

E-EXCHANGE, SOCIAL RESPONSIBILITY AND VIRTUAL ORGANIZATIONS: FROM C2C SYSTEMS TO SOCIAL NETWORKS

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ABSTRACT

The internet revolution gave rise to a number of new business models such as electronically enabled B2C (Business to Consumer), B2B (Business to Business), C2C (Consumer to Consumer) and P2P (Peer to Peer). These new 'e-exchange' models were essentially virtual organizations. They were without the legal entities and hierarchical governance structures associated with traditional organizations, but are they exempt from the social responsibilities? These forms developed rapidly and enormous strides were made in information exchange and social media, creating more new forms of virtual organization. The structure and governance of internet-facilitated virtual organizations have grown to be ever more complex. Expectations and mechanisms of meeting social responsibilities have also evolved, however they did so in a fragmented way. In this paper we use stakeholder and path dependence theories as lenses to track the progress and examine the current state of economic, legal, ethical and discretionary social responsibility efforts across the user-participation e-exchange spectrum.

Keywords: Social Responsibility, Social Networks, E-Exchange, Virtual Organizations, Path Dependency, Social Identity

INTRODUCTION

We define 'e-exchange' as any of a number of forms of electronically enabled internet based marketplaces for the exchange of products, services, information and ideas. C2C and P2P e-exchanges came first and took place among individuals either selling/buying their goods and services to other individuals or sharing/receiving some resources with others. Such e-exchanges were facilitated and enabled by online marketplaces and platforms. Over time, the ranks of these internet facilitated e-exchanges of goods and services were joined by other exchanges most notably that of ideas and information in the form of social media. In the 20+ years since such platforms were introduced, a number of forms of virtual organizations have emerged (Betts & Taran, 2003; Williamson, 1991; Ouchi, 1980). Over time, the lines between business, governmental and non-governmental organizations blur as "they are all organizations" (Bromley & Meyer, 2017); but, as will be shown later, so is the line between traditional and virtual organizations. Traditional organizations have an expectation to be involved in some forms of socially responsible behavior. In this paper we examine the virtual organizations enabled by these e-exchanges with regards to their involvement with social causes and meeting their overall obligation to socially responsible activities.

Path dependence (Gond, Kang, & Moon 2011; Herzog 2017; Li & Xiufeng 2010) provides a useful framework to understand the dynamics of the social responsibility within the e-

exchange. The Internet was developing originally as a democratic, anonymous, free place with an emphasis on freedom of speech. That shaped it and set it on its path. As more and more people entered the e-exchange a) certain concerns grew because now any issues arising in communication multiplied by huge numbers of people b) newcomers entered the arena with no experience and different expectations of social graces c) echo chambers further multiplied concerns (d) the expectations of social protections and their actors changed.

The structure of the paper is as follows: we discuss the concept of e-exchange and their C2C and P2P forms first. We trace the evolution of online e-exchanges of products, goods and services to emergence of more formal structures among participants next followed by a discussion of the growth of social media out of information exchange online. Discussion of the social responsibility of these virtual organizations in general is followed by sections outlining their social responsibility on economic, legal, ethical and discretionary levels. In the conclusions we review our analysis and conjecture what the future will bring.

PATH DEPENDENCE

Path dependence is an evolutionary perspective on organizational processes that suggests that choices made now limit options in the future, effectively “locking” organizations on a certain path, hence the name (Nelson & Winter, 1982; David, 1985; Arthur, 1989). A typical example of such a locked path is the continued wide-spread use of non-ergonomic QWERTY keyboard layout (Gond, Kang, & Moon 2011). The layout was designed in the 1870s with the objective of preventing jams in early typewriters, a problem that is irrelevant today.

Path dependence can help us explain the development of e-exchanges in all the variety of their virtual-organizational forms. Particular developments in the e-exchanges happen because of choices and “stumbles” (as in, things that just happened without particular choices being made) made previously. Furthermore, as the new organizational forms develop and grow larger, paths that other large organizations are on start shaping the new organizations’ future as they mold the societal and individual expectations. Society approaches social responsibility based on a whole set of cultural and historical factors, which is essentially synonymous with path such dependence (Carney, 2010, Lau, 2014). "Social responsibility of business is considered as an evolutionary form of its institutional adaptation to growing requirements of civil society" (Frolov, Shulimova & Inyutina, 2013). Path dependencies shape how organizations respond to moral imperatives they perceive (Herzog, 2017).

