

PLURALITY AND EFFECTS OF THE SHARING ECONOMY

The sharing economy is polarizing. It is time to move beyond debates on the 'true nature' of the sharing economy and embrace its plurality. The sharing economy is made of for-profit and non-profit organizations that interact in various markets and host diverse online communities. What is more important is to assess the effects of the sharing economy for society, policy, and the economy.

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INTRODUCTION

The sharing economy is booming. Markets for ride-sharing, home-sharing, and crowdfunding have emerged worldwide and are home to by now well-known organizations such as Uber (ride-sharing), Airbnb (home-sharing), and Kickstarter (crowdfunding). The broader public took notice of this boom. A key driver of this interest is the widely shared belief that the sharing economy not only affects the economy but also social life, both in positive and negative ways. For some the sharing economy represents a driver of positive social change as it enables collaborative consumption and collaborative production that is hoped to lead to a more sustainable economy and a more inclusive society. For others it undermines key features of a social economy as it calls into question established ways of organizing labor by prioritizing flexibility at the expense of long-term relationships. In addition, concerns about commercialization of the private domain have been raised, pointing to the sharing economy as covert form of capitalist exploitation.

The debates about the 'true nature' of the sharing economy go on. Albeit important, they miss a key feature of the sharing economy: its plurality. For-profit and non-profit organizations coexist and interact in various domains. They also host a diverse set of online communities. In addition,

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consequences of the sharing economy are felt at different levels and in different spheres. We need to attend to this plurality that characterizes the sharing economy to enhance our knowledge base and inform decision making. Before we elaborate on plurality inherent in the sharing economy and its consequences for society we need to clarify the contours of sharing economy.

THE SHARING ECONOMY

While the idea of sharing is old, the sharing economy is not. Precursors of now well-known organizations commonly associated with the sharing economy such as Uber, Airbnb or Kickstarter were eBay, Craigslist, and Kozmo. The sharp rise of the sharing economy in recent years can be seen as consequence of the combination of digital technologies such as mass-market smartphones, extensive coverage of high-speed wireless broadband, and trust-enabling systems such as rankings and social networks. [1]

What is the sharing economy? The sharing economy refers to a web of markets in which individuals use various forms of compensation to transact the redistribution of and access to resources, mediated by a digital platform operated by an organization. As this definition showcases, the sharing economy is in some ways similar with what can be called the traditional economy – an economy in which firms produce goods and services they then sell. Both economic domains foresee some kind of market as locus of transactions. However, there are also striking differences. The traditional economy is broader with respect to transaction focus, transaction partners, as well as transaction infrastructure and infrastructure provider. On contrast, the sharing economy provides the opportunity for a broader range of compensation forms, not only payment. The table provides a summary of key similarities and differences between the sharing economy and traditional economy. [2]

Comparative dimension	Sharing economy	Traditional economy
Forms of compensation used in transactions	Various (bartering, trading, gift giving, payment)	One (payment)
Transaction locus	Markets	Markets
Transaction focus	Redistribution of and access to resources	Production, distribution of, and access to resources
Transaction partners	Individuals	Organizations, individuals
Transaction infrastructure and infrastructure provider	Digital platforms operated by organizations	Distribution channels between organizations and individuals, digital platforms operated by organizations

Stylized comparison between sharing economy and traditional economy [2]

PLURAL SHARING ECONOMY MARKETS

While the sharing economy is in parts different from the traditional economy, we would be wrong to speak of 'the' sharing economy as a homogenous economic domain. In fact, we witness a plurality of sharing economy markets. The research project 'i-share' funded by the German Federal Ministry of Education and Research provides evidence for this argument. The goals of i-share include a systematic comparison of different business models in the sharing economy, an analysis of their positive and negative impacts, and an estimation of the current and future societal contribution of the sharing economy. Important for the argument laid out here, i-share provides a first attempt to map markets in the German sharing economy. The results – accessible online (www.i-share-economy.org/atlas) – showcase the plurality of sharing economy markets. The sharing economy in Germany encompasses markets dedicated to, for example, sharing of mobility, clothes, items, money, craft shops, and food. The figure provides an example of the sharing economy in Germany as of 2018.

