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THE POTENTIAL OF THE SHARED ECONOMY IN THE SOCIO-INNOVATIVE DEVELOPMENT

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Abstract

The shared economy is a new model of the reproduction of economic and social benefits, based on the joint consumption, production, financing of a particular type of product or service. The goal of the study is to justify the development potential of a shared economy to solve the problems of social and innovative development of the economy. As a result of the analysis of approaches to the definition of a shared economy, three components of a shared economy have been identified. The authors made a comparative analysis of the equity and market economies. Based on a comparison of the characteristics of the shared economy and the functions of social innovation, the possibility of applying the concept of shared economy in the development of the economy of the public sector, the creation of public goods and the solution of social problems in society is justified. The potential of applying this model with the predominance of public benefits of realized objects, as well as with the development of social innovations, is justified. The theoretical significance of the results lies in the justification for the application of the shared economy model in the development of the public sector. The practical significance of the results obtained lies in the possibility of using this model to optimize interactions between economic agents in conditions of high resource constraints.

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Keywords: Shared economy, public sector, digitalization of processes, social innovations.



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1. Introduction

The transformation of socio-economic processes caused by global trends in digitalization contributes to changes in the process of reproduction of goods in general. At the same time, interest in the study of a shared economy, as a new model for building economic relations, has formed relatively recently. Satisfying the needs of society in terms of resources based on providing access, rather than property rights, helps to reduce transaction costs due to the specificity of assets. Such an alternative use of specific assets creates a new mechanism for the use of benefits, allowing, on the one hand, to reduce the cost of ownership and use of resources, and on the other - to increase the efficiency of existing resources. The use of the resource based on employment rather than ownership may be sufficient to solve the existing problem and positively affect the cost structure (Haase & Pick, 2016; Hofmann, Sæbø, Braccini, & Za, 2019).

2. Problem Statement

In the analysis and modeling of social development and the public sector, a shared economy can be considered as an alternative model for creating public goods. The core of this model is the sharing of resources. It can act as a way to more rational use of assets, as well as be focused on creating a new product or service. In addition, joint consumption creates new conditions for the development of social innovation, which creates additional opportunities and prospects for interaction between members of society. The transformation of public sector organizations caused by digitalization and forcing hierarchies to replace markets for the efficient distribution of limited public resources (Hoggett, 1996) has created the conditions for finding a more efficient way to reproduce goods. In this study, interest in the concept of a shared economy is raised as a source of solutions to the problems of the public sector.

3. Research Questions

The rapid introduction of a new business model in economic processes, primarily affects the transformation of institutions and key elements of their components. In the current realities, the development of digital platforms (Mäntymäki, Baiyere, & Islam, 2019), as well as the need for certain resources, creates an environment for building new norms and rules for the interaction of economic agents. However, the emerging informal norms of interaction during the dissemination of this model require their further formalization and the development of a special regulation mechanism.

Currently, despite a discussion of the negative impact of the shared economy on established economic institutions and behavior patterns, it is important to concentrate and identify the development potential of this concept in order to increase public welfare.

4. Purpose of the Study

To achieve this goal, a review of the scientific literature was carried out. The review contributes to the analysis of the conceptual apparatus and the theoretical and methodological base of the study. A comparative analysis was carried out in order to identify and disclose the specific features of the shared

economy, the influence of the elements of the shared economy on the implementation of the functions of the social sphere was justified.

4.1. Shared economy as a new model of economic activity

The principle of joint economic activity, which underlies the shared economy, is quite familiar. However, the appearance of the first studies aimed at theoretical understanding of the organization of this type of activity dates back to 2011 and is associated with the work of Botsman and Rogers (2011), co-authors of the book “What’s Mine Is Yours: The Rise of Collaborative Consumption”. To identify both the pros and cons of this model of economic relations, first, it is necessary to determine a clear understanding of the term.

