

# Sharing Economy, so what?



**Aleksi Aaltonen**

Warwick Business School

IINFORTE.fi workshop 3–4 October 2016 at Aalto University

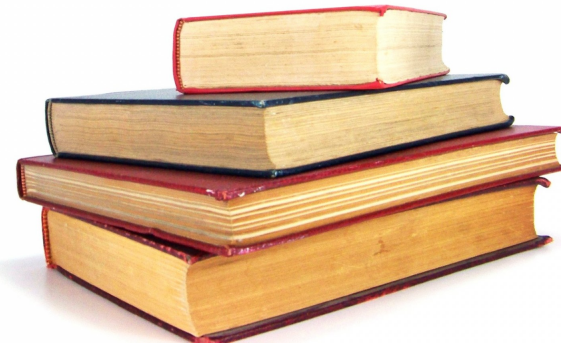
Drill



Car



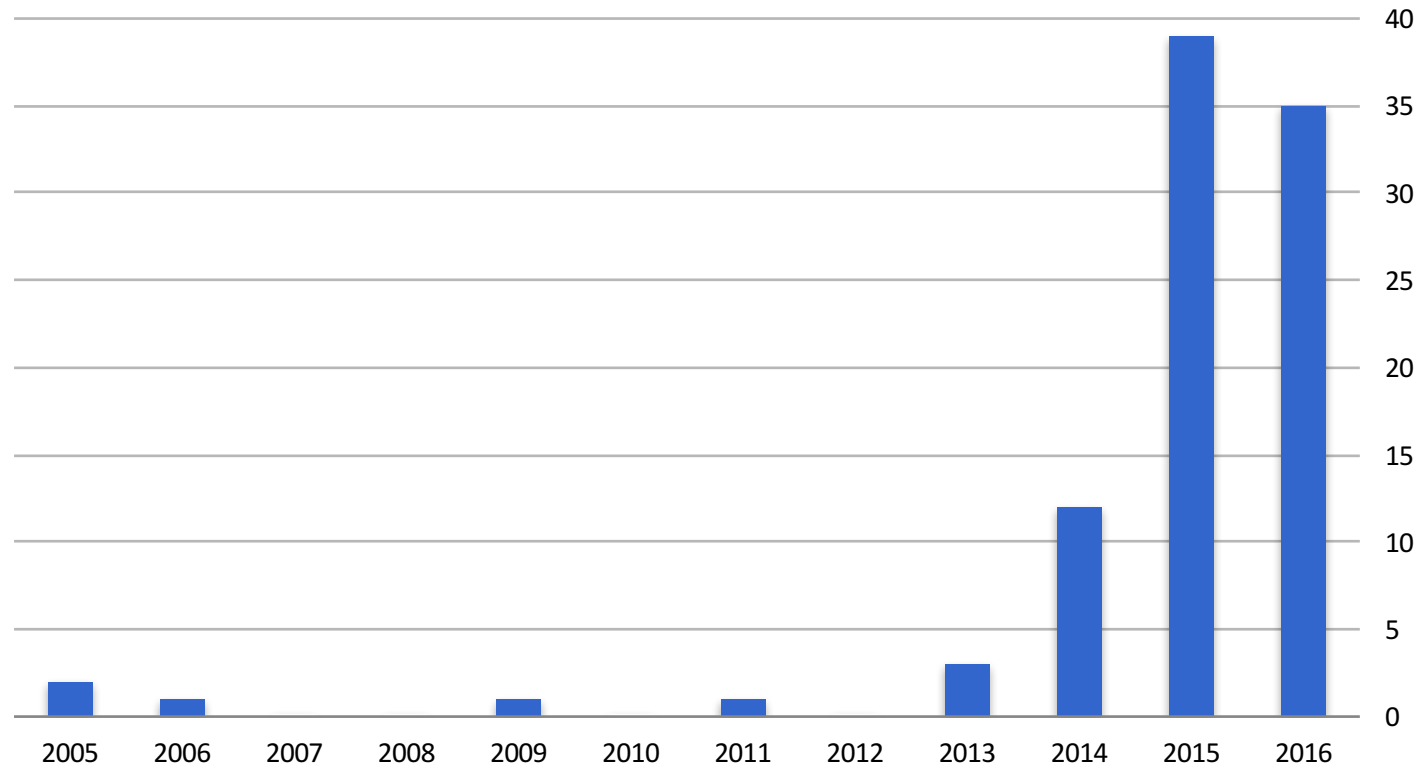
Books



# **What is sharing economy?**

Buzzword, phenomenon, a group of phenomena, fad, theory... or something else?

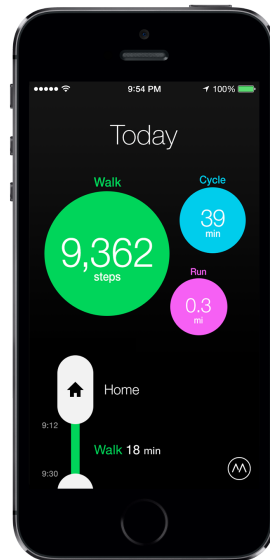
## Sharing economy publications (Web of Science)



**It's definitely a fad!**

1. Come to grips with the idea of 'sharing economy'
2. Practice how to plan an academic paper
3. Discuss how to tackle emerging topics as IS researchers

# Alexi Aaltonen



**DEMOS  
HELSINKI** ✓

aake@iki.fi

<http://aleksi.info>

@aleksiaaltonen

# Monday, 3 October

9:30–10:00	Coffee and registration
10:00–10:15	Workshop agenda and introductions
10:15–11:30	<b>The Disruptive Force of Sharing Economy</b>
11:30–11:45	Break
11:45–12:15	<b>Group work assignment</b>
12:15–13:15	<b>Lunch</b>
13:15–14:15	<b>Groups present their initial ideas</b>
14:15–14:30	Break
14:30–15:45	<b>Sharing Economy, So What?</b>
15:45–16:00	Summary of the first day

# Tuesday, 4 October

- |             |   |
|-------------|---|
| 9:00– 9:15  | Coffee and kick off of the second day   |
