

Is sharing truly caring? The capitalisation of the sharing economy

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<p>This thesis provides a research overview regarding definitions, benefits and issues of sharing economy. The aim is to outline complexity of the sharing economy trend and to examine the dangers of sharing economy and its capitalisation in the realities of free market, often referred to as platform capitalism.</p> <p>Sharing economy is not a new economic model. However, the scale of it is bigger than ever before thanks to technological development. Consequently, the blurred definition of the trend and confusion with terms are leading to increased deregulation, promoting grey area and accelerating precarity. In media, both experts and consumers use interchangeably terms such as collaborative consumption, peer economy, collaborative economy, on-demand economy, gig economy, to describe the same phenomenon.</p> <p>Moreover as the commodification of sharing economy is progressing, corporate platforms providers use the notion of "sharing" being an ideology for on-demand labour system, called platform capitalism.</p> <p>To countermeasure, the governments all over the world struggle to put sharing economy in a legal frame. The challenge is balancing regulation and self-regulatory systems, as sharing economy can be a solution towards more sustainable lifestyles. In Europe, European Parliament recognized several issues within these forms of consumption and strive to put it in legal frames. Meanwhile, in the United States, platform cooperativism emerged as a bottom-up response to spreading of sharing economy as an on-demand labour system. The main message of the movement is that none of the issues of fairness, labour rights, healthcare, and privacy can be changed until the society reinvent shared ownership, democratic governance, and solidarity.</p> <p>Nevertheless, enthusiasts of sharing economy point out that this model develops the means people can collaborate, share goods and services. Moreover, sharing economy implies returning to sources and such model of the economy can be seen as a complement to the mainstream economy with social responsibility.</p>	
Keywords sharing economy, collaborative consumption, access economy, platform capitalism, platform cooperativism	

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1 Introduction

Nowadays, many miscellaneous companies feel entitled to participate in so-called sharing economy that is not clear what exactly is sharing economy. There are transportation services as quasi-taxi corporation Uber, cost-sharing BlaBlaCar or car rental ZipCar. Simultaneously, the hospitality industry is facing such solutions as Airbnb or Couchsurfing. These services gather information about users, rate their reliability, build rankings, moderate communication, sometimes intermediate payments and often charge a commission. Moreover, other services are also offered in the name of sharing economy or collaborative consumption, which by definition should cover different economic models, but in common language, they are used interchangeably.

The term *sharing economy* become a buzzword, its definition limitations are dissolved in marketing jargon and vague regulations are aiming at legal loopholes. In an effort to comprehend this phenomenon, experts create new terms and definitions, which, in result make everything more obscure.

However, changing world, notably technological development, and people's awareness of consumerism issues require new socio-economic ecosystem. Sharing economy can be a major facilitator of these changes, but the final result is unclear, as many of the stakeholders still perceive businesses' only responsibility is generating profits.

New flexible businesses working under sharing economy umbrella are replacing traditional brand companies, shifting legislation and causing social and economic transformation. Unfortunately, not all of them proceed with the same pace, apart from legislation issues, suppliers chain practically remain the same. The aim of this thesis is to examine the dangers of sharing economy and its transition into platform capitalism, as corporate platforms providers use the notion of "sharing" being an ideology for on-demand labour system.

The thesis is commissioned by the Association of Finnish Travel Agents (SMAL) and will help to promote understanding of changes in the global economy to travel and tourism organizations.

The discussion starts in Chapter 3 with a broader perspective of the changes happening in the socio-economic context. Next, in Chapter 4, the author strives to describe in detail the phenomenon of sharing economy. Finally, in Chapter 5, the author address implications of this business model and possible solutions for the future.

2 Research method

Considering expository nature of this thesis, the methodological approach planned for this thesis was a mixed method approach, with a particular focus on desk research, leading to a review of academic literature sources and industry reports.

2.1 Qualitative research

This thesis follows qualitative research approach. The purpose of this kind of studies is to provide a deeper understanding of the topic. Qualitative research cannot have a strict structure as the analysis of qualitative data is a flexible process. Therefore, it is allowed to go back and forth between different phases of the research. However, the results often are the subject to researcher's interpretation (Kananen 2013, 31-32).

2.2 Data collection

The research started with an exploration of Haaga-Helia University of Applied Science database and selecting a random sample of sources. Next, the author continued with Google Scholar search query by using keywords (such as 'sharing economy', 'collaborative consumption', 'platform capitalism', 'platform cooperativism', 'Uber lawsuit' etc.) paired with search operators, for example:

- 'AND', 'OR' - to combine searches
- '-' - to exclude words
- 'site:', 'related:' - to search specific or related domain
- '*' - to search with unknown word in a phrase
- "" - to search for exact phrases

Subsequently, the author used snowball technique (Kananen 2013, 81), for instance searching references in already inspected documents to determine additional studies.

2.3 Data evaluation

Each paper was then evaluated concerning its suitability for this thesis, e.g. studies examining motivations of small and specific target groups were excluded, as the goal was to present an overview of the trend. Additionally, other criteria of validity of the sources were applied, as thoroughness of the authors, a number of references or the commissioning institution. For news articles and legal resolutions, the supplementary criterion was taken into account: date of the publication. This determinant seems to be not that important with examining researches, they are all sufficiently as new as the trend. However, news articles and legal resolutions tend to become out-of-date rather quickly, therefore most of

them were collected in writing phase to support the arguments. In that stage, all online documents were revisited to eliminate mistakes; the last accessed dates appear in the list of references. During the process, the author was a key figure when determining inclusion of the documents. The author strived to remain objective and unbiased.

2.4 Data synthesis

The process of data synthesis began alongside data collection by organizing selected literature into categories that later helped with determining themes and structuring thesis. Such an early start assured the identification of saturation point in data collection without compromising the quality of the information. The reason behind departing from the common practice of determining beforehand the set number of documents was that many of them did not fulfil the criteria or repeated same data. After selecting the most comprehensive studies, the author summarized the literature structuring it thematically. The themes become headings of the subchapters.

As Chapter 5 is the main focus of this thesis, the author presents the table with all references from subchapters 5.2, 5.3 and 5.4 in order to demonstrate the process of organizing the literature (Table 1). This table acts as a mind map (Kananen 2013, 79) presenting a summary of this part of the research. The documents are grouped into categories that represent themes discovered in the content and sorted according to the importance of applying in the thesis. The sources categorized by more than one theme are marked. The headings of the table simply show the structure of the argument. The issue of platform capitalism generated two reactions, regulating sharing economy and platform cooperativism. To support discussion on regulation, the case of Uber is presented.

2.5 Credibility

Jorma Kananen (2013, 189) in his book on thesis research point out that reliability and validity checked usually for quantitative studies are difficult to apply in qualitative research. Reliability of the research are the procedures assuring that the research can be replicated and the results would be same. Validity assures that the right data were analysed using the academic method. In this thesis, the author applied several components to guarantee the credibility of the research: transparency of the sources, clear criteria for their selection, as well as a systematic approach to acquiring and summarizing data.

Table 1 Sources used in Chapters 5.2, 5.3, 5.4 grouped by categories

PLATFORM CAPITALISM			
DOCUMENTS		APPEARS ALSO IN	
Scholz, 2016		Platform Coopertivism	
Schneider, 2014			
Slee, 2014		Regulating sharing economy	
Mikołajewska-Zajac & Rodak, 2016		Platform Coopertivism	
Scholz, 2014		Platform Coopertivism	
Matias, 2015			
Metts, 2015			
SUPPORTIVE ARTICLES			
Duhigg & Barboza, 2012; Heath, 2014; Malakata, 2015; Sin, 2016; Simonite, 2013			
REGULATING SHARING ECONOMY		PLATFORM COOPERTIVISM	
DOCUMENTS	APPEARS ALSO IN	DOCUMENTS	APPEARS ALSO IN
European Parliament, 2017b		Scholz, 2016	Platform Capitalism
Brescia, 2016		Scholz, 2014	Platform Capitalism
Thierer & al., 2016		Mikołajewska-Zajac & Rodak, 2016	Platform Capitalism
Smithers, 2017		Schneider 2016	
Slee, 2014	Platform Capitalism	Internet of Ownership, 2017	
SUPPORTIVE ARTICLES		Loomio, 2017	
Morris, 2012		Utratel & Troncoso, 2017	
UBER CASE			
United States District Court. Northern District of California, 2016			
Gesley, 2016			
Rhodes, 2017			
Lunden, 2015			
Fioretti, 2017			

3 The need for new approach

In a capitalist economy, the most important factor was the production and consumption of goods. The industrial revolution has allowed for new methods of production. It broadens a range of the services, what significantly expanded their reach (Botsman and Rogers 2010, 82). The mechanization and the scale effects that followed it, prompted the need for larger amounts of capital that could not be accumulated in small family businesses. Moreover, the nineteenth-century industrial revolution brought also the contemporary perception of work regulations: eight-hour workday and stability of employment, guaranteed by a contract (Kasprowicz 2017). Next, mass migration of people from rural to urban areas has resulted in a steady increase in the demand for new goods and services - everyone wishes to 'keep up with the Joneses': to have their own home, car and dishwasher, as well as the hottest smartphone app and ridiculous kitchen gadgets. Private apartments quickly flooded with disposable products. This constant need for new accessories to improve living standards is forcing production of more and more new goods and services. What is more, one can assume that even if some things are useless or that we use them very rarely, most of the people possess them (Botsman and Rogers 2010, e.g. 21, 26, 97).

However, with the overconsumption and dynamic growth of production on an unprecedented scale, new problems have emerged (Sheth & al. 2011, 25). Such as intensive exploitation of limited natural resources, industrial pollution affecting health, or loosening personal relationships, as people are busy trying to earn more to maintain their standard of living. Consumerism¹ is also a contributing factor to poverty around the world and numerous other social and ecological problems (Suzuki 2011).

