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Dhirendra Mani Shukla *Editors*

# Sharing Economy at the Base of the Pyramid

Opportunities and Challenges



Springer

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*Editors*

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Sharing, socialization, and social intermediation are foundational to the vibrant, cohesive and prosperous base of the pyramid communities

*to the marginalized and the changemakers*

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# Chapter 1

## Overview of Sharing Economy at the Base of the Pyramid



Israr Qureshi, Babita Bhatt, and Dharendra Mani Shukla

The sharing economy, *an economic system in which assets or services are shared between peers, groups, or organizations for free or for a fee*,<sup>1</sup> has grown exponentially in both scale and scope over the past years. According to PwC, sharing economy global revenues could grow from roughly US\$15 billion in 2014 to around US\$335 billion by 2025.<sup>2</sup> In addition, the range of products and services currently offered through the sharing economy has also expanded dramatically to include resources such as transportation (Lyft, Blablacar), accommodation (Airbnb, CouchSurfing), and office space (LiquidSpace, PivotDesk), as well as a diverse range of services such as training (Skillshare, Fitmob) and labour (TaskRabbit, Thumbtack) (Belk, 2014; Constantiou et al., 2017; Gerwe & Silva Froján, 2018; Vaskelainen & Münzel, 2018).

Research has shown various potential benefits and challenges of sharing economy (Acquier et al., 2017; Fleming, 2017; Griffiths et al., 2019; Schor, 2016). The sharing economy models that leverage information and communication technology are professed to provide access to strangers to exchange product and services with each other (Hamari et al., 2016; Stofberg et al., 2019; Sutherland & Jarrahi, 2018)

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<sup>1</sup> <https://www.forbes.com/sites/civication/2020/01/07/an-american-story-of-service-civic-engagement-and-citizenship/#c5a1fce1d8ef>

<sup>2</sup> <https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>

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by increasing global reach and scale. In addition, technology-enabled platform helps in socialization (Qureshi & Fang, 2011; Qureshi et al., 2018a), value co-creation (Parthiban et al., 2021), transformative consumer responsabilization (Shalini et al., 2021), and overcoming complementary institutional voids (Parthiban et al., 2020).

Economic benefits of sharing economy have been claimed to be associated with an increase in income, access to goods and services, and decline in cost of consumption (Akbar & Hoffmann, 2020; Dabbous & Tarhini, 2019; Hamari et al., 2016; Sundararajan, 2016; Weber, 2017). Various sharing economy models bring together individuals who have assets to share and those who need assets to improve their livelihood opportunities, earn income, or enhance their living standards through inexpensive access (Akbar & Hoffmann, 2020; Weber, 2017). In addition, it is argued, the flexibility afforded by the sharing economy models allows participants to earn additional incomes on top of their regular sources of income (Dabbous & Tarhini, 2019; Sundararajan, 2016).

The cost-saving and utilization of the idle assets might be primary drivers behind the rise of sharing economy, but many users of sharing economy product and services are also motivated by their belief that sharing economy helps reduce their carbon footprints. The positive environmental benefits of sharing economy have been argued to be linked with enabling the use of idle assets rather than amassing new assets (Frenken & Schor, 2017; Ma & Liu, 2019; Martin et al., 2019; Retamal, 2019). The more existing assets are used by multiple individuals, the proponents argue, the less pressure on resources to create new assets (Akande et al., 2020; Ciulli & Kolk, 2019; Ma & Liu, 2019). Some sharing economy models such as ridesharing (Hartl et al., 2018; Cohen & Kietzmann, 2014), clothing libraries (Zamani et al., 2017), and collaborative consumption (Retamal, 2019), in general, are driven by a growing environmental consciousness. These models include the renting, trading, swapping, and borrowing of goods (Piscicelli et al., 2018) rather than owning these products. The important implication of sharing of goods and effective utilization of idle asset is that the traditional thinking about ownership of the resources is being increasingly challenged. There is an optimism that collaborative consumption models of sharing economy will reduce environmental impacts (Botsman & Rogers, 2010; Cohen & Kietzmann, 2014; Mont et al., 2020).

Environmental benefits also accrue due to the promotion of a more sustainable mode of transportation through sharing economy (Hartl et al., 2018; Cohen & Kietzmann, 2014; Zhang & Mi, 2018). Other environmental and health-related benefits are on account of emerging models of sharing economy that promotes lower use of chemical fertilizers and pesticides resulting in sustainable farming (Asian et al., 2019; Shalini et al., 2021). However, empirical results of the environmental performance of the various sharing economy models have been mixed (Agrawal & Tiwari, 2011; Zamani et al., 2017, cf. Bansal et al., 2014), and highlight certain environmental benefits, potential opportunities, and unmitigated pitfalls and challenges. A common challenge is that sharing might reduce the demand for new assets, but the easy access to (rented or shared) assets might actually increase

overall consumption, which can more than offset the reduction in environmental damage on account of reduction in the asset ownership (Leismann et al., 2013; Martin, 2016).

The act of sharing is also seen to bring people together and stimulate social cohesion in the communities (Penz et al., 2018; Benjaafar et al., 2019). Sharing economy, more than a pure commercial economy, is claimed to be embedded in social interactions (cf. Bhatt, 2017; Granovetter, 1985; Schor, 2016). It is often suggested that social capital is an antecedent to sharing economy; without social capital, collaborative consumption will not happen. Social capital is the glue and grease of collaboration. Trust among the sharing economy members is necessary to run the sharing economy effectively. Similarly, due to exposure and repeated interactions among the members of the sharing economy, there is a possibility of strengthening social capital among the members. Thus, social capital represents an antecedent and an outcome of the sharing economy, facilitating the building and use of social capital.

Notwithstanding these benefits, scholars have also started documenting the dark side of sharing economy (Gandini, 2019; Kost et al., 2020; MacDonald & Giazitzoglu, 2019; Murillo et al., 2017; Ozkazanc-Pan, 2019; Petriglieri et al., 2019; Schor, 2016), where discrimination, exploitation, and social exclusion are not only present but, at times, are nurtured (Attri & Bapuji, 2021; Liebe & Beyer, 2020; Peticca-Harris et al., 2020; Piracha et al., 2019; Snider, 2018; Tjaden et al., 2018; Törnberg & Chiappini, 2020).

Sharing economy models that match demand and supply of underutilized assets inherently assume that the participants are relatively affluent and possess the wherewithal to participate in the sharing economy (Clausen & Velázquez García, 2017), thus leading to the exclusion of the poor. Sharing economy platforms that are based on the principles of capitalism can play a significant role in defining, managing, and controlling business processes that may lead to overexploitation of resources and can have detrimental effects on the work environment (Scholz, 2016). The exploitation of labour, exclusion of poor and minorities, and accumulation of capital in the hands of a few are some of the major risks of the sharing economy models (Liebe & Beyer, 2020; Peticca-Harris et al., 2020). Further, the potential of replicability and scalability of sharing economy models amplifies such risks and may lead to reproduction of social exclusion and discrimination across geographies in a rapid manner. A few scholars, critiquing of the prevailing commercial sharing economy models, highlight that such models can lead to erosion or commodification of social capital (Baumgärtel, 2014) and promote opportunistic behaviour by the individual and organizational intermediaries (Morozov, 2016).

Most of the extant research on sharing economy business models is largely limited to commercial platform and has been conducted mainly in the developed countries or in the context relevant to middle-income groups. However, how important are these developments for those who live in poverty and marginalization? Notwithstanding the possibilities of some social enterprise models, such as social intermediation and bricolage to contribute to sharing economy (Hota et al., 2019; Kistruck et al., 2013a; Qureshi et al., 2016), the potential and risk of sharing

economy to the base of the pyramid (BOP)<sup>3</sup> contexts remain underexplored (for some exceptions, see Graham & Anwar, 2019; Gulyani et al., 2018; Wiprachtiger et al., 2019). While most of the focus of BOP research has been on Africa, Latin America, and South Asia (Bhatt et al., 2019; Qureshi et al., 2018b; Riaz & Qureshi, 2017), pockets of BOP population exist throughout the world, as exemplified in the extreme poverty among African-American communities in the USA (Dean, 2020; Shaefer & Edin, 2013), refugees and immigrants in Europe (Calavita & Kitty, 2005), cage-home dwellers in Hong Kong and homelessness in Japan (Kennett & Mizuuchi, 2010), and indigenous communities in Australia (Eversole et al., 2013). Thus, it is important to research sharing economy models that include resource-poor contexts of both developed and developing countries.

The resource-constrained environment (Hota et al., 2019) presents special challenges and represents unique opportunities to leverage sharing economy models. Sharing economy has the potential to optimize limited resources available within these communities. The vast majority of those at the BOP are employed in the informal economy and live in rural areas or urban slums, where critical infrastructure and institutions are lacking (Godfrey, 2011; McKeever, 1998; Qureshi et al., 2018b; Webb et al., 2013; Webb et al. 2014). Therefore, in the BOP contexts, the emerging sharing models might be structured differently and may or may not leverage digital technologies or use the principles of technoficing to implement simple and inexpensive technologies that are suitable to deal with the social issues being targeted (Qureshi et al., 2021b). Some early evidence suggest that in BOP, sharing economy models are structured to serve communities who have often been excluded from or are unable to meet their needs through more traditional models (Parthiban et al., 2020; Parthiban et al., 2021; Perini, 2013). As with social enterprise models (Bhatt et al., 2019; Mair & Marti, 2006; Qureshi et al., 2016; Qureshi et al., 2018b; Riaz & Qureshi, 2017), scholars have also highlighted the role of cultures and social norms in facilitating or inhibiting sharing models (Belk, 2010).

Extant research report instances of discrimination against and exclusion of certain groups by users of sharing economy platforms (Liebe & Beyer, 2020; Petriglieri et al., 2019; Törnberg & Chiappini, 2020). Due to the cultural diversity of the BOP population, the study of sharing economy models in these marginalized communities has the potential to highlight the discrimination, exclusion, and harassment faced by them and/or perpetuated by them in sharing their skills, services, or assets on sharing economy platform.

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<sup>3</sup>A diverse group of roughly 4 billion people (57% of the world's population) who earn less than US\$ 2 a day in local economic purchasing power. The choice of the term base of the pyramid instead of the term bottom of the pyramid is intentional. The term bottom of the pyramid has unfortunate association with making 'fortune' for the multinational corporation through selling products to poor people. In addition, the term "bottom" is a condescending and derogatory reference to these hardworking people who are managing their life in most difficult circumstances with minimal resources. In contrast, the term base of the pyramid acknowledges these people represent the foundation of the socio-economic pyramid over which everything else is built, and focus on their skills and capacity development, treat them as producers and stakeholders, and knowledge source (Qureshi et al., 2021b).

The unique mix of resource-constrained environment and sociocultural practices in the BOP contexts makes the investigation of the environmental effects of sharing economy all the more interesting. The paradox of reduced asset ownership but higher per capita carbon footprint due to the excessive use of rented or shared asset (Leismann et al., 2013; Martin, 2016) is a genuine concern. This debate around the impact of sharing economy on the environment and climate change is important for BOP contexts, as more than 57% population of the world live there and would face the most adverse consequences of climate change (IPCC, 2007; UNFCCC, 2007). Thus, the investigation of sharing economy models at the BOP that cut down the carbon footprints and help mitigate the impact on climate change is not only an interesting research topic but also has important policy implications. Extant literature does not provide much guidance on this.

Similarly, extant literature has explored the role of social interactions in sharing economy and how sharing economy has the potential to increase social interactions among the strangers (Benjafer et al., 2019; Penz et al., 2018). This becomes all the more important for the base of the pyramid contexts, as, arguably, the most important asset they have is social capital (Bhatt, 2017; Konrad et al., 2017; Saegert et al., 2002). It remains unexplored when and how sharing economy models bring people together to strengthen the social capital and what mechanism they use to leverage the existing social capital in these communities to develop innovative sharing economy models. It is also important to investigate the risk and challenges of leveraging community social capital for the economic gains of a few lest the only asset of the poor (i.e. social capital) gets damaged. In addition, and building on the previous theme of discrimination and exclusion, it will be interesting to investigate the role of bridging and bonding ties (Bhatt, 2017; Hawkins & Maurer, 2009; Qureshi et al., 2016; Woolcock & Narayan, 2000) in the community in supporting (or not) various sharing economy models.

## 1.1 Sharing Economy Models for BOP Contexts

Based on the emergent literature on sharing economy models in the BOP context (e.g. Loh & Agyeman, 2019; Ma & Liu, 2019; Parthiban et al., 2020; Parthiban et al., 2021) and the contributions made in this book, we provide two distinct classification schemes: (a) 3S framework based on the characteristics of BOP sharing economy models and (b) reformative-transformative classification based on the motivation behind sharing economy models.

### 1.1.1 3S Framework

The three dimensions of 3S framework are sharing, socialization, and social intermediation. Sharing resources and personal time with the community is a common feature of BOP contexts. Thus, the *scope of sharing* forms the first dimension of 3S

framework. BOP communities are also characterized by their high reliance on social relationships. Thus, the *possibility of socialization* in a sharing economy model represents the second dimension of 3S framework. Finally, as BOP communities are characterized by poverty and low income, any implementation of sharing economy model for BOP communities should be driven by social impact and social value creation rather than profit maximization. Thus, the *degree of social intermediation* represents the third dimension of 3S model. We now elaborate rationales for each of these dimensions (also refer to Qureshi et al., 2021a, the last chapter in this book).

### 1.1.1.1 Scope of Sharing

There are numerous definitions of Sharing. Benkler (2004) sees sharing as ‘*nonreciprocal pro-social behavior*’. Belk (2007, p. 126) defines sharing as ‘*the act and process of distributing what is ours to others for their use and/or the act and process of receiving or taking something from others for our use*’. Building on these definitions, in this framework, we define sharing as ‘*an act and a social process of giving and receiving resources*’. Disciplines as diverse as anthropology, psychology, and behavioural science have explored the origin, meaning, and outcome of sharing. A key point of contention in this vast body of literature is why and to what extent sharing exists in the communities. While psychologists and behavioural economists see sharing as a matter of individual volition, anthropologists view sharing as a result of cultural norms and obligations with minimal individual choice (Hunt, 2005). Echoing with Lie (1997), we view both of these approaches as limited in explaining contemporary sharing due to their over-socialized (e.g. anthropology) and under-socialized (the economic approach) nature. Instead, we take inspiration from the multidisciplinary work of scholars like Polanyi (1957), Fiske (1991), and Belk (2010) (see Sect. I, Chap. 3 in this book by Escobedo, Zheng & Bhatt, 2021). A contemporary example of this multidisciplinary work is represented by Stofberg et al. (2019), who develop a relational model of peer-to-peer sharing. The authors argue that individuals participate in sharing activities not only for a utilitarian purpose but also because of the relational values they gain from belonging to a community. From this perspective, sharing orientation results from communal sharing i.e. ‘belonging to the same community guides behavior’ (Stofberg et al., 2019).

Sharing is the most fundamental form of human sociocultural behaviour that characterizes BOP communities and has been part of many cultural groups since millennia (Price, 1975; Belk, 2010). Many poor communities resort to sharing, as it has the potential to generate positive social, economic, and environmental benefits for the communities. With limited resources available to BOP communities, sharing encourages and promotes usage of idle resources resulting in the reduction of their wastage, improving economic efficiency, and lessening the negative environmental impacts (Sundararajan, 2016; Frenken & Schor, 2017).

Moreover, sharing leads to enhanced social interactions, embeds a sense of trust in the community, and results in better societal well-being (Benjaafar et al., 2019;



Mclaren & Agyeman, 2015), all very important aspects of BOP communities. As such, BOP communities that leverage sharing are more resilient in managing a crisis situation with limited resources (Danso-Wiredu & Poku, 2020; Hota et al., 2019). Therefore, any implementation of sharing economy models for BOP should leverage BOP communities' latent and active tendencies for sharing. For this reason, the scope for sharing is an important dimension in our 3S framework.

### 1.1.1.2 Possibility of Socialization

BOP literature is increasingly recognizing the importance of social capital for the poor communities (Ansari et al., 2012; Bhatt, 2017; Postelnicu & Hermes, 2018). BOP communities with higher social capital are characterized by trust and cooperation and benefits from collective actions. Such communities also have low transaction cost (Shivarajan & Srinivasan, 2013) as their economic transactions are embedded in the trusting relationship (Granovetter, 1985; Williamson, 1987). In BOP communities, social norms and networks, which are components of social capital, are important as formal institutions are either absent or non-functional (Coleman, 1988; Qureshi et al., 2018b). Thus, social capital fills the institutional voids in BOP communities. The benefits of social capital to BOP communities have been reported in terms of building capability, initiating social movements, generating livelihood, and empowering communities, among others (Ansari et al., 2012; Bebbington, 1999; Bhatt, 2017). Because social capital results in benefits for BOP communities, there has been an increasing emphasis on understanding how social capital can be strengthened in the BOP communities. One way of improving social capital in the BOP communities is to provide opportunities for social interactions and socialization (Putnam, 1993). The BOP communities with more opportunities to interact with each other are generally characterized by higher social capital. These opportunities can be in the form of a common gathering place, weekly markets, and schools, among others. Given that BOP context is characterized by high reliance on social capital (Ansari et al., 2012; Bhatt, 2017; cf. Qureshi et al., 2016), any implementation of sharing economy model should create opportunities for socialization. Thus, possibility of socialization is included in our 3S framework.

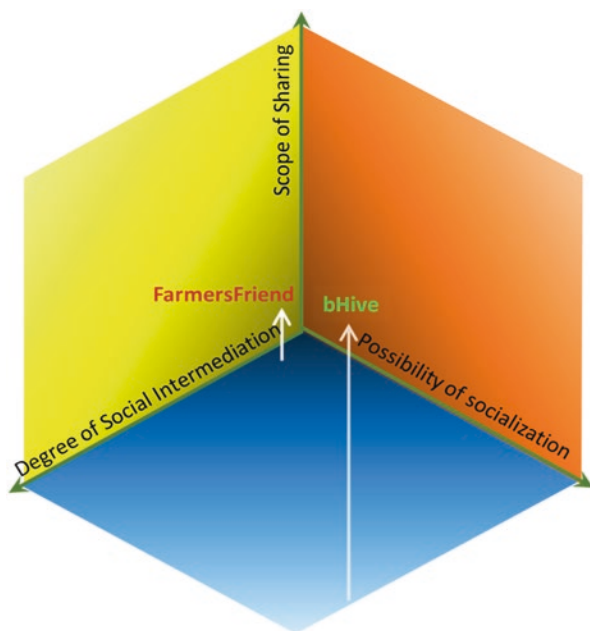
### 1.1.1.3 Degree of Social Intermediation

Social intermediation represents intermediation in the transaction by a third party with social objectives rather than commercial objectives (Kistruck et al., 2013a, b). A traditional commercial intermediary is interested in maximizing value capture for itself; however, a social intermediary is interested in maximizing value captured by the BOP producers (Parthiban et al., 2021). Kistruck and colleagues (2013a) suggest social intermediaries have an attenuated level of opportunism. This attenuation in opportunism determines the purposeful pursuit of social objectives such that a social intermediary, contrary to the predictions of intermediation theory (refer to

Spulber, 1996; Townsend, 1978 for overviews), is willing to internalize costly transaction functions to help the BOP producers (Kistruck et al., 2013a, b). Similarly, social intermediaries are oriented towards empowering BOP producers. Thus, they spend enormous efforts towards capability building in BOP producers so that the perpetual presence of social intermediaries is not required, i.e. eventually, most of the functions that social intermediary performs would be externalized to the communities themselves. The extent to which social intermediaries develop capabilities in the BOP producers, and hence externalize the functions, depends on its degree of desire for empowerment as a social objective (Kistruck et al., 2013a, b). Social intermediation further elaborates that extent to which a social intermediary will internalize or externalize search, negotiation, monitoring, and enforcement functions depends on the degree of difficulty to build these capabilities in the BOP producers (Kistruck et al., 2013a, b).

Given that the BOP context is marked by extreme poverty, marginalized communities, and lack of market transaction capabilities, an intermediary that is implementing sharing economy model for BOP should be socially oriented rather than commercially oriented. Thus, degree of social intermediation is an important dimension of 3S framework. The social intermediation-driven sharing economy model for BOP prioritizes value capture by BOP producers, empowers BOP communities, and helps them build capabilities to better leverage sharing of their assets and products.

Figure 1.1 shows the 3S framework. We provide two examples from chapters of this book to illustrate the use of this framework. The first example is from Sect. I,



**Fig. 1.1** 3S framework for sharing economy at BOP

Chap. 3 by Escobedo, Zheng and Bhatt (2021). In this chapter, the authors describe the sharing economy model structured by bHive, which is driven by members' ownership of the platform. bHive facilitates communal sharing by encouraging members to share information about their assets and products they would like to share with others. This helps in increasing the scope of sharing from idle assets to unused products to even personal free time. Thus, bHive scores high on the scope of sharing.

bHive's platform leverages the concept of neighbourhood and localization. Every member can create their own online 'village'. They can then invite their local friends and acquaintance to this online village to share their personal experiences and stories. Each member can organize various social events, either online or in person, with their online villagers. The advantage of localization through neighbourhood concepts is the seamless transition of socialization from virtual to physical and vice versa. Thus, the platform provides a high possibility of socialization among its members.

bHive's sharing economy model is structured on the principles of platform cooperativism, where members of the platforms are the owners of the platform. The platform is democratically governed, where each member has a voice in the governance of the platform. Local embeddedness of bHive through its neighbourhood and localization concept facilitates the participation of all the platform members. Thus, any value captured by the platform is fairly distributed among its members. This type of arrangement has the possibility of achieving a high degree of social intermediation. We, however, rated bHive moderate (and not high) on this dimension because not all of its members can be classified as belonging to BOP communities. They are marginalized in some way as they live in a regional town; however, some of them are economically not that marginalized. bHive can increase its degree of social intermediation if it can find a way to increase the value capture for members belonging to BOP communities.

The second example we use as an illustration is from Sect. II, Chap. 7 by Hota and Mitra (this volume). In this chapter, the authors present a social economy model by FarmersFriend (FF), a pseudonym. As shown in Fig. 7.2 of Sect. II, Chap. 7, the business model of FF contains three layers: FF, entrepreneurs (intermediaries), and BOP farmers. As FF's model centres on revenue generation for FF, the information and services flow from FF to entrepreneur to BOP farmers, and payment and fees flow from BOP farmers to entrepreneurs to FF. There is sharing of logistics and human resources between FF and entrepreneurs, but BOP farmers are mostly treated as clients. FF's platform does not provide the possibility for BOP farmers to share their assets and products with other BOP farmers through the platform. Thus, from the perspective of BOP farmers, there isn't much scope for sharing, and hence it was rated low on this dimension.

Economic transactions are the main objective of sharing economy platform structured by FF. All the functions incorporated in the platform are geared towards optimizing transactions and revenue flow for FF. Thus, the platform doesn't facilitate any socialization outside economic transaction-based interactions. Moreover, as the platform is structured in a hierarchical design, there are no direct interactions among the BOP farmers, further limiting any possibility of socialization among the BOP farmers. Thus, from the perspective of BOP farmers, there isn't any possibility

of socialization, and hence it was rated low on this dimension. Finally, FF's model is a profit-based intermediation, where FF provides fee-based services to entrepreneurs, who in turn charge fees to BOP farmers. There is a very limited possibility of empowerment as BOP farmers do not have ownership of the platform, the platform lacks a decentralized decision-making, and there are not much capability development efforts on the part of FF. Thus, the model is closer to commercial intermediation than social intermediation, and was rated low in the degree of social intermediation.

### ***1.1.2 Reformative-Transformative Classification***

Based on the literature review and the chapters received in this book, we identified the two distinct categories of sharing economy models at the BOP: reformative and transformative. Sharing economy models that aim to bring positive social and environmental changes by aligning with and adjusting the dominant paradigm (i.e. established commercial sharing economy models) are referred to as reformative sharing economy models. On the other hand, the emerging sharing economy models that aim to challenge the dominant paradigm to enable radical social and environmental change are referred to as transformative sharing economy models.

Reformative models are driven by the traditional economic ideas of efficiency, the economy of scale, and maximizing value capture with an aim to achieve incremental positive social and environmental impact, whereas transformative models are driven by the collectivist ideas of value creation in economic, social, and environmental dimensions (Hota et al., 2019; Kroeger & Weber, 2014; Parthiban et al., 2021). The focus of the reformative models is on improving economic efficiency that can help generate and redistribute economic rents, whereas that of the transformative model is to enable cooperation and trust among the community members that can help build social capital and cohesion. The key characteristics of the reformative models are that they enable access to information and resources, improve market linkages, and help value co-creation with the help of intermediaries. On the other hand, the transformative sharing economy models are characterized by shared rights and responsibilities and emphasis on sustainability through communing and cooperation, trust, and cohesion. It is important to note that these two are the archetype rather than a dichotomy. In reality, sharing economy models are likely to occupy a range in between these two archetypes. A model might show some characteristics of the reformative model, whereas on other dimensions, it might resemble with the transformative model.

Table 1.1 contrasts reformative and transformative sharing economy models based on their purpose, logic, focus area, and characteristics, and provides some examples from the cases included in this book. The cases on Pinduoduo and NSB (Sect. I, Chap. 4), FarmersFriend (Sect. II, Chap. 7), and Ethitrade (Sect. IV, Chap. 12) are examples that are more closer to reformative sharing economy models. On the other hand, the cases of Nonna Roma (Sect. I, Chap. 2), bHive (Sect. I, Chap. 3),

**Table 1.1** Key ideas of reformative and transformative sharing economy models

	Reformative	Transformative
Purpose	Aligning and adjusting the dominant paradigm to bring positive social and environmental changes	Challenging the dominant paradigm and enabling radical social and environmental change
Logic	Driven primarily through traditional economic ideas of efficiency, the economy of scale, and maximizing value capture with an aim to improve the positive social and environmental impact	Driven primarily through collectivist ideas of value creation that encompasses economic, social, and environmental dimensions
Focus area	Improve economic efficiency and redistribute rent	Enable cooperation and trust that can help build social capital and cohesion
Characteristics	Access to information and resources; improved market linkages; value co-creation	Shared rights and responsibilities; emphasis on sustainability through commoning and collaboration
Examples	FarmersFriend, Ethitrade, Pinduoduo; NSB	bHive, Nonna Roma; Moving Feast; Drishtee

Drishtee (Sect. IV, Chap. 13), and Moving Feast (Sect. IV, Chap. 14) are closer to transformative sharing economy models. Digital Green (Sect. II, Chap. 9) shows various degrees of closeness to transformative and reformative sharing economy models depending on the dimension chosen.

The book chapters in Sect. I present the theoretical underpinnings of the sharing economy models from both reformative and transformative types. In particular, the book chapter by Galdini and De Nardis (Sect. I, Chap. 2) presents the case of a transformative sharing economy model in the city of Rome (Italy). Taking the case of Nonna Roma, authors highlight how the ‘sharing in’ practices, which are based on the forms of circular solidarity, can enhance trust, cooperation, and social capital. In particular, authors suggest that sharing practices based on a collaborative ecosystem, a social mission, and the poor’s active involvement in the value creation process can lead to a more sustainable and inclusive community-centred system. Authors advance the concept of platform cooperativism (Scholz, 2016) in addressing challenges posed by certain emergencies such as COVID. In a similar vein, Escobedo, Zheng, and Bhatt (Sect. I, Chap. 3) present a transformative sharing economy model in the Australian context through the case study of bHive. The transformative model promotes collaboration, localization, and decentralization, which are significant in improving social capital and cohesion. Leveraging Polanyi’s work on market society, authors argue that sharing economy platforms that are based on capitalist views are dis-embedded from the social context and can be detrimental to the local economy (cf. Bhatt, 2021). On the other hand, the transformative model, as that of the bHive, is better equipped to address poverty and inequality. This kind of place-based community-owned sharing economy platform can strengthen the local communities and address the challenges of social exclusion and inequality.

Building on these themes, the chapter by Qiu, Xu, and Bhatt (Sect. I, Chap. 4) describes two reformative sharing economy models in China: social-commerce-driven platform and access-driven platform. Authors have drawn on the institutional entrepreneurship literature (Battilana et al., 2009) to examine how these sharing economy models address the concerns of institutional voids and enable change to address poverty at the BOP. The findings highlight that the social-commerce-driven model helps build assets and capabilities of the rural population and the access-driven model enables access to goods and services to rural people. Both of these models aim to bring positive economic and social change and can help address the challenges of poverty in the BOP context. Social-commerce platforms help build assets and capabilities of rural people but can be monopolistic. On the other hand, the access-based platforms can facilitate access to necessary goods and services but could be limited in asset and capability building. Similarly, the book chapter by Pillai, Shukla, and Qureshi (Sect. I, Chap. 5), drawing on the social intermediation literature (Kistruck et al., 2013a, b), highlights how sharing economy models enable the process of social intermediation in the BOP context. The reformative sharing economy model of Farmizen, which acts as a social intermediary, is helpful in improving market linkages and reducing transaction costs in the Indian context. Authors identify digital intermediation platform, access without ownership, value co-creation, and temporality of access as the key characteristics of Farmizen's model. In addition to the reduction of transaction costs, Farmizen's model helps mitigate risks of marginalized farmers and is instrumental in increasing their income. Moreover, Farmizen's model goes beyond the economic value and helps in the social value creation. In this way, Farmizen represents a digital social innovation that is geared towards addressing social issues through technoficing i.e. implementation of simple yet impactful digital technology (Qureshi et al., 2021b).

Section II of the book has a collection of chapters that highlight the context-based challenges in the sharing economy models. All four chapters in this section illustrate reformative sharing economy models, and highlight how these models face contextual challenges. They do vary in reformative degree, though. Nungsari and Chuah (Sect. II, Chap. 6) explore whether sharing economy models can provide livelihood opportunities for the refugees and asylum seeker population in Malaysia. Authors view sharing economy models as potential sources of income and livelihood and increase inclusiveness. The conceptualization of the sharing economy models is based on their ability to generate economic rent that could be adjusted to become fairer by enhancing the inclusiveness of the refugee population. Authors, however, highlight that despite the potential of sharing economy models in enhancing the social and economic status of the refugees, there are several prerequisites in terms of skills, knowledge, and access to technology that the refugees must possess to leverage the potential benefits of sharing economy. Next, Hota and Mitra (Sect. II, Chap. 7) illustrate a reformative sharing economy model in the Indian context through the case of FarmersFriend (FF). Authors consider sharing economy model as a way to access and mobilize resources and highlight how social enterprises adopt sharing economy models to address their resource challenges. Authors suggest that sharing economy in multiple domains, such as platforms, human resources,

business model, and channel, can enable resource mobilization, helping social entrepreneurship in resource-constrained settings; however, most economic rents appear to be captured by FF and entrepreneurs (sort of middlemen) rather than being distributed to BOP farmers. In this sense, FF is very close to a traditional commercial intermediary and exhibits a low degree of reformative tendencies. Further, drawing primarily on the idea of collaborative consumption, Aditi and Bharti (Sect. II, Chap. 8) suggest how the adoption of a reformative sharing economy model in the energy sector in India, such as Smart Grid, can improve sustainability and can also generate sources of employment that can help in poverty reduction. The authors also highlight some impediments in the adoption of such sharing economy models, such as regulatory, financial, and institutional hurdles. In the last chapter of this section (Sect. II, Chap. 9), Pandey and colleagues undertake a case study of sharing economy-based initiatives of an international development organization (Digital Green) in the Indian context to explore the resourcing practices and value creation processes involved in the sharing economy models. The two reformative models of the Digital Green (i.e. Loop and FarmStack) help improve market linkages of rural farmers and enable access to information and resources. The model is characterized by temporary and customized resource access, platform-mediated transactions, mission, and ownership. Further, the role of local and institutional actors is also highlighted in the resourcing practices and value creation process. Digital Green shows a high degree of social intermediation by structuring its operation to benefit the marginalized farmers. Thus, overall it remains a reformative sharing economy model; it does have tendencies in some dimensions to be transformative.

Section III of the book covers the issues of inclusion and exclusion in the sharing economy at the BOP. The conceptual paper by Attri and Bapuji (Sect. III, Chap. 10) identifies the various types of discrimination and notes its negative consequences to individuals, organizations, and societies. The authors take a critical view on the issues of discrimination in sharing economy models. Authors highlight that sharing economy platforms can lead to discrimination based on a number of demographic characteristics, such as age, caste, gender, physical disability, race, religion, sexual orientation, socioeconomic status, and spatial/locational characteristics. Addressing the challenge of discrimination requires multi-level initiatives that involve organizations, industry associations, and governments. In the next chapter, Mannan and Pek (Sect. III, Chap. 11) critique the dominant corporate form of sharing economy models that promote inequality and exclusion and present the typology of platform cooperatives, which are transformative models. Drawing on the platform cooperativism literature (Scholz, 2016), authors highlight that the platform cooperatives promote cooperation, concern for community, participation, and autonomy. Thus, sharing economy models based on platform cooperativism can promote solidarity and offer social and environmental benefits. The proposed typology is based on dimensions of membership type in the cooperatives and the economic sector.

Section IV of the book presents emerging trends in the sharing economy in the BOP literature. The chapter by Hota, Qiu, and Bhatt (Sect. IV, Chap. 12) presents a reformative sharing economy model of Ethitrade, in Australia, that leverages

blockchain technology to address the challenges prevalent in the BOP context. Authors highlight how technology-enabled sharing economy platform helps address challenges of lack of trust, unavailability of infrastructure, information asymmetry, and potential for unethical behaviours. Next, Pillai, Pandey, and Bhatt (Sect. IV, Chap. 13) present a case study of a transformative sharing economy model implemented by Drishtee, an Indian organization that helps bridge resource gaps in poor and socially hierarchical communities. The authors suggest that the digitally enabled barter system, with a digital platform and hub-and-spoke training model, can help address poverty challenges and enhance social capital. Drishtee is another example of use of technoficing in implementing digital social innovation (Qureshi et al., 2021b). Finally, in the last chapter of this section, Bhatt, Dembek, Hota, and Qureshi, taking ecosystem perspective (Adner, 2017), present a case study of Moving Feast, an emerging ecosystem among food-based social organizations in Victoria, Australia, which employs transformative sharing economy model that helps generate norms of reciprocity and trust in the ecosystem. The authors highlight that sharing orientation and practices help offer localized and context-specific solution to address grand challenges. Key actors in the sharing economy ecosystem generate trust and reciprocity, enhancing social cohesion.

The summary of the book chapters, including the type of sharing economy model, main findings, and empirical context, is presented in Table 1.2. The book chapters that primarily make conceptual contributions, rather than empirical, are also marked in the empirical context column of the summary table. As highlighted in Table 1.2, the majority of sharing economy models in the BOP context are transformative in nature and aim to bring positive social and environmental change by aligning the dominant commercial models. Nonetheless, this book highlights some of the emergent transformative models that aim to challenge the established paradigms, such as those of Moving Feast (Sect. IV, Chap. 14), bHive (Sect. I, Chap. 3), and Drishtee (Sect. IV, Chap. 13). The theoretical and empirical understanding of both reformative and transformative models can help leverage the true potential of sharing economy in making a positive impact in economic, social, and environmental dimensions.

