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TECHNOLOGY

How Uber Deceives the Authorities Worldwide

By MIKE ISAAC MARCH 3, 2017

SAN FRANCISCO — Uber has for years engaged in a worldwide program to deceive the authorities in markets where its low-cost ride-hailing service was resisted by law enforcement or, in some instances, had been banned.

The program, involving a tool called Greyball, uses data collected from the Uber app and other techniques to identify and circumvent officials who were trying to clamp down on the ride-hailing service. Uber used these methods to evade the authorities in cities like Boston, Paris and Las Vegas, and in countries like Australia, China and South Korea.

Greyball was part of a program called VTOS, short for "violation of terms of service," which Uber created to root out people it thought were using or targeting its service improperly. The program, including Greyball, began as early as 2014 and remains in use, predominantly outside the United States. Greyball was approved by Uber's legal team.

Greyball and the VTOS program were described to The New York Times by four current and former Uber employees, who also provided documents. The four spoke on the condition of anonymity because the tools and their use are confidential and because of fear of retaliation by Uber.

Uber’s use of Greyball was recorded on video in late 2014, when Erich England, a code enforcement inspector in Portland, Ore., tried to hail an Uber car downtown in a sting operation against the company.

At the time, Uber had just started its ride-hailing service in Portland without seeking permission from the city, which later declared the service illegal. To build a case against the company, officers like Mr. England posed as riders, opening the Uber app to hail a car and watching as miniature vehicles on the screen made their way toward the potential fares.

But unknown to Mr. England and other authorities, some of the digital cars they saw in the app did not represent actual vehicles. And the Uber drivers they were able to hail also quickly canceled. That was because Uber had tagged Mr. England and his colleagues — essentially Greyballing them as city officials — based on data collected from the app and in other ways. The company then served up a fake version of the app, populated with ghost cars, to evade capture.

At a time when Uber is already under scrutiny for its boundary-pushing workplace culture, its use of the Greyball tool underscores the lengths to which the company will go to dominate its market. Uber has long flouted laws and regulations to gain an edge against entrenched transportation providers, a modus operandi that has helped propel it into more than 70 countries and to a valuation close to $70 billion.

Yet using its app to identify and sidestep the authorities where regulators said Uber was breaking the law goes further toward skirting ethical lines — and, potentially, legal ones. Some at Uber who knew of the VTOS program and how the Greyball tool was being used were troubled by it.

In a statement, Uber said, “This program denies ride requests to users who are violating our terms of service — whether that’s people aiming to physically harm drivers, competitors looking to disrupt our operations, or opponents who collude with officials on secret ‘stings’ meant to entrap drivers.”

The mayor of Portland, Ted Wheeler, said in a statement, “I am very concerned that Uber may have purposefully worked to thwart the city’s job to protect the public.”

Uber, which lets people hail rides using a smartphone app, operates multiple types of services, including a luxury Black Car offering in which drivers are commercially licensed. But an Uber service that many regulators have had problems with is the lower-cost version, known in the United States as UberX.

UberX essentially lets people who have passed a background check and vehicle inspection become Uber drivers quickly. In the past, many cities have banned the service and declared it illegal.

That is because the ability to summon a noncommercial driver — which is how UberX drivers using private vehicles are typically categorized — was often unregulated. In barreling into new markets, Uber capitalized on this lack of regulation to quickly enlist UberX drivers and put them to work before local regulators could stop them.

After the authorities caught on to what was happening, Uber and local officials often clashed. Uber has encountered legal problems over UberX in cities including Austin, Tex., Philadelphia and Tampa, Fla., as well as internationally. Eventually, agreements were reached under which regulators developed a legal framework for the low-cost service.

That approach has been costly. Law enforcement officials in some cities have impounded vehicles or issued tickets to UberX drivers, with Uber generally picking up those costs on the drivers’ behalf. The company has estimated thousands of dollars in lost revenue for every vehicle impounded and ticket received.

This is where the VTOS program and the use of the Greyball tool came in. When Uber moved into a new city, it appointed a general manager to lead the charge. This person, using various technologies and techniques, would try to spot enforcement officers.

One technique involved drawing a digital perimeter, or “geofence,” around the government offices on a digital map of a city that Uber was monitoring. The company watched which people were frequently opening and closing the app — a process known internally as eyeballing — near such locations as evidence that the users might be associated with city agencies.

Other techniques included looking at a user’s credit card information and determining whether the card was tied directly to an institution like a police credit union.

Enforcement officials involved in large-scale sting operations meant to catch Uber drivers would sometimes buy dozens of cellphones to create different accounts. To circumvent that tactic, Uber employees would go to local electronics stores to look up device numbers of the cheapest mobile phones for sale, which were often the ones bought by city officials working with budgets that were not large.

In all, there were at least a dozen or so signifiers in the VTOS program that Uber employees could use to assess whether users were regular new riders or probably city officials.

If such clues did not confirm a user’s identity, Uber employees would search social media profiles and other information available online. If users were identified as being linked to law enforcement, Uber Greyballed them by tagging them with a small piece of code that read “Greyball” followed by a string of numbers.

When someone tagged this way called a car, Uber could scramble a set of ghost cars in a fake version of the app for that person to see, or show that no cars were available. Occasionally, if a driver accidentally picked up someone tagged as an officer, Uber called the driver with instructions to end the ride.

Uber employees said the practices and tools were born in part out of safety measures meant to protect drivers in some countries. In France, India and Kenya, for instance, taxi companies and workers targeted and attacked new Uber drivers.

“They’re beating the cars with metal bats,” the singer Courtney Love posted on Twitter from an Uber car in Paris at a time of clashes between the company and taxi drivers in 2015. Ms. Love said that protesters had ambushed her Uber ride and had held her driver hostage. “This is France? I’m safer in Baghdad.”

Uber has said it was also at risk from tactics used by taxi and limousine companies in some markets. In Tampa, for instance, Uber cited collusion between the local transportation authority and taxi companies in fighting ride-hailing services.

In those areas, Greyballing started as a way to scramble the locations of UberX drivers to prevent competitors from finding them. Uber said that was still the tool's primary use.

But as Uber moved into new markets, its engineers saw that the same methods could be used to evade law enforcement. Once the Greyball tool was put in place and tested, Uber engineers created a playbook with a list of tactics and distributed it to general managers in more than a dozen countries on five continents.

At least 50 people inside Uber knew about Greyball, and some had qualms about whether it was ethical or legal. Greyball was approved by Uber's legal team, led by Salle Yoo, the company's general counsel. Ryan Graves, an early hire who became senior vice president of global operations and a board member, was also aware of the program.

Ms. Yoo and Mr. Graves did not respond to requests for comment.

