

## **The Sharing Economy, Uber, and Corporate Social Responsibilities**

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## ■ ABSTRACT

In this article, we study Uber as an institution, an organization, and a venture, in relation with the *sharing economy* and its role of obeying social responsibility norms. This line of reasoning is traced to analyze how a non-traditional industry with few state regulations controlling it can insert itself in a society without affecting the equilibrium of what constitutes the common good. Based on the concepts developed by Matten and Moon (2008), we explore the balance between the “explicit” side of social responsibility vis-à-vis the “implicit” side. Uber has affected both the explicit side and the implicit side of the conversation.

**Keywords:** Uber, sharing economy, social responsibility, regulations

## La economía colaborativa, Uber y las responsabilidades sociales corporativas

## ■ RESUMEN

En este artículo estudiamos a Uber como una institución, una organización y una empresa, con relación a la *economía colaborativa* y su función de obedecer los predicados de las responsabilidades sociales. Se traza la línea de razonamiento para analizar cómo una industria no tradicional con apenas reglamentos estatales que la controlan puede insertarse en una sociedad, sin afectar el equilibrio de lo que constituye el bien común. Basado en los conceptos desarrollados por Matten y Moon (2008), exploramos el equilibrio entre el lado “explícito” de la responsabilidad social, vis a vis el lado “implícito”. Uber ha afectado tanto el lado explícito como el lado implícito de la conversación.

**Palabras clave:** Uber, economía colaborativa, responsabilidad social, regulaciones

## Introduction

The so-called *sharing economy* has transformed our way of understanding how we use or do not use the goods that we have accumulated in our lives. In particular, goods that we protect as *ours* under a capitalist regime of accumulation can be used for the purpose of making capital. This is the condition of our house, our backyard, and, above all, our car. These goods can be used for a common purpose: collective or societal services.

It is within the above conversation that one must understand

Uber, the largest service provider in the *alternative* taxi transportation service. A company now worth US\$40 billion, Uber was launched in 2009 with two justifying reasons. On the one hand, it was founded within the sharing economy to make use of the private cars of the affiliated members, which were parked and underused. On the other hand, Uber was launched as a response to the criticism that many customers had against the drivers in the taxi industry.

These two reasons justify the emergence of Uber as the biggest taxi company of the world, competing against traditional taxi industries along with other *alternative taxi* services such as Lyft and Sidecar; however, since 2014, Uber has managed to position itself as the leading company in the world.

To understand Uber is to understand it as any national or multinational company, whose main aim is to generate profit. Considering this as the only motive to organize and launch this venture will limit other important considerations that can also affect this business enterprise.

Within the culture of a sharing economy, Uber inserts itself as a provider of the *new* common good. It is in the interest of Uber to promote, directly or indirectly, a sense and a practice of corporate social responsibility. In contradictory ways, Uber does so by way of sharing private property as part of a constructed social good.

### **Corporate Social Responsibility**

Corporations are increasingly adopting socially responsible actions, activities, policies, and processes (Kanji & Chopra, 2010). Literature on issues of Corporate Social Responsibility (CSR) defines the conversation. CSR defines a different level of understanding on how to do business. In particular, one understands that doing business requires one to comply with a level of social responsibility with society. This level of social responsibility, as Matten and Moon (2008) suggest, can be “explicit” or “implicit”. In other words, it can be the expressed position of the company to contribute to the social good while the company can implicitly lead us to believe in an alternative world, which can be much better.

CSR also deals with the restraints and constraints that the legal social order, regulatory and administrative procedures, and the collective moral understanding place on the company when doing business. In this regard, CSR has to do business within a particular legal framework. This legal framework was defined and established by the state for promoting, developing, and supporting the common good.

Companies are not simply comprised of a legal document and a business plan. Since the seminal piece by Wood (1991), CSR reminds us that corporations are made of an interwoven three-level process, made up of institutions, organizational development, and individuals. Wood suggested that these three levels lead us to understand Corporate Social Performance (CSP), which provides an understanding between the corporation and the social common good (Wood, 1991). These three levels should come together and provide a common vision from a company's or corporation's perspective on issues related to social responsibility.

