

Critical Analysis of the CSR Strategy of Uber

Yumeng Liu^{1,a,*}

¹University College London, Gower Street, London, WC1E 6BT, UK

a. yumeng20150629@gmail.com

*corresponding author

Abstract: This study undertakes a critical assessment of the Corporate Social Responsibility (CSR) approach adopted by Uber, a prominent ride-sharing corporation based in San Francisco, California, which since its establishment in 2009, has significantly disrupted the transportation sector through innovative technological advancements. Nonetheless, the firm has encountered substantial obstacles tied to its CSR performance, notably involving safety concerns and entanglements with legal disputes. By executing a meticulous stakeholder appraisal and applying Carroll's CSR pyramid as a framework – which outlines responsibilities across economic, legal, ethical, and philanthropic dimensions – the research delves into Uber's CSR strategy. It uncovers deficiencies in passenger and driver safety measures, exposes legally dubious practices that could be deemed exploitative, and highlights an inadequate attention to ethical considerations for its driver workforce. While the company has initiated some philanthropic endeavors, its CSR strategy is critiqued for inadequately reconciling shareholder interests with the needs of other stakeholder groups. In drawing conclusions, the paper prescribes a series of enhancements for Uber's CSR strategy, underscoring the necessity for implementing a robust, regulated safeguard mechanism. This measure is posited as crucial for augmenting safety standards and fostering enhanced trust among all stakeholders.

Keywords: CSR Implementation, Uber's CSR Strategy, Stakeholder Evaluation, Carroll's Four-Tiered CSR Model, Legal Disputes.

1. Introduction

Uber is a web-based transportation network company headquartered in San Francisco, California. After launched in 2010, Uber becomes one of the most valuable ride-hailing business in recent years, heightening its valuation to more than \$72 billion after its inception in 2009. As the first ride-sharing business, the company currently operates in over 83 countries and more than 855 cities in the worldwide.

As a first mover, the disruptive technology model of Uber shakes up the way we perceive services offered by conventional taxi services. The company has gained an edge over its rivals through its brand reputation and the corporate culture that drives innovation and creativity.

However, there were various cases of business malpractices and controversy against Uber. Due to the lack of corporate social responsibility, the company has even lost its license to operate in London in 2017, since happened several breaches that placed passenger at risk, which is one of the

most striking dilemmas for Uber. Obviously, it is urgent for the company to address the issue of its corporate responsibility around its reputation if Uber wants to survive.

The first part of the essay will analysis the current CSR strategy of Uber and its implementation, particularly in terms of safety issues. The second part will focus on identifying possible tactics the company can adopt to improve its performance.

2. Stakeholder analysis

Uber is the archetypal ‘digital disrupter’, they adopt various elements, including the beliefs of sharing economy and caught the opportunity. [1] Its operation module is deliberately to create something new by breaking rules and pushing boundaries which is doubtfully outdated current business regulations in the worldwide.

In the past years, Uber has been involved in many scandals. When focus on the general situation and identify the magnitude of it all for Uber is that these instances are negatively impacting most of the stakeholders in the value chain are crucial for business legitimacy and success. Besides, reflecting on the current criticism of Uber, and combined with its rapid growth, Uber may move forward through countless regulations and legal loopholes to achieve the ultimate goal of shareholder value if not regulated effectively. As Swisher stated, that by using destroying creative destruction, Uber risks being devastated itself. [2] Uber seems to be a sample of using aggressive business strategies to maximise profit, while putting responsibility on its stakeholders aside.

The company launched its CSR program in 2015, six years after the company was established. Perhaps failing to put social responsibility at the top of its agenda from the start has allowed the company to develop a negative and unsustainable corporate culture.

3. CSR strategy analysis

This part will use Carroll’s CSR pyramid explore the characteristic of CSR strategy of Uber, with the intention of proposing possible ways to reconcile its obligations to its shareholders with those to other competing groups claiming legitimacy.