Outside legal specialists said they were uncertain about the legality of the program. Greyball could be considered a violation of the federal Computer Fraud and Abuse Act, or possibly intentional obstruction of justice, depending on local laws and jurisdictions, said Peter Henning, a law professor at Wayne State University who also writes for The New York Times.

"With any type of systematic thwarting of the law, you're flirting with disaster," Professor Henning said. "We all take our foot off the gas when we see the police car at the intersection up ahead, and there's nothing wrong with that. But this goes far beyond avoiding a speed trap."

On Friday, Marietje Schaake, a member of the European Parliament for the Dutch Democratic Party in the Netherlands, wrote that she had written to the

European Commission asking, among other things, if it planned to investigate the legality of Greyball.

To date, Greyballing has been effective. In Portland on that day in late 2014, Mr. England, the enforcement officer, did not catch an Uber, according to local reports.

And two weeks after Uber began dispatching drivers in Portland, the company reached an agreement with local officials that said that after a three-month suspension, UberX would eventually be legally available in the city.

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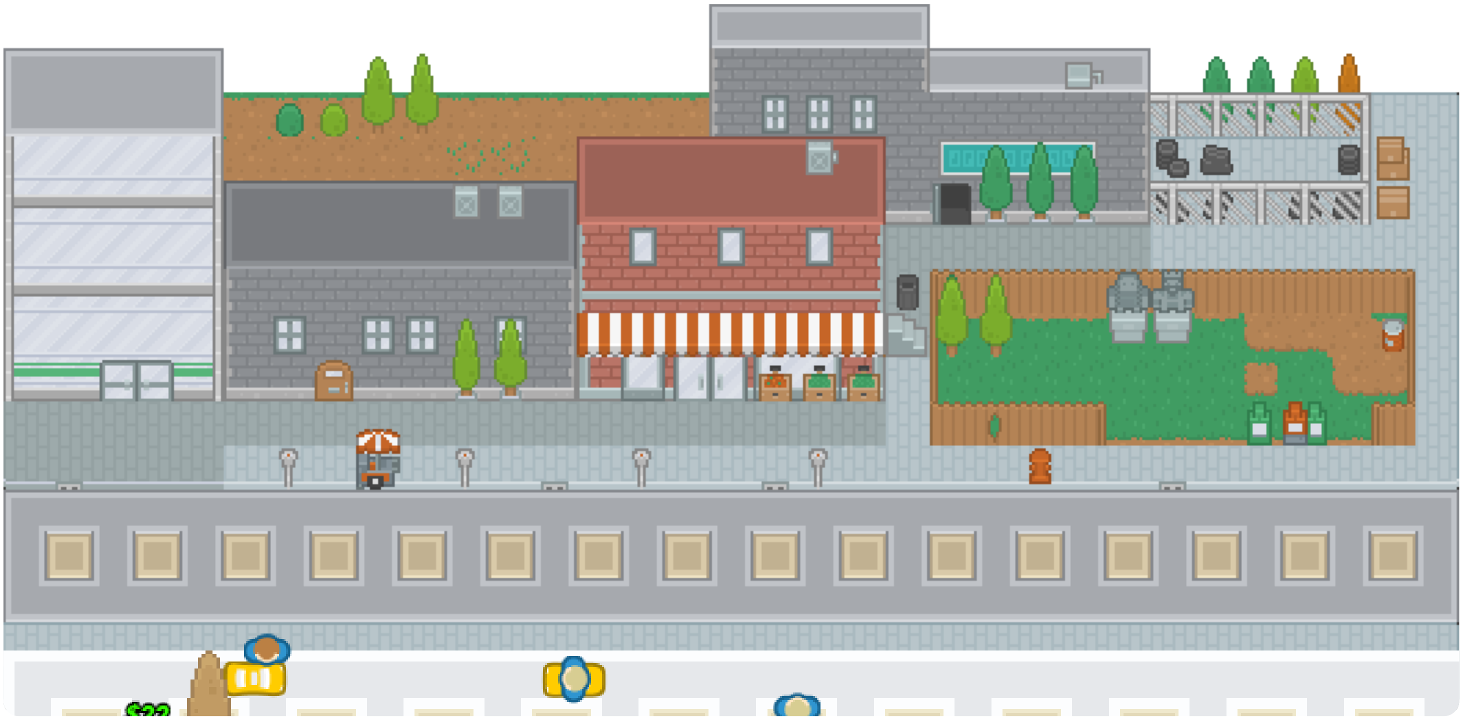

How Uber Uses Psychological Tricks to Push Its Drivers' Buttons

The company has undertaken an extraordinary experiment in behavioral science to subtly entice an independent work force to maximize its growth.

By NOAM SCHEIBER and graphics by JON HUANG | APRIL 2, 2017

The secretive ride-hailing giant Uber rarely discusses internal matters in public. But in March, facing crises on multiple fronts, top officials convened a call for reporters to insist that Uber was changing its culture and would no longer tolerate "brilliant jerks."

Notably, the company also announced that it would fix its troubled relationship with drivers, who have complained for years about falling pay and arbitrary treatment.

"We've underinvested in the driver experience," a senior official said. "We are now re-examining everything we do in order to rebuild that love."

And yet even as Uber talks up its determination to treat drivers more humanely, it is engaged in an extraordinary behind-the-scenes experiment in behavioral science to manipulate them in the service of its corporate growth — an effort whose dimensions became evident in interviews with several dozen current and former Uber officials, drivers and social scientists, as well as a review of behavioral research.

Uber's innovations reflect the changing ways companies are managing workers amid the rise of the freelance-based "gig economy." Its drivers are officially independent business owners rather than traditional employees with set schedules. This allows Uber to minimize labor costs, but means it cannot compel drivers to show up at a specific place and time. And this lack of control can wreak havoc on a service whose goal is to seamlessly transport passengers whenever and wherever they want.

Uber helps solve this fundamental problem by using psychological inducements and other techniques unearthed by social science to influence when, where and how long drivers work. It's a quest for a perfectly efficient system: a balance between rider demand and driver supply at the lowest cost to passengers and the company.

Employing hundreds of social scientists and data scientists, Uber has experimented with video game techniques, graphics and noncash rewards of little value that can prod drivers into working longer and harder — and sometimes at hours and locations that are less lucrative for them.

Faster pickup times mean more idle drivers.

Change the number of drivers in this ride-share simulation. Faster pickup times for riders require a greater percentage of drivers to be idling unpaid.

To keep drivers on the road, the company has exploited some people's tendency to set earnings goals — alerting them that they are ever so close to hitting a precious target when they try to log off. It has even concocted an algorithm similar to a Netflix feature that automatically loads the next program, which many experts believe encourages binge-watching. In Uber's case, this means sending drivers their next fare opportunity before their current ride is even over.

And most of this happens without giving off a whiff of coercion.

"We show drivers areas of high demand or incentivize them to drive more," said Michael Amodeo, an Uber spokesman. "But any driver can stop work literally at the tap of a button — the decision whether or not to drive is 100 percent theirs."

