Calling for a Shared Understanding of the "Sharing Economy"

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ABSTRACT
Advances in IT platforms coupled with movements towards sustainable consumerism through resource sharing have fueled the growth of the “sharing economy”. Businesses have sprung up around not only tangible products, such as housing and car rides, but also intangible assets, such as talent, knowledge, time, and experience. The “sharing economy” concept emerged first in the context of “non-monetary” transactions. The current leading sharing economy platforms such as Airbnb, Uber, and Zipcar however, enable economic transactions. Regulating the novel modes of business transactions is murky. As these platforms blur industry boundaries, regulators face the challenge of clearly defining sharing economy businesses. The confusion around the sharing economy’s boundaries and those of regulations for different industries may derail plans for the global expansion of various sharing economy platforms. This paper presents an preliminary organizing framework of the concept of the “sharing economy” based on a survey of the academic literature and practitioner writings. We review prevailing definitions of the “sharing economy,” its characteristics, and cases. A crisp definition of the concept will be useful not only for researchers of the sharing economy, but also for policy developers and regulators.

CCS Concepts
K.4.2: Social Issues, H.5.m. Information interfaces and presentation (e.g., HCI): Miscellaneous.

Keywords
Sharing economy; literature review; case

1. INTRODUCTION
Time Magazine declared the sharing economy one of its “10 Ideas That Will Change the World”. The potential market value of the “sharing economy” is estimated to grow to USD 335 billion in 5 major sectors by 2025 [33]. The 5 major sectors included are peer-to-peer lending, online staffing, peer-to-peer accommodation rental, music industry, and car sharing. The “sharing economy” has become a noteworthy global phenomenon [20], offering an alternative economic paradigm to that which has resulted in a global economic crisis [14, 36]. The new paradigm stresses collaborative consumption, and sharing of slack resources through renting or peer-to-peer trading [44].

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The concept of the sharing economy and rental per se is not new [14]. However, advances in information and communications technology and the ubiquitous mobile access to the Internet have vastly reduced the transaction costs of discovering shareable resources and enabled the emergence of peer-to-peer sharing models [19]. IT platforms also enable the institution of reputation mechanisms that further reduce the transaction costs of ascertaining the quality of shared goods and services.

The term “sharing economy” however does not have a clear definition. The terms “sharing economy” and “collective consumption” are used interchangeably, which is caused by the lack of agreed definition of the sharing economy [47]. The umbrella term subsumes many different models. These include rental industries that create value through sharing of personal products through information technology [8]. Recent platforms enable sharing between strangers across geographic and social boundaries, and are fundamentally different from models based on a circle of acquaintances. While many practitioners and academics have used the term “sharing economy”, it lacks a clear common definition. The term has been used to refer to various forms of peer-to-peer and business-to-consumer transactions for personal products and services using information technology [8].

The ambiguity of surrounding the boundary of the sharing economy has also led to legal disputes [34] [45]. First, when it comes to policy in the sharing economy, the existing regulatory frameworks are inconsistent [26]. Unclear regulations have caused disputes and hindered some firms’ business activities [17]. Furthermore, as sharing economy companies are subject to favorable tax regulations, the question of what differentiates the new sharing economy is increasingly disputed [11]. Sharing economy businesses such as Uber face legal challenges over their operations [42]. Businesses such as Uber, Airbnb, and Task Rabbit that have been lumped under the “sharing economy” disrupt traditional industries, and face challenges regarding taxation, illicit currency trades, insurance problems, overcharging, and service quality [3, 10, 34, 40, 46]. Regulating these businesses requires a clear, shared understanding of what differentiates the “sharing economy”.

We propose the need for a review of past definitions of the sharing economy to uncover the conceptual roots as well as clarify the meaning. For this purpose, we first review frequently cited definitions in the academic literature. A theoretically grounded definition can be useful for policy developers, start-ups, and the commercial law sector. In this paper, we present a preliminary review of the academic and practitioner writings on the sharing economy, published in the years 2008 to 2015. We present preliminary results summarizing the major research areas, methods, definitions, characteristics, and examples of the sharing economy. The next section presents a brief overview of the academic origins of the sharing economy concept.
2. RELATED WORK

2.1 Origins of the Concept
The term “sharing economy” originated from the Focolare Movement of Christian communities in Italy after World War II [21]. Since then, numerous academics have discussed the movement towards lending and an experience-centered access economy [19], and the notion of profit sharing [38]. Lessig further developed the concept in the context of copyright law [29]. Botsman explained the sharing economy as a collaborative consumption [9]. Benkler [4] [5] analyzed the motivations of individuals participating in the sharing economy to be based on non-monetary factors such as social reputation, cooperation, and satisfaction.

