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EVIDENCE FROM OVER A MILLION RIDESHARE DRIVERS

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The Gender Earnings Gap in the Gig Economy: Evidence from over a Million Rideshare Drivers
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ABSTRACT

The growth of the “gig” economy generates worker flexibility that, some have speculated, will favor women. We explore this by examining labor supply choices and earnings among more than a million rideshare drivers on Uber in the U.S. We document a roughly 7% gender earnings gap amongst drivers. We completely explain this gap and show that it can be entirely attributed to three factors: experience on the platform (learning-by-doing), preferences over where to work (driven largely by where drivers live and, to a lesser extent, safety), and preferences for driving speed. We do not find that men and women are differentially affected by a taste for specific hours, a return to within-week work intensity, or customer discrimination. Our results suggest that there is no reason to expect the “gig” economy to close gender differences. Even in the absence of discrimination and in flexible labor markets, women’s relatively high opportunity cost of non-paid-work time and gender-based differences in preferences and constraints can sustain a gender pay gap.

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1 Introduction

The wage gap between men and women has narrowed throughout the past four decades, with 2010 estimates suggesting women earn 88 cents on the dollar when compared to similar men in similar jobs (Blau and Kahn (2017)).¹ Much of the remaining wage gap can be explained by fewer hours worked and weaker continuity of labor force participation by women, especially for middle-age workers where gender wage gaps are largest (Bertrand et al. (2010) and Blau and Kahn (2017)). Goldin (2014) has suggested that work hours and disruption in labor force participation dramatically lower wages due to a “job-flexibility penalty,” where imperfect substitution between workers can lead to a convex hours-earnings relationship. In contrast, the role of on-the-job training (Mincer and Polachek (1974)) is thought to play an economically smaller role (Blau and Kahn (2017)).²

It is possible that the growth of the “gig” economy could help narrow the gender wage gap in the economy. Gig economy jobs divide work into small pieces and then offer those pieces of work to independent workers in real-time, allowing for easy substitution of work across workers. This ease of worker substitutability should severely limit a “job-flexibility penalty,” and potentially exhibit little to no gender pay disparity. Indeed, Hyperwallet (2017) reports that “86% of female gig workers believe gig work offers the opportunity to make equal pay to their male counterparts.” Further, estimates suggest about 15% of U.S. workers primarily do independent work, that 30% do some independent work, and that the share is growing (Katz and Krueger (2016), Oyer (2016), and McKinsey Global Institute (2016)). As more industries gravitate towards using gig work, the importance of the the job-flexibility penalty in gender wage inequality could weaken.

In this paper, we make use of a sample of over a million drivers to quantify the determinants of the gender earnings gap in one of the largest gig economy platforms: Uber’s platform for connecting riders and drivers. Uber sets its driver fares and fees through a simple, publicly available formula, which is invariant between drivers. Further, similar to many parts of the larger gig economy, on Uber there is no negotiation of earnings, earnings are not directly tied to tenure or hours worked per

¹See Table 4 Panel B of Blau and Kahn (2017), combining the residual wage gap with the effects of experience.

²Blau and Kahn (2017) note that the evidence here is mostly based on older studies (Light and Ureta (1995)). Indeed, data on experience often contain sizable measurement error in traditional datasets (Blau and Kahn (2013)).

week, and we can demonstrate that customer-side discrimination is not materially important. These job attributes explicitly rule out the possibility of a “job-flexibility penalty.”³ We use granular data on drivers and their behaviors in a given hour of the week to precisely measure driver productivity and returns to experience.

We find that men earn roughly 7% more per hour than women on average, which is in line with prior estimates of gender earnings gaps within specifically defined jobs (Bayard et al. (2003), Barth et al. (2017)). We can explain the entire gap with three factors. First, through the logic of compensating differentials, hourly earnings on Uber vary predictably by location and time of week, and men tend to drive in more lucrative locations. This is largely because male drivers tend to live near more lucrative locations and because men earn a compensating differential for their willingness to drive in areas with higher crime and more drinking establishments.

The second factor is rideshare-specific human capital. Even in the relatively simple production of a passenger’s ride, past experience is valuable for drivers. A driver with more than 2,500 lifetime trips completed earns 14% more per hour than a driver who has completed fewer than 100 trips in her time on the platform, in part because she learns where and when to drive and how to strategically cancel and accept trips. Male drivers accumulate more experience than women by driving more each week and being less likely to stop driving with Uber. Because of these returns to experience and because the typical male driver on Uber has more experience than the typical female—putting them higher on the learning curve—men earn more money per hour.

A unique aspect of our data is our ability to both precisely measure a driver’s experience and measure the return to experience through improved driver productivity, holding fixed the compensation schedule. Traditional datasets studying the gender pay gap often have very poor measures of experience (usually just a worker’s age, sometimes years of employment). This measurement error in experience leads to attenuated estimates of the return to experience. We show that this measurement error in experience can lead to biased estimates of the job-flexibility penalty. When we remove our precise measure of experience (number of rides completed) and replace it with the

³This is in contrast with taxi markets in cities such as New York with supply-limiting medallions. In these markets, because the cost of switching drivers is that a valuable medallion will be off the road, contracts are generally structured to make it uneconomical for taxi drivers not to work a very long day. See Haggag et al. (2017).

typical measure used in other papers (a quadratic in driver age), we find a convex hours/earnings relationship in Uber drivers. Drivers who drive 30+ hours per week for Uber earn a 9% higher hourly wage than those who driver fewer than 10 hours per week. However, once we add in our precise controls for driver experience, we find a *concave* hours/earnings relationship. Drivers working 30+ hours per week earn 7% less per hour than those working fewer than 10 hours per week. For Uber drivers, this is likely due to drivers who work fewer hours per week being able to cherry pick high pay hours, while those working full-time must work some of the less lucrative times.

Because workers who work long hours also accumulate human capital at a faster rate per week, the importance of the job-flexibility penalty in the gender pay gap might be overstated in studies lacking good measures of worker experience. Separating out the importance of job-flexibility versus the return to experience for the gender pay gap in the broader economy is critical for formulating policy. Policies that improve job-flexibility (such as moving towards gig work) may only have a modest effect on the gender gap if the returns to experience are a key driver of the hour-earnings relationship.

The residual gender earnings gap that persists after controlling for these experience and where and when drivers work can be explained by a single variable: average driving speed. Increasing speed increases expected driver earnings in almost all Uber settings. Drivers are paid according to the distance and time they travel on trip and, in the vast majority of cases, the loss of per-minute pay when driving quickly is outweighed by the value of completing a trip quickly to start the next trip sooner and accumulate more per-mile pay (across all trips). Men’s higher driving speed appears to result from preferences as we see no evidence that drivers respond to the incentive to drive faster. Men’s higher average speed and the productive value of speed for Uber and the drivers (and, presumably, the passengers) enlarges the pay gap in this labor market.

We interpret these determinants of the gender pay gap—a propensity to gain more experience, choice of different locations, and higher speed—as preference-based characteristics that are correlated with gender and make drivers more productive.⁴ While much prior work has also shown a relationship between the gap and factors that are likely to be related to preferences, we know of

⁴For the purposes of this paper, we use “preferences” to refer to an individual’s optimal choices given his/her constraints. Naturally, men and women may face different constraints that will impact these choices.

no prior work that fully decomposes the gender earnings gap in any setting. Beyond measuring the gender earnings gap and unpacking it completely in an important labor market, our simple analysis provides insights into the roots of the gender earnings gap and, following the approach described in Gelbach (2016), the share of the pay gap that can be explained by each factor. First, driving speed alone can explain nearly half of the gender pay gap. Second, over a third of the gap can be explained by on-the-job learning, a factor which is often almost impossible to evaluate in other contexts that lack high frequency data on pay, labor supply, and output. The remaining gender pay gap can be explained by choices over where to drive. Men’s willingness to supply more hours per week (enabling them to learn more) and to target the most profitable locations shows that women continue to pay a cost for working reduced hours each week, even with concavity in the hours-earning schedule. As the gig economy continues to grow, it will likely bring even more flexibility in earnings opportunities, which is valued by at least some workers (Angrist et al. (2017) and Chen et al. (2017) document the value of flexibility to drivers) if not by all workers (see Mas and Pallais (2017)). However, the returns to experience and the temporal and geographic variation in worker productivity will likely persist and thus lead to a persistent gender earnings gap.

We also show that at least three factors that one might expect to favor men in the labor market and to be relevant for Uber drivers do *not* contribute to men making more. Customers do not discriminate by gender of driver, there is not a financial return to work intensity within a period of time (for example, driving forty hours per week instead of twenty), and women do not suffer a financial penalty for the specific hours of the day and days of the week that they choose to drive. The fact that these issues do not penalize women suggest that the non-discriminatory and flexibly nature of gig work may help women to achieve pay equity conditional on accumulated experience and some dimensions of preferences.

Our paper, like a few others that have come before, focuses on gender differences within a single company and/or a narrowly defined set of workers.⁵ For example, Bayard et al. (2003) uses employer-employee matched data in the US from 1989 to analyze within-establishment gender pay gaps. They find a gender pay gap of 16% within occupations and establishments, which can

⁵For a general overview of the literature on male/female wage differentials and the factors that lead to them, see Altonji and Blank (1999), Bertrand (2011), and Blau and Kahn (2017).

account for about 50% of the overall pay gap. Since these results are almost three decades old and the economy-wide gender gap has narrowed substantially in the intervening years (Blau and Kahn (2017)), this suggests our Uber gender gap of 7% is likely not far from the typical within-firm gap.

Several prior papers have shown clear empirical connections between gender pay gaps and factors that are likely related to gender differences in preferences. Bertrand et al. (2010) show that the gender gap among graduates of a single prestigious MBA program starts small but widens considerably. The growth in the gender gap can be explained almost entirely by differences in hours worked (due to a combination of women working fewer hours per week, conditional on working, and being more likely to have gaps in their careers) which can, in turn, be explained by child rearing.⁶ The mechanism for the hours/earnings connection is unclear as the authors cannot determine whether the female earnings penalty is due to a convex hours-earnings relationship or a learning-by-doing effect. Our results (though in a very different context) are surprisingly similar and our data enable us to quantify the importance of learning-by-doing and to rule out (at least for drivers on Uber) work intensity as a driver of the gap.

Other papers find broadly similar results. Azmat and Ferrer (2017) document a large earnings premium for men among young lawyers in the United States that is largely attributable to factors related to hours worked such as hours billed and new clients brought in. Gallen (2015) analyzes a broad sample of Danish workers and find that mothers are much less productive than other women or men, which explains most of the wage difference.

The returns to hours worked need not generate a gender gap, however, as Goldin and Katz (2016) show in their study of the market for pharmacists. Pharmacists have become increasingly female over time, the gender pay gap amongst pharmacists is a small 4%, and the gap only exists for women who have children. As compared to the MBAs in Bertrand et al. (2010), the importance of hours and child rearing is economically weaker and there is no evidence of a “job-flexibility penalty.”

Other papers have attributed part of the gender gap to factors unlikely to be important in the rideshare market—differences in willingness to bargain and firms sharing rents with employees. See

⁶Similar conclusions can be drawn from the analysis in Barth et al. (2017). They look at the gender gap over careers and by education. They show that the gender gap grows substantially with age for the college-educated due to men’s pay rising faster within establishments.

Card et al. (2015) and Hirsch et al. (2010) using matched employee/employer data from Portugal and Germany, respectively, Black and Strahan (2001) studying U.S. banks upon deregulation, and a broader analysis of gender and negotiations in Babcock and Laschever (2003). Lab experiments such as Niederle and Vesterlund (2007) and field experiments such as Flory et al. (2015) suggest that another contributing factor to the gender pay gap is that women disproportionately shy away from competition. Other papers show that some of the gender gap can be explained by differential sorting (which could be at least partially due to differences in preferences), including Card et al. (2015), Gupta and Rothstein (2005), and Bayard et al. (2003). Sorting is not relevant in our context, as we study a single firm. However, there clearly is gender-based sorting into rideshare driving given that our sample is overwhelmingly male.

The paper proceeds with a description of our data and the documenting of a 7% hourly earnings gender gap among well over a million drivers on Uber. Having established that there is a gender earnings gap for drivers, we study the details of how drivers are compensated so that we can break down all components that affect driver pay. We focus on drivers in the Chicago metropolitan area to reveal the primary determinants of the earnings gap, though we also show, using data from several other cities, that our conclusions are invariant to the market we choose. We conclude with implications and summary remarks.

2 Uber: Background and Data

2.1 The Uber Marketplace

Uber’s software connects riders with drivers willing to provide trips at posted prices. Riders can request a trip through a phone app, and this request is then sent to a nearby driver. The driver can either accept or decline the request during a short time window after seeing the rider’s location. If the driver declines the ride, then the request is sent to another nearby driver. Some products slightly vary this experience. For example, UberPOOL trips may involve picking up multiple riders traveling along a similar route. At the end of each ride, the passenger and driver rate each other on a scale from one to five stars.

Drivers have full discretion regarding when and where they work. Unlike wage and salary workers, drivers do not receive standard employee benefits like overtime or (for many, but not all, wage and salary workers) healthcare. A comprehensive discussion of the classification of drivers as independent contractors is out of the scope of this paper, but driver independence is convenient for this study insofar as we do not need to consider differential value for different kinds of compensation beyond monetary compensation and flexibility.

Drivers are paid according to a fixed, non-negotiated formula. For a given trip, the driver earns a base fare plus per-minute and per-distance rates for the time and distance from pickup to dropoff. In times of imbalanced supply and demand, as manifested by high wait times and few available drivers, a “surge” multiplier greater than one may multiply the time and distance-based fare formula. Importantly, there are no explicit returns to tenure (e.g., promotion), convex returns to hours worked (i.e. higher hourly pay for 50 hours of work than 20 hours of work in a week), or opportunities for earnings discrepancies based on negotiated pay differentials on Uber.⁷

In our analysis, we will essentially be treating earnings as equivalent to productivity. This is a reasonable assumption on any single trip, as driver earnings for a trip are highly correlated with rider fares.⁸

One concern is that, if a driver takes an action that increases or decreases a rider’s demand for future Uber rides, then a trip’s revenue could overstate or understate the driver’s marginal product of labor for that ride. For our analysis, this is only an issue if there are differences by driver gender in how drivers affect future demand. To address this, we looked at the ratings passengers provide for drivers at the end of each ride. Reassuringly for our approach, the average of rider ratings of drivers is statistically indistinguishable between genders. When we regress ratings on gender and the control variables used throughout the paper, we find an economically trivial (and,

⁷Occasionally, certain promotions will pay for convex hours worked by rewarding drivers for hitting certain thresholds of weekly trips; however, these thresholds are tailored to drivers based on their driving frequency in past weeks and attainable even for infrequent drivers. Further, incentives are a small portion of the average driver’s pay and our results hold when considering only “organic” pay.