In sum, this book is an initial attempt at understanding various issues related to sharing economy in BOP contexts. Some of the models that are included in the book include community-led social innovation models of sharing economy that leverage social intermediation (Kistruck et al., 2013a), digital social innovation (Qureshi et al., 2017; Qureshi et al., 2021b), social inclusion (Angeli & Jaiswal, 2016; Hall et al., 2012; Mair & Marti, 2009; Mair et al., 2012b; Mair et al., 2016; Qureshi et al., 2018b), ecosystems (Adner, 2017), and social entrepreneurship (Bhatt et al., 2019; Mair et al., 2012a; Qureshi et al., 2016; Seelos & Mair, 2005) to offer products and services for free or at prices more affordable than traditional options while also finding ways towards economic sustainability and inclusive growth. These models are creating new ways to take into account local resources, community social capital, and bricolage (Hota et al., 2019) to develop sharing economy models that take into account the specificities of particular communities while ensuring that the solutions can be quickly modified and replicated. Some of them leverage the digital



**Table 1.2** Summary of the chapters of this book

Authors/ chapters	Type of sharing economy model	Main findings	Empirical context
Galdini and De Nardis (2021)	Transformative: Enhancing trust, cooperation, and social capital	Sharing practices based on a collaborative ecosystem, a social mission, and the poor's active involvement in the value creation process can lead to a more sustainable and inclusive community-centred system.	Italy
Escobedo, Zheng, and Bhatt (2021)	Transformative: Promoting collaboration, localization, and decentralization to improve social capital and cohesion	Place-based community-owned sharing economy platform can strengthen the local communities and address the challenges of social exclusion and inequality.	Australia
Qiu, Xu, and Bhatt (2021)	Reformative: Accessing necessary goods and services; building assets and capabilities	Sharing economy models can help address challenges of poverty in the BOP context. Social-commerce platforms help build assets and capabilities of rural people but can be monopolistic; access-based platforms can facilitate access to necessary goods and services but could be limited in asset and capability building.	China
Pillai, Shukla, and Qureshi (2021a)	Reformative: Improving market linkage; reducing transaction costs	Sharing economy models are helpful in the process of social intermediation and value creation, which help address impediments in the BOP context.	India
Nungsari and Chuah (2021)	Reformative: Providing access to livelihood	Sharing economy models have potential to provide access to livelihood to the refugees in Malaysia and promote inclusiveness. However, it has prerequisites of skills, knowledge, and access to technology.	Malaysia
Hota and Mitra (2021)	Reformative: Accessing and mobilizing resources	Sharing economy in multiple domains, such as platforms, human resources, business model, and channel, can enable resource mobilization, helping social entrepreneurship in resource-constrained settings	India
Aditi and Bharti (2021)	Reformative: Promoting collaborative consumption	Shared consumption of energy can improve sustainability and has the potential to reduce poverty.	India
Pandey, Bhati, Shukla, and Qureshi (2021)	Reformative: Improving market linkage; accessing information and resources	Sharing economy models enable resourcing practices that help in the value creation process. Local and institutional actors play a crucial role in resourcing and value creation.	India

(continued)

**Table 1.2** (continued)

Authors/ chapters	Type of sharing economy model	Main findings	Empirical context
Attri and Bapuji (2021)	Reformative: Accessing products and services, without owning the assets	Sharing economy platforms can lead to discrimination based on a number of demographic characteristics, such as age, caste, gender, physical disability, race, religion, sexual orientation, socioeconomic status, and spatial/ locational characteristics Addressing the challenge of discrimination requires multi-level initiatives that involve organizations, industry associations, and governments.	Conceptual
Mannan and Pek (2021)	Transformative: Promote cooperation, concern for community, participation, autonomy, and solidarity	Sharing economy models based on platform cooperativism can promote solidarity and offer social and environmental benefits.	Conceptual
Hota, Qiu, and Bhatt (2021)	Reformative: Technology addressing the challenges of information asymmetry and lack of trust	Technology-enabled sharing economy platform helps address challenges of lack of trust, unavailability of infrastructure, information asymmetry, and potential for unethical behaviours.	Australia
Pillai, Pandey, and Bhatt (2021b)	Transformative: Bridging the resource gap in poor and socially hierarchical communities and develop social capital	Digitally enabled barter system, with digital platform and hub-and-spoke training model can help address poverty challenges and enhance social capital.	India
Bhatt, Dembek, Hota, and Qureshi (2021)	Transformative: Generative norms of reciprocity and trust	Sharing orientation and practices help offer localized and context-specific solution to address grand challenges. Key actors in the sharing economy ecosystem generate trust and reciprocity, enhancing social cohesion.	Australia

revolution to take advantage of cheaper computational capacity and global connectivity while rapidly adapting to engage with those that have less digital literacy at the base of the pyramid. In addition, and more importantly, these sharing economy models at the base of the pyramid are engaged in promoting a type of economic development that is more connected with traditional social values and environmental concerns of local communities. However, these new sharing economy models face various challenges, and there are concerns in relation to the efficiency, reliability, and sustainability of these initiatives at the BOP (Perini, 2013). Accordingly,

more empirical and theoretical work is required to understand the potential and challenges of sharing economy models in the BOP communities; the chapters included in this book represent an early attempt in this direction.

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**Part I**  
**Theoretical Underpinnings: Creating  
Fairer Sharing Economy**

## Chapter 2

# Not Only For-Profit, Sharing Solidarity and Promoting Opportunities. A Case Study in Rome



Rossana Galdini and Silvia De Nardis

**Abstract** This chapter explores the issues and limitations of sharing economy cases that reproduce social inequalities, focusing on the potential of “sharing in” practices, i.e., sharing based on forms of circular solidarity that produce social capital. The focus is on initiatives targeting low-income populations in resource-limited settings. In particular, food-sharing practices, which proliferated in response to the Covid-19 crisis, are a way of addressing the challenges of hunger and reducing food waste. Some of these initiatives develop from the bottom up, promoting cooperation, trust, and solidarity. In many cases, these practices are characterized by co-management, with end users actively participating in their organization. Digital platforms, in their role as mediators, are essential facilitators of sharing processes. Our study is thus positioned in the body of work using a base of the pyramid (BoP) approach and analyzes a mutual-aid project in Rome aimed at supporting poor people outside of for-profit logic. Our results suggest that projects based on a collaborative ecosystem, a social mission, and the poor’s active involvement in the value production process can reshape the sharing economy’s pathways, directing them toward a more sustainable and inclusive community-centered system.

**Keywords** Sharing economy · Opportunity · Solidarity · Cooperativism

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## 2.1 Introduction

Practices of producing and consuming goods and services have changed due to multiple developments, including the 2008 global socioeconomic crisis triggered by the decline of the financial and real estate markets, urbanization and the transition to the postindustrial production system, resource shortages, and employment imbalances. With the transformation of traditional production models, technological innovation, and greater public awareness of environmental issues, sharing economy practices have been fostered and spread. In short, sharing activities have impacted different social organization levels, affecting the economic, environmental, and value spheres. These practices permeate contemporary cities, supporting their development and helping to redefine their organizational principles.

The “sharing city” or “collaborative city” seeks to integrate into its urban agenda the advantages brought about by the sharing economy in different sectors: mobility, hospitality, work, and services. Given the diverse array of sharing initiatives, it is difficult and even unnecessary to formulate a rigid and univocal definition of the phenomenon (Bernardi, 2017; Codagnone et al., 2016). In general, sharing projects use digital platforms and Web 2.0 to make shared use of untapped or surplus tangible and intangible resources: goods, services, data, and skills (Qiu et al., 2021; Qureshi et al., 2021a, b, c). Botsman and Rogers (2010) describe the sharing economy as a subset of the collaborative economy in which unexploited economic, environmental, and social value (idling capacity) is reintroduced into the production system for more efficient use. The potential of sharing economy practices commonly lies in the way they enhance economic, environmental, and social sustainability. First of all, this new socioeconomic paradigm represents an innovative way of producing earnings and creating opportunities for positioning in the entrepreneurial system. Second, shifting the focus from ownership to access and from purchase to reuse offers a way to optimize resource use, reduce waste, and limit human activity’s impact on the environment. Third, it fosters bottom-up innovation, community networks, and social capital (cf Bhatt, 2017; Pillai et al., 2021b). According to Schor (2017), sharing economy projects are characterized by a different interrelationship between marketplace orientation (for-profit or non-profit) and supplier type (peer to peer, P2P, or business to peer, B2P). Sharing practices, especially peer-based and non-profit ones operating in a market driven by logics of collaboration, equity, and sustainability, seem to offer an alternative to business-driven exchange in neoliberal capitalism (Rifkin, 2014). For these recent theories studying the relationship between economics and poverty, the “base of the pyramid” (BoP) concept represents an important theoretical reference point (cf Qureshi et al., 2018a). BoP arose as a market-based perspective according to which poverty stems from unmet needs and simultaneously constitutes a business opportunity for the private sector (Prahalad, 2004; London & Hart, 2010).

The conceptualization of this paradigm has contributed significantly to the academic debate by drawing attention to the largest and poorest socioeconomic stratum of the population (i.e., the BoP) (Bruton, 2010; Streb & Janse, 2017). At the same

time, it has proposed new managerial strategies that incorporate the most vulnerable segments of the population, considering the poor as potential consumers, co-producers, and innovators (Simanis & Hart, 2008). Prahalad and Hart (2002) hypothesize that multinational corporations (MNCs) could create new market opportunities precisely by involving the poor, offering better living conditions, and stimulating local entrepreneurship. The opportunity to invest at the “base of the pyramid” could not only reinvigorate developing countries, they suggest, but also give rise to a form of “inclusive capitalism” that offers benefits in terms of growth and profit, representing a tool for combatting poverty, marginality, and the consequences of today’s increasing inequality.

Is this “a prodigious opportunity, then, or a difficult challenge?” (Prahalad, 2012)

As the authors clarify, it is probably both. Prahalad and Hart identify this model as generating different forms of innovation, such as “creating buying power, shaping aspirations, improving access, and tailoring local solutions.” As they themselves acknowledge, however, this paradigm implies the existence of a local base of political support, shared aspirations, economic development connected to traditional values and local cultures, and innovation in business processes. Such processes are lengthy and complex.

The ambivalence that often characterizes sharing economy practices has also triggered a debate on how equally the benefits of this model can be distributed. On the one hand, solidarity, non-monetized, and reciprocity-based practices such as TimeBanks are examples of a sharing initiative. On the other hand, large companies such as Airbnb, Uber, and TaskRabbit that ensure high profits by relegating smaller sharers to the margins of the market are also part of the sharing economy.

This model’s problematic elements lead us to interrogate theory and definition: what should be considered sharing economy?

Belk (2010) refers to *pseudo-sharing* or *sharing out* to describe initiatives lacking in community relations or mutuality. The author uses *sharing in* to identify real sharing, projects in which the participants incorporate others into their aggregate and extended self in such a way that produces social capital and community empowerment. Rifkin (2014) and Mason (2015) imagine a socioeconomic structure similar to the system based on Ostrom’s (2006) common good theories, aimed at progressively asserting the *collaborative commons* as the dominant economic model. Due to the diversity of contexts and the plurality of actors involved, however, the sharing economy’s outcomes are hard to pin down, and this ambiguity sets the stage for a debate on the opportunities and risks to be found in emerging theoretical paradigms.

The current health, economic, and social crisis caused by Covid-19 has highlighted new directions for sharing economy practices, revealing both emerging obstacles and opportunities. On the one hand, the field of sharing has slowed down and nearly come to a standstill, especially in specific strategic sectors such as tourism and catering. This situation has also triggered a crisis in dominant models of development and welfare. On the other hand, as Cellini (2020) points out, the conditions generated by the emergency have facilitated the spread of a host of practices, some directed toward alternative services (delivery) and others toward a paradigm of intense collective responsibility based on cooperation and mutual aid.

This chapter engages the latest literature on the “sharing economy” to present a qualitative study regarding the role and pervasiveness of sharing practices in Rome while also exploring the recent evolution of sharing practices during the ongoing pandemic. Our study focuses on the idea of *platform cooperativism* understood as the attempt to take sharing economy platforms that reject the capitalist model as the only commercial possibility and make them cooperative (Escobedo et al., 2021; Lampugnani, 2016; Mannan & Pek, 2021). Adopting Benkler’s definition (2006) of sharing practices as a “non-reciprocal pro-social behaviour,” we highlight the idea of sharing based not on ownership and the transfer of ownership, as in market transactions, but rather on the potential of so-called “sharing in” practices. By analyzing an interesting project in Rome, this study investigates the forms of integration and social cohesion that this model can trigger and how it can produce virtuous circuits that generate social capital, trust, and solidarity.

The main questions are as follows:

1. In a moment in which development is facing many challenges, what can the sharing economy learn, on a practical level, from a model of solidarity such as Nonna Roma’s?
2. Can the sharing economy act as a catalyst for social change? How so?
3. Is it possible to build an alternative economy that generates better economic conditions, includes the most vulnerable members of society, and transforms them into agents of change?

The hypothesis highlighted in this study involves addressing poverty through an approach based on solidarity rather than charity (Streb & Janse, 2017). Such a move requires recognizing poor people and restoring their dignity and confidence. It presupposes shared responsibility, the creation of opportunities and, in particular, promoting solidarity so that all the actors involved are able to emancipate themselves from a situation of hardship and marginalization.

## 2.2 Literature Review

### 2.2.1 *Base of the Pyramid*

The base of the pyramid (BoP) refers to the four billion people living in conditions of poverty, earning less than 2 US dollars per capita per day (Prahalad & Hammond, 2002; Prahalad, 2004, 2012) in settings characterized by resource scarcity (Bhatt et al., 2019; Hota et al., 2019; London et al., 2014). Over the years, BoP has evolved from a predominantly economic perspective centered on the idea of “selling to the poor” (BoP 1.0) to become a more inclusive and purposeful model (Qureshi et al., 2021a, c). Although the theoretical concept of BoP has been developed mainly in relation to developing countries, the phenomenon it refers to can also be found in developed countries and Western metropolises, albeit with different contextual and historical-evolutionary characteristics. Advanced economies face increasing

poverty levels and disadvantaged conditions for low-income communities living on the margins of society.

The BoP concept was developed to describe the idea of disseminating business strategies among poor populations with the dual mission of creating economic value for the companies involved and generating social value for the target communities (Prahalad & Hammond, 2002). According to this logic, launching initiatives at the BoP can represent an opportunity for wealthy companies to increase their earnings and for poor people to aspire to prosperity by joining the market economy for the first time (Prahalad & Hart, 2002). In the literature on the topic, there are two prevailing approaches: “BoP as consumer” in which companies target the BoP segment as buyers for their products or services and “BoP as producer” in which companies involve low-income communities in the value chain as suppliers or employees (London, 2008; Iasevoli & Michelini, 2015). In the subsequent rethinking of this idea, called “BoP 2.0 strategy” or “second-generation BoP strategy” (Simanis & Hart, 2008), poor people are not merely the recipients of commercial services but instead active participants in the value creation process, innovated on the original BoP model by generating “mutual value” (cf Pandey et al., 2021; Parthiban et al., 2020, 2021).

The concept was transformed again with BoP 3.0, a paradigm involving more participatory governance structures based on the “wisdom of the crowd” (Cañeque & Hart 2015; Nerurkar, 2020). What began as a primarily economic theory quickly established itself as a field of study with a multidisciplinary appeal. BoP strategy has long been associated with business interventions but, as Dumalanède (2016) and Joncourt et al. (2019) point out, the concept could be extended to include the non-profit sector as well. If we adopt a different perspective, rejecting the assumption that governments and nongovernmental organizations are the only ones responsible for the population at the base of the pyramid, we can focus on cooperative logics involving a wide, diverse base of participants. One of the most exciting aspects of the “fortune at the bottom of the pyramid” approach is its ability to spotlight a “common cause” (Prahalad & Hart, 2002) around which the public, private, and civil society sectors can coordinate their actions more closely. In addition, populations at the BoP pose a crucial managerial challenge for wealthier companies: improving poor people lives while protecting the environment and ensuring profitability (ibid.). Anyone who sets out to directly intervene in this field, often through small-scale and locally delimited initiatives, is called on to rethink their aims and action logics (Kistruck et al., 2013). Deepa Prahalad (2019) highlights that the idea of BoP has thrown down the gauntlet in terms of fostering social innovation to create shared prosperity. However, the main idea emerging from BoP theories is that a new type of economy is possible, based on the coexistence of business and social benefits for the poor. As Prahalad (2004) argues, it is possible to eradicate “poverty through profits.” This perspective framing the resource-deprived population as a vast new marketplace, a “giant laboratory” to forge business models and strategies, is connected to the critical discussion on global poverty governance. Building on BoP theories, Roy et al. (2016) suggest that market logics may be the piece of a larger “stubborn puzzle” representing the relationships between capitalism and

poverty. As the critical poverty studies' perspective reminds us, any analysis of strategies involving the BoP must confront this dangerous relationship.

### 2.2.2 *The Sharing Turn: A Twofold Perspective Analysis*

The “sharing turn,” as the recent socioeconomic and environmental phenomenon of sharing economy has been defined,

*has its roots in human nature and in cultural history, is media-technologically enabled by networked computers and is fueled by the rising anger over societal systems that fail to serve the public interest (Grassmuck, 2012).*

This model, which shifts the focus from ownership to use, from possession to access, and from the individual to the collectivity/community (Maggioni, 2017), was later expanded in its meaning to include social goals. The “economy of sharing” or “collaborative economy” comprises a wide range of interpretations and definitions, including diverse situations and some common features linked to the use of collaborative digital platforms (Bhatt et al., 2021; Escobedo et al., 2021; Mannan & Pek, 2021; Qiu et al., 2021).

On the one hand, the shared economy favors economic and entrepreneurial aspects, and its main characteristic is the ability to disintermediate the relationship between consumers, goods, and services. On the other hand, it also favors relational aspects, collaboration, and the production of meaning. The idea of market and enterprise is not only profit-driven; it also produces social innovation and manifests Ostrom's hypothesis (2006) that it is possible to create value by focusing on the management of common goods. As theorized by Botsman and Rogers (2010), the Nesta report (Stokes et al., 2014) collaborative governance defined as “new horizontal and participatory governance mechanisms, at the urban level or within companies” is a very relevant pillar of sharing economy's practices (Fondazione Unipolis, 2015).

However, the idea behind the sharing economy has not only disseminated a new idea for a better future; it has also appeared in all its dangerous deviations. Scholz (2017a) defines this as the “disruptive sharing economy.” The phenomena often labeled as sharing economy, this critical voice suggests, are only one aspect of a new digital economic order, platform capitalism, built essentially on power. In this vision, platforms play a central role in setting game rules: they define, manage, and control business processes with harsh implications for work (Scholz, 2017b). There is a need to rethink, therefore, the process through which only a few actors are advantaged while many are “caught” in a system of exploitation. Rosellini (2017) points out that the sharing economy is not universally inclusive; rather, it often tends to cater mainly to the urban population. Perini (2013) identifies access to technology, the digital divide, low literacy levels, and cultural resistance as the main barriers to the growth of the sharing economy among the population at the BoP.

Some scholars have criticized the economic model of certain platforms, focusing on both their value-generating methods and their ownership structures. While workers



and users add economic value to the platform, a small circle of owners seize the resulting revenues without necessarily redistributing them (Qureshi et al., 2021a, b).

Such considerations form part of the ongoing debate about the relationship between sharing economy and inequality. There is no clear legislation regulating sharing phenomenon. This aspect represents a kind of trap, especially for some of the actors involved. Specifically, there is a risk of labor exploitation, precariousness, differential access at the expense of low-income communities and minorities, and unequal competitive leverage and capital accumulation by the leading platforms. The main point that emerges from this literature is a contradiction between traditional ideals of sharing and the currently dominant models. Prevailing models encourage the commodification of social capital (Baumgärtel, 2014), transforming individuals into “perpetual opportunists” (Morozov, 2016) in search of a way to connect with the global market. In light of these points, the sharing model needs to be revised in the direction of an “explicit policy of sharing” (Schor, 2014) guaranteed by regulatory instruments. It is not a matter of indulging in nostalgia for some rosy pre-technological past, but instead of rejecting a model in which people are companies, and sharing is privatized (Slee, 2017).

### ***2.2.3 Sharing Economy at the Base of the Pyramid***

Recent studies also explore the relative effectiveness of the sharing economy sector in offering opportunities for moving from the base of the pyramid upward. The mechanism of raising living standards by enhancing access rather than ownership could play a key role in overcoming development challenges for poor people. Hira and Reilly (2012) find that new forms of sharing can facilitate access to resources for populations that lack economic capacity and find themselves excluded from formal economies.

Digital collaborative solutions do not view the BoP as a “new market frontier”; rather, they build on the kinds of “self-help” and “solidarity” projects associated with the sharing economy that many communities have developed and tried out (Qureshi et al., 2021a, c). Such initiatives, often lying in the “nooks and crannies” of the dominant economy (Miller, 2010), foster values of pluralism, mutual support, and solidarity. The solidarity economy takes the form of an open-ended process spearheaded by communities attempting to “make the road by walking.” In their study of food sharing in low-income, high-inequality neighborhoods, Loh and Agyeman (2019) suggest fostering a solidarity economy requires reforming neoliberal policies and institutions and building noncapitalist practices. This process implies a shift toward the kind of “transformational sharing” posited by Gorenflo (2015), a process in which power relations are reshaped, and greater attention is dedicated to community resources. The sharing economy has a significant potential to support sustainable development (Albinsson & Perera, 2012) and benefit populations at the BoP, but it is necessary to place individuals at the center of the model and avoid creating new inequalities. Rosellini (2017) argues that it is possible to maximize sharing economy’s impact of the sharing economy in reducing poverty by

expanding its scope of application to include more essential resources such as food and health. This expansion would allow the sharing economy to better realize its potential to help the community's most vulnerable members. Sharing economy models such as Airbnb and Uber are not designed to meet the needs of the population at the BoP and instead tend to reproduce inequality.

Recent literature often examines the tangible reasons that lead consumers to share goods and physically services commercially. In contrast, our study focuses on the other side of services, that is, anything pertaining to the sphere of intangibility. We look at the role played by these tangible and intangible projects for sharing such services in a historical moment, the ongoing Covid-19 pandemic, when they have been rendered even more pressing and essential by today's challenging health, economic, and social conditions.

### **2.3 The Concept of Platform Cooperativism as a Social Way of Challenging the Crisis**

Since Scholz (2016) coined the term platform cooperativism to refer to a possible new conception of platforms' role, this idea has garnered a great deal of support as a possible way of managing digital infrastructures and data democratically and collectively. Platform cooperativism indicates the move to reshape sharing economy technologies by combining them with models of peer collaboration (cf Bhatt et al., 2021; Escobedo et al., 2021; Mannan & Pek, 2021). In a cooperative enterprise, in fact, the key principles are those of shared ownership and democratic governance. Cooperating means sharing the tools to meet shared objectives: cooperation extends the concept of collaboration and, in a highly critical phase such as the current moment, offers the concrete possibility of providing new solutions to emerging needs (Venturi, 2020). The aim is to turn digital platforms into tools that connect individuals, removing intermediaries from the connection and focusing not on providing products or services but rather on fostering social relations and promoting the ever-scarcer resource of sociality and trust in others. The "platform cooperativism" model represents an alternative to the individualistic ethos underlying today's more widespread economy forms. Sandoval (2019) believes that platform cooperativism offers a concrete possibility for countering a system that only benefits the few; through this alternative model, she argues, we could promote solidarity and multi-stakeholder management, reformulating the concepts of innovation and efficiency with an eye to benefits for all.

Scholz's (2017a) model has resonated quite widely, triggering a broad global debate on the role cooperative platforms could play as an antidote for the perverse effects of capitalism, a way of promoting healthy sharing that does not reject the market and redefines the idea of sharing economy and technologies. However, the very idea of combining social activism with entrepreneurship has generated points of conflict and contradiction between the political and entrepreneurial spheres,

democracy and the market, and collective goods and commercialization (Sandoval, 2019).

Benkler's (2006) idea of "peer production based on common goods," for example, is not exempt from being appropriated by companies with commercial interests precisely because it is based on voluntary and therefore unpaid work. Given this risk, platform cooperativism thus emphasizes the need for employment conditions that ensure fair wages for workers and involve them in platform-building processes while also guaranteeing data transparency and legal protections (Scholz, 2017b).

Platform cooperativism aims to bring about social change, but it cannot always be defined as a non-profit movement. For instance, some platforms such as Resonate, a music streaming cooperative, seek to promote social change from inside a cooperative organization. As Sandoval (2019) critically notes, these platforms promote cooperation, solidarity, shared ownership, and democracy, thus challenging the individualizing and competitive logic of capitalism; at the same time, however, they also operate as commercial enterprises and are thus subject to competitive market pressures. Nevertheless, there are some areas in which platform cooperatives are evidently successful. As Scholz (2017a) has pointed out, these are areas in which community ideals and a cooperative attitude enable participants to construct a new vision, one focused on solidarity rather than profit. Such a cooperative model generates a digital economy that works to everyone's and, above all, creates shared values.

## 2.4 The Case Study Research Context

In a global context in which the virus continues to spread relentlessly, a growing number of people are experiencing severe economic difficulties. This phenomenon is pervasive in the metropolises and no longer concentrated only in peripheral areas. A full 9.4% of the Roman population was recently found to be unable to cover sudden expenses or housing-related costs<sup>1</sup> (Caritas, 2020).

The 2019 Caritas Report spoke of "poverty tightrope walkers," people frequently on the brink, liable to fall into a state of overt poverty only to then climb back out as soon as some small opportunity materializes. As stated in the Report, poverty in Rome had an "oscillating" character; with the recent significant increase in absolute poverty indexes, it has now become persistent. The tightrope walkers were the first victims of the Covid-19-caused crisis (Caritas, 2020): workers without regular contracts, freelancers, and precarious workers in construction, domestic work and personal care, tourism, and catering. Besides, the economic gap has been exacerbated by a cultural and technological gap in a complex moment in which structural poverty often coexists with cases of temporary social exclusion. One characteristic

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<sup>1</sup> Caritas Report data refer to BES 2020 Report of the Ministry of Economy and Finance published in July that describes a "dramatic change in the scenario of Italian life and the country's economic prospects" after Covid-19 ([http://www.dt.mef.gov.it/modules/documenti\\_it/analisi\\_programmazione/documenti\\_programmatici/def\\_2020/DEF\\_2020\\_Allegato\\_BES.pdf](http://www.dt.mef.gov.it/modules/documenti_it/analisi_programmazione/documenti_programmatici/def_2020/DEF_2020_Allegato_BES.pdf)).

of this context is that institutions have proven ineffective in meeting the needs of the population and, at times, unable to reach people suffering from exclusion. However, state institutions are flanked by a dense network of informal groups and associations that mobilize from below to support marginal communities. “There is a form of sharing that comes from below, from communities, and aims to respond to needs” (Mainieri, 2020), more and more frequently in concert with the third sector.

Despite being so similar in their purposes and organization, the sharing economy and third sector have long struggled to communicate. However, recent initiatives show that unprecedented alliances are springing up between these two worlds. The challenge of the third sector is to bring social elements and considerations into the sharing economy and to valorize the relational aspects of the sharing economic model (cf Hota et al., 2021). Mainieri (2020), founder of [Collaboriamo.org](https://www.collaboriamo.org) and curator of Sharitaly, notes that platforms’ collaborative services are currently making their way into various spaces throughout the country. In Rome, the association Retake coordinates its activities through digital platforms, but its focus is caring for collective urban resources with local residents’ active involvement. This trend to develop sharing practices based on a mix of technological and human spheres, human relationships, and cooperation could bring about real innovation in this sector. Community is at the center of these projects and co-design is at the heart of their strategy. The third sector is wrestling with the question of how to (re)build societies beginning from trust, that ingredient so precious for solidarity and essential for civic sense.

The city of Rome is a veritable laboratory of social and urban experimentation and, since the first half of 2020, has hosted a proliferation of projects focused on sharing goods and community services. In particular, a series of initiatives have been developed in Rome in response to the Covid-19 social emergency. For instance, one such project began in Municipio III, an area in the northeast of the city with more than 200,000 inhabitants. A network of solidarity has been activated in this area to support poor, elderly, and disabled individuals and families who cannot leave their houses. In a short time, these initiatives spread over most of the city. “Terzo a Domicilio” is a “network for solidarity” set up by the groups Nonna Roma, Grande come una città, and Lab Puzzle and social centers Csa Astra and Brancaleone in response to the recent crisis. The project involves making home deliveries of food and medications to people in vulnerable neighborhoods. These groups organize local supermarkets, citizens, and hundreds of volunteers in practicing “Spesa sospesa.”<sup>2</sup> Shortly after launching this initiative, they organize a counseling phone line and a virtual space called “solidarietà vince” (solidarity wins) to aid in exchanging information and enlarging the network of active participants.

Nonna Roma is a non-profit association founded in 2017 and based at the border between Centocelle and Quarticciolo. It is focused on combating poverty and

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<sup>2</sup>Suspended shopping. The initiative is inspired by the traditional Neapolitan social custom of “suspended coffee” that is, leaving an already-paid-for but not consumed (suspended) coffee on the bar of the coffee shop. In the case of food sharing, it consists in collecting food products from supermarkets, sorting them in dedicated centers, and delivering the packages to people’s homes.

inequality and filling the gaps not currently met by social welfare services. During the initial emergency period, Nonna Roma represented a point of reference for other local associations. The group termed a “call to engagement”; it brought in hundreds of volunteers and active citizens as new members.

Taking inspiration from Pier Paolo Pasolini’s film “Mamma Roma,” the group seeks to act as a garrison of sociality, an opportunity for people to meet and become engaged around current problems by going wherever need manifests. The most common approach is to provide services at the homes of the most vulnerable categories, an approach defined as a “family first aid.” Nonna Roma can be considered a “solidarity hub”: supported by a more comprehensive, diverse network of social services-sector actors including Community of Sant’Egidio, Caritas, Baobab Experience, the Red Cross, and Italian Civil Protection, it has contributed to meeting the unmet needs of a population overlooked by local institutions. In keeping with a mutual-aid logic, the group runs a food bank that supplies 250 families a month, and, in collaboration with Casa Famiglia Pavoni, it distributes fruit and vegetables on a weekly basis. In addition, since the period of greatest need, Nonna Roma has been running its “suspended shopping” program with large local retailers’ participation. The group has also organized a farmers’ market project involving a network of growers donating fresh food. Finally, it has set up economic agreements with local companies to arrange for them to donate their goods or sell them for reduced prices. Since March 2020, Nonna Roma’s food distribution service has delivered 10,263 crates, reached 9720 families, and helped 34,024 people. Among the families Nonna Roma serves, 554 receive structured aid in the form of a food crate once every month. Social services and the local network identify recipients, or they can sign themselves up for the service by telephone and e-mail or through social media.

The form of Nonna Roma’s activism has changed over time: while its services were initially focused on users in absolute poverty since the pandemic erupted, it has extended support to the whole sphere of precarious employees and freelance workers whose earnings have plummeted. The “new poor” helped by Nonna Roma now include workers in sectors like tourism, catering, and entertainment, students who used to “round out” their income with odd jobs, and single-earner households. During the Covid crisis, activities have been organized according to self-management principles and on a local basis; participants have also divided themselves up into smaller, issue-specific workgroups to manage their various skills and interests more effectively. Nonna Roma’s working methods and aims seem to converge toward a model of collaborative and cooperative sharing between producers and users that is based on the use of digital platforms as well as a physical site. The group’s activities help construct a network among participating associations and encourage stable and long-lasting social ties.

In addition to its food bank, this association has set up a mutual-aid help desk that offers a counseling point, information, and social support services. To combat educational disadvantage, volunteers have set up a service called “suspended pencil” that collects and distributes school materials to students in collaboration with stationery shops, schools, and specialized stores. The educational support project

“Fuoriclasse” and the initiative “Device4all” help Nonna Roma provide IT devices for distance learning. The idea is to build an infrastructure around individuals and accompany them out of poverty, be it structural or temporary, in many cases involving users directly in the group’s activities.

This project is characterized by cooperation among peers, a willingness to exchange mutual aid, the involvement of end users in the process, and a framework for circulating intangible resources such as time or skills. Eloa Montesel is one of the activists we interviewed who have put their experience at the service of the most fragile residents. She notes that “spreading solidarity is also a way to create community,” thus becoming part of a circuit in which the principle of sharing becomes a driving force for development.

Nonna Roma has supported networking, the creation of synergies and collective practices to amplify the impact of this work. Community networks have been constructed by supporting, and sometimes replacing, local institutions. Simultaneously, the effervescent sense of civic engagement that animates these active citizens has also represented an opportunity for collaborating with the public sector through the initiative “Terzo Municipio mai soli” (Third Municipality never alone), launched by the city. This initiative has brought together voluntary associations in the work of distributing groceries to families in need.

## 2.5 Research Methodology

Our study aims to understand if and how the sharing economy can become a catalyst for social change and, at the same time, reflecting on and developing the concept of “at the base of the pyramid” on the basis of the possible outcomes of these theories.

To this end, we conducted qualitative research, understood as the result of “an iterative process involving both deduction and induction in which data, concepts and evidence are connected with one another” (Becker, 2017). Through a systematic review of the literature, we examined the theories and concepts characterizing the new economic models and the way they have evolved in light of recent events.

The first part of this study was carried out in relation to these theories and previous research and thus with empirical material. Our analysis of the existing literature and data collection was complemented by direct observation of solidarity practices in the city of Rome, relating in particular to the association’s collection and distribution of food, medicine, and medical supplies. This research adopted the analytical approach proposed by Gadamer (2004), who claims that “a concept can only be fully understood by looking at a part in the context of the whole and the whole to the parts.”

The research process was based on the main survey techniques in qualitative studies (Corbetta, 2003) using firsthand observation, secondary data, and participant observation, together with empirical analysis. The secondary data derived from recordings made in natural settings, documents, and artifacts were collected from a variety of sources: literature reviews, documents, materials collected from websites,

books, internal records, interviews, and international projects reports as well as academic institutional reviews and administrative documents. Such materials include, for example, the Caritas Report (2019, 2020) and BES Report (Ministero dell'Economia e delle Finanze, 2020).

Participant observation was used in the moments dedicated to organizing work, involving volunteers, and presenting the association's work to the public, especially through meetings and public assemblies. As a result of the recent health emergency, the Nonna Roma organizers were obliged to make greater use of technological tools, and this shift allowed them to reach a very wide audience of participants interested in sharing their expertise for the cause. A segment of the documentary sources was from the web or social media platforms (journalistic articles and materials designed to explain the project), while another segment comprised interviews we carried out and meetings held in Rome. The second part of the research was focused on analyzing the case study, observing the ways solidarity and help projects were implemented in Rome, and evaluating their outcomes.

To gather information about the case study, semi-structured interviews were conducted with citizens or association members and experts involved in the digital sharing economy. The interviewees were informed about the research and provided the necessary information to contextualize it in relation to their activities. The method in-depth qualitative interviews following a semi-structured format allowed the aspects most relevant to our research questions to emerge from the individuals' social experiences. For example, "What are the value-based principles guiding the work of the organization's members?" "What drives individuals to the practice giving?" "What do volunteers receive in return?" Finally, "what is the 'idea of the city' underlying these activism initiatives?" This method proved useful not only to explore this field, reconstruct events, and reinforce our knowledge about the case study but also to delve into the intangible elements driving volunteers' motivations to form themselves into communities actively combatting poverty.

The association "Nonna Roma" was chosen as our case because of its characteristics, target, and objectives. Indeed, this organization models the components of an inclusive and sustainable sharing economy model, anchored in a context plagued by growing poverty and institutional weakness that has been further aggravated by the Covid-19 emergency.

This case study focused specifically on organization and communication methods. Nonna Roma uses to implement its projects, distribute goods and provide services, and manage its administrative procedures. We pay particular attention to methods of intermediation between supply and demand, and the way technologies are used to network with other associations and with municipal social services to deal with the current emergency.

The many sharing activities carried out by volunteer associations in Rome support economically disadvantaged people at risk of poverty and social exclusion; the associations also try to interact productively with governmental institutions, though this is sometimes challenging.

Nonna Roma, Grande come una città, Csa Astra, Brancaleone, and Lab Puzzle represent a part of the larger constellation of associations, organized in a network,

which acts horizontally and collaboratively to provide support to the economically disadvantaged and socially marginalized residents of Rome. Their bottom-up initiatives show the potential social value of relationships between the sharing economy and the third sector. The sharing economy may look to the third sector to find the drive for fostering a new culture of sharing. Following these hypotheses, this chapter explored in depth the trajectories of sharing economy projects positioned outside the usual accumulation models for the few. We traced the condition that allows the social value and innovative power of such initiatives to find expression. Finally, the relationship between sharing economy and bottom-up movements raised some considerations about the potential role of “sharing cities” in the integrated management of this phenomenon, to ensure sustainable and inclusive local development (Smorto, 2016). The final objective was to analyze the information provided by the interviews to develop a knowledge of the case sufficient to identify macro and micro areas of potential intervention in the area of the inclusive sharing economy.