Different paths at times bring about very similar, isomorphic organizational forms and related expectations, not unlike isomorphism in the animal kingdom whereby say sharks and dolphins have similar streamlined bodies, dorsal fins and flippers. Quite like in the animal world, such isomorphism arises in response to similar environmental pressures, for example, pressure from the stakeholders (for example, Corina & Taplin, 2012; Guea, Almaan, Circa & Dumitru, 2016). "The response to institutional change leads to the organizational isomorphism, which means that companies adopt new rules and design and in result become similar following the same managerial practice" (Roszkowska-Menkes & Aluchna, 2017). Thus, as virtual organizations mature and become bigger, they will be increasingly shaped by the expectations that have evolved for traditional organizations.

In the next section, we will describe define the term e-exchange. The evolution of e-exchange virtual organizations leading to convergent and divergent expectations and structures will be explored.

E-EXCHANGE AND NEW FORMS OF BUSINESS

The internet revolution gave rise to a number of new business models such as B2C (Business to Consumer), B2B (Business to Business), C2C (Consumer to Consumer) and P2P (Peer to Peer). C2C took place primarily in the form of auctions (e.g. eBay) and classified ads web sites. P2P systems allowed for joint use of files and content (e.g. Napster), processor capacity (e.g. SETI@Home), and other computer resource sharing. These models are all forms of what we refer to as 'E-Exchanges'.

***E-Exchange** - any of a number of forms of electronically enabled internet based marketplaces for the exchange of products, services, information and ideas.*

B2C and B2B had the characteristics of relational contracting (Zaheer & Venkatraman, 1995; Bolton, Malmrose, and Ouchi, 1994) and hybrid organizations (Williamson, 1991). C2C and P2P relationships were closer to a pure competition market or intermediate forms of governance between markets and hierarchies (Williamson, 1991) such as clan control (Ouchi, 1980). As such, the governance mechanisms of C2C and P2P fell somewhere outside internal control of a hierarchy. These new organizations were without the legal entities and hierarchical governance structures associated with traditional organizations, but were they exempt from the social responsibilities? Before this question could be fully addressed, the internet and the forms of interactions it brought evolved considerably. Thus further questions arose.

As will be demonstrated, there are two major issues: 1). the division of responsibility between the provider of the e-exchange space and the collective of the users occupying it and 2). the extent and directions of that responsibility itself, what exactly is expected and by whom? These questions then give rise to implementation concerns.

E-exchange forms and practices develop differently in different organizations as predicted by the path dependence framework. For example, different police organizations developed extremely different social media strategies based on small differences in the initial approach to implementation; these different strategies with time get institutionalized and followed (Meijer & Thaens, 2013).

FROM C2C AND P2P TO UBER AND WALMART.COM

The C2C marketplace facilitating e-exchange of merchandise and transactions between individuals has flourished since its inception. The biggest such facilitators are eBay, Amazon.com, Alibaba's sites like Taobao and AliExpress, etc. These bigger players are indeed big by any standard. Alibaba, established in 1999, boasts 550 million active annual consumers worldwide across Taobao in China, Aliexpress internationally and a few smaller properties (Ming, 2018). eBay established in 1995 estimates gross volume of merchandise passing through it as US\$83,9 billion and more than 170 million active users (Marketline, 2018). Amazon sells \$178 billion worth of goods, not all of it from C2C marketplace (Casual Living, 2018).

The e-exchange of goods and services saw another development as small businesses and entrepreneurs started to participate in the same space. Whether on eBay or Amazon or Etsy, some sellers are small and even medium size businesses. This tendency to larger entities gets further support on e-exchange sites such as Walmart.com. Walmart.com marketplace involves

filling out an application that asks, among other things, years in business and amount of merchandise sold; not all applicants are invited to join the marketplace (Walmart, 2018). Thus to a degree, what we observe is the evolution of some of the e-exchange virtual organizations into traditional structures and a new level of collective. Rather than a collective of individuals, a collective/virtual organization whose members at least partially are traditional structured hierarchies.