4. Economic responsibility

The remarkable growth makes Uber become one of the most attractive companies over the past decade and it has grown to be the highest valuable start-up company. (Appendix 1) As the first web-based transportation app, Uber benefits from economies of scale and a huge network of founded resources and stakeholders, which makes the company is able to decrease costs and increase efficiency. As Scherer pointed, that the first mover always has the competitive advantage over rivals.[3] The first mover advantage enables Uber to study quickly and acquire plenty amounts of data to make customer-centre marketing strategy. Moreover, Uber has built a persona of loyalty among existing passengers towards its brand and attracted new customers even before its competitor entered the market. The company remains the dominant ride-hailing position in most parts of the world, despite some competitors are gaining ground.

5. Legal responsibility

Despite with the defence of new technology idea, Uber has operated on the precipice of the legal. [4] Uber recognised itself as a technology company rather than a transport company, which allows it to bypass taxi regulations and expand globally. If the company cannot enter an exact market due to the extensive rules, Uber executes capital intensive fight strategy. It has spent billions on aggressive fight and disrupt the taxi industry across the world.

Furthermore, Uber has been accused of exploiting legal loophole to spread in the worldwide. (Appendix 2) Additionally, as the limitation to liability of Uber indicated, that they do not guarantee the safety and suitability of driver provides. (Appendix 3) Although the company defence that they do vehicle and background check on its drivers before they provide its services. (Appendix 4) The entry barrier is arguably low, as several data shows that they did not use enough suitable measures in these checks. [5] It is apparent for scandals including harassment, abuse and even death has happened. (Appendix 5) The safety is also the major reason that Uber be banned in London, it is necessary for the company to address the safety issue.

As Birkinshaw announced in the lawsuit, Uber also has been criticised by its aggressive strategy to take down the competition. [6] All above examples illustrations the malpractice of legal which Uber has exposed in the past years. As Uber became a global powerhouse, balancing compliance and innovation become more important.

6. Ethical responsibility

According to Carroll's CSR pyramid, that company has the obligation to held accountable to its stakeholders. And Cownie proposed, that benefits of stakeholder should be considered, whatever the character of its connection with the company.

Uber offers flexibility opportunity to its drivers to work multiple jobs and supplement their incomes in their spare time. They can pursue other occupations, as well as decide the working hours themselves instead of being dictated by the restriction of the traditional work model. However, drivers cannot get minimum wage and benefits as required by international labour law. And they do not have any health security and pension benefits. Moreover, Uber has no proper strategy to guarantee the safety of driver. (Appendix 6)

Above all, Uber does not ensure the safety of its passengers and drivers. It is a controversial practice of management to social responsibility and stakeholder commitments, which limits the liability of Uber if the accident happens. Additionally, in order to expand the market share, Uber has been accused of tracking the contact of customers and send its advertisement. These practices of Uber obviously against Cownie aforementioned notion of guaranteeing all expectations and requirements of stakeholders are fulfilled.

7. Philanthropic responsibility

Uber has devoted to make the world better place through partnerships with its services. Its CSR strategy help with addressing a series of social issues, for instance, helping veterans, raising money for kid and help save dogs.

However, Uber brings environmental issue of greenhouse gas emission grows. According to this problem, Uber has come out several strategies to address this issue. The new strategy is a carpool option in which passengers can choose to share the vehicle with others traveling along similar routes. This initiative appears to be authentic, because passengers could have the discount, drivers are able to earn more money by driving longer routes. More importantly, sharing journey help improve air quality, save fuel and increase the efficacy of transportation system with each trip.

Above all, Uber has used Earth Day to promote its environmentalism. Through this initiative, Uber made an actual monetary donation toward protecting the environment. (Appendix 7) It also used this promotion to incentive people to choose carpool to reduce greenhouse gas emissions. It can be seen from above that Uber has been active in showing its support for society and environmental benefits by implementing carpool. While safety issues appear to be an obstacle to passengers choosing to carpool.

8. Conclusion

As aforementioned, Uber have detailed ethical strategies, code of conduct and CSR strategies. However, these rules are not operating effectively whether on individual or collective level. They need to improve its stakeholder, sustainability and CSR strategies.