The analysis is based on those practical aspects of social infrastructure that promote community, social network, solidarity, and the relationship between these elements and the local socio-institutional sphere. Contextualized as part of the body of literature using the BoP approach, this study included an analysis of solidarity-oriented practices and explored how they might help face development challenges. In the research process, the theoretical concept of “sharing in” (Belk, 2014) and the model of platform cooperativism (Scholz, 2016) constituted key supporting elements.

Platform cooperativism, in particular, may support sharing economy practices, but these initiatives only seem to produce added value when they are rooted in local areas. Moreover, it seems that a sustainable cooperativism model is most feasible when the support toward disadvantaged groups extends beyond material aid. Alongside food distribution, the associations such as Nonna Roma offer free services and legal protection to individuals and focus on issues such as access to education and entrepreneurial coaching: for example, by organizing recreational events designed to foster community empowerment. Therefore, successful projects should combine locally rooted practices with a principle of multidimensional, multilevel, and multi-stakeholder integration. In these associations, members often act outside of the institutional framework, using crowdfunding and sharing platforms in some cases to reintroduce resources into the system and involving end users in their activities. These practices are reminiscent of the digital cooperation platform model and collaborative economy principles (Martinelli & Tamascelli, 2019).

The final part highlighted the critical aspects of these economic theories and some hypotheses for rethinking economic models in the direction of mutual aid. The summary of the results and related discussion indicate new directions for future inquiry.



## 2.6 Findings

Nonna Roma is a non-profit organization that uses a collaborative sharing model designed to meet poor population's needs made more fragile by the Covid-19 socio-economic and health emergency. The organization has adopted an integrated and sustainable solution based on user participation in the development process. The project is an innovative example of resource circularity and food waste reduction that has grown and expanded during the lockdown. This initiative fosters new possibilities for the sharing economy model and asserts a paradigm of collective responsibility.

The case study displays some key elements that tie into the collaborative sharing model discussed in this chapter. These elements bring the association's activities in line with "sharing in" (Belk, 2014) and position them in opposition to the reproduction of inequalities; thus, they appear to be effective in meeting the needs of the population. Our analysis of the literature, observation of the case study, and empirical investigation suggest some points that are significant for the focus of this research:

- The relationship between the sharing economy and the third sector can be interpreted as the pursuit of a new culture of sharing with the qualities needed to foster a new "sharing turn," that is, to reposition the sharing economy model outside the logic of profit-for-the-few and help curb the process that "catches" many actors in a system of exploitation. As members and volunteers of Nonna Roma argue, "active engagement" on the part of civil society is a civic approach to managing poverty based on reciprocity and the idea of community. Through such engagement, the social world can enhance and bring to the fore the cooperative and inclusive aspects of the sharing economy model.
- Complementarity among the local dimension, territorial roots, and technologies come about when space represents a resource for social interaction (Simmel, 1908) and an opportunity for re-embedding and (re)building social bonds (Bianchi, 2019). In these cases, physical space is leveraged alongside the network, with Internet platforms serving as an essential tool for facilitating processes (cf Qureshi & Fang, 2011; Qureshi et al., 2018a). Technological innovation seems to be characterized by certain contradictions, rendering it both a potential catalyst for development and a dangerous trap at the local level. If we analyze the spatial distribution of digital interconnection, we find that it has the antithetical character of being "globally connected and disconnected locally, physically and socially" (Castells, 2000). In Nonna Roma, the copresence of spatial and technological conditions speaks to the need for social proximity in an era of physical distancing. The rapid way the association's initiatives have spread through much of the city of Rome demonstrates the power of the network's multiplier effect and the decentralized, widespread character of the project activities. Digital technologies vehiculate the internal organization of Nonna Roma, helping the organization locate resources, construct local networks, and reach people in difficulty. At the same time, the element of proximity proves indispensable when carrying

out their activities of “family first aid” in the local area, at people’s homes, and in direct contact with local needs and stakeholders.

- The role of the “sharing city” in the process of integrated management of the phenomenon represents the key challenge for sustainable and inclusive development at the intersection of urban space and platforms. This concept of the city brings together technological-infrastructure, organizational, spatial, and human components. In this process, emphasizing on a “common cause” involving public, private, and civil society actors in a shared project can play a decisive role. At the same time, a participatory organizational structure that integrates recipients into the chain of production of collective well-being has the potential to address the challenges of sustainability. In light of our analysis, certain conditions – transversal, integrated, and mutually related – appear to enable the sharing economy’s social value and its innovative potential to find expression.
- The first such condition is a collaborative ecosystem and cooperative logic whereby members and associations, organized in a network, act according to a horizontal, equal, and mutually supportive approach. The structure of Nonna Roma is decentralized and symmetrical, according to the interviewees, based on the concept of “self-managed solidarity from below,” spontaneous mobilization on the part of volunteers, and cooperation among peers. The group’s activities prove beneficial in large part, thanks to its interaction with a context made up of diverse actors such as associations, local logistics and transportation operators, small-scale producers, farmers’ markets, and the food bank. Furthermore, the organization’s intense relationship with social services is an example of experimenting with a principle of subsidiarity that can help institutions learn new ways of operating and adopt new organizational logics.
- The association’s social mission drives its projects to support economically disadvantaged populations in danger of social marginalization. As evaluations of BoP strategies suggest, the pivotal factors in successfully meeting sustainability goals are the organization’s mission and the concept of poverty it espouses. However, the crucial point is whether or not such organizations can create a genuine “social infrastructure” around the recipients of their support, the people they seek to gift with the tools for rebuilding their lives. The members of Nonna Roma are driven by specifically social motivations and consider solidarity a way of generating community by contributing to the personal and collective empowerment of excluded populations. In our opinion, these elements represent a virtuous model of active solidarity that could serve as a model and be transferred to other projects and settings.
- Involving poor people in the process of value production bolsters the group’s work, creating new opportunities to establish social ties that feed individual and community empowerment. Such involvement is also an implicit principle in the model of platform cooperativism (Scholz, 2016); indeed, this model revolves around workers’ and users’ participation in a mechanism of co-government of collective goods (cf Nungsari & Chuah, 2021). This change is not only organizational; it is also social, based on community ideals in which encounters between people can generate shared values and benefits. Many people who use Nonna

Roma services make themselves available to “pass on the help they received” by offering their skills, from linguistic mediation at the “mutual-aid help desk” to unloading goods for food distribution.

The case study analysis did reveal some risks and weaknesses of bottom-up community-based solidarity practices, however. Since these projects are founded especially to compensate for the failings of state actors in a context of emergency response, the virtuous process might remain limited to welfarism unless it is supported by structural policies and long-term investments. Without a precise programmatic vision, the potential for innovation inherent in bottom-up practices cannot be fully realized. On the one hand, a sharing system like the one proposed by Nonna Roma can encourage the transition to a “social economy” by redefining the model’s key principles; on the other hand, it can foster development opportunities among the poor in a context of scarce resources.

Nonna Roma is one of the multiple projects that have reshaped food distribution channels in response to the Covid-19 emergency. As Michellini et al. (2018) have shown, alternative ways of sharing food play a critical social role as a means of reducing waste and alleviating poverty; at the same time, however, they illustrate the persistent limits of a utilitarian drive to profit-making (*sharing for money*). Food sharing entails a complex combination of practices that are difficult to position in a clear conceptual framework (Davis et al., 2017). Nonetheless, an in-depth examination of several recent examples of food sharing in urban settings suggests some new and emerging hypotheses (cf Pillai et al., 2021a). In response to the current crisis, there has been a proliferation of new food donation, collection, and distribution services, including for instance the kind of “suspended shopping” project organized by Nonna Roma. These practices involve communities and transform citizens into active participants in the process of change. Furthermore, the technologically mediated sharing of food<sup>3</sup> may prove useful in tackling the challenges of hunger and food waste in general, “within and beyond cities” (Davis et al., 2017). Our case study shows that technologies support Nonna Roma’s activities in different ways. The relationship between the organization and the digital world has some traits in common with the idea of platform cooperativism theorized by Scholz (2016). According to the author, “platform cooperativism” describes technological, cultural, political, and social changes (cf Bhatt, 2021). This model introducing alternative sets of values, Scholz continues, “is a rectangle of hope. It is not a concrete utopia; it is an emerging economy.” However, this model likewise runs the risk of being co-opted by the same capitalist system it aims to combat. The idea is to employ the same technology instead of setting a cooperative and mutually beneficial business model. Cooperative platforms aim to use the people’s Internet to bring about social change by replacing company-owned platforms with user-owned cooperatives (Sandoval,

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<sup>3</sup>For instance, the “Regusto” food-sharing platform allows local producers to donate their surplus or expiring goods and sell their merchandise at affordable prices. The same is true of other innovative projects such as Spesa [Sospesa.org](https://www.sospesa.org), a service that digitizes donations from citizens, municipalities, local non-profit organizations, and food companies.

2019). Such cooperatives “share value with the people who make them valuable” (Gansky, 2014).

This case study offers a critical perspective on the neoliberal economic and political trends that benefit business, undercut the workforce in an “ultra-free market” (Schor, 2017), and create anti-sustainable impacts (Curtis & Mont, 2020). Practices of sharing organized from below, based on mutual aid, horizontal participation, and continuous activity in disadvantaged areas, would seem to exemplify Belk’s (2010, 2014) idea of “sharing in” with its core of circular solidarity generating social capital. As Agyeman et al. (2013) argued, the key to keeping sharing economies socially just is to emphasize shared urban space and collective and public forms of sharing, as well as adopting an explicit sharing policy. Finally, as Schor and Fitzmaurice (2015) stated, the sharing economy’s growth can also be associated with people’s desire to connect with others and humanize a market sector that has become dysfunctional and antisocial.

## 2.7 Discussion

Our study has addressed the sharing economy and this model’s potential to catalyze social change, analyzing the implications emerging in fragile contexts. The “sharing in” paradigm (Belk, 2010) seems to be the most suitable for achieving this purpose and fostering genuine improvement in the population’s living conditions. The study results suggest that sharing practices linked to a principle of solidarity help to reposition the values of sustainability that inspired its development at the center of the model. This seems particularly true in contexts of crisis such as the one striking all our societies since the beginning of the pandemic. We have also examined the organizational and managerial methods that would be most effective in guiding this change-oriented model and concluded that “platform cooperativism” (Scholz, 2016) could be particularly suited to enhancing collective well-being. The in-depth analysis of this case study has indicated some conditions that favor social transformation through the sharing economy in contexts of poverty (cf Qureshi et al., 2018b), namely, a collaborative ecosystem based on cooperative exchange, a social mission oriented toward the collective good, and the active involvement of poor people in the development process. Such conditions appear to encourage individuals to emancipate themselves from conditions of marginality by giving them the tangible and intangible tools to activate themselves in the economic and social context. This study also finds that relations between the sharing economy and the third sector can reinvigorate the sharing’s model social component. Additionally, this case suggests that the coexistence of a local arena, socio-geographical roots, and the use of technological tools in a real union between the human and digital dimensions may represent a recipe for success (cf Qureshi et al., 2021a, b, c). Finally, we found that the broader and more complex paradigm of the “sharing city” offers new possibilities for integrated, inclusive, and sustainable development. Rome is an example of this trend: characterized by a fragile economic model and welfare system that is often

incapable of meeting many of the community's needs, it is also a city with a wide-spread solidarity network.

In this challenging emergency period, many associations committed to supporting people living in conditions of absolute invisibility have stepped to the fore. Working from the bottom up, they have developed sharing practices capable of promoting cooperation, trust, and solidarity. As in Nonna Roma, these initiatives are distinguished by co-management, with end users becoming active participants in the organization. Such community-based projects, which are becoming widespread in urban settings in response to the need to ensure adequate food and social support for the weakest sectors of the population, provide a good example of how dominant sharing practices can be redefined in contemporary cities.

The Nonna Roma example quickly spread and took root around the city of Rome, particularly in areas where pre-existing precarity was being exacerbated by the multidimensional array of issues generated by the virus.<sup>4</sup> However, these activities will need to be observed over time to see if they generate any local-scale externalities, negative effects on particular segments of the population or specific urban areas. Nonetheless, this ongoing initiative of urban experimentation could succeed in triggering a political-administrative challenge that will engender greater awareness of the social value of sharing.

In terms of positive effects, the sharing model changes the social order of the city and urban governance. The logic of horizontal solidarity imbuing Nonna Roma could stimulate interesting processes of social and institutional innovation. The kind of bottom-up community-based and collaborative management of excess resources modeled in the projects we have described offers an excellent chance to reflect on the issue of urban governance and how it might evolve to seize opportunities better and deal with the risks of the sharing model (Nestor Davidson & Infranca, 2016; Alvisi et al., 2019).

The "sharing cities" idea evokes not only the various manifestations of the sharing economy but also new ways of imagining urban policies of cooperation from below. These projects, raising issues of equality, justice, and social inclusion, involve activating the community in terms of civic engagement and, more broadly, shifting the priorities of the prevailing development model.

As for the BoP paradigm, although it proposes a valid and desirable model for addressing global poverty and inequality, it does not yet seem to offer much in the way of concrete solutions. Rather, the focus is predominantly on the way businesses are done (Streb & Janse, 2017). There are numerous studies on the topic and successful projects oriented along these lines, but there has yet to be concrete evidence of the model's effectiveness outside of individual success stories (ibid.). Nestlé Pakistan, for example, engages the poor by empowering them as consumers and producers. Several successful initiatives have shown that poor people need to be granted value in the marketplace in such a way that goes beyond simple profit-making strategies by private individuals (Hall et al., 2012; London & Anupindi,

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<sup>4</sup>Nonna Roma. (2020). *Sostieni Nonna Roma*. <https://nonnaroma.it/dona>. Accessed 20 Dec 2020.

2010). With these criteria in mind, we can reflect on the concepts of trust, responsibility, and involvement between businesses and the BoP community, factors that give rise to co-creation and co-development solutions with some potential for success (Maritz et al., 2013). Moreover, although studies recommend creating alliances with poor people or researching them as a population, in reality such studies rarely address their needs and almost never their aspirations. The BoP concept is mainly directed at the economic arena, although it does seem to hold the potential for interesting future developments in the social arena as well. The most interesting theoretical aspect is that the poor are positioned at the center of the process. No longer seen as victims, in this vision the poor in contemporary societies are recognized as subjects capable of participating in the development process (Thomas, 2015). This idea represents a shift from a paternalistic approach to empowerment (Gordon & Awad, 2008) in marketing services and practices that require development and innovation.

However, there are still some doubts and uncertainties about how these visions might be implemented. How can this social transformation be brought about without running the risk of establishing exploitative relationships? How can we act in different contexts with interventions that meet these individuals' actual needs?

Some authors have proposed that emerging economic theories should be reworked by recognizing the cooperative dimension's value to contrast the dystopia of profit-oriented corporate platforms and revisit certain analytical interpretation frameworks that seem to have become entrenched. In the most recent literature, some critical voices (Hall et al., 2012) note that BoP studies on resource-poor contexts have focused on entrepreneurship as the optimal solution for ensuring inclusive growth and local innovation. They have often neglected the social impact this type of action has in poor communities. A vision that does not look beyond economic data can generate devastating effects, such as encouraging crime and social exclusion. Although policies that address both economic and social perspectives may be less economically rewarding, they are often more effective in fostering fruitful entrepreneurial outcomes (Hall et al., 2012). To paraphrase Beck (2016), decision-makers would do well to consider not only "the negative side effects of goods, but the positive side effects of evils." They have to tackle growing social and economic inequalities by supporting sharing economy-type projects that have the power to engender trust and solidarity by generating opportunities and placing the idea of community at the core. Indeed, what it seems to be gaining ground in this period is a civil culture of responsibility built on a form of emancipation achieved by activating both public and private social groups and organizations, and reorganizing production to free it from the logic of deregulated profit.

## 2.8 Conclusion

Studying sharing economy projects aimed at supporting local populations in resource-poor contexts offers an opportunity to reflect on and potentially rethink today's dominant development models, especially in light of current events. These

models, often based solely on profit-making, give rise to policies that neglect the social, human, and environmental costs implementing and relegating fragile populations to a dimension of invisibility. The analysis of a case in the city of Rome has identified some of the conditions under which the social value of sharing economy practices can be unlocked and disseminated. Such projects, based on a collaborative ecosystem, social mission, and active involvement of the poor in the value production process, could realign the sharing economy trajectory in the direction of a more sustainable and inclusive community-based system. In this process, the use of new technologies and the cooperative platform model have the potential to serve as drivers of development. As this case study shows, digital platforms and Web 2.0 can be useful tools for amplifying the virtuous effects of sharing practices in a context in which physical space continues to represent an essential resource for social interaction (Qureshi et al., 2021a, c). The sharing economy model may be most effective when an alliance between the technological and human components and urban policies is designed clearly.

As Pope Francis emphasized in presenting the “Economy of Francesco,” the world urgently needs a different economic narrative that goes beyond the logic of a profit-only economy. According to Francis, we must “give voice and dignity to the poor and the excluded, allowing the poor to participate in our meetings and discussions” overcoming the logic of “welfarism” alone.<sup>5</sup> The goal is to create an inclusive economy that promotes social justice and brings “people back to the center.”

Such a vision of a new economy requires, in the words of Francis, urgent work “to launch processes, chart paths, broaden horizons, [and] create belonging.” The call of the Pope marks the beginning of “a necessary and urgent trajectory and collective engagement by all,” beyond philanthropy and charity, toward the common good and solidarity.

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<sup>5</sup>The Economy of Francesco. (2020). *Video message of his Holiness Pope Francis*. <https://francescoeconomy.org>. Accessed 7 Jan 2021.

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# Chapter 3

## Socially Oriented Sharing Economy Platform in Regional Australia: A Polanyian Analysis



Mayra Balderas Escobedo, Zhiwen Zheng, and Babita Bhatt

**Abstract** In this chapter, we explore the role of *sharing economy models in addressing exclusion and inequality*. We critically review the definitions, characteristics and debates within the sharing economy and identify two dominant sharing economy models: platform capitalism and platform cooperativism. Platform capitalism symbolises the increasing commercialisation and profit maximisation of sharing economy organisations. Using Polanyi's work on market society, we argue that the sharing economy firms in platform capitalism are disembedded from social relations and have a detrimental impact on the local economies, particularly on the poor and marginalised communities. We argue that community-owned and democratically governed sharing economy platforms, embedded in the local context and oriented towards economic pluralism, are more equipped to address poverty and inequality. We use the case study of bHive, a place-based, community-owned sharing economy platform, to identify the mechanisms and processes that strengthen the local communities to potentially address exclusion and inequality. Our findings show platforms could use three processes, *collaboration*, *localisation* and *decentralisation*, to implement their program. We argue these processes help the platform embed in the social context and strengthen social cohesion in the communities. We discuss the theoretical and practical implications of these findings and discuss avenues for future research.

**Keywords** Digital social innovation · Technoficing · Social capital · Social cohesion · Local economy · Instrumental rationality · Substantive rationality

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### 3.1 Introduction

Since the last decade, the sharing economy platforms have grown exponentially (Yaraghi & Ravi, 2017). The proliferation of digitally enabled platforms has allowed people to disintermediate the traditional commercial channels (Qureshi et al., 2018a, 2021c; Andersson et al., 2013) and to share idle and excess resources with each other at a reasonably low transaction cost (Benjaafar et al., 2019). Research suggests that sharing has the potential to generate positive social, economic and environmental benefits for communities (Hamari et al., 2016). At a basic level, sharing (rather than owning) encourages and promotes productive usage of idle resources, reducing waste and environmental impacts and improving economic efficiency (Cohen & Kietzmann, 2014; Frenken & Schor, 2019). Sharing also leads to economic benefits in terms of higher savings with the same lifestyle and facilitates business opportunities by lowering ownership costs. Empirical evidence also shows that sharing activities can reduce consumption-induced resource depletion when products are shared instead of owned individually (Geissinger et al., 2019). Moreover, sharing leads to enhanced social interactions, embeds a sense of trust in the community and results in better societal well-being (McLaren & Agyeman, 2015; Benjaafar et al., 2019). Evidence suggests that in the communities where people share resources as simple as sugar (and other more expensive resources; cars or homes), exists the potential to build social ties and strengthen community bonds (Gibson & Dalton, 2020; Rooney, 2012).

In a resource-constrained environment (Bhatt et al., 2019; Hota et al., 2019), sharing could strengthen community resilience and manage crisis with limited resources. Sharing during the time of crisis can be helpful in providing urgent initial support to the communities. While the government support during any crisis is unmatched, in many instances crisis detection and resource mobilisation by the government may take a while. During this crucial time, sharing among the community members can be very helpful. For example, the Australian government has committed \$2 billion<sup>1</sup> for the Bush fire relief and \$17.6 billion for COVID-19 relief; however, this help is not immediately available, specifically for the regional, rural areas (Henry & Schimmel, 2011). In these circumstances, many community member-led initiatives have been leveraging emerging sharing models, for example, Adopt a health worker,<sup>2</sup> Adopt a neighbour,<sup>3</sup> Home-share Melbourne,<sup>4</sup> to provide resources such as home, skills, or companionship to address these crises. However, despite such a promising outlook, the increasing commercialisation of the sharing

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<sup>1</sup> <https://www.theguardian.com/australia-news/2020/jan/18/bushfire-recovery-how-is-australias-2bn-fund-being-spent>

<sup>2</sup> <https://www.abc.net.au/news/2020-03-17/adopt-a-healthcare-worker-site-1/12064766>

<sup>3</sup> <https://www.abc.net.au/news/2020-03-17/volunteer-army-responds-to-coronavirus-covid-19-crisis/12064018>

<sup>4</sup> <https://flatmates.com.au/info/home-share-melbourne>

economy is resulting in a focus towards efficiency and growth (Frenken & Schor, 2019).

The sharing economy platforms have made a significant shift in the operations of many businesses in various sectors such as in transportation through on-demand ride sharing services, and in tourism, through homestays and lodging (Frenken & Schor, 2019). While these business innovations have been applauded for reducing market inefficiency by putting idle capacity to use and providing cheaper, flexible and personalised services, they are increasingly seen as an epitome of ‘platform capitalism’ (Srnicek, 2017). Critics argue that while sharing economy platforms such as Uber and Airbnb differ in their organisational structure from that of the traditional corporation, they are essentially rational economic actors driven by profit maximisation and operating under the economics of supply and demand (Schor & Attwood-Charles, 2017). The commercial nature of sharing economy platforms has also proven detrimental for the local economies by destroying local jobs, creating precarious working conditions and eroding local economies by taking profits overseas (Richardson, 2015).

Using Polanyi’s work on market society, in this chapter, we argue that the commercialisation of sharing economy firms is an exemplification of platform capitalism. In this model, organisations are driven by profit-oriented value creation logics and are increasingly disembedded from social relations in the communities (Gruszka, 2017; Riaz & Qureshi, 2017; Auteurs et al., 2019). As such, they have a detrimental impact on the local economies, particularly on the poor and marginalised communities. Emerging research in the context of the base of the pyramid (hereafter referred to as BoP) also suggests that purely profit-oriented business models are ill-equipped to address the complex challenges of sustainability and social inequality (Hota et al., 2021; Pandey et al., 2021; Qureshi et al., 2018b; Parthiban et al., 2020).

In this context, it is suggested that socially oriented sharing economy platforms can provide an alternative means to BoP communities (Shalini et al., 2021; Schaefer et al., 2018). Scholars have argued that socially oriented sharing economy platforms encourage social innovation through cross-sector collaboration (Logue & Grimes, 2019). A common feature of these platforms is that they generate ‘ecosystems’ of value creation through ‘horizontalisation of interpersonal relationships’ (Shalini et al., 2021; Vallat, 2016) and through mass collaborations between independent actors on mutually beneficial arrangements (Rifkin, 2014). However, the operations and outcomes of these socially oriented sharing economy platforms remain under-explored. It is not clear, for example, who benefits, who owns and controls the process through which the sharing economy takes place in these socially oriented sharing economy platforms (Davis et al., 2017).

Building on emerging research on socially oriented sharing economy platforms, we argue that community-owned and democratically governed sharing economy platforms, embedded in the local context and oriented towards economic pluralism, has the potential to address poverty and inequality. We use the case of bHive Cooperative, a sharing economy platform, in regional Victoria, Australia, to explore the dynamics of a socially oriented sharing economy platform. We first discuss the

literature review on sharing economy, highlighting how the current narratives of sharing economy prioritise a commercial logic over the community logic. We then introduce bHive as an exemplary case study to show how a community-driven, socially oriented sharing economy platform can be developed to address the local needs. Based on the findings, we provide recommendations for theory and practice.

## 3.2 Literature Review

Broadly speaking, the term ‘sharing economy’ refers to a wide range of activities that are based on swapping, trading or renting products and services in a way that enables access over ownership (Andersson et al., 2013; Benjaafar et al., 2019; Cohen & Kietzmann, 2014; Frenken & Schor, 2019). As such, there is a wide range of forms of sharing economy organisations (SEOs)—from for-profit organisations to cooperatives (collectively owned enterprises) to SEOs that rely wholly on voluntary labour (Mair & Reischauer, 2017). Richardson (2015) provides an inclusive definition of sharing economy on the basis of which organisations are included. From this perspective, *sharing economy refers ‘to forms of exchange facilitated through online platforms, encompassing a diversity of for-profit and non-profit activities that all broadly aim to open access to under-utilised resources’* (Richardson, 2015 p. 121).

The concept and practice of sharing is nothing new, and sharing between families and kinship has been the oldest way of resource circulation in the communities (Belk, 2010). However, the advancement of information communication technologies has extended the spaces and practices of sharing outside the kinship and geographic boundaries (Davis et al., 2017). Specifically, the advent of location-tracking smartphones has reduced the transaction cost of sharing with the strangers (Qureshi et al., 2018b; Qureshi & Fang, 2011). Further, the digital platforms have turned sharing into a sustainable, profitable alternative to ownership by facilitating sharing goods and services at a larger scale, cheaper and easier than before (Botsman & Rogers, 2010; Qureshi et al., 2021a, b, c). Organisations today, adhering to the principles of technoficing, can implement simple and inexpensive technologies to achieve bigger social impact (Qureshi et al., 2021c). As a result, the sharing economy is estimated to grow from \$14 billion in 2014 to \$335 billion by 2025 (Yaraghi & Ravi, 2017).

The term sharing economy also is a historical and political construct. Its first time ‘emerged’ as an instrument to address the harsh economic realities of Global financial crisis, 2008. In that *‘weak economic environment and a depressed labour market, consumers were looking for new ways to save and workers were looking for new ways to earn, and smartphones gave them both new ways to transact’* (Botsman & Rogers, 2010).

Many social, environmental and economic benefits have been associated with the sharing economy activities. Notably, the sharing economy is seen as a response to the growing crisis of capitalism. For examples, contrary to the traditional economic



activities, the sharing economy activities are associated with the principles of openness, collaboration, equality and reciprocity (Vallat, 2016) and as such are seen an alternative to capitalism. Equally, the sharing economy firms are portrayed as a collaborative work among socially and ecologically conscious peers that appear to have bigger mandate than profit-making (Shalini et al., 2021).

However, the increasing commercialisation and profit-making possibilities in the sharing economy sector have been criticised as ‘sharing washing’ or ‘pseudo-sharing’ (Belk, 2014), and are seen as an epitome of capitalism (Richardson, 2015). Critics have labelled this dominant trend as platform capitalism. In the following section, we discuss the detrimental effects of platform capitalism on the social, economic development of local economy and argue for exploring alternative models of sharing economy to address the challenges of poverty and inequality.

### ***3.2.1 Platform Capitalism Versus Platform Cooperativism***

Platform capitalism refers to a ‘generic ecosystem’ in which a software-driven environment is ‘able to link potential customers to anything and anyone, from private individuals to multinational corporations’ (Lobo 2014 as cited in Olma 2014). As such, sharing economy platforms such as Uber and AirBnB are not just internet marketplaces which connect supply and demand between customers and suppliers (Langley & Leyshon, 2017). Instead, by enabling individuals to be consumers, producers, collaborators, financiers etc., the sharing economy has arguably brought market rationality into all areas of society (Srnicek, 2017).

The large firms dominating the commercial space of sharing economy are considered different in their organisational structure to that of the traditional corporations. For example, unlike traditional firms, the sharing economy firms arguably do not own any assets. Airbnb, the largest accommodation provider, does not own real estate, and the world’s largest taxi company Uber does not own cars (Rifkin, 2014). However, the underlying principles of these digital firms remain the same: instrumental rationality and profit maximisation.

Even though these digital platforms do not own any physical assets, their real assets are their databases (Scholz, 2016). According to Srnicek (2017), this centrality of data is an essential feature of platform capitalism. The provision of personal information is required as a pre-requisite for participation in ICT-mediated sharing (cf Nungsari & Chuah, 2021). This personal information used by the sellers and users can create a large database, specifically for the companies with large-scale user engagement (Langley & Leyshon, 2017). This big database could be analysed, used and sold to generate revenue for various participants (Srnicek, 2017). As data is the basic resource that drives sharing economy firms and gives them competitive advantage, the rapid expansion of these firms is creating privacy, transparency and safety issues (Frenken & Schor, 2019).

Furthermore, similar to traditional firms in classical economics, the commercial firms in the sharing economy depersonalise exchanges by relying on a purely

price-based exchange system to coordinate between suppliers (sellers) and users (buyers) (Dobusch 2017). For example, ride-sharing platforms such as Uber use surge pricing during periods of peak demand and, alongside TaskRabbit, serve as examples of a digitally organised auction market. As such, the driving mantra of the commercial sharing economy is self-interest and profit-maximisation (Eckhardt & Bardhi, 2015; Gruszka, 2017). In that sense, the commercial firms are seen as an integral part of capitalism. Its main goal is to create a new venue for individuals to integrate themselves into the privatised economy (Frenken & Schor, 2019).

However, these peer-to-peer interactions, facilitated by platforms with a focus on profit and growth, are creating exploitative, insecure working conditions for the labour force (Attri & Bapuji, 2021), producing safety and security issues for users, contributing to gentrification and aggravating social unrest (Petriglieri et al., 2019; Tjaden et al., 2018; Törnberg & Chiappini, 2019).

Increasingly, evidence suggests that big sharing economy companies' arrivals can negatively affect local economies by disrupting the local economic structure. By expanding market logics in previously non-marketed goods (such as personal data, interpersonal trust), the commercial firms create substantial externalities (Dobusch, 2017), specifically for poor and marginalised communities (Piracha et al., 2019; cf. Riaz & Qureshi, 2017). For example, Uber and Airbnb's entrance into many towns and cities disrupted public transportation, upset the local wage balance and increased property rents. According to research by McGill University's School of Urban Planning, Airbnb induced gentrification in New York City's neighbourhoods by creating a new form of rent gap, which had detrimental impacts on the city's population, notably on the city's marginalised communities (Wachsmuth & Weisler, 2018).

As the commercial sharing economy platforms are mainly driven by profit logic, they overlook their impact on local communities as negative externalities. As a result, the cost of their activities is almost all borne by the local residents directly or indirectly, whereas local residents may not fully enjoy the benefits (Dobusch, 2017).

Using Karl Polanyi's work on 'great transformation' (1977), we can equate these current tendencies of the large sharing economy firms such as Uber and Airbnb with the (dis)embeddedness thesis. The theory of embeddedness holds that all economic activities and institutions are rooted in social relations and institutions and provides a basic framework to situate markets in a broader historical and social context (Polanyi, 2001; Qiu et al., 2021).

In *The Great Transformation*, Polanyi contends that historically market has played a marginal role in allocating resources. Instead, most of the material needs were met via other allocative systems, which were not grounded in economising behaviour (Dalton, 1971). While mainstream economists have questioned the rationale behind economic activities in the absence of profit-making (North, 1977), Polanyi provides alternatives based on three principles: reciprocity (i.e. mutual gifting); redistribution (those who have shared with those who have not); and house-holding (non-monetised production for own use) (Polanyi, 2001). Polanyi's conceptual framework of reciprocity, redistribution and house-holding is grounded in social as well as economic necessity and explains the performance of the

economic system in the absence of profit-making incentives (Dalton, 1971). Indeed, as noted by Biggart and Delbridge (2004), the economic pluralism in Polanyi's work shows a shift from the pervasiveness of instrumental rationality and bring attention to substantive rationality. Substantively rational actions are not driven by pure economic calculations but instead oriented towards social and ethical values such as protecting environment, caring for employees and helping the needy by income redistribution (Biggart & Delbridge, 2004).

Applying this discussion to sharing economy organisations, it is possible to create sharing economy organisations that are oriented towards collectively held values (such as fair wages, data transparency etc.). Socially oriented sharing economy platforms, specifically platform cooperatives, are one such examples. According to Trebor Scholz, who first coined the term platform cooperativism, the sharing activities exemplified in the platform capitalism has not delivered its promise. Instead of platform capitalism, Scholz proposes platform cooperativism and argues that,

Platform cooperativism can invigorate genuine sharing, and that it does not have to reject the market. Platform cooperativism can serve as a remedy for the corrosive effects of capitalism; it can be a reminder that work can be dignified rather than diminishing for the human experience. (Scholz, 2014)

A platform cooperative is a cooperatively owned, democratically governed platform with an aim to build a fairer and equitable sharing economy (Bhatt et al., 2021; Galdini & De Nardis, 2021; Mannan & Pek, 2021; Sutton et al., 2016). The two core features of these platforms are democratic control and collective ownership (Scholz, 2018). Rooted in the long history of cooperative enterprises, a platform cooperative is owned and governed by the people who deliver the underlying services by contributing labour, time, skill and/or assets required for the functioning of the platforms (Sutton et al., 2016). Unlike platform capitalism, where companies monetise users' data, platform cooperatives aim to adopt transparency in their handling of data, especially the data on customers, and to provide clear information on what types of data is collected, how they are used and to whom they are sold. This data democracy is ensured as the platforms are owned by the users and remain accountable to the members in their use of data (Scholz, 2018).

While platform cooperatives are gaining popularity, empirical research on the nature and operations of these platforms is still lacking. There is a need to critically evaluate who benefits, who owns and who controls the processes through which sharing takes place in these platforms (Davies et al., 2017). We apply Polanyi's theory of embedded economy for such critical evaluation and propose a community-centric model of sharing economy that is embedded in local social relations and leverage trust, social reciprocity to build community social cohesion. We illustrate this through a case study of bHive, Australia, which is the world's first, place-based sharing economy cooperative and provides an interesting opportunity to understand the alternative model in the sharing economy.

### 3.3 Method: Research Context

Poverty in Australia has a rural and regional face. The report by the Australian Council of Trade Unions (ACTU) (2018) shows that the benefits of economic growth in Australia have been concentrated in the metropolitan areas, and compared to people living in metropolitan Australia, people living in regional Australia experience significantly higher levels of insecurity and inequality.

