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The Issues of Social Responsibility in Collaborative Economy Business Models

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Abstract

Purpose: The main aim of the paper is to analyse common aspects of the concepts of corporate social responsibility and collaborative economy through identifying the issues of social responsibility included in the collaborative economy business models.

Design/methodology/approach: Firstly, the questionnaire survey was used to gather the opinions of the participants of the conference assembling the representatives of sharing and collaborative businesses in Poland. Secondly, there were conducted two individual in-depth interviews with CEOs of businesses active in the collaborative economy sector. The aim of this phase was to illustrate the theoretical framework with practical business experiences.

Findings: There are strong relations among collaborative economy and corporate social responsibility. The research results suggest that business models in collaborative economy approach are designed to multiple value creation for a broader group of stakeholders rather than only for clients and an organisation. Conducted research revealed that the issue of responsibility even if not clearly communicated is a very important element of business models' DNA especially in its social dimension.

Research and practical limitations/implications: The research results can be useful for practitioners establishing new ventures and seeking for business models including collaborative and

responsible business principles. Due to the limited number of companies it is not possible to extend the findings and conclusions to the whole population.

Originality/value: The paper presents the business point of view on the issue of collaborative business models and their relations with social responsibility. The issue of responsibility was presented as a key element of multiple value creation. The chosen research method allowed to present the voice of business representatives. It can be treated as an initial step of further research.

Paper type: research paper.

Keywords: CSR, corporate social responsibility, business models, collaborative economy, new business models.

1. Introduction

The history of corporate social responsibility (CSR) in Poland, comparing to the Western countries, is rather short. However, its gradual development in time is visible. The CSR concept is more mature than it was 10 or 5 years ago. It can be especially seen on the examples of the biggest companies which try to join business case with social responsibility¹. In this aspect there is no difference between Polish and international markets because the change of understanding the idea is also noticeable on the global scale. The initial assumptions that CSR should be associated with the volunteering actions and philanthropy e.g. the definition from EU Green Paper (European Commission, 2001) evolved in the direction of managing social and environmental impacts inherent with business processes (Asif, Searcy, Zutshi and Fisscher, 2013; Vitolla, Rubino and Garzoni, 2017; Gazzola and Colombo, 2014). Social responsibility is included into a business strategy and treated as a part of company's DNA (Visser, 2010). CSR is used to improve competitive advantage (Vilanova, Lozano and Arenas, 2009), to be more innovative (Gallego-Alvarez, Prado-Lorenzo and García-Sánchez, 2011; Wagner, 2010) or to build new business models. CSR, as an umbrella concept, is a source of business potential. It helps to build

¹ The shift of the quality of CSR projects can be noticed even in the analysis of few editions of annually *Raport Odpowiedzialny Biznes w Polsce* where companies present their responsible practices. Good practices are more comprehensive and tailored to the business models. They respond to the identified social and environmental challenges and aim at real positive effects.

and maintain relationships with different groups of stakeholders (Bhattacharya, Korschun and Sen, 2009) and create multiple values for them. The concept of shared value in the context of social responsibility is based on the assumption that companies should generate (as responsible citizens), next to the economic values, also social and environmental values (Porter and Kramer, 2006; Porter and Kramer, 2011). The need for building beneficial relations (providing different values) with different stakeholders was also underlined in Freeman's papers (e.g. Freeman, 1984; Freeman, 2010). Nowadays, in Europe the most recognized definition of social responsibility says that it is "the responsibility of enterprises for their impacts on society" (European Commission, 2011, p. 6). According to the EU point of view:

[t]o fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts (European Commission, 2011, p. 6).

This definition suggests that an organisation is responsible for processes which can be affected by its activities (both positively or negatively). Companies should take care of needs and expectations of stakeholders (Clarkson, 1995) and satisfy them by leading to the win-win situation and different values creation. The effect is the maximization of positive impact and limitation of actions that can be harmful, unfair or dangerous to the society and environment. CSR puts attention on making business processes more sustainable and business organisations more socially sensitive.

This approach is very close to the concept of collaborative economy which is also oriented towards creating positive economic and social values for business and society. Collaborative economy gives many opportunities to develop business models that are innovative and open to stakeholders with enormous potential to implement the ideas of CSR.