Uber's recent emphasis on drivers is no accident. As problems have mounted at the company, from an allegation of sexual harassment in its offices to revelations that it created a tool to deliberately evade regulatory scrutiny, Uber has made softening its posture toward drivers a litmus test of its ability to become a better corporate citizen. The tension was particularly evident after its chief executive, Travis Kalanick, engaged in a heated argument with a driver that was captured in a viral video obtained by Bloomberg and that prompted an abject apology.

But an examination by The New York Times found that Uber is continuing apace in its struggle to wield the upper hand with drivers. And as so-called platform-mediated work like driving for Uber increasingly becomes the way people make a living, the company's example illustrates that pulling psychological levers may eventually become the reigning approach to managing the American worker.

While Uber is arguably the biggest and most sophisticated player in inducing workers to serve its corporate goals, other "gig economy" platforms are also involved. Uber's main competitor, Lyft, and popular delivery services like Postmates rely on similar approaches. So do companies and individuals posting assignments on crowdsourcing sites like Amazon Mechanical Turk, where hundreds of thousands of workers earn piece-rate wages by completing discrete tasks.

Of course, many companies try to nudge consumers into buying their products and services using psychological tricks. But extending these efforts to the work force is potentially transformative.

Though employers have long borrowed insights from social science to get more out of their workers — tech companies like Google have calculated that employees interact more with unfamiliar colleagues when they can graze together at snack bars — they are constrained in doing so. A large body of law and custom in the United States holds that because employers have far more power over their employees than businesses do over their customers, they must provide them with far greater protections — not least, a minimum wage and overtime pay.

Uber exists in a kind of legal and ethical purgatory, however. Because its drivers are independent contractors, they lack most of the protections associated with employment. By mastering their workers' mental circuitry, Uber and the like may be taking the economy back toward a pre-New Deal era when businesses had enormous power over workers and few checks on their ability to exploit it.

"We're talking about this kind of manipulation that literally affects people's income," said Ryan Calo, a law professor at the University of Washington who studies the way companies use data and algorithms to exploit psychological weaknesses. Uber officials, he said, are "using what they know about drivers, their control over the interface and the terms of transaction to channel the behavior of the driver in the direction they want it to go."

An Empathy Question

In early 2016, a group of roughly 100 Uber employees responsible for signing up drivers and getting them to drive more voted to change its name — from "supply growth" to "driver growth."

The vote was not unprompted. For much of the previous year, Uber executives had agonized over how to lower the rate at which drivers were deserting the platform.

Alongside Uber's already daunting targets for expanding its pool of drivers to meet mounting demand, the high turnover threatened to cap the company's growth and throw it into crisis.

Uber conducted interviews and focus groups while executives peppered employees with questions like, "What are we doing to have more empathy for the driver side of the equation?"

Underlying the tension was the fact that Uber's interests and those of drivers are at odds on some level. Drivers, who typically keep what's left of their gross fare after Uber takes a roughly 25 percent commission, prefer some scarcity in their ranks to keep them busier and push up earnings. For its part, Uber is desperate to avoid shortages, seeking instead to serve every customer quickly, ideally in five minutes or less.

This is particularly true of shortages so pronounced as to create a "surge" — that is, a higher fare than normal. While surges do mitigate shortages, they do so in part by repelling passengers, something directly at odds with Uber's long-term goal of dominating the industry. "For us, it's better not to surge," said Daniel Graf, Uber's vice president of product. "If we don't surge, we can produce more rides."

As a result, much of Uber's communication with drivers over the years has aimed at combating shortages by advising drivers to move to areas where they exist, or where they might arise. Uber encouraged its local managers to experiment with ways of achieving this.

"It was all day long, every day — texts, emails, pop-ups: 'Hey, the morning rush has started. Get to this area, that's where demand is biggest,'" said Ed Frantzen, a veteran Uber driver in the Chicago area. "It was always, constantly, trying to get you into a certain direction."

Some local managers who were men went so far as to adopt a female persona for texting drivers, having found that the uptake was higher when they did.

"'Laura' would tell drivers: 'Hey, the concert's about to let out. You should head over there,'" said John P. Parker, a manager in Uber's Dallas office in 2014 and 2015, referring to one of the personas. "We have an overwhelmingly male driver population."

A screengrab of a prompt that Eli Solomon, an Uber driver in the Chicago area, received on his app.

Uber acknowledged that it had experimented with female personas to increase engagement with drivers.

The friction over meeting demand was compounded by complaints about arrangements like aggressive car leases that required many drivers to work upward of 50 or 60 hours each week to eke out a profit. Uber officials began to worry that a driver backlash was putting them at a strategic disadvantage in their competition with Lyft, which had cultivated a reputation for being more driver-friendly.

Uber had long been a reflection of Mr. Kalanick, its charismatic and hard-charging chief, who has often involved himself in corporate minutiae. According to an article in The Information, Mr. Kalanick had complained to subordinates that he was not informed sooner about a glitch with the company’s push notifications and had personally weighed in on the time at which employees could receive free dinner.

Travis Kalanick, the chief executive of Uber, recently apologized for getting in a heated argument with a driver over fare reductions. Julie Glassberg for The New York Times

Now Uber began a process of, in effect, becoming a little less like Mr. Kalanick, and a little more like Lyft.

It rethought a lease program, softened the hectoring tone of its messages and limited their volume. At times it became positively cheery.

During roughly the same period, Uber was increasingly concerned that many new drivers were leaving the platform before completing the 25 rides that would earn them a signing bonus. To stem that tide, Uber officials in some cities began experimenting with simple encouragement: You’re almost halfway there, congratulations!

While the experiment seemed warm and innocuous, it had in fact been exquisitely calibrated. The company’s data scientists had previously discovered that once drivers reached the 25-ride threshold, their rate of attrition fell sharply.

And psychologists and video game designers have long known that encouragement toward a concrete goal can motivate people to complete a task.

"It's getting you to internalize the company's goals," said Chelsea Howe, a prominent video game designer who has spoken out against coercive psychological techniques deployed in games. "Internalized motivation is the most powerful kind."

Mr. Amodeo, the Uber spokesman, defended the practice. "We try to make the early experience as good as possible, but also as realistic as possible," he said. "We want people to decide for themselves if driving is right for them."

That making drivers feel good could be compatible with treating them as lab subjects was no surprise. None other than Lyft itself had shown as much several years earlier.

In 2013, the company hired a consulting firm to figure out how to encourage more driving during the platform's busiest hours.

At the time, Lyft drivers could voluntarily sign up in advance for shifts. The consultants devised an experiment in which the company showed one group of inexperienced drivers how much more they would make by moving from a slow period like Tuesday morning to a busy time like Friday night — about $15 more per hour.