⁸Before Summer 2016, driver pay and rider fares for a trip were directly coupled, with a percentage service fee taken by Uber. However, rider fares are now “decoupled” and, while correlated with driver earnings, are not mechanically tied to earnings. Furthermore, while Uber now allows riders to tip their drivers in-app, this did not become available until June 2017, which is outside the scope of our data. We do not believe that cash tips – which were possible before in-app tipping – had a material impact on driver earnings.

in most specifications, statistically insignificant) relationship between driver gender and ratings. These analyses provide some reassurance that there are not important differences by driver gender in drivers’ effects on Uber’s reputation or a rider’s propensity to take future Uber rides.

In our analysis, we focus on the UberX and UberPOOL products to ensure that drivers in our data were completing comparable work and faced similar barriers to entry; other Uber products may have alternative pay structures (e.g., UberEATS) or stricter car and license requirements (e.g., UberBLACK).

2.2 Driver Earnings

For each trip completed, drivers are paid a base fare plus a per-mile and per-minute rate. In Chicago (as of 2017), drivers are paid a \$1.70 base fare plus \$0.20 per minute and \$0.95 per mile for each UberX trip (which are all, at times of high demand, multiplied by the surge multiplier).⁹

Drivers can also earn money from “incentives.” For example, drivers may be offered additional pay for completing a set number of trips in a week. Another type of incentive guarantees drivers a certain surge level for trips taken within a given geography and time (e.g. 1.4x all fares in the Chicago Loop during rush hour). While the use of incentives has varied over time, on average they account for under 9% of a driver’s hourly earnings in our data.

With all of these components in mind, we formalize the driver’s effective hourly earnings $p(\cdot)$ for a given trip as

$$p(\cdot) = 60 * \left(\frac{SM \left(r_b + d_1 r_d + 60 * \frac{d_1 r_t}{s} \right) + I}{w + 60 * \frac{d_0 + d_1}{s}} \right) \quad (2.1)$$

where r_b , r_d , and r_t respectively represent the base fare, per-mile, and per-minute rates, SM is the surge multiplier, d_0 is the distance between accepts and pickup, d_1 is the distance on trip, s is speed, w is wait time for dispatch, and I represents the incentive earnings associated with the trip.

For UberPOOL trips—where multiple riders heading in the same direction can ride together—the pay formula treats the chain of trips as a single trip. The driver still receives a base fare for

⁹For UberX trips, there is also a minimum fare of \$4.60 in Chicago.

the initial pickup plus a per-mile and per-minute rate.¹⁰ Importantly, pay does not depend on the number of riders in the car.

2.3 National Data

Our national data include all driver-weeks for drivers in the U.S. from January 2015 to March 2017. We limit the data to drivers for Uber’s “peer-to-peer services,” UberX and UberPOOL; drivers who have completed a trip on other products such as UberXL, UberBLACK, or UberEATS are excluded.¹¹ The resulting data include over 1.87 million drivers, about 512K of whom are female (27.3%).¹² In total, we observe almost 25 million driver-weeks in 196 cities.¹³

For each driver-week, we track total earnings and hours worked. We compute hourly earnings as the total payout in that week divided by hours worked. For the purposes of this paper, a driver is considered to be “working” whenever the app is on and available for trips; that is, while on a trip, en route to a pickup, or available for a dispatch. All earnings are gross earnings. Costs such as gas, car depreciation, and Uber’s service fee have not been subtracted from the earnings we present.¹⁴ We discuss costs in more depth in the appendix.

2.4 National gender earnings gap

Table 1 presents summary statistics of driver pay overall by gender. Active drivers gross an average of \$376 per week and \$21 per hour. More than 60% of those who start driving are no longer active on the platform six months later (though some of these drivers may be on an extended break). Comparing across gender in Table 1, we find a first hint of differences between male and female

¹⁰UberPOOL rates are sometimes marginally lower than UberX rates. In Chicago, the per-mile and base fare are identical to UberX, but the per-minute rate is 6 cents lower.

¹¹UberEats has a different pay structure than ride sharing, paying piece-rate for pickups, dropoffs, and miles driven, and has less stringent vehicle requirements for drivers. Results are consistent with or without UberEats drivers (who make up approximately 13% of the sample). UberBLACK drivers are commercially licensed and may face large regulatory barriers to entry depending on the city.

¹²This percentage is higher than the number of active women drivers in a given month due to women having higher attrition (Table 1).

¹³We follow Uber’s definition of city, which does not always match canonical definitions. For example, the state of New Hampshire is considered a single city.

¹⁴Uber increased its service fee from 20% to 25% in September 2015; however, drivers who joined before then were grandfathered in and still pay only 20%. This differentially impacts women, who are more likely to have joined the platform more recently. We look at earnings before the service fee is applied.

drivers. Men make nearly 50% more per week than women, which is primarily a reflection of their choice to work nearly 50% more hours per week. On an hourly basis, men make over \$1/hour more.¹⁵ Men are also less likely to leave the platform.

Table 1: Basic summary statistics, all US drivers

| | All | Men | Women |
|------------------------|-------------|-------------|------------|
| Weekly earnings | \$376.38 | \$397.68 | \$268.18 |
| Hourly earnings | \$21.07 | \$21.28 | \$20.04 |
| Hours per week | 17.06 | 17.98 | 12.82 |
| Trips per week | 29.83 | 31.52 | 21.83 |
| 6 month attrition rate | 68.1% | 65.0% | 76.5% |
| Number of drivers | 1,873,474 | 1,361,289 | 512,185 |
| Number driver/weeks | 24,832,168 | 20,210,399 | 4,621,760 |
| Number of Uber trips | 740,627,707 | 646,965,269 | 93,662,438 |

Note: Values are based on all UberX/UberPOOL driver-weeks in the US from January 2015 - March 2017. The percent of drivers who are female varies across city; to mitigate composition effects, we weight averages at the city level by *total* number of drivers in a city, rather than by number of male (or female) drivers. 6 month attrition rate is defined as the percent of drivers who are no longer active 26 weeks after their first trip. We consider drivers to be active on a given date if they complete another trip within another 26 weeks of that date. For calculating attrition rate, we subset to drivers who completed their first trip between Jan 2015 and March 2016 to allow us to fully observe whether they are inactive, per the definition above, 26 weeks after they join.

Figure 1 provides a graphical view of the hourly earnings gap for all U.S. drivers from early 2015 through early 2017. The gap seen in Table 1 is fairly constant throughout the sample period. Pay of drivers fluctuates, but the changes are generally gender neutral.

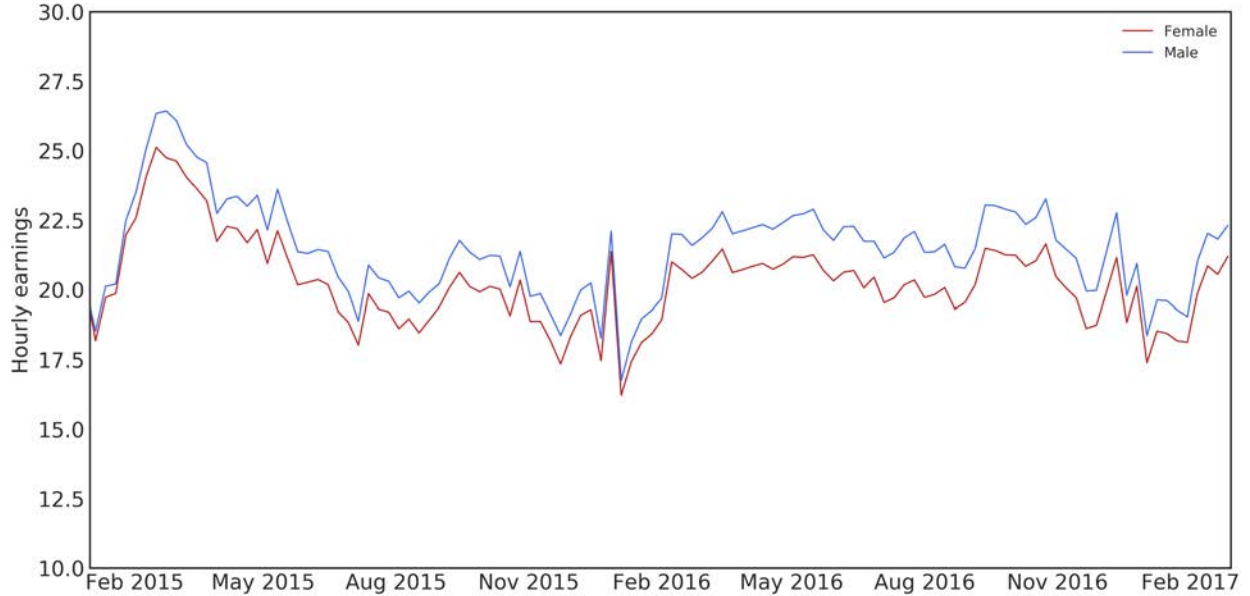
Table 2 uses these national data and measures the gender pay gap through a set of standard Mincer regressions. Specifically, we estimate

$$\ln(Earnings_{dt}) = \beta_0 + \beta_1 isMale_d + \rho X_{dt} + \epsilon_d \quad (2.2)$$

for driver d in time period t , where $Earnings$ are the gross weekly or hourly earnings in that time period, as described above, $isMale$ is an indicator variable for a driver's gender, and X_{dt} is a set of controls such as week and city indicator variables.

¹⁵An informal survey by The Rideshare Guy, a blog covering ridesharing, found a gender pay gap of over \$2 per hour; however, in addition to being self-reported earnings, this does not control for gender composition effects across cities (The Rideshare Guy (2017)).

Figure 1: Average hourly earnings, US



Note: Data based on hourly earnings averaged across all UberX and UberPOOL drivers who worked in a given week. The percent of drivers who are female varies across city; to mitigate composition effects, we weight averages at the city level by *total* number of drivers in a city, rather than by number of male (or female) drivers. Earnings are gross; costs such as the Uber commission or gas are not subtracted.

Table 2 provides clear evidence that, when examining almost two million drivers across the United States (representing more than one percent of the US workforce) and controlling for the city and the conditions for a given week, there remains a substantial gender pay gap. Men in the US earn about 7% more than women when the analysis is done at the hourly level, indicating that, while a substantial majority of the weekly earnings gender gap is simply due to men driving more hours, there is still a sizable gap when looking at hourly earnings.

This gap may seem surprising: men make 7% more per hour, on average, for doing the same job in a setting where work assignments are made by a gender-blind algorithm and the pay structure is tied directly to output and not negotiated. The 7% differential is as large or larger than hourly differentials in other narrowly defined, relatively homogeneous groups such as recent MBAs (Bertrand et al. (2010)) and pharmacists (Goldin and Katz (2016)), but is smaller than the differential in economy-wide samples (Blau and Kahn (2017)).

Throughout the rest of the paper, we focus on drivers in Chicago to decompose the gender gap and analyze its economic roots. This choice reduces the dataset to a more tractable size and allows

Table 2: Gender pay gap

| | All US | | | | Chicago | |
|-----------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| | Weekly earnings | | Log hourly earnings | | Log weekly earnings | Log hourly earnings |
| isMale | 0.4142 (0.002) | 0.4092 (0.002) | 0.0702 (0.001) | 0.0653 (0.001) | 0.4315 (0.007) | 0.0485 (0.001) |
| Intercept | 4.9737 (0.002) | 4.9208 (0.002) | 2.9280 (0.001) | 2.8849 (0.001) | 5.0487 (0.009) | 3.1151 (0.001) |
| City | X | X | X | X | X | X |
| Week | | X | | X | X | X |
| N | 24,877,588 | 24,877,588 | 24,877,588 | 24,877,588 | 1,604,627 | 1,604,627 |
| R^2 | 0.125 | 0.136 | 0.199 | 0.239 | 0.038 | 0.110 |

Note: This table documents the gender pay gap for all US cities from January 2015 to March 2017. Data are at the driver-week level; weekly earnings is the entire pay for a given week, while hourly earnings is the pay divided by hours worked in the week. Standard errors (clustered at the driver-level) in parentheses.

for more granular data. As shown in Table 2, when the same regressions are done on Chicago drivers alone, the weekly gender earnings gap in Chicago mirrors the national gap and the hourly Chicago gender earnings gap is somewhat lower, at approximately 5%. This small difference between the national and Chicago gap is due to cross-city differences in the factors that explain the gap. We analyze these factors in detail in Chicago, which provides more insight into the roots of the gap than if we were to focus on the generally small differences across cities. In Section 5, we present results for a sample of other large cities and demonstrate our results are consistent across cities.

3 Decomposing the Wage Gap — Chicago

3.1 Chicago Data

By focusing attention on Chicago drivers, we can examine data at the driver-hour, rather than driver-week, level.¹⁶ A driver-hour is defined as a full hour block with some trip activity; for example, 8-9am on a specific Monday. We continue to restrict the data to peer-to-peer drivers in January 2015 to March 2017.

¹⁶Analyzing a city at a time allows us to include fine controls for hour-of-week and geography at a driver-hour level. Using national data, this would be computationally impractical.

The Chicago dataset includes 120,223 drivers, 36,391 of whom are female (30.2%). In total, we observe 33.0 million driver-hours.¹⁷ As before, we track total gross pay and hours worked for each driver-hour. We compute the implied hourly earnings in a driver-hour as total earnings for trips in that hour divided by minutes worked*60. For trips that span driver-hours, we distribute the pay uniformly between the hours based on the trip time in each hour. In Chicago, certain types of incentive earnings are paid for achieving weekly trips targets, rather than tied to individual trips. We spread these earnings uniformly across minutes worked in the week for which the incentive was earned.