| 9:15–12:00  | <b>Groups work on their assignments</b><br>→ hand in abstracts and 1-page outlines before lunch |
| 12:00–13:00 | Lunch   |
| 13:00–15:00 | <b>Group presentations and critique</b>   |
| 15:00–16:00 | Closing remarks   |



# **The Disruptive Force of Sharing Economy**

Google



programmableweb



Zi lok  
Rent anything online!



UBER



BORROW  
MY DOGGY

lyft

Side·car  
a whole new way to get around

airbnb

RENTTHERUNWAY  
love. wear. return.

COMMONS  
OPEN EDUCATIONAL RESOURCES

ebay

DriveNow



zipcar



Hubway

KICKSTARTER

inkubato



WIKIPEDIA  
The Free Encyclopedia



LendingClub

RelayRides

coursera

©mixter

couchsurfing



share  
some  
sugar

flickr

ParkatmyHouse.com



napster



BAG BORROW or STEAL



Flattr



TaskRabbit

CAR  
2GO



streetbank  
share things with your neighbours

Bla Bla Car



HUB CULTURE



LIQUIDSPACE

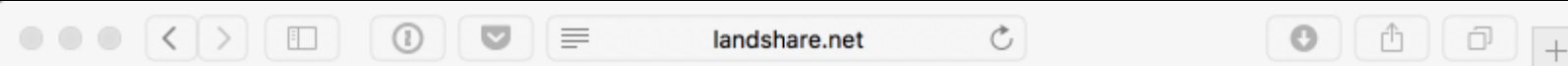
There is often an artificial shortage of cabs that Uber solves by tapping private cars and drivers as an unused resource

The company has a massive valuation of 66B USD – e.g. Volkswagen has 62B USD (VW, Audi, Skoda, Seat, Porsche)

However, regulatory and cultural challenges have made it difficult in many places, e.g. Uber pulled out from China.