For another group, Lyft reversed the calculation, displaying how much drivers were losing by sticking with Tuesdays.

The latter had a more significant effect on increasing the hours drivers scheduled during busy periods.

Kristen Berman, one of the consultants, explained at a presentation in 2014 that the experiment had roots in the field of behavioral economics, which studies the cognitive hang-ups that frequently skew decision-making. Its central finding derived from a concept known as loss aversion, which holds that people "dislike losing more than they like gaining," Ms. Berman said.

What motivates you more: seeing gains or fearing losses?

Still, Ms. Berman disclosed in an interview, Lyft eventually decided against using the loss-aversion approach, suggesting that the company has drawn brighter lines when it comes to potential manipulation.

Almost There

As he tried to log off at 7:13 a.m. on New Year's Day last year, Josh Streeter, then an Uber driver in the Tampa, Fla., area, received a message on the company's driver app with the headline "Make it to $330." The text then explained: "You're $10 away from making $330 in net earnings. Are you sure you want to go offline?" Below were two prompts: "Go offline" and "Keep driving." The latter was already highlighted.

"I've got screen shots with dozens of these messages," said Mr. Streeter, who began driving full time for Lyft and then Uber in 2014 but quit last year to invest in real estate.

Josh Streeter, a former Uber driver in the Tampa, Fla., area, said he often received messages from the company encouraging him to stay on the road to earn more money. Edward Linsmier for The New York Times

Mr. Streeter was not alone. For months, when drivers tried to log out, the app would frequently tell them they were only a certain amount away from making a seemingly arbitrary sum for the day, or from matching their earnings from that point one week earlier.

The messages were intended to exploit another relatively widespread behavioral tic — people's preoccupation with goals — to nudge them into driving longer.

Over the past 20 years, behavioral economists have found evidence for a phenomenon known as income targeting, in which workers who can decide how long to work each day, like cabdrivers, do so with a goal in mind — say, $100 — much the way marathon runners try to get their time below four hours or three hours.

While there is debate among economists as to how widespread the practice is and how strictly cabdrivers follow such targets, top officials at Uber and Lyft have certainly concluded that many of their drivers set income goals. "Others are motivated by an income target for sure," said Brian Hsu, the Lyft vice president in charge of supply. "You hear stories about people who want to buy that next thing." He added, "We've started to allow drivers to set up those goals as well in the app."

Uber even published a study last year, using its vast pile of data on drivers' rides and hours, finding that a "substantial, although not most, fraction of partners" practice an extreme form of income targeting when they start on the platform, though they abandon it as they gain more experience. Strict income targeting is highly inefficient because it leads drivers to work long hours on days when business is slow and their hourly take is low, and to knock off early on days when business is brisk.

Ride-share companies can benefit if they get drivers to focus on dollar targets, instead of working only during the busiest times.

Tip: Watch the hourly wage rates.

The beauty of the messages that Uber sent Mr. Streeter and his fellow drivers is that the drivers need not have even had a specific income goal in mind in order for the messages to work. Some of the most addictive games ever made, like the 1980s and '90s hit Tetris, rely on a feeling of progress toward a goal that is always just beyond the player's grasp. As the psychologist Adam Alter writes in his book "Irresistible," video game designers even have a name for this mental state: the "ludic loop."

Uber, for its part, appears to be aware of the ludic loop. In its messages to drivers, it included a graphic of an engine gauge with a needle that came tantalizingly close to, but was still short of, a dollar sign.

And the ludic loop is far from the only video game feature that Uber has adapted as a way of keeping drivers on the road.

At any moment, the app shows drivers how many trips they have taken in the current week, how much money they have made, how much time they have spent logged on and what their overall rating from passengers is. All of these metrics can stimulate the competitive juices that drive compulsive game-playing.

"The whole thing is like a video game," said Eli Solomon, a veteran Uber and Lyft driver in the Chicago area, who said he sometimes had to fight the urge to work more after glancing at his data.

Sometimes the so-called gamification is quite literal. Like players on video game platforms such as Xbox, PlayStation and Pogo, Uber drivers can earn badges for achievements like Above and Beyond (denoted on the app by a cartoon of a rocket blasting off), Excellent Service (marked by a picture of a sparkling diamond) and Entertaining Drive (a pair of Groucho Marx glasses with nose and eyebrows).

One of the messages Uber has sent its drivers to encourage them to stay on the road.

Of course, managers have been borrowing from the logic of games for generations, as when they set up contests and competition among workers. More overt forms of gamification have proliferated during the past decade. For example, Microsoft has used the approach to entice workers to perform the otherwise sleep-inducing task of software debugging.

But Uber can go much further. Because it mediates its drivers' entire work experience through an app, there are few limits to the elements it can gamify. Uber collects staggering amounts of data that allow it to discard game features that do not work and refine those that do. And because its workers are contractors, the gamification strategies are not hemmed in by employment law.

Kevin Werbach, a business professor who has written extensively on the subject, said that while gamification could be a force for good in the gig economy — for example, by creating bonds among workers who do not share a physical space — there was a danger of abuse. "If what you're doing is basically saying, 'We've found a cheap way to get you to do work without paying you for it, we'll pay you in badges that don't cost anything,' that's a manipulative way to go about it," he said.

For some drivers, that is precisely the effect. Scott Weber said he drove full time most weeks last year, picking up passengers in the Tampa area for both Uber and Lyft, yet made less than $20,000 before expenses like gas and maintenance. "I was a business that had a loss," said Mr. Weber, who is looking for another job. "I'm using payday loans."

Still, when asked about the badges he earns while driving for Uber, Mr. Weber practically gushed. "I've got currently 12 excellent-service and nine great-conversation badges," he said in an interview in early March. "It tells me where I'm at."

Scott Weber, a driver for both Uber and Lyft in the Tampa area, said he drove full time most weeks last year but struggled to turn a profit. Edward Linsmier for The New York Times

'Constantly Busy'

When asked whether Uber's product managers and data scientists were akin to developers at a social gaming company like Zynga, Jonathan Hall, Uber's head of economic and policy research, accepted the analogy but rejected the implication.

"I think there's something to that, but ultimately Zynga should worry mostly about how fun its games are rather than trying to get you to play a little bit more by some trick," he said. He argued that exploiting people's psychological tics was unlikely to have more than a marginal effect on how long they played Zynga's games or drove for Uber. It is "icing on the cake," he said.

Mr. Hall is clearly right about the effects of certain techniques, like those pitched at drivers' tendency to set income targets or to focus more on losses than gains. On the other hand, even features that produce relatively small changes in driving patterns can become quite important to a company like Uber.

According to Mr. Parker, the former Uber manager in Dallas, increasing the number of drivers on the road by 20 percent at certain hours of the day, or in a busy part of town, can rein in a large fare surge.