3.1 A new consumer

As a humankind, people started to ask questions about what they would leave behind to future generations. Thus the age of new eco movements begun. Companies started to attach importance not only to producing efficiently, but also to support sustainable development. Individually, many, especially younger consumers seek new ways to reduce excessive consumption and choose a conscious and voluntary simplification of lifestyle (Botsman & Rogers 2010, 30). This is an expression of anti-consumption. Conscious consumption means anticipating the consequences of one's own buying behaviours and

¹ Consumerism is a belief that the source of happiness and wellbeing is based on consumption and the purchase of material goods (Wright & Rogers 2010, 120).

respecting the entire life cycle of a given good, considering origins and its fate beyond the purchase and consumption act. Anti-consumption practices are associated with simplification of purchasing behaviours, primarily by buying less, and then decreasing the pace of consuming and reusing once bought goods, finally to completely abandoning the acquisition of certain goods. Depending on the value system, consumers' motives can be economic, environmental, social, cultural and even political. (Prothero & al. 2011, 32) As a result, trends such as minimal lifestyle² or zero waste³ behaviours, capsule wardrobe⁴, have emerged to reduce waste on a personal level.

To countermeasure excessive consumption, it is not enough to reduce costs to prevent waste and environmental destruction. Consumption is connected primarily to work and economic stability, it is even considered a patriotic duty (Havas Worldwide 2014, 6-7). These correlations are clearly visible as more than half of the respondents of Havas Worldwide "The new consumer and sharing economy"⁵ survey pointed them out (figure 1).

Considering today's economic condition, this may cause issues in trying to have more sustainable lifestyle while supporting economic development and universal well-being. Current trends show that the key to solving this dilemma is to focus on smarter consumption that will replace guilt with purpose. Furthermore, for many progress and economic development is no longer about the production and consumption of new goods in large quantities.

According to Havas Worldwide report (2014, 12), 6 in 10 respondents think that progress is not a result of increased consumption, but the improvement of the quality of the product. Moreover, the authors are pointing out that high quality and ability to recycle are the most important factors for increasing customer trust. The quality of the product include characteristics such as durability, quality of the components, and also transparency and

² Minimal lifestyle is especially promoted in the mainstream media by Marie Kondo's book "The Life-Changing Magic of Tidying Up: The Japanese Art of Decluttering and Organizing" (Weinswig 2016).

³ Zero Waste is a trend promoting a life style change by reducing produced waste. It can be manifested by purchasing durable goods and food without packaging. It encourage to reusing and recycling products (GoingZeroWaste 2017). Recently in London a zero-waste, zero-plastic shop was opened (Nikolov 2017).

⁴ Capsule Wardrobe is a trend focusing on minimalizing number of owned clothing, by purchasing only good quality and timeless items. The motives can be different from facilitating choice of what to wear to ethical ones, as Fast Fashion clothes are producing tonnes of waste each year (Siegle 2017).

⁵ In 2014, Havas Worldwide and Market Probe International surveyed 10 574 people aged 16+ in 29 countries. The aim of the study was to better understand the attitude towards consumerism in terms of economic development and personal happiness.

origin of the product. In other words, a new type of consumers do not trust the quality of the product, solely based on the brand, but they seek information about its origin, the manufacturer, and the brand's values, which gives the customer a positive attitude towards the product.

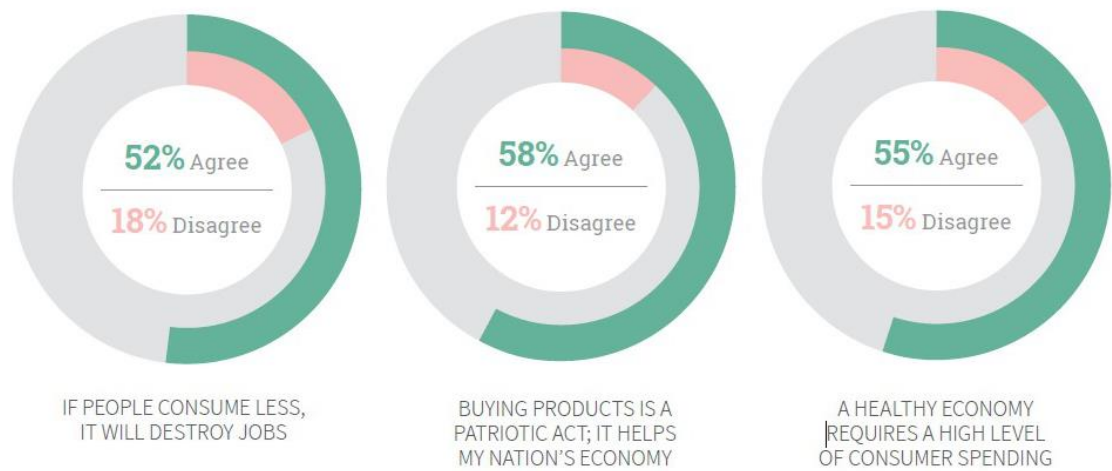


Figure 1 Survey participants on consumption and economy, statistics from Prosumer Report “The New Consumer and the sharing economy” (Havas Worldwide 2014, 7)

In the report, 73% of the prosumers⁶ and 59% of the mainstream, typical consumers already have changed their behaviour and instead of throwing possessions away, they resell or donate them. Comparing this data with the fact that 43% of the respondents in the 16-34 age group are calculating for how much they can resell the item they just purchased, (as opposed to others, compare figure 2), it can be assumed that young people are more open to the concept of sharing economy. This may be explained by the differences in computer literacy between age groups. Botsman and Rogers (2010, 33) pointed out that it is progressive digitalisation⁷ of the world that change people into active consumers. This change is possible because of the Y and Z generations who when growing up, share movies, music, computer games, knowledge or skills. The Millennial

⁶ The term prosumer defines a consumer with a extensive knowledge of the products and services of a favourite brand and shares that knowledge with others. Prosumers are currently the most influential people and market leaders. They buying behaviour will be taken over by mainstream consumers in 6-18 months

⁷ Digitalization refers to organizing different aspects social life around digital communication and media. While digitization is a technical process, in which analogue information is transformed into digital bits of binary code with discrete and discontinuous values (Bennen and Kreiss 2014).

generation is the promoter of change from "me culture" to culture with the perspective of "we".

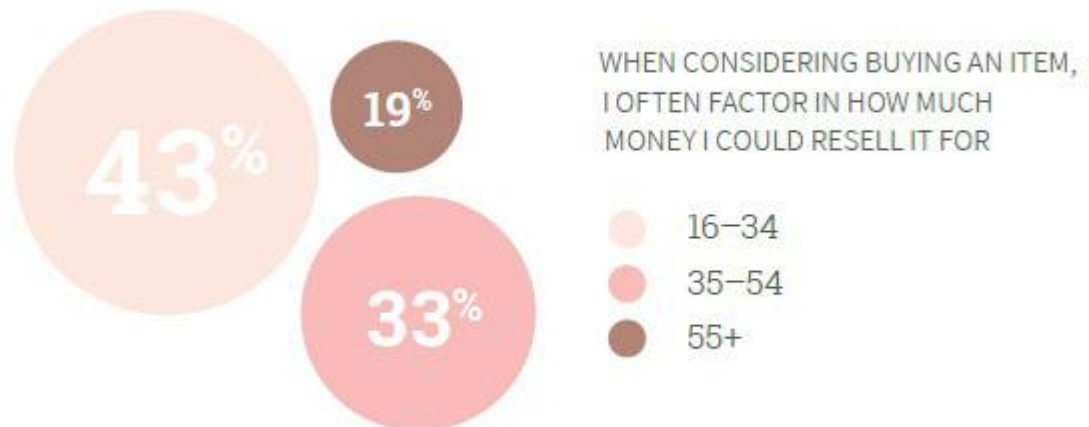


Figure 2 Survey participants on reselling, statistics from Prosumer Report “The New Consumer and the sharing economy”, (Havas Worldwide 2014, 18)

3.2 Progressive digitalisation

While sharing economy focuses less on ownership but more on community and collaboration, the expansion of businesses in this model is caused by the ability to access shared IT resources in a cloud computing environment. Connection to the broadband Internet facilitates spreading and developing projects on a global scale almost in real time. Moreover, cloud providers supply almost unlimited infrastructure, without a long-term contract at low cost, further promoting collaboration (Bredahl 2015). On the other hand, consumers are expecting more and more of the services being available one click ahead, as they are used to universal access to WiFi or 3G⁸ in their mobile devices, especially smartphones, anywhere anytime (Straker & al. 2015, 134). Finally, improved open data⁹, data scraping¹⁰ and data analytics¹¹ lowered the cost of matching buyers with sellers

⁸ The third generation of wireless mobile telecommunications technology.

⁹ Open data is data that everyone has free access to it, can use it, modify it and share it with others, with only one requirement to mark its origin (attribution) and maintain its openness (share alike). Definition was derived from Open Source definition (Open Data Handbook 2017).

¹⁰ Data scraping is a technique used in data analysis, to handle data presented on a website in only a human-readable format (Gardner 2016)

¹¹ Data analytics is the process of transforming data into knowledge that can be used to enhance the company's competitiveness (Technopedia 2017b)

(Blazquez & Domenech 2017). But it is the growth of Web 2.0¹², online sales and online payment method that enabled expansion of web-based services stimulating user-generated content, sharing and collaboration (Hamari, Ukkonen & Sjöklint 2015, 2048).

