

Corporate Social Responsibility in E-commerce: Insights from Pinduoduo Stakeholder Interview

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Abstract: This study explores the Corporate Social Responsibility (CSR) practices within Pinduoduo, a leading and controversial e-commerce platform. Through qualitative interviews with Pinduoduo's market promotion employees and resident merchants, the research reveals a nuanced relationship between rapid growth and ethical business conduct. While Pinduoduo's innovative business model and aggressive marketing strategies have driven significant growth, they have also led to concerns about counterfeit goods and consumer-first policies. The study recommends stricter merchant entry regulations and continuous monitoring to enhance ethical standards. Pinduoduo's commitment to ESG principles is highlighted through supply chain optimization and technological advancements in logistics, which have reduced environmental impacts. Strengthening collaborations with government agencies and consumer protection associations is also suggested to further improve regulatory compliance and consumer trust. This research underscores the importance of integrating CSR into core business strategies to achieve sustainable growth in the e-commerce sector.

Keywords: Corporate Social Responsibility (CSR), E-commerce, Pinduoduo.

1. Introduction

Temu has rapidly established itself as a prominent player in the online shopping sector, offering an extensive range of fashion, beauty, and home products. This digital marketplace, owned by a Chinese company, has swiftly ascended to the top of the free shopping app rankings, surpassing well-known competitors such as Shein, Amazon, and Walmart. Temu's innovative business model focuses on directly linking customers with suppliers, fostering robust relationships with retailers to ensure competitive pricing and a diverse supply network. Temu launched in the United States in September 2022. However, its Chinese counterpart, Pinduoduo, the original version, debuted in 2015 and became the leading e-commerce platform in China within six years. Undoubtedly, Pinduoduo is one of the fastest-growing and most successful e-commerce platforms in recent years, yet it is also one of the most controversial (Chang et al., 2019).

In 2018, the sale of counterfeit and substandard goods on Pinduoduo became a major public concern. In 2020, the platform faced accusations of privacy violations for collecting vast amounts of user information to enable targeted advertising. Similar issues arose in the United States, in 2024, a lawsuit filed in the Northern District of Illinois alleged that Temu tracked user activity on third-party websites through invasive code, secretly collecting extensive personal data for improper profit, resulting in an over 8% drop in Temu's stock price on the day of the news. In 2021, the suicide of a Pinduoduo employee in Changsha brought significant attention to the company's labor practices and employee welfare.

The concept of CSR has evolved significantly over the past few decades. Initially, CSR activities were often seen as philanthropic efforts or public relations strategies. However, as global awareness of social and environmental issues has grown, CSR has become a more integrated and strategic aspect of business operations. CSR in the e-commerce sector is no longer optional but a crucial aspect of modern business

operations. As the sector continues to grow, companies that prioritize ethical practices, sustainability, and social responsibility are likely to gain a competitive edge and build long-term success. The evolution of CSR in e-commerce reflects broader trends towards greater corporate accountability and the growing importance of aligning business operations with societal values.

To enhance understanding and implementation of CSR in the e-commerce sector, especially for rapidly emerging and controversial companies like Pinduoduo, this paper aims to construct a framework for the application and comprehension of CSR on the Pinduoduo platform. This will be achieved through interviews with specific stakeholders, namely employees from Pinduoduo's market promotion department and platform merchants. The objectives of this approach are threefold: Firstly, as a leading e-commerce platform, Pinduoduo sets a benchmark for the entire industry. Secondly, compared to consumers and app users, employees from Pinduoduo's marketing department and platform merchants possess more specific insights, which have often been overlooked in previous studies. Thirdly, existing CSR research predominantly focuses on Pinduoduo's financial reports, ESG reports, and the impact of specific CSR initiatives on revenue or stock prices, with most studies being quantitative. This paper seeks to fill this gap, expand the foundation of CSR research in e-commerce platforms, and provide practical recommendations for internet-based platform enterprises.

2. Literature Review

2.1. E-commerce Platform

E-commerce platforms are digital marketplaces that facilitate online transactions between buyers and sellers, providing essential services such as payment processing, logistics, and customer support (Laudon & Traver, 2020). These platforms, including giants like Amazon and Alibaba, leverage advanced technologies to enhance user experience and operational efficiency. They play a crucial role in modern

commerce by offering a centralized, efficient, and scalable infrastructure for a diverse range of transactions, from retail to business-to-business exchanges (Huang & Benyoucef, 2013). The continuous evolution of these platforms drives significant changes in global trade dynamics and consumer behavior. These platforms facilitate a wide range of transactions, from retail purchases to B2B exchanges, and offer various services, including payment processing, logistics, and customer support.

