Chapter 2

The Politics of the Sharing Economy

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ABSTRACT

The current academic debate on the sharing economy (SE) seems to embrace three main discussions: its definition, its effects, and the role of regulation. A neglected topic here seems to be analyzing the specific implications of the changing nature of these firms boosted by private equity and venture capital. As the author points out, we need to analyze not only the impact of a changing business model but, specifically, how stakeholders, cities, and regulators should approach this moving target now called SE. In the following sections the author departs from a traditional definition of the sharing economy to start building the case for treating the SE at large as an epiphenomenon of the platform economy, and as a temporary condition based on a moveable business model. The chapter closes by introducing the regulatory hurdles that come associated with the previous and mapping out its different futures.

INTRODUCTION: THE SHARING ECONOMY AS A MOVING TARGET

Learning From Experience in the Sharing Economy

‘We have to admit when the free market is not working’ – Tim Cook, Apple CEO, November 2018

Ten years ago, Uber became synonymous with sharing mobility. Uber is now a conglomerate whose business model has evolved from ride-hailing to helping drivers lease, rent, or buy a vehicle. The company also delivers food and sells data insights (Bamberger & Lobel, 2017, p. 1090). Uber is also pioneering self-driving cars and vertical take-off and landing aircraft for on-demand urban transportation (Ganapati & Reddick, 2018). A similar path has been followed by Airbnb, the other tycoon of the sharing economy (SE), whose business model has been drifting slowly away from facilitating temporary access to shared apartments, to making rental opportunities from well-established property firms accessible on its platform and offering city tours. It is becoming a hospitality conglomerate at large.

Another example that has seen a similar evolution is Coursera, another of the big brands in the sharing sector and known for giving free access to top-school online courses. Here too we find a moving business model in quest of monetisation. The company now sells user data to companies searching for talent – the most important current stream of income according to Van Dijck, Poell and Waal (2018, p. 128). A pertinent question is the following: could this missional drift be otherwise? Additionally, what does this drift say about the social expectations we set on the SE?

At this point, we need to take a careful look at the evolution of these sharing platforms and start exploring the societal consequences of treating sharing instrumentally. This is a phenomenon connected to the evolutionary nature of platforms that has huge societal implications, and which has been largely overlooked. We argue that understanding the sharing component as a temporary phase in the evolution of a business can help us understand a myriad of cases that exemplify the controversial societal impacts of the SE. From those bike-sharing firms that pop up in large cities, and evaporate overnight while leaving thousands of unwanted bikes clogging streets and canals (Rinne, 2018), to the gradual income downgrading of taxi drivers who were allegedly mislead by the earning potential of collaborative ventures (Kazmin & Ram, 2017). These are all part of the academic discussion that tries to frame the plausible expectations of what the SE can and cannot do (Murillo, Buckland, & Val, 2017).

Current Debates: Sharing Initiatives and Platforms

A broader discussion on the societal consequences of the SE is only one of the discussions that capture the interest of scholars in this field. Currently, academic debate on the SE appears to be embracing three main discussions: its definition; its effects; and the role of regulation (Frenken, 2017). It is beyond the scope of this text to reopen the terminological debate that has been addressed elsewhere (Murillo et al., 2017; Richardson, 2015) but we must set forward a minimal definition that encompasses our arguments. For this purpose we can depart from the common understanding of the SE used by Parente, Geleilate and Rong (2018) and add what we consider relevant missing features.

According to these authors, the SE is composed of: i) companies whose business focuses on unlocking the value of unused or underutilised assets; ii) where consumers pay for temporary access instead of ownership using an internet-based platform; and iii) C2C interactions and network effects are relied on for growth. There are two additional important key dimensions of the SE that must be included: iv) the SE centrally depends on internet platforms to enable peer exchange; and v) these assets are often rented rather than shared (Ganapati & Reddick, 2018, p. 78).

In our view, a common weakness in this type of discourse starts by understanding the SE as composed by static rather than dynamic, that is evolving, organizations. This contradicts the evidence amassed in more than ten years of experience and where the sharing component of what we see as SE has come to mean different things: a market niche; a commercial strategy; a rhetorical device; a phase in the evolution of a firm; or, more often than not, a combination of some of the above. Thus, an important topic in the academic debate should be the implications of the changing nature of these firms. As we will point out, we need to analyse not only the impact of a changing business model on the sharing business, but specifically how stakeholders, citizens, and regulators should approach this moving target we call SE.

This important discussion on the limits and boundaries of what the SE is and is not, following Frenken (2017), implies a major redrafting of societal expectations about the SE. It is the centrality of platforms in the SE what makes them dependent on the broader logic of the digital economy. As we have explained elsewhere (Murillo et al., 2017) it is important to stress the importance of treating the
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