The examples include:

- **Open Source software repositories** – are web-based services that offer software developers a centralized online location to control and manage free and open-source software projects. Thanks to CVS (concurrent versioning system) tracking all work and all changes, it allows several developers to collaborate more effectively. Examples: SourceForge¹³ and Github¹⁴;
- **Collaborative online platforms** – a range of internet-based tools that allow people to work together. Also known as Collaborative Workspaces. Example: online encyclopaedia – Wikipedia.
- **Content sharing platforms and social media** – are services to share and discover content. When they contain both the message and possible views on the information, then they can be called social media. Examples: Blogs, Youtube, Facebook, Instagram, Twitter.
- **Peer-to-Peer sharing (P2P)** – it is a communication model in a computer network without a server. In this network, each computer plays the role of both the server and the client. All participants can initiate responding to requests for data and requesting data itself. Examples: OpenBitTorrent or the Pirate Bay. The concept of Peer-to-Peer is a key element of sharing economy. It is a notion used to refer any exchange made without an intermediary, also as an offline activity. The newest trend is peer-to-peer financing, such as microloans or crowd-funding.

The above examples: open-source software, online collaboration, file sharing and peer-to-peer sharing are corresponding to some of the core aspects of sharing economy. The technology solutions as enablers of sharing economy (Botsman & Rogers 2010, 47) have to guarantee privacy, security and quality of the services. The platforms should offer complete information, facilitate smooth, secure transactions, and allow responsive interactions in order to create trust and encourage participation in sharing economy (Lee & al. 2016, 7).

¹² Web 2.0 is more of a philosophy of designing and building web solutions rather than technology itself. This approach aim towards building applications that allow the use of so-called collective intelligence. Web 2.0 is based on five basic assumptions: the internet is a platform that connects people, network is a set of components (open standards), applications are not tied to specific devices or operating systems, applications are developed evolutionally, open and lightweight technologies are used to create applications (O'Reilly 2005)

¹³ sourceforge.net

¹⁴ github.com

3.3 Trust and transparency

The constant rush of information, faster exchange of data, increasing efficiency, shifting the economy towards collaboration and instant interaction have caused consumers to change the way they build public relationships. Trust among strangers who meet online is constantly growing in opposition to trust for big corporations and businesses. According to Grabner-Kräuter (2010, 514), the increasing trust among online friends is essential for the successful development of sharing economy. For instance, customers are often active in social media by expressing their concerns, reporting issues or seeking assistance. They also express their positive as well as negative opinions and experiences with company services. Most companies find problematic this fairly new transparency (Nunes & al. 2003). However if properly understood it can be used to build more stable relations with consumers as various researchers proved the power of word-of-mouth¹⁵ and how customers influence each other's buying behaviour (Rosen 2009, 40). The challenge is to balance the customers' influence on company's strategy. To improve this, a business can adopt, for instance, customer-centric approach, which, via design and emotions, can help overcome technological threats by a deeper understanding of consumers' needs of more tailor-made services (Straker & al. 2015, 135). This should contribute to developing better platform quality that can be determined by three aspects: information quality, system quality, and service quality. For instance, quality platforms should provide users with precise and up-to-date information, a consistent and easy-to-navigate interface, and a responsive and interactive experience during the transactions. Consequently, improved platform quality, smooth user experience evoke trust from users (Lee & al. 2016, 7). Accordingly, Grabner-Kräuter (2010 514) summarize that the website's functionality communicates trustworthiness. In effect, the combination of aesthetic professionalism and well-designed user experience are critical in building trust in finalizing online transactions.

Contrary to traditional buyer-seller relation, online transactions are deprived of physical interaction and personal contact, which influence natural processes of validation of the identity of each other. Moreover, the buyer has no means to assess the product quality. At no point prior to the transaction, any of the party has the same information. Therefore this unavoidable in online environment situation - information asymmetry - is the reason behind the necessity of creating a high level of trust in an online setting (Finley 2013, 16).

¹⁵ Word-of-mouth is the passing of information from person to person by oral communication, often used in marketing to build trust.

For this reason, most online services have implemented various mechanisms to minimize risk and enhance trust in peer-to-peer transactions. In general, there are two types of reputational systems: centralized or third-party mechanisms and peer-to-peer mechanisms (Thierer & al. 2016, 858) The example of the first type is a money back guarantee, which activates in case the product is not delivered or transaction fails. This type of system does not necessarily create a trust but surely increase the level of comfort and mitigates possible risks. It is popular on marketplace platforms such as eBay. Next is additional insurance, for example, Airbnb, the home-sharing platform, has a policy covering a host's residence up to \$1 million against damage by guests (Airbnb 2017). Screening processes are also common to assure the safety of the users, for example, Lyft, ride-sharing platform, perform criminal and driving background checks (Lyft 2017). Centralized systems also verify payments, for example, escrow services handle these transactions to offer an additional measure of security. Escrow service¹⁶ is provided by a financial intermediary that collect money from the buyer and then transfer it to the seller only after the product is delivered. This is how Uber, a ride-sharing platform, is operating to minimize frauds. These systems have to use Big Data¹⁷ to monitor transactions and either block or flag suspicious activity (Thierer & al. 2016, 862).

The other type of reputational systems is peer-to-peer mechanisms. These mechanisms involve the possibility of evaluation other users as common feedback systems, ratings and reviews present on almost every e-commerce platform. These were the first systems available on online platforms. Nowadays they become more accessible than ever, thanks to social media and geolocation that provide another level of accountability¹⁸. In sharing economy businesses rating system is extremely popular as both parties can rate each other. For example, Lyft has the rule for a rider who rates a driver with three stars or lower will never be matched together again (Lyft 2017).

Another way used to increase trust between users is integration of the platform with the social graph, meaning to develop a network of authentic social profiles. (Finley 2013, 19-21) It is a tedious and expensive process, therefore many businesses connect their platform with already existing social graphs. For that reason, Facebook made their social

¹⁶ For example escrow.com

¹⁷ Big Data - large amounts of data that requires different processing approach as it cannot be handled by relational database engines. The data is collected, processed and analysed to gain new knowledge (Technopedia 2017a).

¹⁸ Social media personalized profiles and geo-location is a technology used to estimate the real-world geographic location of the user.

graph open, for third parties application enabling their users to connect with their respective Facebook's profiles (Facebook 2017)

There is no single solution suitable for all applications and situations. Therefore, often more than one mechanism is applied to a platform in order to create a custom system that will allow measuring the trustworthiness by users, through their ratings and referrals. A good reputational system should provide enough information to distinguish between trustworthy and non-trustworthy parties of the transaction, encourage them to be trustworthy, and discourage the participation of those who are not (Resnick & Zeckhauser 2002, 130).

Jason Tanz from Wired magazine (2014) recognized that sharing economy businesses have already contributed to greater trust between strangers seen as a necessity in any economic transaction. "Many of these companies have us engaging in behaviors that would have seemed unthinkably foolhardy as recently as five years ago."

The sharing economy entrepreneurs agree that building trust between participants in this business model is one of the most important issues in the business development process. (Gansky 2010, 23).

3.4 Motivations

The changing world and consumers affect traditional business, where trust to the brand is built often over the years and customers knew what they could expect from the company's products or services. However, the problem is changing expectations in a new generation of consumers, the desire to experience new things and new methods of experiencing it. Additionally, the constant access to the information through social media and following every step the company management is resulting in the decline in trust in the traditional businesses. The socio-economic reasons are also crucial. Generation Y is characterised by a great need for independence, a willingness to experience adventures and a lack of financial stability and poor attachment to external indications of the social status (Bolton & al. 2012, 247-248). In this generation friends' and social media's opinions influence their decisions the most. Assuming that many make the decision based on these factors, one can understand how easy they can reject the branding, history of the company and its achievements. This is where sharing economy businesses are succeeding (Arthursson 2016). Another reason is the price and the individualization of the offer (Baumeister & al. 2015, 578). Both contributed to the popularity of Airbnb, the platform for renting an apartment. For example, renting an apartment near the historic centre of some popular city, one can get a much more interesting price than offered by the standard hotel.

Havas survey (2014, 24) showed that saving money is number one motivation for participating in sharing economy (69% of respondent agreed and 32% acknowledges that this is the most appealing aspect). The other most attractive factors include:

- feeling active and useful 53%
- reducing consumption/carbon print 50%
- supporting individual and/or small/independent companies 43%
- meeting new people 43%
- contributing to the broader movement away from overconsumption 39%
- having an interesting experience / doing something most people haven't yet tried 39%

The idea of sharing is appealing to two-thirds of total respondents of the survey, as they believe the society would be better if people shared more and owned less. In practice, only 46% of them prefer to share things rather than owning them, as opposed to 22% that disagree with this statement. Only 8% of respondents replied that they do not have an interest in the sharing economy at all.

These results illustrate what the present consumers expect from the market and how they see the future. In addition, other statistics are quite promising and indicate increasing customers' awareness of the impact of buying decisions on the environment. The data show that increased interest in collaborative consumption is a by-product of the economic crisis, which means that consumer attitudes have changed from egocentric to more social. Thanks to growing importance of community and authenticity, people do not want only to passively follow hyperconsumerism - they want consciously make decisions in accordance with their own preferences (Albinsson & al. 2010, 416).

To summarize, sharing economy would not exist without agents driving it. Botsman R. and R. Rogers (2010) described in their study four key determinants that have a significant impact on the development of sharing economy. These are the factors behind the need for new approach discussed above:

- **Balance in the environment** – more conscious consumption trends and environmental awareness are emerging among consumers.
- **Financial benefits** – especially but not exclusively driven by the economic recession.
- **Importance of community and authenticity** – socio-cultural changes can be observed, such as increased mutual trust, need for comfort, and a sense of belonging and community in micro-communities.
- **Technology** that allows us to dramatically reduce transaction costs, making sharing cheaper, faster and simpler, and thus - available on a much larger scale. Before the

dawn of the internet, people borrowed drills or provided parking spaces, but it was often more troublesome than profitable and on much smaller scale. Today, in an age of smartphones, GPS, social media, payment systems and reputation mechanisms, sharing becomes a viable alternative to traditionally understood property.