Lessig’s original conception of the sharing economy is focused on non-commercial transactions [29]. Unlike the industrial economy focused on production and consumption, the sharing economy consists of economic activities in which many people share underutilized products. Emphasis is on transactions that value social relations over monetary benefits. Botsman and Rogers [8] argued that the sharing economy phenomena have their basis in collaborative consumption, enabling users to gain access to goods or services through sharing, bartering, or renting [8, 9]. Gansky [19]’s definition of ‘the mesh’ is also similar to the sharing economy in that it stresses the creation of new value through sharing using information technology [19]. Sundararajan focuses on the innovative business model aspects of the sharing economy [18], i.e., on how the peer-to-peer sharing of underutilized products and capital resources can create economic value. This is akin to Rifkin’s observation of the emerging “access economy” where the desire to “access” rather than “own” nearly every kind of service will increase [35].

2.2 Background
2.2.1 Drivers of the Sharing Economy
People have rented products and traded their goods for a long time, even before the Internet. The widespread availability of Internet access has seen the rise of online marketplaces such as eBay. However, it was not until recently, that academics and pundits are touting the ‘emergence’ of the sharing economy. There are two reasons for this: (1) the global economic crisis of 2008 and (2) the spreading social networks [31]. The prolonged global economic downturn has changed spending habits. One study shows that 8 out of 10 Americans are buying less, and 9 out of 10 are considering a simpler life. Sharing economy services offer an alternative to consumption. The rise of social network services has enabled the expansion of social relationships [41], and information exchange for product sharing becomes not constrained by distance and time [28]. Advances in information technology, such as mobile broadband Internet services and mobile payment systems, have also played a key role in the rise of sharing-economy business models such as Uber and Airbnb. Moreover, the development of “connection technology,” which connects various parties together, enables the marginal “sharing” economy to become part of the mainstream economy [31]. The Internet of things also plays a vital role in switching to the sharing economy. Moreover, social network services, which enable efficient and effective network expansion, provide the foundation for the development of the sharing economy [35], as they play a key role in ensuring trust on the internet. Social networks such as Facebook serves as a medium to build trust between users and providers through the accumulated profile information and interaction history. These result in the formation of reputations publicly displayed for all to see [34].

2.2.2 Problem
However, the growth of the sharing economy is not without problems. The legality of Uber, the leading car sharing platform, became an issue when the company expanded its ride services globally, as global laws pertaining to the sharing services is still blurry [23]. There are two issues in the controversial Uber case: the first is the legality of the ride services of Uber, while the other is whether Uber is indeed a sharing economy business. These problems occur due to the ambiguity of the terms and the narrow scope of their definitions. The concepts of the sharing economy business in the leading firms, Airbnb and Uber, are somewhat different from Lessig’s original concept, which stresses the non-monetary social relationships of participants. It is evident that many sharing economy businesses are profit-maximizing, online-to-offline service providers. Profit maximization, rather than sharing underutilized resources, is the primary motivation [25].

3. METHODS
3.1 Survey of the Academic Literature
We searched the academic databases for all articles published from 2008 to 2015 that referred to the “sharing economy” and cited the aforementioned major publications that discussed the phenomena through other related concepts of the mesh, peer-to-peer business models, and collaborative consumption. More specifically, we searched for all published articles that referred to the sharing economy and cited the major thought-leaders – Lessig [29], Benkler [5], Sundararajan [43], Gansky [19], Botsman [7]. We found a total of 172 research articles that cited at least one of these major publications, and studied the ‘sharing economy’. We used the following criteria to identify these studies. First, we limited our search to published academic journals, excluding online publications, magazines and dissertations. Second, we limited our search to the following disciplines – economics, management, engineering, sociology, medicine, law, and public administration. Finally, we scanned the abstracts to ensure that the papers were related to the sharing economy business models.

Figure 1 shows the growing number of studies of the sharing economy from 2008 to 2015. The number of papers published about the sharing economy has sharply increased in the latter half of the surveyed period, evidencing increased interest in the topic.

![Figure 1. Distribution of articles by year](image)

A large number of the articles identified do not explicitly define the sharing economy. We identified the major definitions from this literature, as summarized in Table 1. Most definitions differ
fundamentally from Lessig who stressed the non-monetary social relationship dimension of the sharing economy.

Table 1. Academic Definitions and Examples of the Sharing Economy

<table>
<thead>
<tr>
<th>Definition of sharing economy</th>
<th>Examples Cited</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Sharing economies are economies that operate without money changing hands and whose goal, by and large, is not to make its participants rich.” [27]</td>
<td>Wikipedia</td>
</tr>
<tr>
<td>“The sharing economy has ushered in a new age where underutilized assets become peer-to-peer services for hire. It means greater access to goods and services at lower prices.” [12]</td>
<td>Uber drivers</td>
</tr>
<tr>
<td>“Sharing economy that is concerned with CC, namely sharing the consumption of goods and services through activities such as renting, swapping, or trading.” [24]</td>
<td>Zipcar, Couchsurfing and Airbnb</td>
</tr>
<tr>
<td>“The sharing economy, also referred to as the peer-to-peer economy and the collaborative economy, involves the sharing of physical assets and services among people.” [13]</td>
<td>NeighborGoods, Lyft, Airbnb, and TaskRabbit</td>
</tr>
<tr>
<td>“The sharing economy is an economic model that has intensified and commodified ideas of collaboration and sharing to redistribute underutilized assets.” [16]</td>
<td>Lyft</td>
</tr>
</tbody>
</table>

3.2 Survey of the Practitioner Literature

We next surveyed the practitioner writings regarding the sharing economy by searching the Lexis Nexis database for articles that contained the subject term “sharing economy”. The first search identified 674 press releases published from January 1, 2008 to December 31, 2015. We excluded articles excluded that were not related to sharing economy businesses. This filtering resulted in a total of 327 articles. We examined these writings for practitioner-oriented definitions of the sharing economy, as shown in Table 2.