Lichtenthaler (2016) proposes the principles of so called SHARED management to point out the essence of building up today's business

strategies and managing operational processes. According to these principles, management should be (Lichtenthaler, 2016):

- SUSTAINABLE** – Linking economic and societal issues including environmental aspects, attention to creating shared value;
- HOLISTIC** – Acknowledging positive and negative synergies, truly global strategies in all aspects of a firm’s business;
- ANALYTICAL** – Participatory leadership, use of big data and evidence-based management techniques and methods;
- RELATIONAL** – Large portfolios of inter-firm alliances and network, close resource sharing, open innovation;
- ENTREPRENEURIAL** – Focus on innovation and corporate entrepreneurship, independent start-up teams in large companies;
- DYNAMIC** – Temporal competitive advantages, emphasis on strategic renewal and organisational transformation.

Taking into account the aforementioned affinities between the two concepts, the aim of the paper is to analyse common aspects of the concepts of corporate social responsibility and collaborative economy through identifying the issues of social responsibility included in the collaborative economy business models. The main research question is: are the collaborative business models socially responsible? The literature review will be supplemented by author’s own research. The research was made during the specialist conference which gathered the crucial sharing and collaborative businesses’ representatives from Poland. The next phase was two individual in-depth interviews conducted with CEOs of businesses active in collaborative economy sector.

2. Collaborative economy and social responsibility

Collaborative or sharing economy (some authors distinguish these two terms, other treat them as synonyms²) is a global trend which covers many industries and sectors also in Europe. European data says that the gross revenue from the collaborative economy market in 2015 was 28 billion euro (European Commission, nd). Collaborative economy

² The explanation of it can be found in Sokołowski, Starzyński, Rok and Zgiep (2016).

reshapes the image of traditional business proposition (PricewaterhouseCoopers, 2015) or even the way we work (McKinsey Global Institute, 2016).

Collaborative economy “refers to business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals” (European Commission, 2016). It is also understood as: “[a]n economic system of decentralized networks and marketplaces that unlocks the value of underused assets by matching needs and haves, in ways that bypass traditional middlemen” (Botsman, 2015). “Sharing economy in broad terms includes an economic model based on sharing, swapping, trading, or renting products and services in a way that enables access over ownership. This can include business-to-consumer, business-to-business, and/or peer-to-peer transactions” (Business Leadership for an Inclusive Economy, 2016). The collaborative economy makes shift from a traditional business system to new forms of social cooperation with profit orientation (with temporary access rather than ownership, less tangible assets and redistribution of goods and services (Kathan, Matzler and Veider, 2016)).

It is worth underlining that collaborative economy is profit oriented what makes some misunderstandings about this concept because of its identification with social activity. The concept offers the new approach to consumption and client engagement providing goods and services in an easier and cheaper way than it used to be (Lamberton and Rose, 2012).

The set of characteristics to this new business models concept was introduced by Botsman (2015). She extracted five crucial elements that characterized real collaborative companies:

1. The core business idea involves unlocking the value of unused or under-utilized assets (‘idling capacity’) whether it’s for monetary or non-monetary benefits.
2. The company should have a clear values-driven mission and be built on meaningful principles including transparency, humanness, and authenticity that inform short and long-term strategic decisions.
3. The providers on the supply-side should be valued, respected, and empowered and the companies committed to making the lives of these providers economically and socially better.

4. The customers on the demand side of the platforms should benefit from the ability to get goods and services in more efficient ways that mean they pay for access instead of ownership.
5. The business should be built on distributed marketplaces or decentralized networks that create a sense of belonging, collective accountability and mutual benefit through the community they build.

Taking into account mentioned characteristics and theoretical basis of each of the concepts some strong interconnections between social responsibility and collaborative economy can be distinguished:

- **collaborative business model is built on such values as: transparency, responsibility, trust etc.**

The core of business model assumes the engagement of people what makes it crucial to create the open and transparent environment for all. People must be sure that the organisation is trustworthy. In practice it is seen in clear rules of participation in the business venture, engagement of people in doing things together and creating social networks. The success of collaborative economy is not possible without the reputation and responsibility for business decisions and actions.

- **mission includes social and/or environmental aspects**

The foundation of a new venture in a collaborative system is based on some social and environmental values. It can cover the aim to integrate society, to make people healthier, to minimize the amount of waste etc. Even if the business is established to 'make money' it is more social and environmental oriented than a traditional business.