The company is losing money faster than any tech company ever (1.27 billion USD in 6 months).





## All good things must come to an end

Sadly, after seven years, we've decided to close the Landshare website. Launched on Channel 4 in 2009, the website tapped into the big surge in interest in grow-your-own and a shortage of allotments. Since then more than 75,000 people have signed up to food campaigner Hugh Fearnley-Whittingstall's scheme, which was first unveiled on Channel 4 during River Cottage's 'Summer's Here' series.

We're extremely proud of our achievements, but we're afraid it's the end of the road. The website hasn't been supported for some time and it was beginning to show. Unfortunately there's nobody waiting in the wings to take over so we've arrived at this difficult decision. But it's been a wonderful journey, and we've achieved some amazing things.

**We closed the website on Thursday 25 February**, but that doesn't mean the concept of Landshare is over. It has inspired hundreds of similar schemes around the world, and that's what we set out to achieve.

And your [Facebook page](#) will remain, so there's still an opportunity to connect with growers and land owners.

The core team behind Landshare and River Cottage's other campaigns, such as Chicken Out and Hugh's Fish Fight, are currently working on [Crowdfunder.co.uk](#), the fastest growing crowdfunding platform in the UK. Hundreds of new community projects are added daily, with thousands of exciting new ideas turned into reality each year. We recently supported [Hugh's War on Waste](#), helping people with innovative ideas around the problem. Check it out, and perhaps raise funds for your growing project.

Better still, sign up for future updates from [River Cottage](#).

Bye for now, and thanks for your amazing support.