Smaller more specialized entities emerged as well. For example, Etsy.com specializing in hand-made and one-of-a-kind items reported sales of \$3.25 billion in merchandise in 2017. These smaller more targeted spaces run the gamut from Etsy all the way down to Facebook groups dedicated to buying and selling within specialized niches (for example, the 57 groups – as of September the 2, 2018- on Facebook trading and selling succulents (membership range from two to 14K+ members), local seller markets and other specialized groups. “Freecycling” is giving items away for free, typically instead of just throwing them away and getting other people’s unwanted items for the cost of shipping or free. Freecycling is facilitated by Craigslist and Facebook marketplace (among others).

There are a number of different approaches to C2C e-exchanges. There are online auctions (i.e. eBay) that garnered significant academic research interest (Dan, 2014) but there are also classifieds (Craigslist) and marketplaces like Amazon. There are small groups and very large powerhouses. A typical seller on eBay or Etsy will have to take care of much of the logistics (packing, mailing) themselves and allow the delivery service (Postal Service, UPS, Fed EX, etc.) to deliver. A seller on Craigslist or local trading group will often deliver that old couch or ask that it be picked up by the buyer. Amazon seller has the option of having Amazon fulfill the order. Groups have different rules and different governance structures.

As merchandise and services move through the C2C organization and money exchanges hands, societal expectations of the e-exchange participants approach those of a regular marketplace.

At the same time that general C2C commerce blossomed with major players selling billions of dollars worth of merchandise a year (Casual Living, 2018), P2P networks sustained a series of blows and reemerged somewhat changed. In the earlier days, the emphasis was on exchanging digital media such as music file sharing and movies. Bit Torrent, a very popular file sharing protocol (McKinney & Haydn, 2015) is still widely used and the company of the same name still exists (BitTorrent, 2018). However, a combination of punitive actions by the RIAA followed by massive amount of propaganda on one hand and growth of better priced and easier to use subscription services on the other hand led to decline in illegal downloads and ripping/sharing files (NPD, 2012).

At the same time P2P e-exchange expanded to involve share-riding (Uber, Lyft), housing exchange (AirBnB), P2P lending (GoFundMe), research articles (Sci Hub), and other forms. Sci-Hub allows researchers from all over the World access knowledge resources thus enabling researchers who do not enjoy the privilege of being backed up by a large wealthy institution to continue their research. The opponents point out that in doing so, there is a possibility of copyright violation. These concerns have caused a movement towards ‘open-access’ of articles (Laakso & Björk, 2012).

Societal expectations of the P2P networks and related structures are largely conflicted and constantly evolving. For example, ride sharing often directly clashes with provisions to protect labor force (Mishel, 2018). These clashing expectations were preceded by positive

reactions to the entrepreneurial nature of the field and expectations that the drivers would be empowered while effectively supplementing their income.

THE RISE OF SOCIAL MEDIA

The evolution of e-exchange of information and interactions among individuals led to the emergence of social media and social news sites. Social media is typically defined as “internet-based applications built on the ideological and technological foundations of Web 2.0” (Kaplan & Haenlein, 2010). Typically, social media involves users generating content and sharing it with other users (Linke & Zerfass, 2013). Social media e-exchange became enormously popular. In 2018, 77% of the US population had a social media account; there are estimated 2.34 billion users worldwide (Statista, 2018). Facebook, WhatsApp and Youtube are the largest platforms with more than a billion accounts each. There are a handful of other platforms as well from Twitter to LinkedIn for professional networking to Twitch Pulse for interactions around gaming streaming, Pinterest for pictures and a blast-from-the-past revived Myspace for musicians and many others. They all have the ability to create content and share it with others on the platform. They can also interact with other platforms via tools like Hootsuite.

The power of these social media-exchanges cannot be overstated. The Internet and social media are credited, for example, with being a factor in the so-called “Arab Spring” set of uprisings in Muslim countries of 2011 as protesters organized, mobilized and advocated for their cause (George, 2017). Images like those of Mohamed Bouazizi setting himself on fire to protest the policies of the government inflamed and inspired the activists and their followers.