Before using regressions to formally decompose the gender earnings gap shown in Figure 1 (which looks nearly identical when looking only at Chicago), we examine average differences across gender in the factors that determine driver earnings. Recall from Equation 2.1 that driver earnings are a function of wait time between trips, distance to the start of the ride from where the driver accepts it, distance of the ride, speed (both on the ride and on the way to pick up the passenger), the surge rate at the time of the ride, and incentive payments.

Table 3 displays the average of these parameters by gender. Note that these averages are presented on a per-trip basis, as that is a more natural way to divide some of the parameters. Table 3 also provides an idea of the sources of the gender pay gap. First, notice that the differences are generally small. Only the difference in incentive payout is more than a few percentage points and, given the incentive difference is nine cents while the average earnings per trip are about \$10, incentives are unlikely to drive the gap. Second, while the individual differences are small, nearly every one of the parameters favors men earning more. Men have shorter trips to the rider, longer trips, faster speed, higher surge, and more incentives.¹⁸ Women appear to have marginally lower wait times, but the difference is neither statistically nor economically significant. The remainder of our analysis explores which of these differences in Table 3 are important drivers of the Uber gender pay gap and what underlies the differences.

Moving to driver-hour level granularity allows us to control for certain features of a driver's

¹⁷Regressions are run on a 35% subset of drivers. Results are robust to different samples.

¹⁸Equation 2.1 implies that trip distance and speed are ambiguously related to earnings; however, for the values of the other parameters that we observe in the data, earnings are almost always increasing in both distance and speed.

behavior in a given driver-hour. We can now control for where a driver worked, the time of day and day of week, lifetime trips to-date, and whether the driver rejected a dispatch or canceled a trip that hour. To control for driving location, we track the “geohash” where a driver is located when he or she accepts a trip. A geohash is a geocoding system that divides the world into a grid of squares of arbitrary precision. For our case, we use geohashes that are approximately three miles by three miles.¹⁹ We focus on the top fifty Chicago geohashes by trip density, which account for 89.2% of trips. The remaining trips are grouped into an “other” bin. For chains of UberPOOL trips, we only include the geohash of the first trip in the chain; drivers do not have control over where to locate for subsequent trips in the chain.

Table 4 refines the initial Chicago gender pay gap analysis we originally displayed in Table 2. However, whereas Table 2 utilized weekly observations (the hourly rate in that table is the average hourly rate for a driver in a week) to remain consistent with the regression models using the national data, Table 4 uses driver-hour observations.

Column 1 of Table 4 reveals a baseline Chicago gender pay gap of 3.6% at the driver-hour level, controlling only for overall conditions in a given week.²⁰

Before getting to the factors that explain the gender pay gap, we show in Column 2 of Table 4 that customer (that is, passenger) discrimination is *not* creating a gender gap in this setting. While the Uber rider/driver matching algorithm is gender-neutral, *customer* discrimination could contribute to Uber gender pay differences if riders disproportionately cancel trips when paired with a female driver.²¹ After requesting a trip, riders see the name and a small image of the driver and can choose to cancel the trip. Drivers also see this information about the rider so one gender could also be at a pay advantage or disadvantage if it canceled rides upon seeing the passenger information. Column 2 controls for canceling on both sides of the transaction and shows that

¹⁹Within busy areas of Chicago, this is a fairly large area and there may be differences in demand and congestion even within these areas that limit our ability to fully control for geographic effects. We have experimented with finer geographic areas and, given the conclusions do not change, we have not found this worthwhile given the additional computational complexity.

²⁰This number is lower than the corresponding estimate in Table 2 because the weighting is by driver-hour rather than driver-week, effectively up-weighting drivers who work more hours in a week. This affects the measured gap for reasons similar to those we discuss below as we decompose the gap.

²¹Though many studies have hypothesized about customer discrimination and hypothesized that wage residuals may be due to customer preferences (especially race-based discrimination), prior work has not been able to conclusively establish if or when customer discrimination contributes to gender pay gaps.

discrimination has no effect on the gender coefficient suggesting that discrimination on either side of the market is not a primary cause of the pay gap.²²

The entire gender pay gap is explained in Column 3 where we include measures of where drivers work (the geohash indicators), when (the hour-of-week indicators), driver experience buckets, and the log of driving speed. We can statistically rule out a gender gap in favor of either gender of greater than 0.6 percentage points (and much less than that if we use the entire dataset rather than a subsample). To our knowledge, no other paper has ever estimated such a precise “zero” gender gap in any setting. The rest of the paper focuses on explaining just how the various controls in Column 3 contribute to erasing the non-trivial gender gap of approximately 3.6% with which we started.²³

Table 3: Parameter averages

| | Men | Women | Difference |
|---|-------------------|-------------------|------------|
| w – Wait time (min) | 8.223 (0.008) | 8.218 (0.019) | -0.005 |
| d_0 – Accepts-to-pickup distance (mi) | 0.485 (0.000) | 0.500 (0.001) | 0.015 |
| d_1 – Trip distance (mi) | 5.035 (0.003) | 4.875 (0.006) | 0.160 |
| s – Speed (mph) | 19.532 (0.006) | 18.760 (0.012) | 0.772 |
| SM – Surge multiplier | 1.051 (0.000) | 1.046 (0.000) | 0.005 |
| I – Incentive payout (\$) | 0.903 (0.001) | 0.818 (0.002) | 0.085 |
| Total per-trip payout (\$) | 10.142 (0.004) | 9.841 (0.008) | 0.301 |

Note: This table documents averages for men and women of the parameters in Equation 2.1. Averages are per-trip based on trips in Chicago between January-February 2017 to avoid issues with seasonality and changes in the composition of driver experience. Wait time is based on time between either coming online or completing previous trip and picking up passenger for new trip. Trip distance is based on actual route taken; however, accepts-to-pickup distance is the Haversine distance between corresponding coordinates. Standard errors in parentheses.

²²In the average driver-hour, total cancellation rates are statistically equivalent between men and women.

²³Column 4 confirms that the gap is again unaffected by cancellations when controlling for other factors. It also shows that cancellations by either side of the market are, on average, costly for drivers.

Table 4: Gender pay gap

| | (1) | (2) | (3) | (4) |
|---------------------|-------------------|--------------------|--------------------|--------------------|
| isMale | 0.0356 (0.003) | 0.0355 (0.003) | -0.0018 (0.002) | -0.0018 (0.002) |
| riderCancellations | | -0.0091 (0.000) | | -0.0238 (0.000) |
| driverCancellations | | 0.0078 (0.003) | | -0.0158 (0.002) |
| Intercept | 3.0862 (0.003) | 3.0869 (0.003) | 1.7346 (0.003) | 1.7452 (0.004) |
| Driver experience | | | X | X |
| Log driving speed | | | X | X |
| Week | X | X | X | X |
| Hour of week | | | X | X |
| Geohash | | | X | X |
| N | 11,572,163 | 11,572,163 | 11,572,163 | 11,572,163 |
| R^2 | 0.039 | 0.039 | 0.266 | 0.267 |

Note: This table documents both the base gender pay gap and the gender pay gap once controlling for experience, location, time, and speed. Data are at the driver-hour level. Further, it includes specifications with rider and driver cancellations. The outcome variable is log of hourly earnings. Hour of week controls for each of 168 hours. Geohash controls are a vector of dummies for whether a driver began a trip in a given geohash. Driver experience is measured by a driver's lifetime trips completed prior to a given date, where lifetime trips is binned into 0-100 trips, 100-500 trip, 500-1000 trips, 1000-2500 trips, and >2500 trips. Driving speed is the speed driven while on trip in a given driver-hour. Standard errors (clustered at the driver-level) in parentheses.

3.2 Where & When Drivers Work

Men and women drive at different times of the week and different locations across the city. Figure 2 shows the distribution of time spent driving across the 168 hours of a week; men drive more during the late night hours, while women drive substantially more on Saturday and Sunday afternoon. The first panel of Figure 3, which maps the fraction of trips in a given geohash that are completed by men, shows that trips in the more Northern parts of the city are more commonly completed by men. These differences in driving habits—whether due to inflexible schedules, preferences, or differential costs to driving in certain locations (e.g., far from home)—may contribute to the observed gender pay gap.

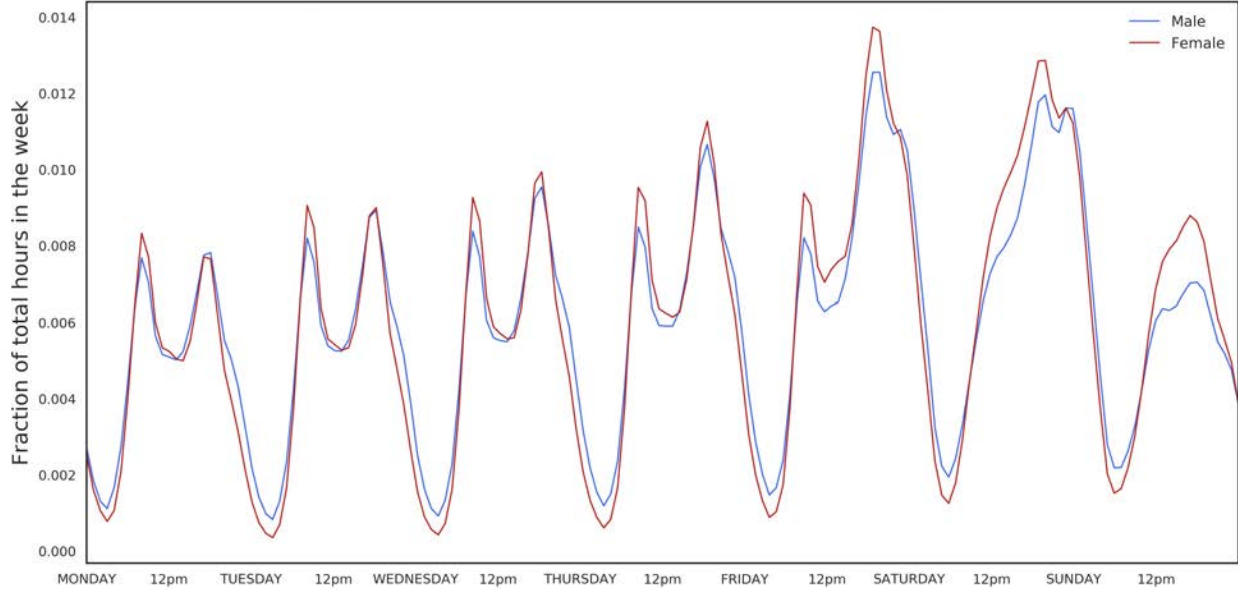
Table 5 starts to break down the baseline pay gap of 3.6% in column 1 of Table 4. Column 1 adds 168 indicator variables for the hour of week, which eliminate 14% of the gender pay gap. This suggests that, while the variation in preferences for driving hours documented by Chen et al. (2017) may be correlated with gender, hour-within-week preference differences are a small part of the gender gap. If female drivers receive more non-pecuniary benefits than men from picking which hours to work, they do not pay a large financial price for this flexibility.

Column 2 of Table 5 adds controls for the top fifty Chicago geohashes. This removes about a quarter of the gender pay gap, indicating that men drive in the parts of Chicago where pay is higher due to factors such as higher surge and shorter waiting times. Per Column 3, the “where and when” variables together attenuate the gender earnings gap by about a third.²⁴

Overall, the first three columns of Table 5 show that time and location explain some, but not all, of the gender earnings gap. The remaining gender earnings differential of 2.2% is small compared with overall gender pay gaps measured in the literature, but it is substantial given we are exploring workers doing exactly the same job at the same time and location and being paid by a gender-blind algorithm.

²⁴Specifications including the interaction of location and hour had little additional explanatory power, suggesting that the hour of week earnings differentials are fairly consistent across areas of Chicago.

Figure 2: Distribution of hours of the week worked by gender



Note: This figure shows which hours of the week men and women work; each point represents the fraction of their total hours in the week that men (or women) spend working in that specific hour of the week. Data are limited to Chicago UberX/UberPOOL drivers in Chicago, January 2015-March 2017.

3.2.1 Features of Driving Locations

Features of locations—such as safety, likelihood of picking up an intoxicated rider, and proximity to a driver’s home—may impact a drivers’ propensity to drive there and may do so differentially for men and women. To investigate this, we construct a dataset at the geohash-level with data on crime levels, businesses with liquor licenses, the gender of drivers living nearby, and gender of the overall adult population. Due to limitations in the availability of crime data, we restrict our main data to driver-hours with trips only in City of Chicago area.²⁵ Per Column 4 of Table 5, the baseline gender pay gap in this subset is slightly larger than the overall population – 4.3% versus 3.6%. A detailed description of the data construction is available in the Appendix.

Figure 3 maps the percent of trips beginning in a geohash that are by male drivers. There is considerable variance in the percent of trips completed by men in a given geohash; in the North parts of Chicago, men often complete >85% of trips compared to ~70-80% of trips in the South and West sides of Chicago. Figure 3 also maps various features of the geohashes that may correlate with

²⁵This limits us to 68.8% of our original observations.

driving location: the percent of drivers living nearby who are men, the gender divide in the adult census population, the number of crimes per 1,000 adult residents, the number of liquor licenses, and the median household income. Most notable are the similarities between home locations and where men and women drive. The locations where Uber trips are completed predominantly by men are also the locations where the population—both of drivers on Uber and the overall adult population—is skewed more male. The locations with more female trips (and a higher percent of female residents) also face higher crime rates. As such, unconditional on where they live, women are more likely to drive in areas with higher crime rates.

In Appendix Table 11, we regress the log share of male trips against various features of a geohash. Absent controls for home location, women drive in areas correlated with higher crime; however, once controlling for home locations, an increase in either crime or liquor licenses is correlated with a *decrease* in the share of women driving in that location. Women appear to avoid locations that may be unsafe, either due to crime or more intoxicated drivers. However, safety considerations are secondary to where drivers live. Controlling for driver home locations alone has far greater explanatory power; drivers work close to where they live. This result is not unique to Uber; individuals in traditional labor markets may also work close to home due to the pecuniary costs and disutility associated with commuting and these effects may differ by gender (Madden (1981)).