4 What is the sharing economy?

As Harvard Business School marketing professor Theodore Levitt once said, “People don’t want to buy a quarter-inch drill. They want a quarter-inch hole.” (Christensen, Cook & Hall 2006) While he was referring why marketers should sell results, not the product or its features, this sentence perfectly expresses the whole essence of sharing economy.

4.1 Definition

Briefly, sharing economy is a business model based on sharing of unused or not fully used resources and services for a fee or for free, by both: individuals and businesses. (Botsman 2013). Alternatively, as Stephany defined it in his book “The business of sharing” (2015, 9-12): “The sharing economy is the value in taking underutilized assets and making them accessible online to a community, leading to a reduced need for ownership of those assets.” Accordingly, a sharing economy business should embrace five components: value, underutilized assets, online accessibility, community and reduced need for ownership. However, the reality is not that simple.

Most of the definitions of sharing economy as well as other terms are interlacing each other under the umbrella of sharing economy. They focus on the description of the operations of the businesses, notable technology platforms, but exclude, among others, issues of ownership or work (to compare see Appendix 1). According to the Business Innovation Observatory report, the European Commission has recognized that the basic determinant of sharing platforms is a business model based on providing access to products and services rather than the ability to acquire them, defined as accessibility-based business models (Dervojeda & al. 2013). The EU Commission is referring to the phenomenon as the collaborative economy and defines it as “business models where activities are facilitated by collaborative platforms that create an open market for the temporary use of goods and services, often provided by private individuals”. Moreover, the EU Commission has given guidelines to ensure that member countries propose appropriate regulations (A European agenda for the collaborative economy 2016). Individual countries have already begun to regulate the sharing economy on their territories.

Contrary to popular belief, sharing economy is not necessarily only about sharing. Undoubtedly, altruism and the willingness to help others are important in this trend, but the need for savings, confronted with the desire to earn, is its main driving force. BBC’s Chief Technology correspondent, Rory Cellan-Jones said that the term is “incredibly Californian and bullshit” (Stephany 2015, 15). American economist and sociologist Juliet

Schor (2014) points out that mechanisms of sharing economy were known way before broadband era. However new technologies, especially mobile internet, have significantly increased access to the people all around the world with miscellaneous goods and services. Furthermore, both non-profit and for-profit initiatives identify themselves with the shared economy. The spectrum of business models is vast. Ranging from libraries and non-profit online communities, where skills and items are exchanged, up to global giants benefiting from intermediaries between service providers and customers, such as Uber¹⁹ and Airbnb²⁰.

4.2 Confusion with terms

In media, both experts and consumers use interchangeably terms such as collaborative consumption, peer economy, collaborative economy, on-demand economy, gig economy, circular economy and much more to describe the same phenomenon. It is understandable, as the definitions of these terms interlace each other (to compare see Appendix 1). However, one should take note that not all these terms are synonymous with the sharing economy. Rachel Botsman (2013) tried to put all phenomena into precise terms and assigned clear boundaries between them. According to her, sharing economy should be defined as “an economic system based on sharing underused assets or services, for free or for a fee, directly from individuals” and collaborative consumption as “the reinvention of traditional market behaviours – renting, lending, swapping, sharing, bartering, gifting – through technology, taking place in ways and on a scale not possible before the internet.” In this view, sharing economy is just part of collaborative consumption that relates to B2C and P2P transactions.

In this paper, the author follows Koopman, Mitchell, and Thierer (2015, 531) who argue that it is helpful to think of sharing economy in a broader context as a classification for any marketplace that uses the Internet to bring together distributed networks of individuals to share or exchange otherwise underutilized assets, and as such will be used throughout this paper. In media and research, all of the terms are used to refer the same phenomena but they point out a different aspect of it. Researching materials exclusively on sharing economy would significantly narrow the objective landscape of the observations.

¹⁹ Peer-to-peer platform providing taxi and ridesharing services. www.uber.com

²⁰ A peer-to-peer marketplace for people to rent out residential accommodation (including their homes) on a short term basis. www.airbnb.com

4.3 Origin

The sharing economy gained popularity in many countries around the world during the recent economic crisis. In research, Guyader (2016a; 2016b) argues that term sharing economy (also Share Economy or Shareconomy) originated from the idea of profit sharing described in 1986 by Martin Weitzman in the book "The Share Economy". According to him, the problem with current economics is a fixed wage, regardless of the prosperity of the company. The solution could be paying a share of the revenues to the employees that would lead to social welfare and full employment.

Closer to present idea is term collaborative consumption, which, for the first time, appeared in the economic literature in 1978 in a book of Marcus Felson and Joe L. Spaeth "Community Structure and Collaborative Consumption: A Routine Activity Approach." It is defined as "events in which one or more persons consume economic goods or services in the process of engaging in joint activities with one or more others." As an example, the authors presented travel with friends by car, using shared laundry room or even going out for beer.

The real breakthrough in perception, sharing economy gained in 2010 with the release of the book by Rachel Botsman and Roo Rogers "What's Mine Is Yours: The Rise of Collaborative Consumption." According to the authors, the trend will develop dynamically and it should be considered a long-term revolution in the theories of consumption. A similar opinion presents Lisa Gansky in her work "The Mesh: Why the Future of Business Is Sharing" from 2010. She argues that collaborative consumption will grow fast, thereby changing the global perception of broader consumption. Moreover, the concept has been named one of the 10 ideas that can change the modern world by "TIME Magazine" (Walsh 2011).

While according to economic and social theorist Jeremy Rifkin (2014, 1-2), sharing economy marks the end of capitalism, others suggest that it only go new round (more on that topic in chapter 5).

4.4 Benefits

Sharing economy is definitively not a new idea. Sharing possessions and cooperation are practices that had long been used among family members and closest neighbours. The difference is that recently, this practice has gained a new dimension. The behaviour typical of small communities developed to a global idea changing public consciousness (Schor 2014). Nowadays, sharing economy refers to the concept of product service

approach, meaning focusing on the product function, instead of product ownership. In simple words, consumers do not need a physical hard drive, but stored data; there is no need to possess a car just a ride from point A to point B. For this reason, more and more people use urban bicycles or networks of sharing cars like Zipcar or just simple ridesharing like Uber (Botsman & Rogers 2010, 75; Belk 2010, 728; Gansky 2010, 12).

This new trend in consumption began to spread at such a rapid pace that in addition to goods and services, its range also included transportation, food, residence, health, finance and others. The main advantages of sharing economy include saving money, space and time, expanding the circle of friends and strengthening social ties, reducing environmental degradation, eliminating waste and surpluses generated by overproduction and overconsumption by increasing the efficiency of goods. Rifkin (2014, 19) put the idea of sharing economy as an opposition to capitalist market, which is based on self-interest and driven by material gain. He argues that the change we are experiencing now is the shift from “exchange value” in the marketplace to “shareable value” in the Collaborative Commons (as he describes the concept).

As a result, sharing economy businesses empower individuals with the distribution systems, trust values and dynamism of the community to share and reuse their underutilised assets. As Rachel Botsman (2012) said, “At its root, this is about empowerment”. Participants often feel in control of their life. For instance, 30% of Lyft’s²¹ drivers are women, thanks to GPS and review system they feel safe. Lyft also hires deaf drivers who often have problems finding a job. Additionally sharing economy gives freedom from being judged in the same way as a girl with Down syndrome feels on Share Your Meal.²² When she cooks for neighbours, they get to know her better via online profile and can see her potential, not limits (Stephany 2015, 43).

According to the sharing economy supporters (Botsman 2015; Tennery 2015), this model will increase the number of jobs, as the increase of jobs in sharing economy will be greater than the decline in the number of places in traditional businesses. The economy is supposed to create a new balance of demand for labour and its supply. However aggregated labour supply will increase, but at a lower wage rate. The increase in labour supply is often related to those excluded who need additional income and cannot find

²¹ Peer-to-peer platform providing taxi and ridesharing services. Uber’s competition. www.lyft.com

²² Online cooking platform aiming to reduce food waste by allowing neighbours to post their spare meals online and share them with each other. www.shareyourmeal.net

standard contract work. This also applies to people who work on a regular basis, and sharing economy brings them extra income (Singer 2014).

4.5 Models and forms

There are different forms of sharing economy that relate to specific items or services. The most important ones are shown below:

- **Time banking** – exchange of services between members with time as currency (Cahn, 2011). Examples: in the UK: <http://www.timebanking.org>, in the USA: <https://timebanks.org>.
- **LETS - Local Exchange Trading Systems** – initiated locally, a non-profit network of community members, who use internal currency alongside official currency to exchange services and goods among themselves. Participants are responsible for managing the currency and its value in relation to the assets it represents. The local currency is only valid in a given community and can circulate only internally (Williams, 1996, 85-86). Examples: in the UK: www.letslinkuk.net/regions/uk-map.htm.
- **Swap/Barter** – non-cash exchange of goods, such as books, clothes, toys. Examples: www.paperbackswap.com, www.vinted.com – allows swapping or selling used clothes.
- **Reselling and Renting** – marketplaces for used goods to resell, rent or just give away. Examples: www.ebay.com, www.craigslist.org, www.kidizen.com, www.streetbank.com, www.zilok.com.
- **Social Loans/Peer-to-Peer Lending** – lending platforms that allow its members to lend and borrow money without the participation of banks. Examples: www.zopa.com. Some of the platforms such as www.prosper.com, www.lendingclub.com, www.sofi.com have institutional investors and traditional banks that dominated the market (Athwal, 2014).
- **Currencies P2P** – cryptocurrencies, digital currencies, uncontrolled by any financial institution or government. The aim of its creation was just an omission of banks and other financial institutions. A most recognizable example is Bitcoin. Despite the fact that 1 bitcoin is valued around \$ 5000 in September 2017, the future of it is complicated. One reason could be legal issues around the world. Japan recognized it as a payment method, while India and Sweden consider their own virtual currency (Helmore, 2017). Other examples: Litecoin, Ethereum, Dash, and Ripple.
- **Crowd-funding** – social gathering funds for a particular purpose, e.g. to open a business or to publish a book; people who like the idea can support originator with small amounts of money. Examples: www.kickstarter.com, www.indiegogo.com.