2.2. CSR in E-Commerce

The integration of CSR within the e-commerce sector has become an increasingly pertinent topic, reflecting a broader trend towards sustainable business practices. Existing literature indicates that CSR initiatives can enhance consumer trust and loyalty, ultimately driving sales and competitive advantage (Carroll & Shabana, 2010; Martínez-Conesa, Soto-Acosta, & Palacios-Manzano, 2017). This is especially significant in the digital marketplace, where consumers have heightened expectations regarding corporate ethics and environmental stewardship (Bianchi & Andrews, 2012).

Moreover, research highlights the role of CSR in fostering a positive brand image and mitigating potential risks associated with negative public perceptions (Du, Bhattacharya, & Sen, 2010). Studies suggest that strategic CSR engagement can yield substantial benefits, such as improved customer satisfaction and operational efficiencies (Jenkins, 2009; Perrini, Russo, & Tencati, 2007). Additionally, there is evidence that consumers prefer e-commerce businesses that demonstrate a commitment to social and environmental responsibilities (Kim & Park, 2011; Yadav, 2016). This preference is even more pronounced among younger consumers who are more likely to align their purchasing decisions with their values (Thomson & Laing, 2003; Kim & Ammeter, 2018). Despite the positive correlation between CSR and business performance, gaps remain in understanding the mechanisms through which CSR initiatives influence consumer behavior and business outcomes in the e-commerce domain.

2.3. Stakeholder Theory

Stakeholder theory, first articulated by R. Edward Freeman in 1984, has become a cornerstone in understanding the dynamics of organizational management and ethics. The theory posits that organizations should not solely focus on maximizing shareholder value but also consider the interests of all stakeholders affected by their operations, including employees, customers, suppliers, communities, and the environment (Freeman, 1984). This approach advocates for a broader perspective on corporate responsibility, suggesting that sustainable success is achieved through balancing and integrating the needs of various stakeholders.

By addressing stakeholder concerns, companies can foster loyalty, enhance their brand image, and mitigate risks associated with social and environmental issues (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). Moreover, stakeholder theory underscores the importance of dialogue and transparency between organizations and their stakeholders. Effective communication and stakeholder engagement are seen as vital for identifying and addressing potential conflicts, aligning interests, and building trust (Morsing & Schultz, 2006). This participatory approach can lead to more informed decision-making processes, driving innovation and resilience in a rapidly changing business

environment (Phillips, Freeman, & Wicks, 2003).

Stakeholder theory provides a strong framework for understanding and managing the diverse interests that impact organizational success. Therefore, this paper is grounded in stakeholder theory and focuses on Pinduoduo, highlighting voices that are relatively overlooked compared to consumers. Specifically, it emphasizes the perspectives of platform promoters and resident merchants. This approach aims to deepen the comprehensive understanding of CSR in e-commerce enterprises, encompassing current policies, areas of excellence, and shortcomings.

3. Research Methodology

This study employs a qualitative research approach to explore the intricacies of CSR practices within Pinduoduo. Specifically, the research uses semi-structured in-depth interviews to gather comprehensive insights from key stakeholders. The qualitative method is chosen due to its strength in capturing detailed and nuanced perspectives, allowing for a deeper understanding of the attitudes and experiences of Pinduoduo's merchants and employees. The interview method involves conducting semi-structured in-depth interviews, which provide a flexible yet systematic approach to data collection. This method enables the interviewer to probe deeper into specific areas of interest while allowing respondents to express their thoughts freely. Interviews were conducted both face-to-face and via video conferencing, depending on the availability and preference of the participants. Each interview lasted between 45 minutes to one hour, ensuring ample time for participants to articulate their views and for the interviewer to explore follow-up questions.

Participants were selected based on their roles and experiences related to CSR within Pinduoduo. The sample comprised two distinct groups: market promotion employees of Pinduoduo and management personnel from Pinduoduo's resident merchants. These participants were chosen because of their direct involvement in and impact on CSR activities, providing diverse perspectives from both the corporate and merchant sides of the platform. A total of 10 interviews were conducted, including 5 Pinduoduo market promotion employees and 5 management personnel from resident merchants.

The interview questions were designed to focus on the current CSR practices of Pinduoduo, participants' attitudes towards these practices, and their suggestions for improvement. The questions were structured around key themes, including the implementation and effectiveness of CSR initiatives, perceived benefits and challenges, and recommendations for enhancing CSR strategies. This structure ensures that the interviews remain focused while allowing for in-depth exploration of each participant's unique perspective.

4. Findings

The qualitative interviews conducted with Pinduoduo's market promotion employees and resident merchants reveal several key insights regarding the company's CSR practices and stakeholder perceptions.

