



## Analysis

# The sharing economy: A pathway to sustainability or a nightmarish form of neoliberal capitalism?

Chris J. Martin <sup>a,b</sup><sup>a</sup> School of Environment, Education and Development, The University of Manchester, Manchester, UK, M13 9PL<sup>b</sup> Formerly—Department of Public Leadership and Social Enterprise, The Open University Business School, Walton Hall, Milton Keynes, UK, MK7 6AA

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## ABSTRACT

The sharing economy seemingly encompasses online peer-to-peer economic activities as diverse as rental (Airbnb), for-profit service provision (Uber), and gifting (Freecycle). The Silicon Valley success stories of Airbnb and Uber have catalysed a vibrant sharing economy discourse, participated in by the media, incumbent industries, entrepreneurs and grassroots activists. Within this discourse the sharing economy is framed in contradictory ways; ranging from a potential pathway to sustainability, to a nightmarish form of neoliberalism. However, these framings share a common vision of the sharing economy (a niche of innovation) decentralising and disrupting established socio-technical and economic structures (regimes). Here I present an analysis of the online sharing economy discourse; identifying that the sharing economy is framed as: (1) an economic opportunity; (2) a more sustainable form of consumption; (3) a pathway to a decentralised, equitable and sustainable economy; (4) creating unregulated marketplaces; (5) reinforcing the neoliberal paradigm; and, (6) an incoherent field of innovation. Although a critique of hyper-consumption was central to emergence of the sharing economy niche (2), it has been successfully reframed by regime actors as purely an economic opportunity (1). If the sharing economy follows this pathway of corporate co-option it appears unlikely to drive a transition to sustainability.

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## 1. Introduction

There is rapidly growing interest in the nature and impacts of the sharing economy amongst entrepreneurs, innovators, incumbent businesses, policy-makers, media commentators and academic researchers alike. Much of this interest arises from the Silicon Valley success stories of two sharing economy platforms: Airbnb, an online peer-to-peer platform which enables people to rent out residential accommodation, including their own homes, on a short term basis; and, Uber, an online peer-to-peer platform providing taxi and 'ridesharing' services. Both platforms have made the journey from an entrepreneurial start-up company to a multi-billion dollar international corporation in less than five years (Lashinsky, 2015, Konrad and Mac, 2014). However, the wider economic impacts of the sharing economy remain unclear, although PWC (2014) speculatively estimates that current global annual revenues are \$15bn, potentially growing to \$335bn by 2025. Amidst great commercial success, Airbnb and Uber have also faced considerable resistance and criticism for opening up unregulated peer-to-peer marketplaces with adverse social impacts (e.g. Schofield, 2014). Whilst, the concept of the sharing economy itself has been the subject of scathing critique; for example, Morozov (2013) argues that it is a form of "neo-liberalism on steroids" which commercialise aspects of life previously beyond the reach of the market.

Meanwhile, there is also considerable interest in the sharing economy as a means of promoting sustainable consumption practices. Heinrichs (2013: 228) has heralded the sharing economy as a "potential

new pathway to sustainability", whilst Botsman and Rogers (2010) argue that it will disrupt the unsustainable practices of hyper-consumption that drive capitalist economies. The latter's central argument is that the sharing economy enables a shift away from a culture where consumer's own assets (from cars to drills), toward a culture where consumers share access to assets. This shift is driven by internet peer-to-peer platforms which connect consumers and enable them to make more efficient use of underutilised assets. For example, peer-to-peer car sharing platforms (e.g. Easycar Club) enable individuals to directly rent their vehicles to others, hence enabling more efficient use of the underutilised vehicle stock. Furthermore, Botsman and Rogers (2010) argue that such peer-to-peer platforms promote more equitable and sustainable distribution of resources by reducing: the costs of accessing products and services; and, consumer demand for resources. For example, in the case of peer-to-peer car rental, the cost of rental is lower than the cost of car ownership, and rather than several people each owning a car they share access to a single car.

These contrasting and contradictory framings of the sharing economy are merely the tip of an iceberg; a transnational discourse participated in by a diverse cast of innovation actors (Stokes et al., 2014). However, there is common ground within this complex discourse, as many actors frame the sharing economy as a disruptive innovation that could transform market economies. Complex discourses and contradictory framings often surround innovations which seek to transform society and create a sustainable economy (e.g. Berg and Hukkinen, 2011). Hence, to better

understand the sharing economy, and the surrounding discourse, I turn to the field of sustainability transitions (Markard et al., 2012, Smith et al., 2010). Where researchers have theorised how discursive strategies, including framing and narratives, are employed to shape the processes of innovation and social and technological transformation (Geels, 2014, Hermwille, 2015, Smith and Raven, 2012).

Applying a transitions perspective the sharing economy is conceptualised as a niche (Smith and Raven, 2012, Martin et al., 2015); a field of related innovations (i.e. sharing economy platforms) and the intermediaries who support and promote the development of these innovations (i.e. sharing economy advocates and investors). As the sharing economy niche develops, transitions theory posits that it may influence or even transform regimes (Geels, 2005); the prevailing socio-technical systems, such as the transport and tourism systems, which serve societal needs. Hence, in this paper, the sharing economy discourse is considered to be the public expression of the ideas which both give meaning to, and shape, a niche. Within this discourse I focus on the processes of framing (Snow and Benford, 1988, Steinberg, 1998). The deliberative, communicative processes through which niche and regime actors seek to position, mobilise a consensus around, and shape the development of, the sharing economy. Hence, I pose the research question: how is the sharing economy framed by niche and regime actors? To address this question I present an analysis of a sample of the online sharing economy discourse; identifying six framings which seek to empower and resist the development of the niche. Given the nascent state of the sharing economy literature (Martin et al., 2015), this analysis is offered in the hope that it will enable academic researchers to better position their work within the on-going and contradictory discourse. Furthermore, I hope to establish the sharing economy as a niche of empirical interest within the sustainability transitions literature. Whilst, also presenting findings that help practitioners and policy-makers to better understand the many faces of the sharing economy.