More important, some of the psychological levers that Uber pulls to increase the supply of drivers have quite powerful effects.

Ed Frantzen, a veteran Uber driver in the Chicago area, said of the company and its messages to drivers, "It was always, constantly, trying to get you into a certain direction." Brittany Sowacke for The New York Times

Consider an algorithm called forward dispatch — Lyft has a similar one — that dispatches a new ride to a driver before the current one ends. Forward dispatch shortens waiting times for passengers, who may no longer have to wait for a driver 10 minutes away when a second driver is dropping off a passenger two minutes away.

Perhaps no less important, forward dispatch causes drivers to stay on the road substantially longer during busy periods — a key goal for both companies.

Uber and Lyft explain this in essentially the same way. "Drivers keep telling us the worst thing is when they're idle for a long time," said Kevin Fan, the director of product at Lyft. "If it's slow, they're going to go sign off. We want to make sure they're constantly busy."

While this is unquestionably true, there is another way to think of the logic of forward dispatch: It overrides self-control.

Perhaps the most prominent example is that such automatic queuing appears to have fostered the rise of binge-watching on Netflix. "When one program is nearing the end of its running time, Netflix will automatically cue up the next episode in that series for you," wrote the scholars Matthew Pittman and Kim Sheehan in a 2015 study of the phenomenon. "It requires very little effort to binge on Netflix; in fact, it takes more effort to stop than to keep going."

As with viewers and binge-watching, many drivers appear to enjoy the forward-dispatch feature, which can increase earnings by keeping them busier. But it can also work against their interests by increasing the number of drivers on the road and defusing fare surges. And whether they enjoy it is separate from the question of agency — whether they have it, or whether the company does.

Uber officials say the feature initially produced so many rides at times that drivers began to experience a chronic Netflix ailment — the inability to stop for a bathroom break. Amid the uproar, Uber introduced a pause button.

“Drivers were saying: ‘I can never go offline. I’m on just continuous trips. This is a problem.’ So we redesigned it,” said Maya Choksi, a senior Uber official in charge of building products that help drivers. “In the middle of the trip, you can say, ‘Stop giving me requests.’ So you can have more control over when you want to stop driving.”

It is true that drivers can pause the services’ automatic queuing feature if they need to refill their tanks, or empty them, as the case may be. Yet once they log back in and accept their next ride, the feature kicks in again. To disable it, they would have to pause it every time they picked up a new passenger. By contrast, even Netflix allows users to permanently turn off its automatic queuing feature, known as Post-Play.

This pre-emptive hard-wiring can have a huge influence on behavior, said David Laibson, the chairman of the economics department at Harvard and a leading behavioral economist. Perhaps most notably, as the researchers Alex Rosenblat and Luke Stark observed in an influential paper on these practices, Uber’s app does not let drivers see where a passenger is going before accepting the ride, making it hard to judge how profitable a trip will be.

Sometimes all that is necessary is the mere setting of a so-called default. Because humans tend to be governed by inertia, automatically enrolling them in retirement savings plans and then allowing them to opt out results in far higher participation than letting them opt in. Making Post-Play the default can have the same effect.

“If done right, these things can be socially beneficial,” Mr. Laibson said. “But you can think of all sorts of choice architecture that are quite contrary to human well-being.”

Even Mr. Hall, the Uber research director who downplayed the importance of behavioral economics to the company, did make at least one concession. “The optimal default we set is that we want you to do as much work as there is to do," he said of the company's app. "You're not required to by any means. But that's the default."

Having more drivers on the road benefits ride-share companies, but drivers profit from surge pricing and scarcity in their ranks.

Ride-share companies, which do not bear the direct costs of drivers being idle, want to have as many drivers available as possible.

SIMULATION DETAILS: There are **30** drivers. During surge, prices increase by **2**x and passenger requests are reduced by **30%**. Passengers cancel after **20** minutes of waiting without a driver accepting their request. Regular fares cost **$1.00** a minute, driver expenses are **$0.10** a minute, and the app company takes a **$1.50** booking fee plus **20%** of the per-minute fees.

Imagining the Future

There are aspects of the platforms that genuinely do increase drivers' control over their work lives, as Uber frequently points out. Unlike most workers, an Uber driver can put in a few hours each day between dropping children off at school and picking them up in the afternoon.

Uber is even in the process of developing a feature that allows drivers to tell the app in advance that they need to arrive at a given location at a given time. "If you need to pick up your kids at soccer practice at 6 p.m.," said Nundu Janakiram, the Uber official in charge of products that improve drivers' experiences, "it will start to give you trips to take you in the general direction to get to a specific place in time."

There is also the possibility that as the online gig economy matures, companies like Uber may adopt a set of norms that limit their ability to manipulate workers through cleverly designed apps.

Kelly Peters, chief executive of BEworks, a management consulting firm specializing in behavioral science, argued that the same data that makes it easier for Uber to nudge drivers into working an additional 30 or 60 minutes also makes it hard to escape the obligation to look after them.

For example, the company has access to a variety of metrics, like braking and acceleration speed, that indicate whether someone is driving erratically and may need to rest. "The next step may be individualized targeting and nudging in the moment," Ms. Peters said. "'Hey, you just got three passengers in a row who said they felt unsafe. Go home.'" Uber has already rolled out efforts in this vein in numerous cities.

That moment of maturity does not appear to have arrived yet, however. Consider a prompt that Uber rolled out this year, inviting drivers to press a large box if they want the app to navigate them to an area where they have a "higher chance" of finding passengers. The accompanying graphic resembles the one that indicates that an area's fares are "surging," except in this case fares are not necessarily higher.

Some drivers believe that the intent is to trick them into driving where Uber wants them to go, rather than where driving would be most profitable, by implying that they will find a surge there. "They're trying to move people where they want them," said Mr. Weber, the Tampa-area driver. "But you get there and it's nothing. It happens all the time." Mr. Weber noted that the design of the graphic makes the prompt much easier to accept than decline, which requires pressing a small rectangle in the top left corner.

Uber said that the feature was an experiment intended primarily to help new drivers who frequently say they do not know where to find passengers, and that it could be changed if drivers were dissatisfied.

Individual features aside, the broader question of how much Uber seeks to influence drivers through behavioral science may come down to how much its business model requires it.

While the company has made no secret of its investment in self-driving cars, it could be a decade or more before they completely replace human drivers. In the meantime, as long as Uber continues to set growth and passenger volume as critical goals, it will have an incentive to make wringing more hours out of drivers a higher priority than the drivers' bottom line whenever it faces a close call between the two.

It will also have an incentive to obtain these hours as cheaply as possible. And there is simply no cheaper way than hiring contractors and nudging them to drive when and where they are needed. Industry insiders estimate that relying on independent contractors rather than employees can lower direct costs by roughly 25 percent.