Pinduoduo's CSR initiatives are heavily influenced by its early business model, which mirrors the initial rise of Taobao. The primary focus has been on catering to all consumer

demands, sometimes even unethical or illegal ones, such as the sale of counterfeit luxury goods, falsely branded high-end alcohol and gifts, and religious items for curses. Additionally, Pinduoduo is known for its extremely low prices, often offering substandard products at prices significantly below market value, including food from small workshops, expired beverages, and low-quality clothing. This approach, emerging during a time when Chinese internet laws were still developing and traditional giants like Alibaba were cracking down on illegal activities, allowed Pinduoduo to rapidly accumulate a vast user base.

Merchants acknowledge the effectiveness of Pinduoduo's viral marketing strategies, despite their deceptive and manipulative tactics. Market promotion employees revealed that lottery activities linked to sharing links were manipulated, rather than being truly random, to maximize engagement. Merchants are generally supportive of these marketing efforts as they result in immediate and visible returns. They also appreciate the consumer-first strategy, which, although resulting in high return rates (e.g. up to 80% for women's clothing), aligns with Pinduoduo's core focus on customer satisfaction. This policy, despite its challenges, is seen as a crucial part of Pinduoduo's strategy, ensuring high levels of customer retention and satisfaction.

Employees highlighted Pinduoduo's commitment to emulating Amazon's ESG (Environmental, Social, and Governance) reporting standards. The company's ESG reports are modeled closely after those of Amazon. Despite these challenges, both employees and merchants recognize Pinduoduo's genuine efforts to fulfill its ESG commitments, appreciating the ongoing initiatives aimed at improving work conditions and corporate responsibility.

A common theme among all participants is the recognition of Pinduoduo's initial success due to its consumer-centric approach, even at the cost of ethical considerations and product quality. The effectiveness of Pinduoduo's viral marketing and consumer-first policies is widely acknowledged, albeit with some reservations regarding ethical implications. Both employees and merchants noted the company's rigorous efforts to implement its ESG promises, despite the internal challenges faced. The overall sentiment reflects a cautious optimism towards Pinduoduo's evolving CSR practices, with a clear acknowledgment of the need for continued improvement in ethical standards.

5. Discussion

5.1. Platform Merchant Ethical Practices

The qualitative interviews with Pinduoduo merchants reveal a complex relationship with the platform, characterized by both admiration and frustration. Merchants appreciate Pinduoduo's ability to attract a large customer base and rapidly increase sales. However, they express significant concerns about the platform's consumer-first policy, which often prioritizes customer satisfaction to the detriment of merchant interests. Common complaints include the prevalence of counterfeit goods overshadowing genuine products and unethical marketing practices.

The study suggest two primary strategies to address these concerns, by drawing on practices from established international e-commerce platforms. First, improving merchant entry regulations is crucial. A robust system for evaluating supplier behavior can prevent unethical practices

such as trademark infringement and false credentials. Merchant entry criteria should be meticulously defined, encompassing aspects such as business licenses, trademark certificates, and company credentials. Additionally, product entry criteria should enforce strict quality and authenticity checks, including quality certifications and design patents. Utilizing third-party information sources like consumer complaints and regulatory warnings can further enhance oversight and ethical compliance. Furthermore, establishing clear rules for prohibited items and transparent punitive measures for violations is essential. Second, strengthening periodic reviews and supervision is necessary. Combining automated and manual review processes can effectively manage the vast number of merchants on platforms like Pinduoduo. Advanced data analytics can automate the monitoring of merchant advertising content and account activities. While initial product listings may appear compliant, continuous operations often reveal unethical behaviors such as false advertising and fake promotions. Regular, diversified audits can detect these issues promptly. Upon identifying ethical breaches, the platform should impose appropriate warnings or penalties based on the severity of the infractions to maintain a trustworthy marketplace.

5.2. Consumer Ethical Interactions

To address ethical concerns related to consumer interactions, it is essential to focus on three key areas. First, enhancing platform information security is vital to protecting user data. Ensuring the safety of personal account information and payment processes is paramount for user trust and retention. Pinduoduo should adopt advanced security technologies to safeguard user information and enhance confidentiality during and after transactions. Second, optimizing platform design to create a user-friendly shopping environment is crucial. Human-centered design should consider user behavior, physiological needs, and psychological well-being. While Pinduoduo is primarily a social commerce platform, its core function remains facilitating shopping. The platform design should prioritize usability, with social features enhancing but not overshadowing the shopping experience. Effective communication channels, including online support, hotlines, and email feedback, should be clearly outlined with specified service hours to ensure timely responses. Automated responses should be minimized to provide genuine support, addressing consumer issues effectively. Finally, ensuring the authenticity and accessibility of promotional activities is essential to build user trust. Pinduoduo's distinctive promotional events, such as flash sales and interactive games, are effective marketing tools. However, their perceived reliability and fairness are often questioned. Promotional content must be honest and comply with legal and ethical standards to alleviate consumer anxiety and enhance trust in the platform.

