Technology and platform providers have been challenging the traditional economy and have been generating a new group of workers, known as “Gig Workers” or independent workers.

Some studies indicate that there are between 54 and 68 millions of independent workers in United States which are classified in four segments[[1]](#footnote-1): Free agent, Casual earner, Reluctant, Financially strapped.

A gig worker is a person who provides temporary services for platform providers as an independent contractor for short-terms, on the idea of task-based labor. Some proclaim that the possibility to work with more freedom allows gig workers to have more options, but others indicate that actually this new reality leaves workers with less options and also with more risks than any other independent contractor.

In this instance we will focus in Uber drivers.

**ECONOMY:**

Profits and the costs that drivers have are complex and variable depending on the time and the distance. Different factors might influence the income, such as: (i) offer and demand, (ii) whether the route is shared between many people who opt for pool services, (iii) bonuses and promotions that companies can provide, (iv) costs of the car, e.g.: rent a car or vehicle depreciation, insurance, maintenance, fuel, etc., (v) taxes, (vi) suppliers (services, e.g. tax advisor), (viii) tips.

The Study made by MIT Center for Energy and Environmental Policy Research[[2]](#footnote-2) considered that, drivers, per mile, approximately, have a median of:

|  |  |
| --- | --- |
| ***Concept*** | ***Median $/per mile*** |
| **Revenue** | **$ 0,592 before expenses[[3]](#footnote-3)** |
| Insurance, Maintenance and Repair costs | $ 0.13 |
| Depreciation costs | $0 .05[[4]](#footnote-4) |
| Fuel | between $ .05 and $ 0.27 |
| **Total Costs** | **$ 0.3[[5]](#footnote-5) *(approx.)*** |
| **Profits before taxes** | **$ 0.29** |
| **Standard mileage deduction** | **$0.54** |

Taxes are significantly larger than the total costs, and 47% of drivers report fewer profits than the standard mileage deduction. Although they are earning as a median per month $ 309.7, with a taxable median income of $ 52.85. The median income per hour is $ 3.37/hour. In daily practice, some in their tax filed negate income, adding losses or using others nets. Approximately 30% of the drivers are failing to earn profit per mile.[[6]](#footnote-6)

1. McKinsey: “Independent work: choice, necessity, and the Gig Economy”. URL: <https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Employment%20and%20Growth/Independent%20work%20Choice%20necessity%20and%20the%20gig%20economy/Independent-Work-Choice-necessity-and-the-gig-economy-Executive-Summary.ashx> [↑](#footnote-ref-1)
2. Ibídem [↑](#footnote-ref-2)
3. Vary, but infrequently more than $ 1.00/mile. [↑](#footnote-ref-3)
4. Closely 90% have depreciation costs fewer than $0.10/mile [↑](#footnote-ref-4)
5. A minor exceed % .50/mile. [↑](#footnote-ref-5)
6. Preston 2017, Singer-Vine and O’Donovan 2016, Earnest 2017, Hall et al 2017, Castillo et al 2017: all referenced in “The Economics of Ride-Hailing: Driver Revenue, Expenses and Taxes” by Zoepf, Stephen and others, from Center for Automotive Research at Stanford, Stanford University Graduate School of Business. URL: <https://orfe.princeton.edu/~alaink/SmartDrivingCars/PDFs/Zoepf_The%20Economics%20of%20RideHialing_OriginalPdfFeb2018.pdf> [↑](#footnote-ref-6)