

Application and Performance of the Basic Concept of Sharing Economy in Business Model

Albert M. Diallo¹

¹ North South University

Correspondence: Albert M. Diallo, North South University.

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Abstract

The sharing economy is a business model based on the idea of sharing underutilized resources or assets between individuals, rather than owning them individually. This concept has been widely applied in various industries such as transportation, accommodation, and equipment rental. Sharing economy platforms have disrupted traditional business models by creating new markets and providing greater access to goods and services. The performance of the sharing economy depends on the ability of companies to create trust, facilitate transactions, and ensure the safety and quality of the shared assets. While the sharing economy has brought benefits such as increased efficiency and sustainability, it has also raised concerns about regulation, labor rights, and the concentration of market power in the hands of a few large platforms.

Keywords: sharing economy, performance, challenging, benefits

1. Introduction

The sharing economy is a business model that has gained significant attention in recent years. Based on the idea of sharing underutilized resources or assets between individuals, rather than owning them individually, the sharing economy has disrupted traditional business models in industries such as transportation, accommodation, and equipment rental. Sharing economy platforms have created new markets and provided greater access to goods and services, leading to increased efficiency, sustainability, and social connections.

However, the sharing economy also faces several challenges, including regulatory issues, safety concerns, and labor rights. The lack of clear regulations can lead to unfair competition and safety risks, while the platform business model can lead to precarious working conditions for providers. Consumer behavior also plays a critical role in the success of the sharing economy, with factors such as cost savings, convenience, and environmental sustainability motivating adoption.

Trust is another critical factor in the sharing economy, as transactions often involve sharing personal assets or interacting with strangers. Trust and reputation systems are essential for building trust and facilitating transactions, but there are also concerns about the accuracy and fairness of these systems.

The implications of the sharing economy for traditional businesses are also a topic of significant interest. While traditional businesses can respond to the sharing economy by adopting similar models or emphasizing their unique value proposition, the concentration of market power in the hands of a few large platforms has raised concerns about competition and market regulation.

This literature review provides an overview of the current research on the sharing economy, highlighting its benefits, challenges, and implications for businesses and consumers. It also identifies key areas for future research, including the role of regulations, the impact on labor markets, and the implications for social equity and inclusion.

2. Literature Review

The sharing economy has become a popular topic of research in recent years, with many studies exploring its impact on businesses, consumers, and society as a whole. Here are some key findings from the literature:

Benefits of the sharing economy: The sharing economy has been found to bring many benefits, including increased efficiency, sustainability, and social connections. For example, studies have shown that car-sharing services can reduce traffic congestion and carbon emissions, while home-sharing platforms can provide affordable accommodation and enable cultural exchange.

Challenges of the sharing economy: Despite the benefits, the sharing economy also faces several challenges, including regulatory issues, safety concerns, and labor rights. Studies have found that the lack of clear regulations can lead to unfair competition and safety risks, while the platform business model can lead to precarious working conditions for providers.

Consumer behavior in the sharing economy: Consumer behavior plays a key role in the success of the sharing economy. Studies have shown that consumers are motivated by factors such as cost savings, convenience, and environmental sustainability when using sharing economy services. However, concerns about safety and privacy can also limit adoption.

Trust and reputation in the sharing economy: Trust is a critical factor in the sharing economy, as transactions often involve sharing personal assets or interacting with strangers. Studies have found that trust and reputation systems are essential for building trust and facilitating transactions in the sharing economy. However, there are also concerns about the accuracy and fairness of these systems.

Implications for traditional businesses: The sharing economy has disrupted traditional business models in industries such as transportation, accommodation, and retail. Studies have found that traditional businesses can respond to the sharing economy by adopting similar models or by emphasizing their unique value proposition. However, the concentration of market power in the hands of a few large platforms has also raised concerns about competition and market regulation.

Overall, the literature suggests that the sharing economy has the potential to bring significant benefits, but also faces several challenges that need to be addressed. Key areas for future research include the role of regulations, the impact on labor markets, and the implications for social equity and inclusion.

3. Application and Performance in Business Model

The application of the sharing economy in business models has been diverse and has created a range of new opportunities for companies to leverage underutilized assets and resources. Some examples of the sharing economy in action include:

Transportation: Transportation companies such as Uber and Lyft have disrupted the taxi industry by allowing individuals to share rides with one another. This has created a new market for on-demand transportation services and has increased access to affordable and convenient transportation.

Accommodation: Platforms such as Airbnb and HomeAway allow individuals to rent out their homes or apartments to travelers. This has created a new market for affordable and unique accommodation options and has enabled cultural exchange between travelers and hosts.

Equipment rental: Companies such as Rent the Runway and Turo enable individuals to rent out their clothing or personal vehicles to others. This has created a new market for affordable and sustainable access to high-end clothing or unique vehicles.

Co-working: Co-working spaces such as WeWork and Regus enable individuals and companies to share office spaces and resources. This has created a new market for affordable and flexible office space, and has enabled collaboration and networking opportunities.

The performance of the sharing economy in these industries has been mixed. While the sharing economy has brought benefits such as increased efficiency and sustainability, it has also raised concerns about regulation, labor rights, and the concentration of market power in the hands of a few large platforms. Companies that have successfully implemented sharing economy models have been able to create trust, facilitate transactions, and ensure the safety and quality of shared assets. However, those that have not been able to address these concerns have struggled to gain traction and maintain market share.

In conclusion, the sharing economy has brought about significant changes to traditional business models and created new opportunities for companies to leverage underutilized assets and resources. While there are challenges associated with the sharing economy, companies that are able to effectively address these challenges and create trust and transparency have the potential to realize significant benefits.