- **Co-housing, home swapping, room sharing, couchsurfing** – sharing, renting or swapping accommodations completely or just partially. Examples: www.airbnb.com, www.couchsurfing.com, www.vrbo.com, www.homestay.com.
- **Co-working (office-sharing)** - renting rooms to work; this form of collaborative consumption is very popular among freelancers and people working remotely for the company. Examples: www.linkcoworking.com, explorecoco.com, coop.onedesigncompany.com.
- **Ridesharing/Carsharing/Carpooling** - shared drive for a fee in order to reduce the cost of travelling. Examples: www.blablacar.com, www.uber.com, www.lyft.com, www.zipcar.com, car2go.com.

On the other hand, Botsman R. and R. Rogers (2010, 41-43) show that all the forms of collaborative consumption are included in three subsystems, such as:

- **Product service systems** in which such resources as time, space, skills or money are subject to exchange between individual consumers. It includes companies owning a wide range of products, oriented at borrowing them to third parties. Moreover, such enterprises aim at providing additional services, e.g. product maintenance. Providing additional services can prolong the life of the product, which has a positive impact on the environment. Example: www.drive-now.com - BMW's premium car-sharing service
- **Redistribution markets** are platforms offering to its users unused or unneeded products to resell, give away or trade. The result of such actions is to reduce consumption, resources needed to produce new products, which is undoubtedly positive impact on the environment. Example: www.streetbank.com.

Collaborative lifestyles are platforms granting access to the services and products, without the need for their purchase. In practice, this means that consumers pay only for the function, which is offered by the particular product, not the product itself and therefore consumers do not pay for a car, only the ability to reach destination place at a certain time. Example: Uber or Airbnb. It includes also all intangible benefits, such as time-saving or skills' exchange, or creating new relationships, which are additional benefits of a collaborative consumption.

The phenomenon when consumers are trying to gain access to functionalities of the goods in a way that does not require them to own the product is also called **non-ownership consumption** (Lawson 2011, 2).

Sharing economy businesses use different revenue models to ensure their prosperity (Botsman 2015). The most popular is Service Fee model. The service fee is based on matching buyers and sellers. For example, Airbnb will charge a fee of 6% to 12% of the

total value of the transaction. The Airbnb's hosts are also charged a service fee of 3% of the total price, as payment for connection to guests. Another solution is the Freemium business model that offers basic services free of charge. However, users who want to use additional features or exclusive platform options must purchase a subscription plan (Wardak & Zalega 2013, 14). Another solution is the white label. It is based on licencing and branding the platform to the requirements of other company. For example, ZimRide²³ sells software to universities and other companies, allowing them to offer online car sharing. ZimRide customers can then customize the look of their platform to their needs (Wardak & Zalega 2013, 15).

These are only few examples to show the possibilities. Jo Caudron and Dado Van Peteghem (2015) in their book "Digital Transformation" enumerated 10 hyper-disruptive business models that are worth researching but are beyond scope of this research. By analysing these models, one can easier navigate throughout the spectrum of new businesses and distinguish those who are truly innovative and socially responsible from those aiming just at profiting.

4.6 Growth

Sharing economy involves millions of consumers in all around the world, most of them are not aware that they take part in this rapidly growing trend. In the United States, there are up to 80 million consumers participating in sharing economy, in the United Kingdom - 23 million and 10 million in Canada (Owyang, Samuel & Grenville 2013, 6).

A research conducted by PwC in 2015, shows that the way of thinking about the value of ownership is changing:

- 81% respondents agree that it is more profitable to use someone else's property than to own it;
- 43% believe ownership of resources is an unnecessary burden for the budget;
- 57% believe that the idea of access to resources is an attractive alternative to the idea of ownership.

This growing popularity of resource sharing has resulted in an overall increase of the sharing economy. According to PwC research (2015), five key sectors of the sharing economy generated platform revenues of nearly 4 billion euros in Europe alone. PwC forecasts that it will rise to 80 billion euros by 2025. However, Eurobarometer survey

²³ zimride.com

conducted in 2016 shows that only 17% of European consumers use sharing economy services and 52% are aware of the availability of such services (European Parliament 2017a).

At the same time, the total value of transactions made in 2015 using service provider-to-consumer platforms in the five main sectors exceeded 28 billion euros - almost twice as much as in the previous year. These five most popular sectors are accommodation transportation, on-demand household services, on-demand professional services collaborative finance. Accommodation services provided by private individuals is the largest share of the sharing economy in terms of a number of transactions, while transport services are the first in terms of revenue.

The growth of the sharing economy market can be visualized by understanding two most frequently mentioned in this context companies: Uber and Airbnb:

- **Uber** is one of the fastest growing start-ups in the world, which, through its application on a smartphone, associates drivers with passengers. According to The Wall Street Journal (MacMillan & Demos 2015), in December 2015, Uber's value was estimated at \$ 62.5 billion. This is an impressive increase in market value compared to 60 million in 2011. If this evaluation is accurate, it puts Uber above 80% of S&P 500 companies²⁴. In 2017, a loss in value was noticed, but still, it is around \$ 50 billion. The reasons could be legal issues Uber is facing currently and rise of competition, notably Lyft, valued at \$ 7,5 billion (Loizos 2017) and Chinese Didi valued at \$ 50 billion making it one of the world's most valuable private technology companies (Kharpal 2017).
- **Airbnb** is a web-based platform that allows users to book local host homes and the other way - hosts offering accommodation in their homes in exchange for a fee, usually much lower than the hotel. Airbnb's market capitalization is currently around \$31 billion (Lunden 2017). To compare, Marriott hotel chain is valued at \$30 billion (Yu 2017).

²⁴ Standard & Poor's 500 - is an American stock market index based on the market capitalizations of 500 large companies: <http://us.spindices.com>.

5 Economy of exchange vs. exchange of economy

Research conducted by Pew Research Center in 2016 (Olmstead & Smith 2016) shows that among 27% of American adults who have declared that they have heard the concept of sharing economy, there are not many people who actually understand it. The results of the study show that:

- 40% of respondents think that this is a form of sharing with others or supporting others, a charity;
- 19% - this is a macroeconomic concept (most often associated with redistribution of goods and socialism);
- 16% - that these are private companies or individuals who lend goods and services in the short term, in return for a fee (types of responses closest to the facts);
- 5% of respondents do not know what sharing economy means;
- 19% of respondents are uncertain and cannot explain what is covered under this concept.

5.1 Sharing economy or access economy?

The precise definition of the sharing economy helps neither the media nor the market participants to get involved with this trend. Botsman (2015a) believes that sharing economy is often wrongly referred to business solutions based on the efficient matching of supply and demand that do not take into account either sharing or teamwork.

In order to boast a connection to the sharing economy sector, it is not enough to have a well-designed mobile application, an efficient algorithm and a payment system. That is why Botsman proposes 5 conditions that businesses must meet to be considered truly sharing:

1. The core business of an enterprise should be based on the release of unused resources - for financial or non-financial benefits;
2. An enterprise should be guided by a mission clearly based on values such as transparency or authenticity;
3. Suppliers, representing the supply side of the platform, should be respected and supported by the company to make their lives better in the economic and social relations;
4. Customers, representing the demand side of the platform, should benefit from the ability to access goods and services more effectively than if they acquired the property;

5. The enterprise should be built on distributed markets and decentralized networks that create a sense of belonging, collective responsibility, and the shared benefit of the built community.

At the same time, Marie Stafford, planning foresight director at ad agency JWT London, thinks there are elements traditional companies can adopt. According to her:

While it may not be realistic to redefine their business models, they can reflect on the core principles of collaborative consumption – community, trust, fun, flexibility, authenticity, a personal touch and great value – and show their customers how they too are engaged in the trust economy.

(Bainbridge 2013)

The companies do not have to transform into sharing economy model to stay relevant. They should, however, adopt an approach to ever-changing customers' needs. The important thing that they should consider is to be careful with the name: "Sharing economy", as overusing it can lead to confusion and mistrust.

On the other hand, Eckhardt and Bardhi (2015) have described the notion of access economy as a substitute concept to the sharing economy understood in broader context. The authors defined sharing as a form of free social exchange between people who know each other. This way the ones sharing and using same goods form a community. In contrast, the companies that are an intermediary between strangers paying access to each other's resources, do not have much in common with actual sharing.

In addition, Belk (2014, 8) discusses these two contradictory concepts: sharing and pseudo-sharing. He gives an example of the Majorna neighbourhood-based car sharing organization in Sweden, which has 300 members and 29 cars. The members of the organization care about their property together; there is a strong sense of community. This cannot be said of members of an organization operating according to similar principles but on a much broader scale. For instance, Zipcar, which has hundreds of thousands of members and cars. Users do not feel an attachment to the organization, they do not know each other and prefer to stay anonymous. Often possessions found in cars are not returned.

Eckhardt and Bardhi (2015) point out that e.g. Zipcar or Uber do not position themselves in the market as reinforcing social relationships with and among customers. Instead, they emphasize the tangible benefits, such as pricing, reliability, convenience. Their research

showed that these benefits are the most important for consumers who use these kinds of services without any mutual feelings towards co-sharer of the cars. Instead, they are sceptical towards each other and trust the intermediating company for a smooth and fair transaction.