To improve its stakeholder, sustainability, and CSR strategies, Uber needs to prioritize safety and legal compliance alongside its innovative efforts. The company must enhance its driver background checks, enforce stringent safety measures, and ensure transparent communication with passengers to regain trust and reliability. Addressing the concerns around driver wages and benefits is also crucial; Uber should consider providing minimum wage guarantees, health security, and pension benefits to create a more equitable working environment.

Moreover, Uber's aggressive market expansion tactics should be tempered with a commitment to ethical business practices. Avoiding legal loopholes and respecting local regulations will not only foster better relationships with governments and communities but also enhance the company's long-term sustainability.

Philanthropic efforts, while commendable, should be expanded to include more comprehensive environmental initiatives. Promoting carpooling and other eco-friendly options can significantly reduce the company's carbon footprint. Investing in electric vehicles and supporting public transportation systems can further demonstrate Uber's commitment to environmental responsibility.

In summary, Uber must shift from a profit-maximization focus to a balanced approach that equally values shareholder returns and the well-being of all stakeholders. By strengthening its CSR initiatives, embracing ethical practices, and fostering a culture of accountability and safety, Uber can not only rectify past missteps but also pave the way for sustainable and responsible growth in the future.

References

- [1] Geoffrey Dudley, *Creative destruction and the sharing economy. Uber as disruptive innovation*, *Transport Reviews*, (2017), < <https://www.tandfonline.com/doi/full/10.1080/01441647.2017.1365277> > [Accessed 7th March 2020]
- [2] Kara Swisher, *Men and Uber man*. (2014), < <http://www.vanityfair.com/news/2014/12/uber-travis-kalanick-controversy> > [Accessed 7th March 2020]
- [3] Andreas Georg Scherer, *The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy*. *Journal of management studies*, 48(4), pp.899-931. <<https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-6486.2010.00950.x>> [Accessed 7th March 2020]
- [4] Chee, F.M. (2017) *An Uber ethical dilemma: examining the social issues at stake*, *Journal of information, communication and ethics in society*.
- [5] Robertson, R. (2011) *Globalization: social theory and global culture*, London: Sage.
- [6] Birkinshaw, J. (2017) *Uber - A Story Of Destructive Creation*. Available at: <https://www.forbes.com/sites/lbsbusinessstrategyreview/2017/10/16/uber-a-story-of-destructive-creation/#55845ee37c87> [Accessed 7th March 2020]

Appendix

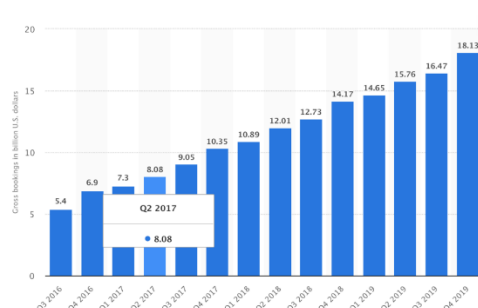


Figure 1: Global booking volume of Uber: (Appendix 2)

According to above data, it can be seen that the revenue of the company was \$11.3 billion in 2019, which characterises a 43% growth than 2017. This came from gross bookings of \$50 billion, which was increase 45% on a year prior.

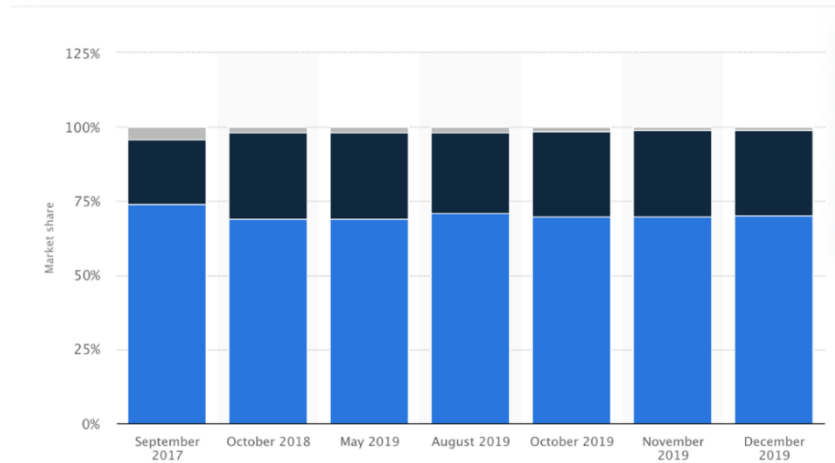


Figure 2: Market share of the leading ride-hailing companies in the US (Appendix 3)

Uber keeps the dominant ride-hailing position in most parts of the world, despite some competitors are gaining ground.

