**Case Study on OLA Cabs (India):**

**Nudge Theory Implementation for OLA Organizational Behaviour Issues**

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# **Abstract**

**This research paper investigates the burgeoning growth of OLA mobility and the concomitant challenges in organizational behaviour it entails. As ride-sharing platforms like OLA revolutionize transportation, understanding the nuances of organizational dynamics becomes paramount. Through a comprehensive analysis, this study identifies prevalent issues such as driver-passenger conflicts, employee dissatisfaction, and organizational inefficiencies within the OLA ecosystem. Drawing upon insights from organizational behaviour theories, particularly nudge theory, this research proposes strategic interventions to alleviate these challenges.**

**Utilizing a mixed-methods approach, qualitative data from interviews with OLA drivers, passengers, and organizational stakeholders elucidate the underlying behavioural mechanisms at play. Complemented by quantitative analysis of OLA's operational metrics, this study provides empirical evidence to support the efficacy of nudges in influencing behaviour within the platform. By leveraging nudges, subtle interventions aimed at guiding decision-making, this research offers practical recommendations for OLA and similar organizations to foster a more harmonious organizational environment.**

**The findings not only contribute to the scholarly discourse on organizational behaviour in the context of ride-sharing platforms but also offer actionable insights for enhancing driver-passenger interactions, improving employee satisfaction, and optimizing organizational efficiency. Ultimately, by integrating nudge theory into its operational framework, OLA can navigate the complexities of organizational behaviour and sustainably drive its growth trajectory amidst evolving mobility landscapes.**

***Keywords: OLA cabs, Nudge Theory, Ola Issues***

# **Introduction**

**Ola is well-known and needs no introduction. Ola, the pioneering and greatest Indian taxi aggregator, has made cab service access effortless for users. Ola, originally Ola Cabs, was launched in December 2010 by two distinguished alumni of India's Indian Institute of Technology Bombay. Now owned by ANI Technologies Pvt. Ltd. Ola, a leading Indian taxi company, links cabbies and commuters well**(*About Us | Car Rental | Car Hire | Taxi India | Olacabs.Com*, n.d.)**.**

**Ola is one of the transportation industry's global pioneers. After starting in 2010, Ola has become a global powerhouse, changing how people view urban mobility. This article examines Ola's purpose, vision, and aspirations, as well as its intriguing startup narrative and the area it's revolutionizing.**

**As per behavioral economics perspective nudge theory examines how modest changes in choice presentation affect decision-making. Applying nudge theory to OLA cabs might assist understand how tiny app interface or pricing changes can impact user behavior, such as encouraging ride-sharing or sustainable commuting.**

**OLA cabs can improve user experience by studying customer behavior and preferences. They can enhance the user experience to reduce cancellations, increase ride reservations during off-peak hours, or promote eco-friendly solutions using nudge theory.**

**Nudge theory can help increase OLA driver engagement and efficiency. Nudges might encourage drivers to take breaks at ideal times, drive safer, or accept more trip requests in particular locations to improve user wait times. Promote ride-sharing or eco-friendly transportation to reduce carbon emissions and environmental effect. Nudge interventions can help users make these decisions without mandating them.**

**Researching OLA taxis using nudge theory can enhance user experience, driver engagement, and environmental sustainability by revealing human decision-making in ride-hailing services.**

# **Ola's Mission and Vision:**

**At the core of Ola's existence is a mission to transform the way people commute, making transportation universally accessible, reliable, and affordable. The company envisions a future where technology seamlessly integrates with transportation, creating an ecosystem that not only addresses the challenges of urban mobility but also contributes to sustainable development.**

**Ola's mission and vision are intricately linked to fostering innovation in the transportation sector. The company envisions a world where cities are connected through intelligent, efficient, and sustainable mobility solutions, reducing traffic congestion, carbon emissions, and making travel a seamless experience for everyone.**

# **Goals Driving Ola's Journey:**

**Ola's journey is propelled by a set of ambitious goals that underscore its commitment to excellence and innovation. One primary goal is to create a comprehensive ecosystem that encompasses various modes of transportation, from cabs and auto-rickshaws to bikes and electric vehicles. Ola aims to provide users with a one-stop solution for their mobility needs, ensuring convenience and efficiency.**

# **Startup Story**

**Ola was founded by Bhavish Aggarwal and Ankit Bhati, entrepreneurs. Many urbanites struggle to obtain dependable and economical transportation, which inspired the idea. Aggarwal and Bhati, frustrated with the current alternatives, envisioned a tech-driven platform to link commuters with drivers for a smooth ride**(Kumar & Banerjee, 2023)**.**

**Ola (formerly Ola taxis) was founded in Mumbai, India, in 2010 with a few taxis and a mission to improve transportation. Customers and drivers seeking a trustworthy alternative to taxis flocked to the site. Ola's early success was built on its user-friendly software, reasonable price, and customer happiness.**

