

# Analysis of Business Issues and Ethical Compliance of Uber's Branding Strategy

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**Abstract.** Nowadays, the sharing economy has become a business development trend. For example, although Uber brings many conveniences to our daily life, it also faces commercial issues such as how to deal with labor relations with drivers. This essay will explore whether it is ethical for Uber to treat drivers as contractors based on the perspective of justice and relationship-based ethical theories and how Uber executives can take measures to enhance its brand image. And in the last chapter, the recommendations on the environment and information technology are also provided.

**Keywords:** Sharing economy, Uber driver, Commercial issues, Branding.

## 1. Introduction

With the development of the society, the characteristics of the sharing economy are young, efficient, and flexible. Mainly relying on the Internet as a platform, the speed of disseminating information is breakneck. The most significant change brought about by the sharing economy is that companies are no longer required to act as intermediaries or promoters, directly linking producers and consumers. Traditional businesses provide services or goods for consumers. It needs infrastructure, the cost of hiring employees, and maintaining inventory. At the same time, there are also geographical location restrictions and time limits, such as working only on weekdays. However, with many years' development, mature rules and systems have been formed, which are relatively stable.

As customers, we certainly hope to get the goods or services we need quickly, which can save time. However, because the sharing economy has not yet formed a mature system, it will encounter risks and no basic job security. For example, Foodpanda went on strike because employees were dissatisfied with the sharp cut in the delivery service fee per order (average reduction of more than 10 yuan) from this year. The sharing economy is far from enough to protect the interests of employees. Moreover, the contractor system also makes it difficult to determine the accountability of the responsible party due to some possible adverse effects.

According to the discussion, the factors affecting the social responsibility of traditional commerce and the sharing economy are determined by their characteristics. The traditional business system is standardized, and the liquidity is poor. The system and rules are not mature enough, with a loose structure and strong liquidity, resulting in fewer regulations and constraints than traditional businesses, so it assumes fewer social responsibilities. From the perspective of business ethics, shared economic enterprises should take the lead in social responsibility.

## 2. The Strength and Weakness of Uber's Sustainability Compared with Traditional Competitors

### 2.1 Analysis of Uber Sustainability

Unlike its traditional competitors, Uber drivers can drive and start earning even if they do not have a car. Being an online platform, Uber would provide information technology systems through mobile apps on Internet-enabled devices to facilitate peer-to-peer transactions between drivers and customers. Uber is more sustainable than the traditional competitors based on the following reasons.

## 2.2 Economic Pillar

Uber has operations in over 900 metropolitan areas around the world. It means people around the world would order transportation services with Uber apps. Therefore, it goes over extensive worldwide since its users, mainly passengers' needs, can be satisfied on which the Uber system is user-friendly. The company provides customers with an efficient travel experience to meet the passengers' daily travel needs. Thus, it has become more popular due to its convenience. As a result, there are over 110 million Uber users as of 2019. Take the United States as an example, it not only provides cab service, but Uber also gets success in food delivery services in the United States. There are a market share of 67% and 24% for Uber's cab service in 2019 and the food delivery sector (Uber Eats) in 2018. It shows that Uber get successful in its business in the United States. In general, Uber reported 1,414.7 crores USD Revenue in 2019. However, most traditional competitors such as taxis seldom have the rating system for the drivers and never develop new market and thus hardly improve their service and profits. Its poor service leads the taxi industry to become uncompetitive. Thus, the profitability of Uber is higher than traditional competitors. Therefore, Uber is more sustainable from the point of view of the economic pillar.

## 2.3 Social Pillar

Uber provides an opportunity for Uber drivers and car owners to make money. Sharing economy concept is applied in Uber and provides an online platform to allow people to turn underutilized goods into cash quickly. To make it simple, Uber as a car rental agent develops the links between Uber drivers and car owners. Car owners can enjoy the rental income gain by renting out the car, turning underutilized cars into cash. In contrast, Uber drivers' cars can earn service income by using spare time to provide transportation service to customers because of its high flexibility. Unlike the bus driver, Uber drivers are not required to follow strict hours and rigid schedules. It means that especially for the drivers who are willing to earn money in their spare time, boost their earnings. It presents a win-win situation in which both Uber drivers and car owners' profit. Therefore, Uber is more sustainable from the point of view of the social pillar.

