

# The Sharing Economy. A Demand for Sustainability

17 Agosto 2019

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## Abstract

Due to the existing technologies, the information is unlimited in the present society. Through the medium of the internet, the familiarization with concepts like awareness, sustainability, unity, is made very easy. The rise of these notions is changing the world, forcing it to evolve in a healthier way. People are becoming more thoughtful about nature, their peers, and way of living, resulting the emergence and implementation of many new domains, like the sharing economy, a system which aligns with the modern way of thinking, and brings many benefits. The methodological section of this research contains an analysis based on questionnaires responses from Romanian people aged between 25 and 35 years old, regarding sustainability and sharing economy platforms, such as Uber and Airbnb. The purpose of this research is to acknowledge to what extent the sharing economy is facilitating sustainability. This study is useful for all individuals and businesses concerned about the environment and a healthier, modern life.

**JEL classification:** *B55, O32, O35, Q01, Q55, Z32*

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## 1. Introduction

Sustainability comes along with quality. The latter, being an aspect of sustainability. The Oxford Dictionary defines quality as “the standard of something as measured against other things of a similar kind; the degree of excellence of something”.

**Better quality feedback encourages entrepreneurs to improve their products and services, which leads towards long-lasting and better working products, resulting sustainability.**

Even if modern consumers are more demanding, sophisticated and populate an interactive market, they have a value-centered philosophy that focuses on defining, creating and delivering the value that they want to buy from an organization.

The reciprocity of benefits obtained by both parties is recognized, establishing a symbiotic relationship. Managing the new relationship between the organization and the consumer, requires an alternative approach in command and control practices of the production-based era. Consumers look for value because they have “power to see and understand things, imaginative penetration, knowledge and awareness.” The service provider may begin the process of connecting with consumers in a way that will provide him a sustainable competitive advantage. This competitive advantage is based on building and maintaining reciprocal relationships that have significant long-term implications and therefore affects the strategic and marketing planning of the firm (Farronato & Fradkin, 2015).

The sharing economy facilitates relationships between people and organizations. Investopedia defines the sharing economy as an economic system, a [peer-to-peer](#) (P2P) based activity of acquiring, providing or sharing access to goods and services that are facilitated by community based on-line platforms. Communities of people have shared the use of assets for thousands of years, but the advent of the Internet – and its use of [big data](#) – has made it easier for asset owners and those seeking to use those assets to find each other. This sort of dynamic can also be referred to as the share economy, collaborative consumption, collaborative economy, or peer economy (<https://www.investopedia.com/terms/s/sharing-economy.asp>).

## 2. Sustainability

In the Brundtland Report, sustainability is defined as the ability to continue a definite behavior over an unlimited period of time.

[Environmental sustainability](#) is the competence to maintain rates of renewable resources and non-renewable resource depletions that can be continued indefinitely.

[Economic sustainability](#) is the ability to stand a definite level of economic production in an unlimited period of time.

[Social sustainability](#) is the ability of a social system, to functionate at a defined level of social wellbeing in an unlimited period of time. Sustainable development is the progress which meets the necessities of the present generations without undermine the ability of the next ones to meet theirs.

### 2.1 Social capital

The management consultant and philosopher Donah Zohar (2005) interprets social capital as well, as an asset that makes communities and organizations work efficiently for prosperity.

It can be defined as the ability of people to work for common purposes in groups or organizations.

**Social capital is born of trust and common ethical values and is reflected by the type of relationships the human being builds in family, community and organization, and by the extent to which one fulfills his/her responsibilities towards the community.**

Therefore, social capital, in the context of a technology information era, and can be associated with the social media. The latter refers to collaborative or media-sharing products and networked communities. Social media applications are interactive, giving users the opportunity to share their experiences, insights, perspectives about the consumed services. Responsible social and ecologic marketing in business, including the online environment, focuses on meeting the current needs of the environment, consumers and businesses, while preserving the nature and developing the capacity of the next generations to meet their necessities.

Starting from the idea that in the digital age business is done on the Internet, Kotler proposes that through social marketing, businesses deliver value to customers through a middle way: to improve and maintain both the welfare of the consumer and society (Kotler & Armstrong, 2012).

### **3. Sustainable businesses**

The digital era is a social force that has created new opportunities, challenges and behaviors in business. It is not disputed that the Internet is a powerful channel of information and sales.

Companies can collect complete and diversified data about consumers, prospects, outlets and competition. (Kotler, 2012, Marketing Management).

The technological development and financial crisis of 2008-2009, have led to changes in ownership and transformation of the co-owner model into the co-sharing model. If people were accustomed to the co-ownership model, they now have to get used to sharing cars, bikes, apartments, washing machines, and so on (Lietart, 2010), emerging the phenomenon of “product as a service”.

**The symbiosis between a product and a service creates a sustainable business environment for all parties involved** (Kotler & Armstrong, 2012).

Big companies such as Philips and Microsoft have embraced this concept because it generates improvements of resource productivity in innovative ways. The sharing phenomenon differs significantly from classical trading prototypes. Because it involves interactions between strangers and surpasses a geographically defined community.