**Landshare X**

# Many meanings of “sharing”

**Share an idea** ≈ communicate

**Share a flat** ≈ consume a physical resource  
collaboratively

**Share a document** ≈ copy a digital file

**Filesharing** ≈ euphemism for copyright violation?

**Sharing economy** ≈ discourse, a way of talking about  
new forms of digital economy

*See John (2013) and Martin (2016)*

*Let's keep it simple and  
focus on sharing as  
economic activity.*

**Economy** = a system of production, distribution, exchange and consumption of goods

**Economics** = the problem of how to best allocate scarce resources

# Types of exchanges

**Market exchange** involves self-interested transactions regulated by market institutions and price.

**Gift giving** is also often self-interested; it is mediated by (generalized) reciprocity and rituals.

**Sharing** does not involve transfer of ownership and does not necessarily assume individual ownership of property.

*See Belk (2010)*



# Sharing is disrupting big industries and markets!

**Accommodation:** Airbnb, Couchsurfing...

**Mobility:** Uber, Lyft, BlaBlaCar...

**Human skills/effort:** Mechanical Turk, TaskRabbit...

**Etc.**

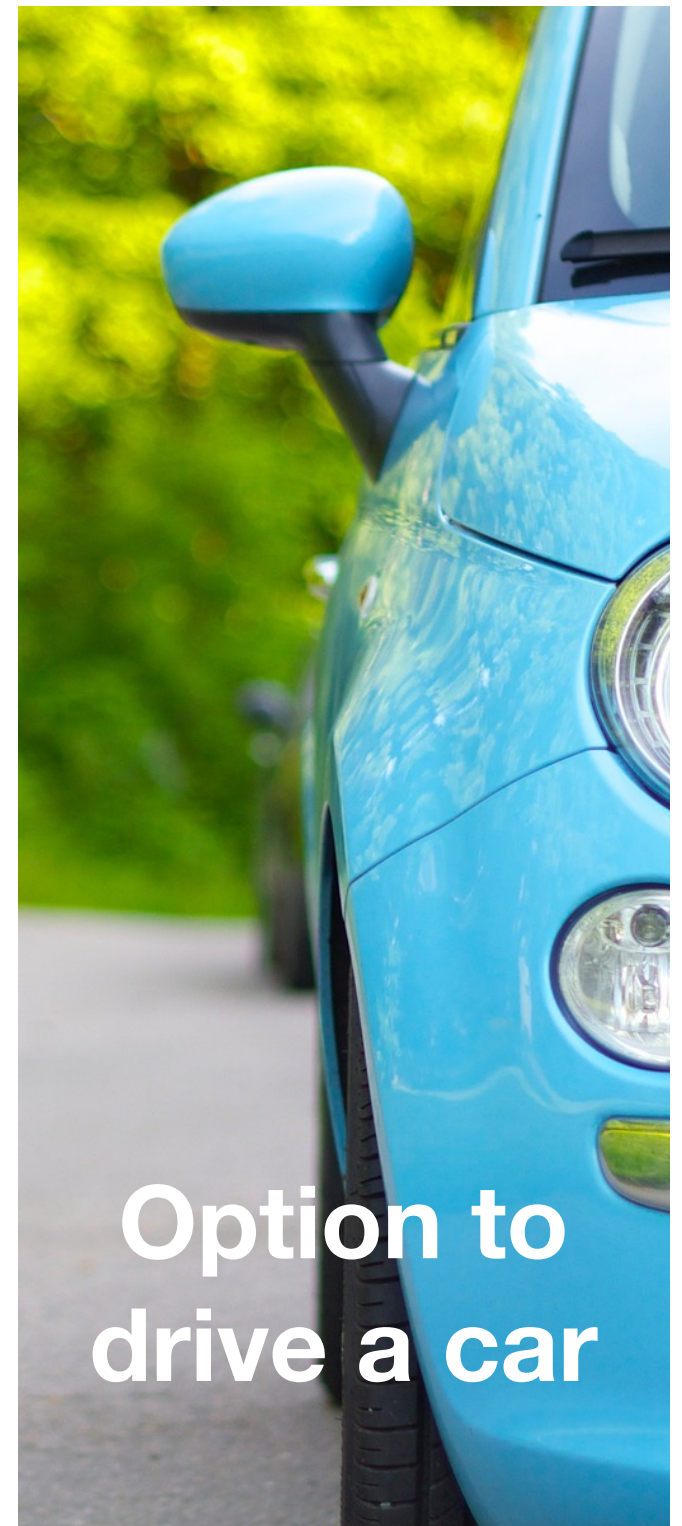
*See Martin (2016)*



Option to  
drill a hole



**Option to  
host a guest**



**Option to  
drive a car**

“ However, the average private car is only used approximately **one hour per day** across countries...”

Firnkorn and Müller (2012, p. 276)

# **An economic rationale**

We own a huge amount of under-utilized resources.

Digital technology may allow us to put those resources into better use

Cf. cloud computing



The ultimate attraction.

BMW Serie 3  
2014  
2015  
2016  
2017  
2018  
www.bmw.it  
Piacere di guidare

However,  
it's not  
just about  
the use  
value of  
things...

# ...but relationships

The nature of economic exchange shapes our relationship

1. with the exchanged goods themselves,
2. to other people, and
3. to society in general.

Bardhi and Eckhart (2012) use six dimension to understand a new form of consumption: **temporality**, **anonymity**, **market mediation**, **consumer involvement**, **type of object**, and **political consumerism**.



“Our data suggest that although the Zipcars themselves are valued because of their use value, **the practice of access is gaining sign value**, with the sign value being a more economically savvy and more flexible form of consumption than ownership.”

“In terms of Zipcar users’ interactions with one another, **our data reveal that negative reciprocity is strongly represented.**”

“Informants see Zipcar as a service provider as well as the enforcer and governing body, rather than as a facilitator of a brand that helps them to connect to like-minded people.”