## 2.4 Environmental Pillar

According to Hong Kong Energy End-use Data 2010, Fossil fuels, including oil & coal products, are the most commonly used energy for traditional transportation, accounting for over 80% (81%) in fuel combinations in 2008. There is no doubt that their lots of emissions, including greenhouse gases, that would be produced when burning fossil fuels. This would cause air pollution and thus causes global warming and the destruction of the ozone layer. In contrast to traditional transportation, Uber is more environmentally friendly.

According to Uber climate report in the United States and Canada from 2017 through 2019, compared with mobile services such as taxis, Uber travel is less carbon-intensive because of drivers on the platform use more efficient hybrid vehicles six times as much as ordinary car owners. In addition, actively promote riding green zero-emission vehicles to help drivers go to electricity, such as "super greens" and green plans to assist drivers in transitioning to electric vehicle batteries. It can reduce air pollution and global warming. Thus, Uber is more sustainable from the point of view of the environmental pillar. Considering these three pillars, overall, Uber is more sustainable than the traditional competitors.

## 3. Uber's Behavior Analysis from Different Ethical Theories

It is unethical for Uber to treat drivers as independent contractors rather than employees. In traditional enterprises, employers have guaranteed minimum wages and primary insurance benefits for employees. Employers enjoy the benefits of work brought by employees and bear-related costs and responsibilities. Employers and employees are responsible for each other. However, the practice from Uber essentially avoided this responsibility as a company. From the perspective of Justice-based

ethical theory, the contributions of both parties are not equal, and it is unfair and just for Uber to take on small responsibilities but enjoy most of the benefits. Compared with Uber, drivers are the least advantaged group, but they do not receive the corresponding benefits and protection, contrary to this theory. For example, in the absence of a formal contract, if the driver has an accident, the medical expenses usually need to be borne by himself in full or most. Moreover, when drivers feel that they have been mistreated, they may go on strike. In May 2019, Uber drivers took to the streets to protest working conditions and wages in many countries. They believe that "It is unreasonable for Uber executives to benefit a lot while the driver's salary is still low." These show that injustice exists between Uber and the driver.

Uber argues that it is just an online platform, but it is a hugely profitable company. It plays an indispensable role in the transaction process between drivers and passengers and obtains huge commissions. Uber used the independent contractor system, which has attracted much controversy. They must consider their possible impact and the protection of vulnerable groups. It is unethical to shirk responsibility. At the same time, the passage of Assembly Bill No. 5 and 2020 California Proposition 22 also highlights the unethical nature of Uber. Treating drivers as employees will cost them substantial workforce expenditures, even though the local government has passed guaranteed welfare insurance and minimum regulations. However, technology companies led by Uber have implemented pay regulations to prevent the bill from treating drivers as employees.

From the perspective of Relationship-based (ethic of care) ethical theory, we should pay attention to interpersonal relationships and at the same time have an obligation to give special care to those who are close to us. Although Uber provides insurance to the driver, the premise is that Uber carries the passenger or passengers. Otherwise, it is not protected by the insurance policy. Uber's move only considers the impact of the damage in the transaction process on the company and does not care enough for employees.

Under this theoretical basis, compassion, care, and kindness are the most important. However, Uber companies almost only focus on their interests. They treat drivers as independent contractors rather than employees because they want to enjoy the cost of human resources. Although Uber is also gradually improving its welfare system, compared with formal employment, Uber's responsibilities and benefits are still less.

To sum up, although Uber also benefits many drivers who want to work freely, allowing them to have flexible working hours, this does not conceal Uber's desire to get rid of High labor costs, disregarding the purpose of responsibility. Therefore, Uber's practice is unethical.

## **4. Recommendations for Uber's Branding Strategy**

### **4.1 Launch New Energy Vehicle Trail Run**

Uber can encourage drivers to use new energy vehicles in parts of each country and provide welfare subsidies for environmental sustainability. Uber can promote from point to surface. If there are any problems, such as a short cruising range, it can be stopped, standardized, and promoted. At present, traditional cars emit a large amount of exhaust gas. And compared with ordinary cars, the cost of new energy vehicles is lower. According to the survey, an ordinary car is calculated at a gas price of 7 HKD, and it costs about 350 HKD to fill up with fuel, while a new energy vehicle is at 0.813 HKD/kwh, and it only costs about 32 HKD to fully charge. The cost of an ordinary car is more than ten times that of a new energy car.