Sites like Reddit and even more so, 4chan with their archaic build harkening back to the early forums modeled after BBS and Usenet groups, emphasis on the community instead of individual (Reddit) and complete anonymity (4chan) have a special place as information e-exchanges.

Another interesting separate case are the collectives of massively multiplayer online role-playing game (MMORPG) players where players often interact and relate to one another in a highly involved fashion that apparently crosses out into the real life. So, one of the authors had a student who found a spouse while playing World of Warcraft.

The scale and the ability to mobilize and organize large collectives of people over these e-exchanges lends them features of a virtual organization, either stand alone or mapped on a large organization. As an additional example of power of such structure, 2-channel in Japan has been characterized as

“This single site has more influence on Japanese popular opinion than the prime minister, the emperor and the traditional media combined. On one level, it serves as a fun, informative place for people to read product reviews, download software and compare everything from the size of their poop to quiz show answers. But conversations hosted here have also influenced stock prices, rallied support for philanthropic causes, organized massive synchronized dance routines, prevented terrorism and driven people to their deathbeds.”(Katayama, 2007).

The power of groups enabled by the e-exchange could be seen in multiple coordinated activities, such as, for example Distributed Denials of Service (DDOS; DDOS attacks overwhelm and thus disable the host network of the victim organization.) attacks by the Anonymous which brought about particular negative attention to the 4chan site. Later the Anonymous executed Project Chanology where they took down sites of Church of Scientology, influenced Google search to have Church of Scientology come up as #1 result on search of a

“dangerous cult”, showed up in groups of thousands wearing Guy Fawkes masks, etc. While Project Chanology started with hacking, as time progressed it was moving into more and more peaceful, legal protest (Chandler, 2013).

Much of the time, such e-exchange virtual organizations have no hierarchy. Various network gatekeeping mechanisms that control who gets access to what information play a critical role in how they are managed (Leavitt & Robinson, 2017). However, as these organizations grow bigger and more powerful, mechanisms that control other organizations start influencing the paths of the virtual organizations as well. So, many people demand that the e-exchange space providers such as Facebook or even the government provide increasing oversight of the social media to weed out potentially dangerous behaviors. The developments in the field of the artificial intelligence make such oversight quite possible. For example, Facebook has been publicizing their monitoring of users for signs of pending suicide.

SOCIAL RESPONSIBILITY AND SOCIAL AUDITS

Social responsibility of an organization (Corporate Social Responsibility: CSR) goes beyond the traditional notions of profit-driven organizations (Natale & Ford, 1994). This idea has greatly evolved over the last 30 years to the point where it is typically expected and most companies are involved in it (Stohl, Etter, Banghart & Woo, 2017).

The idea of CSR is intertwined with that of stakeholders (Clarkson, 1995) since stakeholders are the *raison d'être* of corporate social responsibility (Taran, 2013). The responsibility is essentially to the stakeholders. Stakeholders' pressure influences CSR initiatives (van Halderen, Bhatt, Berens & Brown, 2016). The stakeholders of a social media virtual organization are typically the participants of the e-exchange, everybody else involved in this issue (for example, in a case with teenage bullying, the school, the parents, the pediatricians), and oftentimes, society at large (Banghart & Stohl, 2018; Bertolotti & Magnani, 2013).

Expectations of CSR evolve over time (Bhimani, Silvola & Sivabalan, 2016). In an effort to keep up, many companies are introducing a position of a CSR officer into their staff. (Taran, 2013). While thousands of academic and practitioner articles have been devoted to CSR among formal organizations, precious few articles address the responsibility of virtual organizations of the e-exchanges, except some of its aspects such as cyberbullying. Considerable academic scrutiny of CSR of traditional organizations can be evidenced by thousands of results of search on “CSR” keywords on ProQuest. Very little if anything of that massive stream of research has been devoted to the CSR of the virtual organizations rising through the e-exchange (Betts & Taran, 2003; and not much has changed since 2003).

