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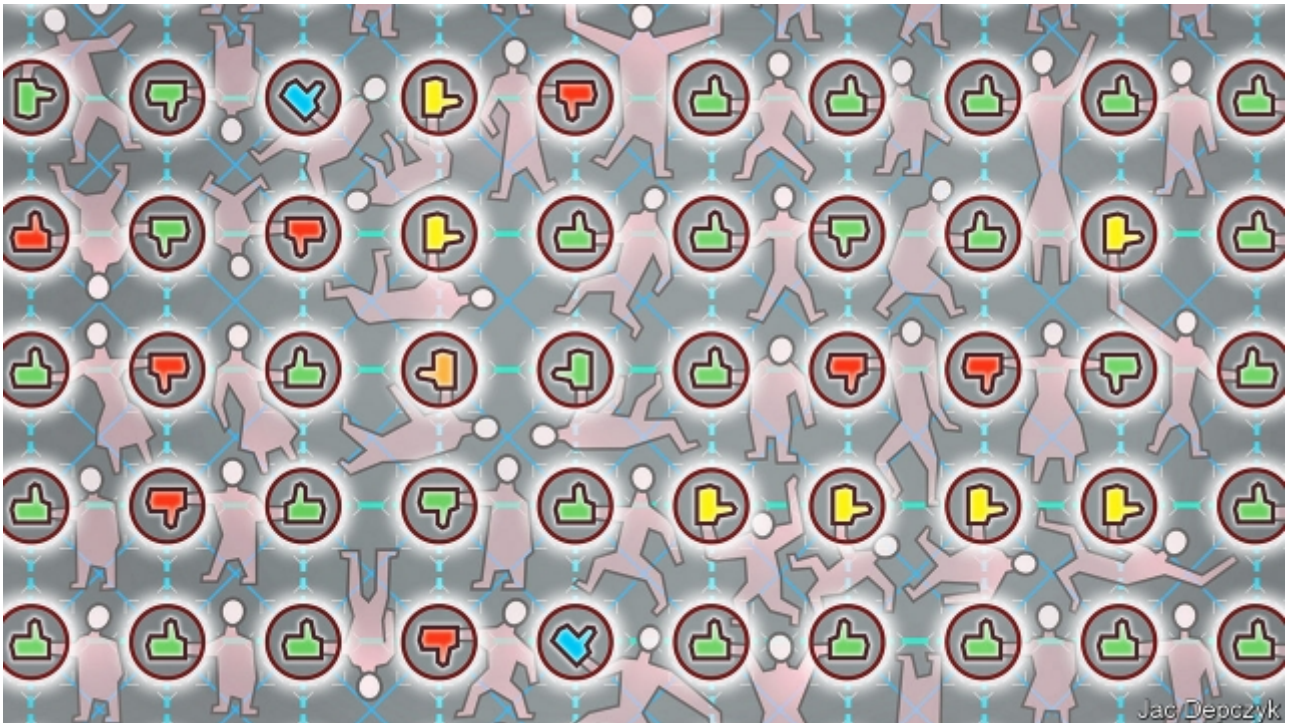
User-rating systems are cut-rate substitutes for a skilful boss

The management of a growing share of workers is outsourced to strangers

📖 **Print edition | Finance and economics**   Jun 30th 2018

IT OFTEN arrives as you stroll from the kerb to your front door. An e-mail with a question: how many stars do you want to give your Uber driver? Rating systems like the ride-hailing firm's are essential infrastructure in the world of digital commerce. Just about anything you might seek to buy online comes with a crowdsourced rating, from a subscription to this newspaper to a broken iPhone on eBay to, increasingly, people providing services. But people are not objects. As ratings are applied to workers it is worth considering the consequences—for rater and rated.

User-rating systems were developed in the 1990s. The web held promise as a

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provided ratings. Conventional employers are jumping on the bandwagon. A phone call to your bank, or the delivery of a meal ordered online, is now likely to be followed by a notification prompting you to rate the person who has just served you.

Superficially, such ratings also seem intended to build trust. For users of Uber, say, who will be picked up by drivers they do not know, ratings look like a way to reassure them that their ride will not end in abduction. Yet if that was once necessary, it is no longer. Uber is a global firm worth tens of billions of dollars and with millions of repeat customers. Its customers know by now that the app records drivers' identities and tracks their route. It is Uber's brand that creates trust; for most riders, waiting for a driver with a rating of 4.8 rather than 4.5 is not worth the trouble.

Rather, ratings increasingly function to make management cheaper by shifting the burden of monitoring workers to users. Though Uber regards its drivers as independent contractors, in many ways they resemble employees. The firm seeks to provide users with a reasonably uniform experience from ride to ride. And because drivers are randomly assigned to customers, it is the platform that cares whether rides lead to repeat business and which therefore bears the cost of poor behaviour by drivers. Ordinarily a firm in such a position would need to invest heavily in monitoring its workers—hiring staff to carry out quality assurance by taking Uber rides incognito, for instance. A rating system, however, reduces the need for monitoring by aligning the firm's interests with those of

themselves for damaging a stranger's work prospects. And even when users are accurate, their ratings may reflect factors beyond a service provider's control, such as unexpected traffic. Systems that allow users to leave more detailed feedback (as Uber's has begun to) could address this, but at the cost of soaking up more time, which could mean fewer reviews.

When the quality of a match between a worker and a task is particularly important, the problem of sorting the signal from the noise in rating systems grows. Skilled managers can tell when a worker struggling in one role might thrive in another; rating systems can capture only expressions of customer dissatisfaction. Such difficulties also affect gig-economy platforms. Poor ratings on a job-placement site could reflect an inappropriate pairing between a worker with one set of skills and a firm that needs another, rather than the worker's failure of effort or ability.

Platforms can reduce the potential for such errors by including more information about tasks and the workers who might tackle them. Yet they may discover to their chagrin that more information also provides users with more opportunities to discriminate. An analysis of Upwork, for example, found that employers of Indian descent disproportionately sought Indian nationals for their tasks. True, this particular sort of information could be concealed—and conventional management permits plenty of discrimination. But firms typically have a legal obligation not to discriminate, and to train managers accordingly.

Overrated

Management is underappreciated as a contributor to success. Recent work by Nicholas Bloom, John Van Reenen and Brynjolfsson suggests that good

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This article appeared in the Finance and economics section of the print edition under the headline "Barely managing"

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