Columns 5 of Table 5 shows the results of earnings regressions including the average crime rates and number of liquor licenses in the geohashes where drivers begin a trip in a given driver-hour. There are small compensating differentials for working in areas with higher crime or more bars; a 10% increase in the number of crimes is correlated with a 0.43% increase in pay and a corresponding increase in number of liquor licenses is correlated with a 6.75% increase in pay.²⁶ Further, when controlling only for driver experience, hour of week, driving speed, driver home locations, and the *features* of geohashes instead of the actual geohashes, the gender gap is statistically indistinguishable from zero.

These results show that the lower costs associated with driving near one's home are an important factor in where drivers operate. They also show results consistent with women having a stronger

²⁶See Appendix Table 12 for the mean and standard deviation of the various geohash features.

preference than men for avoiding areas with a higher incidence of crime or where there is a higher likelihood of picking up intoxicated passengers. This preference affects their ability to earn money on Uber, as there are small compensating differentials for driving in areas with higher crime rates or more liquor licenses. Overall, however, residential sorting of drivers appears to be a much more important determinant than safety considerations for determining where drivers work.

Table 5: Returns to driving time and location

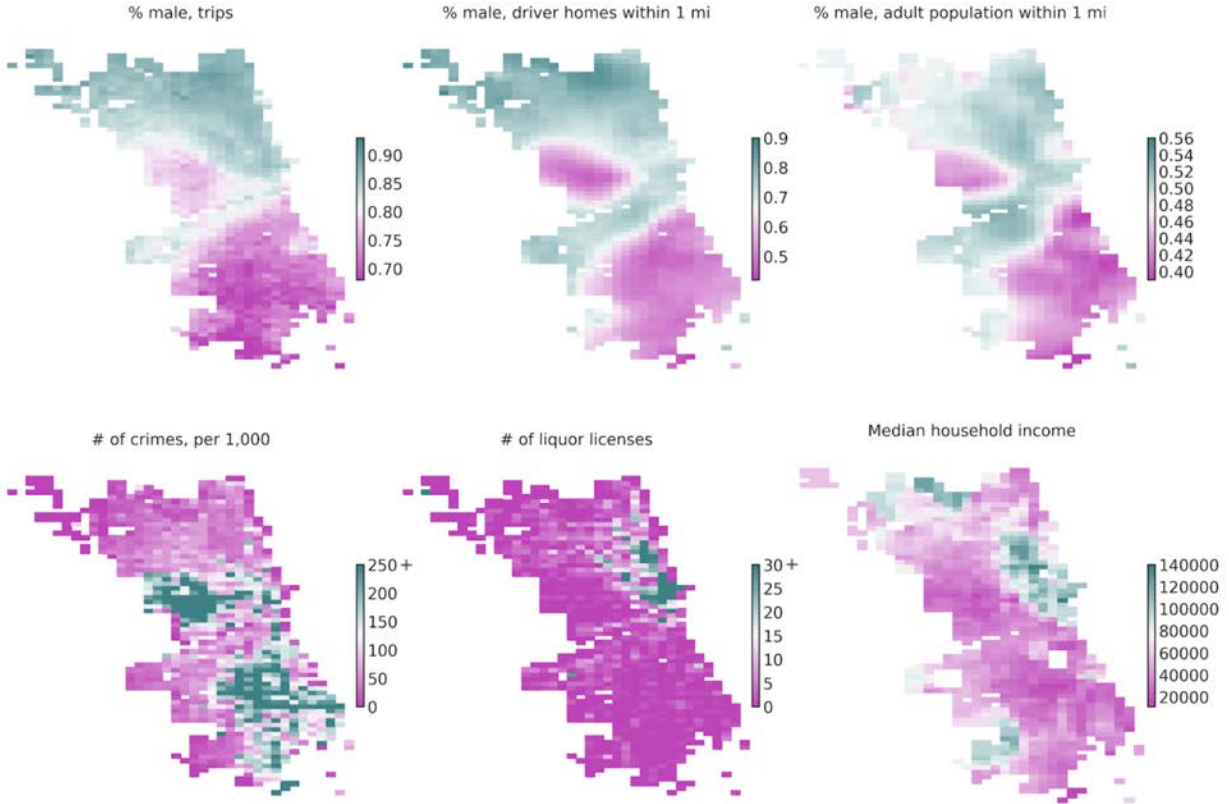
| | All Chicago data | | | City of Chicago only | |
|-----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|
| | (1) | (2) | (3) | (4) | (5) |
| isMale | 0.0302 (0.003) | 0.0261 (0.002) | 0.0220 (0.002) | 0.0434 (0.003) | 0.0026 (0.002) |
| Log # of crimes per 1,000pp | | | | | 0.0043 (0.003) |
| Log # of liquor licenses | | | | | 0.0675 (0.003) |
| Intercept | 3.0912 (0.003) | 3.0946 (0.003) | 3.0980 (0.002) | 3.1199 (0.003) | 1.7117 (0.003) |
| Week | X | X | X | X | X |
| Hour of week | X | | X | | X |
| Geohash | | X | X | | |
| Driver home geohash | | | | | X |
| Experience bins | | | | | X |
| Log speed | | | | | X |
| N | 11,572,163 | 11,572,163 | 11,572,163 | 7,969,988 | 7,969,988 |
| R^2 | 0.099 | 0.092 | 0.143 | 0.062 | 0.306 |

Note: This table documents the evolution of the gender pay gap as time and location covariates are added. Data are at the driver-hour level. The outcome variable is log of hourly earnings. Hour of week controls for each of 168 hours. Geohash controls are a vector of dummies for whether a driver began a trip in a given geohash. The “City of Chicago” refers to the Chicago area for which crime data are available. Standard errors (clustered at the driver-level) in parentheses.

3.3 Returns to Experience

As shown by Bertrand et al. (2010), the gender earnings gap tends to rise with workers’ years of experience. However, measures of experience in traditional datasets tend to be quite coarse. Often, we only observe years since graduation from school or years employed in a given profession as the best metric of experience. Measurement error may lead to attenuated experience effects. One of

Figure 3: Features of geohashes



Note: This figure maps various features at the geohash-level for the City of Chicago. The distribution of trip locations is based on where trips originate. The geohashes used are more precise than those used in regressions, measuring about 0.75 miles on each side. Population numbers—both driver home locations as well as total adult population from the 2016 ACS—are smoothed by measuring population within one mile of a given geohash. Crimes include all non-residential crimes and are normalized by the number of crimes per 1,000 adult residents. Liquor licenses are based on number of unique businesses with a liquor license active during our time sample in a given geohash. Median household income is from the 2016 ACS. For crime and liquor licenses, the distributions are winsorized at 250 and 30, respectively, to allow for more informative coloring.

the unique aspects of working with Uber data is that we can measure a driver’s experience level (number of previous rides given) with high precision.

Indeed, there is much to learn being a driver on Uber. Uber pays according to a fixed formula, but many of the parameters of the formula (that is, the variables listed in Table 3) are within the driver’s control. For example, drivers can indirectly affect the surge multiplier and wait times by choosing where and when to work and directly affect their driving speed by simply driving faster. As drivers work more, they can begin to learn optimal driving behaviors to maximize earnings.²⁷

²⁷Another activity that may generate a return to experience is “dual-apping,” which is when drivers accept trips from both Uber and a competitor (primarily Lyft). Dual-apping has the potential to increase earnings due to less

As a result, none of the increased earnings with experience comes from a pre-set pay schedule that “mechanically” raises pay with experience. Any experience premium results from learning and increased driver productivity.²⁸

Figure 4 provides a visual indication of why possible returns to experience can affect the gender earnings gap. The figure, which shows the average tenure of all drivers with a completed trip in January 2017, reveals that men are far more likely to have been driving on Uber for over 2 years. Women are likely to have joined in recent months. Further, Figure 5 shows that men accumulate completed trips at a faster rate per week than women. Since women supply fewer hours of labor per week, they accumulate experience more slowly per week, even if they accumulate the same amount of experience per ride given.

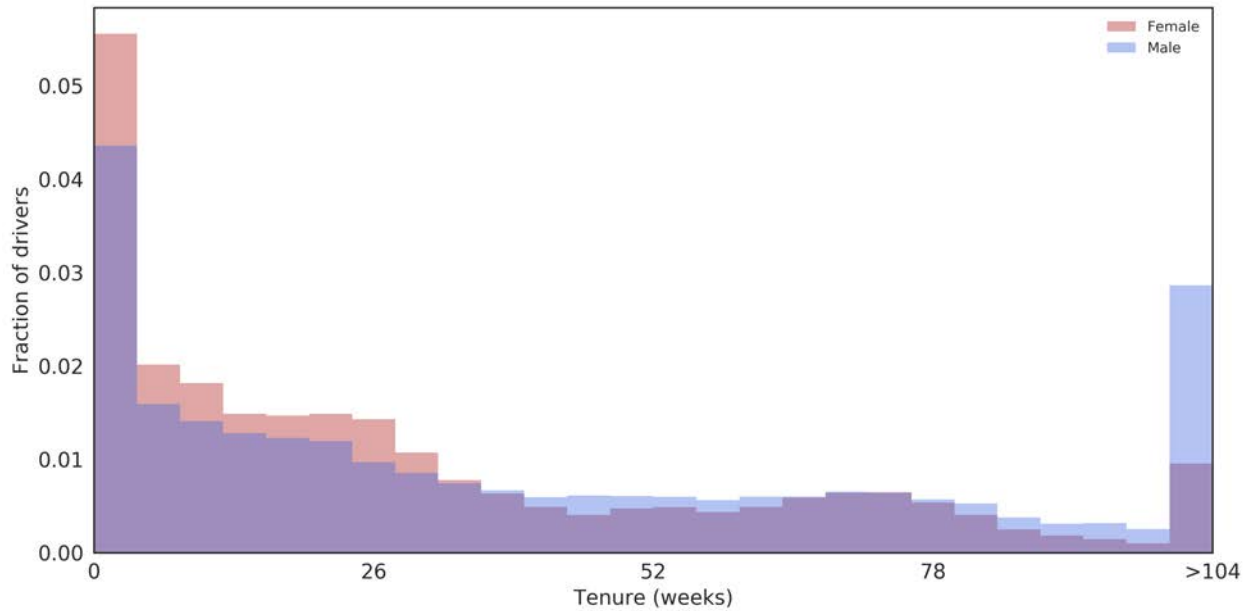
Figure 6 demonstrates the raw driver returns to experience as measured by cumulative number of trips driven. There is a clear learning curve, which is especially steep early in a driver’s tenure. Drivers continue to learn valuable skills on the job through at least 2,500 trips with a fully experienced driver earning about \$3 per hour (more than 10%) more than a driver in his or her first 500 trips. In principle, the rise in earnings shown in Figure 6 could be a selection effect if better drivers last longer on the Uber platform. While there is some degree of selection into staying on the platform based on earnings, Figure 6 looks nearly identical if we limit the graph to drivers that complete at least 1,000 trips or that drive for Uber for at least six months. This suggests the pattern in Figure 6 is a true learning effect. In the Appendix, we discuss the selection issue in more detail and also show that men and women do not learn at different rates as they accumulate experience.

In Table 6, we return to our earnings regression and show that there are substantial returns to experience on Uber. Column 1 shows that drivers who have completed over 2500 trips make nearly 14% more than those in their first 100 trips. Gender differences in average experience are clearly

time waiting for a dispatch and the ability to filter higher-value trips if the surge multiplier differs across platforms. We do not have a credible way to determine the degree to which this affects earnings nor whether specific drivers are dual-apping, so we cannot isolate dual-apping’s contribution to the return to experience.

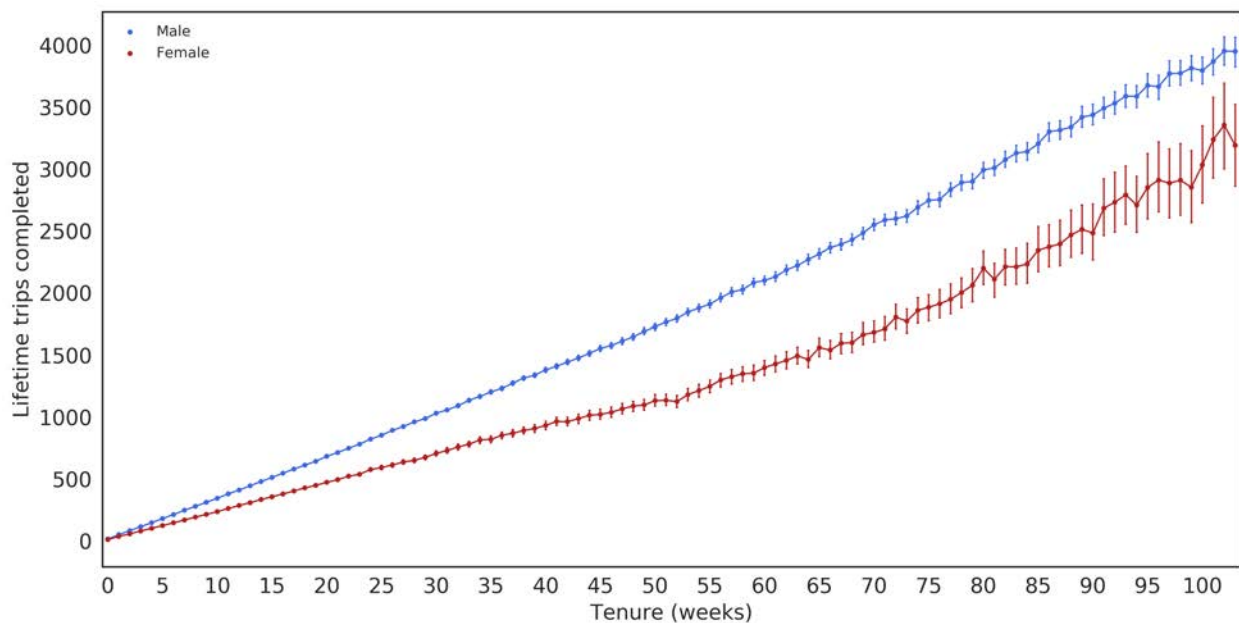
²⁸Haggag et al. (2017) show that learning-by-doing and experience are important for New York City taxi drivers. While drivers on Uber may learn in some ways similar to taxi drivers, there are likely important differences. For example, Uber rates fluctuate with surge prices (unlike fixed taxi fares), Uber uses an assignment algorithm to offer trips to drivers, drivers on Uber use in-app GPS, and drivers are not customarily paid a tip on Uber (during the time period of our data).