5.3. ESG Commitments and Innovations

Pinduoduo's execution of its ESG (Environmental, Social, and Governance) commitments has garnered widespread recognition. Through supply chain optimization, Pinduoduo enables direct transactions between consumers and manufacturers, bypassing traditional distribution channels. This approach reduces environmental pollution and energy consumption associated with multiple layers of transportation and packaging, effectively cutting greenhouse gas emissions.

The Customer-to-Manufacturer (C2M) model, leveraging modern internet technologies, allows manufacturers to directly understand consumer needs. This direct interaction improves supply chain efficiency by optimizing procurement, production, and inventory management. As a result, resource wastage is reduced, and manufacturers can respond more swiftly to market demands, promoting a more sustainable and efficient supply chain. Pinduoduo has also made significant strides in logistics technology to support its ESG initiatives. Innovations include the development of green packaging materials, smart delivery route optimization, and the implementation of an electronic waybill system. These advancements reduce packaging waste, minimize transportation emissions, and decrease paper usage, showcasing Pinduoduo's commitment to reducing the environmental impact of its logistics operations.

5.4. Strengthening Collaboration with Government Agencies

Pinduoduo has made significant strides in collaborating with government agencies. The company has frequently partnered with local governments on agricultural assistance projects, leveraging the unique advantages of rural industries to help break traditional sales bottlenecks and create diverse sales channels for unsellable agricultural products. Beyond these initiatives, several collaborative efforts can further enhance these partnerships.

Firstly, Pinduoduo should strengthen its collaboration with consumer protection associations. As the primary entity responsible for protecting consumer interests, the company can establish cooperative mechanisms with these associations to facilitate information sharing. For example, consumer complaints received by the associations can help the e-commerce platform monitor and address unethical or illegal practices by merchants. Conversely, consumer protection associations can use data and analysis provided by the e-commerce platform to refine their feedback to regulatory bodies, contributing to an improved integrity evaluation system within the e-commerce industry.

Furthermore, active participation in consumer protection activities is crucial. For instance, the People's Mediation Committee for Online Transaction Disputes established in Yuhang District, Hangzhou, in collaboration with the local consumer association, e-commerce experts, and legal professionals, serves as an exemplary model. This committee has developed efficient workflows covering dispute sources, evidence collection, consultations, and resolution, significantly enhancing the fairness and convenience of handling consumer disputes. Pinduoduo's engagement in similar initiatives would bolster consumer protection and enhance its reputation for safeguarding consumer interests.

Secondly, collaboration with labor arbitration committees is vital. These committees are specialized government bodies that resolve labor disputes between employers and employees. Cooperation with these entities can enhance the company's proactive and professional handling of labor disputes. Through such partnerships, Pinduoduo can conduct various exchange activities, allowing management and employees to visit arbitration bodies and observe dispute resolution proceedings. This exposure can heighten the awareness and importance of legal knowledge among corporate managers, promoting the development of internal dispute resolution mechanisms. Additionally, labor arbitration committees can

provide specialized legal training, policy guidance, management advice, and case consultations, improving the company's expertise in handling labor issues.

Lastly, partnering with business associations can offer substantial benefits. Internally, these associations provide information, technology, management, and consulting services, guiding and regulating corporate behavior to promote industry standards and maintain a favorable business environment. Externally, business associations can communicate the current state of business environment improvements to the broader community, showcasing the positive impacts of these optimizations and fostering positive public opinion. Associations can also drive industry self-regulation and integrity through activities such as revising industry standards, promoting ethical business practices, and issuing self-regulation declarations. In 2018, the China Internet Network Information Center (CNNIC), along with ten major internet companies including Alibaba and JD.com, jointly signed the "E-commerce Integrity Convention." This convention, which emphasized strict quality control, truthful advertising, and data protection, received widespread acclaim. Pinduoduo should similarly collaborate with industry associations to enhance self-regulation and support the healthy operation of the industry ecosystem.

6. Conclusion

This study underscores the balance Pinduoduo must strike between rapid growth and ethical business conduct. Interviews with stakeholders reveal that while Pinduoduo effectively drives market penetration and customer acquisition, concerns about consumer-first policies and counterfeit goods persist. Addressing these issues requires stricter merchant entry regulations and continuous monitoring to uphold ethical standards. Pinduoduo's commitment to ESG principles, demonstrated through supply chain optimization and logistics innovations, has successfully reduced environmental impacts. These efforts highlight the potential for e-commerce platforms to embrace sustainable practices. Strengthening partnerships with government agencies and consumer protection associations can further enhance regulatory compliance and consumer trust.

In conclusion, integrating CSR into Pinduoduo's core strategies is crucial for achieving sustainable and ethical growth. By adopting the recommended measures and enhancing collaborations, Pinduoduo can set a precedent for responsible business practices in the e-commerce sector. Future research should continue to explore these dynamics to support a more ethical and sustainable digital marketplace.

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