As more and more companies are heeding the societal mandate for CSR, efforts to somehow measure the efforts and their effects mount up. For example, MSIS maintains IVA database in which they provide rankings of CSR performance of thousands of corporations (Taran, 2013). Obviously, such a ranking effort was enabled by a clear set of comparison criteria. Such criteria set is currently absent for e-exchange virtual organizations. Social audits (Henriques, 2000) and a variety of systematic efforts to conduct social and ethical accounting auditing and reporting (Raynard, 1998) have been gaining popularity as companies are mounting systematic efforts to plan, execute and measure their CSR activities.

We are going to look at the CSR of the virtual organizations enabled through e-exchange by considering the economic, legal, ethical and discretionary responsibility of the organization

(Barney & Griffin, 1992; Carroll, 1991; Anderson, 1986). Carroll's four-factor model is well known and widely used in literature (Barney & Griffin, 1992).

CSR in organizations in general is largely shaped by social mechanisms such as discourse, mimesis, normative learning and coercion that promote institutionalizing some paths and locking others (Bise, 2017).

ECONOMIC RESPONSIBILITY

The economic responsibility of an organization is the most basic level, failing which, it cannot continue to exist: it is to meet the economic needs of its participants (Betts & Taran, 2003; Anderson, 1986). In this regard, C2C virtual organizations somewhat differ from other e-exchange organizations in that goods and services change hands, buyers buy and sell, making the issue of economics rather straightforward. C2C organizations on the surface are characterized by the presence of a multitude of sellers and buyers none of whom can impact market price and are thus price-takers, no concentration - in other words, the features of textbook-pure market competition. However, pure market competition implies perfect information which is often absent in these virtual organizations. The parties are unable to see each other or the product which may lead to problems of moral hazard and adverse selection (Huston & Spencer, 2002). To some extent, potential negative effect on any given buyer or seller may be somewhat lessened by the free entry and exit from the market.

The problem of adverse selection in C2C arena has brought about efforts to ameliorate it. One of the biggest tools of dealing with the asymmetry of information is seller ratings and buyer feedback. Such systems are not without their own flaws and over the years efforts have been put in place to deal with them. For example, there is a problem of non-buyers leaving "fake" reviews. Many e-commerce and C2C sites have resorted to banning customers with no record of purchase from leaving feedback. Of course that prevents people who bought that item elsewhere from leaving feedback as well. Amazon lets anybody post whatever they please to much delight of the crowds looking for entertainment; for example "Unfortunately I already had this exact picture tattooed on my chest, but this shirt is very useful in colder weather" as a review on Three Wolf Moon t-shirt. As a matter of fact, Amazon aggregates these funny reviews (Amazon, 2018b); however, Amazon at the same time has a "verified buyer" badge to separate those who did from those who did not buy the product.

There are also other problems with reviews. For example, for a while, eBay sellers would hold off their feedback until they see the buyer's feedback and give their feedback based on that, forcing the buyers essentially to trade for feedback. Yet despite all their flaws, systems of seller and often buyer ratings have not found a better system that could replace them in ameliorating the asymmetry of information problem.

The economic responsibility of the P2P systems and even more so, the social media users is a different item altogether. The users are just "renting" the space they are interacting with each other. It would stand to reason that it would be against their interest to have the medium go bankrupt and close down much like it is against the interest of sightseers to see their favorite park close down. That bears closer examination since oftentimes an argument is made that the responsibility for the park should be handled collectively by the society as a whole. At some future point in time, a similar argument might emerge based on the realities of that future. However right now, the health of each social media platform does not appear to warrant the

society shouldering its wellbeing. Therefore, it stands to reason that the users of these platforms have a collective responsibility to keep them economically thriving.

Even though rather begrudgingly, the social media users seem to somewhat acquiesce to the idea of needing to support Facebook's, Youtube's and others' efforts to monetize their social interactions and shared content as evidenced by lack of mass exodus of users with the advent of ads on Youtube (Jackson, 2011). Perhaps as better and better targeting algorithms start bringing up better more relevant ads, the e-exchange participants would mind even less.

While there is this economic responsibility to ensure that the platform indeed survives and is healthy, an expectation that they would bring unreasonable riches to the companies seem without merit.