Figure 4: Distribution of driver tenure, January 2017



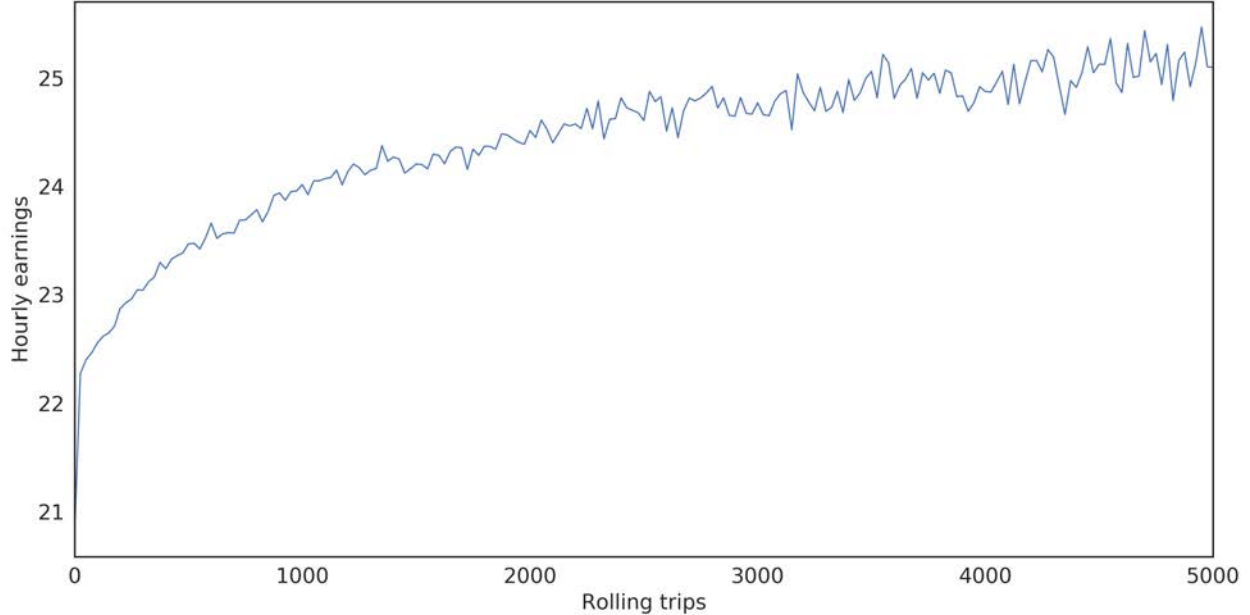
Note: This figure shows the average weeks of tenure for drivers that completed a trip in January 2017; we limit to a single month to avoid composition effects. Tenure is measured as the number of weeks since a driver's first completed trip.

Figure 5: Accumulation of trips over weeks of driving



Note: This figure shows the average number of lifetime trips completed for drivers of a certain tenure. Tenure is based on the number of weeks since a driver completed their first trip. The data only include driver-weeks with >0 trips.

Figure 6: Returns to experience



Note: This figure shows the average earnings of drivers with a given number of rolling trips completed prior to a day of work; rolling trips are binned into buckets of 100 trips completed. Data include all Chicago drivers from January 2015 to March 2017.

important as, controlling for experience, the gender earnings gap shrinks to 1.4% or roughly a third of the initial earnings gap in Chicago.²⁹

With controls for hour of week (Column 2), the gender gap is further reduced to under 1%, but the returns to experience do not change noticeably. On the other hand, controls for driver location (Column 3) do not reduce the gender gap but substantially reduce the returns to experience. Combined, these two columns suggest that the primary effect of experience on earnings comes from learning *where* to drive and that men and women have differences in terms of their preferences for *when* to drive.

In addition to deciding where and when to drive, drivers can affect their earnings through strategic actions. We consider two such strategic actions: rejecting dispatches and canceling trips. When drivers receive a dispatch, they are told where the rider is and the estimated time-to-pickup. They can then choose to accept or reject the dispatch. This information can be valuable in assessing

²⁹These five bins of experience capture the relevant value of experience. We have experimented with other parametric forms of experience in these regressions and the results are qualitatively similar.

the quality of a given dispatch. If a rider is particularly far away, then there is an additional cost; recall that drivers are not compensated for the time it takes to drive to meet a rider.³⁰ If a driver has reason to think that, by rejecting a ride, he or she will be offered a closer dispatch shortly, that driver may be able to increase expected earnings by not accepting the first dispatch. Savvy drivers will also realize that a high time-to-pickup ride may indicate an imbalance in supply and demand that may soon be corrected by a higher surge.³¹

Once a driver accepts a dispatch, the driver can cancel the trip before picking up the rider. After accepting, drivers are able to contact the rider. Some may do so to learn about the rider destination—for example, calling and asking if the rider is headed to the airport—and canceling if the driver believes the trip will not be worth the time.³² Experienced drivers may also learn to cancel when they have reason to believe the rider will not show up.

Table 7 adds dummy variables that indicate whether a driver rejected a dispatch or canceled a trip during a given driver-hour to our prior regressions. Controlling for time and geography, there is a negative impact on earnings of rejecting a dispatch or canceling a trip. However, this negative effect decreases as experience increases (while still remaining negative). Receiving a bad draw dispatch can never have a positive effect on earnings. A driver either completes the trip, which likely took longer than it was worth, or recognizes that it was a bad draw, rejects or cancels it, and then must wait for the next dispatch. As drivers gain experience, they can more accurately estimate the trade-off between rejecting and having to wait for a new dispatch versus accepting and completing a potentially low value trip.

These and earlier regressions show that drivers become more productive (and earn more) as they learn where to drive, when to drive, and how to strategically cancel and accept trips. However, even with controls for strategic rejecting and canceling, and when/where to driver, drivers with over 2500 trips make 6.2% more than those in their first 100 trips; there are substantial (but smaller) returns to experience that remain that go beyond these observable measures.

³⁰Effective October 2017, Uber initiated a system where drivers are paid (and riders are charged) for particularly long pickups.

³¹Surge rates update every two minutes.

³²While this is feasible, it is against Uber’s community guidelines, which prohibit “destination discrimination,” and may result in deactivation. It is unclear how stringently these guidelines are enforced as identifying true destination discrimination is difficult.

While Table 7 sheds light on the driver learning process, these regressions leave the Uber gender pay gap unaffected. There are returns to learning how to reject/cancel, which affect men and women differently because of their correlation with driver experience. However, holding driver experience constant, men and women do not differentially accept or reject trips in a way that affects their pay. In all of our analyses, there are no gender differences in the learning process. Learning affects the gender gap because, though each additional ride teaches men and women the same valuable skills, men accumulate ride experience (and, therefore, information) faster than women.³³

Table 6: Returns to experience

| | (1) | (2) | (3) | (4) |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| isMale | 0.0138 (0.003) | 0.0083 (0.003) | 0.0129 (0.003) | 0.0085 (0.002) |
| Trips completed: 100-500 | 0.0530 (0.001) | 0.0497 (0.001) | 0.0357 (0.001) | 0.0334 (0.001) |
| Trips completed: 500-1000 | 0.0773 (0.002) | 0.0747 (0.002) | 0.0512 (0.002) | 0.0494 (0.001) |
| Trips completed: 1000-2500 | 0.1001 (0.002) | 0.0990 (0.002) | 0.0650 (0.002) | 0.0648 (0.002) |
| Trips completed: >2500 | 0.1391 (0.004) | 0.1390 (0.003) | 0.0877 (0.003) | 0.0890 (0.003) |
| Intercept | 3.0228 (0.002) | 3.0294 (0.001) | 3.0528 (0.003) | 3.0570 (0.001) |
| Week | X | X | X | X |
| Hour of week | | X | | X |
| Geohash | | | X | X |
| N | 11,572,163 | 11,572,163 | 11,572,163 | 11,572,163 |
| R^2 | 0.048 | 0.107 | 0.096 | 0.146 |

Note: This table expands on the regressions in Table 4 by adding controls for a driver’s experience. Experienced is measured as trips completed before a given day of work. Drivers with fewer than 100 completed trips are the excluded category. The outcome variable is log of hourly earnings. Standard errors (clustered at the driver-level) in parentheses.

3.3.1 Experience and the Long-Hours Premium

In other settings, a gender gap has been shown to grow over time as women accumulate fewer hours of on-the-job experience (e.g., Bertrand et al. (2010)). In most of those settings, however, men are working more hours in each week *and* they have accumulated more experience, making it

³³As shown in Appendix Table 13, men and women learning at similar rates.

Table 7: Returns to strategic rejecting and canceling

| | (1) | (2) |
|---|--------------------|--------------------|
| isMale | 0.0142 (0.003) | 0.0096 (0.002) |
| Trips completed: 100-500 | 0.0471 (0.001) | 0.0275 (0.001) |
| Trips completed: 500-1000 | 0.0681 (0.002) | 0.0409 (0.001) |
| Trips completed: 1000-2500 | 0.0875 (0.002) | 0.0539 (0.002) |
| Trips completed: >2500 | 0.1192 (0.004) | 0.0723 (0.003) |
| rejectDispatch | -0.0757 (0.001) | -0.1099 (0.001) |
| rejectDispatch*Trips completed: 100-500 | 0.0234 (0.002) | 0.0218 (0.002) |
| rejectDispatch*Trips completed: 500-1000 | 0.0367 (0.002) | 0.0343 (0.002) |
| rejectDispatch*Trips completed: 1000-2500 | 0.0520 (0.003) | 0.0476 (0.002) |
| rejectDispatch*Trips completed: >2500 | 0.0765 (0.004) | 0.0705 (0.004) |
| cancelTrip | -0.0227 (0.002) | -0.0785 (0.002) |
| cancelTrip*Trips completed: 100-500 | 0.0112 (0.003) | 0.0129 (0.003) |
| cancelTrip*Trips completed: 500-1000 | 0.0242 (0.004) | 0.0277 (0.003) |
| cancelTrip*Trips completed: 1000-2500 | 0.0206 (0.003) | 0.0363 (0.003) |
| cancelTrip*Trips completed: >2500 | 0.0462 (0.004) | 0.0571 (0.003) |
| Intercept | 3.0400 (0.003) | 3.0847 (0.002) |
| Week | X | X |
| Hour of week | | X |
| Geohash | | X |
| N | 11,572,163 | 11,572,163 |
| R ² | 0.049 | 0.152 |

Note: This table expands on the regressions in Table 6 by adding covariates for whether a driver rejected a dispatch or canceled a trip in a given hour. Data are at the driver-hour level. The outcome variable is log of hourly earnings. Standard errors (clustered at the driver-level) in parentheses.

difficult to empirically distinguish between the value of accumulated experience and work intensity. While our setting differs from the more professional settings of prior studies, we do have similar patterns in the value of accumulated experience and we can empirically distinguish between the role of intensity and past experience.

Figure 7 shows the results of pay regressions similar to those in Table 6 but we add a new variable for hours worked in the week. To purge the effects of driving intensity from unobserved demand effects (such as a convention or big event in town), we instrument hours worked in the week with average hours in previous weeks (which requires us to drop drivers in their first week on the Uber platform). We estimate a cubic in hours worked using 2SLS in the pay regression. The graph shows how the driving intensity/earnings changes as we control for different factors.³⁴

In our first specification, we control for “potential experience,” as is typically done, with driver age and its square.³⁵ The results of this regression suggest an increasing return to work intensity as hourly earnings increase substantially up to thirty hours per week (which is approximately the 85th percentile of driver weeks) and then flattens out or declines slightly. The upward sloping relationship between hourly wage and hours worked shows what looks like a long hours premium for being an Uber driver. But when we control more accurately for relevant experience by adding our accumulated trips measures, the returns to work intensity turn sharply negative. All else equal, a driver earns a few percentage points lower hourly wage in the thirtieth hour of driving in a given week than in the first twenty. This shows that, at least for Uber drivers, there is significant financial value in accumulated experience and a mildly decreasing return to within-week work intensity. More generally, it shows that what might appear as a convex hours/pay relationship when using conventional controls for experience could be masking a return to true experience when there is no return to work intensity.