PLURAL SHARING ECONOMY ORGANIZATIONS

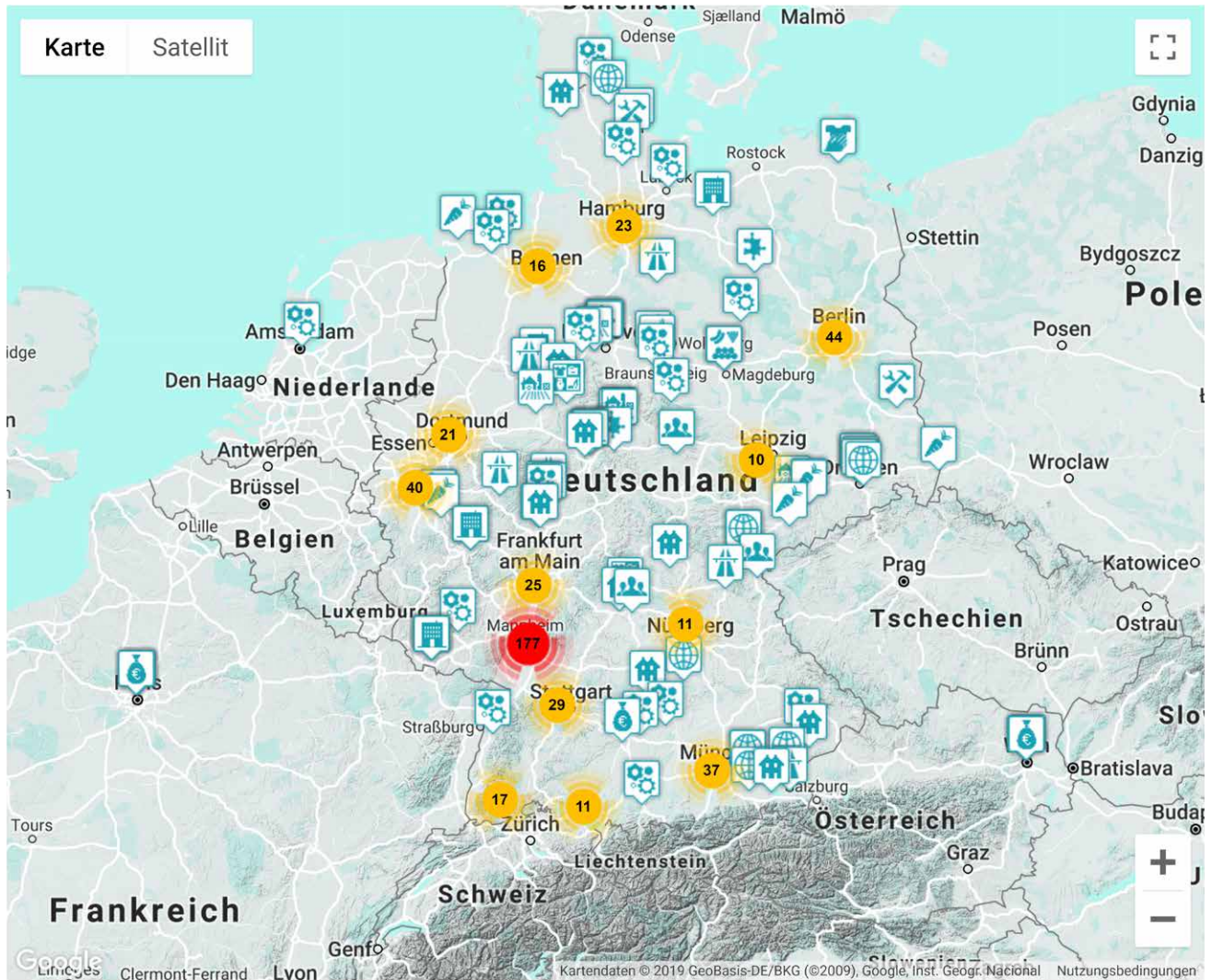
Besides a plurality in terms of markets, the sharing economy is also characterized by organizational plurality. More specifically, we witness a plurality of organizational forms and of organizational practices in the sharing economy. Across nations, the form of sharing economy organizations especially differs with regards to whether they have a for-profit or non-profit orientation. The U.S., for example, hosts a wide range of for-profit organizations such as Airbnb and Uber. Germany, on the other hand, hosts several smaller organizations with a non-profit-orientation. Some of them, such as foodsharing, a German-based organization dedicated to saving food by sharing it, were founded explicitly to counter negative societal effects. Moreover, also a plurality of organizational practices – the shared bundle of activities with which organizations get things done – is at hand. [2] One example are the various organizational practices of sharing economy organizations to interact with the individuals that use their

platform that vary because of different sources of value creation. [3] Another example are plural non-market practices, organizational practices directed at actors that are not part of a focal market. An example is the initiative 'Airbnb Citizen' launched by Airbnb as an example of such practices beyond the focal market of home-sharing. [2]

While classifications that cover both, plural forms and practices of organizations in the sharing economy are yet scarce, it is helpful to consider a recent classification of the form of for-profit organizations to illustrate our argument. This classification uses two dimensions, types of transactions and types of resources. Transactions can be money-based or not based on money. The former sub-dimension can be further specified by considering if a monetary remuneration covers costs or creates additional income. In addition to this dimension, it is important to consider the dimension of key types of resources that are shared in the sharing economy. In this respect, it is useful to distinguish between physical resources such as cars, houses, or food on the one hand as well as human resources and their skills, time, and talents on the other hand. Crossing these dimensions provides a classification of sharing economy organizations as shown in the table on the typology. [4]

PLURAL ONLINE COMMUNITIES IN THE SHARING ECONOMY

Another plurality in the sharing economy can be observed with respect to the online communities that sharing economy organizations host. An online community is the sum of individuals that interact with each other based on a digital platform. As noted above, a defining feature of sharing economy organizations is that they operate such a platform. As a consequence, each sharing economy organization by the virtue of providing a digital platform hosts an online community [3].