Frenken and Schor (2017) consider the shared economy as a process in which money is part of an agreement (revenue sharing) and it involves the exchange of underutilized assets. The authors also note that digital platforms seek to circumvent the shared consumption economy itself because of positive symbolic value, stipulating that consumers provide goods with excessive productivity. Haucap (2015) speaks of a shared economy as a short-term and extensive exchange of resources from crowdfunding to Uber or BlaBlaCar, confirming that digitalization processes acted as a catalyst for its development as an economic phenomenon. Sutherland and Jarrahi (2018) identifies several approaches to the study of shared economies: 1) as a technology; 2) as a platform and 3) as a business model, and defines it in the broad sense as new contexts for using technology and for social relations through digital channels. Barnes and Mattsson (2016) define this phenomenon as access to the consumption of goods and services that can be implemented both online and offline. This list of interpretations is not exhaustive, but is sufficient to identify key components that contribute to the development of a new stage of this concept.

Thus, the following key components of a shared economy were identified:

- joint reproduction of the good or the implementation of one of the functions of this process;
- the use of digital platforms and other resources as a medium for organizing the interaction of economic agents;
- improving the efficiency of asset use as a result of the implementation of this model;
- peer-to-peer relationship in the reproduction of goods (Bhagat, Chaudhari, & Dongre, 2016).

The implementation of these features and the spread of the concept of shared economy as an alternative way to solve social problems contributes to the transformation of the system of relevant institutions. It follows that the construction of effective institutions for the interaction of civil society, the state and business in these conditions will allow us to find new models of effective functioning. In the framework of this study, we identify the potential of a shared economy for the development of the social sphere and stimulate social and innovative activity.

5. Research Methods

To achieve the goal of this study, at the first stage, within the framework of a comparative analysis of the shared and market economies, specific features of the shared economy were identified and revealed.

At the second stage, the functions of social innovations are determined and the possibility of their implementation using shared economy tools.

The research information base is Russian and foreign studies on this topic, presented in the international and Russian databases Web of Science, Scopus, Elibrary. The research method is a systematic analysis of the existing elements of a shared economy that affect the direction of development of social innovations.

6. Findings

6.1. Comparative analysis of shared and market economy models

To demonstrate the differences in the system of economic relations of the market model of managing and the shared economy, a comparative analysis was carried out, the results of which are presented in Table 1. As criteria for comparison, we considered economic agents, economic interests, transactions, transaction costs, interaction mechanisms, enforcement mechanisms (control), the role of economic agents, guarantor, pricing mechanism, the formation of supply and demand.

Table 01. Comparative analysis of forms of economic relations

	Comparison criteria	Market economy	Shared economy
1	Economic agents	Household / company, firm/ individual	Company, firms / individual
2	Economic interests	Getting the most profit	Getting the most out of your income
3	Transactions	Exchange of ownership of goods	Social interaction
4	Transaction costs	Transfer of ownership costs	Costs related to product quality
5	Interaction mechanisms	Changes in demand, supply, price and market competition	
6	Enforcement mechanisms	Pricing and competition mechanisms	
7	The role of economic agents	Impact on the production, exchange and consumption of economic goods	
8	Who is the guarantor	State, households and entrepreneurs	Companies, firms, individual entrepreneurs
9	Pricing mechanism	The interaction of price and pricing factors	The relationship between buyer and seller
10	Demand formation	Change in prices for goods, cash incomes of consumers, consumer preferences	Change in prices for goods, speed and comfort of purchasing goods, change in cash incomes of the population
11	Proposal formation	The increase in demand for other goods, the change in prices of factors of production	

The data in table 1 show a number of similar results of the analysis of shared and market economies. Despite the fact that the shared economy is a relatively new phenomenon to study, there are already extensive studies in which it is considered mainly as a process and is determined by the openness and

exchange of not only information, but also goods and services. A market economy is defined as the exchange of goods in the system of free prices, where decisions in the field of investment and distribution of means of production are regulated through markets.

Thus, based on our analysis, we can talk about such characteristics of a shared economy as instant transactions (online purchases), minimal transaction costs, dynamic pricing, and maximum citizen engagement.