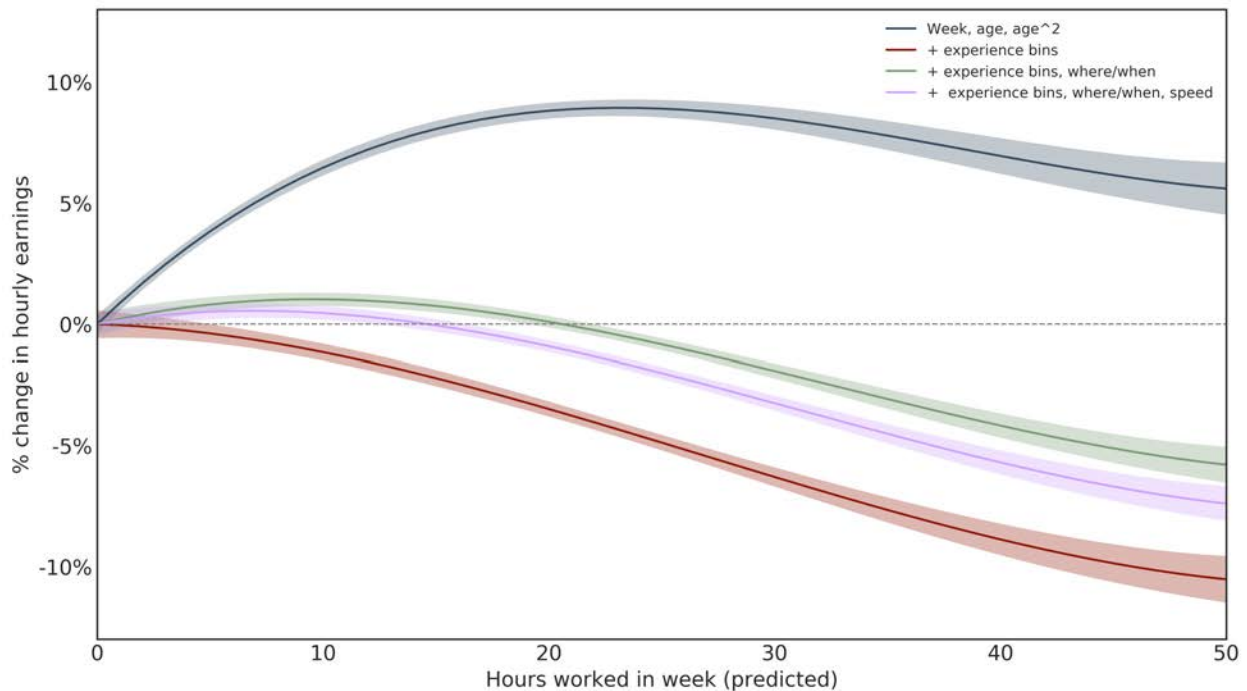
Even in this short-term gig economy environment, experience and gender differences in experience play out in a way that contributes substantially to the gender pay gap and is not related

³⁴In Appendix Figure 10, we show that the pay gap does not vary in an economically meaningful way across different levels of working intensity. When considering just point estimates, it appears that the gap is marginally smaller for drivers working more hours per week.

³⁵Actually, a standard control would be age-education-6 but we do not observe education and do not think it is of first-order importance for Uber drivers.

to work intensity per se. On balance, the relationship between experience and the gender pay gap for drivers is surprisingly similar to at least some professional job environments and suggests that, in those settings, it's possible that the convex hours/earnings relationship is overstated because on-the-job learning effects cannot be measured accurately. Indeed, distinguishing the difference between the long hours premium and on-the-job learning in the broader economy is very policy relevant. Policies that could make jobs more flexible and lower the premium to working long hours would have little effect on the gender wage gap if a substantial contributor to the correlation of longer hours and high pay is the omitted variable of experience. While Uber drivers are only a tiny slice of the broader labor market, they offer a unique lens into these issues since we can both measure experience and productivity on the job with high precision.

Figure 7: Earnings by driving intensity



Note: This figure graphs the effect on earnings of different values of driving intensity, defined by how often they are predicted to drive in the week of observation (predicted based on hours driven in past weeks) using a regression of log hourly earnings on cubic predicted hours worked. Drivers in their first week of work are not included. “Experience bins” and “where/when” controls are the same as those used throughout the paper. Shaded region represents 95% confidence interval based on standard errors clustered at the driver-level.

3.4 Returns to Speed

As shown in Equation 2.1, drivers earn a per-minute and a per-mile rate on each trip. These rates may be balanced such that there is a return to speed. If Uber paid only per-minute, earnings-maximizing drivers would drive as slowly as possible (at least until the disutility of the rider anger exceeds utility from earnings).

The exact returns to speed will depend on market conditions, such as the expected wait time for a new dispatch. In some unusual circumstances, there are negative returns to speed as the per-minute rates can be relatively valuable if the driver expects to wait a long time until getting another fare. In general, the rates and wait times in our data are such that there is a positive expected return to driving faster. This return is somewhat higher when driver wait times are shorter. At extreme speeds, the returns to speed net of costs may turn negative if the risk of a collision or a speeding ticket becomes high enough.

Given that prior research suggests men are more risk tolerant and aggressive than women (see Bertrand (2011) and, in the context of driving, Dohmen et al. (2011)) and that Table 3 shows that male drivers drive faster than women, we now investigate how driver speed affects the gender earnings gap. We measure speed as distance on trip divided by time on trip in a given driver-hour. This measure of speed captures both higher driving speed on a given route plus choice of routes that allow for faster speeds (e.g., highways). Table 8 adds the log of speed as an explanatory variable to our earlier hourly pay regressions.

Control variables are important in this regression, because higher pay areas and times of week in Chicago (those areas where there is a more constant stream of fares and where surge is likely to be higher) are also likely more congested, which lowers speed. The coefficient on log speed in Column 1 of Table 8 suggests an elasticity of 27% of speed on earnings; a 1% increase in speed increases earnings by 0.27%. In Column 2, when we control for geohash and hour of week (thus removing the fact that congestion both lowers speeds and increases earnings), this number increases to 46%. Column 2 shows that controlling for speed and neighborhood reduces our original 3.6% gender pay gap all the way to just 1%. Adding the learning-by-doing experience variables to this

model fully eliminates the gender pay gap.³⁶

We believe we can describe this speed difference across genders primarily as a difference in preferences that happens to have a productive value on Uber rather than a response by male drivers to the incentive to drive faster.³⁷ First, as mentioned above, others have shown that men are more risk tolerant, both in general and when driving in particular. Second, when we analyze Uber driver speed as a function of gender, experience, and time/location, we find that men drive 2.2% faster than women.³⁸ Further, speed is only slightly increasing in experience (and experience does little to close the gender speed gap); if drivers were responding strongly to the incentive to drive faster, we might expect that their speed increases substantially with experience on the platform.

In addition, we gathered data from the National Highway Travel Survey a nationally-representative survey that gathers demographics, vehicle ownership, and “trip diaries” from 150,000 households. Outside of Uber, there is rarely a pecuniary incentive to drive faster. Despite this, we find that men still drive faster in the NHTS sample (details in Appendix Table 16). Gender differences in the preference for speed are a general population phenomenon that have labor market value to drivers.

4 Summarizing the Decomposition

Using standard pay regressions, we have fully explained the gender earnings gap for drivers on Uber. The raw gap in Chicago of approximately four percent can be attributed to three factors: male preference for faster driving, time and location choices of drivers, and higher average male on-the-job experience.

To measure the extent to which each of these factors contributes to the gender pay gap, we follow the approach described in Gelbach (2016).³⁹ Conceptually, this approach treats each factor as an “omitted variable” in the relationship between earnings and gender and measures the bias that

³⁶The estimate in Column 4 is very precise; the gender pay gap has a 95% confidence interval of -0.6% to 0.2%.

³⁷Speed is productive in that it generates earnings for both Uber and the driver on any given ride. It also may generate at least a small long-term value for Uber (and a positive externality on other drivers) because passenger ratings of drivers are increasing in driver speed, holding other factors constant. This relationship is highly significant statistically but small in magnitude.

³⁸See Appendix Table 15 for details.

³⁹See Allcott et al. (2017) or Buckles and Hungerman (2013) for examples of the Gelbach decomposition in practice.

Table 8: Returns to speed

| | (1) | (2) | (3) | (4) |
|----------------------------|-------------------|-------------------|-------------------|--------------------|
| isMale | 0.0256 (0.004) | 0.0106 (0.002) | 0.0016 (0.002) | -0.0018 (0.002) |
| logSpeed | 0.2677 (0.002) | 0.4552 (0.001) | 0.2715 (0.002) | 0.4544 (0.001) |
| Trips completed: 100-500 | | | 0.0563 (0.001) | 0.0318 (0.001) |
| Trips completed: 500-1000 | | | 0.0819 (0.002) | 0.0460 (0.001) |
| Trips completed: 1000-2500 | | | 0.1075 (0.003) | 0.0599 (0.002) |
| Trips completed: >2500 | | | 0.1519 (0.004) | 0.0831 (0.0003) |
| Intercept | 2.3084 (0.003) | 1.7704 (0.004) | 2.2293 (0.005) | 1.7346 (0.004) |
| Week | X | X | X | X |
| Hour of week | | X | | X |
| Geohash | | X | | X |
| N | 11,572,163 | 11,572,163 | 11,572,163 | 11,572,163 |
| R^2 | 0.101 | 0.263 | 0.111 | 0.266 |

Note: The table expands on earlier regressions by adding log speed as an explanatory variable. Speed is based on total trip distance and duration in a given driver-hour. The outcome variable is log of hourly earnings. Standard errors (clustered at the driver-level) in parentheses.

would result if the factor were excluded. This allows us to disentangle the impact on the gender gap of each factor we controlled for sequentially in the above section, invariant of the order in which we initially added them into our baseline regression specification. This approach is of particular value when our observables are correlated; for example, our measure of driving speed is likely endogenous with where/when a driver works such that the difference in the point estimates of the pay gap with and without controlling for speed is likely also capturing differences in where/when drivers work.

More precisely, consider a regression of the form

$$\ln(Earnings_{dt}) = \beta isMale_d + \gamma_v X_{vdt} + \gamma_2 X_{2dt} + \epsilon_d \quad (4.1)$$

where X_v is single vector for variable v and X_2 captures all remaining variables in our full model (i.e. speed, experience indicators, time indicators, and location indicators). Now suppose we ignore information contained in X_v . The resulting omitted variable bias is given by $\hat{\pi}_v = \hat{\Gamma}_v \hat{\gamma}_v$ where $\hat{\Gamma}_v$ is estimated using an auxiliary regression of gender on X_v .

Dividing our estimate of omitted variable bias by $\hat{\beta}^{base}$, the baseline relationship between earnings and gender conditioning only on calendar week, gives us an estimate of the variable's contribution to the gender pay gap as a fraction of the baseline, unconditional relationship:

$$\tilde{\pi}_v = \frac{\hat{\pi}_v}{\hat{\beta}^{base}} \quad (4.2)$$

These contributions can be aggregated across vectors of variables, such as each of 168 indicators for hour of week, to obtain the combined contribution of controlling for all hour of week indicators. We do this for hour of week (when), geohash (where), bins of experience, and speed. These are correlations and should not be interpreted as the causal effect on the pay gap of, for example, increasing speed or experience.

Figure 8 presents the parameter estimates of Equation 4.2, along with 95% confidence intervals, corresponding to a decomposition of the change in point estimates between our baseline model, which includes only controls for the week of the data (see Column 1, Table 4), and a fully specified model with controls for speed, location, time of week, and experience (see Column 5, Table 8).

Speed alone explains nearly half the gap (48%). Experience can explain the next largest share, at 36%. Where drivers work can explain a further 28% of the gap, while time of week—once conditioning out the other factors—actually offsets the pay gap (-7%). This suggests that while women may choose to drive at different times of the week than men, they do not pay a steep penalty for this flexibility. The attenuation in the gender pay gap observed when hour of week controls are included (Table 4) is due to factors, such as experience and driving location, correlated with when drivers work. Together, these factors fully explain the gender pay gap amongst drivers.⁴⁰

To further unpack the mechanisms of driver location differences by gender, we remove the location fixed effects, and replace it with geohash of driver residence fixed effects and controls for crime rates and liquor licenses in the geohash of pickup. Interestingly, the gender gap also goes to zero with these location controls, even without the geohash fixed effects. Panel B of Figure 8 repeats the Gelbach decomposition using this new regression. We find 20% of the gender wage gap can be attributed to differences in where male and female Uber drivers live. As previously discussed, neighborhoods with a high adult female population share tend to be less lucrative areas, and since driver location is skewed towards one’s home, women earn less. In addition, womens’ decisions to avoid neighborhoods with high crime and many bars contributes an additional 29% to the gender wage gap. Even though Uber pay is “gender blind,” if women are disproportionately unsafe in high crime areas or when riders are less likely to be sober, they pay for it through a compensating differential.

To further identify the underlying sources of the differences in pay by gender, we return to our table of averages of all the parameters that enter into driver earnings, as described in Equation 2.1. Table 9 shows the average of each parameter by gender for drivers of three different levels of experience. All the observations are from a short cross-section so as to control for conditions that affect earnings.

The table highlights three important themes from our analysis. First, both men and women learn in a productive manner and at roughly the same rate in terms of number of rides. The wait times go down by about 5-10% over 1,500 rides of experience. Surge rates improve for both genders

⁴⁰The results sum to slightly greater than 100% as the point estimate on *isMale* is (insignificantly) negative after controlling for each of the covariates.

and are nearly identical for the two genders. Men have slightly longer pickup distances and ride distances throughout, but both genders lower pickup distances and increase trip distances in a similar manner.⁴¹

Speed is an outlier in that there is not a clear “improvement” over time for drivers. This is likely because drivers learn that more congested areas are more lucrative. As per our regressions, there is a noteworthy (if not huge) difference in speed by gender that is consistent over tenure.

Table 9 captures the important effects of learning. While men and women learn at the same per-ride *rate*, the driving schedules of men mean that they learn, on average, *more intensively* per week of experience, which generates a gender pay gap. The table also captures that, at all tenures, men prefer to drive faster.

Finally, we repeat our analyses for UberX/UberPOOL drivers between January 2015 and March 2017 in San Francisco, Boston, Detroit, and Atlanta and Houston.

