—from full-time earners to part-time workers and "hobbyists"—who drive for many different reasons. And I've seen that not everyone benefits from this work equally.

In the U.S., Uber has 600,000 active drivers and Lyft has 315,000 (though both companies may define "active" differently, many drivers work for both, and there is very high turnover). But research has found that most of these drivers work part-time. For example, an analysis by Jonathan Hall at Uber and Princeton economist Alan Krueger found that 51% of Uber drivers work 1-15 hours per week, and 30% work 16-34 hours per week—while 12% work 35-49 hours per week, and 7% work more than 50 hours per week. Similarly, a survey of subscribers to Harry Campbell's popular blog for rideshare drivers found that Uber drivers who work 20 hours or less per week (nearly half of them) accounted for about 24% of Uber's services and hours worked. And according to Lyft, 78% of their drivers work 1-15 hours per week, and 86% of them are either employed full-time elsewhere or seeking full-time employment. Other reports have found that most independent workers (in the. U.S. and Europe) don't rely on platforms like Uber for their primary source of income.

As UCLA law professor Noah Zatz has observed, "a small proportion of drivers are doing most of Uber's work." This creates a tension between a minority of full-time drivers and a majority of drivers who work part-time, earn supplemental income, or drive for social reasons. Because the supply of gig labor is liquid and comprised largely of part-time workers, employers like Uber have more flexibility to adjust wages and working conditions —but it's their most dedicated workers who are affected most. The availability of part-time earners reduces pressure on employers to create more sustainable earning opportunities. The workers who hope to make a living in ridehail work take on the most risk.

This comes at a cost, however. Turnover is high—one in six online platform workers is new in any given month, and more than half of participants quit within a year. In order to continue attracting new workers, companies like Uber and Lyft have to do a better job of engaging existing ones by recognizing and meeting their different motivations and needs.

What motivates part-time ridehail drivers

One of the promises of the gig economy is that workers have more flexibility to work when and as much as they want. That's why many people start driving to earn extra income outside of their day jobs or in their free time. Hobbyists represent an illustrative segment of part-time drivers in the ridehail workforce. These supplemental earners are comprised of retirees, working professionals, and empty-nesters. Their primary motivation to work is often social. My research suggests that they benefit most clearly from Uber's employment model of independent contract labor, as they gain more opportunities for marginal employment and are less vulnerable to the same business practices (e.g., rate cuts) that prompt strikes and protests from drivers who rely on Uber as a primary source of their household income.

For example, one driver I interviewed, Nathan*, is in his late 60s and works as a licensed psychotherapist in Los Angeles. On weekends when he's not working, he drives 6-12 hours for Lyft. Although the money is a plus, he mainly drives for social reasons and to escape from the emotionally taxing demands of dealing with patients. Nathan earns about $130 an hour as a psychotherapist, and he initially made $34 an hour driving for Lyft, with incentive pay, though this has dropped over the four months he's been driving to $15-$20 an hour. Yet he told me, "If I didn't like going out to do it, I'd probably stop."

In January, 2016, Uber cut rates for drivers in over 100 cities in the U.S. and Canada, and Lyft followed suit in 33 cities. For drivers who need the money, these cuts can be hard to absorb. Rate cuts have sparked protests, strikes, and efforts to organize from Uber drivers in New York, Dallas, Seattle, and elsewhere. Driver discontent around rate cuts is widespread in forums.

But while labor activism has gained momentum on the backs of frustrated ridehail drivers, the experiences of hobbyists and other part-time earners in the workforce create an issue: although no one likes a pay cut, they aren't as invested in the conditions of their work as those who make their living driving. Hobbyists like Nathan, who continue to drive despite declining earnings, represent an influx of workers who are motivated in part by non-financial values and are usually better-positioned to absorb pay cuts. This may contribute to income destabilization for occupational drivers.

What motivates full-time ridehail drivers

A minority of ridehail drivers work full-time, and for drivers who have made significant investments in this job, the precarity of their employment can cause a lot of strain. Another driver I talked to, Fernando, who drives for uberX and uberXL in the Boston area to support his family, reflected on a pattern that is common to drivers: they're initially optimistic and satisfied with their work, particularly in early stages of the company's growth in their city, but they become distrustful of it over time. In addition to the flood of new drivers in his market and lower compensation (he noted that his take-home pay from airport trips had fallen, for example), he was also upset about Uber shifting its eligibility requirements for cars—in 2014 he spent $42,000 on an Uber-eligible car (which meant a 2005 or newer model), but in February 2015, Uber began allowing models dating to 2001. "You know how many people went to the dealer and buy new cars?" he asked.

Another driver I talked to, Raj, has been driving professionally in Toronto for nine years, first as a taxi driver, then as the owner of a for-hire vehicle business, and now for UberSelect. He admires Uber's technology, but he sees the influx of non-occupational drivers as a threat to his livelihood: "Competition is always good for everyone, but again, it should be reasonable, not that you just flood the market." With the advent of Uber, he's become anxious about the stability of his income as a professional driver and is looking to change careers. He keeps textbooks under the front passenger seat so he can study to become a mortgage broker in between rides.

For others, driving offers a solution to a lack of other job opportunities, especially for those who have a criminal record or limited education. Cody, who is in his mid-20s, is a Lyft driver in the Ann Arbor-Detroit, Michigan area. He told me that he's not eligible for good jobs with only a high school education. "There's not a lot of jobs unless you're looking at working in a factory for 80 hours a week." The Pew survey found that one in five respondents said they used these digital platform because job opportunities in their area were limited.

In sum, the effects of the gig economy on the workforce are mixed. These platforms seem to benefit people earning supplementary income or those lacking other job opportunities the most, while they impose the most risk on full-time earners. And Uber and Lyft are still facing legal challenges in the U.S. for classifying drivers as independent contractors, as opposed to employees who can receive benefits. (In the U.K., an employment tribunal recently ruled that two Uber drivers must receive employee benefits, like the national living wage. Uber plans to appeal that ruling.)

For companies seeking to replicate Uber's success, it's important to understand that high attrition rates may not be a feasible long-term strategy—the flood of part-time workers could always dry up. Many drivers, both full and part timers, already strategize to maximize their incomes by switching between multiple platforms that offer different incentives or premiums. Uber, Lyft, and other app-based employers stand to gain from retaining dedicated users, or "power drivers," who may be willing to work under more strenuous conditions than social or supplementary earners. Platforms should seek to understand their diverse workforces and offer distinct employment promises that speak to their varied motivations and needs.

**Names have been changed to preserve driver anonymity.*

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