Atlas of German sharing economy as of 2018

		Type of resources	
		Physical resources	Human resources
Types of transactions	Nonmoney (free)	Couchsurfing (couch-sharing) Peerby (short-term rental of products in the neighborhood)	Sittingaround (babysitting cooperatives)
	Money based (cover costs)	BlaBlaCar (ride-sharing)	Piggybee (crowd-shipping)
	Money based (income generation)	Airbnb (short-term rental of properties) Turo (car-sharing)	Uber (ride-sharing) TaskRabbit (tasks)

Typology of for-profit sharing economy organizations [4]

Sharing economy organizations serve plural communities. Plurality here refers to offline and online communities. In contrast to communities such as those around Wikipedia that interact only online, in the sharing economy interactions regularly happen both online and offline. Thus, offline and online interactions need to be considered jointly in order to understand the dynamics of sharing and to derive implications for organizing and governing in the sharing economy. Research has examined in-depth the role of online communities as producers, especially as producers of knowledge. In the sharing economy however, participants assume multiple roles. Members of an online community do not necessarily only produce but they also offer goods and services. At the same time, they can also be the consumers of goods and services. Thus, in the sharing economy the once clearly separated roles between producer, provider, and consumer of goods and services can be changed and altered easily [5].

EFFECTS OF PLURALITY IN THE SHARING ECONOMY

The consequences of the diversity of the sharing economy, its organizations, and the online communities manifest at various levels. As we will show in the following, these effects go beyond the broad effects commonly debated and are not always restricted to the economic domain. Moreover, they include both intended and unintended consequences. [2]

At the market level, researchers have emphasized two effects. First, the sharing economy triggers market changes. This is highlighted by the example of established mobility markets such as car rental markets or taxi markets that were significantly altered with the rise of ride-sharing organizations such as Uber and Lyft. [2] Specifically, the entry of sharing economy organizations into these markets may expand established markets and, if these organizations substitute offerings of incumbents, lower the performance of incumbents. [4] Second, new markets or market segments may emerge and consolidate. Specifically, markets without stable positions and involved actors tend to emerge, providing lucrative opportunities for incumbents in established markets and newcomers. A telling example is the home-sharing market that witnessed a rapid transformation from a niche market to established market as Airbnb and competitors grew at a rapid pace. [2]

In addition, at the organizational level we witness compelling effects. As noted, sharing economy organizations are an intermediary between individuals that contribute and seek resources. This structural feature causes a mutual dependence of organizations and online communities. [5] It thus comes with little surprise that organizations pay close attention on how to manage, steer, and nudge interactions between the individuals that interact and transact over the digital platforms that these organizations provide. This organizational feature that scholars have termed online community governance and in practice is known as community management is a key function of sharing economy organizations and vital for their survival. [3]

Finally, the sharing economy also affects individuals. As an autonomous provider of goods and services, an individual may enjoy higher flexibility and an elevated sense of empowerment. Moreover, individuals who so far typically were unable to participate in traditional labor markets now get the ability to access new job opportunities. In addition, the consumer side is effected by the sharing economy. Individual consumers of resources have access to a greater variety of resources at lower prices and may increase their social network. However, also for this level unintended effects can occur. Individual providers of resources can face a higher insecurity because they work on a project basis and with multiple project sponsors, not with a single employer over a longer period of time. Moreover, individual consumers of resources might experience discrimination that is tied to their socio-demographic characteristics. That is, the sharing economy in a way mirrors inequality in the 'offline world' and might not be as different after all. [4]

CONCLUSION

The sharing economy is growing – and is here to stay. While it may stand for a new form of capitalism that was dubbed the crowd-based capitalism [1], the sharing economy is as such neither 'bad' nor 'good'. It is plural and comes with intended and unintended effects on different levels that are linked to certain aspects of this plurality. To promote positive intended effects and avoid negative unintended effects, the plurality of sharing economy markets as well as forms and practices of organizations needs to be embraced. That is, we need careful consideration of which aspects out of this plurality works best in specific empirical contexts. These endeavors will be vital for promoting a sharing economy that is beneficial for society, policy, and the economy.

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