LEGAL RESPONSIBILITY

Legal responsibility deals with the responsibility of the organization to obey the laws (Carroll, 1991). The C2C "bazaar" poses a few challenges at the legal level of responsibility. Due to the lacking and asymmetric information issues, there is a possibility for fraudulent and inappropriate behavior. Concerned parties filed tens of thousands of complaints related to online auction transactions with the Federal Trade Commission (Barliant, 2000). Unfortunately governmental authorities often do not pursue even blatant cases of fraud (Taran, Vicari & Betts, 2002). How much if any of this responsibility should be carried by the provider/organizer of the marketplace? Many participants of online auctions who found themselves victims of fraudulent or inappropriate sales sued the hosting sites, believing that it was the provider's legal responsibility. (Lansing & Hubbard, 2002; Le Menestrel, Hunter & de Bettignies, 2002). As the providers of the e-exchange space grow they develop mechanisms to help fight - or attempt to fight the problem fraud on their sites. For example, eBay-owned PayPal will refund the buyer and at times even freeze their assets upon a complaint from the seller.

P2P arena with its facilitation of sharing copyrighted information faces multiple challenges in the area of legal responsibility. Concerns about intellectual property rights and other issues brought on lawsuits, successful and unsuccessful efforts to close the sites down and much vitriol from the RIAA. As there are fewer people who illegally download and share (NPD, 2012), such concerns are becoming somewhat less pointed. Interestingly, more recent times brought up new frontiers in the copyright quagmire: scientific publications and predatory practices.

Virtual organizations facilitated by e-exchanges are spanning across national borders. That presents an additional set of challenges. On the global arena, laws differ (George, 2018). "Gay propaganda" is illegal in Russia and offending religious feelings is a punishable offense in many countries. Freedom of speech is not equally valued across the globe. In some countries the state controls access to the internet and therefore is able to censor content and control the flow of information (Tang & Huhe, 2020).

Activists attempting to organize for certain goals (for example, green activists criticizing BP) are not only subject to governmental scrutiny but also legal action from the corporate entities they are trying to take on (Uldam, 2018). In their efforts to enact what they feel is positive change, they run the risk of violating the law.

Activities of the Anonymous have been largely criticized mostly on two fronts: their "hacktivism" especially distributed denial of service (DDOS) hacking attacks on businesses and organizations, which they admit to, and their alleged support of child molestation, which they

have vocally and publicly denied. Whatever the case may be, they are well known for jokes in a very poor taste.

ETHICAL RESPONSIBILITY

Ethical level of responsibility deals with conducting business in a fair and just way beyond what is required by law; in particular, not causing harm through its actions (Carroll, 1991). Comparison standards regarding ethical level of responsibility are still somewhat lacking (Lawson, 2002; Shneiderman, 2000). That makes it somewhat difficult to evaluate CSR in the virtual organizations at the ethical level.

Unequal participation remains a concern. In the early days of the e-exchange, the disparity among people with different with race, gender and income were a big factor in the likelihood of participation in the e-exchange (Hoffman, Novak & Peralta 1999). By 2018, participation in the e-exchange equalized by race and gender and even to an extent, age; but income is still a factor. The biggest disparity in the US is currently between the rural areas and the urban areas (Pew Research Center, 2018)

Among the multiple ethical issues that social exchanges and C2C/P2P networks are facing are the facts that these entities operate globally. What is considered obvious and good in the US might not considered obvious and good elsewhere. Much protests were heard, for example, regarding the decision of some communications companies to comply with the law in China. (George 2017). Efforts to evaluate and monitor performance of companies like Google, Facebook, etc with regards to human rights and privacy will likely translate into efforts guiding the user collective in that direction.

E-exchange enables the participants of the virtual organizations to amass a great deal of power and mobilize quickly. At times the line between legitimate self-policing activities and illegitimate vigilantism is blurred (Taran, Vicari & Betts 2002; Badaracco & Useem 1997).