*Bardhi and Eckhart (2012)*

# Different types of objects

**Physical objects** such as cars and accommodation are rival goods. Sharing is achieved by coordinating the use of different parties at different times.

→ How to make such coordination possible? How to build trust?

**Digital goods** such as information are non-rival. Sharing is achieved usually by copying at no cost.

→ How to motivate the production of freely shared goods? How to control sharing activities?

*See Wittel (2011)*



# SETI@home Multi-Beam

Searching for Gaussians  
Doppler drift rate  $-1.0389$  Hz/sec Resolution  $0.596$  Hz  
New Gaussian: power  $0.97$ , fit  $0.661$ , score  $-13.025$



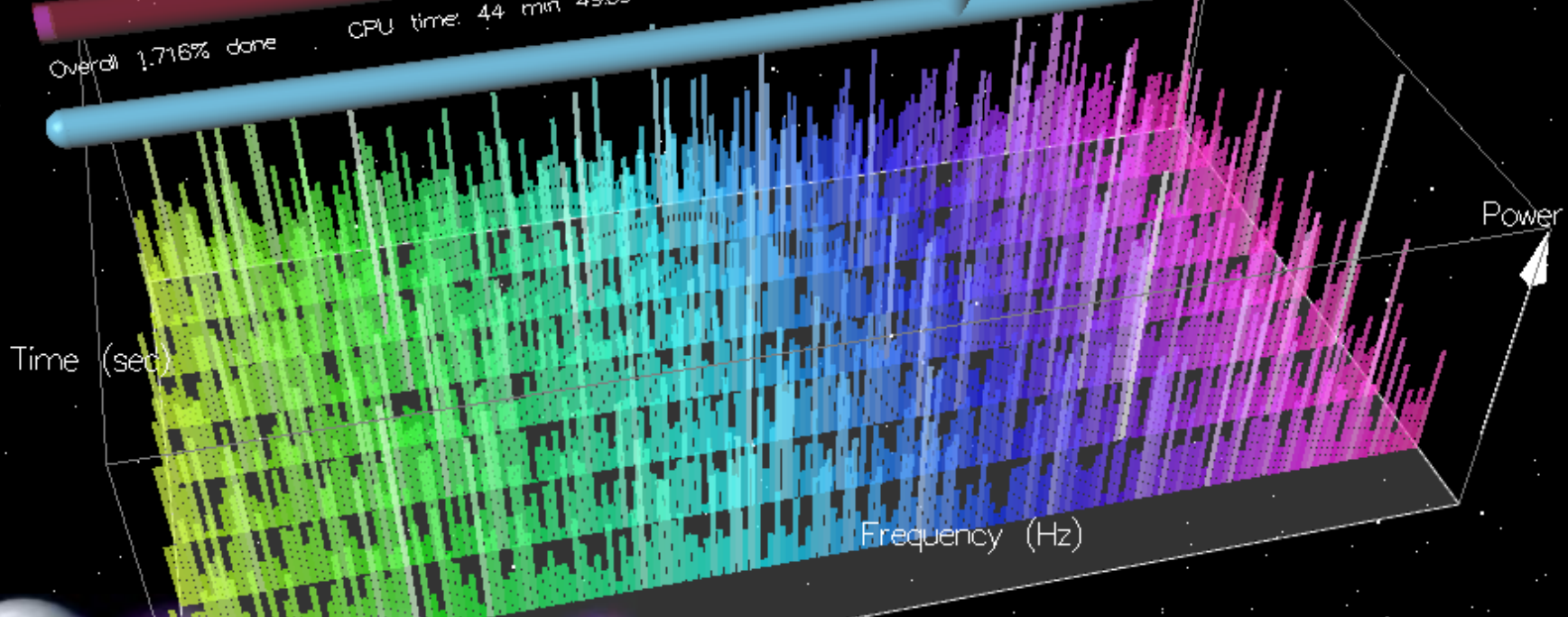
Overall 1.716% done CPU time: 44 min 49.69 sec