Exchange is most often monetary, systematized in a business model and facilitated by technology through platforms.

The emergence of these peer-to-peer platforms, collectively referred to as “sharing economy”, allowed individuals to collaboratively use underutilized inventory through cost-sharing.

**Consumers have so far enthusiastically adopted the services offered by companies such as Airbnb, Uber, Lyft and TaskRabbit. The rapid growth of peer-to-peer platforms was obviously due to two key factors: technological innovation and it demands flexibility.**

Technological innovations have simplified the market entry process for suppliers, have facilitated search lists for consumers, and maintained low overall transaction costs.

The demand of flexibility is another distinctive sign of these platforms: Uber drivers can add or withdraw themselves from the available offer of drivers with an application, and similarly other vendors can easily list and remove the choice of goods and services they put at service (Zervas, *et al.*,2016).

There has been an extensive growth of interest, and preoccupation for, corporate governance, in terms of sustainability. Organization's activities have great influence concerning the environment and should, thus, be accountable to an extensive audience than just its shareholders.

This concerns were determined by Ackerman (1975) who claimed that large businesses acknowledge the necessity to readjust to a new social atmosphere of community responsibility, but the trends of businesses to financial outcomes were diminishing not just instruments of shareholders, but exist within society and implicitly they have responsibilities towards society, and that there is a shift towards greater accountability of firms to all participants.

Included within this concern regarding the effects on external environments of the doings of an organisation, is the acknowledgement that there are not just the proprietors of these who have concerns with the actions of that organisation.

There is a diversity of stakeholders who have an avocation with those actions, and are influenced by them. Other stakeholders are not just interested in the activities of the company but in a measure of influence upon the framing of those activities as well.

**This impact is so considerable and it could be sustained that the influence and power of these stakeholders' weighs to quasi-ownership of the organization.**

**Rubenstein** (1992) argues that there is a necessity for a social agreement between a organization and its stakeholders. Momentous to this contract is a concern for the future that has become evident through the term sustainability. The term sustainability has become omnipresent both within the discussion of globalisation and within the discussion of corporate performance.

**Crowther** (2002) said that sustainability is a controvertible topic and there are lots of definitions of what is meant by the term. In general, sustainability is alarmed with the consequences of the present actions among the options disposable in the future. If all resources are utilized in the present moment, afterwards they are no longer available, and this is a concern with regards to finite resources in quantity. Extractive nature raw materials, such as oil, coal, and iron, are finite in terms of quantity and once used are no longer available for the future.

**Alternatives will be needed at some point in the future in order to fulfil the current functions of these resources.**

This will take place in the distant future but of immediate concern is the increased cost of acquiring the remanent resources, as they are consumed, and therefore the operational costs of organizations will increase. In **Hawken's** opinion (1993), sustainability implies that society must utilize just renewable resources. This can be determined by the carrying capability of the ecosystem and described with input-output models of resource consumption.

For example, the paper industry has a policy to replant trees in order of replacing those harvested, thus, resulting the effect of maintaining costs for now instead of outsourcing them.

**Volkswagen and other motor vehicle manufacturers have a policy of making their cars recyclable. Greenpeace forced Apple towards innovation in the production of computers.**

# Apple was demanded to take sustainability into consideration in its computer production.

A campaign was made in which thousands of Apple fans worldwide participated. This pointed the fact that materials should be replaced with green ones. Steve Jobs presented the green Mac nine months later (Bene Editions, 2014).

## 3.1 The sharing economy and social responsibility

The sharing economy allows individuals and groups to make money from underused assets. In this way, [physical assets](#) are shared as services.

For instance, take car sharing services like Lyft and Uber. According to [data](#) provided by the Brookings Institute, private vehicles go unused for 95% of their lifetime.

The same report detailed Airbnb's cost advantage over the hotel space as homeowners make use of spare bedrooms. Airbnb rates were reported to be

between 30-60% cheaper than hotel rates around the world (Zervas, *et al.*, 2016).

The benefits of the sharing economy are facilitating sustainability by reducing the number of cars utilized and thus, pollution, oil consumption etc., by diminishing the development of hotels' infrastructure, and the production of adjacent products and services, and so on.

**The sharing economy platforms encourages the forming of relationships between stakeholders and a better mutual knowledge, enhancing communication, social life and the appetite for knowledge.**

Kotler (2012) defines social responsibility as satisfying present needs of consumers and businesses, while preserving and developing the possibility of the next generations to fulfill their own needs.

This attitude is a part of spirituality, by caring about others, mainly linked with one of the ten commandments of the Bible: "Do not testify or fear false witness against your neighbor".

More and more companies have included distinct departments of corporate social responsibility by engaging employees in programs and projects related to volunteering and humanitarian causes for disadvantaged communities.

**Hart** (1997) said that viewing a group as a piece of a larger economic and social system, connote that these actions must be taken seriously, not just for the amount of costs and value already created, but as well for the future of the organization. Such concerns are apposite at a macro level of the whole society, or at the level of the nation state but are evenly important at the corporation micro level.