According to a new online ‘poverty atlas’, produced by VCOSS and economic modelling firm NATSEM, there are 774,000 Victorians living in poverty (13.2%), with the poverty rate in regional Victoria (15.1%) higher than in Melbourne (12.6%) (Tanton et al., 2018). While there are many reasons for regional poverty in Australia, a key factor is an increasing defunding in regional economies (ACTU, 2018). The fragmented approaches taken by policymakers and local organisations have also failed in providing long-term, sustainable solutions. The regions have high youth unemployment (18.3%) (Patty, 2019), which is a serious challenge for rural and regional Australia. Alongside these economic issues are public health problems that manifest in epidemics of depression and suicide in the local community (AIHW, 2018). These issues are pressing for regional and rural areas of the country with 29% of people living in regional and remote parts of the country suffering from mental health issues (AIHW, 2018). At a macro level, there is a widening income gap, which creates challenges for building inclusive communities (UNDES, 2020). As found by Biddle and Markham (2017), the weekly household income for the top 20% (A\$1,579 per week) is 3.5 times the income of the bottom 20% (A\$457). Further, the geographically concentrated income distributions mean that the poor regions also lack access to the best schools and health care and lack opportunities for better job prospects (Biddle & Markham, 2017). In this context, bHive Bendigo has introduced its community-centric platform with an aim to regenerate local economies.

bHive Cooperative is a community-owned, person-to-person sharing economy platform developed for Bendigo by a team of local entrepreneurs: Ian McBurney (Executive Director), Julie Markoff (Governance), Clare Fountain (Business Development) and Marcus Turnbull (Technology Development) (bHive, 2019a). Work on the bHive Cooperative began in 2016 with the founders pitching the concept to locals and other groups (bHive, 2019b), iterating the concept prior and during its development, and later following these stages with testing of the bHive software. Once testing was completed, the platform garnered substantial community usage during its November 2020 launch in Bendigo, with plans for a national rollout following in February 2021 (BCCM, 2020).

In this chapter, we trace the journey of bHive Cooperative in three different stages – the conceptualisation of the platform; the early stages of the platform’s development; and the implementation process – and examine the challenges faced by such a sharing economy platform. Our analysis provides insights on how to design and launch a socially oriented sharing economy platform to rebuild local

economies and to address inequalities. Data was collected through interviews and secondary sources. We interviewed the co-founders of the company. We also watched various videos and attended talks given by the founders in different forums. We also collected data through secondary sources, mainly using information from their websites and social media channels.

### 3.4 The Case: bHive Bendigo

As noted above, bHive Cooperative is a community-owned, person-to-person sharing economy platform (bHive, 2019c). It aims to ‘allow local enterprises and people to build, operate and own Bendigo’s sharing economy’ (bHive, 2019d). Additionally, by reinvesting income and profits generated from these activities into the local economy, bHive aims to strengthen local economy. The founders believe that a place-based sharing economy platform can create opportunities to maximise social good and provide for increased security for local and global citizens alike (Align in the Sound, 2018).

As a cooperative, bHive is owned by its members. Memberships are place-based, meaning that only the resident of Bendigo can become the member of bHive Bendigo. According to the co-founder, Ian McBurney, the cooperative model has advantages (Align in the Sound, 2018). It promotes democracy by facilitating equality and transparency in all the decision-making. Each member has only one vote, no matter how many shares they own, and everyone has an equal status in the community. It also helps bHive in building trust in the communities; trust is composed of identity, reputation and user data (Align in the Sound, 2018). Each member has control over their own data, which helps in protecting their privacy and data safety. However, building a community-owned platform that promotes data democracy has not been easy. As noted by the co-founder, Ian McBurney, since the project just started, bHive does not have the technology that can ensure data safety. However, as the project continues to develop, new protection technologies will gradually be implemented to the entire project, and trust building mechanism will also evolve in this process (O’Callaghan, 2020).

bHive leverages the existing social networks and reciprocity in the communities to strengthen social cohesion. According to the bHive website, its primary unit, villages, aims to create an ‘epidemic of belonging’ (bHive, 2019e). The bHive platform allows residents to set up their own ‘villages’ of friends, family and neighbours to share each other’s tools, food and even cars. It is assumed that if individuals choose who goes in their community/village, they will be more likely to share any resources they might want to borrow. Such sharing can bring ‘back that feeling of belonging’ and has the potential to address the increased loneliness and isolation in the communities (O’Callaghan, 2020).

‘Local people, Local place, Local economy’<sup>5</sup> is the slogan used by bHive. Through this localised approach, bHive challenges the dominant sharing economy model (i.e. platform capitalism). According to one of the founders, Ian McBurney, the money that goes into non-local organisations, such as Uber, goes out of local circulation. However, bHive aims to build local enterprises and aims to create work that is more meaningful for the thousands of people in Bendigo (bHive, 2019d). The income and profits generated through these various activities are reinvested in the local economy. With this platform, bHive believes Bendigo will be able to ‘develop as a digital innovation hub’ which would boost the local economy (bHive, 2019f).

The founders also believe that by returning to local economies, many of the problems facing the local communities and the planet can be solved. According to Ian McBurney, ‘We are now reaching a point where we have to make some serious choices as a civilisation about what direction we are going in’ (Align in the Sound, 2018). By operating locally and enabling sharing over ownership, the bHive project aims to promote social and environmental sustainability. As such, bHive is embedded in local social relations and oriented towards substantively rational actions such as eradicating poverty, restoring the ecology and creating a sense of belonging (bHive, 2019g).

### 3.4.1 *Business Model*

bHive is a cooperative, which is a business model that aims to ‘apply the concepts of sharing, democracy and delegation in order to benefit all members’ (State Government of Victoria, 2019). The model aims to build a platform for local communities to own their local sharing economy jointly. bHive’s Executive Director Ian McBurney explains the motivation behind the creation of the bHive platform is to rekindle the region’s sense of community and strengthen neighbourhood ties.

It’s about sharing access to stuff and skills locally. Finding the neighbours around you that live within a certain distance who you might like to share stuff and skills, or you have things in common with. (Gibson & Dalton, 2020)

Belonging is a really big thing for us. We want people to be able to find the others around them that they can walk to and have a chat with, and share access to stuff with, and build a sense of community. (Gibson & Dalton, 2020)

Contrary to Uber and Airbnb’s models that have been proven detrimental for local economy, bHive aims to provide the same goods and services while ensuring that income and profits stays locally. As noted above, bHive’s founders believe that they need to establish a local equivalent to the commercial sharing economy model, to serve the local economy; otherwise, global platforms like Uber and Airbnb will take over the Bendigo market (Align in the Sound, 2018). Accordingly, bHive offers an

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<sup>5</sup>M. (n.d.). Home. bHive. Retrieved 29 September 2020, from <https://bhive.coop/>.

alternative model to platform capitalism which is being built, operated and owned by local people for local people (bHive, 2019d). As noted by economist and attorney Michael H. Shuman,

bHive allows communities to have the advantages of the economy without the liabilities of pernicious, nonlocal corporations like Uber and Airbnb.... it is an amazing, breakthrough tool for supporting local businesses and local economies. (Shuman as cited on bHive, 2019i)

### 3.4.2 *Operational Model*

The bHive platform consists of four modules: the City Hive, the Village Hive, the Sharing Hive and the Giving Hive (bHive, 2019c).

#### 3.4.2.1 *Village Hive*

Village Hive is a fundamental aspect of bHive. It provides a platform for the people to come together for the good of their communities. Village Hive aims to connect people with their neighbours to build communities and enable sharing of goods and services. By subscribing to villages, the users can choose to become a member and owner of bHive Cooperative Bendigo. Membership allows them to have the same ownership share as every other member (bHive, 2019e). The idea of village is rooted in community solidarity and cohesion. It prioritises the connection, sharing and relationship between neighbours and communities and connects neighbour groups in the same village. By joining bHive as a member, people can access a shared village of neighbours. These neighbours can organise events together, build local relationships and communicate with each other and share things and skills. As such, the shared village project can address the current epidemic of social isolation and loneliness, which has a massive impact on mental health and well-being (Friedman, 2015).

As noted above, individuals can subscribe to villages as a user or as a member. Users/members can set up their own personal online village and add people who live within 1–2 km of their house to their village (as long as they consent). Villagers can also add friends from across Bendigo. As said by one member,

You get to choose who goes on your community. So if I just put on people I know I'm more than happy to share any resources they might want to borrow. (O'Callaghan, 2020)

Similar to how Facebook operates, the people in a bHive user's village can see fellow users' posts, shared items and events and have other users see theirs. bHive users can also set up and join their own community of interest, which allow them to post, message, set up events etc. with people who possess similar interests (bHive, 2019e).

Data protection and privacy is an important concern in the Village Hive. The platform ensures data privacy and safety by adhering to '*no advertising, no selling of data and no bots (fake people)*' (O'Callaghan, 2020). Individuals can also protect

their privacy by controlling who can join their village. Further, bHive is democratically owned and follow a one member, one vote principle. In such model, members own and control their private data. According to Ian McBurney,

If you are the owner of your own platform you would not imagine selling your own data, can you? Or breaching your own privacy. (O'Callaghan, 2020)

The members/users of Village Hive can also create and use their preferred local services, such as car sharing, food sharing, equipment sharing, house sharing, and peer-to-peer loans. This enables the Bendigo community to retain expenditure, work and ownership locally whilst creating meaningful local employment opportunities.

As noted above, the over-arching goal of Village Hive is to bring people together and create a sense of belonging. The platform has been particularly useful in addressing isolation and depression, which were exacerbated by the Covid-19 pandemic. According to Ian McBurney,

the lockdown has intensified the need for a sense of community and [many] want a way to be able to organise rosters to check in on people who are living alone and who maybe could do with someone checking in on them, or to cook for them. (O'Callaghan, 2020)

As noted by many scholars, building community connection and strengthening social cohesion can have better health impact compared to giving up smoking, alcohol and fat and can also add 10 years to a person's lifespan (Brody, 2017). Hence, the potential impacts of the Village Hive exceed well beyond the individual benefits (bHive, 2019e). The Village Hive module also serves as the foundation of the entire bHive platform. In the long term, the Village Hive will be utilised to incubate other local sharing enterprises. These local sharing enterprises will be structured in the form of cooperatives. These sharing cooperatives could be centred around car sharing, skills sharing or power sharing among other prospective services or goods (bHive, 2019g). The Bendigo car sharing enterprise is currently in the implementation stage (bHive, 2019g).

### 3.4.2.2 Car Sharing Cooperatives

bHive Cooperative is in the process of introducing the business model for a Bendigo Car Sharing Cooperative which will enable members' access to cars over ownership (bHive, 2019g). A car sharing cooperative model will have economic and environmental benefits for the communities. As individuals and organisations can rent cars for short periods, it will help in saving on car cost. As noted on the bHive website, '*Car Sharing creates over \$60m in revenue in Australia annually, with an annual growth rate of 25%*' and has growth potential in the city of Bendigo which has a population of 95,000 and 55,000 cars (Australian Bureau of Statistics, 2016). According to a feasibility study conducted by bHive, an average car is idle 23 h a day, and costs between 10,000 AUD and 14,000 AUD a year to run (bHiveg). They estimate that by sharing a car, a member can reduce this cost by 30–50%. Further,



every car sharing vehicle takes 13 cars off the road. Thus, car sharing helps in reducing traffic congestion as well as reducing pollution (bHive, 2019g).

Contrary to the popular ride sharing apps, such as Uber and Ola, bHive car sharing aims to use a cooperative model and will provide fleet car sharing service (bHive, 2019g). This service will allow community members to book a car hourly through the bHive app without owning the vehicle and managing or paying for maintenance.

### 3.4.2.3 Participant Incentives: Social Cohesion

The sharing economy platform designed by bHive leverages existing social relations and reciprocity in the communities which in turn increase social networks and build community trust and harmony (Pillai et al., 2021b; Qureshi et al., 2018b; Bhatt, 2017). As such, there is a virtuous cycle of building social cohesion through these platforms. That is, the more community members trust and develop relationships between themselves and others, the more those relationships and thus social cohesion is strengthened (Bhatt, 2017). An increase in social cohesion in the communities is associated with many positive benefits. It gives users a greater incentive to participate in local democratic discussions and decision-making through the platform. It can work as social monitoring mechanism and can help in maintaining a vibrant, civic atmosphere locally (Qureshi et al., 2016). For example, by matching those who need maintenance service to those who can provide maintenance services in the neighbourhood, the community members can learn to rely on each other, instead of relying on a specific maintenance company in the town. This peer-to-peer model can help in saving the cost, while enriching social interactions (Stofberg et al., 2019). The platform has been particularly useful during the Covid-19 pandemic, when there was a shortage of supplies, and local members were unable to venture out or farther than their place of residence. The members were able to post their needs on the platform and ask for help. Thus, the platform helped communities to keep connected during the lockdown (O'Callaghan, 2020).

In addition to Village Hive and car sharing platform, bHive also has three other projects in progress: City Hive, Sharing Hive and Giving Hive. City Hive facilitates participatory democracy by enabling the members to share local news and events and by helping citizens to engage in with their local communities (bHive, 2019c). It will be a launch pad for local online news and will allow people to receive information about events and news that directly relate to them. Sharing Hive is bHive's economic engine; this is where local cooperatives are formed to deliver the peer-to-peer services. The Giving Hive module refers to how 4% of the spending done in Sharing Hive is to be donated to local charitable projects, thus helping fund the ecological restoration of Bendigo and to improve the welfare of its residents (bHive, 2018).

## 3.5 Discussion

In this chapter, we aimed to explore the nature and key characteristics of cooperative platforms. Based on the case study of an exemplary cooperative platform, bHive, we have identified key characteristics (collaborative approach, localisation approach and decentralisation approach) that are integral to the embeddedness of sharing economy platform in the communities and provide descriptions of each below.

### 3.5.1 Collaborative Approach

Our research suggests that a collaborative approach is an integral aspect of platform cooperatives (Qureshi & Fang, 2011). It is in stark opposite to the individualised approach taken by platform capitalism. bHive provides a pathway for designing this collaborative approach by relying on emerging technology.

The bHive model seeks to build on this system by embedding technology in the daily lives of its users to connect them to essential resources and services. Additionally, by creating an online platform for discussion and collaboration between its members, bHive is strengthening social ties in the community to harness a community-led solution approach towards addressing local problems experienced by its users. This model shows how to build a digital platform to promote the circulation and development of the local economy. The sharing economy includes local logistics, transportation, energy, money and jobs. At the same time, it can also provide a platform for the local population to discuss public affairs and organise public events more democratically and openly, thereby encouraging collaboration between its residents and government (Shalini et al., 2021). By leveraging strategic partnerships with experienced entities, platform cooperatives can mobilise local resources and utilise collaboration to set up operations in the local context. As noted by the scholars in the BoP context, building partnerships with like-minded stakeholders (Bhatt, 2021, forthcoming; Kistruck et al., 2013; Parthiban et al., 2021; Pillai et al., 2021a) can further increase the potential of sharing economy platforms.

### 3.5.2 Localisation Approach

A key difference between bHive and its counterparts such as Uber is the localisation strategy used by the bHive platform. However, bHive does not define localisation as designing products specific to community needs (Bhatt, 2021, forthcoming) but conceptualises it as a process that helps in increasing return on investment to the local community and to re-use or leverage existing resources as much as possible. The initial insights from the case study show that the neighbourhood should be at the centre of localisation strategy. Because the unit of change is the neighbourhood,

the peer-to-peer economy should start at the very local level to form village networks that can then become a part of peer-to-peer sharing economy. Once the village networks are cultivated, they can be used for generating income opportunities. Research from purpose-driven organisations also suggest strengthening social cohesion in the communities before introducing economic opportunities (Bhatt, 2021 forthcoming; Qureshi et al., 2018b; Mair et al., 2012).

As the case study demonstrates, in a localised model of sharing economy, the residents will build, operate and own the platform and will facilitate access to the idle goods and services. In the case of bHive, the platform facilitates access to local resources such as skill sharing, car sharing and food sharing. By designing the platform around the resources and skills available in the communities and building locally owned sharing enterprises, platforms can achieve triple bottom line (Bhatt, 2017). Economically, localisation approach can save cost, improve efficiency and strengthen local economy by creating local employment opportunities. Socially, sharing of local resources and skills can increase social interactions, generate trust among the community members and thus, build community cohesion. Environmentally, localisation can also improve environmental outcomes by reducing consumption and by aiding with environmental education.

Moreover, localisation can also ensure the social sustainability of the platform. According to the co-founder of bHive, Ian McBurney, a platform cooperative has a lower chance of failure due to the high involvement of the locals in the platform's activities. As such, the localisation approach of platforms offers a holistic strategy to address poverty and inequality.

### 3.5.3 *Decentralisation Approach*

Data and privacy are big concerns in platform capitalism, and bHive provides an alternative way to manage data privacy. According to Ian McBurney, it is important for the organisation to work on trust, reputation and data management (Align in the Sound, 2018). These three elements are essential for a sharing economy platform – particularly, in a data-driven environment where security and privacy are a concern. Trust is an important factor in creating a ‘*citizen-controlled personal data economy*’ (Hafen, 2019). As the cooperative model facilitates members’ ownership and control of the data, it decentralises trust and accountability across the system (Scholz, 2018). Furthermore, as cooperative members, subscribers have the right to own and manage bHive with others (bHive, 2019c). Protecting data needs sophisticated technologies, which cooperatives might not have. The case study of bHive shows that cooperatives can collaborate up with another company to ensure data sovereignty. In the case of bHive, data is not stored in a centralised server, but on the local application and on the mobile of the user. This decentralisation ensures maximum privacy and security of data.

### 3.6 Conclusion: Challenges and Future Research Directions

Whilst the cooperative models seem ideal in building local communities, they are not beyond challenges. One of the core challenges is access to capital, especially setting up a structure that promotes data democracy. Despite lots of efforts, bHive was able to raise 35,000 AUD with the help of its 120 founding members and 60,000 AUD in the form of grants from local government (bHive, 2019h). Furthermore, building a platform that re-builds the local economy requires an ecosystem approach that is based on long-term strategy and collaboration with different stakeholders (Shalini et al., 2021). Future research could explore how these ecosystems emerge and function to maximise community benefits.

Another challenge inherent in the cooperative model is a ‘lack of transparency and government intervention’ which affect the functioning of cooperatives (Press Trust of India, 2015). For cooperatives to be successful, government involvement is needed; however, too much intervention by the government can result in inefficiencies, bureaucracy and red-tape (Bhatt, 2017). As such, how to find a right balance between control and autonomy is an important question to explore. For example, according to its founders, bHive would like government support in building transport infrastructure to encourage walking, cycling and car sharing. It is expected that such an investment by the government will help flourishing local sharing economy businesses. As noted by Karijn Bonne the ‘*idea of sharing appeals to people, which leaves local companies in this innovative area of business feeling optimistic*’ (as cited in Auterus et al., 2019). Thus, collaboration with government will help in realising the potential of sharing economy business and build local economy. However, the policy regulations and collaboration with the government is still at the early stage and will be worth exploring in future research. As community-centric platforms are embedded in local communities, they have the potential to build community resilience and navigate external crises. Exploring the process and mechanisms used by community-centric platforms to address crisis would be an interesting question for future research.

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# Chapter 4

## The Sharing Economy Platforms in Rural China: Bridging Institutional Voids Through Institutional Entrepreneurship



Shouxiang Qiu, Zhejing Xu, and Babita Bhatt

**Abstract** In this chapter, we explore how sharing economy platforms bridge institutional voids and engage in the divergent change to address poverty in the BoP communities. Based on an extensive review of the sharing economy literature, we identify two sharing economy models in China that differ in the degree of sharing economy activities. We label these platforms as the following: (a) the social-commerce-driven platform and (b) the access-driven platform. We then compare and contrast these platforms through two case studies: Pinduoduo's group buying and selling model and NSB's access to agriculture machinery model. Initial insights from the cases suggest that these platforms diverge from existing firms by utilising the online-offline social networks in the communities. Additionally, the social-commerce platform can help the rural farmers in building assets and capabilities needed for long-term growth and prosperity. However, this type of platforms can develop monopolistic tendencies and has a risk of mission drift. The access-based platform can facilitate access to necessary goods and services for BoP communities; however, they might be limited in building assets and capabilities of the rural communities without an explicit focus. We discuss the implications of these findings for the theory and practice.

**Keywords** Sharing economy · China · Institutional voids · Social cohesion · Social capital · Technoficing · Digital social innovation · Base of the pyramid

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## 4.1 Introduction

Poverty alleviation is at the core of global development policy (Bhatt, 2021, forthcoming; Qureshi et al., 2018a). The sustainable development goals aim to ‘end poverty in all its form everywhere’ (SDG, 2020). However, despite massive investment to reduce poverty through various policy initiatives (growth, foreign aid, government welfare policies and philanthropy), the persistence of poverty as a grand challenge remains puzzling (Qureshi et al., 2018a). Management scholars have conceptualised global poverty through the framework of the base of the pyramid (BoP) (Kistruck et al., 2013; Parthiban et al., 2021). The BoP is a categorisation of the world population in an economic pyramid based on a person’s daily income (Prahalad & Hart, 2002). While the top of the economy pyramid consists of the most affluent social-economic group, the base of the pyramid constitutes low-income socio-economic group living on less than two dollars a day and are estimated to be between two billion (Karnani, 2007) to four billion people (Prahalad & Hart, 2002).

The BoP proposition highlights the role of socially innovative, entrepreneurial models as a long-term solution to poverty (Kistruck et al., 2013). It is argued that entrepreneurial activities at the BoP could result in mutual value creation by providing the poor access to products and services (Shalini et al., 2021) and by integrating them to the formal market (Bhatt, 2021, forthcoming; Mair et al., 2012; Qureshi et al., 2018a). In this context, we consider the scope and potential of the sharing economy business models at the BoP.

The sharing economy, also known as the demand economy or the platform economy, is commonly defined as a peer-to-peer-based sharing of access to goods and services facilitated by online platforms (Botsman & Rogers, 2010). The sharing economy prioritises the sharing of underutilised assets; thus, it is often associated with improved efficiency, environmental sustainability and enhanced community networks (Frenken & Schor, 2017). While there is an increase in research to understand the differences between sharing economy and the traditional business models, prior research has mainly focused on the role of sharing economy businesses in improving economic efficiency (Sundararajan, 2016) and reducing carbon footprints (Frenken & Schor, 2017). The potential of sharing economy in addressing poverty and achieving sustainable development goals, specifically at the BoP remains underexplored.

Scholars working in the BoP context focus on exploring the role of institutional context to understand the root causes of poverty (Bhatt et al., 2019; Qureshi et al., 2018a). Institutions are formal and informal rules and norms of behaviour that shape human interactions (North, 1991). Well-functioning institutions are linked to higher economic growth, innovation and an increase in firm performance (North, 1991; Khanna & Palepu, 2006). However, BoP contexts are often marred with institutional voids (Parthiban et al., 2020; Hota et al., 2019), which either results from the lack of formal institutions (Kistruck et al., 2013) or from the conflicts and contradictions between existing institutions (Mair et al., 2012). As such, the extant literature suggests the need for institutional entrepreneurship to address the complementary

institutional voids when designing long-term solutions for poverty (Parthiban et al., 2020).

Institutional entrepreneurship refers to the process of creating alternate forms of institutional arrangements that diverge from the norms, values and practices associated with the existing institutions (Battilana et al., 2009). According to Battilana and her colleagues (2009), institutional entrepreneurs are actors who initiate divergent change and actively participate in implementing these changes. To understand the potential of sharing economy business models, we explore how *sharing economy business models bridge institutional voids and engage in the divergent change to address poverty at the BoP communities*. We explore this research question in the context of the sharing economy in China. We first discuss the definition and scope of sharing economy in China and identify two dominant interpretations of sharing economy platforms: the social-commerce-driven platform and the access-driven platform. We then compare and contrast the characteristics and functionality of these platforms through two case studies: Pinduoduo's group buying and selling model and NSB's access to agriculture machinery model.

This research shows that the two narratives of the sharing economy platforms differ in the degree of sharing activities. While the social-commerce-driven platform facilitates sharing of logistics, the access-driven platform allows sharing of goods and services. Our findings show that both types of sharing economy platforms use social ties (i.e. Guanxi) while engaging in the process of institutional entrepreneurship (Qureshi et al., 2016). For BoP communities, our findings imply that the social-commerce-driven platform model can use institutional entrepreneurship to help rural farmers build assets and capabilities required for their long-term growth and prosperity (cf Escobedo et al., 2021). However, this type of platform can develop monopolistic tendencies and has a risk of mission drift (Logue & Grimes, 2019; Qureshi et al., 2018a). The access-based platform can facilitate access to necessary goods and services for BoP communities; however, without an explicit focus, they might be limited in building assets and capabilities of the rural communities. We discuss the implications of these findings for the theory and practice of the sharing economy research.

## 4.2 Sharing Economy Concept and Definition

The sharing economy refers to a class of economic arrangements in *which asset owners and users mutualise access to products or services associated with these assets* (Lamberton & Rose, 2012; Sundararajan, 2016).

In recent years, the sharing economy has gained wide popularity in research and practice (Cheng, 2016; Frenken & Schor, 2017). The interest in sharing economy business is growing because it creates new potential sources of revenue and profits for firms and investors (Eckhardt et al., 2019). For example, sharing economy companies represent a new way to think about assets utilisation (Bardhi & Eckhardt, 2012). Contrary to traditional firms, the sharing economy companies do not own

assets; instead, these companies facilitate access to resources by ‘matching’ individuals who ‘have’ resources with those who ‘want’ the resources (Böcker & Meelen, 2017; Gutiérrez et al., 2017). As such, the sharing economy creates market opportunities by attracting new customers who either could not afford to own a product or do not have sufficient need to do so (Belk, 2014). Given the potential of growth, it is not surprising the venture capitalists have been pouring lots of money into the market since 2010 (Gregory & Halff, 2017). Policymakers have also been navigating the field of sharing economy, and as a result, the definitions and scope of sharing economy differ significantly across the countries (Dong, 2016).

### 4.2.1 *Sharing Economy in China: Two Interpretations*

While many countries across the globe such as South Korea, Netherland, Italy and Australia have embraced the concept of sharing economy, China is the first country to declare sharing economy as its national priority.<sup>1</sup> In the Thirteenth Five-Year Plan (2016–2020), the government has recognised the sharing economy as a promising aspect of the new digital, service-based economy. As a result, the Chinese sharing economy sector grew exponentially. In 2015, the sector was reportedly worth \$229 billion. According to government figures, in 2016, the sector accounted for more than \$500 billion in transactions involving roughly 600 million people. According to the government prediction, by 2020, the sharing economy will account for 10% of the national gross domestic product (GDP) and 20% by 2025.<sup>2</sup> However, as noted by April Rinne, an independent advisor to China’s National Committee on the Sharing Economy, to understand the sharing economy in China, it is important to identify the different interpretations and definitions of sharing economy that are prevalent in the Chinese context.<sup>3</sup>

#### 4.2.1.1 **Definition of Sharing Economy in China**

To understand the sharing economy models emerging in China, we conducted an in-depth literature review to identify definitions, characteristics and interpretations of Chinese sharing economy. Based on our review of the literature, we identified

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<sup>1</sup>Larmer, B. (2017). *China’s Revealing Spin on the ‘Sharing Economy’*. New York Times Magazine. Retrieved from <https://www.nytimes.com/2017/11/20/magazine/chinas-revealing-spin-on-the-sharing-economy.html> (accessed 24 July 2021).

<sup>2</sup>Zhong, N. & Zheng, Y. (2017). *Report Says China’s Sharing Economy to Grow 40% Annually*. The State Council The People’s Republic of China. Retrieved from [http://english.www.gov.cn/state\\_council/ministries/2017/03/23/content\\_281475604274591.htm](http://english.www.gov.cn/state_council/ministries/2017/03/23/content_281475604274591.htm) (accessed 29 June 2020).

<sup>3</sup>Rinne, A. (2017). *China’s Sharing Economy: What Is Going On?* Medium. Retrieved from: <https://medium.com/@aprilrinne/chinas-sharing-economy-what-is-going-on-cc9f7536b502> (accessed 29 June 2020).

two dominant narratives of sharing economy in China. We labelled these narratives as (a) the socio-commerce-driven platform and (b) the access-driven platform.

**(a) The Socio-Commerce-Driven Sharing Economy Platform**

Sharing economy is broadly defined as a digital ecosystem revolving around short-term renting of resources (Bhatt et al., 2021). In this conceptualisation of sharing economy, accessing goods and services through the digital economy becomes the most important feature of sharing economy (Qureshi et al., 2021a, b). This definition is broad and includes every activity that provides access to a product or service activated by a smartphone (cf Hamari et al., 2016; Qureshi et al., 2018b). Various government institutes on sharing economy in China believe that a broad conceptualisation of the sharing economy is necessary to understand the emerging scope of sharing economy activities.

For example, according to the National Development and Reform Commission in China (2017), any attempt to define the sharing economy should take into account the emerging nature of the phenomena. The sharing economy business models, their modes of operation, business forms and applications are continuously in flux, and a variety of innovation and entrepreneurship practices continue to emerge (Qureshi et al., 2021c; Qureshi & Fang, 2011). Therefore, the commission suggests that if the definition is too narrow or too broad, it may not be conducive to the development of sharing economy. Accordingly, the commission defines the sharing economy as:

*A new economic form that uses network information technology to optimise the allocation of scattered resources and improve utilisation efficiency through the Internet platform (NDRC, 2019a).*

The State Information Center (2019) views Information technology such as the Internet as the foundation of sharing economy and *defines sharing economy as the sum of economic activities which are characterised by the sharing of right to use*. The centre suggests the advancement in the information technology has the ability to integrate scattered resources, accurately find diversified needs, and quickly match the supply and demand sides.

Based on these discussions, the key characteristics of the sharing economy are:

- (a) Digitally enabled platform: The sharing economy is driven by the advancement of digital technologies (NDRC, 2019b). Specifically, the emergences of innovative models in social media (such as WeChat, QQ in China) are redefining the scope of sharing economy. Many sharing economy implementations follow the principle of technoficing to use simple and inexpensive digital technologies that provide access to resources that community members need (Qureshi et al., 2021c).
- (b) Matching supply and demand: Through the use of information technology, the sharing economy platform accurately and efficiently matches the supply and demand sides in the massive, scattered resource information and demand information (NDRC, 2019b)
- (c) Merging the providers and customers: In the sharing economy, any enterprise or individual can become a consumer or a provider. People and organisations not

only obtain services or goods in sharing economy, but also share the underused goods, time and skills. Thus, the boundaries between producers and consumers start to blur, and presumption becomes a new trend (NDRC, 2019b).

Taobao sharing ecosystem (Wu et al., 2020) and community group buying facilitated and incentivised through social media platforms are seen as an example of sharing economy business model. Instead of facilitating access to underutilised resources, sharing economy platforms in these conceptualisations are used for reducing the logistic cost associated with each transaction.

### **(b) The access-driven sharing economy platforms**

The access-driven economy emphasises the separation of ownership and users' right (NDRC, 2019b). While the access-driven sharing economy shares all the characteristics of the socio-commerce perspective of sharing economy, it is limited in its scope due to prioritising access to underutilised resources over ownership (Benjaafar et al., 2019).

This stream of research has focused on the motivation of the participants in sharing economy activities and has studied the local models that are equivalent to Uber and Airbnb. For example, a review of recent work on the Chinese sharing economy shows that the rapid development of the sharing economy aims to meet the actual needs of the people (Liu et al., 2020). Most of this research focuses on the transportation sector and shows people's commuting demands have changed greatly with the development of car sharing in China (China Internet Network Information Center, 2015; Zhou & Liu, 2016).

While urbanisation has intensified the demand of citizens for urban transportation, these demands are not satisfied by traditional transportation sectors, such as car rental companies, taxis and public transportations. To meet these demands, many local online ride-hailing services such as Didi and Shenzhou have emerged. Recent studies shows the entry of Internet giants in the sharing economy sector such as food sharing, car sharing, bike sharing, and power bank sharing (Parente et al., 2018).

Even though these two narratives of sharing economy are distinct in terms of their scope, they are similar in terms of their growth orientation and growth strategies. As common to the growth of the sharing economy platforms in other countries, the winner-take-all nature of the platform enterprises in China have led the Internet giants to invest a large amount of funds to subsidise their service so as to improve its popularity and market share (Zhu, 2017). In order to increase income, more and more people are joining the platform and investing in new assets (e.g. buying a new car or a new apartment) to expand their services (Li, 2015).

The exponential growth of the market size, the sharing of private goods, the complex pricing mechanism and the operation mode of the platforms make the governance of sharing economy extremely difficult (Vith et al., 2019). Although the Chinese government has set the development of the sharing economy as a national strategy, the government has to pay attention to the potential risks brought about by the rapid development of sharing economy and set regulations and restrictions on

the sharing economy (Zhou & Liu, 2016). Furthermore, poverty reduction is a key policy objective of China's government, and there is a policy interest in exploring how the sharing economy can be used to support the population living in poverty. In the next section, we discuss the BoP literature in China and connect it with the institutional void literature.

### 4.3 Sharing Economy and BoP: Institutional Voids

When evaluating the potential of sharing economy business models in orchestrating change, it is important for us to consider the intuitional environment at the BoP in which these entrepreneurial activities are embedded (Bhatt et al., 2019). The BoP framework categorises the world population in a pyramid based on income indicators such as annual purchasing power parity or daily income threshold. The base of this pyramid refers to the poorest population living on per capita income at or below US\$1500 or US\$2000 per annum or in less than two dollars a day (Prahalad & Hart, 2002). Other definitions make references to 'the bottom billion' or even 'the bottom four billion' of the global population who primarily lives and transacts within the informal economy (London et al., 2014). Geographically speaking, BoP contexts have been equated with rurality and covers about 80% of the rural population (Bhatt, 2017; Qureshi et al., 2018a; Hota et al., 2019).

While the literature has conceptualised BoP through multiple ways and has received criticism for this (Karnani, 2007), a defining characteristic of these contexts is severe resource constraints (Hota et al., 2019) and institutional complexity (Mair et al., 2012). Institutions are formal (e.g. constitutions, laws, property rights and governmental regulations) and informal (e.g. customs, traditions, religions and beliefs) systems of rules that structure social interactions (North, 1991). Institutional theorists have linked 'modern' or western-style formal institutions to many economic benefits. For example, well-developed legal systems and property right regimes are seen useful in reducing transaction cost, improving efficiency and promoting innovation and higher economic growth (Kistruck et al., 2015; London et al., 2014).

In the BoP context, the institutional complexity resulting from the interlocks of formal and informal institutions affects the strategies and behaviours of the actors (e.g. firm, entrepreneurs) (Parthiban et al., 2020). As such, the BoP contexts are deemed to have 'institutional voids' which has been interpreted two ways in the literature:

- (a) In the first perspective, formal institutions to support market activities are either absent or poorly developed (Qureshi et al., 2016). For example, Khanna and Palepu (2006: 62) describe institutional voids as 'the absence of specialist intermediaries, regulatory systems, and contract enforcing mechanisms'. In the BoP context, institutional voids hinder entrepreneurial activities by increasing the transaction cost of conducting business (Parthiban et al., 2020; Kistruck et al.,



2013; Khanna & Palepu, 2006). The proposed solutions to decrease transaction cost involve the presence of large business groups that can complement the missing institutions and provide necessary (financial, labour, information) resource for facilitating economic growth (Mair et al., 2012). In recent years, cross-sector alliances between commercial companies and local organisation are also suggested to reduce the uncertainties caused by poorly developed institutions (Kistruck et al., 2013).

- (b) The second perspective defines institutional voids as ‘analytical spaces at the interface of several institutional spheres, each with its own animating logic of meanings and social practices’ (Mair et al., 2012: 822, cf. Riaz & Qureshi, 2017). Instead of understanding institutional voids as ‘empty’ of specific institutions, this perspective shows that voids occur amidst institutional plurality and is the intermediate outcome of conflict and contradiction among informal institutional spheres such as local political, community and religious sphere (Qureshi et al., 2018a; Mair et al., 2012).

As such, this perspective suggests understanding local institutional context and prioritising solutions that are based on local experimentation and recombination (Hota et al., 2021; Pandey et al., 2021; Qureshi et al., 2018a). In the next section, we apply this theoretical understanding to sharing economy in China.

### ***4.3.1 China: Rural Poverty and Institutional Voids***

The persistence of poverty in rural areas in China has been linked to institutional voids (Wu et al., 2020; Qureshi et al., 2016). However, these institutional voids are not seen as a result of institutional plurality and conflicts; instead, scholars ascribe institutional voids in rural China to market inconformity (Wu et al., 2020). For example, Wu et al. (2020) argue that the urban-rural gap in China is an example of institutional void, which shows the geographic and temporal differences in market development across regions and times.