Moreover, the contractor model itself provides a strong impetus for companies like Uber to grow. Many companies in the gig economy simply do not have enough workers, or rich enough data about their workers' behavior, to navigate busy periods using nudges and the like. To avoid chronic understaffing, they have switched to an employee model that allows them to compel workers to log in when the companies most need them.

Once companies achieve a certain scale, on the other hand, they enter a virtuous cycle: The risk of understaffing drops with a big enough pool of workers, and the cost savings of using contractors begins to outweigh the inefficiencies. This in turn frees up money to enter new markets and acquire new customers, which makes the contractor model still more efficient, and throws off still more savings.

It is, as a result, not too hard to imagine a future in which massive digital platforms like Uber have an appetite for tens of millions of workers — not only for ferrying people, but also for delivering food and retail goods. Nor is it hard to imagine workers' obliging them, perhaps because their skills do not match the needs of more traditional employers, or because they need to supplement their wages.

In such an economy, experts say, using big data and algorithms to manage workers will not simply be a niche phenomenon. It may become one of the most common ways of managing the American labor force.

"You have all these players entering into this space, and the assumption is they'll do it through vast armies of underemployed people looking for extra hours, and we can control every nuance about what they do but not have to pay them," said David Weil, the top wage-and-hour official under President Barack Obama.

When you stop to consider the enormous cost advantages, Mr. Weil said, "it says to me this is an area that will grow fast."

The New York Times https://nyti.ms/2lx4TRC

TECHNOLOGY

Inside Uber's Aggressive, Unrestrained Workplace Culture

Leer en español

By MIKE ISAAC FEB. 22, 2017

SAN FRANCISCO — When new employees join Uber, they are asked to subscribe to 14 core company values, including making bold bets, being "obsessed" with the customer, and "always be hustlin'." The ride-hailing service particularly emphasizes "meritocracy," the idea that the best and brightest will rise to the top based on their efforts, even if it means stepping on toes to get there.

Those values have helped propel Uber to one of Silicon Valley's biggest success stories. The company is valued at close to $70 billion by private investors and now operates in more than 70 countries.

Yet the focus on pushing for the best result has also fueled what current and former Uber employees describe as a Hobbesian environment at the company, in which workers are sometimes pitted against one another and where a blind eye is turned to infractions from top performers.

Interviews with more than 30 current and former Uber employees, as well as reviews of internal emails, chat logs and tape-recorded meetings, paint a picture of an often unrestrained workplace culture. Among the most egregious accusations from employees, who either witnessed or were subject to incidents and who asked to remain anonymous because of confidentiality agreements and fear of retaliation: One Uber manager groped female co-workers' breasts at a company retreat in Las

Vegas. A director shouted a homophobic slur at a subordinate during a heated confrontation in a meeting. Another manager threatened to beat an underperforming employee's head in with a baseball bat.

Until this week, this culture was only whispered about in Silicon Valley. Then on Sunday, Susan Fowler, an engineer who left Uber in December, published a blog post about her time at the company. She detailed a history of discrimination and sexual harassment by her managers, which she said was shrugged off by Uber's human resources department. Ms. Fowler said the culture was stoked — and even fostered — by those at the top of the company.

"It seemed like every manager was fighting their peers and attempting to undermine their direct supervisor so that they could have their direct supervisor's job," Ms. Fowler wrote. "No attempts were made by these managers to hide what they were doing: They boasted about it in meetings, told their direct reports about it, and the like."

Her revelations have spurred hand-wringing over how unfriendly Silicon Valley workplaces can be to women and provoked an internal crisis at Uber. The company's chief executive, Travis Kalanick, has opened an internal investigation into the accusations and has brought in the board member Arianna Huffington and the former attorney general Eric H. Holder Jr. to look into harassment issues and the human resources department.

To contain the fallout, Mr. Kalanick also began more disclosure. On Monday, he said that 15.1 percent of Uber's engineering, product management and scientist roles were filled by women, and that those numbers had not changed substantively over the past year.

Mr. Kalanick also held a 90-minute all-hands meeting on Tuesday, during which he and other executives were besieged with dozens of questions and pleas from employees who were aghast at — or strongly identified with — Ms. Fowler's story and demanded change.

In what was described by five attendees as an emotional moment, and according to a video of the meeting reviewed by The New York Times, Mr. Kalanick apologized to employees for leading the company and the culture to this point. “What I can promise you is that I will get better every day,” he said. “I can tell you that I am authentically and fully dedicated to getting to the bottom of this.”

Some Uber employees said Mr. Kalanick’s speedy efforts were positive. “I am pleased with how quickly Travis has responded to this,” Aimee Lucido, an Uber software engineer, wrote in a blog post. “We are better situated to handle this sort of problem than we have ever been in the past.”

As chief executive, Mr. Kalanick has long set the tone for Uber. Under him, Uber has taken a pugnacious approach to business, flouting local laws and criticizing competitors in a race to expand as quickly as possible. Mr. Kalanick, 40, has made pointed displays of ego: In a GQ article in 2014, he referred to Uber as “Boob-er” because of how the company helped him attract women.

That tone has been echoed in Uber’s workplace. At least two former Uber workers said they had notified Thuan Pham, the company’s chief technical officer, of workplace harassment at the hands of managers and colleagues in 2016. One also emailed Mr. Kalanick.

Uber also faces at least three lawsuits in at least two countries from former employees alleging sexual harassment or verbal abuse at the hands of managers, according to legal documents reviewed by The Times. Other current and former employees said they were considering legal action against the company.

Liane Hornsey, Uber’s chief human resources officer, said in a statement, “We are totally committed to healing wounds of the past and building a better workplace culture for everyone.”

Uber’s aggressive culture began with its 2009 founding, when Mr. Kalanick and another founder, Garrett Camp, created a start-up that would let customers hail a cab with little more than a few taps of their smartphone — bypassing many of the headaches people had with the taxi industry. Mr. Kalanick also started putting into place what eventually became Uber’s 14 core values, inspired by the leadership principles at one of the biggest public tech companies, Amazon.

To grow quickly, Uber kept its structure decentralized, emphasizing autonomy among regional offices. General managers are encouraged to "be themselves," another of Uber's core values, and are empowered to make decisions without intense supervision from the company's San Francisco headquarters. The top priority: Achieve growth and revenue targets.

While Uber is now the dominant ride-hailing company in the United States, and is rapidly growing in South America, India and other countries, its explosive growth has come at a cost internally. As Uber hired more employees, its internal politics became more convoluted. Getting ahead, employees said, often involved undermining departmental leaders or colleagues.

Workers like Ms. Fowler who went to human resources with their problems said they were often left stranded. She and a half-dozen others said human resources often made excuses for top performers because of their ability to improve the health of the business. Occasionally, problematic managers who were the subject of numerous complaints were shuffled around different regions; firings were less common.