Uber permits its drivers to operate in cities of UK, where they do not have licence, leaving local authorities ineffective to control them.

Uber also has been banned in Germany and many other European countries for opposing transportation relations.

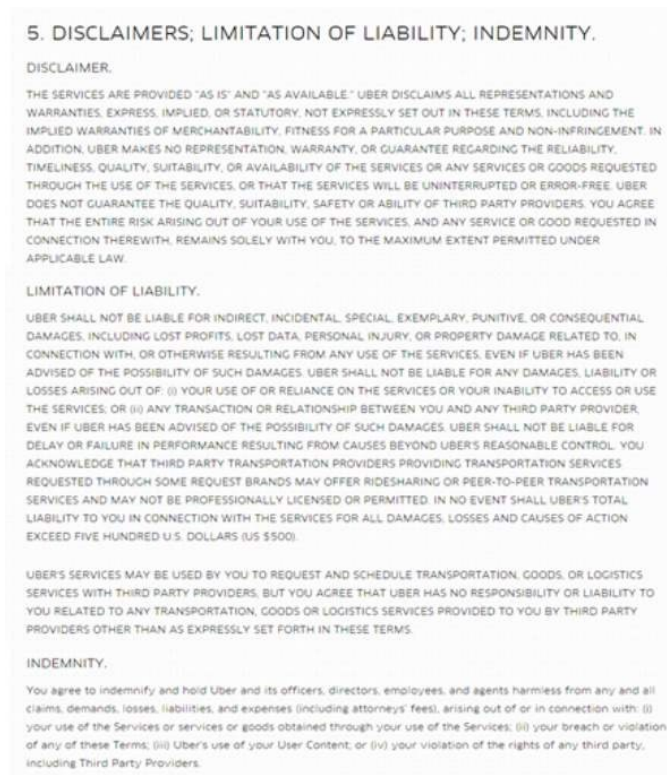


Figure 3: (Appendix 4)

A driver of Uber harassed a woman in London.

A driver groped a passenger in March 2014,

Appendix 5:

Apart from price fixing strategy, they arranged and cancelled Lyft rides 5000 times since 2013. [7]

Appendix 6:

In November 2015, a drunken passenger assaults UBER driver in California.

In January 2016, a doctor aggressively attacked Uber driver in Florida.

Many cases indicated, that the security of drivers threatened by customers which include assaults and misbehaviour.

Appendix 7: Earth day network

Uber donate one dollar from every split fare of ride to the Earth Day Network to plant trees.

Appendices

Appendix 1: Uber Revenue and Usage statistics. (2019) <<https://www.businessofapps.com/data/uber-statistics/>> [Accessed 7th March 2020]

Appendix 2: Uber. (2015). Uber Safety. Available: <https://help.uber.com/h/bc66d872-d3d3-4ea0-828a-9d1a7da8009f>. Last accessed 25th August 2015.

Appendix 3: Global net revenue of Uber from 2013 to 2019, Statista <<https://www.statista.com/statistics/947447/uber-global-quarterly-revenue/>> [accessed 7th March 2020].

Appendix 4: Global booking volume of Uber from Q3 2016 TO Q4 2019, Statista <<https://www.statista.com/statistics/550581/uber-global-gross-bookings/>> [accessed 7th March 2020].

Appendix 5: Market share of the leading ride-hailing companies in the US, Statista <<https://www.statista.com/statistics/910704/market-share-of-rideshare-companies-united-states/>> [accessed 7th March 2020]

Appendix 6: Uber's Disclaimer source, Uber< <https://www.uber.com/legal/usa/terms> > [accessed 7th March 2020].

Appendix 7: Uber scandals, < <http://www.uberscandals.org/>> [accessed 7th March 2020].