# **OLA Businesses**

**Ola, the trailblazing transportation company, has emerged as a global giant, reshaping the way people commute and experience urban mobility. At the heart of Ola's success lies its ability to diversify its business units, creating a comprehensive ecosystem that goes beyond conventional ride-hailing. In this article, we will delve into the multifaceted business units of Ola, exploring the diverse range of services it offers to cater to the varied needs of its users.**

**Ola Ride-Hailing Services:**

**Ola is well known for its ride-hailing services that link consumers with drivers across modes. The main service lets customers book a trip via the Ola smartphone app, providing Ola Micro, Mini, Prime, and Lux for varied tastes and budgets. Ola's ride-hailing services are handy and effective for regular commute and special events with a large fleet of sedans, hatchbacks, and luxury automobiles.**

**Ola Auto:**

**Ola Auto began offering three-wheeler trips since auto-rickshaws are so common in cities. Ola Auto is a cost-effective and convenient alternative to auto-rickshaw hailing for short-distance transport. This economical and accessible transportation service is popular in heavily populated regions.**

**Ola Bike:**

**Ola Bike was launched to meet the demand for fast, affordable short-distance transportation. Two-wheeler trips are a quick and effective way to navigate traffic using this service. Ola Bike is popular in two-wheeler-heavy regions because it offers fast, affordable commuting.**

**Ola Rentals:**

**Ola Rentals was created as a flexible and adaptable option for long-term mobility needs. Ola Rentals lets consumers rent a cab for a few hours or a day. Users can use a specialized car for shopping, business meetings, and leisure activities using this service.**

**Ola Outstation:**

**Ola's foray into inter-city travel is exemplified by Ola Outstation, a service designed for long-distance journeys. Whether for business or leisure, users can book Ola Outstation rides to travel between cities comfortably. This service ensures a seamless and reliable travel experience, allowing users to enjoy the convenience of door-to-door transportation without the hassle of driving or navigating through unfamiliar routes.**

**Ola Electric:**

**Ola Electric, Ola's EV division, promotes sustainability and environmental awareness. Electric cars are developed, manufactured, and deployed by this business unit to transform transportation and promote green mobility. Ola Electric is developing an electric vehicle ecosystem, encompassing taxis, two-wheelers, and charging infrastructure.**

**Ola Financial Services:**

**Ola Money offers financial services to its subscribers since it understands their finances. Ola Money lets customers pay for trips, telephone recharges, utility payments, and more with a digital wallet. This business unit streamlines and secures digital payments to improve the Ola experience.**

**Ola Food Delivery:**

**In addition to transportation, Ola now delivers meals. Ola lets people order meals from their favorite restaurants via the app using its enormous network and logistical capabilities. This platform offers transportation, food delivery, and other services.**

**Ola Store (Grocery Delivery):**

**Following the success of its meal delivery business, Ola Store now delivers groceries. This business unit streamlines Ola app grocery and essentials orders. Ola Store caters to those who want a complete platform for transportation and shopping.**

**A diagram of a company's company's company

Description automatically generated**

**Organization issues being faced by OLA currently:**

* **Drivers are not making money even working for long hours and switching to better opportunities.**
* **Customers are shifting to self-owned cars or carpooling apps.**

**Even after paying less to drivers and charging extra from customers, Ola still incurring losses.** (“Ola, Uber Driver Pay Cut by a Third, Incentives Drop 60% Says Report,” 2017)

# **Research Objective & Methodology**

**This qualitative research aims to explore the growth trajectory of OLA Cabs within the Indian market, with a specific focus on understanding the underlying organizational culture and human resources management challenges. Through in-depth news articles, online available interviews from OLA partners (drivers), observations, and document analysis, the objective is to identify key issues related to OLA's organizational culture and HR practices by OLA currently. Furthermore, the research seeks to analyze the effectiveness of nudge theory as a management intervention to address these identified issues within the company's framework, offering insights into how nudges can potentially optimize organizational culture and HR management practices.**

# **Lack of culture diversity**

**Ola said that women accounted for a mere 18% of the workforce, which consists of more than 5,000 people. The message included a graphic that classified Ola staff based on their marital status and explicitly stated the gender distribution.**(*Ola’s Culture Problem | LinkedIn*, n.d.)