Table 10 presents results for each of our main specifications in the different cities. The results tell a similar story: there is a small baseline gender pay gap in each city, which can be explained by differences in where/when drivers work, different levels of experience, and preferences for driving speed. In the case of Houston, the pay gap actually reverses once controlling for those three factors and men make an estimated 1.2% *less* per hour than women.⁴² In San Francisco, the baseline gap is nearly double any other city, at 9.8%, and, even after controlling for all factors, there is a 1.65% residual wage gap.⁴³

We also conduct a Gelbach decomposition in each city. The results are in Table 10. The ordering of factors by importance is consistent across cities: speed is the most important factor, followed by experience, where, and finally when. The magnitudes, however, differ across cities. In

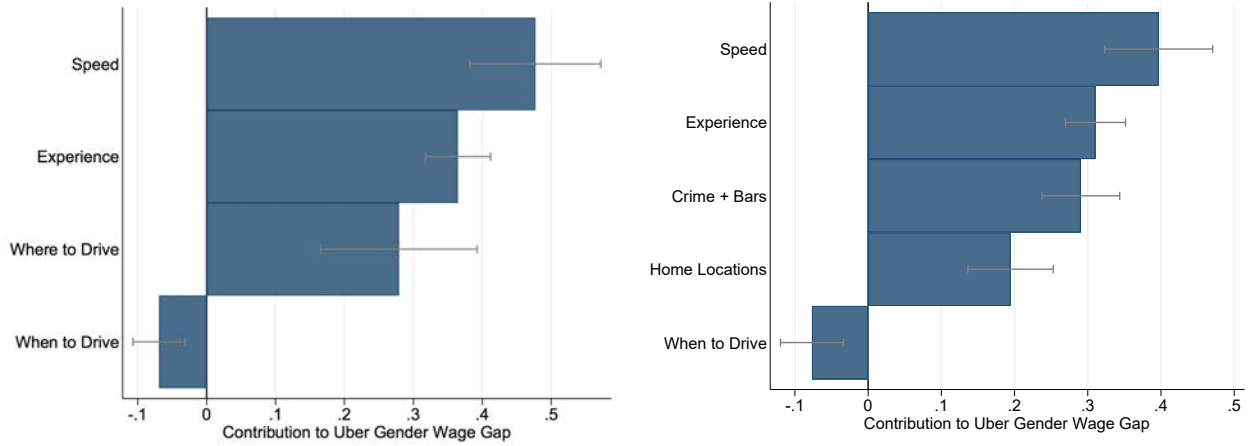
⁴¹The distance differences seem to be related to men having a stronger preference for airport trips, possibly due to the fact that they work longer shifts and are, therefore, more willing to stray from their base location.

⁴²The Houston gender gap goes to zero if we add in a control for the distance driven on trip. Houston has many highways and men appear to take the highway route more often. This is not a big deal in other cities where highways are less important for short distance travel.

⁴³The SF gender gap goes to zero if we remove incentive pay from the hourly wage regressions. SF had very large weekly incentive payments for drivers, where they were offered bonus payments if they completed slightly more trips than they had completed per week in the prior month. Analyzing these incentive payments at the weekly level also shows no gender gap once we control for average number of weekly rides given the past month and number of rides given in the current week.

San Francisco, for example, neither when nor where drivers work contribute to an gender wage gap, while in Detroit both when *and* where can explain ~10% of the gap.

Figure 8: Gelbach decomposition



Note: These figures use the method described in Gelbach (2016) to plot the share of the gender pay gap that can be explained by each factor we consider: speed, experience (lifetime trips controls), where to drive (either geohashes or features of geohashes), and when to drive (hour of week controls).

Table 9: Parameter averages by experience

| | Men | | | Women | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 0-100 | 700-800 | 1400-1500 | 0-100 | 700-800 | 1400-1500 |
| Lifetime trips | | | | | | |
| w – Wait time (min) | 9.075 (0.034) | 8.740 (0.053) | 8.305 (0.062) | 8.954 (0.056) | 8.214 (0.095) | 8.473 (0.139) |
| d_0 – Accepts-to-pickup distance (mi) | 0.642 (0.002) | 0.535 (0.003) | 0.485 (0.003) | 0.591 (0.003) | 0.506 (0.005) | 0.471 (0.006) |
| d_1 – Trip distance (mi) | 5.068 (0.011) | 5.149 (0.018) | 5.133 (0.022) | 4.811 (0.017) | 4.816 (0.031) | 4.880 (0.042) |
| s – Speed (mph) | 20.147 (0.022) | 19.798 (0.034) | 19.646 (0.043) | 19.056 (0.034) | 18.551 (0.062) | 18.703 (0.083) |
| SM – Surge multiplier | 1.035 (0.000) | 1.046 (0.001) | 1.052 (0.001) | 1.036 (0.001) | 1.044 (0.001) | 1.050 (0.002) |
| I – Per trip incentives (\$) | 0.465 (0.002) | 0.847 (0.004) | 0.917 (0.005) | 0.523 (0.004) | 0.789 (0.008) | 0.877 (0.011) |

Note: This table documents parameter averages from Equation 2.1 by gender and tenure. Data are limited to trips in Chicago in January-February 2017 to avoid issues with seasonality and changes in composition of driver tenure. Drivers are bucketed based on their lifetime trips before a given day. Wait time is based on time between becoming available for a dispatch (e.g., after coming online or completing a previous trip) and accepting and dispatch. Trip distance is based on actual route taken; however, accepts-to-pickup distance is the Haversine distance between corresponding coordinates.

Table 10: Results from all cities

| | Chicago | San Francisco | Boston | Houston | Detroit | Atlanta |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Number of drivers | 120,223 | 110,189 | 72,130 | 42,194 | 24,130 | 64,200 |
| Percent female | 30.2% | 25.6% | 19.8% | 26.7% | 26.6% | 41.9% |
| Baseline wage gap | 0.0356 (0.003) | 0.0980 (0.006) | 0.0520 (0.005) | 0.0327 (0.004) | 0.0361 (0.004) | 0.0313 (0.003) |
| Controls for when, where | 0.0220 (0.002) | 0.0619 (0.004) | 0.0345 (0.003) | 0.0156 (0.003) | 0.0173 (0.003) | 0.0153 (0.002) |
| Controls for experience, when, where | 0.0085 (0.002) | 0.0255 (0.003) | 0.0134 (0.003) | 0.0022 (0.003) | 0.0112 (0.003) | 0.0045 (0.002) |
| Controls for speed, when, where, experience | -0.0018 (0.002) | 0.0165 (0.003) | 0.0052 (0.003) | -0.0145 (0.002) | 0.0024 (0.002) | -0.0022 (0.002) |
| Gelbach – when | -0.0691 (0.0193) | -0.0032 (0.0055) | -0.0262 (0.0240) | -0.0886 (0.0296) | 0.1108 (0.0183) | 0.0172 (0.0250) |
| Gelbach – where | 0.2791 (0.0579) | 0.0183 (0.0262) | 0.1455 (0.0443) | 0.1741 (0.0169) | 0.1270 (0.0357) | 0.2064 (0.0201) |
| Gelbach – experience | 0.3645 (0.0241) | 0.4151 (0.0226) | 0.3829 (0.0536) | 0.4088 (0.0535) | 0.2529 (0.0601) | 0.3681 (0.0381) |
| Gelbach – speed | 0.4770 (0.0485) | 0.4330 (0.0395) | 0.4202 (0.0287) | 0.9923 (0.1024) | 0.4719 (0.0536) | 0.5609 (0.0570) |

Note: This table includes results from 5 other US cities. All numbers – except for the summary statistics and Gelbach decompositions – are the coefficients on isMale from our standard regressions, with controls as described: ‘when’ refers to hour of week, ‘where’ refers to geohashes, ‘experience’ refers to the experience bins described above, and ‘speed’ is the log average speed on trip for the given hour. All specifications, including the baseline, control for the calendar week. The outcome variable is log of hourly earnings. Observations are at the driver-hour level. For larger cities, regressions are run on subsets no smaller than 35% so that the full specification is more computationally tractable. Standard errors (in parentheses) clustered at the driver level.

5 Conclusion

The gig economy has become an increasingly large source of earnings for millions of individuals. On Uber alone, there are over 3 million active drivers worldwide completing 15 million trips each day (Bhuiyan (2018)). The growth of flexible work is likely to be especially desirable to women, and could improve the utility (both those monetary compensation and improved time-use) women gain from working. However, our study suggests that jobs offering complete flexibility will likely still contain a gender wage gap, much like the traditional workforce.

Unlike earlier studies, we are able to completely explain the pay gap with three main factors related to driver preferences and learning: returns to experience, a pay premium for faster driving, and preferences for where to drive. Indeed, the contribution of the return to experience to gender earnings gaps has not gotten much attention in previous empirical literature, as it is often quite difficult to measure in traditional work settings. We find that even tracking the number of weeks worked—a common proxy for experience in the literature—does not accurately quantify experience, as men work more hours per week than women and thus accumulate experience more quickly. Measuring the return to experience is especially important when quantifying the job-flexibility penalty, as omitting experience from the regression leads to over estimates of the job flexibility penalty.

While we fully explain the gender pay gap for Uber drivers, we do *not* find women to be disadvantaged by three factors that one might expect to contribute to a gender wage gap: returns to work intensity, preferences for specific hours, and customer discrimination. Overall, our results suggest that on-the-job learning may contribute to the gender earnings gap more broadly in the economy than previously thought. Policies that could target changes in the time-use choices of men and women could narrow the gender pay gap by helping women move up the learning curve at the same pace as men.

We have shown that, even in the gender-blind, transactional, flexible environment of the gig economy, gender-based preferences (especially the value of time not spent at paid work and, for drivers, preferences for driving speed) can open gender earnings gaps. The preference differences that contribute to pay differences in professional markets for lawyers and MBA's also lead to earnings gaps for drivers on Uber, suggesting they are pervasive across the skill distribution and

whether in the traditional or gig workplace.

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A Appendix

A.1 Costs of driving

We have been using total earnings for drivers as our primary measure of earnings. But, if costs differ in a way that is correlated with gender, we could have understated or overstated the gender “net” pay gap. In some ways, that is not problematic and is consistent with other work. No studies of the gender gap account for differences in costs of working, though the costs of work vary for reasons that may well correlate with gender (such as commuting, clothing, and styling). However, given that a large capital cost is a requirement for independent drivers and that they may deduct some costs from their taxes, it may be appropriate in their case to consider earnings net of direct expenses of driving for hire.

The primary costs drivers face are fuel, maintenance, depreciation, and fines for parking or moving violations. Suppose drivers average 25 cents per mile in costs other than insurance – Uber covers drivers’ insurance costs while driving. A typical Uber driver covers about 20 miles in one hour. The driver earns approximately \$15.80 net of Uber’s current 25% average share of driver gross earnings. As a “raw” gender gap, we use the 3.56% from column 2 of Table 4 which controls only for calendar week. Based on these numbers, men net 56 cents more per hour than women before expenses. Total average costs per hour—based on 25 cents per mile—would be \$5. Men’s costs would have to be ~11% higher, in terms of fuel, maintenance, depreciation, and fines to erase the gender gap.

Many costs, such as fines and maintenance, are not observable. For gasoline, we can estimate costs by looking at the types of cars men and women drive (although style of driving, including speeding, will also be a factor in determining fuel efficiency). Men and women may drive cars with different average fuel efficiency. At a high-level, this appears to be true – of all miles driven by men in the data, 6.4% of them were in a Toyota Prius compared to only 3.6% of miles driven by women. Men have, on average, more incentive to invest in more fuel efficient vehicles due to their longer driving hours. To further test this, we match drivers’ vehicles to fuel economy data from the

EPA.⁴⁴ On average—weighting by miles driven on Uber—women drive cars that get 25.23 miles per gallon in the city and men drive cars that get 26.80 miles per gallon. Men are getting about 6.4% more miles per gallon on average; controlling for gasoline costs would likely increase the gender pay gap.

Another cost to consider is insurance. Though insurance is a large cost for drivers, Uber pays drivers’ insurance when they are working. The costs of insurance are relevant, however, as a proxy for accidents (and the downtime that goes with them) and tickets. Men pay more than women for car insurance, though the rates converge at age 26. Accident rates per mile driven are higher for young men than young women but the difference narrows or disappears around age 25. Fatality rates remain higher for men.⁴⁵ However, given the insurance rates converge, it seems that the total costs of dangerous driving are about the same by gender after age 25. This suggests that accidents and fines should only vary by gender for drivers under 26. In our sample of Chicago drivers, 15.8% of female drivers and 14.8% of male drivers are under 26. So our gender gap estimates should not be affected by these costs for the vast majority of our sample.

Overall, we cannot estimate differences in costs by gender nearly as precisely as we can estimate gender differences in earnings. However, we also do not see any evidence that the gender pay differences are offset by cost differences.

A.2 Features of driving location

A.2.1 Data construction

Crime data are provided by the Chicago Data Portal and encompass all reported crimes during our time sample, January 2015 to March 2017. To proxy for the relative safety of a geohash, we measure the number of crimes that occur during our time sample in that geohash per 1,000 residents. We restrict crime data to non-residential crimes; residential crimes, such as domestic

⁴⁴Fuel economy data are available at the level of the vehicle make, model, year, and trim. Drivers manually enter these fields on sign-up; there are often typos or abbreviations (e.g., “s-class” instead of the exact model). We fuzzy-match based on the Levenshtein distance between the Uber model and the EPA data’s model. Results are based only on matches with a Levenshtein distance over 0.7 (about 70% of the data). Results are qualitatively similar for different Levenshtein distance thresholds.

⁴⁵See Massie et al. (1995) and Santamarina-Rubio et al. (2014).

violence, are unlikely to be relevant for a driver’s sense of safety. The most frequent crimes in the data are theft, battery, and criminal damage.

Population and demographics data come from the 2016 American Community Survey (ACS). The ACS data are at the census tract level; to map to geohashes, we look at all census tracts that intersect a given geohash and assume that the population is uniformly distributed across the census tract such that, if half of a census tract is in a given geohash, we assign half of its population to that geohash. Demographics such as median household income are based on the population-weighted average of all census tracts that intersect a given geohash.

Driver home addresses are based on the address associated with a driver’s bank account, which we believe to be more likely up-to-date than the address on their license. We map these addresses to geohashes. For both census population numbers and driver home locations, we smooth the features by measuring the number of drivers (or general population) living in geohashes within one mile of the given geohash.

Finally, we use data on business licenses from the Chicago Data Portal to find number of unique locales with an active liquor license. Bar districts may be differentially unsafe for women, especially during late night hours. In total, there are 3,877 businesses with a liquor license.

Because some of the neighborhood variables we analyze change substantially over small distances and because we are doing the analysis at the geohash level (rather than the driver-hour level), we use finer geohashes for this analysis than we use in our driver pay regressions. Specifically, in this section, we use precision six geohashes; each geohash side is approximately 0.75 miles long. In addition to limiting to the City of Chicago geography, we further limit to geohashes with over 1,000 trips. There are 1,014 geohashes in the resulting data (compared to the fifty larger geohashes we use in the pay regressions), covering 68.9% of our total trips.