The next section of this paper presents the theoretical context to the research, including key concepts from socio-technical transitions theory and framing theory. I then present the background to the research in the form of a brief history of the sharing economy and a description of the structure of the sharing economy niche. Subsequently, the research methods are described including the approach to gathering and analysing data from the online sharing economy discourse. The research results are then presented in the form of six framings of the sharing economy. Based on these framings four potential pathways for the development of the sharing economy niche are identified. Finally, I discuss the implications of the results for sustainability transitions.

## 2. Materials and Methods

### 2.1. Theoretical Context

The field of socio-technical and sustainability transitions research (Markard et al., 2012, Smith et al., 2010) has developed over the past two decades seeking to understand how societies and economies are and can be transformed. In particular, researchers have focussed on the processes of transformative change by which societies could become sustainable. The Multi-Level Perspective (MLP) (Geels, 2005) is a prominent and widely applied theoretical model within transitions research (Smith et al., 2010). This model posits that the processes of transformative change can be understood in terms of the interactions between the multi-level socio-technical structures which constitute society. Three levels of structure are delineated by the MLP:

- first, the *landscape* consisting of slow changing structures deeply embedded in the fabric of society including culture, societal values and the prevailing economic paradigm;
- secondly, the *regime* consisting of the prevailing socio-technical systems which serve the needs of society including the consumption, production, digital communications and transport systems;

- and thirdly, the *niche*, the protective space (Smith and Raven, 2012) within which innovations emerge and develop.

Niche innovations emerge across the market economy and civil society; for example, electric vehicles (Bakker and Farla, 2015), the sharing economy (Martin et al., 2015), and community currencies (Seyfang and Longhurst, 2013). Furthermore, these niches are considered to hold the potential to transform the prevailing structures of the regime and landscape. Whilst, the niche itself is conceptualised as a two level structure (Geels and Raven, 2006) consisting of: the *project level* – a field of related innovations each grounded in a specific local context; and, the *global level* – a network of intermediaries and advocates promoting social networking, social learning and mobilising resources across the local level.

Research has recently begun to explore the role of discourse in the processes and structures posited by the MLP (Geels, 2014, Hermwille, 2015, Smith and Raven, 2012). This research has tended to adopt a Foucaultian perspective (Foucault, 1972), conceptualising discourse “as an ensemble of ideas, concepts and categories [expressed in language] through which meaning is given to social and physical phenomena, [and] which is produced and reproduced through an identifiable set of practices” (Hajer and Versteeg, 2005: 175). Hence, within the MLP, discourse gives meaning to, and is embedded within the practices of, the social and technical structures that constitute the niche and the regime; in turn shaping the dynamics of regime reproduction and niche innovation. Furthermore, within the transitions literature two approaches to engaging with discourse have emerged, focusing on the role of narratives and framing processes respectively.

Hermwille (2015: 6) identifies narratives as the primary element of discourse of interest in transitions research, as they both articulate sustainability problems and seek to identify and progress solutions. Hence, narratives can provide “a solid basis to understand the strategies deployed by powerful [regime] actors” (Franceschini and Pansera, 2015: 70) including the policy-industry coalitions which resist niche innovations (Geels, 2014). Narratives can also provide a basis to understand how global level niche actors “attempt to reshape perspectives and patterns of social action and enable institutional reforms” (Smith and Raven, 2012: 1032). Such narratives of niche empowerment (Smith and Raven, 2012) seek to mobilise resources within the niche, spread positive expectations of niche performance and highlight tensions within the regime. However, I suggest that the conceptualisation of narratives employed is rather limited and potentially unhelpful. In particular, the core features of narratives as conceptualised in the extensive narratology literature (Czarniawska, 2010) – including a beginning, a middle and an end – are not generally addressed in the transitions literature.

The second approach to addressing the role of discourse in socio-technical transitions has drawn on the concept of framing (Snow and Benford, 1988, Snow et al., 1986), as developed within the social movement literature. From this perspective, framing is a deliberative, communicative process through which actors seek to mobilise a consensus and collective action around a given issue (Snow and Benford, 1988, Steinberg, 1998). The frame constructed and communicated through this process can be defined as “an interpretative schemata that signifies and condenses ‘the world out there’ by selectively punctuating and encoding objects, situations, events, experiences, and sequences in one’s present or past environments” (Snow and Benford, 1992: 137). Adapting these concepts, transition research has focused on the framing of socio-technical systems (Leach et al., 2010); for example, the energy regime (Geels, 2014) or the sharing economy niche. Hence, niche and regime actors are thought to participate in discourses to advance “a particular framing of a system and its dynamics, and suggest particular ways in which these should develop or transform to bring about a particular set of outcomes” (Hermwille, 2015: 10). Furthermore, Geels (2014), drawing on the research of Snow and Benford (1988), identifies three sub-frames employed within the system framing process:

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