

Presentation for the Workshop **Digitally Enabled Sharing Economy Models at the Base of the Pyramid.**

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## **Rethinking the Sharing Economy towards equality and social justice**

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# General overview

## **Sociology of digital institutions:**

Digital platforms can be analysed as institutions, allowing a rich analysis on the way they are built, how they operate and the impact they have in society

## **Transformative Sharing economy:**

Based on their institutional characteristics, we can separate commercial enterprises from transformative sharing economy models and focus on their possibilities.

## **Opportunities at the Base of the Pyramid:**

The sort of social competition promoted by the market economy creates inequality, while transformative sharing models allow a better overall use of resources and satisfaction of social needs.

# What is the sharing economy?

- The trend began to be described by Botsman y Rogers (2010), taking AIRBNB as the key example of the movement, and identifying its positive impacts in the **economy**, the **environment** and **social** relationships.
- However...

there is not a clear theoretical delimitation on this regard, and in practice it is “self-definition by the platforms and the press [what] defines who is in and who is out”.  
(schor, 2014)

# How to define and delimitate the sharing economy

“An economic system based on sharing underused assets or services, for free or for a fee, directly from individuals” (Botsman2015).

Then, what is the difference between sharing and renting?

**We need to properly delimitate the logic of “sharing” in order to create new economic dynamics.**

# The three logics of distribution

- Following previous authors, Belk (2010, 2014) describes three logics of resource distribution:
  - **Selling or renting:** the access to resources is regulated by the mechanisms of prices and the law of offer and demand. Market economy.
  - **Gifts:** resources are distributed according to the will of givers. They can create a gift economy based on reciprocity.
  - **Sharing:** resources are commonly owned and managed, such as happens in families and resource pooling. It is also the case in the traditional commons studied by Ostrom (1990)
- A sharing economy should develop a system based on the last logic. However, this offer limited possibilities in a complex modern society.

# How to rethink the sharing economy

First, we need to differentiate it from the market economy logic, establishing boundaries between what is sharing and what is not.

Then, we need to think of systems that modernized the traditional logic of commons, adapting it to the modern world.

Systems such as carpooling represent this modernization, by adapting this logic to that of “sharing the cost” of a service.

Therefore:

**A sharing economy** should not imply the production of profit, but instead developing new ways of **satisfying needs by sharing assets.**

**Digital technologies** can help create complex exchange systems that follow the logic of sharing

# The sociology of digital institutions

**We identify five key institutional dimensions:**

- 1. Spatial:** how the platform is designed, regulated and organized.
- 2. Social:** the kind of relationship or exchange that users establish.
- 3. Economic:** business model or economic sustainability model
- 4. Political:** management and decision making.
- 5. Cultural:** principles and values that motivate the institution.

# How to apply this institutional framework

In previous research, we applied this framework to different platforms, for the purposes of making a comparison between market platforms (ie. Airbnb), and those based on sharing resources.

Now, we propose a deeper application of the framework to two initiatives based on different forms of sharing:

- Pooling of resources, such as in tool libraries or bicycles association
- Sharing the cost of owning resources, such as cars and other vehicles

I.e. **“Cozy Wheels”**, a vehicle sharing service managed by a not-for-profit association in Belgium for groups of neighbours. In this case, the association offer a calculation of the costs of sharing in order to avoid market and profit driven logics.

# What's in it for the economy at the base of the pyramid? I

Recent studies on the possibilities of developing a **not-for-profit economy** show how the pursue of “unlimited benefits” by for profit enterprises stimulates competition, inequality and environmental degradation.

On the contrary, a not-for-profit economy motivated by the aim of producing a social benefit promotes equality and more opportunities for those living at the base of the pyramid.

Not-for-profit business de not opposed to the right of entrepreneurs for earning a living, but with the logic of “unlimited returns” that are made at the expense of over-exploitation of resources.

(Hinton, 2020)

# What's in it for the economy at the base of the pyramid? II

**The Sharing economy** updates and upgrades the traditional cultures and social networks of mutual aid which for centuries have operated as *not for profit economies*.

**Mainstream sharing economy discourses** propose the appropriation of these practices in the sake of *new forms of digital capitalism*, and therefore for-profit and scalable business as usual.

**A genuine and digitally enabled sharing economy** would enhance those informal economies, facilitating the dissemination of not for profit exchanges and business, that create more opportunities for people living at the base of the pyramid.

**The aim of this new economy** is not accumulating wealth, but managing resources in a sustainable way that allow a higher satisfaction of social needs.

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