A.2.2 Determinants of driving location

To more formally estimate how features of a location relate to male and female drivers propensity to drive there, we regress the difference in log share of trips for men and women against these

features. That is, for quantity of trips Q completed by women (w) and men (m) in geohash $g \in G$, the set of all geohashes, we regress

$$\begin{aligned} \log \left(\frac{Q_{g,m}}{\sum_{g \in G} Q_g} \right) - \log \left(\frac{Q_{g,w}}{\sum_{g \in G} Q_g} \right) &= \beta_m X_g - \beta_w X_g + (\epsilon_{g,m} - \epsilon_{g,w}) \\ \log \left(\frac{Q_{g,m}}{Q_{g,w}} \right) &= (\beta_m - \beta_w) X_g + (\epsilon_{g,m} - \epsilon_{g,w}) \end{aligned} \quad (\text{A.1})$$

Results are presented in Table 11.

Table 11: Differences in driving location by gender

| | (1) | (2) | (3) |
|---|-------------------|--------------------|--------------------|
| Log share of driver homes male (within 1mi) | 0.6667 (0.010) | | 0.7175 (0.016) |
| Log # of crimes per 1,000pp | | -0.0866 (0.009) | 0.0334 (0.006) |
| Log # of liquor licenses | | 0.1366 (0.011) | 0.0653 (0.007) |
| Log median household income | | 0.1495 (0.027) | -0.0374 (0.016) |
| Log share adult census pop. male (within 1mi) | | 0.3833 (0.053) | -0.1396 (0.032) |
| Intercept | 0.9180 (0.011) | 0.0587 (0.311) | 1.0748 (0.180) |
| N | 1,014 | 1,014 | 1,014 |
| R^2 | 0.774 | 0.435 | 0.815 |

Note: This table presents results from various regressions of the form specified in Equation A.1, where the outcome is the log share of trips by male drivers originating in a given geohash. The mean and standard deviation of each feature (as well as the outcome) are available in Table 12 in the appendix. Standard errors in parentheses.

A.3 Differential returns to learning

To test whether men and women learn at different rates, we include an interaction for driver gender in our regressions estimating the returns to experience. As shown in Table 13, there is no evidence of differential learning.

Table 12: Summary statistics, geohash-level features

| | Mean | Std. dev. |
|---|--------|-----------|
| Share of trips male | 4.2845 | 1.6884 |
| Share of driver homes male (within 1mi) | 2.2794 | 1.1783 |
| # of crimes per 1,000pp | 110.68 | 114.79 |
| # of liquor licenses | 3.7968 | 10.335 |
| Median household income | 53,545 | 25,172 |
| Share adult census pop. male (within 1mi) | 0.9025 | 0.2498 |

Note: This table presents the mean and standard deviation for geohash level features for geohashes in the City of Chicago area.

Table 13: Differential learning

| | (1) | (2) |
|-----------------------------------|---------------------|--------------------|
| isMale | 0.0145 (0.002) | 0.0096 (0.002) |
| Trips completed: 100-500 | 0.0529 (0.003) | 0.0343 (0.002) |
| Trips completed: 500-1000 | 0.0768 (0.004) | 0.0493 (0.003) |
| Trips completed: 1000-2500 | 0.0995 (0.006) | 0.0655 (0.004) |
| Trips completed: >2500 | 0.1453 (0.014) | 0.0919 (0.009) |
| isMale*Trips completed: 100-500 | -0.0004 (0.003) | -0.0006 (0.003) |
| isMale*Trips completed: 500-1000 | 0.0004 (0.004) | -0.0002 (0.004) |
| isMale*Trips completed: 1000-2500 | 0.0006 (0.006) | -0.0022 (0.006) |
| isMale*Trips completed: >2500 | -0.0069 (0.0012) | -0.0067 (0.012) |
| Intercept | 3.0223 (0.002) | 3.0571 (0.002) |
| Week | X | X |
| Geohash*hour of week | | X |
| N | 11,572,163 | 11,572,163 |
| R ² | 0.047 | 0.164 |

Note: The table expands on results presented in Table 6 by adding interacting gender and experience. Outcome variable is log of hourly earnings. Standard errors (clustered at the driver-level) in parentheses.

A.4 Returns to experience

The returns to experience we document could be driven by selection bias – for example, perhaps drivers with lower earnings drop off the platform and those that reach the higher tenure bins had always been earning more per hour. To test this, we add driver fixed effects to our model. Results are presented in table 14. Adding driver fixed effects attenuates the learning curve by about $\sim 30\%$ with time and location controls and $\sim 35\%$ with only controls for the calendar week.

There are other forms of selection bias that could affect how we measure the returns to experience. For example, perhaps drivers construct an expectation of future earnings growth and drop off the platform if they do not expect to continue learning.

Table 14: Returns to experience, driver fixed effects

| | (1) | (2) | (3) | (4) |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| Trips completed: 100-500 | 0.0539 (0.001) | 0.0349 (0.001) | 0.0344 (0.001) | 0.0242 (0.001) |
| Trips completed: 500-1000 | 0.0788 (0.002) | 0.0527 (0.002) | 0.0503 (0.002) | 0.0374 (0.002) |
| Trips completed: 1000-2500 | 0.1023 (0.002) | 0.0688 (0.002) | 0.0650 (0.002) | 0.0495 (0.002) |
| Trips completed: >2500 | 0.1421 (0.004) | 0.0925 (0.003) | 0.0876 (0.003) | 0.0668 (0.003) |
| Intercept | 3.0326 (0.001) | 3.0614 (0.002) | 3.0640 (0.001) | 3.0771 (0.002) |
| Week | X | X | X | X |
| Geohash*hour of week | | | | X |
| Driver | | X | | X |
| N | 11,572,163 | 11,572,163 | 11,572,163 | 11,572,163 |
| R^2 | 0.048 | 0.123 | 0.165 | 0.205 |

Note: This table includes our baseline returns to experience specifications with and without driver fixed effects. Outcome variable is log of hourly earnings. Standard errors (clustered at the driver-level) in parentheses.

A.5 Driving speed

We model driving speed against gender to test whether men drive faster after controlling for experience, location, and hour of week. Results presented in Table 15 show that men drive 2.2% faster

after controls. Table 16 presents similar results based on data from the National Household Travel Survey; even in contexts where there is no pecuniary incentive to drive faster, men still do so.

Table 15: Effect of gender on driving speed

| | (1) | (2) |
|----------------------------|-------------------|-------------------|
| isMale | 0.0236 (0.002) | 0.0218 (0.002) |
| Trips completed: 100-500 | | 0.0039 (0.001) |
| Trips completed: 500-1000 | | 0.0075 (0.001) |
| Trips completed: 1000-2500 | | 0.0096 (0.002) |
| Trips completed: >2500 | | 0.0110 (0.002) |
| Intercept | 2.9174 (0.001) | 2.9119 (0.001) |
| Week | X | X |
| Geohash*hour of week | X | X |
| N | 11,572,163 | 11,572,163 |
| R^2 | 0.352 | 0.352 |

Note: This table regresses log speed in a given driver-hour against the driver's gender and experience. Speed is measured as distance traveled on-trip in an hour over duration on-trip. Standard errors (clustered at the driver-level) in parentheses.

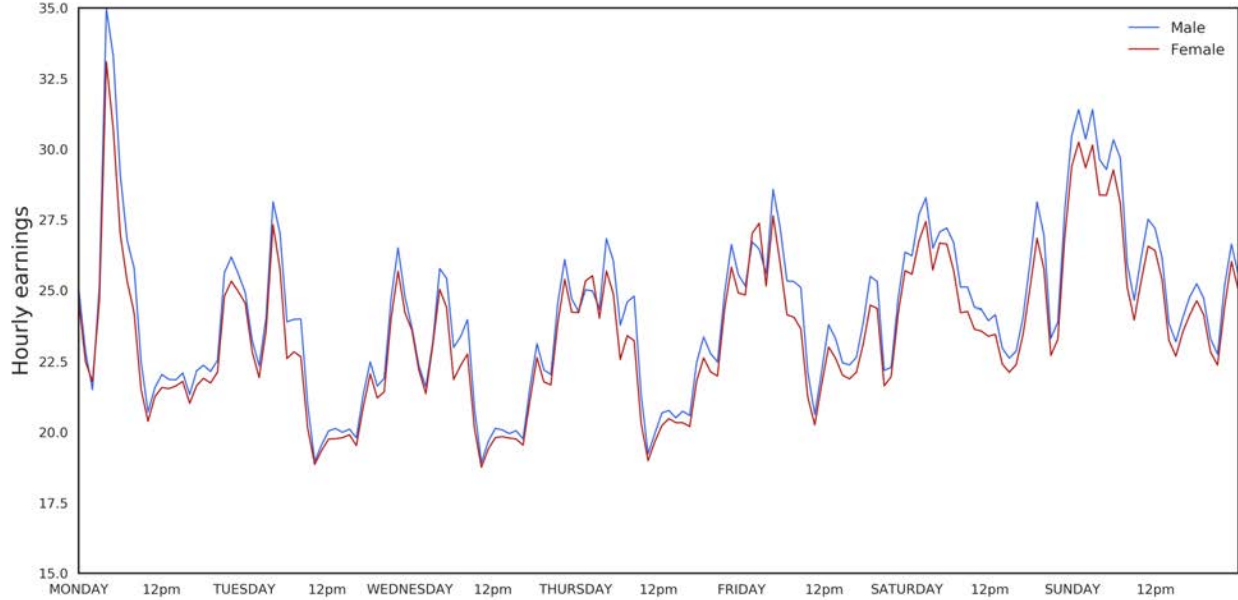
A.6 Additional graphs & tables

Table 16: Effect of gender on driving speed, NHTS data

| | (1) | (2) | (3) | (4) |
|--------------------|-------------------|------------------|-------------------|-------------------|
| Male | 0.0881 (0.005) | 0.113 (0.038) | 0.0494 (0.005) | 0.0772 (0.016) |
| Intercept | 2.973 (0.004) | 2.810 (0.024) | 3.197 (0.068) | 3.103 (0.125) |
| N | 656,904 | 3,677 | 656,904 | 656,904 |
| R^2 | 0.004 | 0.007 | 0.124 | 0.582 |
| Nationwide Sample | X | | X | X |
| Chicagoland Sample | | X | | |
| Controls | | | X | X |
| Vehicle FE | | | | X |

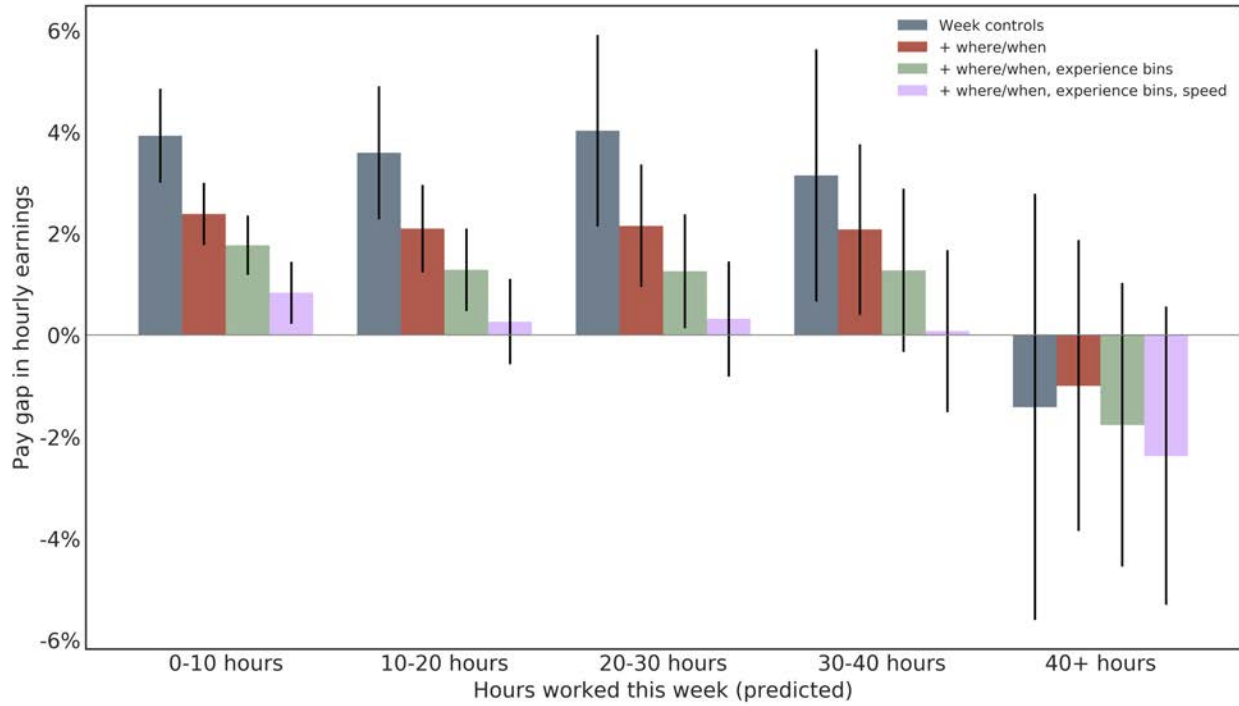
Note: The table presents estimates the gender gap in log driving speed using data from the National Household Travel Survey. Dependent variable is average miles per hour driven on a single trip. Column 3 includes controls for household income bins, driver education bins, dummies for why the trip was taken, dummies for why the previous trip was taken, day of the week, hour of day, age dummies, MSA size bins, and whether the interstate was used on trip. Column 4 add individual vehicle fixed effects. Since each household only record trips on a single day, Column 4 only compares male and female speeds driven in the same vehicle on the same day. Standard errors in parentheses.

Figure 9: Average earnings over course of week



Note: This figure graphs the average earnings by gender for different hours of the week. Data are limited to Chicago UberX/UberPOOL drivers in Chicago, January 2015-March 2017. Earnings include both incentive and organic earnings.

Figure 10: Pay gap by levels of driving intensity



Note: This figure graphs the gender pay gap by different driver types, defined by how often they are predicted to drive in the week of observation (predicted based on hours driven in past weeks). Drivers in their first week of work are not included. The set of controls mimics those used throughout the paper. Lines represent 95% confidence intervals based on standard errors clustered at the driver-level.