Table 2. Practitioner Definitions of the Sharing Economy and Examples

<table>
<thead>
<tr>
<th>Definitions</th>
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<tbody>
<tr>
<td>“Instacart is unusual and intriguing. It operates according to a decentralized business model that borrows from services like Uber, Airbnb and other firms in the so-called sharing economy.” [30]</td>
</tr>
<tr>
<td>“The rise of BlaBlaCar, which does not yet have plans to offer its service in the United States, is part of a growing trend of companies that are tapping into the so-called sharing economy.” [37]</td>
</tr>
<tr>
<td>“Americans with heaps of stuff, skills and time are connecting online with tech-savvy and early adopter’s eager to share and rent homes, cars, tools and services in exchange for deep savings. Dubbed ‘collaborative consumption’ -- or ‘the sharing economy’. ” [48]</td>
</tr>
</tbody>
</table>

4. PRELIMINARY CONCEPTUAL FRAMEWORK

Instead of coining a new definition, this study calls for the classification of existing sharing economy business models, often highlighted by the media and academia, according to definitions developed by different authors, and to identify the nature of leading firms in a sharing economy. Our paper provides a preliminary step in this direction, and reports our initial framework based on our work to date. The definition of the sharing economy used in this study is based on definitions by the major publications by Benkler [5] and Lessig [29], Botzman [7] and Gansky [19], and Sundararajan [43], who respectively represent three major conceptualizations of the sharing economy phenomena.

According to Lessig [29] and Benkler [5], a sharing economy’s non-monetary mechanism and its openness to ensure complete inclusion distinguish it from the prevalent economic paradigm, which is closed and monolithic. In other words, through open operations, the sharing economy ensures that people can access and use shared assets without restrictions. According to Botzman [7] and Gansky [19], the more recent sharing economy business models based on online platforms are based on openness, an assurance of free participation, and a price mechanism by which the forces of demand and supply determine prices. From a contemporary perspective, a sharing economy business model provides access to shared assets of people who are willing to share, but leaves some room for supply and demand adjustments through the price mechanism, which leads to the optimal allocation of resources and assets. Sundararajan [43] defines a peer-to-peer (P2P) marketplace, a third party online marketplace where buyers and sellers trade and pay a fee to the intermediaries.

We identify the following common attributes among these prevailing definitions of the sharing economy: 1. social relationship-based open accessibility, 2. trust, 3. value creation, and 4. peer to peer (p2p) transactions.

Figure 2. Preliminary Conceptual Framework of the Sharing Economy

Social relationship-based open accessibility: Sharing economy companies improve social connections, and enable formation and maintenance of relationship networks based on social trust and sharing. In addition to the openness and the assurance of complete inclusion, in a sharing economy the primary coordination mechanism is a non-monetary mechanism, and hence, it adheres to a different paradigm from the early closed economic rental business systems. In short, it emphasizes participation through opening of internal and external operations and an unlimited access to the assets designated as shared.
Trust: It is especially important to build trust among actors to enable transactions in a sharing economy. There are concerns about a lack of expertise and trust in P2P transactions. Trust problems arise when the shared product does not match its description. The prevailing definitions emphasize that trust is the currency of the new economy.

Value Creation: The resources shared over online platforms include both an “informational pattern” and a “goods pattern.” By sharing and exchanging the resources possessed by individuals, their benefits can be extended to the society, economy, and culture at large.

Peer-to-peer: Both suppliers and demanders focus on the individual-based P2P model. Consumers enjoy greater choice among goods as peer-to-peer platforms proliferate.

5. FUTURE RESEARCH

Some online-to-offline commerce is mistaken for sharing economy transactions even though the former does not involve non-monetary based voluntary participation or social relationships. Companies that call themselves “sharing economy companies” are continually appearing in the media and academia, and the sharing economy’s share in the economy is increasing. The challenge is to identify which of these are indeed sharing economy businesses and identifying the bounds of existing regulations, while clearly defining new policies and regulations for ‘true’ sharing economy businesses. Our review of the academic and practitioner literatures reveal that the sharing economy is multi-faceted. We identified four initial common dimensions as shown in Figure 2. We call for a clear standard definition in order to ensure that new business ventures can be clearly identified that are ‘true’ sharing economy businesses, in order to ensure the fair enforcement of various regulations governing the business transactions to protect consumer privacy and security.

6. REFERENCES


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