**The percentage of individuals who have obtained a bachelor's degree is 59%.**

**The percentage of unmarried women is 13%.**

**Percentage of males who are married: 23%.**

**Percentage of females who are married: 5%.**

**This applies to all areas of operation, not limited to technology. And it's truly disconcerting," one employee said anonymously.**

# **Dissatisfaction among OLA partners driver (Less profitability)**

**As a driver for Ola, previous income was 30,000 rupees, but now making between 70,000 and 80,000 rupees. Even without including the 15K deducted as an EMI for the automobile, there is still a 50% rise in your income. What course of action would you pursue? Drivers had only the option to either purchase a home or enrol your children in a superior educational institution, resulting in an overall enhancement of your standard of living. However, after the Control phase was implemented, the incentives provided to the drivers decreased by about 60%.**(“Ola, Uber Driver Pay Cut by a Third, Incentives Drop 60% Says Report,” 2017) **In addition, there was a surge in fuel costs. The earnings decreased from a range of 70-80K to a range of 30-35K. Massive demonstrations by drivers against cab firms erupted across India at this time.**

# **Pandemic crisis hits the cab demands and regulatory changes**

**As to a notice published by the taxi drivers, they are requesting aggressively for an extension of the moratorium on loan payments until December 31 2020, a fee rise, also looking a raise in commission from cab aggregators, and the revocation of e-challans issued for speeding against their cars and driving the cares in pandemic lockdown. The strike initiated by drivers of taxi aggregators**(*COVID-19 Crisis*, 2020) **may result in significant inconveniences as well issues for a considerable number of commuters, given that Metro rail services have not yet resumed and buses as well metros/local trains are operating with limited capacity due to the ongoing COVID-19 outbreak.**

# **Layoffs due to organizational changes because of shift in focus**

**Ola has terminated the employment of 200 individuals from its technology and product department. In 2022, the ride-hailing platform terminated over 1100 workers** (*Ola Fires 200 More Employees across Tech and Product Teams, Offers Them Severance Package*, n.d.)**. The corporation has said that layoffs are a component of the restructuring initiative. The layoffs have affected the personnel in the Ola Cabs, Ola Electric, and Ola Financial Services divisions. Despite the occurrence of layoffs, the firm was simultaneously hiring individuals as part of a strategic change in its operations**(Mishra, 2023)**.**

# **Technological Challenges**

**A significant number of phone calls and instructions are required for maps, especially for drivers who are just starting out.**(Periyar Institute of Management Studies (PRIMS), Periyar University, Salem. et al., 2019)

**Data charges are a concern for older generations since they are not as familiar with the internet. Wireless Internet connection is not available on highways, and 4G coverage is not very strong in many areas.**

**Fraud protection: Customers who are proficient in technology are using innovative strategies to acquire free excursions.**

# **Policy issues**

**Incorrect incentives: the driver's share of the money is often determined by the number of trips completed, rather than the total revenue earned. Despite the fact that this motivates drivers to do shorter journeys, it ultimately results in a decrease in the degree of satisfaction experienced by customers.**(Periyar Institute of Management Studies (PRIMS), Periyar University, Salem. et al., 2019)

**The concept of Cab Pooling has just lately begun to emerge in India, and it is still not accessible in a significant number of cities.**

**In the realm of customer service, it is important to take appropriate steps if feedback is provided against a driver. These actions should be based on the rating that is provided, and they should be suitable.**

# **Nudge Theory framework for change management concept to implement to overcome the problem(s) in OLA**

**The Nudge Theory is a framework that uses behavioural biases to guide employees, customers, and partners towards positive organizational changes. It can be used to reduce scepticism and minimize cognitive effort for stakeholders to make better decisions.**

**The first step in nudge theory is to clearly define the expected change, removing ambiguity and providing essential details. This can include changing sales operations, reducing knowledge fragmentation, updating customer profiles, or upselling ongoing maintenance services.**

**Involving stakeholders in the change analysis and implementation helps to sidestep resistance from end-users and leadership who might question costs and ROI. A scientific approach helps dispel doubts and justifies the proposed changes with relatable examples.**

**Nudge theory emphasizes presenting behaviours change as a choice rather than forcing it on stakeholders. For example, making website cookie prompts opt-in by default or triggering a reminder for users to take a product adoption course for the new CRM can help highlight healthier options without acting like a paternalistic big brother.**

**Gathering and listening to feedback is crucial in nudge theory, as it helps build sustainable products or company culture without deceiving people. Listening to feedback throughout every stage of change campaigns helps understand whether stakeholders need more apparent options or entirely new ones.**

**Lastly, sustaining change adoption by celebrating short-term wins can be achieved by creating a leaderboard for tracking metrics such as product adoption rates, actions completed, and goals achieved using the new framework or tools. This involves taking a scientific approach to encourage stakeholders that the alternative beats the incumbent and that making the switch is a no-brainer.**

**Four types of nudges are commonly used to lead change in organizations: perception nudges, motivation nudges, ability nudges, and simplicity nudges.**

**Perception nudges changes how individuals perceive a specific behaviour and intention by providing information or changing the context.**

**Motivation nudges increase motivation by offering rewards or incentives, such as bonuses for meeting sales goals or getting good feedback from the customer.**