This illustrates a fact already mentioned many times, that consumers are interested the most in saving money and convenience, rather than developing relationships. That is the reason why Uber is a market leader in its segment, and not, for example, Lyft, which clearly emphasizes in its communication the need for trust and cooperation in the community (their tagline states: "Greet your driver with a fistbump"). Next factor that strengthens the position of the most popular platforms is convenience. As the biggest players gain more and more users, it is easier for them to dominate the market and thus dictate access condition. Another difference between the true sharing and access economies is the hierarchy of the organization. For instance, Uber monitors its drivers, restricts their earnings, and set prices for their customers depending on the data collected about them. On the other hand, start-ups that truly share, such as NearDesk²⁵, do not have such levels of control and hierarchy - instead, they focus on distributed markets, lateral structures, and social networks, in line with the peer-to-peer idea (adopted by the cooperative model described later in the paper).

Eckhardt and Bardhi (2015) pointed out that companies who want to succeed in the access economy should not base its rhetoric on creating community, but rather on convenient and cost-effective access to valued resources, as well as flexibility in obligations emerging from ownership and sharing.

Summarizing, the research companies, e.g. PwC and public opinion put more emphasis on the access of the resources when sharing economy is mentioned. For that reason, researchers of the topic prefer the term of an access economy when referring to a broader context of sharing economy, especially when the service does not have much in common with real sharing. This may be seen the evolution, meaning commercialization, of the trend of sharing economy in the realities of the free market, or, as other researchers call it – a platform capitalism.

²⁵ A platform that offers rent desk and meeting space by the hour at different locations in the UK www.neardesk.com

5.2 Platform capitalism

Essentially, sharing economy is supposed to be a phenomenon leading to post-work society and reconstructing current socio-economic system into more ecologically sustainable one. Whereas constant drive towards finding solutions to make a profit from online work and monetizing collaborative communities, resulted in the creation of a new form of capitalism - the platform capitalism (Scholz 2016, 2). While sharing economy models, in the most part, simply deliver technology solution, meaning develop online platforms that connect individual users, and position themselves as an intermediary collecting commission; the ones who gain the most are providers of those platforms. In short time, couple corporations dominated the market and assumed the monopoly position that allows them to charge higher fees. Already today, American platforms, such as Uber and Airbnb, overshadow their competitors on a global scale (Slee 2014). For instance, travellers who avoid hotels probably would choose to stay overnight with Airbnb rather than HomeStay²⁶, as the latter offers far fewer options and is less popular. Using the services of a big corporation can be very convenient from the perspective of the consumer (Mikołajewska-Zajac & Rodak 2016).

This kind of situation where initiatives owned by several corporations are dominating the sharing economy often is referred as a pathology of the sharing economy (Slee 2014; Scholz 2014). As a result, it eliminates the potential for social innovation emerging from public collaboration in sharing economy. Instead, it promotes the exploitation of the masses. The stability and security of employment are threatened, and the way these companies are operating is questionable. The algorithms behind the transactions made in the applications are impossible to decode by an individual. Thus, one has to trust in the honesty of big corporation (Scholz 2016, 26).

Furthermore, considering that a small number of investors acquires the majority of profits, one can interpret this as unfair. These tech companies would not have grown to the current scale – five to ten times more profit per employee, than businesses in other industries - unless the voluntary work of online communities (Schneider 2014). High turnover of these platforms is reached by the activity of sites' users who create content, generate data used later for marketing purposes, and further develop the service, e.g. translations of the services into foreign languages.

²⁶ www.homestay.com

Couchsurfing²⁷ is an example of a pure sharing economy platform that has undergone a transformation in its business model in 2011 from a non-profit to a for-profit and raised millions in venture capital. Although from a user perspective little has changed (it is still free of charge), many loyal users did not see it as a positive change and turned against the company (Schneider 2014).

Meanwhile, in the other parts of the world, sharing economy can be perceived as a part of more problems with current economics. Often omitted result of progressive digitalisation has a controversial side that is a constant need for newer and better devices that are often produced by underpaid workers in developing countries (Scholz 2016, 3-4). It raises a question about fair employee treatment beyond claims in Europe and USA i.e. Foxconn's suicide mills case²⁸. Moreover, there are issues with sustainability, e.g. using non-renewable resources i.e. rare earth minerals in the Democratic Republic of the Congo²⁹ and waste management³⁰. As the free software activist Micky Metts (2015) points out: "When building platforms, you cannot build freedom on someone else's slavery".

With the constant necessity to purchase new devices, the assumption of sharing economy's main stand on not owning things can lead to opposite results (Scholz 2014). Increased travel activity caused by a drop in travel and accommodation costs by using Uber and Airbnb services can lead to increased environmental issues. Furthermore, it was always true that the most capable individual is the one who has the resources. It is true regardless of the distribution model of the economy he is participating. In sharing economy, one can share his assets or not, or not want to share for free in the long run. The examples pile up. In San Francisco or Berlin, landlords are terminating contracts with long-term renters as there is more profit in short-term stays via Airbnb. In Rome, the most expensive Airbnb apartment is one of several European luxury residences owned by an American entrepreneur, who bought them after selling his software company (Slee 2014)

²⁷ A service considered as one of the original Sharing economy platforms, is online community of travellers providing a free short-term accommodation to fellow community members.
<https://www.couchsurfing.com>

²⁸ Labour abuses in factories manufacturing Apple products lead to suicide cases (Duhigg & Barboza 2012) forcing Apple to move its operations from China (Sin, 2016)

²⁹ Inhumane treatment of workers in mines in Africa lead to funding armed conflicts in which millions of people were killed. The three main conflict minerals are cassiterite, Coltan, and wolframite and they are used to manufacture circuit boards, microprocessors and other components of electronic devices. The fourth mineral is gold. (Heath 2014)

³⁰ West Africa has become a destination for old computers, mobile devices and components (Malakata 2015).

That may be also the reason why only businesses with valid revenue model have chances to survive. Most of the free initiatives terminate over time. The most significant example is Wikipedia, who democratized knowledge and almost eliminated the traditional encyclopaedias, is facing now gradual decline in the number of editors and is in serious financial troubles (Simonite 2013).

In that way, one can wonder if sharing economy really brings balance to the environment or empower employees or if sharing is really caring.

5.3 EU recognizing issues

Sharing economy in its rare state can lead to deregulation by technology bypassing political processes. For instance, the biggest companies, as Airbnb or Uber, do not operate respectively as hotel or taxi company, but rather a technology solution, which allows them to omit certain regulations and customer protection clauses (Lunden 2015; Fioretti 2017; Gesley 2016). In this manner, they outsource to the people they work with, all the risk and indirect costs of doing business. It forces workers to provide the capital assets and assume full responsibility for their depreciation. These people are the real contributors to sharing economy. Neither they are protected by labour law nor have long-term employment guarantee. Moreover, sharing economy promotes generic services, leading to deskilling, as anyone can assume profession without proper training.

This seems the most urgent issue with sharing economy today, as it constantly emerges in economic, political and personal disputes. On 15 June 2017, the European Parliament issued a resolution on the sharing economy that the European Union should benefit from the sharing economy but also should respect the principles of fair competition, labour rights and tax laws. It is worth mentioning that in the resolution sharing economy is referred as the collaborative economy.

The European Parliament underlined in its recommendations that the Union needs a clear and balanced strategy for a sharing economy. Regulations should help ensure legal clarity and provide equal opportunities for all stakeholders, especially concerning regulation of grey area, but without limiting the scope for providing services. MEPs³¹ clearly pointed out that the sharing economy is socially beneficial for all EU citizens and sharing economy should not be considered as a threat to the traditional economy.

³¹ MEP - Member of the European Parliament

Although this resolution, which is Parliament's response to the European Commission's European agenda for the collaborative economy, is not legally binding, it is an indication to the European Commission implement changes in this area. The essential matter addressed in the resolution is the need to establish the criteria ensuring a clear separation of services provided by professionals and services provided in the real sharing economy. Service providers seeking social interactions are subject to lighter legal requirements. At the same time, high-quality standards and a high level of consumer protection should be ensured and sectorial differences should be taken into account.

The challenge is not to overregulate, as it is specified in the EU document that any new regulatory framework should enhance the ability of self-regulation, such as peer review systems. These practices proved to be effective in preventing abuse, manipulation and fraud (Thierer & al. 2016, 863), although they are not flawless (Smithers 2017). Another problem with review systems is the people who often feel bad when giving low ratings. Instead, they rely on authoritarian surveillance, e.g. Airbnb introduced a "Verified ID program" which demands to provide government-verified identification and permit to the company to analyse online presence (Slee 2014).

Currently, already complicated labour law is one of the main barrier to growth and development of microenterprises. At the same time, many restrictions, especially on terminating employment contracts, might lead to low employment and notably high youth unemployment. The growing popularity of alternative forms of employment (including the grey economy) is a response to the overregulation of the labour market in Europe. For example is Spain, it is difficult and expensive to dismiss an employee, so few companies risk hiring young and inexperienced people among which unemployment reaches even 50%. Meanwhile, experienced professionals can dictate rates (Morris 2012). Furthermore, Brescia (2016, 95) pointed out that it is necessary to find the balance between trust and regulation, which would encourage consumers to seek out legal means of resolving disputes as opposed to other, extrajudicial means that can lead to vigilantism.

Another important aspect mentioned in the resolution is the need to guarantee adequate information for consumers about the applicable law and description of rights and obligations, as well as dispute resolution process. Moreover, the sharing economy should never be a way to avoid tax obligations and companies providing comparable services, whether in the traditional or sharing economy model, should have similar tax obligations. Hence, in the face of current problems, it is a desirable direction to determine the actual nature of the services provided under the umbrella of sharing economy, especially in

terms of the responsibilities of service providers and equal opportunities for entrepreneurs.

