

Drivers challenge Uber business model in California

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Taxi service Uber's classification of drivers is being challenged in California, threatening the company's business model within the state.

A hearing was held Thursday in San Francisco over whether to authorize a challenge by Uber drivers as a class-action lawsuit. The drivers want to be considered employees rather than independent contractors at the smartphone-based startup.

Drivers for the company have to comply with "a litany of detailed requirements imposed on them by Uber," and so should get the protections and benefits of employees in the state, the complaint from drivers said.

"The drivers' services are fully integrated into Uber's business, and without the drivers, Uber's business would not exist," the complaint said.

A California panel ruled last month that a driver for the service was entitled to employee benefits, a decision Uber has appealed.

If such decisions were applied to all the company's drivers it could potentially take away one of the underpinnings of Uber's business model and cut into profits.

Uber argues that it has no one particular driver type, and its flexibility in work means drivers are independent contractors.

A lot of [drivers](#) "enjoy the flexibility and autonomy and independence that the Uber app provides," said attorney Theodore Boutros who is representing the company.

"It could have real devastating consequences. One driver said it would ruin his business," he added.

Uber has seen massive growth with its popular geolocation taxi service, ballooning to a valuation of some \$50 billion.

But its aggressive business model and competitive pricing have raised ire in some US states and other countries.

Local taxi companies have staged protests, including in France where a nationwide [taxi](#) strike against Uber turned violent, prompting a suspension of its low-cost service.

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