

Sharing Economy in the Neoliberal Era: A Critical Analysis through the Lens of Neoliberalism

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Abstract

This research aims to analyze the sharing economy from the perspective of neoliberalism using a qualitative research method. Conducting a literature review, the study seeks an in-depth understanding of the impact of the sharing economy phenomenon on individuals and society, in line with the principles of neoliberalism. Data is collected through the analysis of literature related to business models, regulations, and the social impact of the sharing economy. The findings highlight positive effects such as innovation, economic growth, and individual empowerment in alignment with neoliberal viewpoints. However, the study also identifies potential risks such as inequality, lack of consumer protection, and job uncertainty that require special attention in policy contexts. By integrating the perspective of neoliberalism, this research provides insights into the complexity of the sharing economy phenomenon and contributes to the literature's understanding of its impact. The implications of these findings are expected to form the basis for balanced policy-making, considering both free-market values and social justice in managing the sharing economy.

Keywords: Free Market, Neoliberalism, Sharing Economy.

INTRODUCTION

The Sharing Economy has become a major phenomenon in the current global economic transformation. The term sharing economy is one of the terms used to describe platform-based business models. However, in reality, the sharing economy is also referred to by other terms such as collaborative consumption, collaborative economy, on-demand economy, peer-to-peer economy, zero-marginal cost economy, and crowd-based capitalism (Selloni, 2017). This phenomenon refers to economic practices where individuals or groups share their resources, services, or properties through digital platforms. This business model has permeated various

sectors, such as transportation, accommodation, finance, etc. However, behind the convenience and innovation brought by the Sharing Economy, critical questions arise about its impact on economic structures and social values.

In a global context dominated by neoliberal ideology, where free markets and minimal government intervention are key, it is important to investigate how the Sharing Economy interacts with neoliberal principles. As an economic and political doctrine, neoliberalism emphasizes individual freedom, free market competition, and the reduction of government intervention in economic affairs. This raises fundamental questions, namely whether the Sharing Economy aligns with neoliberal principles or if tensions need to be identified. In this framework, this academic article aims to provide a deeper understanding of the relationship between the Sharing Economy and neoliberalism. Through critical analysis, the article will unravel the dynamics of the Sharing Economy by exploring the extent to which neoliberal ideology shapes, influences, or even hinders the development of this phenomenon.

Firstly, it is essential to note that the Sharing Economy emerged as a response to rapid technological changes, facilitating connectivity and interaction among individuals through digital platforms (Krueger, 2012). However, the extent to which neoliberalism provides an ideological foundation for this business model remains a question that requires in-depth research. We need to identify the elements of neoliberalism reflected in the practices of the Sharing Economy and how these principles affect market dynamics and social relations. Secondly, while the Sharing Economy offers the potential for inclusivity and efficiency (Botsman and Rogers, 2010), we also need to highlight the possible negative impacts, such as inequality, lack of worker protection, and the consolidation of power in the hands of a few large platforms (Malhotra and Van Alstyne, 2014).

How neoliberalism moderates or even strengthens these aspects needs to be explored so that we can better understand the consequences of adopting the Sharing Economy in the neoliberal era. Through this critical analysis, this academic article aims to contribute to the academic discourse on the Sharing Economy and neoliberalism. It is expected that this article can serve as a foundation for critical thinking, policy development, and a more comprehensive understanding of the role and implications of the Sharing Economy within the neoliberal ideological framework.

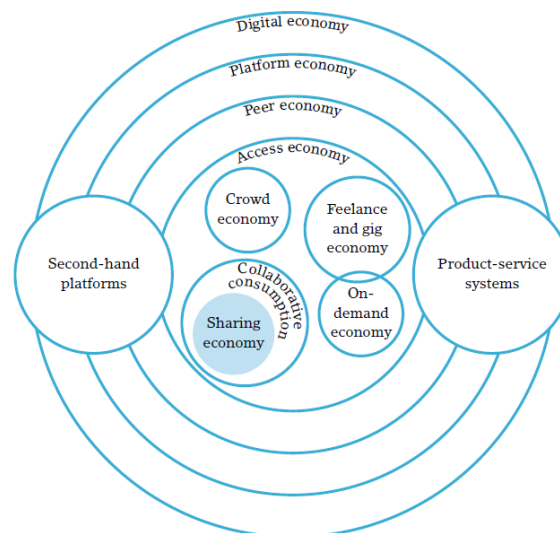
METHODS

In this study, the research method employed in this article is a qualitative research method. The data collection method used in explaining this article is a literature review, involving the examination of journal articles, books, and other relevant research related to the topic or issue to be discussed.