For instance, as already mentioned, in case of Uber, it is not clear if the main service is provided within a given platform or does the platform only offer an information society service within the meaning of the directive of electronic commerce in the EU (Gesley 2016). Simply according to the law, it is uncertain if Uber is providing transportation service or it is just an application connecting stakeholders, in this specific case, persons owning a car and persons in need of a ride. There are now cases before the Court of Justice of the EU, to resolve this issue (Lunden 2015; Fioretti 2017; Gesley 2016). The legal situation in this matter is similarly obscure in the United States. Drivers registered on the Uber platform have sued California authorities in order to regain full reimbursement for expenses such as gas and use of their vehicle (United States District Court. Northern District of California 2016). They argued that they were wrongly classified as independent service providers, while the characteristics of their activity indicated that they were regular employees. The court adhered to their arguments, stating that without the drivers' contributions the companies in question could not exist and provide transport services. In addition, Uber company have made efforts not only to provide technology but also to standardize the service. However, the case was filed in 2013; the court still did not decide whether Uber did anything wrong or whether their drivers are protected by employment law. The result is that several countries and territories banned or restricted the Uber app, such as Bulgaria, Denmark, Italy, Austin (Texas, USA), Vancouver (Canada), China (Rhodes 2017).

5.4 Platform cooperativism

Mikołajewska-Zajac and Rodak (2016) described the popularization of platform capitalism as a process of commodification of sharing economy. At the same time, they are identifying an alternative direction of development – platform cooperativism³². The movement started with the conference in New York in 2014 under the direction of Trebor Scholz, an academic and activist from the New School for Social Research. At the end of 2014, the term appeared in two articles: Trebor Scholz's "Platform Cooperativism vs. the sharing economy", and Nathan Schneider's "Owning is the New Sharing".

Scholz characterizes platform cooperativism by three strategies:

1. To clone the technological heart of corporate platforms as Uber, Airbnb etc.

³² <https://platform.coop>

2. To develop social solidarity in the ownership and management of the platforms.
3. To reframe the ideas of innovation and efficiency with an eye on benefiting all, not just delivering profits to the few.

Scholz argues in his article "Platform Cooperativism vs. the sharing economy" (2014), that the way current sharing economy business make its users think of themselves as workers is a pathology. They are collective owners.

According to critics, corporate platforms providers use the notion of "sharing" as an ideology for on-demand labour system (Slee 2014; Matias 2015). It masks the work in labour law understanding, by the fact that the activity of dispersed users is essentially uncontrolled and insufficiently paid work, which allows the platforms to generate huge profits. In this manner, it cannot be called sharing or empowering entrepreneurship. Hence, promoting cooperative movement helps to understand the long-term implications of sharing economy and its by-products. Mikołajewska-Zajac and Rodak (2016) compared platform cooperativism with works of the theorist of capitalist modernity – Karl Polanyi. He described opposition to social forces protecting vulnerable groups, to the growth of the free market as a principle exclusively organising social life. The authors see platform cooperativism as self-defence system of a society, a bottom-up response to spreading of corporate platforms.

Meanwhile, this movement originated in the United States, on the old continent, the European Parliament is already taking action by debating on new regulation proposals addressed further in next section.

In his paper: "Platform Cooperativism: Challenging the Corporate sharing economy", Trebor Scholz (2016, 14-17) described four types of platform cooperative projects based on ownership:

- **Cooperatively Owned Online Labour Brokerages and Market Places** – it is an alternative to corporate services such as TaskRabbit, College Labor, Handy or Moppi,³³ where the owner of the platform gets a commission, even 20-30%. The examples include:

³³ Peer-to-peer marketplaces for micro employment opportunities. www.taskrabbit.com, www.collegelabor.org, www.handy.com, www.moppi.com

- **Loconomics**, based in San Francisco, is a cooperative of service professionals where the freelancers own shares and manage the initiative. www.loconomics.com
- **Fairmondo**, operating in Germany and United Kingdom, is a decentralized online marketplace owned by its users, an alternative to Amazon or eBay. www.fairmondo.de/global
- **City-Owned Platform Cooperatives** – initiatives where the cities pay the costs of running sharing economy business, providing essential services and infrastructure. Although this type of cooperative is in its conceptual stage, there is already a project in Seoul proposing a **Cities Alliance for Platform Economy**³⁴ to facilitate collaboration between cities. The idea is to maintain a lease sharing software platform for short-term rentals. This way, most of the profits would stay with the hosts or be invested in infrastructure and social services by the city government.
- **Producer-Owned Platforms** – a type of cooperatives in which users are the producers (hence “producers”). In this model, sites for stock photography or streaming music can be owned and managed by the creators of their content. Examples include projects such as **Member’s Media**³⁵, **Stocksy**³⁶, **Resonate**³⁷, which are alternatives to respectively Netflix, Shutterstock and Spotify.
- **Union-Backed Labour Platforms** – for example, The California App-Based Drivers Association – a non-profit membership organisation that unifies drivers from companies such as Uber or Lyft, to help lobby for drive-friendly regulations.

Scholz (2016, 18-21) also proposes ten basic principles for the organisation of platform cooperatives. He focuses on problems of ownership, decent pay and income security, transparency and data portability, appreciation and acknowledgement, a protective legal framework, and portable worker protections and benefits.

Transitioning to cooperative business models might be a solution to follow investors’ requirements, as they are often not achievable for any platform, as nothing can grow indefinitely and bring more and more profits. For example, there is a discussion to transform Twitter into a cooperative, as it has stabilized its position in the politics and journalism; the company is currently experiencing problems with continuous growth (Schneider 2016; Loomio 2017; The Internet of Ownership 2017)

³⁴ www.english.seoul.go.kr/launching-sharing-cities-alliance/

³⁵ www.membersmedia.net

³⁶ www.stocksy.com

³⁷ www.resonate.is

Platform Cooperativism and its complimentary concept Open Cooperatives (Utratel & Troncoso 2017) cannot bring relief to all negative sides of platform capitalism, it is difficult to implement it under current conditions. However, it shifts the weight of the concept of innovation to solutions that are more balanced from the point of view of labour protection. It proposes new direction of the sharing economy that reconsiders ownership and monetary gratification. Finally, it can inspire researchers to rethink the well-known ways of conceptualizing the economic sciences, and entrepreneurs to go beyond innovation as a review of the market principles (Scholz 2016, 26-27).

5.5 The future

From the European Parliament's resolution (2017b), it is clear that the European Union supports sharing economy model. The main reason is a better allocation of resources and assets that would otherwise be poorly utilized. Therefore, there is no turning back from changes in the law; however, the final result is still an open question.

Nevertheless, researchers are trying to predict the direction sharing economy trend is heading. In the article "The sharing economy: Understanding the Opportunities for Growth" the authors research various aspects of the sharing economy (Mastercard 2017). They identified three related areas, which will affect the future of sharing economy and they seem to be in accordance with what we already discussed in this paper:

- **Better accessibility through technology** – With the growth of sharing economy, new methods of accessing products and services will appear on the market, which will benefit both consumers and businesses. This will be possible thanks to new technologies, the increased popularity of specific solutions and lower access costs. When fully utilised, they will increase access to resources as the number of connected people and devices grow. Examples include Blockchain, Internet of Things (IoT)³⁸, Artificial Intelligence.

Blockchain technology is used to store and send information about transactions on the Internet. They are arranged in the form of consecutive blocks of data. Each of them contains information about a specific number of transactions. The biggest

³⁸ A network of internet-connected objects able to collect and exchange data using embedded sensors (Meola, 2016).

advantage is lack of central systems that manage and verify transactions, but it is based on peer-to-peer networks. Currently, Blockchain can be used to manage a wide variety of transactions handling e.g. trading, currencies, stock markets, electricity markets. However, it is still developing towards banking, document authentication, digital signatures in state administration, notarial and medical records. All these transactions can take place outside traditional system i.e. without the participation of a public institution and directly between the parties to the transaction (Grasic 2017; Purvis 2017). One of the applications is handling cryptocurrency e.g. Bitcoin, in the way that Blockchain can eliminate the risks now present in institutions as Wall Street (Helmore 2017) While the future of the Bitcoin itself is questionable (Chambers, 2017), Blockchain, as a technology and trading platform, has earned recognition in many industries. For sharing economy, it can make the shift toward cooperatives come true. Blockchain can contribute to the validity of the peers and system, as the transactions could be coordinated by self-executing smart contracts or performed at lower cost by other small competing providers (Barzilay 2017). Members of the cooperative would control platform and make decisions, all revenue after overhead costs would go to the participants (Prisco 2017). The good example of this kind of company is MyBit³⁹, as they democratize the ownership of machines and its resulting revenue.

Blockchain together with the Internet of Things can revolutionize not only sharing economy, as it gives a property the ability to know who its owner is. Anything with an internet connection can link to a record of who owns what encrypted in Blockchain. The example could be renting out house on Airbnb. By utilizing Blockchain and IoT technology, front door could be programmed to open only to a person, who rents the property, then make an automatic payment and lock the door, after he/she leaves the property (Barzilay 2017).

- **Greater confidence through regulation** – Trust as a critical factor for the functioning of the sharing economy should grow with the development of the sector. While more and more people are being accustomed to using freely the wide range of products and services available under this model. Obtaining real trust will only be possible with better regulations and better technologies. All new business models available to the public make it necessary to change regulations. This approach should improve protection of consumers, suppliers and exchange platforms. This will create a social safety net, and regulators will be involved in providing benefits.

³⁹ mybit.io

- **Enhanced user experience** - As the user experience is a driving force for the expansion of sharing economy, it allows its leaders to build relationships with customers, continue development and ensure compliance of the business with regulations. Sharing platforms must use the community and its feedback to ensure a smooth flow of transactions and control the personal data of the user. At the same time - in spite of technological progress - they cannot forget the human factor.

5.6 Measuring the impact of sharing economy

The Accenture Technology Vision 2016 report predicts that, by 2020, new technologies and solutions will account for one-quarter of the economy, and the fastest growing segment will be platform-based business models based on open ecosystems (Accenture 2016).

Under this condition, there is a need to measure the impact of sharing economy on the existing businesses. Such an attempt was taken by Byers and Proserpio in 2013. In their research (2016) they found out that Airbnb significantly changed the behaviour of the tourists who instead of a hotel would choose private flat booked via this online service. They estimated that negative impact of Airbnb on the revenue of more affordable hotels in Texas, USA is more or less 5%.