One group appeared immune to internal scrutiny, the current and former employees said. Members of the group, called the A-Team and composed of executives who were personally close to Mr. Kalanick, were shielded from much accountability over their actions.

One member of the A-Team was Emil Michael, senior vice president for business, who was caught up in a public scandal over comments he made in 2014 about digging into the private lives of journalists who opposed the company. Mr. Kalanick defended Mr. Michael, saying he believed Mr. Michael could learn from his mistakes.

Uber's aggressive workplace culture spilled out at a global all-hands meeting in late 2015 in Las Vegas, where the company hired Beyoncé to perform at the rooftop bar of the Palms Hotel. Between bouts of drinking and gambling, Uber employees used cocaine in the bathrooms at private parties, said three attendees, and a manager groped several female employees. (The manager was terminated within 12 hours.) One employee hijacked a private shuttle bus, filled it with friends and took it for a joy ride, the attendees said.

At the Las Vegas outing, Mr. Kalanick also held a companywide lecture reviewing Uber's 14 core values, the attendees said. During the lecture, Mr. Kalanick pulled onstage employees who he believed exemplified each of the values. One of those was Mr. Michael.

Since Ms. Fowler's blog post, several Uber employees have said they are considering leaving the company. Some are waiting until their equity compensation from Uber, which is restricted stock units, is vested. Others said they had started sending résumés to competitors.

Still other employees said they were hopeful that Uber could change. Mr. Kalanick has promised to deliver a diversity report to better detail the number of women and minorities who work at Uber, and the company is holding listening sessions with employees.

At the Tuesday all-hands meeting, Ms. Huffington, the Uber board member, also vowed that the company would make another change. According to attendees and video of the meeting, Ms. Huffington said there would no longer be hiring of "brilliant jerks."

A version of this article appears in print on February 23, 2017, on Page A1 of the New York edition with the headline: Uber's Culture of Gutsiness Under Review.

timesunion http://www.timesunion.com/opinion/article/Little-financial-security-in-gig-economy-10946261.php

Little financial security in 'gig economy' benefits plan

By Rebecca Smith and Nell Abernathy, Commentary **Updated 6:34 pm, Monday, February 27, 2017**

Here's a riddle: When is 2.5 greater than 17?

The answer is never, of course. But that's not stopping the online-based cleaning company Handy from circulating a proposed bill in Albany that asks "gig economy" workers to buy into its bad math.

The idea is that "on-demand" companies like Handy, Uber and TaskRabbit could set up so-called "portable benefits funds" for their workers, contributing 2.5 percent of the proceeds from each transaction to help pay for benefits such as health care. But here's the catch: The workers would have to forfeit any claim to being employees and agree to be classified as independent contractors.

More Information

Nell Abernathy is vice president of research and policy with the Roosevelt Institute. Rebecca Smith is the deputy director of the National Employment Law Project.

That means they'd give up rights to workers' compensation, unemployment insurance, employer contributions to Social Security and coverage under New York's paid family leave law. Total value of rights forfeited: around 17 percent of income.

Enrollees in this scheme would also waive other core labor rights, such as health and safety protections and the right to be paid at least minimum wage.

The proposal's supporters are framing this as a big win for portable benefits — a system that provides key benefits and insurance to workers as they move from job to job. The concept is an important one — indeed, we call for such programs in a new report. But a meager 2.5 percent contribution to a benefits fund hardly begins to make up for what's lost when workers give up employee status.

It's no wonder Handy wants the deal: It would free the company from lawsuits exposing its illegal failure to pay payroll taxes. At least five states — Oregon, Alaska, California, New York, and Washington — have found that gig-economy companies violated state labor and employment laws or underpaid payroll taxes. That's likely why some on-demand companies want to rig new rules that wholly exempt their sector from payroll taxes that other businesses must pay.

Handy's proposal would establish the nation's first sectorwide portable benefits fund — and set a bad precedent — so it's crucial we get it right the first time, using three key principles identified in our report.

First, we should build on our country's existing systems of portable benefits — workers' compensation, unemployment insurance, and Social Security — making them more inclusive and expansive, instead of creating more exemptions.

Second, we should build a sector-based portable benefits system that supplements social insurance protections and places worker organizations at its center. Unions representing "gig" workers such as musicians, writers, actors and construction workers, for example, have negotiated and administered supplemental pensions and other benefits for decades. Another good model is the proposed New York City Taxi Workers Health and Welfare Fund, which would deliver benefits to independent taxi drivers.

Finally, a sustainable portable benefits model must include business contributions and public funds. Benefits programs based solely on individual savings or funded through small fees will not provide economic security to low-wage workers, for whom the primary obstacle to saving is insufficient income.

Like more and more workers today, gig economy workers are struggling at a time when work delivers less and less of what we need to get by. Handy's bill raises big questions about how we will deliver economic security in a changing economy, in which too many corporations continually try to shed responsibility for their workers. We can do better than Handy's one-sided proposal.

JIA TOLENTINO

THE GIG ECONOMY CELEBRATES WORKING YOURSELF TO DEATH

By Jia Tolentino March 22, 2017

Fiverr, an online freelance marketplace that promotes itself as being for "the lean entrepreneur," recently attracted ire for an ad campaign called "In Doers We Trust."

Last September, a very twenty-first-century type of story appeared on the company blog of the ride-sharing app Lyft. "Long-time Lyft driver and mentor, Mary, was nine months pregnant when she picked up a passenger the night of July 21st," the post began. "About a week away from her due date, Mary decided to drive for a few hours after a day of mentoring." You can guess what happened next.

Mary, who was driving in Chicago, picked up a few riders, and then started having contractions. "Since she was still a week away from her due date," Lyft wrote, "she assumed they were simply a false alarm and continued driving." As the contractions continued, Mary decided to drive to the hospital. "Since she didn't believe she was going into labor yet," Lyft went on, "she stayed in driver mode, and sure enough—ping! — she received a ride request en route to the hospital."

"Luckily," as Lyft put it, the passenger requested a short trip. After completing it, Mary went to the hospital, where she was informed that she was in labor. She gave birth to a daughter, whose picture appears in the post. (She's wearing a "Little Miss Lyft" onesie.) The post concludes with a call for similar stories: "Do you have an exciting Lyft story you'd love to share? Tweet us your story at @lyft_CHI!"

Mary's story looks different to different people. Within the ghoulishly cheerful Lyft public-relations machinery, Mary is an exemplar of hard work and dedication—the latter being, perhaps, hard to come by in a company that refuses to classify its drivers as employees. Mary's entrepreneurial spirit—taking ride requests while she was in labor!—is an "exciting" example of how seamless and flexible app-based employment can be. Look at that hustle! You can make a quick buck with Lyft anytime, even when your cervix is dilating.