While the rural sector still relies on the agriculture sector for subsistence, it suffers from many inefficiencies and uncertainties (Wen, 2009). These inefficiencies are a result of various institutional practices. For example, the household registration system (Hukou system) separates China’s labour force into two sectors: the rural sector and the urban sector (Li et al., 2017; Guan et al., 2018). Hukou has two important characteristics: first, it is based on location of birth/residency and second, it is linked to the sector of the economy (i.e. urban or rural) (Li et al., 2017). During the planned system (1950–1980), a person was restricted to only live and work in the location and the sector that their Hukou indicates (Li et al., 2017). Despite the fact that the Hukou system was relaxed in the early 1990s, “nearly all administrative activities, such as land distribution, housing, the issuance of identity cards, school

enrolment, medical insurance, and social security were—and still mostly are—based on an individual’s hukou status” (Li et al., 2017: 28).

These institutional practices have a significant implication for the agriculture sector and rural development. While agriculture is still the primary source of livelihood, the farmers lack capital and capabilities necessary for increasing production. According to Wu et al. (2020), a main reason for this capability constraint in the rural areas is institutional void within the existing education system. Compared to high-quality education available in the cities, the basic elementary education system is weakly established, and many children discontinue their studies at elementary or junior schools (Wu et al., 2020). The lack of technical and professional education services in most poor areas also exacerbates the skill deficit, preventing farmers from effectively participating in market activities (Guan et al., 2018). Most importantly, the Hukou system also affects market accessibility of the farmers by strengthening the belief that they should live in the same agricultural areas, farm the same land for generation and sell their produce to the local market (Bhatt et al., 2019; Wu et al., 2020). In this context, it is argued that the potential of sharing economy organisation in addressing poverty would be limited. They would need to diverge from the model, followed by traditional firms to bring long-term sustainable changes.

In the next section, we apply this theoretical understanding to two sharing economy business models and explore their potential in bridging the institutional voids and addressing poverty.

#### 4.4 Research Method

To explore the research question, how *sharing economy business models bridge institutional voids and engage in the divergent change to address poverty at the BoP communities*, we identified two representative cases through our review of newspaper, social media and other websites. We used secondary data to conduct a case study of two sharing economy platforms working in rural China: Pinduoduo, which represents the socio-commerce-driven platform and NSB, representing an access-driven platform. We also conducted 10 interviews to adequately capture the potential and challenges that sharing economy organisations face in China. The interview participants included four academics, two non-governmental organisation (NGO) workers and four people who have participated in any sort of sharing activities. Due to the outbreak of COVID-19 pandemic, all interviews were conducted online, and the average of each interview lasted for approximately an hour. Oral consents were recorded before conducting the interview. The interviews helped in gaining a preliminary understanding of sharing economy in China. In the next section, we discuss the opinions of the participants on the sharing economy and its potential on BoP and then discuss the cases and their implications for theory and practice.

## 4.5 Findings: Definitions of Sharing Economy

Participants were first asked to interpret the term ‘sharing economy’, many participants had seen the sharing of resources such as information and physical properties as a critical characteristic of sharing economy. In addition, they had also emphasised on having the right/providing access for others to use such resources for a short period of time instead of obtaining them permanently. For instance, Participant D defined sharing economy as:

*From my understandings, I interpret sharing economy as... umm... we publicise and utilise (some products or resources) ... where we can have access to these products or resources and use them for a short period. And where these products and resources may be used by many other people as well. This is one of the essential characteristics of sharing a product or sharing economy...*

*...(People will) Get the right to use (a product) for a period of time, and they don't need to purchase and pay for the cost of (the entire) product. They only need to pay for a small amount of money to obtain the right to use this product for a period, instead of obtaining them permanently.*

Participants were then asked to provide examples which they perceived as sharing economy. The majority of the participants listed examples such as online information sharing, bike sharing, Didi, Uber and Airbnb as illustrations for the sharing economy. For example, Participant A explained that the reason for classifying the abovementioned examples as perfect illustrations for the sharing economy:

*In other words, if someone has resources that are not in use, such as (spare) houses, or...other resources. If the resource... or a spare room that is not in use... then the person can choose to lease it. Someone who need housing or that resource can use it. And the house owner can also get financial return. This is the process I'm talking about.*

In addition, few participants listed libraries, the traditional taxi industry and catering industry such as hotels as examples for sharing economy. For example, Participant C perceived the traditional taxi industry as another form of sharing economy, since taxi provides access for car usage to a larger population.

*Umm...to be honest... in my opinion taxi... is another in disguised form of sharing economy. As I have mentioned earlier, it increases the usage of car to a larger population. (Participant C)*

On the contrary, however, two participants provided a distinct and perhaps a more precise definition and examples of sharing economy. As an illustration, Participant E emphasised that for an organisation to be considered as a sharing economy, ‘it needs to have a business model. Secondly, it has to solve the problem of externality, in which it should not bring additional costs. In addition, it also has to solve specific needs.’ By ‘solving specific needs’, she further explained that “in fact, I found that the government is also establishing and building platforms that may ‘look’ like the sharing economy, but it (the government) really hasn’t done much research. It (the government) thinks it has meet/solved some needs. But in fact, people may have other needs instead. It is all the imaginary of the government, it is some needs that it (the government) imagined, and these needs are in fact false and are not the real needs by people. This is also a waste of resources.” Hence, she clearly indicated that

bike sharing was not sharing economy according to her definition. This was because bike sharing created externalities to the society, where the cost may have outweighed the social issues it aims to tackle.

*After a large number of financial investments came in, there are so many incineration plants for the shared bikes and created tones of unnecessary wastes. That means that the bike-sharing actually brought great costs to the society in the end. This cost may be much greater than the social problems it solves. Well, I don't think this (bike-sharing) is an example of sharing economy model. It may be sought after by many people, who think it is a sharing economy. But since to be a sharing economy organisation, you should benefit the society... benefit to most of the society, or most of the public. But cost of it (bike-sharing) is way too high. (Participant E)*

Similarly, Participant G also held different opinions as the majority of the participants did. When asked to provide examples of sharing economy, he put a clear line that for an activity to be classified as sharing in his opinion, it should not be conducted with a primary purpose of getting a commercial gain. His statements are listed below as an illustration:

*As far as China is concerned, I feel that there are not many, perhaps less, of this sharing economy. So, what cases are sharing economy? I think the Didi can be regarded as sharing economy to a certain degree. For example, if an individual owner has free time, and he pick up passengers on Didi platform. I think this is a sharing economy. However, there are also professional drivers on Didi platform, which I don't think belongs to the sharing economy...*

*... Airbnb is also sharing economy to a certain extent. However, there are many homeowners renting on Airbnb for a commercial gain. I also think that these commercial rental housing is not sharing economy.*

These interviews provide a preliminary insight into how the sharing economy is understood in China. The dominant narratives are around sharing goods and services among individuals, especially, information, cars, idle resources and other properties so that they do not go waste. Only one respondent suggested that sharing economy should be seen as a business model to solve the externality problems, where no additional costs should be created to society. Overall, these statements are consistent with the sharing economy literature that focuses on the demand-driven nature of the current sharing economy business model (Schor, 2016; Noesselt, 2020).

In the following sections, we discuss the two cases of sharing economy platforms working in rural China.

## 4.6 Case 1: Pinduoduo

Pinduoduo was founded in 2015 and with 400 million users in just three years, it is one of the most prominent social-commerce platforms in China (Chinese Internet Weekly, 2019). According to sharing economy policy experts, Pinduoduo exemplify a unique model of sharing economy through two characteristics: (a) it incentivises community group purchasing, and (b) it connects multiple buyers and suppliers through a multi-sided platform and facilitates direct sales between small farmers and consumers (Fan, 2020).

### **4.6.1 Bridging Institutional Voids**

Even though agriculture is the main livelihood activities in rural areas, it suffers from many social and economic inefficiencies due to many institutional voids (Parthiban et al., 2020; Mair et al., 2012; London et al., 2014; Kistruck et al., 2015). Primarily, people living at the BoP lack education and skills needed for productivity enhancement in the rural economy (Guan et al., 2018; Li et al., 2017; Kistruck et al., 2013). Due to the informational asymmetry, smallholder farmers also find it challenging to get an accurate sense of market demand and supply (Kistruck et al., 2013; Li et al., 2019; Al-Hassan et al., 2013). Further, the agriculture supply chain is unevenly distributed in production, packaging, delivery and retail (Kistruck et al., 2013; Trienekens, 2011). Without logistic support, farmers rely on middlemen/distributors for transporting the produce to wholesale markets in the cities (Kistruck et al., 2013; Parthiban et al., 2021). This creates the biggest share of profit for the middlemen but generates meagre income for the farmers (Kistruck et al., 2013). Additionally, consumers bear the high cost imposed by these multiple layers in the process (Aker, 2011; Shalini et al., 2021).

### **4.6.2 Bridging Institutional Voids: Operating Model**

To solve these problems, Pinduoduo aims to connect farmers (the first mile) directly with consumers (the last mile). The objective of Pinduoduo is to remove poverty by increasing the income of farmers and by rebuilding local rural economy (Liu, 2019). Pinduoduo uses a business-oriented model to economically empower smallholder farmers in the poverty-stricken villages. According to media reports, in 2018, Pinduoduo supported over 680,000 farmers located in national-level poverty-stricken counties to sell their agricultural produces online and created more than 300,000 jobs across the supply chain (Liu, 2019; Li, 2019a, b).

As noted above, the platform uses a community group-buying model to aggregate scattered demand (Shalini et al., 2021; Pillai et al., 2021a). The group-buying model relies on social media network-based marketing approach to solve the problem of customer cost (Liu, 2020). Furthermore, the group-buying model also helps in generating large volumes of orders and reduces information and search cost for the farmers (Pillai et al., 2021a). In the following sections, we provide details on the operating model of the platform.

To address the complementary institutional voids (i.e. skill gap and market access), Pinduoduo has taken two actions:

- (a) **Training:** To address the skill gaps, the platform provides necessary skill training to the farmers, so that they are able to sell directly on the platform without relying on the intermediaries of the traditional supply chain (Wang, 2020). For example, to help farmers learn how to sell directly on Pinduoduo, the Duo Duo Farm program provides week-long training sessions on important skills, such as

e-commerce, finance, business operations and online marketing in rural Yunan (Pinduoduo, 2019). The training also involves step-by-step guide on how to sell on the Pinduoduo platform. Farmers are also encouraged to form co-ops with neighbouring farmers so that they have more bargaining power and could earn more their harvest (Pinduoduo, 2019).

To precisely match the supply of agricultural products and the demand in the market, Pinduoduo uses an AI-powered system (Handley, 2020). This system collects data on farm locations, farm produce and the total time period for production and produces predictive models for effective crop yield.

- (b) Market access and growth: The AI-driven system also helps in understanding customer's behaviours and in aggregating their scattered demands to match with the availability of agricultural products. As noted above, the platform aggregate scattered demand through 'Pin' — a socialising shopping experience where customers can interact with friends and even strangers online to have bulk purchases with discounts. As per the company, "our buyers share their purchase information with their friends, family and other social contacts... and new buyers, in turn, refer our platform to their broader networks of friends and family. This interactive feature also transforms online shopping into a fun and interactive experience" (Allison, 2020).

The group-buying feature on the platform, which incentivises social media sharing through group discounts, helps the platform acquire users by buyers themselves at a very low cost.

### 4.6.3 *Group Buying to Aggregate the Scattered Demand*

The community leaders play a vital role in the community group-buying model (Pillai et al., 2021a; Allison, 2020). These community leaders are typically a stay-at-home mum or a community shop owner (Liu, 2020). The key responsibilities of the leaders include: creating WeChat groups of residents living in the same community; posting products links of social media; place groups' orders with suppliers and coordinate food orders on behalf of a group of people (Liu, 2020). They receive commissions based on the orders placed. Once members placed the order, Pinduoduo collects these group orders and convey the information to farmers. Farmers can get market information on the prices by comparing production and prices with their counterparts across the country and sell their products to consumers at the market price (Liu, 2019). Once the product is delivered, users pick up their orders from the community leader. According to Mo Daiqing, a senior analyst at the Internet Economy Institute, the community group buying is a kind of sharing economy as it provides pre-sale and after-sale services and solves the last-mile delivery problem (Pillai et al., 2021a; Fan, 2020).

## 4.7 Case 2: NSB

NSB is an agricultural machinery-sharing platform and aims to connect hundreds of millions of farmers in rural areas in China. NSB is a start-up owned by Shenniu Tractor Co. Ltd. (NSB, 2020e). At present, NSB is in its infancy and is recruiting regional partners (NSB, 2020c). NSB is committed to serving 200 million farmers, one million farmer cooperatives, five million professional machinery drivers (seasonally full-time) and 50 million agricultural machinery employees (related people, such as manufacturing workers, repairmen). NSB aims to help farmers who cannot afford the agriculture machinery and services easily by connecting them to suppliers (individuals and companies) of agricultural machinery and by facilitating the use of idle resources.

Although China has put a lot of efforts to address poverty in rural areas, agricultural productivity is still low and the living standard of farmers are still significantly lower compared to their urban counterparts (Yu, 2018; Zou & Zhang, 2019). Small family-run farms are dominant in rural China (Ma, 2019; Wang, 2019), and the number of small farmers account for more than 98% of the total (see Table 4.1). By 2018, China's cultivated land area was 1,432,960 square kilometres, ranking third in the world (behind the United States of America and India). At present, there are 210 million agriculture households in China, with an average operating scale of 1.3

**Table 4.1** The Census of Chinese Agricultural Sector

	Total (million)
People in agriculture sector	314.22
Household in agriculture	207.43
(large household)	3.98
Organisation	2.04
(farmer cooperative)	0.91

### Annotation

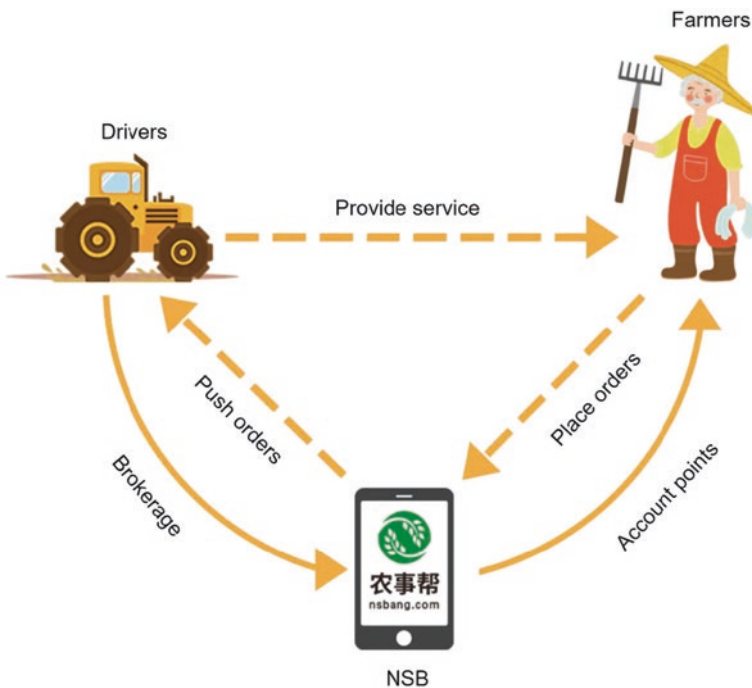
1. China conducted a comprehensive survey of the agricultural sector in 2001, 2008 and 2017. We choose to use the third National Agricultural Census (2017).
2. In the census, agriculture includes plant-products industry, animal husbandry, forestry industry and fishery.
3. Household in agriculture: Household engaged in plant-products industry, animal husbandry, forestry industry and fishery.
4. Large household: Households with large scale of agricultural production and operation (household having more than 16 acres farmland or having facilities which cover more than 4 acres; or annual production of 200 pigs, or 20 cattle or 100 sheep or 10,000 chickens; or 90 acres of woodland; or with the fishery annual income of more than 300,000 yuan).
5. Organisation: Organisation engaged in plant-products industry, animal husbandry, forestry industry and fishery.
6. Farmer cooperative: A form of farmers cooperating in agricultural production based on China's system.

Source: National Agricultural Census (2017)

acres, and more than 20 million households operating under 1.65 acres of farmland (Wang, 2019).

In recent years, large agricultural households and cooperatives have used a variety of machinery and equipment. In 2016, China had 26.9 million tractors, 5.13 million tillers, 8.25 million rotary tillers, 6.52 million planters, 680,000 rice transplanters, 1.14 million combine harvesters, and 10.31 million motorised threshers (National Agricultural Census, 2017). However, as noted above, a majority of farmers face the problem in accessing advance machinery due to inefficient asset utilisation, uneven distribution of resources, and information asymmetry (Chen & Ma, 2016; Zhang & Luo, 2018). Although it seems that China has a large number of agricultural machinery, a large number of small farmers are unable to effectively access the agricultural equipment they need (Zhang et al., 2017).

To enable small farmers to access the machinery and improve their income by sharing the idle equipment, NSB is building a machinery-sharing platform (NSB, 2020d) (Fig. 4.1). The users who need farm services can place orders for various goods and services (such as sowing, fertilising, protecting plants, harvesting, pruning, picking, primary processing and transporting). Simultaneously, the suppliers who own the agricultural equipment can take orders and provide these farming services by sharing their equipment. NSB is building a sharing platform between hundreds of millions of farmers and promoting agricultural machinery sharing.



**Fig. 4.1** The function of NSB's platform (Adapted from NSB, 2020a)



The sharing of agricultural machinery is important in the rural context and has been repeatedly mentioned by the agricultural machinery industry (Zhang & Li, 2018; Xu & Zhang, 2018a, b). NSB is aiming to make machinery sharing possible in China (NSB, 2020b).

NSB has found that in the process of agricultural machinery promotion, price is an important factor for farmers to consider. Many farmers would rather choose inefficient manual farming than purchasing efficient but expensive farm machinery. Though the government is providing various subsidies to purchase agricultural machinery, many farmers are still deterred by the high prices of ‘advanced equipment’ (Xiao, 2019). In addition, the high maintenance cost and low utilisation rate of agricultural machinery are also perceived as the problems of the Chinese agricultural machinery market (Nongjitong, 2017; Liu, 2017; NSB, 2020b).

Learning from Uber’s sharing model, NSB believes that through the sharing of technology, it can quickly match resources, improve machinery utilisation and reduce the usage cost (NSB, 2020a). The main body of NSB is a sharing platform (see Fig. 4.2), where it aims to set up service outlets in rural areas and adopt an online-to-offline (O2O) mode to promote sharing services (NSB, 2020a). At the initial stage, NSB also engaged in leasing and retailing agricultural machinery, providing and advertising farming services and distributing agricultural products.

The sharing economy model adopted by NSB also illustrates the challenges faced by sharing economy platform in the agriculture sector (Wang & Xiao, 2007;

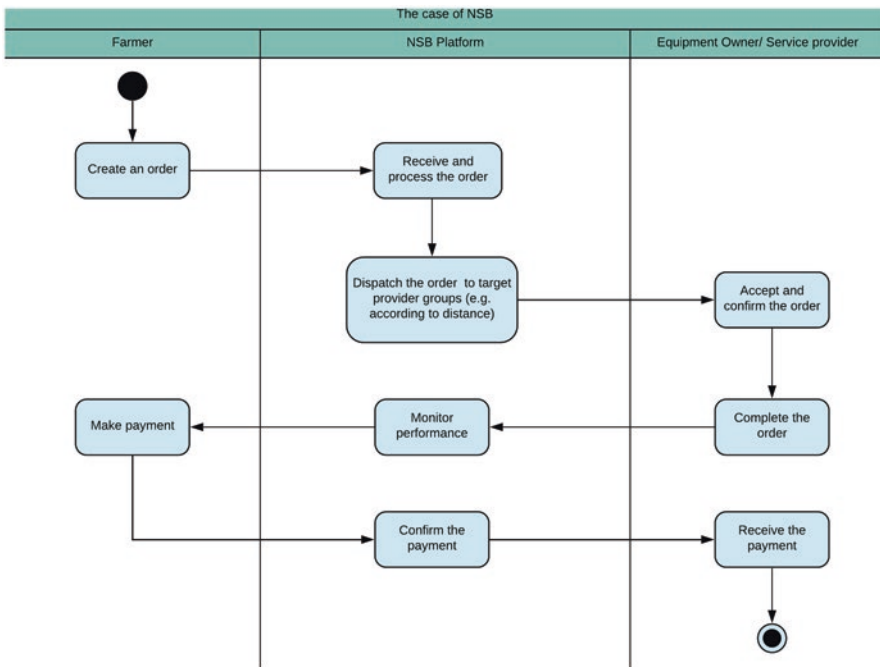


Fig. 4.2 The sharing process in NSB

Chen & Fang, 2011; Li, 2019a, b). One of the key challenges is getting enough users. If a company does not have enough customers, it is difficult for the company to scale and ensure efficiency in its platform (Ma, 2016; Tang & Wu, 2015; Zheng, 2016). Another challenge faced by the sharing economy platforms such as NSB is changing potential customers' original behavioural habits. In China, some small farmers still rely on manual planting and are reluctant to adopt mechanised planting (Wang et al., 2015). Adoption of modern farming methods is another key challenge. By facilitating access over ownership, NSB is helping farmers to experiment with new technologies without creating too much economic burden. The farmers also face challenges in adopting platform application. According to the Statistical Report on the Development of Internet in China, (China Internet Network Information Center, 2020), nearly half of the rural areas are not covered by the Internet (CGTN, 2020). Farmers may not be able to use the NSB sharing platform because they cannot access the Internet or feel uncomfortable using mobile devices (Chinese Business Information, 2019). To address this challenge, NSB is in the process of recruiting offline partners who provide face-to-face assistance to farmers and verify the quality of services (NSB, 2020b).

## 4.8 Discussion and Conclusion

The sharing economy has become an important buzzword in China. However, most of the research is urban-centric and focuses on the products, access, and demand issues from urban consumers' perspective. Although sharing economy is a priority area for the Chinese government and there have been many government guidelines committing to support the sector (The State Council, 2018; National Development and Reform Commission, 2020), its potential in addressing poverty (an important concern for the government) is still underexplored. In this research, through the two case studies of the sharing economy platforms, we explored the potential and challenges of sharing economy in bridging institutional voids and addressing poverty in rural China.

As the two case studies demonstrate, sharing economy businesses working in rural China experience various challenges such as skill gap, market inaccessibility, and unavailability of goods and services due to market inconformity (i.e. different market development levels across regions) (Wu et al., 2020).

To bridge these institutional voids, Pinduoduo focuses on training and capacity building through organising farmers in cooperatives (for group producing) (Bhatt, 2017; Parthiban et al., 2020). Likewise, the platform addresses the issue of market access and segregated demand through group buying (Pillai et al., 2021a). The group selling and group buying facilitated through Pinduoduo diverge from the sharing economy firms in BoP communities and demonstrate how platforms can engage in institutional entrepreneurship.

As demonstrated in the findings section, community social networks are at the core of institutional entrepreneurship process (Bhatt, 2017; Qureshi et al., 2016).

These networks are facilitated through online social media websites such as WeChat and QQ and are also rooted in the daily face-to-face social interactions of the community members. It is not surprising that community group buying is gaining prominence in the lower-tier cities where people have enough purchasing power and dense community networks (Liu, 2020). The community group buying provides farmers access to a large market and lowers the market search cost. Furthermore, the group producing through cooperative structures helps farmers by increasing their bargaining power (Mannan & Pek, 2021; Pillai et al., 2021b). By utilising the offline and online community social network of producers and consumers, Pinduoduo creates alternate forms of institutional arrangements that diverge from the practices associated with the existing sharing economy firms (Riaz & Qureshi, 2017; Parthiban et al., 2020).

While Pinduoduo offers a unique model of sharing economy, the model is not without its critics. The Pinduoduo model that facilitates community buying and selling requires major upfront investment in logistics and supply chains (Liu, 2020). While the platform reduces the cost of operation by relying on its group purchasing feature, it is still capital intensive, and therefore, it might not be replicable for other aspiring sharing economy organisations. Furthermore, such platforms are often efficiency-oriented and have monopolistic tendencies. Thus, the risk of mission drift in these platforms is higher.

Similar to Pinduoduo, NSB also relies on local social networks to facilitate the access of local machinery. As large machinery is costly and unaffordable to most farmers, community members often rely on each other to access resources. NSB uses this social capital in the communities to facilitate access to underutilised resources (cf Pillai et al., 2021b). In that sense, our research complements the work of Zhang and Li (2018), who studied the sharing of agricultural machinery in the rural areas of Northeast China. As large machinery is not affordable to most of the farmers, the authors found that most farmers in the Northeast preferred to purchase agricultural machinery either through loans or joint payments with others. Accordingly, two types of ownership model were found: In the first case, the ‘buyer’ monopolise the ownership of agricultural machinery; in the second case, several village members jointly contribute to the purchase of agricultural machinery and share the ownership. In the first case, villagers hope to share the right to use to compensate for the purchase cost. The second case itself is an embodiment of the sharing economy (collaborative consumption) (Hota et al., 2019; Hota & Mitra, 2021).

Our work contributes to current research by highlighting non-economic factors, Renqing/Guanxi<sup>4</sup> in organising and facilitating sharing economy activities in rural China. While economic incentives such as saving the cost (as in the case of NSB) and increasing the income (as seen in the case of Pinduoduo) are important to a degree (Hamari et al., 2016), Renqing/Guanxi is an important incentive factor for farmers to form cooperatives and share agricultural machinery. If the villagers

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<sup>4</sup>Guanxi refers to the social networking, relationships or connections among people and the closest translation of ‘Renqing’ in English is reciprocity

cannot afford agricultural machinery, they can request the right to use from their kinsfolks or acquaintances. There may be no clear exchange of economic interests in this kind of sharing, but ‘Renqing/Guanxi’ accumulate or decrease in sharing activities. The extant research has discussed the role of social networks in enabling or constraining entrepreneurial activities (Bhatt et al., 2019; Qureshi et al., 2016). We extend this research by highlighting how sharing economy platforms can use existing social capital to facilitate access to underutilised resources and build collective capacities needed to address poverty.

Our findings also have significant implication for the scaling of sharing economy platforms. While Pinduoduo has scaled through using ‘Pin’ (team purchase) and government partnership, in its current format, NSB is working without government support and subsidies, therefore scaling this platform has been challenging. There are also issues related to the limited IT infrastructure and lack of awareness about emerging technologies. While NSB claims that the people at BoP are gradually accepting information technologies, the progress is still slow. Therefore, to increase farmers’ participation in the sharing platform and to guarantee quality services, the learning from the NSB shows that it is important to recruit offline partners who can promote the platform, verify the equipment and assess the quality of farming service (NSB, 2020a; cf Nungsari & Chuah, 2021).

To conclude, this research critically examines the potential of sharing economy in the rural context. Rural poverty is still a challenge in China, and new innovative models are required to provide sustainable solutions. The sharing economy platforms have the potential to address poverty by increasing productivity and creating income opportunities. While sharing economy in urban area offers new way of consumption (Hamari et al., 2016), sharing economy at the BoP has the potential to enhance the productivity by facilitating access to idle and necessary resources. In the BoP context, sharing economy can be a tool to facilitate learning skills through knowledge sharing platform and enhance productivity through equipment sharing platform. These shared economic activities can help in accessing the means of production<sup>5</sup> more easily and thus can improve production efficiency. While our research provides preliminary insights, in-depth case studies of sharing economy platforms are needed to realise the potential of sharing in BoP communities.

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<sup>5</sup>In economics and sociology, the means of production (also called capital goods) are physical and non-financial inputs used in the production of goods and services with economic value.

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# Chapter 5

## Social Intermediation Using Sharing Economy in India: A Case Study of Farmizen



Vinay Pillai, Dharendra Mani Shukla, and Israr Qureshi

**Abstract** Using a case study approach of a pioneering social enterprise in India, this study identifies primary characteristics of a digitally anchored sharing economy model at the base of the pyramid (BoP) and explores the role of such a model in the process of social intermediation and value creation. Research suggests that digital stack, access without ownership, temporality of access, and value co-creation are the primary characteristics of the sharing economy model. Our case study of Farmizen reveals that the sharing economy model enables social intermediation and value creation in the resource-constrained setting by reducing transaction costs, mitigating risks, increasing income level, and increasing socialisation between producers and consumers. Overall, this study contributes to the social intermediation literature by highlighting that sharing economy models can facilitate the process of social intermediation and can be leveraged to achieve sustainable livelihood in the BoP context.

**Keywords** Digital social innovation · Social intermediation · Sharing economy · Technoficing · Platform economy · Social value creation · Base of the pyramid

### 5.1 Introduction

India is home to the largest number of the world's base of the pyramid (BoP) population, where over 700 million people live at less than 2 USD income per day. The BoP markets are rampant with macro and micro impediments, which create

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challenges for the inclusive market formation and fail to generate sustainable livelihood options for its population (Hota et al., 2019; Kistruck et al., 2013; Mair et al., 2012; Parmigiani & Rivera-Santos, 2015). These constraints impact trade activity not just within the BoP context but also with their counterparts in more developed markets. Further, macro-level impediments like policy paralysis, regulatory proliferation resulting in entry and exit barriers for business, and abject poverty continue to persist, requiring more focused and large-scale interventions. At the micro-level, market and productivity-related constraints such as longer supply chain, lack of access to formal credit, information asymmetry, and risk of moral hazard are some of the issues faced by the BoP producers. These constraints at various levels lead to escalated transaction costs (Bendul et al., 2017; Palomares-Aguirre et al., 2018; Parthiban et al., 2021).

Spulber (1996) defines an intermediary as, “an economic agent who purchases from suppliers for resale to buyers or who helps buyers and sellers meet and transact”. The unscrupulous commercial intermediaries exploit BoP situation by extracting rents and capturing most of the value generated (Andreassen et al., 2018). Thus, BoP producers are left with no meaningful surplus income. They do not have the option of bypassing intermediaries as the dyadic (direct) exchange is known to cost higher with escalated transaction costs for the BoP producers. Intermediation efforts focus on lowering these costs to below the efficiency levels of transaction costs associated with a dyadic exchange resulting now in an expanded triadic exchange involving the producer, the intermediary and the consumer (Spulber, 1999). Non-market institutions anchored in social objectives are bound to step into scenarios where market institutions fail to reach the optimal state. It is the social institutions and specifically social intermediaries that help bridge the gap in such contexts (Arrow, 2018, p.947; Kistruck, 2008; Kistruck et al., 2013). The objectives of ‘social intermediaries’ are broader than intermediation in its popular sense. It involves accomplishing social goals through at least in part, in a financially sustainable manner rather than relying on grants for such purposes through state or other agencies (Kistruck, 2008; Kistruck et al., 2013). A social intermediary helps BoP producers by passing on the cost savings accrued by lower transactions costs, whereas intermediaries such as those in the commercial real estate sector will appropriate the same as brokerage. Broadly, the mechanism strives to maximise the value captured and redistribute the cost savings to the producers. In many instances, social intermediary is a social enterprise. They are defined as organisations that ‘combine the pursuit of financial objectives with the pursuit and promotion of substantive and terminal values’ (Cho, 2006).

As noted above, poorly developed institutions, a non-munificent ecosystem, and a high degree of information asymmetry result in higher transaction costs in the BoP communities (Bhatt et al., 2019; Qureshi et al., 2018b). In such a context, social intermediaries aim to reduce transaction cost through various strategies (Kistruck & Beamish, 2010; Parthiban et al., 2021; Shalini et al., 2021). Further, as social intermediaries also push for efforts towards group formation, capability building, knowledge dissemination, opportunity awareness, and building social capital (Bhatt, 2017; Hans, 2014; Singh et al., 2015), there exists a tendency for intermediaries to

actively seek out transactions with positive externalities which produce a “trickle-down effect” (Karnani, 2007).

In the last couple of decades, several business models have been deployed at the BoP by social intermediaries to achieve the above-stated objectives and among them the model of sharing economy holds promise (Bonina et al., 2021). While sharing of various products and personal time in several societies is an age-old practice, the emergence of Web 2.0 technologies has led to the proliferation of the concept at a much larger scale and scope (Belk, 2014). Scholars have provided various frameworks and definitions for the sector to capture its varied scope and functions. However, in the extant research, the term is widely considered to be an umbrella concept straddling disciplines of geography, law, management, economics, among others. Nevertheless, despite the lack of a clear definition, there is consensus on how the sharing economy models are capable of transforming the living conditions of the people at the BoP through sustainable growth and restructure the economy by building sustainable linkages with more developed markets (PWC, 2017; Richardson, 2015; Schor & Fitzmaurice, 2015).

For this chapter, we adopt the definition provided by Muñoz and Cohen (2017), who define sharing economy as “socio-economic system enabling an intermediated set of exchanges of goods and services between individuals and organisations which aim to increase efficiency and optimisation of sub-utilised resources in society” (p.27). Acquier et al. (2017) posit that the concept of sharing economy rests on three major cores, namely, the access economy, platform economy, and the community-based economy. While these three cores are distinct in terms of their promises and attributes, one can see the plurality of these in the sharing economy models of several social intermediaries such as the one discussed in this chapter.

While extant literature offers insights on how the sharing economy models function in the developed markets, studies concerning the inherent problems faced by social intermediaries in the development and implementation of sharing economy models in the developing world are still in nascent stages. There is a lack of studies that capture the paradoxes and tensions of social intermediation in these innovative business models in the developing world. Extending the literature of market linkages and intermediation, Kistruck et al. (2013) address some of these aspects on how social intermediaries structure their transactional decisions when dealing with the tensions in the BoP. In this chapter, we attempt to extend their work in the context of sharing economy. Particularly, we aim to integrate social intermediation and the sharing economy research streams to show how a social intermediary deploys the sharing economy model in the BoP communities. This chapter draws on the social intermediation literature to understand how a sharing economy business model enables social intermediation and creates social value at the BoP. The following two interrelated research questions are explored in the chapter:

1. What are the primary characteristics of a digitally anchored sharing economy model at the BoP?
2. How does this model enable the process of social intermediation and help social value creation?

We use the case study of Farmizen, a social enterprise in India, to investigate these questions. The study broadly contributes to the social intermediation literature by understanding how a social intermediary successfully manoeuvres the constraints in the BoP using a sharing economy model. It further helps to understand how value creation process evolves in a peer-to-peer digitally intermediated model and how sharing economy models can be leveraged to achieve sustainable livelihood in a resource-constrained environment such as in India.

## 5.2 Literature Review

### 5.2.1 *Sharing Economy in Resource-Constrained Environments*

The sharing economy, which includes collaborative consumption, access economy, or connected consumption, is considered to hold promise in developing markets and has the potential to provide upward mobility to the people at the BoP (Refer to Buhalis et al., 2020; Dreyer et al., 2017 for a contrary view; Parthiban et al., 2020; Shalini et al., 2021). The current growth in the sharing economy sector is driven by the emergence of changing lifestyles in urban consumers, the evolution of digital platforms along with the development of new skills and services (Harmaala, 2015). However, unlike more developed markets, the BoP encounters several endogenous constraints with the process and resource-driven inefficiencies and non-existent or malfunctioning market-supporting institutions, rendering transactions unprofitable or unfeasible (Hota et al., 2021; Kislev & Peterson, 1981; Rada et al., 2019; Khanna & Palepu, 1997). The majority of farmers in developing countries, including India, belong to BoP. However, extant BoP literature simply considers the marginal small landholder farmers as an untapped purchasing power and suggests how corporates can make a fortune from these untapped markets (Prahalad, 2005; refer to Karnani, 2007 and Qureshi et al., 2021c for a critique). The approach seems to be driven by consumerism, profit motives of corporates, and expansion of existing markets (Prahalad & Ramaswamy, 2004; Viswanathan et al., 2009). In this stream of research, there is no room for seeing BoP population as producers or developing their capability to create livelihood opportunities.