- **creates shared values**

The collaborative business models seem to be more conscious about the environment. It is possible due to the fact that they are founded to share/lend/participate rather than owning. The idea supports responsible consumption by limitation of using natural resources (longer life cycle of products, etc.) (Ozanne and Ballantine, 2010; Bardhi and Eckhardt, 2012) and more smart consumption (Havas Worldwide, 2014) which supports the sustainability concept (Bachnik, 2016; Hamari, Sjöklint and Ukkonen, 2015). Equally important is the social dimension. Collaborative economy is inclusive. It gives the opportunity to use goods

and services which are normally unavailable for some social groups. It creates also the space on the labour market for these who cannot access to the highly competitive labour market as regular employees.

- **potential of philanthropic projects**

Some platforms are strictly devoted to the realization of social projects (especially crowdfunding platforms). Others give the opportunity to engage in making something philanthropic what integrates the society focused on common goals.

Companies active in collaborative economy are expected to be more sensitive to social and environmental aspects of their activities. There are no doubts that “in the era of sharing economy the world responsibility has broader meaning” (Pyszka, 2016, p. 118).

On the other hand there are some aspects of collaborative economy that can be contradictory to the corporate responsibility (e.g. employee rights to have full contracts, ethical marketing, long term sustainable goals etc.). The issue of ethics can be discussed separately and will not be a part of the paper. In the next part of the paper theoretical foundations will be confronted with the practice.

3. Empirical study

3.1. Stage 1: expert questionnaire

The first stage of research was conducted in June 2017 during the conference devoted to the collaborative economy held in Łódź. Moreover, the questionnaire was published on the Facebook closed group for specialists in the field of collaborative economy. Paper questionnaires and the online platform *webankieta.pl* were used to gather data. The questionnaires were filled by people directly connected with the collaborative economy area mainly CEOs (7 respondents) or project managers (2) and a marketing specialist. There were 7 men and 3 women who took part in the research. They represent such sectors of collaborative economy as: services (including food selling), education, crowdfunding and new technologies. Most of investigated companies are young (up to 5 years on the market). Only one organisation has been operating for longer than 5 years. Business models of organisations participating in the study are based mainly on: sharing (4), trading (4) and swapping (2).

Innovation seems to be the key word for the sector. 7 of 10 respondents admitted that the main reason for setting up the new business was the need to offer unique products and services which were not present on the market before. Other motivations were aimed at solving identified social problems (2) and environmental problems (1). The profit maximisation as a main orientation was mentioned by only one respondent. One company wants to combine profit maximisation with social engagement. All remaining enterprises (8) are oriented to the shared values creation (social and environmental) for all groups of stakeholders. Regarding the issue of crucial values for collaborative business models the most important are: social inclusiveness (5), openness (5), responsibility (3), sharing (3), diversity (3), social change (3) and relations (3). At the core of researched organisations is the creation of values that meet the needs of clients and, additionally, generate benefits for other stakeholder groups. This indicates a high social awareness and environmental sensitivity translating into concrete business solutions.

It was underlined that the companies under the study are strongly oriented towards using social media and the Internet what is characteristic for this kind of ventures. Although companies are rather young they see the added values in partnership (intra- and inter-sectoral) and creation of different values for different groups of stakeholders. What is also important, all of representatives indicate the higher level of social trust as an essential condition for the development of a business. It means that the business model depends on social acceptance and understanding what gives even greater justification for integrating and implementing the idea of social responsibility at the strategic level.

3.2. Stage 2: in-depth interviews

In the second stage of the research two in-depth interviews were conducted. The objective of the second part of the study was to investigate more thoroughly the results obtained in the expert questionnaire survey. The author wanted to examine in more details the motives standing behind building specific business models that include social responsibility (posprzatajmi.pl and polakpotrafi.pl). The key findings from interviews and conclusions are presented in Table 1.