4. Challenges for the Sharing Economy

The sharing economy has faced several challenges, including:

Regulatory issues: The lack of clear regulations around sharing economy platforms has raised concerns about safety, fairness, and competition. Different jurisdictions often have varying regulations, and the regulatory environment can be complex and difficult to navigate.

Labor rights: Sharing economy platforms have been criticized for their treatment of providers, who are often classified as independent contractors and lack benefits and job security. This has led to concerns about precarious working conditions and a lack of labor protections.

Safety concerns: Sharing economy transactions often involve the sharing of personal assets or interactions with strangers, which can raise concerns about safety and privacy. Platforms have attempted to address these concerns through the use of background checks, ratings systems, and insurance policies.

Trust and reputation: Trust is critical in the sharing economy, as transactions often involve sharing personal assets or interacting with strangers. Trust and reputation systems are essential for building trust and facilitating transactions, but there are also concerns about the accuracy and fairness of these systems.

Market concentration: The sharing economy has led to the concentration of market power in the hands of a few large platforms, which has raised concerns about competition and market regulation. Smaller businesses may struggle to compete with these platforms, leading to potential antitrust issues.

Equity and inclusion: The sharing economy has also raised concerns about social equity and inclusion, as some communities may not have access to the same resources or opportunities to participate in the sharing economy. This could lead to further economic disparities and exclusion.

Addressing these challenges is critical for the continued growth and success of the sharing economy. Companies that are able to effectively address regulatory issues, ensure labor rights and safety, and create transparency and fairness in trust and reputation systems have the potential to succeed in the sharing economy while also promoting social equity and inclusion.

5. How Companies Are Responding to the Opportunities and Challenges Presented by the Sharing Economy

Companies have responded to the opportunities and challenges presented by the sharing economy in a variety of ways. Some have embraced the sharing economy model and developed new business models based on sharing assets or resources, while others have sought to compete with sharing economy platforms by emphasizing their unique value proposition or creating alternative models. Some examples of how companies are responding to the sharing economy include:

Adopting the sharing economy model: Traditional companies have sought to compete with sharing economy platforms by adopting similar models. For example, car rental companies have launched peer-to-peer car sharing services, and hotels have developed their own home-sharing platforms.

Creating alternative models: Some companies have sought to compete with sharing economy platforms by emphasizing their unique value proposition. For example, luxury hotels have emphasized their unique amenities and personalized service, while car manufacturers have focused on the safety and reliability of their vehicles.

Emphasizing sustainability: Sharing economy platforms have emphasized the sustainability benefits of their models, such as reducing the need for car ownership and promoting the use of underutilized assets. Traditional companies have responded by emphasizing their own sustainability initiatives, such as using renewable energy or reducing waste.

Addressing labor concerns: Companies that have adopted the sharing economy model have sought to address concerns about labor rights and precarious working conditions by offering benefits and protections to providers. For example, Lyft has launched a driver rewards program and Airbnb has developed a Host Protection Insurance program.

Collaboration: Some companies have sought to collaborate with sharing economy platforms to offer additional services or resources to their customers. For example, airlines have partnered with car-sharing platforms to offer seamless transportation options to their customers.

In summary, companies have responded to the sharing economy by adopting similar models, creating alternative models, emphasizing sustainability, addressing labor concerns, and collaborating with sharing economy platforms. These responses reflect the challenges and opportunities presented by the sharing economy and the need for companies to adapt to changing consumer preferences and market dynamics.

6. Discussion

The sharing economy has emerged as a significant economic trend in recent years, driven by the increasing

availability of digital platforms and the changing preferences of consumers. The concept of sharing economy is based on the idea of leveraging underutilized assets or resources through peer-to-peer transactions, and has led to the creation of a wide range of new business models and platforms.

The sharing economy presents significant opportunities for companies, including access to new markets and customers, increased efficiency and reduced costs, and the potential for innovation and disruption. Companies that are able to leverage the sharing economy model effectively can gain a competitive advantage and create significant value for their stakeholders.

However, the sharing economy also presents significant challenges, including regulatory issues, labor concerns, safety concerns, and market concentration. These challenges can undermine the potential benefits of the sharing economy and create risks for companies that operate in this space.

To address these challenges, companies must be proactive in developing effective strategies that promote transparency, fairness, and accountability. This includes working with regulators to develop clear and consistent rules for sharing economy platforms, ensuring fair treatment of providers and customers, and investing in trust and reputation systems that promote safety and reliability.

Companies that are able to effectively navigate these challenges have the potential to succeed in the sharing economy while also promoting social equity and inclusion. This requires a deep understanding of the unique dynamics of the sharing economy, as well as a commitment to building trust, transparency, and fairness in all aspects of their operations.

In conclusion, the sharing economy presents significant opportunities and challenges for companies. Companies that are able to effectively navigate these challenges and leverage the opportunities presented by the sharing economy can create significant value for their stakeholders while also promoting a more sustainable, equitable, and inclusive economy.

7. Conclusion

In conclusion, the sharing economy has emerged as a major economic trend that has disrupted traditional business models and created new opportunities for companies. The concept of sharing underutilized assets and resources has led to the creation of a wide range of innovative business models and platforms, which have revolutionized industries such as transportation, hospitality, and retail.

However, the sharing economy also presents significant challenges, such as regulatory issues, labor concerns, safety concerns, and market concentration. To address these challenges, companies must be proactive in developing effective strategies that promote transparency, fairness, and accountability. This requires a deep understanding of the unique dynamics of the sharing economy and a commitment to building trust, transparency, and fairness in all aspects of their operations.

Overall, the sharing economy presents both opportunities and challenges for companies, and it is up to them to navigate these challenges and leverage the opportunities to create value for their stakeholders. As the sharing economy continues to evolve, it is likely to transform the business landscape even further, and companies that are able to adapt and innovate will be the ones that succeed in the long term.

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