Sharing economy proponents who are inspired by a consumer-centric view of BoP define access-based models as “giving customers access to a good for a period of time in return for an access payment, thereby offering a certain degree of freedom in using this product while legal ownership remains with the service provider” (Schaefers et al., 2018, p. 422). Access-based models result in only a fraction of the cost of ownership accruing to the consumer as opposed to actually owning the product and also without accruing the risks and responsibilities like maintenance that comes with ownership of the asset (Moeller et al., 2013; Schaefers et al., 2016). Nevertheless, the importance of acknowledging the BoP population as producers

and understanding their needs has been increasingly recognised in the BoP literature (Bhatt, 2021; Hota et al., 2019; Mair et al., 2012; Parthiban et al., 2021; Qureshi et al., 2018b). Researchers have started investigating how social intermediaries help BoP producers overcome various constraints they face (Bhatt, 2021; Parthiban et al., 2021; Shalini et al., 2021). One approach to overcoming these constraints of BoP producers is by developing capabilities and improving access to the market (Bhatt, 2017; Karnani, 2007; London & Hart, 2004; Parthiban et al., 2021), which in turn increase their opportunity to earn better livelihood and help in alleviating income poverty. Further, there is recognition of how market linkages between BoP producers and non-local consumers can help the former to better understand market dynamics, including consumer preferences, food safety and quality measures, among others, resulting in mutual value creation (London et al., 2010; Parthiban et al., 2021).

It is here that access-based digital platforms are considered to hold potential in helping overcome the constraints faced by the BoP producers (Qiu et al., 2021; Qureshi et al., 2021a, b), who are primarily engaged in producing commodity as well as non-commodity products in resource-constrained informal settings (Parthiban et al., 2021; Qureshi & Fang, 2011; Shalini et al., 2021). As BoP contexts suffer from market linkages and information asymmetry-related issues, digital platforms help create value through information dissemination and processing. Further, Parthiban et al. (2020) state how in the BoP context digital technologies provide significant direction in filling institutional voids by facilitating a complementary voids approach for value creation (cf Qureshi et al., 2021c). Digital platforms are considered the core of the fast-emerging digital economy that relies on decentralised exchanges among peers (Qureshi & Fang, 2011; Sundararajan, 2017; Srnicek, 2017). In this peer-to-peer arrangement, the production processes, instead of being centralised, get externalised to entities. Digital platforms are used as a tool to control these transactions remotely (Bonina et al., 2021).

The digital platform-based sharing economy model is considered disruptive for the status quo because of its scaling potential and the resulting efficiencies. This holds the promise for impoverished BoP settings (Acquier et al., 2017; Benkler, 2012; Edelman & Geradin, 2018), as technoficing can result in implementation of simple and inexpensive yet effective technology to create social impact (Qureshi et al., 2021c, see also Parthiban et al., 2021). In addition, there is growing evidence that such digital social innovation driven platforms also needs to be embedded in the social ecosystem (Escobedo et al., 2021; Parthiban et al., 2020; Qureshi et al., 2021c). In contrast, the large scale implementation of platforms need to build considerable techno-organisational capabilities for effective value creation (Prakash & De', 2007; Rahman et al., 2019). Further, apart from the access over ownership feature, there exist other dimensions that help understand the normative underpinnings of sharing economy model. Value co-creation serves as a prominent dimension along with the duration and frequency of these facilitated transactions. All of these have pertinent implications for the social intermediation process (Acquier et al., 2017; Kistruck et al., 2013). Scholars have observed how the sharing economy model, owing to its digital features, strengthens the co-creation activity in the

BoP. This is due to the intensive interaction and repeated participation facilitated by the digital platform (Parthiban et al., 2021; Qureshi & Fang, 2011; Qureshi et al., 2018a). Consumers develop a sense of ownership, belonging, and also reciprocity among themselves, resulting in repeated participation (Bouncken & Reuschl, 2018; Celata et al., 2017; Lan et al., 2017). The temporality aspect of transactions further explains this aspect of the sharing economy model. Temporality is considered to have a significant bearing on how affordable the exercise is for the consumer, especially in an access-based format (Dabbous & Tarhini, 2019). Utility assessment, flexibility in transactions, perceived affordability of the product are all factors that are affected by the temporality factor. Further, Lan et al. (2017) state how the cultural and cognitive aspects have a bearing on these new age socio-economic business models and how they underpin the same in its value creation pursuit. This chapter aims to understand some of these characteristics of the sharing economy model through a case study approach.

### ***5.2.2 Social Intermediation and Social Value Creation at the BoP***

The extant literature provides some evidence of poverty alleviation efforts in resource-constrained environments by strengthening local markets and better integration with developed markets (Kistruck et al., 2013; Milanovic, 2005; Richter et al., 2017). However, the presence of market and productivity-related constraints, as stated earlier, proves to be a dampener for effective intermediation efforts at the BoP. These constraints affect the market formation, resulting in disaggregated economic activity in the BoP contexts with a dominance of informal transactions (Delios & Henisz, 2000; Hoskisson et al., 2000; Martin et al., 2000). In the last couple of decades, one can see the evolution of market-based intermediaries emerging to build market linkages by leveraging the underutilised resources in the BoP and creating opportunities for better livelihoods (Hota et al., 2019; Hota & Mitra, 2021; Richter et al., 2017). However, many commercial intermediaries are more concerned with profit maximisation for their shareholders, resulting in the exploitation of BoP producers. For example, in the real estate sector, one can notice how the commercial intermediaries seek rent to reduce the transaction costs, but only to the extent the cost remains lower than costs associated with a direct transaction, resulting in opportunistic behaviour.

Social intermediaries, on the other hand, are rooted in the BoP contexts and have a better understanding (and solutions), compared to their commercial counterparts, to address various issues encountered by BoP producers (Kistruck et al., 2013). These organisations are driven by the dual aspects of utilising the market-oriented mechanisms for social purposes, for the purpose of redistributing cost savings beyond the cost accrued (Kistruck et al., 2013; Young et al., 2007). Commercial



intermediaries, on the other hand, are designed to leverage on the transactional inefficiencies to generate benefits whereas their social counterparts are more inclined to improve the transactional capabilities by reducing their cost and reducing associated risks in an altruistic manner. They thrive on their strong socially embedded footing among the BoP consumers and producers, which is further solidified with the specialised knowledge they possess about the ecosystem (Barney, 1991; Teegen et al., 2004). Thus, it can be concluded that the primary function of social intermediation rests on the idea of restructuring market mechanisms to enable trade. This involves building newer supply chains to facilitate transactions at lower costs associated with the sale of improved upon old or completely new products that suit the demand from the more developed markets (Kistruck, 2008).

Another pertinent aspect or rather an extension to the concept of social intermediation is the creation of social value as an outcome (Bhatt, 2017). There is an effort made by scholars to reconceptualize the term to make it more holistic and universal (Sinkovics et al., 2015). In this definition, they also attempt to factor in the constraints concept of BoP put forward by Ted London and other scholars to come up with a universal definition for social value creation, which is inclusive of social as well as economic, and human rights aspects. Self-esteem and sustenance form part of the definition, which primarily hinges on alleviation of social constraints (London et al., 2010; London & Hart, 2011; Sinkovics et al., 2015). Acs et al. (2013) makes another distinction based on the contextual differences in constraints in BoP population found in developed and developing regions and observe that social value creation in the margins are more recognised and stark compared to the developed regions as the underlying constraints itself is more visible.

At a micro-level, Theodorakopoulos et al. (2013), through their action research, states how matchmaking between suppliers and consumers, capability development among peers in the network from all sides, including the suppliers as well as the consumers are all ‘boundary encounters’ which guide intermediation activities in a broader sense. This navigation of boundaries between stakeholders and their practices and improving its quality is what social intermediation would ensue (Sinkovics et al., 2015; Weber & Schnell, 2003). Further, in extending the discussion on the effects of intermediation, De Silva et al. (2018) also posit how there exists positive externalities beyond financial value creation to aspects such as new knowledge base, networks among actors as well as capabilities of all parties. This forms a prominent characteristic feature of intermediation efforts, which primarily involves building groups, promoting leadership with a supportive learning environment. Lastly, the heterogeneity dimension of the urban consumers and the rural producers also create disparities in their engagement and practice due to the lack of shared values and norms and other social, institutional structures (Bhatt, 2021; Bapuji & Chrispal, 2020; Riaz & Qureshi, 2017). Bhatt et al. (2019) state how this can be bridged through iterative engagement between the actors to create value at the BoP. In this chapter, we aim to discern how these aspects of BoP shape social intermediation efforts and how sharing economy model addresses these challenges.

## 5.3 Method

### 5.3.1 *Research Context*

A qualitative study was conducted on Farmizen, one of the pioneering social enterprises in India, to understand social intermediation through sharing economy model. Farmizen is based in Bengaluru, in the southern Indian state of Karnataka. Since its inception, Farmizen has been at the forefront of utilising sharing economy models with the dual objective of providing urban food security along with sustainable livelihoods for marginal farmers. As per the World of Organic Agriculture Report of 2018, India was home to over 30% of all organic producers in the world cultivating in an area of more than 57.8 million hectares. However, as per an ASSOCHAM report of 2018, the sector was struggling with impediments such as rising input costs, limited market access, and policy paralysis. This is where Farmizen comes in. The organisation is presently well spread out primarily in the two cities of Bengaluru and Hyderabad with activities in other north Indian cities as well, serving thousands of customers through several farms.

#### 5.3.1.1 **Farmizen Model**

The Farmizen model involves primarily connecting the marginal small landholder farmers from one end to the urban consumers at the other. It does this through the use of a digital stack of mobile applications. The consumer once enrolled into the programme can opt from any of the Farmizen models of procuring the produce, which offers over-the-counter service of delivering organic produce to growing produce partnering with a farmer on a 600 sq.ft. mini-farm in the peri-urban areas of the city. The applications help connect the two entities along with maintaining a checks and balances mechanism to ensure transparency and trust in the process. The harvest is delivered to the consumers in the city on a weekly basis through a learner supply chain. While the primary objectives of this engagement are twofold, as stated earlier, there exist several externalities to it. They include soil conservation using the multi-cropping method, providing knowledge transfer, building social capital between the urban and rural populace, among others. The system functions based on a prepaid subscription model, which unlike the conventional way, provides for input costs regardless of the productivity of that cycle. This helps ensure the farmers are provided with a more sustainable livelihood and income mechanism, which is stable and not precarious. The genesis of this initiative interestingly lies with the founders' exposure towards organic cultivation on the terrace and the lack of reliable organic produce in the market. The founders of Farmizen takes pride in how the organisation has successfully lived up to its dual objectives of improving livelihood conditions of farmers through providing access to healthy farm produce for the urban populace.

### 5.3.2 *Research Methodology*

As stated earlier, the study attempts to understand how a sharing economy model of business is used in the social intermediation process. This is explored using a case study (Eisenhardt, 1989; Yin, 2003) of Farmizen. It involved multiple iterations between data collection and analysis. Multiple unstructured interviews were conducted with the founders of Farmizen to gather information on its genesis and evolution. It helped us ascertain the nature of the actors and stakeholders involved, namely, the farmers, consumers, and the intermediary, that is, Farmizen. Further, the rich content available on Farmizen's social media platforms and external media outlets advanced our understanding of its functioning. This helped us triangulate the collected data for a better understanding (Yin, 2003). Various themes emerged out of this exercise which helped us advance the theoretical perspective.

## 5.4 Findings

Farmizen's aims to fill the urban organic food security void through a reliable and verifiable supply of organic produce directly to the consumers. In this process, it also aims to increase the income of the small landholding marginal farmer who collaborates with Farmizen where the farmer is taking care of the land, labour, watering, and supervision while Farmizen will support with the input technology, marketing, and logistics. The technology stack includes three mobile-based applications: one each for the consumer, the farmer, and the drivers in the supply chain. This ICT stack offers the consumers varied models for sourcing vegetables from partnering with a farmer to jointly grow vegetables called the Mini-Farm Model to sourcing vegetables at the community level through the Farmizen Tribes Model. There also exist other offshoots from these models, such as the Veggie Harvest Bundle, which provides customised weekly varieties of bundles of organic produce for the households. All the above-mentioned models rely on a subscription service costing around Rs. 2500 per month and the customers may choose to opt for either of the two models. There exist several features, including customisable aspects to these models and the produce is supplied to the consumer on a weekly basis. Broadly, this technology infrastructure caters to crop planning, tracking, workflow, and delivery optimisation. Of course, the data generated also provides information on crop growth and yield vis-à-vis the nutrients, weather and soil conditions, including adverse events and demand patterns.

We discuss some characteristics of Farmizen to show how it relies on the sharing economy model, which is characterised by a digital platform and the stack it deploys, access than ownership model, co-creation, and temporality of transactions between the consumer and the farmer. Further, we present how these characteristics and other features of Farmizen helps in the process of social intermediation in the BoP context. The intermediation-related findings include absorption of the market

and other risks, lowering of transaction costs through a leaner supply chain, improved livelihood and financial security of the farmer, and bridging other inefficiencies. It also states how social intermediation has helped Farmizen build social value at the BoP.

### ***5.4.1 Sharing Economy Characteristics of the Farmizen Model***

Arriving at social intermediation using digital platform as an alternative

The founders of Farmizen identified the problems of urban consumers and their ensuing preferences through a small-scale survey among members of their own circle. The results reflected the same issues faced by the founders in their own stint at sourcing organic produce with the majority of the respondents expressing concerns about the quality of the organic produce available in the market. The founders also interacted with other entities in the supply chain, and almost all agreed to how despite certification the organic food supply chain is leaky. Most of the people in the urban areas were keen on growing their own produce. Farmizen attempts to solve this time, space, and expertise problem through its digital platform.

Also, there was this realisation that we needed a service that would enable working professionals and families, who lacked the space, time or expertise, to start farming in a small way [Shameek, Founder to Live Mint, 2018]

In 2015, we started experimenting with growing our own food in our terrace garden, and we soon realised that there was not enough space. We also realised that growing your own food requires substantial effort and constant care and there was a gap in terms of expertise and knowledge about how to grow food. We started speaking to people, and found that many people, at least in Bengaluru, were in the same situation — they wanted to grow their own food but the lack of space, time and expertise were huge hindrances. That's when the idea of building an assisted remote kitchen gardening service like Farmizen started germinating, and we decided to pursue it as a full-time venture in January 2017 [Shameek, Founder to Deccan Chronicle, 2018]

The founders then engaged in setting up the platform and the next six months saw the formation of a robust technology stack of applications for end-to-end tracking of the farming process in a direct-to-home delivery model. Broadly, this platform was envisaged as a social intermediary which can connect the farmers with the consumers, thereby ensuring a steady supply of organic produce of the latter's choice which will be maintained by the farming community. This was a win-win mechanism for both the stakeholders, serving the twin objectives of ensuring urban nutritional support along with mitigating farmers' woes.

#### **5.4.1.1 Digital Stack of Farmizen**

Farmizen's technology stack includes three mobile-based applications-: one each for the consumer, the farmer, and the drivers in the supply chain. While the applications for the consumer and the driver operates on Android as well as iOS, the one for

the farmer is available only on Android platform. Broadly, this technology infrastructure caters to crop planning, tracking, workflow, and delivery optimisation. Of course, the data generated also provides information on crop growth and yield vis-à-vis the nutrients, weather and soil conditions, including adverse events and demand patterns.

Technology will play a very important role in transforming agriculture in India. The core of the platform is the Farmizen brain, which understands planting regimen for various crops and is able to orchestrate the entire process, and recommend actions to farmers based on real-time inputs from the field as well pre-defined schedules for over 50 different types of crops [Sudakeeran, Founder to Your Story, 2018]

Farmizen is an intermediary platform (Cohen, 2000; Hamari et al., 2016) and functions by offering features through its platforms that are specific to the users. These features are expected to facilitate transactions with the consumer and the farmer by connecting them for information exchange on preferences, verification mechanism and feedback options. While the consumers get a plethora of customisation options through crop planning and the like, the farmers get information at their fingertips in vernacular languages and with pictorial representations. The platform caters to a diverse contextual requirement and accommodates inefficiencies and incapacities at the bottom of the pyramid through these features (cf Bhatt et al., 2021; Pandey et al., 2021; Pillai et al., 2021). Thus, it builds a symbiotic relationship between the farming community and the urban consumers by facilitating sustained interaction, ensuring checks and balances, supply chain management, knowledge sharing, and even barter between the consumers within a farm community.

#### 5.4.1.2 Providing Access Without Ownership

Based on the feedback, the founders received from their social circles, they realised there were many discontented urban working consumers who were willing to grow their own produce to ensure sustained access to healthy organic produce for their families, as opposed to market-supplied pesticide-ridden produce. However, the same was not considered practical, given the lack of easy access to land resources and time along with having no expertise in the field. Farmizen has been able to build this bridge by providing access and resources to the urban populace without having to own or maintain the farmlands and yet ensure sustained access to healthy organic produce through a transparent and participatory process (Bardhi & Eckhardt, 2012; Bhatt, 2017; Belk, 2010; Cohen, 2000).

Many subscribers come to the farm to work with farmers, sow seeds or prepare fertilisers, and volunteer labour. Families come to have a picnic also. This model allows them to do this whenever they want, without the liability of owning and maintaining a plot [Shameek, Founder to VCircle, 2017]

### 5.4.1.3 Co-creation by Consumers

The Farmizen model and specifically the Mini-Farm Model is structured in a way that encourages collaboration between the marginal farmers and the urban consumers with cleverly assigned roles. Based on their interactions with the consumers on online platforms, the farmers ensure the upkeep of the farm beds based on the preferences of the consumer. The digital interactions are taken further with visits by the consumers to the farms and taking part in the farming process (Freire, 2005). While the farmers share their expertise with the consumers, the consumers in turn also share knowledge acquired from elsewhere, facilitating the adoption of best practices by building synergy with the farmer. The consumers are not bound by the list of options mentioned in the Farmizen application and are free to choose items outside the scope of Farmizen even though it is not encouraged as it could be detrimental to the environment.

Those renting these mini-farms are free to visit their farms, help in planting seeds in nurseries or even participate in preparing humus for their farms. However, we understand that the urban working class has little time to attend their farms on a daily basis. So, they have the option of paying weekly visits while we along with the real farmers take care of the crops through the week, [Shameek, Founder to Enewsroom, 2018]

### 5.4.1.4 Temporality of Access

Even though the minimum subscription period for Farmizen is only a month with four ensuing deliveries of organic produce, it encourages more longitudinal access to the service as it relies on factors of trust and transparency. Farmizen almost completely relies on word of mouth for publicity and new enrolments, nudging the consumers with the incentive to enrol for the long term. However, the same does not ensure sustained participation from the side of the consumer. As per the founders, only 20% actually visit the farms despite repeated encouragements and resort to a more service-oriented model where they restrict themselves to just sourcing the produce through the application with models such as Farmizen Tribes and preferring to stay dormant.

People are interested because there is an awareness around eating organic and the benefits of spending time amidst nature. Their involvement in the farm is completely up to them. While some visit the farm thrice a week, 20 per cent of our subscribers visit once a week. [Shameek, Founder to Pune Mirror, 2019]

They also state how the ones who visit the farms frequently tend to stay longer in the Farmizen programme through serial usage. The increased frequency of visits helps not just in building a perceived sense of ownership (Strahilevitz & Loewenstein, 1998) but also in maintaining a crowd-sourced checks and balances mechanism. One consumer visiting the farm, sometimes, also provides an update on the progress on the neighbouring farm beds to members in the chat groups. This provides them with further opportunities to visibly exercise control over what they can produce,

how to produce and ensure better knowledge sharing with the partner, that is, the farmer. Thus, investing themselves heavily in the process and with objects, they do not own but mediate through technology (Belk, 2014; Pierce et al., 2001).

## ***5.4.2 Social Intermediation Using the Sharing Economy Model***

### **5.4.2.1 Lowering of Transaction Costs**

Farmizen relies completely on a farm to fork model of the transaction between the farmers and the consumers, and the business model involves collaborating with farms and small landholder marginal farmers at the periphery of urban areas. These peri-urban farms are located in around 25–30 km from the core city area, and the consumers are free to choose the farm closest to them. This proximity ensures a leaner supply chain negating the need for extensive and expensive storage infrastructure for these perishable produces (Qiu et al., 2021). This design forms the core of the Farmizen cost structure. The consumers place their order the previous day, and the produce which is harvested generally in the morn is delivered to the respective consumer in a short span of time. While this holds true for both the Mini-Farm as well as the Farmizen Tribes model, the Tribes model goes a step further in shared logistics. As per its design, the model promotes group purchasing where delivery is made to the leader of the group (Tribe), who in turn volunteers to ensure the deliveries or collection of the weekly produce for the other members of the group (Qiu et al., 2021). For purposes of convenience, the farms are identified based on the postal pin codes, and deliveries are made by the delivery personnel using their respective application, which helps them chart out the shortest routes to their nodal points. This again adds positively to the cost structure reducing the transaction costs associated with the supply chain considerably.

### **5.4.2.2 Risk Mitigation**

Farmizen offers a pioneering solution to the precarious nature of farming in India, ensuring a sustainable and steady income stream for the small and marginal farmers. The Indian farming sector is prone to the vagaries of nature and is dependent on the east-west monsoons for irrigation purposes. This is exacerbated by the lack of soil nutrition along with lack of access of soil testing facilities and data on risk modelling. Farmizen bridges this gap through a prepaid subscription model, which requires the consumer to pay out INR 2500 on a monthly basis irrespective of the productivity of the farm. This payment is assessed based on the input costs required for the farming process as opposed to the output-oriented pricing structure prevalent in the country.

Farmers invest a lot to grow tomatoes, but if the prices crash to, say, Rs 5 per kg, they don't even bother bearing the cost of travel and throw the produce. There is so much price uncertainty that farmers lose money even if the crop doesn't fail. Our model corrects this equation, as the price risk is borne by the consumer [Shameek, Founder to VCircle, 2017]

In this manner, the farmers possess a steady income stream that is devoid of any other conditions, and this provides them the incentive to invest themselves judiciously into more sustainable farming methods and adoption of best practices. Farmizen will take the responsibility of non-core areas such as marketing, supply chain, and the like while the farmers can engage in their core activity of the farming process.

Indian farmers have been receiving the short end of the stick for too long — they take all the risks in getting our food to us, and very often lose money when prices drop, or when there is some problem in the supply chain. In the Farmizen model, they are de-risked because of the monthly subscription. They can focus on production, while leaving complexities of marketing, distribution, agri-input sourcing, etc. to Farmizen. [Shameek, Founder to Deccan Chronicle, 2018]

#### **5.4.2.3 Rise in Income Level**

The Farmizen model, through its subscription model, has ensured a monthly income to the producers which is shared between the intermediary and the producers at a base level of 50:50 ratio. There are cases where this is altered based on the farmer availing more services from the intermediary, such as access to heavy agricultural equipment and the like. While conventions says that we pay for the output we receive in the agricultural product, Farmizen designed the subscription model, ensuring the prepaid model is input-based and is not subject to any productivity-related conditions. As stated earlier, this allows the farmer to actively engage in the farming process in a sustainable manner. The assured income to farmers, according to Farmizen, is over three to five times more than their regular income, and several farmers have utilised the income security and knowledge transfer to scale up in their activity beyond Farmizen.

Farmers benefit owing to predictable and increased income. Most of our partner farmers make 3–5X more money than before, and also get paid every month, without having to wait for the end of a crop cycle. In our model, farmers can focus on their core competence – production, while Farmizen takes care of the rest – marketing, technology, logistics, agri-inputs, crop advisory etc. [Shameek, Founder to GetBengal, 2018]

#### **5.4.2.4 Beyond Economic Value**

The social intermediary services provided by Farmizen reflects all the definitional aspect of the social intermediation function. Interestingly, it goes further and helps create social value as well. The model encourages extensive interaction between the farmers and the consumers. The chat groups at the farm level help build interaction



between the consumers and farmers; however, as the farmers may not be well versed with the English language, they may find it difficult to interact over the digital medium. This is significantly compensated for by Farmizen by encouraging the consumers to make farm visits at a time of their convenience and has even instituted a work-share arrangement, which has proved to be an incentive. Under the ‘work-share’ programme, subscribers have the option to take up a day of work (8 h) at a listed farm and are provided with one week’s subscription entitling one delivery of produce in return. This model ensures the farmers also get easy and cheaper access to labourers. To enrol, a subscriber will have to email and notify Farmizen atleast two days in advance and book a slot based on availability. The consumer may visit the farm with or without his friends or family; however, only one person’s effort will be counted into the work hours. There is also an option to do the tasks in two shifts of 4 h credits each, and the work will not be limited to one’s own farm but across the field. They work under the direct supervision of the farmer, and their continuation is subject to farmers’ satisfaction. The process is managed by the host, and a register is maintained for the purpose.

Further, Farmizen also engages in promoting the farmers as partners rather than a service provider for the consumer. This helps build synergies between the consumer and the farming community.

The only pleasure greater than growing organic food on your own land is the knowledge that we are helping others do the same. You should see the place on a Saturday. The farm is packed with people, including children [Manjunatha N., Farmer to Business Standard, 2019]

The visits to farms by consumers stem from varied objectives, with some wanting to instil a sense of conventional agriculture-related social values to the children in their family, others wish to build and share expertise in the farming process enabling a knowledge sharing process, and some among the farmers want to provide healthy organic produce to the masses for personal satisfaction. This goes beyond the improved economic value generated in the process, and the process takes a more profound role in community building with joint production of organic produce. ‘Responsible production and consumption’ and ‘good health and well-being’, among others, incidentally form part of the Sustainable Development Goals as well (Shalini et al., 2021).

## 5.5 Discussion

The BoP markets in India are characterised by various market inefficiencies that hamper value creation. In addition, due to institutional voids, the unscrupulous commercial intermediaries capture any value created by the BoP producers (Keys, 2005; Kistruck et al., 2013; Rust & Hall, 2003). In order to provide BoP produce a fair share of value created by them, social intermediaries create market linkages to mitigate these constraints (Estrin et al., 2013; Kistruck et al., 2013). Extant literature shows evidence of how several new innovative models of business have evolved

in the past two decades that are relevant for BoP contexts. Social enterprises and other organisations have judiciously deployed innovative solutions to achieve their financial and social objectives, and the sharing economy has caught up as a potential model (Qureshi et al., 2021c). Many sharing economy models leverage a digital platform to achieve scale and scope (Benkler, 2004; Srnicek, 2017) and a plausible solution that facilitates value creation (Parthiban et al., 2021). Increasing access to the Internet and its round the clock availability to the BoP population in many cases have helped digital platform scale up the sharing model, thereby reducing transaction costs (Benkler, 2004; Hira & Reilly, 2017).

The Farmizen case demonstrates a successful deployment of sharing economy model in the process of social intermediation with the sharing economy model. In this regard, the findings of this study shed light on the conditions and characteristics under which the sharing economy model facilitated social intermediation at the BoP. The digital stack of tailor-made mobile applications has helped achieve the objectives of Farmizen, which is to secure urban food security using a supply of organic produce and simultaneously providing a stable livelihood option through underutilised land assets and expertise of the marginalised farmers. The organisation has successfully provided access to varied types of customers who, on the one side, prefer to grow their own produce using the Mini-Farm models and on the other, by just procuring the product over the counter. While prima facie these are driven by the need for healthy and verifiable organic produce, it reflects a more profound desire for transformation to shift towards a more sustainable and democratic food procurement mechanism. It simultaneously attempts to commodify the landholdings of the small landholder farmer in the peri-urban areas to generate sustained value through the process (Loh & Agyeman, 2019). While the intermediation efforts, as stated earlier, helped to achieve the dual objectives, urban food security and stable livelihoods, there were some additional socialisation benefits of the close interaction between the farmers' and consumers' group through the digital platform (cf. Qureshi & Fang, 2011; Qureshi et al., 2018a). Sustained engagement with the actors, through the chat groups and other media coupled with workshops and in hand experiential engagements in the farms between the farmers and the urban consumers, led to building up social capital in the networks (Bhatt, 2017; cf. Qureshi et al., 2016). Enhanced familiarity and trust over iterative engagements and knowledge sharing contributed to the value creation in both social and economic terms. Barraket (2019) calls these the 'spillover effects' of intermediation processes. The purposeful engagement of actors and the emergence of multi-actor relationships helped increase the reach as well as the capabilities of the field for Farmizen as well as other stakeholders. In a similar vein, Shalini et al. (2021) observe how aspects like knowledge sharing and its preservation by digital applications ensure sustained usage of such platforms helping build not just social capital but also responsible consumption behaviour. Further, temporality aspects, such as duration and frequency of interaction between the farmers and consumers, is critical for sustained engagement with the technology platform. In an access-based platform model, building a sense of ownership is pertinent to sustaining participation that helps build social capital in the long run (Strahilevitz & Loewenstein, 1998). These spillover

effects shed light on how social intermediation efforts enabled by sharing economy models result in the creation of an unintended yet positive impact on the value creation process. Thus, findings of this study contribute to the social intermediation literature in a significant way by highlighting that sharing economy models can not only facilitate the process of social intermediation but also amplify its impact through ‘spillover effects’ of the social intermediation (Barraket, 2019; Kistruck et al., 2013).

In the extant literature, the high centralisation of control and organisation of access platforms have been identified as salient characteristics of the conventional sharing economy models such as carpooling (Bardhi & Eckhardt, 2012; Lamberton & Rose, 2012). However, the findings with regard to Farmizen reveal another perspective. Examples such as how the consumer possesses primary discretion when it comes to farming decisions and the role of the intermediary being restricted to an advisory role suggest decentralisation of control over some of the factors of production. The decentralisation of control offered by Farmizen’s sharing economy model extends to consumer’s freedom to engage in production choices outside of the Farmizen’s advisory ambit. Such decentralisation is also evidenced in the community control exercised by the chat groups at the farm level. The decentralised and democratic organisation structure allows sharing best practices in addition to engaging in censuring other consumers who do not follow established sustainable norms (Sundararajan, 2017), which help promote responsible consumption. Thus, the findings of this study contribute to the sharing economy literature by highlighting how sharing economy models configured for social intermediation are different from the conventional sharing economy models in terms of their organisational structure and control. A sharing economy model that aims to enable social intermediation process employs decentralised and democratic structure (Parthiban et al., 2020; Sundararajan, 2017).

Further, research in the domain of community-supported agriculture shows how agricultural producers partnering with end-users promote value co-creation and help mitigate risks of the involved parties. Literature also sheds light on how such models help build sustainable income sources for the marginalised producers by providing access to healthy farm produce for the end users (Thompson & Coskuner-Balli, 2007). Farmizen demonstrates the same through its model. Thus, findings of this study contribute to this stream of literature by emphasising the role of sharing economy model in the process of value co-creation by clubbing the tool of digital platforms with that of the resultant social networks of farmers and consumers, where the emerged network reinforces the efficacy of the digital platform.

However, it is worthwhile to note that, as such, the platform solutions do not mitigate the constraints of information asymmetry and moral hazard, among others completely. It is the process of social intermediation in the BoP that helps bridge these micro-level impediments considerably. Thus, when sharing economy models are designed taking the process and aim of social intermediation into consideration, as the case of Farmizen highlights, they could help generate more value for all the participants in the model. Thus, the findings of this study provide important practical insights to social enterprises on how to leverage the sharing economy model in

the process of social intermediation. Moreover, this study informs practitioners by explaining how the sharing economy model facilitates intermediation in the BoP context.

## 5.6 Conclusion and Future Research Directions

The study explores the case of a social intermediary that leverages sharing economy model in the Indian BoP. However, the theoretical underpinnings of the sharing economy rest on studying aggregator and technology-enabled models in more developed markets. A more contextual understanding is necessary to problematise these theories, given the heterogeneity reflected in the BoP (Bhatt, 2021). The limited literature on the BoP is also skewed towards BoP consumers. This chapter attempts to address these concerns. However, more work is imperative to develop a comprehensive understanding of market formation in the BoP. We encourage future research to conduct in-depth case studies (using field observations) of sharing economy models in the BoP to enrich theory and practice.

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**Part II**  
**Context Based Challenges in Sharing**  
**Economy Models**

# Chapter 6

## Participation in the Sharing Economy for Refugees in Malaysia: A Solution that Bypasses Legal Constraints?



Melati Nungsari and Hui Yin Chuah

**Abstract** The sharing economy has grown significantly in recent years and is expected to expand further in the future. While many proponents suggest that it will lead to inclusive and sustainable development, some sceptics are critical about its promise of inclusivity, particularly for marginalised populations at the base of the pyramid (BoP). In this chapter, we explore issues surrounding the sharing economy and its impacts on BoP. More specifically, this chapter investigates the feasibility of having the sharing economy provide livelihood opportunities for the refugee and asylum seeker population in Malaysia. The findings suggest that sharing economy could be an alternative solution to ease the plight of refugee population who are denied the legal rights to work in a country. However, there are some pre-requisites that need to be fulfilled to enable the participation of refugees in the sharing economy. We also identify the enabling factors and key barriers to participation in the sharing economy that may affect the vulnerable groups' access to livelihoods in this ecosystem. Using qualitative data from multiple stakeholders, this chapter also focuses on relevant policy implications resulting from the findings.

**Keywords** Gig economy · Refugees and asylum seekers · Informal sector · Legal work rights · Livelihood opportunities

### 6.1 Introduction

A sharing economy is a collaborative economic system where different parties exchange underutilised resources in the economy (Egana-delSol & Nungsari, 2019). The world has witnessed significant growth in the size of the sharing economy in recent years, which has been led by companies such as Uber, Airbnb, Etsy and

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WeWork. A forecast by PricewaterhouseCoopers shows that global revenue generated from five key sharing sectors (travel, car sharing, finance, staffing and media streaming) will grow from USD 15 billion in 2014 to USD 335 billion by 2025 (PricewaterhouseCoopers, 2015).

The diversity of organisations associated with the sharing economy has led to blurred and evolving boundaries on what defines the sharing economy and the firms that occupy this space. This is reflected in the plethora of terms used to describe this sector such as collaborative consumption, on-demand economy, gig economy, platform economy and crowd-based economy. In general, however, there are seven dimensions that are useful when thinking about these sorts of companies, how they operate, and how they may be utilised to solve problems faced by different populations (Egana-delSol & Nungsari, 2019). These characteristics include the use of platforms for collaboration, the mobilisation of underutilised resources (Hota & Mitra, 2021; Hota et al., 2019), facilitation of peer-to-peer interactions (Parthiban et al., 2021), collaborative governance to incorporate feedback from users, encouragement of the gathering of like-minded individuals in pursuit of mission-driven goals through the company, the use of alternative sources of funding such as Kickstarter and Indiegogo, amounts of disruptive potential towards traditional businesses and reliance on technology in its operations (see Belk, 2014; Frenken et al., 2015; Stephany, 2015 for more specifics on each of these dimensions). This chapter considers the sharing economy based on the seven dimensions mentioned above.

Given the popularity of sharing economy businesses and their increased relevance in this age, many proponents argue that it will change the nature of work, leading to increased flexibility and innovation (Sundararajan, 2016; Richter et al., 2017). Digital platforms also give rise to a new generation of micro-entrepreneurs who benefit from the peer-to-peer marketplaces (Qureshi et al., 2021a, 2021c). Apart from economic benefits, the sharing economy is also believed to generate social values as it stimulates social interaction among individuals and builds trust in the community (Bhatt, 2017; Qureshi & Fang, 2011; Qureshi et al., 2018a). Individuals or gig workers who depend on digital platforms could also enjoy more economic opportunities and greater autonomy in their employment – choosing to work when, where and for as long as they want.

Sharing economy advocates also suggest that it is an effective pathway to achieving social inclusion, particularly for the marginalised population at the BoP (Schwarten et al., 2013; Sundararajan, 2016; Frenken & Schor, 2017). In fact, sharing has always been part of the “communal spirit” commonly practiced amongst low income, working class and minority communities (Schor, 2014; Dillahunt & Malone, 2015). As the sharing economy offers more accessible products and services as well as job opportunities in the market, it is believed that the model will eventually contribute to inclusive growth for the BoP population (Qureshi et al., 2016, 2018b). However, there is also rising scepticism towards sharing economy.

Some suggest that it might cause more harm than benefits, particularly for the gig workers who are often exploited given the lack of formalised labour protection standards in the sharing economy.

