



Is The Honeymoon Over for Uber and the ‘Gig Economy’?

Over the last few years there has been a significant increase in the number of individuals choosing to work on a self-employed basis via the so called ‘gig economy’. The rise in the numbers of self-employed has been explained as being due to many individuals craving more control over their working week and wanting an alternative to the 9 to 5 in the same job. This change in attitude against more secure traditional working patterns has also provided organisations with a cost effective way of aligning manpower to operational demand at any given time.

Employment rights campaigners have however taken a different view about this new way of working, believing that has opened up new forms of employer exploitation towards individuals who operate within the gig economy. These workers have limited legal protection and forgo even the most basic employment rights associated with normal employment, such as living wage, holiday pay, sick pay and of course pensions.

Inevitably, it was only a matter of time before this mode of employment was challenged. One of the most famous firms in the gig economy is Uber, a global taxi phenomenon who successfully put the digital in cabbing and proceeded to clean up, especially within the younger marketplace.

In the first case of its kind last week, an employment tribunal rejected Uber’s arguments that two of its drivers were self-employed. Although not granted full employment status, both drivers were found to be workers, which entitles them to paid annual leave and to receive the national minimum wage. While this case may not appear to be particularly significant as it relates to only two drivers, no doubt Uber will be considering the financial implications given that it works with 40,000 drivers across the UK.

Helen Taylor Head of Employment at award winning and leading regional law firm Pictons says, “This case has prompted strong reactions from all sides. It’s a victory for those working in the gig economy and a potential financial disaster for gig operators. It’s too soon to say what the true impact of this case will be but it is not the end of the matter. If Uber appeals and there are further cases waiting to be heard, it may be some time before there is a final decision on the issue. Even then, there is unlikely to be complete certainty for either party as each decision will probably be on a case by case basis. What is certain is that employment tribunals will continue to scrutinise very closely the working arrangements of the parties to ensure that basic workers’ rights are being protected and provided for where they are due.”