Lyft does not provide its drivers paid maternity leave or health insurance. (It offers to connect drivers with an insurance broker, and helpfully notes that "the Affordable Care Act offers many choices to make sure you're covered.") A third-party platform called SherpaShare, which some drivers use to track their earnings, found, in 2015, that Lyft drivers in Chicago net about eleven dollars per trip. Perhaps, as Lyft suggests, Mary kept accepting riders while experiencing contractions because "she was still a week away from her due date," or "she didn't believe she was going into labor yet." Or maybe Mary kept accepting riders because the gig economy has further normalized the circumstances in which earning an extra eleven dollars can feel more important than seeking out the urgent medical care that these quasi-employers do not sponsor. In the other version of Mary's story, she's an unprotected worker in precarious circumstances. "I can't pretend to know Mary's economic situation," Bryan Menegus at Gizmodo wrote, when the story first appeared. "Maybe she's an heiress who happens to love the freedom of chauffeuring strangers from place to place on her own schedule. But that Lyft, for some reason, thought that this would reflect kindly on them is perhaps the most horrifying part."

It does require a fairly dystopian strain of doublethink for a company to celebrate how hard and how constantly its employees must work to make a living, given that these companies are themselves setting the terms. And yet this type of faux-inspirational tale has been appearing more lately, both in corporate advertising and in the news. Fiverr, an online freelance marketplace that promotes itself as being for "the lean entrepreneur"—as its name suggests, services advertised on Fiverr can be purchased for as low as five dollars—recently attracted ire for an ad campaign called "In Doers We Trust." One ad, prominently displayed on some New York City subway cars, features a woman staring at the camera with a look of blank determination. "You eat a coffee for lunch," the ad proclaims. "You follow through on your follow through. Sleep deprivation is your drug of choice. You might be a doer."

Fiverr, which had raised a hundred and ten million dollars in venture capital by November, 2015, has more about the "In Doers We Trust" campaign on its Web site. In one video, a peppy female voice-over urges "doers" to "always be available," to think about beating "the trust-fund kids," and to pitch themselves to everyone they see, including their dentist. A Fiverr press release about "In Doers We Trust" states, "The campaign positions Fiverr to seize today's emerging zeitgeist of entrepreneurial flexibility, rapid experimentation, and doing more with less. It pushes against bureaucratic overthinking, analysis-paralysis, and excessive whiteboarding." This is the jargon through which the essentially cannibalistic nature of the gig economy is dressed up as an aesthetic. No one wants to eat coffee for lunch or go on a bender of sleep deprivation—or answer a call from a client while having sex, as recommended in the video. It's a stretch to feel cheerful at all about the Fiverr marketplace, perusing the thousands of listings of people who will record any song, make any happy-birthday video, or design any book cover for five dollars. I'd guess that plenty of the people who advertise services on Fiverr would accept some "whiteboarding" in exchange for employer-sponsored health insurance.

At the root of this is the American obsession with self-reliance, which makes it more acceptable to applaud an individual for working himself to death than to argue that an individual working himself to death is evidence of a flawed economic system. The contrast between the gig economy's rhetoric (everyone is always connecting, having fun, and killing it!) and the conditions that allow it to exist (a lack of dependable employment that pays a living wage) makes this kink in our thinking especially clear. Human-interest stories about the beauty of some person standing up to the punishments of late capitalism are regular features in the news, too. I've come to detest the local-news set piece about the man who walks ten or eleven or twelve miles to work—a story that's been filed from Oxford, Alabama; from Detroit, Michigan; from Plano, Texas. The story is always written as a tearjerker, with praise for the person's uncomplaining attitude; a car is usually donated to the subject in the end. Never mentioned or even implied is the shamefulness of a job that doesn't permit a worker to afford his own commute.

There's a painful distance between the chipper narratives surrounding labor and success in America and the lived experience of workers. A similar conflict drove Nathanael West, in 1934, to publish the novel "A Cool Million," which satirized the Horatio Alger bootstrap fables that remained popular into the Great Depression. "Alger is to America what Homer was to the Greeks," West once wrote. His protagonist in "A Cool Million," Lemuel Pitkin, is an innocent, energetic striver, tasked with saving his mother's house from foreclosure. A series of Alger-esque plot twists ensue. But Pitkin, rather than triumphing, ends up losing his teeth, his eye, his leg, his scalp, and finally his thumb. Morris Dickstein, in his book "Dancing in the Dark: A Cultural History of the Great Depression," notes, "The novel ends with Lem as a vaudeville clown being beaten nightly until he simply falls apart." A former President named Shagpoke Whipple gives a speech valorizing Pitkin's fate, extolling "the right of every American boy to go into the world and . . . make his fortune by industry." Whipple describes Pitkin's dismemberment—"lovingly," Dickstein adds—and tells his audience that, through Pitkin's hard work and enthusiastic martyrdom, "America became again American."

Jia Tolentino is a contributing writer for newyorker.com.

UBER

Uber CEO Travis Kalanick's Ex Reveals More Details About the Company's Culture

Aric Jenkins
Mar 29, 2017

Gabi Holzwarth, the ex-girlfriend of Uber CEO Travis Kalanick, has revealed even more details on the ride-sharing company's workplace culture.

Holzwarth, a musician and business development manager who dated Kalanick for three years up until last August, said the environment surrounding Uber was misogynistic and psychologically damaging in an interview with the Huffington Post.

"You go to an event and there's just a bunch of models they've flown in," Holzwarth, 27, said, regarding her experience with the men of Silicon Valley. "That's what they like to play with. That's pretty much it.

"As a woman struggling with my own insecurities and body image, the best thing for me was to leave that unhealthy world of impossible standards," Holzwarth added, though she credited Kalanick with assisting with her recovery from eating disorders.

Holzwarth's interview with HuffPo comes after she told The Information that several Uber executives — all but one of them male — went to a karaoke bar in Seoul in 2014 and selected escorts wearing tags with numbers to join them.

Holzwarth said that she, Kalanick and the female Uber executive did not stay to see what happened, but the incident prompted the female executive to file a complaint with Uber's human resources department.

Holzwarth said that she had no intention of speaking out until Uber senior vice president of business Emil Michael called her several weeks ago asking her to keep quiet about the 2014 incident. Michael was reportedly afraid that the story might leak with Uber in the midst of a PR meltdown over workplace discrimination.

“I don’t want to be silenced or lie for somebody else. It made me feel uncomfortable,”Holzwarth told HuffPo. “[It was a] tough three weeks of hiding their secret.”

But Michael disputed her account of the phone call in The Information's report.

“Given the intense news cycle I thought it was the right thing to do to reach out and let her know that reporters may try to contact her directly,” Michael told the site. “I have known her for a long time, consider her a friend and did not want her to be taken by surprise. Her recollection of this conversation was different from mine and I am very sorry if the purpose of my call was misunderstood.”