The rise of technology and digital platforms has brought a new form of sharing with significantly lower transaction costs, reducing the barriers to entry for people at the BoP (Qureshi et al., 2021a, b). The low entry barriers to such platforms could also contribute to uplifting individuals at the bottom of the value chain who might be excluded from the conventional job market (cf Attri & Bapuji, 2021; Schwarten et al., 2013). The majority of refugees and asylum seekers in Malaysia fall in this category and constitute a fragment of the BoP population (cf Galdini & De Nardis, 2021). The absence of legal rights to formal employment have left them living on the margin. Against this background, this chapter seeks to investigate if access to the sharing economy could help to relieve the plight of refugees and asylum seekers. We first answer the research question through three exploratory interviews with legal experts in order to understand the legality of work for refugees and asylum seekers in Malaysia. In-depth interviews with refugees, potential employers and a digital platform operator are then conducted to shed light on their experience (if any) and opinions about sharing economy from both supply and demand sides. This in turn contributes to a better understanding on the potential and challenge of sharing economy at BoP in the context where rights to legal employment are absent.

Our findings suggest that the sharing economy is likely to benefit refugees and asylum seekers in terms of providing livelihood opportunities. A weak institutional environment and lack of governance of the sharing economy provide a loophole for refugees and asylum seekers to bypass legal constraints as they are able to seek for employment on digital platforms despite the lack of legal rights to work. However, our study also found that there remain a number of challenges that need to be addressed in order to enable the marginalised population to participate and benefit from the sharing economy. It is also important to highlight that sharing economy is not a panacea to the refugee issues and may instead act as a double-edged sword that causes further exploitation among the marginalised communities.

The chapter proceeds as follows. First, we review the literature on the base of pyramid and sharing economy, followed by discussion on the sharing economy as well as forced migrants in the Malaysian context. Next, the methodology section explains the sources of data and the data collection process. The findings from the interviews are then presented in four separate sections. Using data from these sources, this chapter assesses the feasibility of the sharing economy as an alternative to create livelihood opportunities for the refugee population in the discussion section. We will then conclude with challenges involved in utilising the sharing economy as a solution to the protracted refugee situation in Malaysia.

## 6.2 Background

### 6.2.1 Theoretical Context

Policymakers often see integrating BoP into a market-based economy as one of the pathways to alleviate poverty amongst the BoP (Kistruck et al., 2013). This corresponds to the concept of BoP which was originally conceived in the seminal work of Prahalad and Lieberthal (1998), Prahalad and Hart (2002) and Kolk et al. (2013). The proposition contends that the world's four billion poorest people present a large magnitude of market potential for businesses given their majority share of world population. More importantly, BoP introduces the idea of inclusive capitalism which seeks to lift the poor out of poverty while at the same time achieve business profitability. Over the years, the BoP development model has evolved and go beyond the concept first conceived by Prahalad and co-authors. There has been a transition away from emphasising the roles of multinational corporations as initiators of the development to highlighting more community-led approaches. This transition also marks a shift from a top-down to bottom-up approach that recognises the agency of the poor in alleviating poverty (Landrum, 2007; Kolk et al., 2013). Aside from this, strategies that focus on developing social innovation and entrepreneurship have also added to the variation in BoP model (Hall et al., 2012; Kolk et al., 2013; Dolan & Rajak, 2016; Qureshi et al., 2021c).

As the concept of BoP continues to evolve, technological advancement in recent years has also led to the emergence of the sharing economy. While the sharing economy seemed to develop in parallel with the BoP model, the idea of sharing economy intersects with BoP model in many ways. They both demand innovative solutions that introduce breakthrough in business models and management processes (Hart & Christensen, 2002; Prahalad & Hart, 2002; Sundararajan, 2016). Furthermore, technology plays a crucial role in leading the development of both models (Sundararajan, 2016; Parthiban et al., 2020, 2021). In addition, BoP and the sharing economy involve the quest for social and economic development (cf Bhatt et al., 2021; Escobedo et al., 2021; Hota et al., 2021; Pandey et al., 2021; Pillai et al., 2021a, b; Qiu et al., 2021). The proponents of both suggest that it will lead to environmental sustainability as well as sustainable economic growth and development that will consequently benefit the poor and marginalised (Prahalad, 2004; Landrum, 2007; Schwarten et al., 2013; Dillahunt & Malone, 2015; Sundararajan, 2016). However, unlike BoP, the sharing economy does not explicitly target at poverty alleviation for the BoP population.

While the sharing economy has become an integral component of the wider economy, its overall impacts, particularly to the BoP population, remain understudied. The advocates contend that the sharing economy has led to increased innovation. It has caused disruption in many industries at different domains such as business management, nature of employment as well as governance. It is also believed that the sharing economy will lead to environment sustainability and

social inclusion (Sundararajan, 2016; Frenken & Schor, 2017; Frenken, 2017; Mi & Coffman, 2019). Platforms like Airbnb and Lyft enable better utilisation of resources – for example, houses and cars that are idle can now be utilised by others who need it. Grassroots initiatives like tool libraries or food swaps have enabled the sharing and exchange of resources amongst the community members. Trust issues that hinder online transaction or interactions can also be overcome by collaborative governance – specifically, by the use of online user ratings and review mechanisms. As a result, sharing practices that used to take place within small communities have now expanded across borders, enabling interactions between two complete strangers.

At the same time, there is also rising scepticism on the sharing economy. Reich (2015a, b), for instance, termed it as the “share-the-scrapes economy”, in which he posits that a large share of profits in this economy often goes to the digital platform owners while the gig workers are left in vulnerable situations – lacking social security, working in precarious conditions and “protected” by minimal or non-existent wage and labour standards. Some studies have also found that instead of empowering digital labour, the sharing economy has perpetuated, if not exacerbated, inequality (De Groen et al., 2016; Schor et al., 2016; Schor, 2017; Graham et al., 2017). While millions of virtual tasks listed on digital job platforms such as Amazon Mechanical Turk (Hara, 2014) have opened up new income opportunities to anyone with internet access, it has also caused a race to the bottom amongst the large pool of labour supply scattered across the globe. Eventually, it seems inevitable that people at the BoP will remain stuck at the lowest income strata within this ecosystem.

## 6.2.2 *Sharing Economy in Malaysia*

The advent of the sharing economy also leads to the growth in informal sector given the lack of regulatory mechanism. Revenue or income gained from digital platforms, whether from renting out the spare room or completing a freelance task is often underreported, or even not reported at all (Williams & Horodnic, 2017). The gig economy is predicted to grow by 55% annually in Malaysia and will eventually contribute to half of the national economy according to the adviser at the Institute of Labour Market Information and Analysis (ILMIA), a government agency under the Ministry of Human Resources of Malaysia (Aiman, 2020). At this growth rate, the informal economy in Malaysia is expected to expand further in the near future if left unregulated. The latest survey findings by the Department of Statistics in Malaysia report that there are about 1.36 million people employed in the informal sector which makes up almost one-tenth of total employment in 2017 (Department of Statistics Malaysia, 2018). 82.1% of this informal labour is concentrated in urban areas and they are poorly educated, with only 85.6% of them having attained



secondary education and below. This indicates that there is a large population of urban working poor who rely on informal employment for survival in Malaysia despite the negative perception against informal economy among the policymakers.<sup>1</sup>

Against this background, formalising the gig economy has emerged as a panacea to job creation and achieving inclusive growth in Malaysia. According to the former Prime Minister, the gig economy will be included in the 12th Malaysia Plan (Palansamy, 2019). Prior to that, the government has been undertaking multiple initiatives in promoting participation in the gig economy. For instance, Malaysia Digital Economy Corporation (MDEC), a Malaysian government agency, launched the eRezeki programme in 2015 that aims to stimulate digital employment among low-income households and individuals (Tan, 2015). Under this programme, participants will receive training like how to access gig job platforms or how to digitalise their businesses. Such policies correspond with the literature on the potential of sharing economy as a tool for social inclusion. However, it only targets Malaysians from lower income brackets and excludes other marginalised groups such as refugees and asylum seekers who also make up a significant portion of the BoP population in this country.

### ***6.2.3 Forced Migrants in Malaysia***

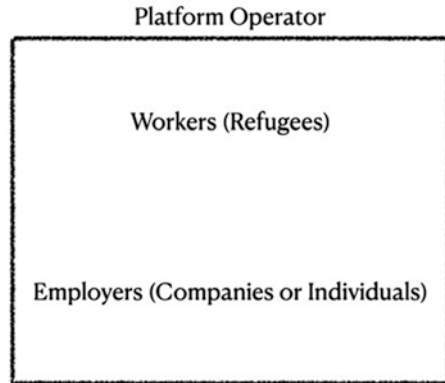
As of October 2020, there are 178,450 refugees and asylum seekers registered in Malaysia (UNHCR, 2020). As Malaysia is a non-signatory to the 1951 UN Refugee Convention and the 1967 Protocol, refugees and asylum seekers in Malaysia are not legally recognised. They have no rights to work and have restricted access to public resources such as public healthcare and education. The government posits that Malaysia only serves as a country of first asylum for refugees and asylum seekers or an intermediate stop before they get repatriated or resettled to third countries such as Australia, the United Kingdom and the United States. However, resettlement to these countries have slowed down to a trickle, leading to a protracted refugee situation in Malaysia. Ongoing conflicts in their countries of origin also makes repatriation back home impossible for most individuals.

In the absence of legal means to earn their livelihoods and the lack of humanitarian support for the protracted refugees, most of them end up living on the margin and constitute BoP in Malaysia. In the face of restricted legal and resource constraints (Bhatt et al., 2019), refugees and asylum seekers have to resort to odd jobs in informal economy as a means of survival. With 78% of refugees being trapped in protracted situation globally in 2018 (UNHCR, 2019), it has become increasingly important and urgent to look for a better alternative to livelihood strategies for the

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<sup>1</sup>According to the news report (Habibu, 2019), the former Finance Minister perceived informal economy as tax base erosion that should be eradicated.

**Fig. 6.1** Components of a platform



refugee population. Against this background, this chapter seeks to examine whether the sharing economy can provide a more practical solution for the forced migrant community who are living in limbo in Malaysia and similar countries. This is also in line with the national policies in Malaysia and the academic literature, which suggests that the sharing economy could contribute to uplifting the marginalised and promoting inclusive growth for the BoP.

### 6.3 Methodology

This study is based on qualitative data obtained from in-depth interviews with multiple stakeholders. Prior to that, exploratory interviews with three legal experts were conducted to shed light on the legal background for refugee work in Malaysia. In addition, desk review was also conducted on popular job platforms in Malaysia including JobStreet, Facebook Jobs and MYFutureJobs in order to get a grasp on the employment landscape through job platforms in Malaysia. Next, we analyse the following perspectives, according to Fig. 6.1, in order to complete our analysis. In particular, in-depth interviews are conducted with nine refugees and asylum seekers of various backgrounds (i.e. potential workers in the sharing economy), three potential employers (either individuals or businesses) and a local platform operator who runs a socially conscious e-commerce website intended to help vulnerable groups.

Three sets of semi-structured interview questions were developed grounded on the insights informed by the exploratory interviews with legal experts. The interview questions for refugees and asylum seekers focused on understanding their livelihoods in Malaysia and awareness about the sharing economy. For those who have had experience working in sharing economy, questions were also posed about their experiences working and barriers faced in using digital platforms for employment. For potential employers, the interview questions centred on how

they usually recruit employees and whether the sharing economy play a role in this recruitment. They were also asked if they are open to hiring refugees or asylum seekers. The last set of interview question for the digital platform focused on the operation of online marketplace and challenges involved particularly with regards to hiring refugees or asylum seekers. All interviews were conducted virtually through phone calls or WhatsApp calls as part of precautionary measures during the COVID-19 pandemic. The interviewed participants were paid an amount of RM20 (roughly USD 5) for their time through a phone credit top up at the end of the interview.

## 6.4 Findings

### 6.4.1 *The Legality of Work and Employment in Malaysia*

Employment law in Malaysia falls under the *Employment Act 1955* [Act 265] (EA),<sup>2</sup> which determines the minimum benefits and rights that certain classes of workers have. In particular, the EA applies to workers “whose earnings do not exceed RM 2,000 a month (approximately USD\$500), all manual workers irrespective of their earnings, and a foreign worker who is legally employed in this country”(Ministry of Human Resources, 2018). The relationship between employers and employees is regulated by the Malaysian Industrial Court, which provides recourse for either side in the case of disputes or contract breaches. Most employment currently held by refugees does indeed fall within the description outlined in the EA – all except for the fact that an individual must be “legally employed”, a hurdle which no refugee residing in Malaysia technically can pass.

This being said, the three legal experts we had interviewed for this chapter referred us to a precedent-setting case by the Industrial Court in Malaysia in 2013, between a refugee named Ali Salih Khalaf and his employer, the Taj Mahal Hotel (Ali Salih Khalaf v Taj Mahal Hotel, 2014). In this precedent-setting case, the Industrial Court sided with the refugee stating that UNHCR-registered refugees are equal under the EA in Malaysia, and are also protected under the 1967 Industrial Relations Act. This precedent-setting case has yet to be overturned in the legal system and has been used to argue for refugee rights to work and at their workplace in the Industrial Court.

It is also widely known that law enforcement in Malaysia have a “poorly defined” relationship with enforcing employment issues with refugees in this country – in particular, refugees are able to exist within a “grey area” under the local law and are often allowed to do jobs and drive on the road (both of which are illegal for them), though a bribe must often be paid to escape punishment (Nungsari et al., 2020a, b).

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<sup>2</sup>Employment Act 1955 was first enacted in 1955 and later revised multiple times with the latest amendment made in 2012.

Thus, though it is strictly illegal for refugees to be employed, a legal loophole does exist for this purpose, and has been used for more than 5 years.

There is, however, a sense in which having a refugee work as a manual labourer is vastly different than creating a sharing economy around the provision of jobs for refugees – in particular, the first is not as visible as the second and is more “under the table” than a clearly visible website displaying or promoting that they are providing what are essentially “black market jobs”. Thus, though a legal loophole exists, it does not seem like it would necessarily be a cure-all for the issue of refugee employment. This being said, since the sharing economy has never been formally proposed as a solution for refugee unemployment, and because of the very fact that refugees occupy a legal grey area, it is almost impossible to predict the outcome of having a job platform for refugees on law enforcement issues. Of course, at the heart of any sharing economy is the individuals and parties who participate in it, and so we delve into their opinions surrounding this issue in more detail below.

#### ***6.4.2 Refugees and Asylum Seekers (i.e. Potential Workers)***

We asked nine refugees and asylum seekers about their opinion on getting employment through online platform. In general, these respondents can be distributed into two main categories: non-users and existing users of online platform. For the former, the main reason for not using online platform is because they do not know how to do so. This might be due to illiteracy or low level of digital literacy. While data on the education level of refugees and asylum seekers in Malaysia is scarce, an in-depth study on Rohingya construction workers shows that their education attainment is relatively low, with 54% of them have had no formal education (Nungsari & Flanders, 2018). Although this might not represent the whole refugee population, anecdotal evidence collected from our ground work and interview is in line with the study.

IV: So now when you are here, have you tried looking for job online?

IR: No... We don't know. Even I don't know (interpreter).

IV: OK, so for your friends normally most of them were in like restaurants?

IE: Uh actually yes, yes, you can say that 60% maybe... for them, they go to street and find any restaurant and they asking him if you need any... somebody to work or no. Just like that. One by one. One by one. The Arabian restaurant or something here in Malaysia. You know there is a lot of Arabian restaurant.

IV: But why don't they use like you say... you use Glassdoor or JobStreet?

IE: I think because they didn't study in Syria. They don't know anything so that they using the restaurant job. They didn't study in Syria. This is the main problem. All the Syrian students or they finish their study in Syria, they can't. I think to Turkey or a little bit here in Malaysia they study in Syria. I think that.

English language proficiency also plays an important role for participation in sharing economy. Refugees who have low level of English proficiency may not be able to access global online job platforms that are predominantly in English.

And my father cannot work in Malay because he don't know English. He knows English a little bit. And he knows Arabic. So he works at Arabic restaurant... He send on WhatsApp, he calls them, you need any job? Or Facebook research. Or he go to search (physically). And so the people that he call help with job.

Another factor for not using online job platform is due to the formal and lengthy procedures involved in job application as remarked by the respondent below. Given the heavy dependence on informal employment in Malaysia, refugees are more used to looking for job through informal channels. As found in the studies on Rohingya and Kachin refugees in Malaysia (Wake & Cheung, 2016; Palmgren, 2017), social network is a key determining factor to their survival in the country. Refugees and asylum seekers would prefer to count on their social network when it comes to looking for livelihood and shelter than other opportunities. Some of them are even willing to pay agents who they know through their contacts to get a job rather than use free services available on an online platform.

Cannot find job in formal ways. Informal way we can find jobs. Formal way difficult... Online is formality. This formal way we cannot go... Documentation, interview, this and that, and waiting and waiting for interview. Next appointment. We need urgent. This online cannot make. If somebody who needs waiter, eh do you have any this and that, just contact me, bring me. Ok work tomorrow. Start. Just call. I need immediately. The person need, OK. Immediately. Finish. No interview. You have this document, this document OK. Somebody calling me for 2 days. They need 2 salesmen in mini market. Only UN card is allowed. Food and boarding will be provided. I spread this message to some of them, community members. I ask if you, if any of your friends is unemployed, wants to work in this sector, contact this number. I spread the number and the person gets. Who needs job he will meet. No need payment. This is my work. Sometimes, some people, I will get job for you, you have to pay RM50. Such agent available.

While online job platforms might be foreign to many, we found that there are some refugees who have been dependent on online platforms to look for employment. Despite so, there remains many challenges. One of the key barriers in using online platform is the lack of access to banking. Refugees and asylum seekers are not allowed to open any bank account in Malaysia as they are treated as illegal migrants here (Smith, 2012). As far as we know, only a handful of them managed to open bank account through recommendation letters from UNHCR and some NGOs. As the transactions on online platforms are predominantly conducted in digital form, the lack of registered bank accounts amongst refugee population will restrict their ability to harness economic opportunities in sharing economy. Allowing for a broader range of payment modes on digital platforms could be a solution to address this issue. For instance, on-demand digital platforms in cash-based societies such as Jordan allow users to opt for cash payment instead of credit cards (Hunt et al., 2017).

But also some problems here facing us cause here we are refugees you know. We need we need account, bank account also. Sometimes I get payment like through PayPal. I have to go to somebody who can transfer my money from PayPal to his account and get it. Some people they refuse. Anyhow. Many obstacles there. Before when I was in Saudi Arabia, I used to work with all this. I get job online from everywhere in the world. I have account, a bank account. Money comes directly no problem. Nothing facing me like that... I have MBA in finance. I have 15 years. I work with very large companies. But this is not the main

thing. The main thing here we have many obstructions... I found some jobs also. I can work and they make this for me everything. The problems they have a system here, I have to register something that call... in Amazon they have some special account, you have to open it. I found that Malaysia is not registered there. Something they are not registered. They told OK we can open for you. Then after that they said sorry sorry we cannot. So this was the only way to work with them. You have account here like that account and then they can pay you. I told them no. Because they don't pay PayPal, they don't pay bank transfer, they don't pay Western Union. Just they pay through that Amazon account billing system.

But me and my sister got turned down several times for the banking problem. Because they want the bank account to.. transfer money. We don't have. Western Union. They will not accept. It's a problem for them to transfer to Western Union. Expensive and inconvenient, especially for companies like we have a banking account we.. For accounting easier for them.

Similar to what was mentioned earlier by the Sudanese respondent, even if they have relevant experience for the job, many refugees are not able to secure the employment due to their legal status. Employers prefer to employ local Malaysians as it is more convenient for them – they do not have to go through the entire process of obtaining authorisation for hiring foreigners. This is further exacerbated by the “Malaysian first” employment policy implemented by the government in order to reduce the surging unemployment rate particularly during the COVID-19 pandemic (Ram, 2020). Even in some rare cases when refugees find employers who are willing to sponsor their work permit, it is not feasible for them as they have to leave the country and re-enter using the work visa that is issued, as many of them are either stateless, such as the Rohingya, or lack proper travel documents such as an expired passport.

And I apply for many online jobs. Like content reviewer, they want someone who have Arabic. I know Arabic, I sent. Oh sorry. And after a week I see they applying for the ad, they ask for the same job. They want someone. See. The problem not the website, the problem the employer... It's hard for the refugees. Because the first thing they ask are you Malaysian? Then second, you have residency? Either way you can't. And you can't say no. Because if you say no, then they can't apply for you to take a visa because if they apply, I got to go out. And now we're in MCO, maybe you can't go anywhere. And then if you say yes, I have like residency because technically I'm refugee so I have residency. But you are Syrian you don't.

It's because you know Malaysia is a big country and there are a lot of companies. There's a lot of competition in the market. But the thing is that sometimes it's easier to for them to get the local person, let's say. Because there are no issues, no problems of immigration, so on so forth.

I send my CV online, but no nobody called. I'm I applying many online, many jobs in Malaysia. Sometimes I'm going. I'm looking for like to work for some place like it's like a closed place. Not like working in shops or working in places, maybe can anytime police or immigration coming. Maybe can work in some office. Any work no problem now. No problem for me to work. Or I can work for some like store. It means store, not the shop no. Store behind the shop. Or like warehouse or something like this. So this is what I'm looking for you know. And I also sent my CV, my everything but I don't know but anyway with some people they say I'm refugee. Say no. That is very difficult, very difficult, not easy.

The potential of the sharing economy in providing alternative livelihoods to refugees, particularly female refugees, has also been documented in Jordan (Hunt et al., 2017). Job seekers have access to transborder economic opportunities through an online platform. They are also able to circumvent regulatory constraints imposed on their rights to employment in Malaysia through the digital platform. The respondent below is one of the examples of an individual who has used an online platform as a last resort to earn a livelihood in order to make ends meet. While online platforms have facilitated economic inclusion for refugees (Graham et al., 2017) to a certain extent, employability is still highly dependent on whether or not they have the relevant skills demanded in the market. Furthermore, the often intermittent nature of tasks or jobs available in the sharing economy might not contribute to reducing income insecurity faced by the refugee population. The global pool of labour supply also leads to a highly competitive digital job market and may eventually cause a race to the bottom (Todolí-Signes, 2017).

I tried register with UNHCR as a refugee and yeah start to work some online. Online jobs because it's not allowed for a refugee to work here. So that's why I start work like online. Actually I'm trying to find some online works like overseas works. I'm trying to like build my career in some like.. I'm trying to learn designing some.. something which we can do it as freelance to survive, yeah.

Looking for jobs online also poses some risk due to the ambiguous legal and regulatory framework on the sharing economy. Some may prey on and exploit the vulnerabilities of refugees and asylum seekers through such online platforms. Digital workers are not protected under the existing regulatory framework as they are hired as independent contractors and do not belong to the traditional form of employment in the regulations (Berg, 2015). Furthermore, the illegality of refugees and asylum seekers in the eyes of Malaysian authorities may exacerbate the situation as the victim who falls prey to the scam may be reluctant to get help from the authorities.

I'm not really sure of the names (of the platforms). A lot of cases were like scam. The only jobs they get phone calls back are the ones in marketing and you know how marketing works. You don't have salary, you only work on commissions.

### **6.4.3 Potential Employers**

We tried to interview business owners or people working in human resource department to gather their thoughts in hiring refugees and asylum seekers. However, due to the sensitive nature this issue, many have refused to respond to our request. This is in line with Bloch and McKay (2014) as they found that it is difficult to access employers for interview, especially those who might be employing refugees or undocumented migrants informally. We were only able to interview one hiring manager from the food and beverage industry. According to the respondent, they are willing to employ refugees with the caveat that it is legal to do so.

Because we have a partner who is helping us with marketing and he said that he has like friends who are refugees. I don't know where he knows them from. But he knows some refugees who told him that actually they are allowed to work up to six hours but they have to go through all that proper process through the refugee organisation, to get approval from them so they get.. the refugee actually possible to get some job and with this job this person can work.

You know, if that's illegal, then every company risk with their own reputation and license. For example, if that's illegal and I hire them, then one day DBKL (city council) comes and asks for documents. And there's no proper document. Then that will be the problem, not only for the refugee. Will be the bigger problem for me, because I'll I might lose my license, I might be fined with 10,000 so. So if it's illegal. It's mostly like impossible to.. It's very risky I would say.

With that caveat in place, they think that many employers are open to hiring refugees, but there is lack of information on how to do that.

I guess not only me, but a lot of employers, they wouldn't be mind to take refugee, but simply they don't know that this is allowed here. And they don't know how hard is the process, and I guess even refugees, not all of them know the process. So there must be some... I don't know article or something which explains what to do, how to do, a way to go, whom to calls and like the path of movement... Like me, I told you, although I know... still information how to do that. What should I do for that and how long it takes? For example, if today, I want to, if this month. I need the new staff and I chose this refugee. I don't know how long it will take to actually prepare all the documents so he can or she can come and work.

As shown above, legality is the key barrier when it comes to hiring refugees. Similar to the respondent above, a financial services start-up leader told us in a casual conversation that they will not consider hiring refugees because of the risk involved as refugees are not allowed to work legally in Malaysia. They do not see any incentive to take this risk. Even if it is legal for hiring refugees, they would rather hire local Malaysians due to the extra bureaucratic procedures and costs associated with a work permit application. To further explore this insight, we performed a desktop review on some online job platforms including Facebook Jobs and [Jobstreet.com.my](http://Jobstreet.com.my).<sup>3</sup> Job advertisements that explicitly seek to hire Malaysians or foreigners with valid working permits are very common on such platforms. However, the sharing economy could be an alternative for skilled refugees to get job. We spoke to an e-commerce business owner and she mentioned that since employing a permanent staff is not feasible for her business, she relies on a freelancer platform – [fiverr.com](http://fiverr.com) – and has hired an Indonesian to help her with some design tasks. On a platform as such, the legal status of freelancer does not matter. The only factor that concerns her is the skill and work quality.

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<sup>3</sup>Facebook Jobs and JobStreet are two popular platforms used amongst employers and job seekers in Malaysia.



#### 6.4.4 *Founder of an Online Marketplace*

We interviewed the founder of a social enterprise platform that serves as a retail marketplace for products and services created by vulnerable groups. This business provides an aggregated platform for individual social entrepreneurs and civil society organisations to sell their products, of which the income is then channelled to fund their operation. In contrast to other profit-oriented platforms, they operate on a profit-sharing basis. In particular, they do not charge any fee for product listing and only share the profit when the products or services get sold. The sharing economy in general is unique as it creates social connections and a sense of community in economic exchanges that occur in a conventional market economy (Fitzmaurice et al., 2018). This particular marketplace utilises a market-based solution to build a community of people who want to create positive impacts to society and help uplift vulnerable groups.

The platform has also worked directly and indirectly with refugees in some previous projects. In fact, there are many social businesses that are set up by individual refugees or refugee-led organisations in Malaysia. This online marketplace provides them a platform to market their products. As remarked by the founder, they are open to working with refugees as that would provide livelihood to the community. However, in order to sustain the online platform, marketability of the products or services would be a key determining factor for them.

For me, honest, I am open to working with them (refugees). What is the product, that for me, that is the bigger concern. The product.. Can it be sold? Is it something useful? Is it something the market wants? If the market doesn't want it. It would just mean it's a drain on my resources. Because we have to upload it. We have to promote it.

So I think the question is as long as the gig economy is providing a service that the market wants, then there will be a revenue for the refugee. The refugee just needs to be able to provide the service or the product that is relevant.

While the founder is aware that refugees and asylum seekers are not legally recognised in Malaysia, they remain optimistic with regards to the legal constraints.

I think legally, legally gray as long as. Uh, I think Malaysians for the most part, we're actually quite, uh. Quite relaxed la these issues, you know. So I don't think that... This government will not see this as such a big thing. The migrant worker issues are the ones that probably a bit more difficult than refugee. Refugee, we still got a soft spot la, but migrant worker, Indonesian, Bangladeshi, whoever worker are.. I think they will come down harder on them rather than the refugees.

So legally, I don't see that as an issue for me, but if the law changed and they start saying really no.. cannot, you cannot even purchase the food from them. Then it becomes an issue which I hope they won't. Yeah 'cause I mean, what's the big deal, right? In principle this person has produced a service and I'm a willing buyer. Or I have a buyer who is willing to pay. What does it matter that this person, you know, is this passport or that passport, or no passport or residing there? As long as it's not illegal, in terms of, it's not a stolen product, not like a child labor product. Then I think it's OK.

Although the platform is open to working with refugees and asylum seekers, the key barrier remains the inaccessibility to opening a bank account. Most of the businesses or employers are reluctant to pay in cash due to their internal accounting protocols. This, in turn, will place a constraint on how refugees could benefit from sharing economy.

Basically, I work with a community organization. The community organization has the bank account. So I will pay community organization because this product was made by refugee from Somalia. But basically they will have probably paid wages for the refugee. But for me, I'd pay the organization. So that is indirectly, uh directly... The only times, the one time I have engaged with some refugees is for perishable food items and I bought it outright because of this issue of bank account. So we bought it outright, just pay in cash and we did it as a cash transaction. So basically how we dealt with it in the past is cash transaction, but then that becomes our problem because we have to buy it outright. So I think for us, uh, we need to record it in some way.

## 6.5 Discussion

In this chapter, we contribute to the understanding of the feasibility of the sharing economy in achieving sustainable and inclusive development at the BoP. The study is grounded on data collected from multiple stakeholders that cover both supply and demand sides. In particular, by considering the perspectives of potential employers (business owners and platform operator) and potential employees (refugees), we demonstrate that the sharing economy has great potential to provide livelihoods for refugees and asylum seekers who constitute a part of the BoP. Secondly, we identify key enabling factors, potential risks, and challenges that might be faced by the BoP in a sharing economy model. Thirdly, the findings of this study are also used to inform policies and practices that will affect the refugee and asylum seeker population.

Despite the exponential growth of the size of sharing economy in recent years, the definition of the sharing economy remains ambiguous, as does the regulatory and governing system surrounding it (Schor, 2014; Frenken & Schor, 2017). The unregulated economy provides a loophole for refugees who have no legal means to work in domestic economy to circumvent the restrictive legal framework. Digital platforms that operate across borders provide access to a global talent pool. This could provide alternative means for refugees to earn a livelihood. They are also able to enjoy the flexible nature of gig work in terms of working location and hours. In fact, some of the refugee population in Malaysia have been dependent on digital job platforms for survival and livelihood as shown above.

From the employers' perspectives, the responses towards employing refugees and asylum seekers through digital job platforms are mixed. There are some employers who have been hiring through on-demand or crowdwork platforms. The priority for them is the quality of work done. For others, legality remains the main concern given the possible legal action against them under Section 55B of *Immigration Act*

1959/1963.<sup>4</sup> However, there is an exception for industries that involve manual work and 3D (Dirty, Dangerous and Demeaning) jobs like those in construction, manufacturing, agriculture and plantation. The recent announcement in November 2020 in Malaysia on regularising illegal immigrants working in these industries also illustrates the importance of foreign labour, including undocumented workers, to fill the shortage of local labour supply for particular jobs (Astro Awani, 2020). In Malaysia, the regularisation and legalisation of undocumented migrants has been a regular practice since 1990s (Omar et al., 2017). This being said, restrictive government policies as well as nationwide immigration crackdown on undocumented migrants in the past have disrupted the functioning of these industries (Lego, 2012; Shankar, 2020).

While high labour demand in these industries provide easy access to jobs for refugees and asylum seekers, the majority of them are labour-intensive work which might not match the skills they have. On the other hand, online platforms can offer more a larger variety of job opportunities such as tasks related to accounting or sales. Nungsari and Flanders (2018) found that the heightened vulnerabilities of refugees and asylum seekers also make them an easy prey for some contractors in construction sector. Incidences of exploitation like late payment or no payments from employers are commonly reported and yet refugees have nowhere to turn to for help. Cases of exploitation as such could be easily avoidable on digital platforms which are often equipped with transparent payment mechanisms. However, at the same time, it also imposes a certain extent of rigidity that may restrict the participation of refugees. As shown above, the lack of legal documentation or bank accounts are key entry barriers to the sharing economy for refugees.

Digital job platforms including the marketplace platform we interviewed could contribute to economic inclusion for people who cannot legally work in the domestic labour market. Similar evidence of economic inclusion have also been found in (Graham et al., 2017) as people are able to bypass regulatory constraints that prohibit them from getting jobs in the local job market through sharing economy (Attri & Bapuji, 2021). At the same time, this also comes with some caveats. The lack of a regulatory mechanism for the sharing economy leaves gig workers unprotected. Digital platforms consider gig workers as independent contractors and hence absolves them of any responsibility as employer. The gig workers' well-being is not covered under any employment act or labour laws. Besides, the lack of minimum wage protection and the competitive dynamics of gig work might also lead to a race to the bottom and precarious employment (Todolf-Signes, 2017). As a result, they would have to take up jobs that pay below their subsistence level or to work for long working hours in order to earn sufficient income.

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<sup>4</sup>Employer who is found guilty of employing illegal immigrants is liable to a fine of RM10,000–RM50,000 or imprisonment of not more than 12 months or both for each illegal immigrant employed. Those employs more than five illegal immigrants at the same time is liable to imprisonment of at least 6 months but not more than five years and is subject to whipping of not exceeding six strokes.

Despite the potential of sharing economy as a livelihood option to refugee population, there remains some pre-requisites for entry into the sharing economy – skills, knowledge and language proficiency. As illustrated in the interviews above, digital platforms are only accessible by those who are literate and tech-savvy (cf Qureshi et al., 2021c). Given the demographic of refugee population in Malaysia with relatively low educational attainment, it would be difficult for refugees to instantly benefit from the sharing economy without adequate training and education. In addition, accessing the sharing economy also requires access to technology including IT gadgets and internet access which might be challenging for many individuals from vulnerable populations in Malaysia. As a result, the sharing economy might perpetuate underlying inequalities and end up being utilised by only a few individuals (De Stefano, 2016).

In order to mitigate this, concerted efforts are essential to build an enabling environment for refugees to participate and to reap tangible benefits from the sharing economy. For instance, civil society organisations and humanitarian agencies can provide relevant training and education to raise awareness about sharing economy. As the sharing economy increasingly becomes a global phenomenon, UNHCR should also start incorporating the sharing economy in their livelihood development programs, which is one of its key functions in Malaysia (Ravesloot & Vallet, 2020). Besides, it is also critical to bridge the gap in access to technology amongst the refugee community in order to create a conducive environment for them to participate in the sharing economy. Platform providers should also be included in the dialogue to ensure appropriate safeguards for the well-being of refugees given the precedent set in (*Ali Salih Khalaf v. Taj Mahal Hotel*, 2014). At the same time, it is also important to educate employers about the differences between illegal immigrants and refugees or asylum seekers in order to change their potentially negative stereotypes and any discriminatory hiring policies they may impose on refugees.

## 6.6 Conclusion

The refugee population in Malaysia and other transit countries are forced to live in limbo due to the lack of legal recognition in these countries. At the same time, humanitarian support is limited. In the absence of the legal means to work, many individuals in this population are part of the BoP and have to resort to participation in precarious and often exploitative informal employment in order to survive. In line with the findings in (Hunt et al., 2017), our research shows that the sharing economy can be an alternative to livelihood opportunities for refugees and asylum seekers in Malaysia. They can take advantage of virtual job platforms and bypass legal barriers that prohibit them from working legally in Malaysia. Aside from income generation, they are also able to benefit from the flexible nature of work through said digital platforms. The risk of being raided and arrested by enforcement bodies can be reduced significantly as they are not required to work in a physical workplace. In a broader context, the main challenge that remains is the absence of an institutional

and regulatory framework surrounding refugees. The sharing economy can only be an alternative for these individuals to make ends meet, but not the main source of income. Furthermore, this alternative might only be a temporary approach as the government is moving towards formalising the sharing economy in Malaysia. A more sustainable solution lies in firming up and creating national livelihood policies surrounding refugees and asylum seekers living in Malaysia.