RESULTS AND DISCUSSION

DEVELOPMENT OF THE SHARING ECONOY AS THE LATEST ECONOMIC SYSTEM

The sharing economy is a relatively new economic field that has garnered increasing attention from both academics and industries. It has numerous applications, such as in hospitality, tourism, transportation, knowledge, and various other aspects. So far, there is no universally agreed-upon definition of the sharing economy (Oh and Moon, 2016). Therefore, to establish a conceptual boundary for the term "sharing economy," here are definitions from experts. According to Tambovceva, the sharing economy is based on access-based consumption. Consumers in the sharing economy tend to have access to these goods, preferring to pay for and access them temporarily (Tambovceva, 2022). On the other hand, Georgina Gorog defines the sharing economy as the sharing of underutilized assets with the help of IT-based technology (Gorog, 2016). In her research, Gorog develops a chart related to the sharing economy, as shown below:



Picture 1. Understanding the Sharing Economy According to Gorog

Based on the framework established by Görög, the sharing economy is a part of collaborative consumption, which is one of the methods within the access economy. However, Görög explains that there is a fundamental difference between the sharing economy and collaborative consumption. He metaphorically describes all sharing economy platforms as potential collaborative consumption platforms, but not all collaborative consumption platforms necessarily qualify as sharing economy. Görög identifies that the sharing economy places more emphasis on the methods or ways in which collaborative consumption can be carried out. These methods include bartering, renting, and borrowing among peers. With the various methods mentioned, items can be collectively owned or temporarily borrowed to fulfill someone's needs, which is referred to as collaborative consumption. In other words, collaborative consumption is the outcome of these methods.

Consumption patterns have changed since the sharing economy phenomenon became more popular (Botsman and Rogers, 2010), extending into traditional industries such as transportation, hospitality, tourism, education, the job market, and so on. This is a rapidly evolving concept that has spread quickly to many countries. The sharing economy business model has generated both pros and cons, creating opportunities and new business models. According to Davis (2016), the paradigm shift caused by technology may be greater than the industrial revolution, indicating that managers need to be prepared for change and adapt to new circumstances.

In practice, the sharing economy takes on various forms. Pais and Provasi attempt to develop a definition of the sharing economy based on its practices in six different categories, as follows:

1. Rental economy, an economy built on rental schemes run by companies specializing in leasing commonly underutilized items that users typically own exclusively;
2. Peer-to-peer economy, an economic scheme involving underutilized items offered directly by their owners;
3. On-demand economy, an economic scheme characterized by the use of personal services provided by both professionals and non-professionals;
4. Time banking and local exchange trading system, this scheme is similar to the previous ones in terms of services offered but shows a fundamental difference in

- the absence of money in transactions. Instead, it utilizes barter in the form of alternative currencies or time as the unit of value for exchanged services;
5. FLOSS—free/libre open-source software, this represents the oldest case of sharing economy experiences related to free or open-source software produced by a community of developers and users;
 6. Social lending and crowdfunding, this scheme involves the financial application of the sharing economy, including direct loans between individuals and platforms that help raise the necessary capital for the development of new ideas among those potentially interested in them.

UNDERSTANDING OF NEOLIBERALISM

Neoliberalism has various interpretations based on different perspectives. In essence, the concept of neoliberalism is rooted in the liberal tradition that emphasizes individualism, rationality, freedom, and equality as fundamental values (Winanti, 2011). Neoliberalism can be defined as the latest version of classical political economy developed in the explanations and writings of economists supporting the free market (Heywood, 2002). It is also seen as a perspective advocating the return to the political economy suggested by liberal economists such as Adam Smith and David Ricardo, where neoliberalism emphasizes market deregulation, privatization of state-owned enterprises, minimal government intervention, and the opening of international markets (Balaam and Veseth, 2005). However, unlike classical liberalism, neoliberalism is primarily a policy agenda rather than an economic-political philosophy.

Furthermore, neoliberalism emphasizes the significance of contractual relationships in the market environment. Neoliberalism believes that social goods will be maximized by maximizing the scope and frequency of market transactions. Consequently, neoliberalism brings human actions under market authority, requiring the creation of information technology and the capacity to accumulate, store, transfer, analyze, and use large databases to guide decisions in the global market environment. Therefore, the interest of neoliberalism in achieving powerful information technology has evolved into a new type of information society (Harvey, 2007). Technology has increased the density of market transactions in space and time, resulting in time-space compression. The greater the geographical reach or globalization, the shorter and more efficient market contracts become. According to Lyotard, temporary contracts

replace permanent institutions in professional, emotional, gender, family culture, and international authority issues up to political problems (Harvey, 2007).

Neoliberalism theory also asserts that free markets and free trade, fundamental to the free market, are necessary and beneficial measures for creating prosperity and improving the population at large. The assumption of individual freedom guaranteed by market and trade freedom is a primary form of neoliberal thinking (Harvey, 2007). The created freedom is reflected in the interests of private property owners, businesses, multinational corporations, and financial capital. This is consistent with one of the economic phenomena as a form of free market, namely the sharing economy.

CRITICAL ANALYSIS OF THE SHARING ECONOMY THROUGH THE LENS OF NEOLIBERALISM

The sharing economy has emerged as a significant economic phenomenon, and a thorough analytical approach from the perspective of neoliberal theory can provide valuable insights. In this context, we will investigate key elements of the sharing economy and evaluate them based on the principles of neoliberalism. Neoliberalism, as an ideological framework, emphasizes free markets, privatization, deregulation, and a belief in market efficiency. In relation to the sharing economy, several aspects can be analyzed more deeply:

1. Free Markets and Efficiency

The sharing economy emphasizes direct exchange and collaboration between individuals, creating a free market where people can share assets and services. From a neoliberal perspective, this is seen as an achievement of market efficiency. Platforms like Uber, Airbnb, and TaskRabbit facilitate direct transactions and eliminate traditional barriers, illustrating the neoliberal concept of unhindered market forces. However, criticism may arise regarding consumer protection and worker welfare, as efficiency-focused business models often put pressure on traditional worker rights and consumer regulations.