## Data info

From: 8 hr 56' 36" RA, +32 deg 6' 15" Dec  
Recorded on: Mon Feb 26 03:01:50 2007  
Recorded at: Arecibo 1.4GHz Array, Beam 4, Pol 1  
Base frequency: 1.419804688 GHz

## User info

Name:  
Team:  
Total credit: 0.00



**SETI@home**  
The Search for Extraterrestrial Intelligence

# Trust is essential

How do we build trust in strangers online and offline?

What is the role of platform in securing and underwriting sharing exchanges?

What is the role of institutions and regulation in sharing economy?

Some hints can be perhaps found in e-commerce literature.

# Self-regulation

Governments should see digital platforms as governance partners, not just targets of regulatory interventions.

Self-regulatory organizations for sharing economy need to

1. Possess enforcement capabilities
2. Show credible performance
3. Be perceived as legitimate and independent

*See Cohen and Sundararajan (2015)*

# Commons-based peer production



**WIKIPEDIA**  
*The Free Encyclopedia*

No individual ownership or  
employment contacts

Learning and self-regulation  
of production is made  
possible by a digital platform

Excessive consumption does  
not (necessarily) lead to the  
tragedy of commons

# Related concepts

**Access-based consumption** (Bardhi and Eckhart 2012) – market-mediated consumption without owning the goods

**Collaborative consumption** (Belk 2014; Hamari, Sjöklint and Ukkonen 2015) – consumers coordinate resource acquisition and distribution

**Platform economy** (Cohen and Sundarajan 2015; Cusumano 2014) – creating value by bringing different parties together on digital platforms

**Commons-based production** (Ostrom 1990; 2000; 2010; Benkler 2006) – production and consumption without individual ownership

**Gift systems** (Giesler 2006) – systems in which goods are exchanged under generalized reciprocity

# **Group work assignment**



**You are currently in  
Limbo or Purgatory.**

Tower Two

6



Academic Reg. Division V600  
PhD Unit  
Teaching Quality Assurance  
And Review Office

External Study

NO SMOKING



THE  
NORTH  
FACE





CALL FOR PAPERS

## Special Issue on Sharing Economy

We invite scholars to submit research papers for a MISQ special issue on sharing economy, to be published in 2019.

The sharing economy is a new organization-market hybrid that is changing how people and organizations access, buy, and use goods and services. It may reshape how the world's economic activity is organized. Traditionally, ownership was assumed necessary to access goods and services, which were usually provided by large corporations with full-time employees. Today, ubiquitous mobile devices, social networks, and marketplace platforms are challenging this assumption. Consumers can share the access to goods and services with each other rather than buy from businesses. Popular examples of sharing economy platforms include Airbnb in the travel industry, Uber and Lyft in the transportation industry, and Funding Circle in the financial services industry. As these new consumption models gain traction, the potential economic and social gains are immense across industries. Despite many positive examples, the sharing economy still faces many social, economic, and legal tensions. From a social perspective, concern exists about the long-run implications of using rating systems as a gateway to economic opportunities. As our workforce transitions from full-time employees to independent contractors, concerns remain about funding an adequate social safety net. From an economic perspective, platforms such as Airbnb may displace certain labor categories like hotel cleaning staff and reduce affordable housing for long-term local residents. Legal tensions include concerns over safety and screening as well as over externalities.