At present, Shenzhen achieved full electrification of its buses in 2017. The World Bank promoted the "green bus" model to 189 countries around the world. This behavior also establishes an excellent corporate image. This not only protects the environment but also establishes an excellent corporate image.

#### 4.2 Promote Donation Activities for Environmental Construction

Due to the Pollution Violates Justice, the consideration paid by consumers usually includes external costs. Consumers do not know these costs, therefore, infringing on their right to choose. Uber can design a pop-up window on its APP and official website. When the passengers pay the fee, a page will pop up, saying, "Do you want to donate one dollar to contribute your strength to environmental protection" for consumers to choose. When consumers donate up to \$30, they can redeem gifts, such as eco-friendly shopping bags or apply for coupons. This not only respects consumers' right to choose but also gives them the right to know. At the same time, it fulfills corporate responsibilities and makes environmental development and economic growth go hand in hand.

#### 4.3 Improvement on Information Technology – Spam and Privacy

Nowadays, we receive spam almost every day. This kind of mail is significant in number and repetitive. Some criminals even steal other people's email addresses to send emails, damaging the reputation of others. Uber can allow users to choose whether to receive emails or text messages related to consumption activities when registering. If so, what type and how often do they receive it. In this way, users can receive text messages at a suitable frequency. In this way, consumers will not miss out on preferential activities but also respect their wishes, so that consumers are more willing to choose Uber when they have the exact needs.

At present, many companies will distribute to employees' computers. The emails sent on the device can be seen from the terminal, violating the employee's information privacy. An integrated management platform can replace Uber. The sending and transmission of work emails will be automatically synchronized, and the employees' private browsing records and passwords will be automatically blocked. This protects their electronic privacy. It not only establishes the correct corporate culture but also allows employees to concentrate on their work and improve work efficiency. For consumers' privacy, Uber should protect the locations, consumption records and establish a firewall. Developers and testers should develop regular testing and maintenance of anti-hacking software. Moreover, provide employees with popular hacking techniques due to their low awareness of safety precautions.

#### 4.4 Adopt Flexible Working Arrangements to Accommodate Vulnerable Groups

For those employees with exceptional circumstances at home, such as pregnant, employees whose elderly are sick, or employees who cannot return to the company due to the epidemic, assign corresponding tasks according to their departmental work. The premise is that employees need to apply for themselves. The company does not force them. This improves employees' work efficiency, and these employees with exceptional circumstances can keep up with the pace of the company.

Uber is a kind of resource. It has occupied part of the market in most European and American countries. As can be seen from its annual report (See the attached table 1 for details), Asia, Africa, and Latin America have a small share. We can consider developing markets in Asia-Africa and Latin America in combination with local conditions. Some backward areas can try to put vehicles on a small scale (the number does not need too many) for trial operation so that residents can enjoy this kind of service.

**Table 1.** Revenue by Geographical Region.

| <b>Three Months Ended September 30<br/>(In millions, except percentages)</b> | <b>2020</b> | <b>2021</b> | <b>% Change</b> |
|--|-------------|-------------|-----------------|
| The United States and Canada   | \$1,598     | \$2,648     | 66%             |
| Latin America("LatAm")   | 302         | 390         | 29%             |
| Europe, Middle East, and Africa ("EMEA")                                     | 590         | 1,064       | 80%             |
| Asia Pacific ("APAC")  | 323         | 743         | 131%            |
| Total  | \$2,813     | \$4,845     | 72%             |

## 5. Conclusion

Based To conclude, the sharing company assumes less social responsibility than traditional businesses because of the extreme mobility of the sharing economy. Uber is more sustainable than the traditional competitors, compared with their profitability, benefits to society, and impact on the environment. From the perspective of justice and relationship-based ethical theory, Uber is unethical. Finally, this essay provides recommendations on the environment and information technology.

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