

Driver protests, strikes cast shadow on Uber IPO

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The outlook for Uber ahead of its big Wall Street debut is clouded by complaints from its drivers and a call for a strike in US cities over pay and job security

Rideshare drivers in major US cities were set to stage a series of strikes and protests Wednesday, casting a shadow over the keenly anticipated Wall Street debut of sector leader Uber.

Organizers in some cities were calling for a 24-hour stoppage while the New York Taxi Workers Alliance, which represents both app and traditional taxi drivers, called on drivers to shut down all apps between 7:00 am (1100 GMT) and 9:00 am.

It was unclear how many drivers would take part in the work stoppage amid strike calls in Los Angeles, Philadelphia, Boston and elsewhere. A similar action was expected in London, according to US organizers.

The app drivers for Uber, Lyft, Via and other platforms are seeking improved job security, including an end to arbitrary "deactivations," and a better revenue split between drivers and platforms.

In New York, the alliance was expecting most of its 10,000 app drivers to participate in the stoppage as well as some non-members.

"Wall Street investors are telling Uber and Lyft to cut down on driver income, stop incentives, and go faster to driverless cars," Bhairavi Desai, executive director of the New York association, said in a statement.

"Uber and Lyft wrote in their (regulatory) filings that they think they pay drivers too much already. With the IPO, Uber's corporate owners are set to make billions, all while drivers are left in poverty and go bankrupt."

In Washington, the Drive United association of drivers called for a protest at Reagan National Airport to support the actions in other locations.

"We are asking riders not to cross the picket lines and to respect the strike," said Drive United organizer Jeffrey Dugas.

Drive United said the action was in solidarity with protests in the US and other areas of the world where drivers struggle with the independent contractor model.

"We've spoken with hundreds of drivers, and they know that it's wrong for Lyft and Uber executives to make millions while drivers can't afford healthcare," said Stan De La Cruz, a member of the Washington group.



Lyft has lost 15 percent of its value since its Wall Street debut, raising concerns over whether the "sharing economy" model can be profitable

In Los Angeles, organizers called for "apps off" for 24 hours starting at midnight (0700 GMT) and a series of protests at Los Angeles International Airport.

IPO in the wings

Uber is set to launch its initial public offering (IPO) this week at an estimated valuation of some \$90 billion, including its options and restricted stock unit. The launch will be a major milestone for the company, which has raised billions and disrupted the taxi industry in hundreds of cities around the world.

The move follows a troubled market debut for Uber's largest US rival Lyft, which has lost more than 15 percent of its value since its March IPO.

The strikes highlight the dilemma for rideshare firms, which have faced challenges from regulators and traditional taxi operators for using a business model relying on independent contractors.

Daniel Ives, an analyst at Wedbush Securities, said Uber's rideshare "take rate" increased slightly to 21.7 percent in 2018 but that this will remain a hot point of contention for Uber.

"We do see added risk from Uber aiming to take

greater share of the fare from drivers and expect that the more Uber pushes here, the more drivers will fight back and protest, increasing the likelihood of regulations (particularly at the state level in the US and in Europe) of minimum wage guarantees," Ives said in a research note.

Uber said in a statement: "Drivers are at the heart of our service—we can't succeed without them—and thousands of people come into work at Uber every day focused on how to make their experience better, on and off the road."

Lyft drivers' hourly earnings have increased over the past two years and surpassed \$10 billion, the company said in a statement.

"Over 75 percent drive less than 10 hours a week to supplement their existing jobs," Lyft said. "On average, Lyft drivers earn over \$20 per hour."

Both Lyft and Uber set aside some of their shares for drivers as part of their offerings.

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