The purpose of the special issue is to bring together and develop IS perspectives on sharing economy as an important societal, business and economic trend. Our objective is to examine the strategic business opportunities and management challenges associated with operating in a sharing economy. We welcome papers on a broad range of topics related to sharing economy including both empirical studies and theoretical papers. Possible topics include but are not limited to:

- Competing in and leveraging the sharing economy including business models
- Business transformations towards the sharing economy
- Theorizing sharing economy
- Implications on firm boundaries, value creation, and governance
- Understanding the disruptive forces of the sharing economy
- Empirical studies on the move from institution-driven to platform-driven exchange affect business processes, work practices and technological innovations
- The dark side of the sharing economy (e.g., risks, problems, or negative impacts)
- Tensions associated with the sharing economy including economic, social, and legal issues
- The role of IT in the sharing economy

Your task is to create **a plan for a journal paper** to be submitted to a special issue on sharing economy.

*...do as I say,  
**not** how I did my first  
publications!*

# Deliverables

1. 15 min presentation on the core argument of the paper
2. 200 word abstract + 1-page outline

You will receive feedback on these!

<group formation>

# Planning a paper

1. What is the story/core argument?
2. How does the argument evolve through each section?

**Literature review and theory**

**Research design**

**Evidence**

**Contribution**

# Think about

1. Be clear about the motivation of the paper. Why should the reader be interested?
2. Be clear about the nature of contribution. Are you aiming at relevant empirical findings, theory, critique or something else?
3. How do you differentiate from other submissions? Do you have assets that others don't have?
4. What makes your contribution credible? Do you have the means to pull it through?

*Approach the task as selling of an idea that you think you should be able to execute if you pass the first stage.*

# Deliverables

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2. 200 word abstract + 1-page outline

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# **Sharing Economy, So What?**



Google



programmableweb



Zilok  
Rent anything online!



UBER



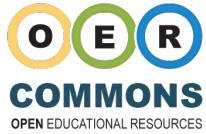
BORROW MY DOGGY

lyft

Side·car  
a whole new way to get around



RENTTHERUNWAY  
love. wear. return.



COMMONS  
OPEN EDUCATIONAL RESOURCES

ebay

DriveNow



KICKSTARTER

LendingClub

Does it make sense to collapse  
all these under "sharing  
economy" label?



couchsurfing



WIKIPEDIA  
The Free Encyclopedia



ParkatmyHouse.com



napster® streetbank  
share things with your neighbours



share  
some  
sugar



BAG BORROW or STEAL



Flattr



TaskRabbit



HUB CULTURE

Bla Bla Car



LIQUIDSPACE®



U B E R



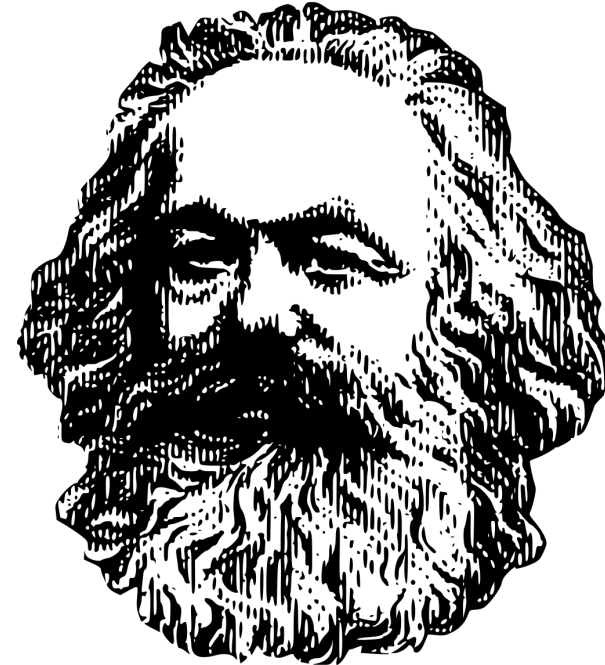
**Does it make sense to collapse  
all these under "sharing  
economy" label?**



WIKIPEDIA  
The Free Encyclopedia



TaskRabbit



It's just a new  
form of **capitalism!**

**“The process by which social and economic systems evolve is based on the premise of improving technology.** Specifically, as the level of technology improves, existing forms of social relations become increasingly insufficient for fully exploiting technology. This generates internal inefficiencies within the broader socioeconomic system, most notably in the form of class conflict. **The obsolete social arrangements prevent further social progress while generating increasingly severe contradictions between the level of technology (forces of production) and social structure (social relations, conventions and organization of production)** which develop to a point where the system can no longer sustain itself, and is overthrown through internal social revolution that allows for the emergence of new forms of social relations that are compatible with the current level of technology (productive forces).”