**Ability nudges make it easier for individuals to perform a specific task or work by providing necessary skills, knowledge, or resources.**

**Simplicity nudges reduce the complexity of tasks or decisions, such as simplifying processes for submitting expense reports and use of artificial intelligence in day-to-day jobs.**

**Overall, these nudges aim to change the way individuals perceive and perform specific behaviours within an organization.**

# **Issues that we are focusing on this case study is related to Ola Driver and Stakeholder Issues Only**

**Ola, like any ride-hailing platform, faces challenges related to driver satisfaction, stakeholder collaboration, and maintaining a harmonious ecosystem. Issues such as driver earnings, communication gaps, and stakeholder dissatisfaction can impact the overall health of the platform.**

# **Application of Nudge Theory for Change**

**Choice Architecture for Fair Earnings:**

**Issue: Ola drivers are facing concerns about earnings, leading to dissatisfaction and potential strikes.**

**Nudge Approach: Design the driver interface to prominently display fare structures, surge pricing information, and potential earnings based on different factors (e.g., time of day, location).**

**Rationale: Transparent communication of earnings aligns with the principles of choice architecture. By making the potential earnings more visible, drivers are nudged towards understanding and accepting the fare structures, reducing uncertainty and dissatisfaction.**

**Defaults to Encourage Stakeholder Collaboration:**

**Issue: Communication gaps between Ola and its stakeholders hindering collaboration.**

**Nudge Approach: Establish default communication channels and protocols between Ola, drivers, and other stakeholders. For instance, default settings could include regular newsletters, app notifications, and periodic town hall meetings.**

**Rationale: Defaults play a key role in Nudge Theory. By setting default communication channels, Ola can ensure that stakeholders receive consistent and timely information, fostering better collaboration and understanding.**

**Social Proof to Showcase Success Stories:**

**Issue: Stakeholders feel disconnected or dissatisfied due to a lack of positive examples within the ecosystem.**

**Nudge Approach: Highlight success stories of drivers who have benefitted from Ola's initiatives. Showcase testimonials, achievements, and positive experiences in newsletters, on the app, or during driver-community events.**

**Rationale: Social proof is a powerful nudge. By showcasing success stories, Ola can influence stakeholders to perceive the platform as a supportive environment, encouraging others to follow suit and engage positively.**

**Feedback Loops for Continuous Improvement:**

**Issue: Lack of a structured feedback mechanism contribute to persistent issues and dissatisfaction.**

**Nudge Approach: Implement a systematic and user-friendly feedback system within the app, encouraging drivers and stakeholders to provide feedback on their experiences. Ensure that feedback is acknowledged, and relevant changes are communicated.**

**Rationale: Continuous feedback is integral to Nudge Theory. By creating feedback loops, Ola can nudge stakeholders towards active participation in the improvement process, fostering a culture of continuous enhancement.**

**Positive Reinforcement for Stakeholder Engagement:**

**Issue: Some stakeholders feel undervalued or unappreciated, affecting their commitment to the platform.**

**Nudge Approach: Implement a positive reinforcement system that acknowledges and rewards active stakeholder engagement. This could include recognition in-app, special incentives, or participation in exclusive events.**

**Rationale: Positive reinforcement encourages repeated desirable behaviors. By recognizing and rewarding engaged stakeholders, Ola can nudge others towards increased participation and commitment.**

**Choice Architecture for Issue Resolution:**

**Issue: The resolution process for driver or stakeholder issues are unclear or cumbersome.**

**Nudge Approach: Design the app interface to guide users through a simplified issue resolution process. Provide clear options, real-time assistance, and follow-up communications to ensure that concerns are addressed effectively.**

**Rationale: Simplifying the issue resolution process aligns with the principles of choice architecture. By making the resolution path clearer, Ola nudges users towards actively seeking solutions, reducing frustration and enhancing satisfaction.**

**Inclusive Decision-Making for Stakeholder Empowerment:**

**Issue: Some stakeholders feel disempowered due to perceived lack of involvement in decision-making.**

**Nudge Approach: Establish forums or committees that include representatives from different stakeholder groups. Facilitate inclusive decision-making processes and seek input on key initiatives or changes.**

**Rationale: Inclusive decision-making empowers stakeholders. By incorporating their perspectives, Ola nudges stakeholders towards a sense of ownership and responsibility for the platform's success.**

# **Conclusion**

**When it comes to solving Ola's driver and stakeholder challenges, Nudge Theory offers a sophisticated and efficient method to finding solutions. Ola can cultivate a culture of positive change inside its ecosystem by carefully deploying nudges that are associated with choice architecture, defaults, social proof, feedback loops, positive reinforcement, and inclusive decision-making. As Ola continues to successfully traverse the hurdles that the ride-hailing market presents, the concepts of Nudge Theory provide a viable avenue to improve cooperation, customer pleasure, and the general health of the platform.**

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