Team incentives keep workers from leaving gig jobs, finds research

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As people leave traditional 9-to-5 work for more flexible employment, what will keep them from bolting gig jobs is a greater connection with co-workers and the company, according to a new University of Michigan study.

Gig jobs—similar to work by independent contractors and freelancers—allow millions of people to earn more money and set their own hours. But that autonomy and flexibility come at the expense of work identity and co-workers' bonds, said study co-author Yan Chen, U-M professor of information.

This has resulted in some gig workers leaving their companies. For example, more than 60% of Uber drivers leave the platform in the first six months. To alleviate the problems of lack of engagement and attrition, the researchers turned to identity economics—a concept that people make economic choices based upon financial incentives and their identity—and market design to find solutions.

Researchers developed randomized field experiments involving team formation and inter-team contests at a large ride-sharing platform. They assigned drivers to teams either randomly or based on similarity in age, hometown location or productivity.

Having these teams compete for cash prizes, researchers learned three things:

- Compared with those in the control condition, drivers randomly assigned to virtual teams worked longer hours and earned 12% higher revenue during the contest
- Drivers randomized into teams during the experiment earned 6% higher revenue two weeks after the experiment was over
- Drivers in hometown-similar teams were more likely to communicate with each other, whereas those in age-similar teams continued to work longer hours and earn higher revenue during the two weeks after the contest ended

The study's authors also analyzed the importance of team identity vs. monetary bonuses. For this second experiment, which did not involve monetary bonuses, nearly 28,000 drivers in three cities participated. Drivers saw either their team ranking or individual ranking within their team, whereas those in the control condition saw only their individual performance information.

Drivers in virtual teams worked longer hours and generated a significantly higher revenue than those who did not see the team ranking information, the findings indicated. Furthermore, drivers in the team-ranking treatment continued to be more engaged three months after the end of the experiment.

Qiaozhu Mei, U-M professor of information, said the results show that companies can leverage team identity and contests to increase revenue and worker engagement in a gig economy.

Other researchers included lead author Wei Ai, assistant professor of information studies at University of Maryland; Jieping Ye, University of Michigan associate professor of computational medicine and bioinformatics; and Lingyu Zhang, doctoral student of computer science and technology at Shandong University (China).

The research is published in the journals *Management Science* and *Proceedings of the National Academy of Sciences*.

More information: Wei Ai et al, Putting Teams into the Gig Economy: A Field Experiment at a Ride-Sharing Platform, *Management Science* (2023). DOI: 10.1287/mnsc.2022.4624

Teng Ye et al, Virtual teams in a gig economy, *Proceedings of the National Academy of Sciences* (2022). DOI: 10.1073/pnas.2206580119

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