Table 1. Collaborative business models – in depth interviews results

	posprzatajmi.pl	polakpotrafi.pl
Short characteristic of the company	The Internet peer-to-peer platform to offer service of cleaning flats, houses and offices using individual service providers. All terms of the service are agreed on the platform. Service providers decide when, how long and how much does the offer cost and clients choose the best offer for them.	PolakPotrafi.pl is based on crowdsourcing and crowdfunding. It gives space to gather funds for different projects including social ones. It is first and the biggest reward-based crowdfunding platform in Poland.
Person providing information	CEO	CEO
The main motive of setting the venture	The idea of introducing new service of cleaning with e-commerce possibilities. The main issue was to offer the space for providing services on peer-to-peer market. The idea standing behind the business model is to make the labour market more open and inclusive. It is very easy to register and start working. The rules of participation are clear and transparent.	The venture was established to fulfil the gap on the market (2010–2011). There was not any business offering the possibility to use crowd to gather funds for projects. Moreover it was also needed to help people in an innovative and creative way. “It was a desire to run a cool business”
What differs the company from the others?	There are no barriers to join the venture (except the Internet connection). People who are seeking the job decide on the working time and the rates they want to provide their services.	In the economic area it is the lowest percentage. In the aspect of innovation the venture is based on a bottom-up approach. The community votes with money and chooses the project that is most interesting / needed, etc.
What values are the most important for the organisation?	<ul style="list-style-type: none"> – simplicity (availability for all stakeholders; it is easy to join the platform to place and order etc.); – fairness (for clients and employed); – social engagement (the network of people who identify themselves with the work they do). 	<ul style="list-style-type: none"> – responsibility (for money invested by the crowd; the verification of the credibility of the project); – transparency of processes; – cooperation (community is fully engaged in the process).

Table 1.
continued

	posprzatajmi.pl	polakpotrafi.pl
The best statement of the business model	Business model oriented to shared value creation (win-win business strategy orientation).	Business model oriented to shared value creation (win-win business strategy orientation).
What social or/and environmental values are generated?	<ul style="list-style-type: none"> – social inclusiveness; – help to elderly people in daily activities. 	<ul style="list-style-type: none"> – support for people in distress; – help to build community (increase coverage); – possibility of carrying out social projects (including support for treatment or rehabilitation).
What is needed to develop the business model?	<ul style="list-style-type: none"> – higher level of social trust/ social awareness; – better law regulations; – support of famous people; – better distribution of public funds. 	<ul style="list-style-type: none"> – higher level of social trust; – social maturity (understanding the issue of crowdfunding); – cross sectoral cooperation; – better law regulations (more friendly to donors).

Source: own elaboration.

There are many similarities between these two companies. They are both oriented to multiple values creation for different stakeholders. In the case of *posprzatajmi.pl* the crucial aspect is social inclusiveness of people at risk of social exclusion (e.g. young mothers who cannot work full time). There is also a possibility to improve environmental values by offering ecological cleaning agents etc. The platform *polakpotrafi* offers the opportunity to gather funds for people with different needs. Various stakeholder groups benefit from the benefits of the project. They are oriented towards similar values and put attention on different groups of stakeholders. Both respondents admitted that further development of their business models is related to social trust and awareness. The business model is characterized by the bottom-up approach. At the time of the interview, none of the respondents directly mentioned social responsibility, but according to the answers given, both ventures

are socially sensitive and have characteristics that distinguish socially responsible companies.

4. Conclusions

Research results confirm that in collaborative business models the level of understating for the idea of social responsibility is high. It does not mean that companies are socially responsible just because of the business model. It is also possible that companies can meet ethical and environmental problems as well (like workers' rights or a way of acting which is not environment friendly). These issues are not the aim of the paper and can be researched and discussed separately.

The relatively small group of investigated companies makes the research results limited and not statistically significant. However, the general results may be useful for both improving business practice and formulating further research objectives.

Summing up, there are many common points between the concepts of corporate social responsibility and collaborative economy. Nowadays, CSR is treated as a part of a management system and a source of competitive advantage. It allows to look at the business from a different perspective and does not limit the success on the market only to economic prosperity. Such thinking is coincident with a collaborative economy in which the benefits achieved far outweigh the financial dimension. The key value for both concepts is multiple value creation. In practice, achieving multiple values may be different for a traditional business model that has adapted the concept of CSR in comparison with a collaborative system.

The level of understanding for the CSR concept in collaborative business models may differ. It depends on an adapted strategy. The articulation of social and environmental values is also important. In collaborative business models social orientation is more visible than in traditional business. The main conclusion is that the idea of social responsibility is rooted in collaborative business models. It means that they are more focused on achieving common goals and balancing the profit maximization with social and environmental aspects. The scale of this balancing and the generation of multiple values may vary depending on the product offered, customer interest or even the owner's approach to the issue of social responsibility.

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