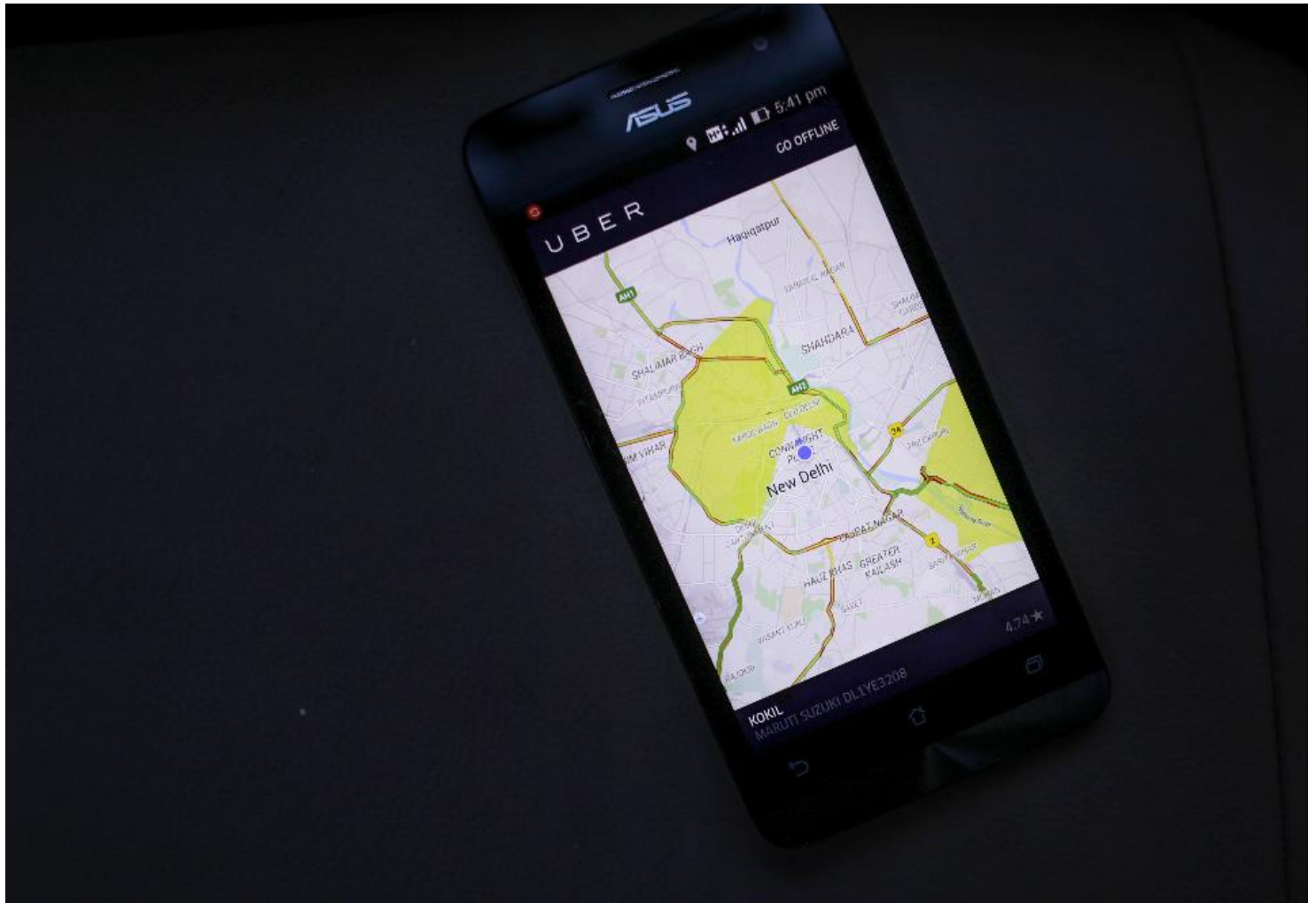


Uber Allows Tips And Botches Stakeholder Engagement

As a result of a employee mis-classification lawsuit [settlement](#) that Uber has reached in California and Massachusetts, Uber drivers are now allowed to solicit tips. Regardless of whether you support or deride the outcome, it is the latest evidence that Uber has failed at stakeholder engagement with its drivers.



Photographer: Dhiraj Singh/Bloomberg

A lot of bad blood has accumulated between the ride sharing service and its key service delivery mechanism, its drivers. Over the years, Uber has battled with them over pay rates, deactivation policies, and over-recruiting. These issues may have impacted the customer experience by producing longer wait times and more frequent surge pricing due to smaller driver pools and in the occasional earful of complaints a rider might get from a disgruntled driver. But those impacts have been relatively small and subtle and their causes have been unclear.

But allowing drivers to solicit tips from riders clearly and seriously impacts the Uber customer experience. It introduces social pressure and awkwardness into the driver-rider interaction and it means riders need to worry about having the right amount and denomination of cash to give a tip and to deal with the hassles of tracking the tips they give whether for personal financial management or for business expense reimbursement. Convenience is replaced with concern, liberation with anxiety, hassle-free with stressful. The experience of riding with Uber will no longer be

friction-less.

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Please don't misunderstand me — I'm not against tipping in general. It just goes against the simplicity and seamlessness that is Uber's brand essence. And it demonstrates that Uber drivers who solicit tips, no matter how un-intrusively and gently done, are not engaged with that essence. They don't seem to appreciate that the Uber customer experience is designed so customers don't have to think or worry — and they don't seem to understand that when a customer experience fails to deliver on the brand promise, customers usually choose to take their business elsewhere.

Now, I don't blame the drivers for these gaps. Tips for delivering services like driving are customary and expected these days, and I understand some Uber drivers barely eek out any profit from their jobs with the company, so I see why tips appear to be an attractive option to drivers.

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It is Uber that must take responsibility for the disconnect. Engaging and aligning stakeholders with the brand is an imperative for any organization that wants to build a great brand. Stakeholders must embrace and adopt the brand essence and values as much as the executives and employees do. They must learn more than how to do their jobs and follow service standards — they must be trained, motivated, and rewarded for interpreting and reinforcing the brand appropriately. If a company's key stakeholders are actively detracting from the intended customer experience, as is the case with Uber's drivers, then the company has clearly failed to prioritize stakeholder engagement.

Uber doesn't seem to appreciate the implications of its failure. In fact, it seems to have washed its hands clean of the matter. Not only is the company refusing to acknowledge any change to its tipping policy, it states on its [blog](#), "Tipping is not included, nor is it expected or required. In fact riders tell us that one of the things they like most about Uber is that it's hassle-free. And that's how we intend to keep it." In true ostrich fashion, Uber seems to be not accepting reality, much less responsibility for it.

It's unclear whether Uber hopes most drivers won't solicit tips or if it hopes that the impact on customers will be minimal — either way, hope is not a strategy. The company must steward its brand and customer experience. Instead of wishing the problem away, it should work with its drivers to develop an approach to compensation that addresses drivers' desire for more pay and recognition as well as continues to provide the friction-free experience its customers love.

In a [separate blog post](#), CEO Travis Kalanick explained the actions the company would be taking as a result of the lawsuit settlement, including publishing its driver deactivation policy and creating a peer review process to review its decisions. He observed, "We haven't always done a good job working with drivers... It's time to change."

I hope Kalanick and his company realize that they also need to change and address the issue of tipping — and they need to do it quickly before too many customers become alienated and abandon the service. But moreover, I hope Uber realizes the importance of stakeholder engagement in general — and perhaps even seizes the opportunity to convert its drivers into its biggest brand ambassadors.

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