At this level, sustainability measures would take into account the pace at which resources are consumed by the organisation in relation to the one at which these can be regenerated. Unsustainable actions can be readjusted for either by enhancing sustainable operations or by planning for a future less consumption of resources required. In practice, groups and organizations mostly incline to choose sustainability by raising productivity in the way resources are used.

One example could be energy efficiency programmes (Kotler & Armstrong, 2012).

**Pedersen and Neergaard** (2006) said that as the canvass regarding humankind's impact on nature has increased, so have attempts to minimize the damage being done.

From a business point of view, in the last years, legislation has been enforced with the scope of minimizing waste, as recycling, as well removing harmful materials and substances from products.

**Sammer and Wüstenhagen** (2006) said that non-government regulated initiatives have further expanded, branded products as environmentally friendly, socially sustainable and fairly traded.

However, companies are different in terms of time and how they implement these sorts of practice regarding sustainability and as well how these are in connection with the commitment regarding sustainability and the management values.

It could be the situation that a company sense institutional pressure and feels that it is more or less “constrained” to recycle or take part in a 3d party branding scheme, and thus there could be less correlation among sustainability practices and management values. But these decisions could be as well based on long term management engagement to sustainability.

**Aras and Crowther** (2007) show that there are four aspects of sustainability needed to be recognised: (1) societal influence, defined as the measure of the impact society makes upon the corporations in terms of the social contract and stakeholder influence; (2) environmental impact, defined as the results of the activities of the corporation upon its geophysical environment; (3) organisational culture, defined as the relationship between the corporation and its internal stakeholders, particularly employees, and all aspects of that relationship; and (4) finance, defined in terms of an suitable return for the point of risk undertaken.

**These four must be considered as the key dimensions of sustainability, all of which are equally important. It is essential to recognize the realities of the global environment to the extent that the company is firmly incorporated into a global environment which takes into account the past, present and future.**

Therefore, sustainability necessitates a distribution of positive and negative effects, in a way which removes conflict between all of these and pays interest to the present and future (Roblek *et al.*, 2016).

#### **4. Methodology**

The methodology section presents the analysis of the survey type questionnaire answers. This questionnaire was addressed to Romanian people, and its purpose was to acknowledge to what extent the sharing economy is facilitating sustainability.

People started to acknowledge that they could reuse apartments or cars, for example, in order to save money, reduce pollution, consumption etc.

They began to think and see things in different ways.

##### **4.1 General information about respondents**

The questionnaire is addressed to people aged between 25 and 35 years old. In 2017, Romania had a population of 19.644.350, from which 10.531.255 in the urban environment and 9.113.095 at the countryside. The population aged between 25 and 35 years were 2.583.849 in the same year: <http://statistici.insse.ro/shop/index.jsp?page=tempo3&lang=ro&ind=POP105A>.

The number of respondents was 313. They are all from Romania, most living in Bucharest, but not necessarily original from this city. Most of the respondents are from the middle class (84.4%), and are employees (70.3%). Only 30% have their own business or both. The majority of them travel abroad 1 per year (53.1%), in holidays (79.7%).

#### **4.2 Booking methods**

According to the chart below, most of the respondents prefer booking.com (68.8%) in their travels. The second preferred method is via agencies (39.1%). Airbnb is preferred just by 20.3% of the respondents. This may be due to the lack of information, trust and education regarding this platform which is part of the sharing economy, being a huge problem here in Romania.

#### **4.3 Transportation method**

The most favourite transportation methods are the public transport (59.4%), followed by the personal car (50%), and Uber (28.1%). The demand for Uber exceeded the one for Taxi (20.3%), which means that people prefer to travel in better conditions.

#### **4.4 Other responses**

All respondents are pro regarding the environment protection. The majority of them prefer a healthy lifestyle (89.7%), the rest do not care or do not have time for themselves. Although, all of them are looking to improve their quality of life.

### **5. Conclusions**

To summarize, people in Romania are using more Uber than Airbnb, probably because it is within reach. Most of them tested it already so it gives them a sense of security, which has not happened with Airbnb. Due to the lack of experience, there is less trust regarding this platform and the services offered by it. Therefore, Romanians prefer the hotels for now.

**In terms of sustainability, it is facilitated by the sharing economy. It reduces oil consumption, pollution, production, and so on, forasmuch this socio-economic system facilitates the use of shared assets.**

Due to the technology, people can access multicultural environments and create platforms in order to promote new ways of perceiving reality and lifestyles.

Through these platforms it's easier to open towards new trends and information. Which are necessary to be implemented in order to reduce and eliminate the environmental damage. As well, more and more people opt for a healthier lifestyle.

**Sustainability is facilitated by a healthy society that is implementing this concept in their cultures in order to preserve the environment and be more competitive simultaneously.**

The future trends are that the old standardized systems will collapse and new beneficial ones will rise. This is what the sharing economy yields.

Contributo selezionato da Filodiritto tra quelli pubblicati nei Proceedings “International Conference on Economics and Social Sciences – Challenges and Trends in Economic and Social Sciences Research - 2018”

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**TAG:** *sustainability, sharing economy, business, environment, proceedings*

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