6.2. Realization of the concept of shared economy with social and innovative development

The potential for the development of socio-innovative activities within the framework of the shared economy model will be justified through a more detailed consideration of the functions of social innovation and shared economy tools that allow these functions to be implemented. The reproductive function refers the ability of social innovations to bridge the gaps in the public sector in addressing the shortage of public goods; under the stimulating function is the ability of social innovation to form motivation among all categories of citizens to take initiative in solving social problems. As part of the investment function, the ability to direct the profit received to the creation and implementation of a new social innovation is realized. In addition to these functions, the marketing and regulatory functions of social innovation should be considered. The regulatory function will imply the ability of social innovation to change the foundations, traditions of society and form new economic institutions; marketing promotes the promotion of a manufactured product, product, service through the implementation of a social and innovative project.

In order to justify the possibility of developing the social sphere through the implementation of shared economy projects, a set of tools of this model was identified that allows implementing the above functions. It is important to note that a shared economy promotes profit from the implementation of social innovations, the creation of an environment for the exchange of information, ideas, motivation of innovators and social entrepreneurs to invest in new ideas, projects, as well as create new norms and traditions in society and modify existing ones to form new economic institutions. This is more clearly presented in Table 2 based on the analysis of the use of instruments of the shared economy in the implementation of the functions of social innovation.

Table 02. The relationship of the characteristics of the shared economy and the functions of social innovation

Characteristics of the shared economy Social innovation features	Instant Deals (Online Purchases)	Minimum transaction costs	Dynamic pricing	Maximum citizen engagement
Reproductive	Crowdworking	Collaborative consumption	Crowdfunding	Knowledge exchange
Stimulating	Crowdsourcing	Crowdlending	Crowdlending	Crowdsourcing
Investment	Use of blockchain (Jamison & Tariq, 2018)	Crowdinvesting	Cryptocurrency formation	Crowdinvesting
Marketing	Crowd marketing	Crowdtesting	Crowd marketing	Crowd testing
Regulatory	Coworking		Cryptocurrency formation	Self storage

Crowdworking refers to the Internet platform of the labor market (Blut & Iyer, 2019). Crowdsourcing is the concept of outsourcing tasks and presenting problems to a large group of people in an open call (Ermaguna, Punel, & Stathopoulos, 2020; Jespersen, 2018). Shared consumption - the consumption of goods and services to minimize network resources. Crowdfunding - collective financing of a group of people on an Internet platform. Crowdlending - online lending using a peer-to-peer network system. Crowdinvesting is a form of financing entrepreneurs by raising capital for micro-investor groups on an online platform in startups (Borello, & De Crescenzo, & Pichler, 2019). Crowdmarteting is a promotion technology by attracting a group of people or online communities as partners to increase sales. Crowdttesting is a form of involving a large circle of people on Internet platforms in software testing (Wang, Li, Wang, Menzies, & Wang, 2019).

Based on the analysis of Table 2, we can conclude that it is possible to implement part of the functions of the public sector by developing social innovations and using a set of solutions to the shared economy. Moreover, all the examples described in the table contribute to the implementation of the regulatory function, as they create new norms in society, thereby changing existing economic institutions.

7. Conclusion

Based on the study, with the goal of a comparative analysis of the forms of economic relations in a market and shared economy in the social sphere, the following theoretical and practical results were obtained.

Firstly, as a result of the analysis of approaches to determining a shared economy, three components of a shared economy have been identified. They include the joint reproduction of a good or the implementation of one of the functions of this process, the use of digital platforms and other resources as an environment for organizing the interaction of economic agents, improving the efficiency of asset use as a result of the implementation of this model, and equality of participants in the reproduction of the good.

Secondly, a comparative analysis of the equity and market economies is made. Due to the fact that the main differences are related to the transformation of the respective institutions, economic agents, economic interests, transactions, transaction costs, interaction mechanisms, enforcement (control) mechanisms, the role of economic agents, guarantor, pricing mechanism, formation of supply and demand.

Thirdly, based on a comparison of the characteristics of the shared economy and the functions of social innovation, the possibility of applying the concept of shared economy in the development of the economy of the public sector, the creation of public goods and the solution of social problems in society is justified.

The theoretical significance of the results lies in the justification for the application of the shared economy model in the development of the public sector. The practical significance lies in the possibility of their application in determining the directions of development of the institutional environment of social and innovative activity.

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