2. Privatization and Deregulation

The sharing economy, by emphasizing individual and private company participation, reflects the privatization element highlighted by neoliberalism. Privatization in the sharing economy context can be seen in the transfer of ownership and control from

traditional institutions to individuals and small businesses. Airbnb, for example, allows individuals to privately share their properties. However, the impacts of deregulation also come into focus. When economic activities are detached from traditional regulatory constraints, the risks of issues such as inequality, insecurity, and environmental impact increase. Therefore, the extent to which deregulation supports or harms society needs further evaluation.

3. Individualism and Personal Initiative

Neoliberalism underscores the role of individuals in achieving economic success, and the sharing economy creates a platform for personal initiative. Individuals can optimize their assets, leverage unique skills, and develop their own business models. This aligns with the neoliberal ideology of individual empowerment and entrepreneurship. Nevertheless, questions arise regarding worker rights and protection, especially in environments where workers are not safeguarded by traditional employment relationships. While new business models may empower, they can also increase individuals' vulnerability to exploitation and uncertainty.

4. Support for Globalization

The sharing economy inherently supports economic globalization. Platforms like Airbnb and Uber enable individuals to engage in cross-border exchanges without significant barriers. In the neoliberal framework, globalization is considered a way to enhance overall economic growth and prosperity. However, the globalization of the sharing economy can also lead to inequality between countries and challenges related to regulations. Differences in regulations and worker protections between countries can create inequality and complicate the effective implementation of global policies.

The implications of the dominance of neoliberal theory in the context of the sharing economy can have significant impacts on various economic, social, and policy aspects. Here are some potential implications:

1. Inequality and Accessibility

In neoliberal theory, market efficiency is prioritized, but this can lead to greater economic inequality. In the sharing economy, accessibility depends on initial resources, such as property or vehicles. Individuals with more resources have an advantage in participation, leaving economically disadvantaged individuals behind.

2. Consumer Protection and Workers' Rights

Deregulation in the sharing economy, often supported by neoliberal theory, can result in a lack of consumer protection and workers' rights. Business models without constraints can lead to exploitation and greater risks for consumers and workers. Consumer protection and job security need to be primary concerns in policy.

3. Job Uncertainty and Welfare

The sharing economy, promoting personal initiative and flexibility, can also create job uncertainty and welfare challenges. Unconventional employment contracts and the lack of traditional benefits can lead to financial uncertainty and a lack of social protection for workers.

4. Social Impact

Neoliberalism and the sharing economy can create complex social impacts. On one hand, personal initiatives and collaboration can enhance connectivity and positive experiences. On the other hand, inequality, social isolation, and changes in employment structures can lead to negative impacts on social well-being.

5. Regulation and Policy

In the neoliberal view, regulation should be minimized. However, the success of the sharing economy requires adequate regulation to protect all involved parties. The challenge for governments is to find a balance between supporting innovation and protecting societal interests.

6. Legal Uncertainty

The sharing economy often operates in complex legal territories. Rapidly evolving business models can challenge existing legal systems. Governments and legal institutions need to evaluate and modernize their legal frameworks to address emerging challenges.

7. Globalization Influence

The sharing economy supports seamless cross-border exchanges, illustrating globalization in action. While this can trigger economic growth, global challenges, such as differences in regulations and consumer protection, require international cooperation to achieve effective solutions.

8. Innovation and Economic Growth

In the neoliberal framework, innovation and economic growth are valued as primary goals. The sharing economy accelerates innovation and creates new opportunities for

growth. However, attention needs to be given to the fair and inclusive distribution of these economic benefits.

These implications highlight the complexity of neoliberal involvement in the sharing economy. A wise policy approach should take into account the interests of various stakeholders, including consumers, workers, and the general public. A sustainable and inclusive economic model will require a careful balance between market aspects and a focus on social justice.

CONCLUSION

In this in-depth analysis, we can observe how the sharing economy can be understood through the lens of neoliberalism theory. While the principles of neoliberalism can provide insights into the advantages and disadvantages of the sharing economy, it is crucial to consider its social, justice, and sustainability impacts. The sharing economy, with characteristics such as a free market, privatization, and individual initiatives, aligns with neoliberal principles. However, its effects on social aspects and well-being need further evaluation. Consumer protection, workers' rights, and environmental impacts are critical aspects that require attention in the evolution of the sharing economy. Therefore, a holistic analytical approach necessitates integrating neoliberal principles with considerations of ethics, justice, and comprehensive social impact. A balanced and informed approach will assist both the public and policymakers in understanding and responding to the complex dynamics of the sharing economy within the context of neoliberalism.

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