Sometimes, such efforts to right perceived wrongs are quite significant and large in scale. For example, the controversial Anonymous have led successful efforts to identify and oust criminals and child molesters on multiple occasions (Dewey, 2014). Some of the well known cases of mobilizing people against perceived wrong include the outrage against the dentist who hunted and killed Cecil the lion (Bever, 2015); outrage and online campaign that led to the firing of Justine Sacco for her apparently racist tweet which she claimed was sarcastic as well as similar campaigns against other people (Robinson, 2015).

Sometimes, social media users can cause great harm. For example, cyber-bullying among adolescents can cause lasting ill effects for the victims. Children and adolescents are especially vulnerable since their brains apparently are not fully developed yet with all that follows. (Cohen-Almagor, 2018). Providers are duly concerned with this issue. For example, Facebook has built an Anti-bullying Hub and boosted its reporting tools. Many collectives adopt extreme “no criticism” policies altogether and anybody posting anything even remotely critical that goes against the group vision is branded a “troll” and often banned.

As so often happens with efforts to curtail wide-spread behaviors, efforts to curtail cyber bullying has the potential of negative consequences from stifling the dialogue and reinforcing group-think to downright tyranny. Worse yet, there are indications of new anti-bullying and anti-harassment policies hastily drawn by a variety of organizations in terrifyingly vague ways in part due to the perceived communal pressure of the mobilized e-exchange.

In their effort not to cause harm and prevent user collectives from causing harm, providers establish rules curtailing behaviors they deem offensive and can control. For example, Facebook will immediately remove what they deem pictures of nudity. This policy helps protect users from exposure to distasteful material. This policy also penalizes groups advocating breastfeeding, medical/biology/science groups as well as those studying fine art.

The consequences of incivility in e-exchange can be daunting. Combined with the echo chamber effect where each person is exposed to mostly the opinions of people like himself and that opinion gets amplified to an “everybody thinks this way”, incivility online multiply exacerbates the political divisions that already existed in society. “Do social media threaten democracy?” asks an article in *The Economist* in their “Scandal, outrage and politics” section; and answers in the extreme affirmative (Anonymous, 2017).

“The fundamental principle of social responsibility rests on the duty to make humanity itself our end. The way to do this is by promoting the ends that autonomous human beings freely choose as long as they do not harm others Responsibility and accountability should be shared by all involved” (Cohen-Almagor, 2018)

E-exchanges have always facilitated marginal voices, often exhibiting extreme rhetoric and questionable reasoning and evidence. Thirty years ago Sherlock Holmes fans or people who believe that the Earth is flat could find like minds, but it was limited to those with the technology, like 300 baud modems, and the access and savvy to use the telnet. Nowadays the new forms of informational e-exchange allow faster dissemination and an appearance of legitimacy.

DISCRETIONARY RESPONSIBILITY

At the discretionary level of responsibility the C2C and P2P markets were grossly different. Whereas the P2P markets always had some activities that fit the category of discretionary social responsibility, the C2C market was initially devoid of such activities. This is no longer true. Societal expectations and the desire to address social need drove providers to create schemes to facilitate discretionary social responsibility by the participants. For example, Amazon will donate 0.5% of the purchase price of eligible products to a charity of the user’s choice if transactions are made via Amazon Smile (smile.amazon.com); as of May 2018, \$89,030,554.80 was donated to all charities. It will also show the amount generated by the user (Amazon, 2018). In its turn, eBay for Charity offers a set of tools to “sell for charity”, set up and monitor donations (eBay, 2018) the latter much facilitated by their ownership of PayPal.

Many P2P virtual organizations as well as the social media e-exchange participants have been advocating and rallying for causes such as, for example, animal rights, environment, feminism, as well as various other political and social causes since the inception of the platforms. For example, when neo-Nazi items were offered for sale on Yahoo! auctions, outraged French activists mobilized and took the company to court (Le Menestrel et. al., 2002). At times it is difficult to decide if the means that some of these group use are legitimate (Taran, Vicari & Betts, 2002, Badaracco & Useem, 1997). As a matter of fact, concerns arise that at times the activities of the virtual organizations cause more harm than good even as they are doing their best to enact good to society by, say, getting people who espouse harmful, in their opinion, political views fired and ostracized (Robinson, 2015). Hopefully, the virtual organizations will

be able to arrive at the middle ground between “self-tyranny” that runs any slightest non-conforming participant out on a rail and anarchy/everything goes.