*[https://en.wikipedia.org/wiki/Mode\\_of\\_production](https://en.wikipedia.org/wiki/Mode_of_production)*

# The commodification of everything?

1. Your home, car and many other traditionally private matters are drawn into commercial exchanges.
2. Employment relations are torn apart and replaced by temporary, task-based remuneration.
3. Is global economy going to be driven by a handful of Californian companies?

Maybe **more than** just a  
*new form of capitalism?*



# Advertising-funded economy



Traditionally, media companies produced content (journalism, entertainment) to attract audiences – today, audiences also produce the content for themselves!

Business ▶ Financial News

## Uber lost \$7m a DAY in the first half of this year

Disruptive innovation for the bank balance

“Do you think that the pieces are in place for these companies to generate profits? I don't think so, as ride prices keep dropping, new ride sharing businesses pop up and the costs continue to increase?”

Uber's goal is to achieve a monopoly, at which point it can reduce discounts to drivers and increase rates to passengers.

“One of their senior executives has said that Uber currently take 20 per cent of every ride but they'll take 30 per cent of every ride where they can, “because we can” author Tom Slee [told us](#) in an interview earlier this year. Slee's book *What's Yours Is Mine: Why The Sharing Economy Isn't takes casual labour networks Uber to task.* ®



# Dubious assumptions

Our social relationships and interactions may not be **reducible to three prototypes** (market exchange, gift giving, sharing).

Many studies unreflectively **assume individualism and individual property rights** as a starting point.

Humans are both competitive/self-interested and cooperative/sharers – **there is no need to ponder about “true” human nature.**

Sharing as a form of sociability,  
economic activity and building block of  
intimate relationships...

*John (2013)*

“Competition was not the driving force that  
made us human, as the ideology of the  
*Homo economicus* made us believe, but  
cooperation and mutualism by which we all  
profit from our joint actions.”

*Grassmuck (2012)*

**Do we always need new concepts such as sharing economy?**

**No.**

However, new words (sharing economy discourse) help us imagine how the world could be with new technology.

**“The computer industry  
is the only industry that  
is more fashion-driven  
than women's fashion.”**

[https://en.wikiquote.org/wiki/Larry\\_Ellison](https://en.wikiquote.org/wiki/Larry_Ellison)



Photo: Oracle PR,

[https://www.flickr.com/photos/oracle\\_images/9887589546](https://www.flickr.com/photos/oracle_images/9887589546)

# Sharing as a discourse

1. Economic opportunity
2. Sustainable form of consumption
3. Decentralised and equitable economy
4. Unregulated marketplaces
5. Neoliberal paradigm
6. Incoherent field of innovation

*Martin (2016)*

# Summary, sort of...

Sharing economy is definitely a **buzzword** but **it hardly maps a clearly delineated, specific phenomena.**

However, we can understand sharing economy as **related phenomena with family resemblance** that allows to subsume them under a common label. It is probably also an **academic and managerial fad** as evidenced by the rising number of publications. There is **no single theory or single perspective** for understanding sharing economy.

Finally, whatever it is, **sharing economy is a *significant contemporary socio-economic condition.***

# Why engage a fad?

1. We need to study it to understand it better (cf. open source).
2. We need to connect with popular discourses to make ourselves heard. Funders like it!
3. We need to criticise and distance ourselves from it, that is, “know your enemy”.
4. We need to be able to package our studies so that they can be published under new labels.

Anyone still interested in  
sharing economy?