The literature on social performance, initiated partially by Wood, emerged to incorporate what is currently known as CSR (Matten & Moon, 2008; Swanson, 1995); however, it was Wood who advanced a basic definition, which can help to illustrate the scope of the concept.

The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behavior and outcomes (Wood, 1991). A CSR policy is beneficial not only for a corporation's bottom line but also for its employees, stakeholders, consumers, communities, the environment, and society at large (Kanji & Chopra, 2010). As a result, CSR has moved from ideology to reality, and many consider it necessary for organizations to define their roles in society and apply social and ethical standards to their businesses (Lichtenstein, Drumwright, & Braig, 2004; Lindgreen & Swaen, 2010).

When one looks at this basic definition, which in a way has been followed by others and subsequently expanded (Matten & Moon, 2008), one has to consider how the sharing economy

affects the conversation. In particular, through different sorts of new enterprises, entrepreneurs and corporate social formations affect our understanding of the common good and the role of the corporation in assuming social responsibility by stabilizing and not altering the balance between business needs and social needs.

### **Uber, the sharing economy, and corporate social responsibility**

Di Amato (2016) said the sharing economy is an economy system in which assets or services are shared between private individuals, either for free or for a fee, typically by means of the internet. It consists of two different business models. The first business model is the offering of goods or services by businesses through internet and mobile apps. In the second business model, business entities create a web platform where owners of goods (producers) meet and conclude sharing agreements with people who want to share such goods (prosumers).

The implications of the sharing economy have been hotly debated in the news media, and the research world is now beginning to weigh in with deeper analysis. One central area of argument relates to whether the sharing economy is simply bringing more wage-earning opportunities to more people, or whether its net effect is the displacement of traditionally secure jobs and the creation of a land of part-time, low-paid work (Penn & Wihbey, 2015).

Uber, as an institution, as an organization, and as a venture where individuals have a say inserts itself in the discussion between the sharing economy, the corporation, and its role of obeying social responsibility norms. This line of reasoning is traced to analyze how a non-traditional industry with few state regulations controlling it can insert itself in a society without affecting the equilibrium of what constitutes the common good.

The reason behind the launching and consolidating of Uber cannot be merely the process of making profits. In fact, the process should assume the social responsibility of the corporation in supporting the common good and in promoting a balance in doing business; however, Uber clashes with the traditional way of

doing business and affects the traditional taxi industry; moreover, around the world, there have been protests against Uber when the multinational corporation has announced the introduction of its services in a new market.

The effect of Uber on the traditional taxi industry must be contested and questioned. For the traditional taxi industry, which is highly regulated by the state, Uber is the enemy; particularly, because of the way in which Uber is organized, people without any skill or qualifications beyond having a vehicle certified by Uber, a valid driver's license, valid insurance policy, and a smart phone can provide taxi services. This attempts against the very foundations of the traditional taxi industry.

In this regard, to paraphrase the work by Simon (1947, as quoted in Mahoney, 2005), the "administrative behavior" of Uber poses serious considerations to a social equilibrium on how to do taxi business, which has existed for a long time; however, when one explores the real effects of Uber, as some research suggests, this new venture has forced traditional taxi industries to operate in a more effective and efficient way.

Studies conducted in New York City and Chicago suggest that after Uber, complaints against taxi drivers of the traditional service industry have dropped (Wallsten, 2015). In the end, if this has been the effect of Uber, what indeed has happened is that this new venture has forced us to redefine the role of corporations in defining and redefining what social responsibility is. Using the concepts developed by Matten and Moon (2008), we are exploring the balance between the "explicit" side of social responsibility vis-à-vis the "implicit" side.

## Conclusion

Without question, Uber has affected both the explicit side and the implicit side of the conversation. Rather than automatically disapproving of this new venture, it would be interesting to consider how it can co-exist with the traditional way of doing business. In addition, it would be relevant to explore how Uber has assisted in

shaping our understanding of what the common good is and to assess how the social common good can benefit from traditional ways of conducting business and from non-traditional and emerging business initiatives.

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