On the other hand, O'Reilly (2012) advocate to stop thinking about the aim of the business as just generating profits, but as creating an ecosystem, in which the value is created rather than extracted. In his postulate, he is referring to The Clothesline Paradox, described by Steve Baer in 1978, as a reminder that real impact of sharing is hard to measure. The paradox depict the situation when using drying machine, the energy used is measured and counted, but when hanging clothes on the clothesline to be dried in the sun, the energy saved disappears from the accounting. Therefore, many modern tech companies would not exist if not the foundation of open source software or open data, i.e. world wide web, Linux, programming languages developed by pioneers and distributed by them for free. In the end, these innovations have an impact on growth, jobs, and prosperity, as, for example, having a website (which can be created with open source tools) increases the productivity of small businesses by 10%.

Similarly, Hausner and Zmyslony (2015, 77) argue that the critical problem of capitalism is the breakdown of the relationship between market and values. Accordingly, sharing economy means returning to sources and such model of the economy can be seen as a complement to the mainstream economy with social responsibility.

6 Conclusion

This paper reviewed the context of sharing economy to provoke thoughts leading to question the course of the current economic system. The author attempted to shift focus from just understanding the mechanisms and the power of sharing economy companies, to try to perceive the long-term implications of these systems and to research alternatives.

Sharing economy is not a completely new model but because of technological development, the scale of it is bigger than ever before. In this situation, the problem of defining sharing economy is still an open question. Sharing economy can be examined in a positive light as a mean to advance the ways people can collaborate, share goods and services, as well as address the structure of the economy as a whole. The negative side of this trend is an increasing deregulation, developing grey area and accelerating precarity. In this context, researches refer to a notion of platform capitalism as the commercialization of the trend of sharing economy in the realities of the free market progress.

The challenge, governments all over the world are facing, is to put sharing economy in a legal frame, but at the same time not to overregulate it, as it may hold back innovative solutions towards more sustainable lifestyles. For instance, European Parliament draws attention to several issues, such as regulation practices within these forms of consumption, to establish the rights and obligations of all interested parties and determine the potential damage in these areas. Meanwhile, in the United States, platform cooperatives emerged as a bottom-up response to spreading of sharing economy being exploited as an on-demand labour system. The main evangelist of Platform Cooperativism, Trebor Scholz argues that none of the issues of fairness, labour rights, healthcare, and privacy can be changed until the society reinvent shared ownership, democratic governance, and solidarity.

Due to the limitations of time, space and resources, this paper does not cover all the issues concerning the sharing economy; however, the aim is achieved, as the thesis explore notion of the sharing economy providing deeper understanding of the course of the modern economy. Moreover, the author hopes this thesis will give the opportunity to create new research areas, such as brand management based on trust and creating relationships, or new business models in sharing economy framework, which disrupts traditional commerce, but consider social responsibility.

Working on this thesis gave the author an opportunity to research in depth a relevant in modern society topic. As the scope of the paper from the start was challenging and the author's struggle is perceptible throughout the paper, the purpose of the thesis is reached. Personally, for the author, the most important gain was training the ability to collect, evaluate and analyse academic knowledge through independent studies. However, the author has to admit that the research process was not as organized and systematic as one could wish; the author learned the lesson and awaits with impatience to continue practicing research methods.

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Appendix 1

Name	Definition
Sharing economy	An economic systems that facilitate the sharing of underutilized resources or services, either paid or free of charge, directly between individuals or organizations
Examples	
<p>Cohealo – sharing underutilized medical equipment across facilities. (www.cohealo.com);</p> <p>BlaBlaCar – sharing empty seats during long rides. (www.blablacar.com);</p> <p>Peerby – enables neighbourhoods to share goods (www.peerby.com)</p>	<p>(Botsman, 2015b) In this view, sharing economy is just part of collaborative consumption that relates to B2C and P2P transactions. Transactions in a sharing economy do not entail a change of ownership (A European agenda for the collaborative economy, 2016), so the sharing economy is included in access economy, though the latter goes beyond the collaborative economy.</p> <p>Other definitions:</p> <p>According to Matofska (2014), the sharing economy is a socio-economic ecosystem built around the sharing of human, physical and intellectual resources. It includes the shared creation, production, distribution, trade and consumption of goods and services by different people and organisations.</p> <p>Olson and Kemp (2015, 4) characterize sharing economy as a market where:</p> <ol style="list-style-type: none"> 1) Users are individuals, businesses, or machines; 2) There is excess supply of an asset or skillset and sharing creates economic benefit for both the sharer and the user; 3) The internet provides means for communication and coordination of the sharing. <p>Choi & al. (2015) define sharing economy as the collaborative consumption made by the activities of sharing, exchanging, and rental of resources without owning the goods.</p>

<p>Collaborative economy</p>	<p>An economy built on distributed networks of interconnected individuals and communities as opposed to centralized production organizations (Botsman, 2015b). It is a general concept of models in which individual or organized entities exchange goods or make them available to themselves or make other resources available (work, knowledge, experience) within the network or the community. Most often, exchanges take place on specifically designed markets. This definition does not limit the collaborative economy only to the online markets, but it is the largest part of the sharing economy. However the online stores selling new products do not belong to this model. (Sobiecki, 2016, 29)</p>
<p>Examples</p>	
<p>LiquidSpace - renting office space (www.liquidspace.com); Vandebroon - buying electricity directly from producers. (www.vandebroon.nl); Food Assembly - buying fresh produce directly from farmers (www.the foodassembly.com); Upcounsel – hiring attorneys (www.upcounsel.com)</p>	
<p>Collaborative consumption</p>	<p>Systems basing on renting, lending, swapping, sharing, bartering, gifting, enabling availability instead of owning (Botsman, 2015b). These market processes take place on a scale not possible before the Internet. They can be implemented in any type of model: C2C, B2C, C2B or B2B. In B2C model, as for example car-sharing service – ZipCar, the company own asset and the consumption is a "shared consumption" (service in this model only facilitates availability). In the B2B model, companies can share resources not fully utilized. The shared consumption can be accomplished by direct exchange between consumers, as well as trading collaboration – organized network of consumers within a community (Sobiecki, 2016, 29). However Ertz, Durif and Arcand (2016, 4) add in their definition that the consumers in this model has the ability to change their role to the supplier of the same service and vice versa. This interpretation is slightly narrower and it covers only C2C relationships.</p>
<p>Examples</p>	
<p>ZipCar – car-sharing service (www.zipcar.com); Airbnb – flat sharing (www.airbnb.com); Zopa - peer-to-peer lending (www.zopa.com); eBay – online flea market (www.eBay.com).</p>	

Access economy	Systems that allow payment for access to goods rather than owning them. (Botsman, 2015b; Eckhardt & Bardhi, 2015)
Examples	
Platforms offering access to music, movies or books, such as Netflix or Spotify ; Car-sharing: Herz (www.hertz.com/carrental) or online ZipCar (www.zipcar.com), car-pooling: BlaBlaCar (www.blablacar.com) and Uber (www.uber.com)	
Peer economy (P2P)	Platforms that connects sellers and buyers, facilitating direct exchanges between equal entities (Botsman, 2015b).
Examples	
Transferwise – a FinTech ⁴⁰ startup that matches people based on the currency they have and require in order to make a currency swap, omitting central banks (transferwise.com); Etsy – online marketplace connecting artisans with buyers looking for handmade products (www.etsy.com); Lyft – ridesharing service (www.lyft.com)	
	Peer-to-peer (P2P) relationships in market realities mean exchange (or transfer) between equal actors. However it is not clear if it is legal or regulatory equality, equality of market power, equal benefit from sharing, or it is equality understood in such a way that each individual has the ability to change his role almost at all times - from the recipient to a supplier. In the latter sense, the peer economy would be the economy of sharing consumption within the meaning of Ertz, Durif and Arcand (2016). Always a direct medium between the individual actors are intermediary media that create market. They usually take the form of a commercial service, a system, or a computer application (Sobiecki, 2016, 30-31)

⁴⁰ Financial Technology

Circular economy	Companies using resources in the most efficient way, maximizing their value and reusing them to prolong their longevity and reduce waste (Botsman, 2015b). Circular economy is a response to environmental crisis caused by excessive waste, exploitation of raw materials and energy resources. With this approach companies can save money by gaining more value from resources, expand into new markets through product and service innovation and they can improve their reputation by applying environmental responsibility policies. Customers save time and money in the long (Brasher, 2017).
Examples	
Yerdle – a marketplace for used brand goods (www.yerdle.com)	
Gig economy	Networks of freelancers and individuals hired to do singular task (Botsman, 2015b). This is a work contract transferred into the world of co-operation. These systems complements some cooperative models.
Examples	
TaskRabbit pays for the tasks done (www.taskrabbit.com), Uber - for specific ride (www.uber.com) and Postmates for delivery of individual parcels (postmates.com).	
Gift economy	Systems allowing transfer of goods or deliver services without necessity of payment or expectation of other goods in return (Botsman, 2015b)
Examples	
Networks allowing giving out goods, time, skills for free: Impossible (www.im possible.com), Freecycle (www.freecycle.org)	
On-demand economy	Systems that immediately connect sellers and buyers to deliver goods and services exactly when they are needed. The focus is on time-based benefits such as immediate convenience or instant gratification (Botsman, 2015b).
Examples	
Delivery systems guaranteeing shipment in an hour: Instacart (www.instacart.com), Drizly (drizly.com), Amazon Prime .	
Rental economy	Systems that allow renting out resources. The difference with access economy is that payment is necessary and the focus is on durable goods (Botsman, 2015b).
Examples	
Rent The Runway –renting designer clothes (www.rentthe runway.com); Getable renting construction equipment by companies (www.getable.com)	