To accommodate the public wish for helping causes, Facebook introduced its fundraising tool in 2017. Now rallying people and getting them to contribute to your charity is extremely easy. Anybody can create a fundraiser. They are especially popular around the user’s birthday which is also when they are at their most effective. Even somebody who has not seen anything from a particular user in a year will get a notification of that user’s birthday. And then if they click on it – and anecdotally, a great number of users do – they will see the fundraiser. “Today is my birthday and I want for you to help me fight Word Hunger” on your friends’ wall will be accompanied by a little slider telling you exactly how successful the efforts were. Facilitating websites like ActionSprout add tools to the e-exchange to facilitate coordinating campaigns for charitable causes.

PATHS OF REGULATION

Whose responsibility is it? E-exchange involves several kinds of actors: the individual members of these virtual organizations themselves and their representatives such as moderators and group admins; company owners of the virtual meeting space such as Facebook; company providers of the cable and other connection; various community groups outside of the actual e-exchange; and governmental organizations. In addition, owners of physical spaces where the Internet can be accessed have been on occasion “taken to task”. For example, the Enough Is Enough group has been successfully rallying to get Starbucks to block access to pornography in their stores (Taylor, 2018).

The same Enough Is Enough and other groups also rally for making Facebook and other companies police its pages better. These calls parallel the attitudes of customers of traditional large companies. One of the authors of this paper witnessed TV coverage of a Black Friday stampede at a Walmart store a number of years ago, where all the interviewed participants in the stampede that left one person dead and a few injured blamed Walmart for lack of security, not even mentioning the fact that some of the blame was with the people themselves. Here, the paths already locked for physical companies start influencing the paths that the new businesses follow.

CONCLUSIONS

E-exchanges facilitate emergence of virtual organizations that can mobilize large numbers of people and resources. As such, they have the social responsibility to individual people and society. Such responsibility can be analyzed on the economic, legal, ethical and discretionary levels.

On the economic level, issues of asymmetric information and resulting opportunities for fraudulent activities create some hurdles for the meeting of the social responsibility in the C2C e-exchanges. At the same time, the P2P and social media virtual organizations need to at the very least ensure that the platforms they are using survive. On the legal level, some concerns include mobilizing the virtual organizations for illegal activities from violent actions to copyright violation. C2C organizations need to meet the regular legal standards of commercial activities.

On the ethical level, these organizations can cause harm to society by perpetuating unethical practices, bullying and other harmful activities. As is the case with the legal level, these obligations are somewhat conflicting partially due to the global nature of these organizations but

also due to inherently multifaceted nature of ethical issues where tackling one of the aspects with too much vigor and strength creates problems for other aspects. On the discretionary level, there are great strides in acting toward becoming better citizens. Still, standards and safeguards need to be further developed to ensure that good causes are pursued to reasonably good net effects.

Further research directions include more detailed investigation involving empirical data, starting with the perceptions of the participants as to the extent and nature of their responsibility as members of the e-exchange virtual organizations.

There is a great potential for these virtual organizations to exert their power to do great things that benefit society. But there is also potential to cause great harm. Through combined efforts of self-policing virtual organizations and the structures and mechanisms implemented by the providers of the e-exchange space hopefully the energy of these powerful organizations can be channeled into making the world a better place. Such channeling will be greatly facilitated by a measure of self-restraint exercised by all participants. We advocate concerted persuasion efforts to that effect.

The implications of this paper for practitioners are in helping to identify the dependencies and factors that shape the expectations that stakeholders have of their business. Practitioners need to be aware of opportunities for illegal activities that can originate in a virtual community from copyright infringement to fraud based on issues of asymmetric information. They also will be influenced by the expectation of stakeholders to respond to pressure from social media to behave in a social responsible manner.

The implications for academics are that it provides a framework for approaching CSR within the e-exchanges which as of now remained a glaring gap in CSR discussions. As organizations such as Facebook and Uber become more prevalent in the news, and much of the discussion revolves around ethics and corporate responsibility, the more important it is to examine CSR in e-exchanges.

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