

# Sustainability and Sharing Economy

Subjects: **Economics**

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The sharing economy is usually related to sustainability, and it is framed as: (a) an economic opportunity, (b) a more sustainable form of consumption and (c) a pathway to an equitable and sustainable economy.

sustainability

sharing economy

business practices

environment

urban dimension

## 1. Introduction

There is no common definition for the sharing economy, but some authors have tried to shed light on this topic, which has been used as an umbrella term for a great variety of organisational models <sup>[2]</sup>. One definition is that of an ecosystem, whose intermediary companies utilise online platforms to facilitate and lower the cost of the for-profit transactions of giving temporary access—without the transfer of the ownership—to the idle resources of consumers in peer-to-peer networks that it has created, because of the trust built among its members who may be individuals or businesses <sup>[3]</sup>.

The sharing economy can be placed on three foundational cores: (a) access economy, (b) platform economy and (c) community-based economy <sup>[4]</sup>. They define each concept as follows:

Access economy: initiatives sharing underutilised assets (material resources or skills) to optimise their use.

Platform economy: intermediation of decentralised exchanges among peers through digital platforms.

Community-based economy: coordination through non-contractual, non-hierarchical or non-monetised forms of interactions (work, exchange, etc.).

It can be stated that the sharing economy helps to use resources inside a community without the need to consume or buy each time. The opportunity to share assets offers the possibility of only using an asset when it is really needed and after that, sharing it with other people. This kind of consumption means that property is less important and that not everybody that is willing to consume needs to own every asset; therefore, production can be lower than that without sharing. If production is reduced, it will definitively have a positive impact on sustainability. In the last few years, the sharing economy has increased as a new business model that will change consumers' relationship to a materialistic lifestyle <sup>[5]</sup> and it is expected to grow around 25% per year.

## 2. Impact of Sharing Economy in Sustainability

The sharing economy is an opportunity for sustainability. The possibility of using assets without the need of owning the property reduces the need for goods production and reduces waste. However, the impact of the sharing economy in the triple dimension of sustainability is not clear [6].

After reviewing 61 papers about the sharing economy and sustainability, four relevant topics were identified:

- a. Impact of the sharing economy in the environment.
- b. Value of sustainability for the decision of the customer about the use of the sharing economy.
- c. Business practices of sharing economy companies regarding sustainability.
- d. Urban impact of sharing economy companies.

In general, the sharing economy allows the use of under-utilised resources and, therefore, has an environmental benefit by reducing consumption [7]. Regarding shared mobility, it is stated that it reduces the negative impact on the environment and reduces polluting emissions and energy expenditure [8], being a transport element that should not be substituted by a particular car, but be complementary [9]. The reduction of a vehicle in the family unit implies a 23% increase in the probability of shared car use in cities with high population density [10]. Shared bicycles, having the particularity of not emitting gases, have a positive impact on all environmental indicators. However, an exorbitant growth in its offer can have a negative impact due to the oversaturation of the service [11]. Use of shared clothing mainly implies a reduction of the waste generated by the consumption of first-hand clothing [12].

One of the main reasons cited by clients for using sharing economy platforms is sustainability, in addition to financial benefits, social experience or life quality [13]. Once again, the literature is focused on the effects of mobility and clothes sharing. Regarding car-sharing, key elements are knowledge, environmentalism, the possession–self link and involvement with cars [14]. In connection with the user of the platform the effects are different; for car owners, sustainability is a key factor in offering their car, however, for passengers it is irrelevant [15]. Regarding the second hand market, besides sustainability and economic benefits, another motivation for the use of the platform is distancing from the consumer system and the value of brands [16].

On top of this, companies are an essential element for achieving the three dimensions of sustainability. Criteria for analysing business practices in the company are: (1) using durable, quality goods; (2) intensifying use of goods; (3) enabling repair, take back and recycling of goods; (4) ensuring rental replaces purchase; (5) minimising transport and disposable packaging of goods; and (6) for transport, reducing the kilometres travelled by private vehicles [17]. One of the key elements of the social dimension is trust between users [18]. Moreover, companies need to know that while corporate social responsibility and investment recovery policies do affect the user's choice over whether or not to use a platform, internal policies do not have any impact at all [19]. With regards to entrepreneurs, the sharing economy can be an opportunity for them, and it is recommended that they apply an environmental corporate social responsibility that will affect the user's perception of sustainability and allow the creation of a brand [20].

Moreover, we can identify different models of the sharing economy in relation to mobility and food-sharing. Regarding sharing mobility, four models are defined as (1) peer-to-peer provision with a company as a broker, providing a platform where individuals can rent their cars when not in use; (2) short term rental of vehicles managed and owned by a provider; (3) companies that own no cars themselves but sign up ordinary car owners as drivers; and (4) on demand private cars, vans or buses and other vehicles, such as big taxis, shared by passengers going in the same direction <sup>[21]</sup>. What is more, models of food-sharing are (1) the “sharing for money” model, which is primarily a business-to-consumer for-profit model to reduce waste and, at the same time, generate revenue; (2) the “sharing for charity” model in which food is collected and given to non-profit organisations; (3) the “sharing for the community” model, which is a peer-to-peer model where food is shared amongst consumers <sup>[22]</sup>.

The impact of the collaborative economy in the city has different effects. On the one hand, it causes gentrification in cities like Barcelona <sup>[23]</sup>, but on the other hand, platforms such as Airbnb offer the possibility for growth of a new touristic model. The cultural heritage and location of the homes increases the number of users of the platforms <sup>[24]</sup>. In short, there is a discussion of what should prevail, either the conservation of space for locals or the promotion of collaborative economy platforms that are often used by tourists. What does seem clear is that the success of the collaborative economy will depend on whether or not it has support from the institutions <sup>[25]</sup>. The literature also asks that institutions be more agile in integrating different social agents in the collaborative economy to improve their efficiency, resilience and sustainability <sup>[26]</sup>. Institutions must create a regulation for the coexistence of both models, which avoids gentrification and harm to local inhabitants, but at the same time, allows platform users to make use of their services.

## **3. Conclusions**

Sustainability is one of the reasons that people use the sharing economy. Sustainability awareness is increasing in society and the sharing economy is a clear example. Other factors come into play, such as cost or quality of life, but it seems that the main reason is sustainability. Regarding the environmental dimension, a reduction of negative impact on the planet can be found because of the reduction of emissions and waste; considering the economic dimension, the sharing economy has created new opportunities for companies but they require the intervention of authorities to create regulation in the sector; for the social dimension, the sharing economy improves quality of life but has a negative impact in the neighbourhoods of big cities such as Barcelona and Amsterdam because it creates conflict between tourists and local people, to the point that Amsterdam have banned touristic apartments in the city centre. However, when companies ask institutions for a new regulation, it is certainly not their idea. The collapse of some big cities is also an opportunity for the sharing economy, found through sharing mobility, which allows citizens to avoid the necessity of having one car per person, which is sometimes not an optimal solution in big cities.

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