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# Chapter 7

## Leveraging the Power of Sharing: The Case of a Social Enterprise at the Base of the Pyramid



Pradeep Kumar Hota and Sumit Mitra

**Abstract** The sharing economy has been predominantly studied in developed country contexts and hence we do not understand it in the base of the pyramid (BoP) context. Considering the unique characteristics of the BoP context, it is worthwhile to explore how sharing economy can be leveraged in such a context. Specifically, we studied the case of a social enterprise operating in India and tried to understand how the organization adopted the sharing economy model for addressing its resource challenges. We found that while faced with the resource challenges of finance, human resource, and knowledge resource, the organization used different sharing such as digital platform sharing, human resource sharing, channel sharing, knowledge sharing, and business model sharing. Our study has important implications for the literature on sharing economy and social entrepreneurship.

**Keywords** Sharing economy · The base of the pyramid · Resource mobilization · Digital social innovation · Social enterprises

### 7.1 Introduction

Over the last two decades, social enterprises (SEs) have established themselves as globally relevant ventures exhibiting innovative and sustainable social value creation processes and addressing long-standing social issues through entrepreneurial processes (Austin et al., 2006; Parthiban et al., 2021; Christie & Honig, 2006). Deeply rooted in their social mission with a drive for sustainability (Mair & Marti,

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2006; Short et al., 2009), the inability to tap private resources for a public purpose often leaves SEs resource-strapped (Brown & Kalegaonkar, 2002). Because of the strong focus on social value creation as against profit maximization or value capture, diverse stakeholders with competing demands like investor/donors as against end beneficiaries, hybrid organizational form with dual and often contesting focus of financial sustainability and social good, incapability to demonstrate return on investment, and ambiguities in performance management, SEs find it extremely difficult to tap into resources that commercial enterprises have access to (Hota et al., 2019a; Austin et al., 2006; Doherty et al., 2014).

SEs operating in the base of the pyramid (BoP) context face greater challenges for fulfilling resource requirements because of the unfavorable institutional environment in conjunction with a huge demand for SE activities in such a context (Kistruck et al., 2011; Mair & Marti, 2009; Bhatt et al., 2019; Zhao & Lounsbury, 2016). Under such constraints related to resource mobilization, SEs in emerging economies need to mobilize and manage their scarce resources innovatively. Hence, resource management in SE operating in emerging economies becomes an especially critical area of scholarly inquiry. High-quality resources are typically scarce and hence expensive in the BoP context (Desa, 2012). Therefore, pressures to scale up rapidly even before stabilizing create a resource stretch for the SE (Mair & Schoen, 2007).

The above situation arises because of the challenges and characteristics of BoP customers/beneficiaries whose needs the social mission of a SE intends to fulfill. Comprising about 4 billion extremely poor people worldwide who live on less than \$2 per day (Prahalad & Hart, 2002), it refers to exchanges in relatively small informal networks often in very remote rural locations without accessibility and transportation (Kistruck & Beamish, 2010). In the absence of formal institutions, and remoteness of these communities from the urban providers, this leads to limited linkages between these BoP producers and their developed markets, resulting in depressed prices for their products as also expensive products and services received by the BoP customers (London et al., 2010; Kistruck et al., 2013; Shalini et al., 2021). SEs step in to provide improved channels of exchange through their intermediation by avoiding in the process, problems of adverse selection and moral hazard (Spulber, 1999). While social intermediaries help bridge transactional gaps, often at a loss, to ensure gains for identified beneficiaries, they do so by analyzing every such transaction it can internalize. This is to ensure that in the prevailing/changing institutional environment, the beneficiary and its counterpart in a transaction develop a robust and more equitable transaction over time and not be excessively dependent on an intermediary (Kistruck et al., 2013). Accordingly, models create new ways to consider local resources, community social capital, and bricolage (Pandey et al., 2021; Hota et al., 2019a) to develop sharing economy models that consider the specificities of particular communities while ensuring that the solutions can be quickly modified and replicated.

Sharing economy was defined by Frenken and Schor (2019) as *consumers granting each other temporary access to under-utilized physical assets ("idle capacity")*,

*possibly for money*. The sharing economy at BoP demonstrates that sharing and collaboration present potential quick ways to raise standards of living by creating access rather than ownership. It is seen that at the BoP, a sharing economy emerges on the back of digital development becoming relevant to the marginalized communities (cf Nungsari & Chuah, 2021; Qureshi et al., 2021c). This is dependent on better internet connectivity in remote locations, affordable hardware, and entrepreneurship among locals to try digital sharing for mutual good (cf Qureshi et al., 2021a, b). Research indicates that the BoP focus of digital sharing is primarily on employment and income generation. An important aspect that distinguishes the sharing economy from the traditional economy is the prioritization of access to resources over the production of new ones (Mair & Reischauer, 2017); particularly difficult in the BoP section of society in an emerging economy that severely lacks resources.

Extant literature highlights that sharing economy offers a powerful means for improving resource efficiency by allowing sharing of existing resources and promoting a new business model that allows for innovative use of resources (Acquier et al., 2017; Escobedo et al., 2021; Galdini & De Nardis, 2021; Laukkanen & Tura, 2020; Pillai et al., 2021b; Schneider et al., 2019). Hence, for the social enterprises, operating in the BoP context and battling with resource challenges, sharing economy provides an opportunity to overcome the resource challenges with efficient use of resources (cf Bhatt et al., 2021; Hota et al., 2021; Pillai et al., 2021a; Qiu et al., 2021). Although social enterprises operating in the context of BoP can leverage sharing economy model to mobilize resources, we lack the understanding of how this can be done. So, we specifically ask the research question: How can SE leverage sharing economy for resource mobilization in the BoP context?

To explore the research question, we study the case of an organization operating in the BoP context of India and providing farming, market linkages, and sanitation solutions (SSs) to the rural farmers. We collected a range of data from the organization over a 36-month period and analyzed the data following guidelines of inductive theory-building research. We found that the organization used different sharing mechanisms such as resource sharing and platform sharing to mitigate resource challenges and successfully address its financial and social objectives simultaneously. Our study makes an important contribution to the social entrepreneurship literature and sharing economy at the BoP literature by identifying how the sharing economy can be leveraged by social enterprises operating in the BoP context.

The remainder of the chapter is structured as follows. We start with the theoretical background of the study that explains the literature on resource mobilization challenges of social enterprises and positions sharing economy as a possible solution for addressing resource challenges in BoP. Then we discuss the methodology adopted in this study, followed by the findings from our analysis. Finally, we discuss the implication of our work and suggest avenues for future research.

## 7.2 Theoretical Background

### 7.2.1 *Resource Mobilization Challenges of Social Enterprises*

Extant research suggests that social enterprises face severe resource constraints (Bridgstock et al. 2010; Hota et al., 2019a; Qureshi et al., 2021c) because they often operate in market failure condition (Di Domenico et al., 2010; Mair & Marti, 2009). Apart from the contextual challenges (Bhatt et al., 2019; Qureshi et al., 2018b), social enterprises have unique organizational characteristics that create difficulties in their resource mobilization. Their primary social objective (Dees, 1998; Austin et al., 2006; Mair & Marti, 2006) makes it difficult for them to get resources from the investors (Peredo & McLean, 2006; Lumpkin et al., 2013) or through trading activities (Di Domenico et al., 2010; Desa & Basu, 2013). Further, since social enterprises do not conform to an established organizational category (Battilana & Lee, 2014), they face legitimacy challenges, which affects their resource mobilization (Bhatt, 2021; Doherty et al., 2014). Getting suitable human resources is another challenge faced by the social enterprises, considering their inability to pay at the market rate (Austin et al., 2006) and their unique requirements of having employees with blended social and commercial values (Doherty et al., 2014).

Social enterprises operating in the BoP context face even greater resource mobilization challenges due to the uniqueness of the context. Such a context is characterized by acute poverty and the customers have very limited paying capabilities (Kolk et al., 2014; Parthiban et al., 2021; Seelos & Mair, 2007). The unique social, cultural, and institutional characteristics of the BoP market imply that the traditional product, services, and management process might not work in the BoP context (Bhatt, 2021), and organizations need to think of a radically different supply chain to cater to them (Pralhad, 2004). Further, in the BoP context resources from the product market, labor market, and capital market are scarce and typically concentrated within a few big organizations (Khanna & Palepu, 1997). The legal infrastructure is often ill developed and there is the absence of supporting mechanisms such as property rights (Seelos & Mair, 2013). As North mentioned: “Third World countries are poor because the institutional constraints define a set of payoffs to political/economic activity that does not encourage productive activity” (North, 1990, p. 110).

### 7.2.2 *Sharing Economy at the BoP*

Community-level “self-help” and “solidarity” elements associated with the local sharing economy help identify social issues they want to resolve and convening multistakeholder communities and platforms to collaboratively find the best solutions. People who voluntarily enter into a transaction in the sharing economy only do so if it is beneficial to both parties. External donors, on the other hand,

cherry-pick location and projects to implement, often without the consent of local beneficiaries. Latent capacity at the BoP is most apparent with the underutilization of labor and workers; a capacity that the community itself is unaware of its possession. Trust is a significant enabler of the digital sharing economy. In a way, trust and reputation can be more valuable than a currency (Qureshi et al., 2018a; Frenken & Schor, 2019). They can give people access to physical resources that they would not otherwise have. For the BoP, trust is usually limited to a social network of family and close friends that does not necessarily extend to a wider community. This lack of sustainable reputation systems can prevent widespread sharing in different settings and the emergence of collaborative consumption at the BOP (Möhlmann, 2015). Digital sharing economy, therefore, refers to innovations that leverage digital solutions, such as the Internet or mobile phones, to engage communities. Communities lead the development of these innovations when they are cocreators in their design and implementation, facilitated by digital tools, in ways that empower the community (Qureshi et al., 2021c; Benkler, 2006).

From a philanthropic perspective, digital sharing technologies designed for the BoP are very cost-effective in terms of impact per dollar spent (Wallenstein & Shelat, 2017). From an investment perspective, we believe collaborative businesses have a disruptive potential that can lead to creating new demand, profits, and “blue oceans”—markets where there are not yet competitive rivals (Perini & Schwarten, 2013). All this may give the social enterprise financial sustainability and break—even quite early on. While there is much inefficiency that exists in emerging markets, the business model properties of sharing businesses: reduced cost from collaboration and increased utility of assets suggest room for potential profits. Nevertheless, in the sharing economy, resources define identity: “you are what you can access” (Belk, 2014: 1598).

Although there have been attempts to generalize sharing economies, the culturally rooted pluralism of their forms and practices, which are embedded in varying cultural contexts, ultimately captures the dynamics of sharing economies. Consequently, the culturally rooted pluralism of form of sharing economy organizations accentuates that there is no such thing as “the” sharing economy organization (Bhatt et al., 2019; Mair & Reischauer, 2017). Culture shapes pluralism of organizational forms primarily in two ways—firstly, as to whether they are for-profit or not-for-profit organizations (Schor & Fitzmaurice, 2015) and secondly, the structure of the organization, in terms of how closely they resemble traditional organizations (Mair & Reischauer, 2017). One way pluralism reflects in the practices of sharing economy organizations is with regard to how they interface with nonmarket actors such as city governments or interest groups (Baron, 1995) and how they govern interactions and relationships with users (Bhatt, 2017). For example, the Food Assembly, a France-based organization in the food-sharing market that connects local farmers with consumers, allows selected users to assume managerial responsibilities. In return for coordinating and encouraging transactions between farmers and consumers, these users receive monetary compensation (Acquier et al., 2017). Most sharing economy organizations in developed markets seem not to follow this practice for its users (Mair & Reischauer, 2017). Culture, understood as

taken-for-granted meanings and rules, seems to affect these choices: sharing economy organizations follow rules like prescriptions prevalent in their cultural context and mimic prevalent expectations in their economic systems. Therefore, culture might help explain different organizational forms in the sharing economy (Mair & Reischauer, 2017).

BoP markets inherently differ from higher-tier markets, as an institutional theory lens reveals (Angeli & Jaiswal, 2015; Rivera-Santos et al., 2012). It is well known that economic resource-poor communities are characterized by institutional isolation and by an idiosyncratic structure of beliefs, sociocultural traditions, values, and norms, giving rise to a non-munificent institutional environment (Angeli & Jaiswal, 2015; Bhatt et al., 2019; Parthiban et al., 2020) and that informal institutions, rather than formal ones, have a prominent role in governing social life in these contexts (Qureshi et al., 2016; Rivera-Santos & Ruffin, 2010).

In the above sociocultural and institutional environment, SE organizations “seek innovative processes that are socially inclusive towards local communities” (Smith et al., 2014: 114). If such processes have to be closed, within the trust-based local community, and yet have to overcome resource constraints of BOP using local resources (Mair et al., 2012), they may need to resort to a sharing economy within the community. By demonstrating social value creation through negotiating and renegotiating access to resources including expertise (Di Domenico et al., 2010) embedded in a community’s shared economy, the SE creates legitimacy for itself. Also, this way constraining informal institutions impeding full market participation may be circumvented, unless there are constraints to sharing within the communities (Qureshi et al., 2018b; Riaz & Qureshi, 2017).

In an emerging economy like India, antecedent conditions to the role of SE in a rural BOP setting demonstrate transactions in a subsistence marketplace (Kistruck et al., 2013). Besides being dispersed and large, such a marketplace has rural consumers with poor literacy, viewing brands and prices as images instead of symbols (Viswanathan et al., 2012) making fair and transparent transactions as bedrocks of trust (Viswanathan et al., 2008). In the absence of property rights (Kostova & Zaheer, 1999) as also a lack of transparency in information (Qureshi et al., 2018b), physical assets including land cannot be used as collaterals to obtain external funds required to avail of essential products and services. This would accentuate the need to have an active and efficient local community-level sharing economy to provide for necessary resources, given the prevalent mistrust of outside individuals and organizations. This would see greater benefits from adapting to the specific needs of a highly fragmented local context rather than attempting to “cookie cut” the operating procedures across diverse locations and institutional environments (Kistruck et al., 2013).

As has been seen in other research, in remote BOP communities, local intervention using local dialect leverages trust to convince farmers to adopt modern farming and sanitation practices (Hota et al., 2019a). In something like “learning by doing,” a sharing economy may overcome farmer resistance more easily than resorting to constant and frequent persuasion, as highlighted by Di Domenico et al. (2010) in a unidirectional flow of information and role models. This is somewhat

highlighted in the effectiveness of the farmer interest group (FIG) sharing information in the group using a local representative. This also helped the SE to embed itself in the community (Hota et al., 2019a). In this way, the optimal use of local resources (Kitchen & Marsden, 2009) assisted in maintaining local equilibrium in resource use, making localities more resilient (Bristow, 2010; Christopherson et al., 2010). It needs to be seen how the sharing economy can leverage with ease the advantages of belonging to a closed community where they undergo similar socialization, resulting in localized indigenous solutions to problems by showing considerable “resourcefulness and improvisation” (Attri & Bapuji, 2021; Garud & Karnøe, 2003).

### ***7.2.3 Leveraging Sharing Economy for Resource Mobilization***

Extant literature highlights that sharing economy offers a powerful means for improving resource efficiency (Acquier et al., 2017; Laukkanen & Tura, 2020; Schneider et al., 2019). This is possible because sharing economy allows for the sharing of resources (Hira & Reilly, 2017) and fosters new business models that enable innovative use of resources (Curtis & Mont, 2020; Laukkanen & Tura, 2020). There is also an indication in the literature that actors operating in the BoP context can leverage the concept of sharing economy to address their resource mobilization challenges (Sengupta et al., 2019; Szabó, 2017). For instance, Sengupta et al. (2019) explored how an organization leveraged digital platforms to provide support to resource-poor farmers in the BoP context, particularly where there are challenges to sharing arising from prevalent social divide (Qureshi et al., 2018b). Similarly, Szabó (2017) discussed how an organization leveraged unused resources using the sharing economy approach. Although these works are useful in highlighting that the sharing economy model can be leveraged by a social enterprise, there is a need to better understand how social enterprises employ the sharing economy model in response to resource mobilization and social challenges. This is the focus of this chapter.

## **7.3 Research Methodology**

To explore the research question, we adopted an inductive case study approach, as the phenomenon is new and emerging (Eisenhardt, 1989). The case study research is useful when a “why” or “how” question is being asked about new or little-known phenomena, as in our study (Eisenhardt & Graebner, 2007; Yin, 1994). Further, given the paucity of research in understanding sharing economy at the BoP, we decided to explore a single case in depth (Sarker et al., 2012).

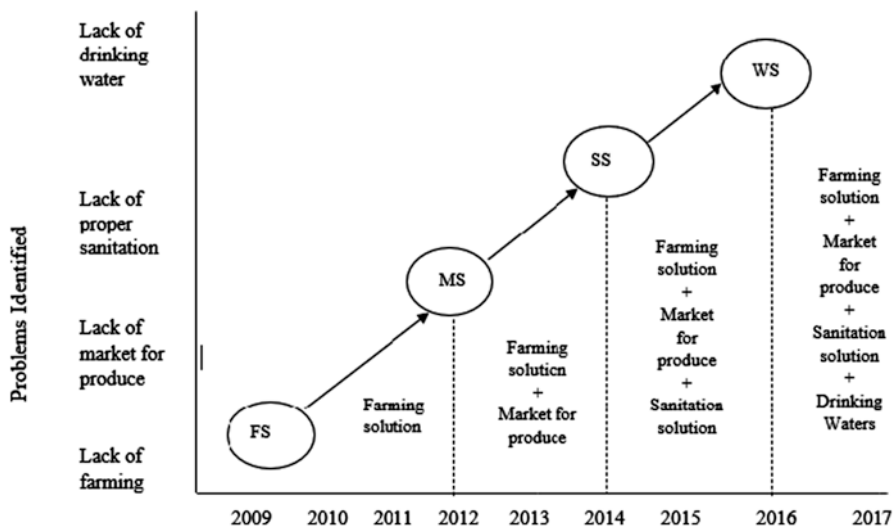


Fig. 7.1 Evolution of FF. Note: FS Farming solution, MS market solution, SS sanitation solution, WS water solution

### 7.3.1 Empirical Setting

Following the suggestions from the methodologist (Patton, 1990), we sought to identify a case that can provide insight into the topic of interest. *FarmersFriend* (pseudonym), selected through the process of theoretical sampling (Strauss & Corbin, 1967), suitably matches our requirements. *FarmersFriend* (henceforth *FF*) is a social enterprise operating in multiple eastern provinces of India. The founder of *FF* was awarded a fellowship from Ashoka Foundation,<sup>1</sup> which awards social entrepreneurs with innovative and systemic social impact. *FF* was started when its founder observed the multitude of issues faced by the rural farmers. To help the farmers come out of poverty, the founder of *FF* started an intervention to provide required inputs such as knowledge, seeds, fertilizers, and others. This initiative provided farmers with high-quality, affordable, and timely inputs, leading to better farm yield. Further, upon realizing the absence of a market in the rural areas and the resulting difficulties faced by the farmers in selling their products, *FF* designed an intervention to take the farm produce from rural farmers and sell it in the urban market. This helped the farmers in getting a better price for their farm produce and reducing wastage. Subsequently, *FF* realized that sanitation is a big challenge for the rural farmers and *FF* used its existing channel to provide quality sanitation materials for the rural farmers. Please see Fig. 7.1 for the evolution of *FF*.

<sup>1</sup><https://www.ashoka.org/en>



### **7.3.2 Data Collection**

We collected data over 36 months in multiple interactions with *FF*. To start with the data collection, we collected a range of information about *FF* from the Ashoka Foundation website, *FF*'s website, published cases, social media pages of *FF*, and other published materials. The analysis provided us a very good understanding of the different activities and impacts of *FF*. Subsequently, the first author visited *FF* and its field of activities to collect a range of data in terms of semi-structured interviews, field observations, and internal materials from *FF*. The semi-structured interview was the main instrument for data collection. We prepared an interview protocol containing an outline of topics to be covered, with suggested questions (Yin, 1994). The interview protocol serves as a conversational guide and it produces guided conversation during an interview (Rubin & Rubin, 2011). Wherever possible, we recorded the interviews after getting consent from the interviewee. These interviews were subsequently transcribed for analysis. Data collected from other sources helped to ensure triangulation (Yin, 1994). Further, we collected data from *FF* in subsequent visits. In total, we conducted 37 interviews with the organizational members and other stakeholders of the organization.

### **7.3.3 Data Analysis**

Data begin by compiling and sorting interview transcripts, field notes, and other secondary data to create a database (Creswell & Poth, 2016; Yin, 1994). We followed the established process of grounded theory-building research for analyzing the data (Eisenhardt, 1989; Miles et al., 2014), by moving back and forth between data and emerging theoretical categories (Locke, 2001). To identify themes in our data, we used the open-coding approach to highlight distinct concepts that were repeated in the data (Miles et al., 2014; Strauss & Corbin 1998). We reiterated between the data and emerging theoretical categories (Langley, 1999; Locke, 2001). This process resulted in the identification of different themes and the linkages between them, resulting in theory development (Spiggle, 1994).

## **7.4 Findings**

### **7.4.1 Business Model**

*FF* has adopted an entrepreneurship-based business model to improve the livelihood of smallholder farmers. Through a decentralized network of micro-entrepreneurs, *FF* is engaging itself with the farming community and providing them with required services. In the following section, we discuss the business model

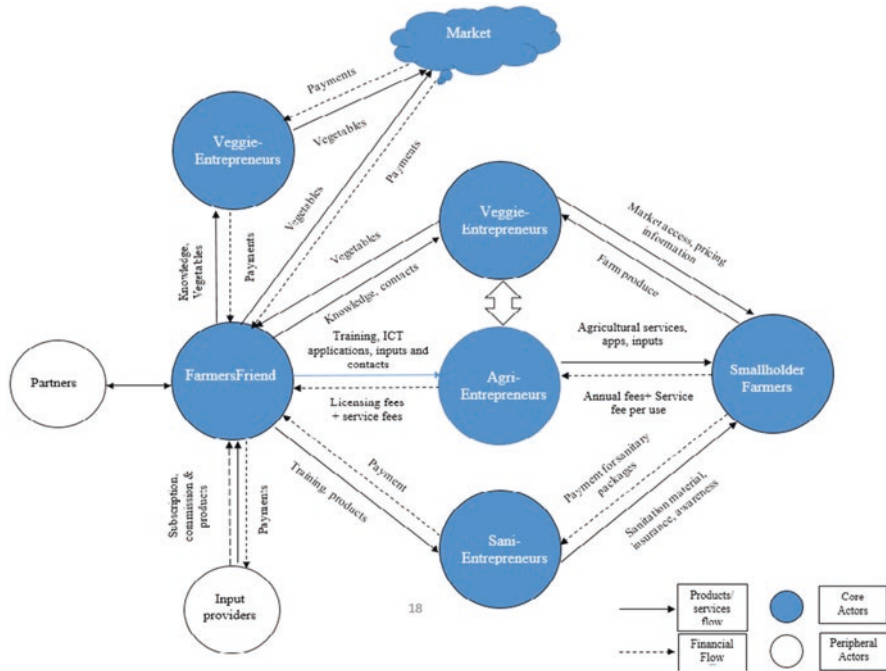


Fig. 7.2 Business model of *FF*

of *FF* in detail and then we discuss different business model parameters and how *FF* fits into them. Please see Fig. 7.2 for the business model of *FF*.

*FF* caters to different needs of smallholder farmers through its three verticals, each addressing a specific requirement of the farmers. The first vertical we call *FF-Agri*, which delivers agricultural services to smallholder farmers. The second one we call *FF-Vegi*, which takes products from the farmers to the urban market. The third one we call *FF-Sani*, which provides sanitation solution to rural farmers. All the subsidiaries work in an entrepreneur-based model. We discuss each of the subsidiaries in detail below.

### 7.4.1.1 *FF-Agri*

This was the first intervention by *FF*, and it provides agricultural services to smallholder farmers for improving their productivity. In this, *FF* first surveys rural areas, consults local farmers, and finds one educated youth, who is interested to learn new technology and provide services to farmers in that region. *FF* recruits the entrepreneurs and provides them with training, knowledge, and Information Communication Technology (ICT) tools for service delivery. The entrepreneurs need to pay the license fees to *FF* for the ICT tool and then they pay commission to *FF* based on usage of the applications. The initial cost for the entrepreneurs comes to around

\$500. Also, the entrepreneurs set their offices on their premises for delivering services to the farmers. One of the entrepreneurs described his role as

I help farmers in their farming practices. It all starts with soil testing. Use a tool given by [FF], where I enter different things, and finally based on details it suggests the type of fruits and vegetables that can be grown. It also says what type of fruit or vegetable should be grown in which month for a better price. For example, in summer cauliflower are rare, so if someone grows it, the profit will be more. Sometimes when some issues come I contact [FF] and they get proper information. Like this I provide all information during the farming like the seed to be used, fertilizers to be used, in case of a problem what pesticides to be used and all. When there is any problem in growth, we take photos and send them to [FF], they send them to some scientist and then send their recommendation to us. I then recommend the farmer. (Interviewee 28)

Entrepreneurs are happy with *FF* because they can work from their own home and earn money while serving farmers. Entrepreneurs provide services to the farmers using the ICT tool from *FF*. Entrepreneurs are also responsible for creating farmer's interest groups and coordinate communication among farmers and with *FF*. Since these entrepreneurs are from the local community, they command trust among the local people and leverage that trust to reach out to several farmers in the area. The farmers pay nominal fees per year and then a small number of fees per service availed. The entrepreneur keeps a percentage from the service fees and passes on the rest of the amount to *FF* based on a preexisting agreement. The entrepreneurs earn a good amount of money for themselves from the service fees. Moreover, with a sizable number of farmer connections, *FF* has been able to negotiate with input providers such as seed company, fertilizer company, and pesticide companies for a better price on their products. Then those inputs are provided to the farmers through the entrepreneurs. So, the farmers can get quality seeds at the right price and are relieved of problems faced by them earlier such as adulterated low-quality seeds from local traders and higher prices. The input supplier company provides a subscription fee and commission to *FF*. Entrepreneurs are also able to earn from supplies of the input to the farmers. Through these agricultural services, farmers have been able to improve their productivity. Apart from these services, *FF* is also building credit scores for the smallholder farmers so that they can get loans from the formal banking systems and credit agencies.

#### 7.4.1.2 FF-Vegi

FF started with the intervention FF-Vegi in 2013 after realizing that farmers were not able to get a better price for their products due to lack of market access. The problem was severe for perishable products like vegetables. FF-Vegi provides the missing link, as it provides a way to take farmers' produce to urban customers who want to consume fresh vegetables but had no access, thus addressing the farmer's problem on one side and the urban consumer's problem on the other side. This intervention is done through an entrepreneur-based model of FF. The process of entrepreneur selection was explained by the procurement manager in the following terms:

So if I go to a place, firstly we will have a farmer meeting. Farmers will decide that who will be their entrepreneur, a person who can coordinate with all the farmers and who can send all vegetables and input to us. So they will decide that this person is our entrepreneur, he is our representative and he becomes their entrepreneur. (Interviewee 12)

In many cases, the entrepreneurs, who provide agricultural services to the farmers, collect the vegetables from the farmers. The entrepreneurs get a percentage of revenue from the vegetables collected and supplied to *FF*.

Subsequently, *FF* collects vegetables from different entrepreneurs and then takes them to their warehouse. In the warehouse, *FF* does the sorting, grading, and packaging of vegetables and then sells them through different channels in the urban market. The majority of the vegetable sales are done through the entrepreneur-based model. There are two types of such models. First, *FF* identifies people who are already running grocery shops and are ready to sell *FF*'s packaged vegetables in their shop itself. They act as their entrepreneurs for selling vegetables. *FF* provides 10% of total sales as commission to these grocery shop owners. Every day, *FF* delivers and arranges vegetable packets in the shop of the entrepreneur. Unsold vegetables of the previous day are taken out by *FF* (maximum up to a certain percentage as agreed to by them). The entrepreneurs make a good amount of profit from selling *FF*'s vegetables. Also, the entrepreneurs get a feel-good factor that by selling *FF*'s vegetables they are helping poor farmers in the rural area. As one of them mentioned:

The first thing is no investment, only profit. Also, we have nothing to lose...no risk at all. Then we need not go to the market and get things, *FF* delivers to us and arrange them for us also. Whatever remains after the day, *FF* people come and take it back. So not even a 1% loss for us. Then also, they are getting from poor farmers in the village, and if we sell *FF*'s products we are helping those poor farmers. (Interviewee 19)

The second type of entrepreneur-based model *FF* use for selling vegetables is the usage of a pushcart in the city. *FF* has designed a special pushcart with its logo on it. Then, it selects people who are interested in selling vegetables in the cart based on the sharing agreement. *FF* supplies vegetables to these carts and then the entrepreneurs sell them to consumers. Apart from selling vegetables through the entrepreneurship-based model, *FF* also has other channels such as online sales and direct supply to restaurants, academic institutions, etc.

#### **7.4.1.3 FF-Sani**

The *FF*-Sani intervention was brought in when *FF* realized that farmers in rural areas are having a lot of issues because of the lack of availability of sanitation solutions. *FF* decided to address the sanitation problem through their entrepreneurship model, which was working well for delivering agricultural services to farmers. The problem identified by *FF* was that rural people were not having access to quality sanitation materials and were paying a high price for low-quality materials in the local market. So, *FF* decided to create a complete sanitation package for building

toilets and sale to rural people through locally identified entrepreneurs. Entrepreneurs earn from selling the products of *FF*. The organization negotiates the price with the companies that sell sanitary materials and get them at a cheaper rate. They also help the companies to increase their reach. While working with farmers, *FF* also realized that the toilets made by them are prone to natural disasters like cyclones, storms, and so on. So, in partnership with one insurance company called Bajaj Allianz, *FF* decided to provide the farmers with toilet insurance at a reasonable cost. In case of any damage, the rural people can claim insurance amount for repair. Further, over time *FF* realized that the rural people were facing challenges for drinking water. So, it leveraged its entrepreneur network to deliver clean drinking water to the rural people.

### 7.4.2 Resource Challenges

*FF* works in the BoP context and tries to help poor smallholder farmers and hence it faces multiple resource challenges typically faced by social enterprises operating in such contexts. Generation of financial resources through business activities is difficult for *FF* because the cost of serving the smallholder farmers is much higher as compared to the fees that *FF* can get from the farmers. One of the interviewees explained this problem in the following terms:

We work with a lot of poor farmers, who are willing to pay some amount of fees for better service but that amount is not enough to provide support to them. For example, farmers might be willing to pay around 100 rupees [1.5\$] for soil testing but that is not enough to provide the tools for soil testing...working with such a group is always challenging in terms of revenue generation. (Interviewee 1)

Getting suitable human resources is another problem that *FF* has to deal with, specifically at the field level. This is because *FF* needs individuals with certain basic criteria to employ as an entrepreneur in the villages and it is difficult to get many such individuals. As one of the interviewees mentioned:

We look for people with minimum educational qualification, who is present in the village most of the time, have a good reputation at the village level. There are very few people who fulfill all the criteria. Even you cannot deploy a person from outside because he will not understand the local culture, language, and people will not easily trust him. So this is a real challenge for us. (Interviewee 8)

Another related problem of human resources is the difficulties in getting people for providing training to the farmers. Although the entrepreneurs employed by *FF* provide training and guidance to farmers, it is difficult for them to reach all the farmers and support them.

Knowledge is another critical resource for the success of *FF* as the organization needed to develop tools and technologies for providing support to the farmers. Besides, the organization has to develop knowledge about farming practices and pass on that knowledge to the rural farmers. Moreover, any problem such as pest

attack on farms needs knowledge for diagnosing the problem and providing solutions for the same. However, it was difficult for *FF* to develop all the knowledge within the organization. As one of the interviewees mentioned:

We cannot have all knowledge developed within [FF]. Take the example of the IT tool. We have an IT department but they were not in the position to develop all software tools by themselves. Also, think about the farming issues... when there is a problem with the crop, farmers expect support from us but it is difficult to develop all these knowledge within our organization... (Interviewee 7)

### 7.4.3 Leveraging Sharing Economy Model

We found that *FF* used several components of the sharing economy model to address its resource mobilization challenges. Specifically, we identified the use of digital sharing platform, sharing of human resources, sharing of the channel, sharing of knowledge, and sharing of business models. These factors helped the organization to overcome resource limitations and ultimately achieve its dual objectives of social value creation and financial sustainability.

Recognizing the difficulties of serving the poor farmers, *FF* developed a digital platform that can be used to provide various agriculture-related services to the farmers such as soil testing, crop planning, seed selection, nutrition management, harvest and marketing, pest and disease management, farmers' portfolio management, supply chain risk assessment, and farmers' risk assessment. This technology platform is managed by an individual entrepreneur identified and trained by *FF* at the village level. These entrepreneurs provide various services to the farmers at a very nominal price and get a percentage of the fees paid by each farmer. In this way, the cost of the service is shared by several farmers and this platform makes it possible for *FF* to serve the rural smallholder farmers in a financially sustainable manner. As one of the interviewees mentioned:

The magnitude of the problem was huge... we thought that the only way to go about it is to leverage the power of information and communication technology. That's when we developed a technology platform in partnership with one of the leading technology organizations. This platform has all the tools required to provide different services to rural farmers. To operate that tool, we identify an entrepreneur in the villages and provide the tool and training to him. That person, in turn, provides all services to farmers at a very reasonable price. (Interviewee 3)

We observed that *FF* was engaged in sharing human resources at different levels. For instance, the entrepreneur who initially provided inputs to the farmer was also used for collecting farm produce and sending it back to *FF* to be sold in the markets. Moreover, *FF* shared staff in IT support, human resources, legal support, and communication among its different subsidiaries so that they can be used efficiently. As one interviewee mentioned:

All non-core activities are centralized, converged and shared among different units. In this process there is a huge saving for all the units. (Interviewee 2)

Different units of *FF* also shared the channel among themselves for efficient utilization. For instance, the supply channel that is used to provide inputs to the farmers such as seeds, fertilizers, and pesticides is leveraged by *FF* to collect farm produce and take it to the urban market. This helped the organization to efficiently use its supply channel and save costs. As one of the interviewees mentioned:

At the end of the day operating in such environment [BoP context] is all about using the existing supply chain very efficiently. So, we schedule our batches in such a way that the same truck that takes different farm inputs also brings farm output to us. (Interviewee 16)

We also found evidence of knowledge sharing at various levels. For instance, at the field level, we found that *FF* created farmers' interest groups that allowed the farmers to come together and share their knowledge and this helps *FF* to support a larger group of farmers. At the organization level, we found that there is a lot of knowledge sharing happening between different units. For instance, when the sanitation unit started, it got all knowledge support from other units that were already working successfully. *FF* also gets regular knowledge from external partners. For example, it has a tie-up with one agriculture university for developing farming knowledge and supporting farmers when there are any issues like pests in their fields.

There are several instances of business model sharing that we observed in the case of *FF*. For example, the sanitation business leveraged on the tried and tested entrepreneurship model developed by the other units. As one of the interviewees mentioned:

We had an award-winning model that we started with agriculture ... while giving agriculture support, experience, machinery, and other things in the field we realized that ...sanitation is one of the core aspects... we wanted to test with the same model that was in the field for water sanitation... so, we started leveraging that model for sustainable provision of sanitation solution. (Interviewee 2)

*FF* also shared its model externally with many other social enterprises and worked with them for its implementation. For instance, it drew from business models implemented across different places of the world and provided its business model to them. As one of the interviewees mentioned:

I took the innovation of [a person] from the USA to India and started implementing it. He took my model to the USA and started implementing it. I also took the model from a social entrepreneur in LAAM and he took my model to LAAM countries. (Interviewee 1)

#### 7.4.4 Empirically Grounded Model

The resulting empirically grounded model from our case is presented in Fig. 7.3. This model explains how *FF* leveraged sharing economy model to overcome resource challenges and finally achieved its dual mission of financial sustainability and social value creation. We found that different resource challenges faced by *FF* were mitigated using different types of sharing. For instance, the financial resource challenges were mitigated through digital platform sharing, human resource

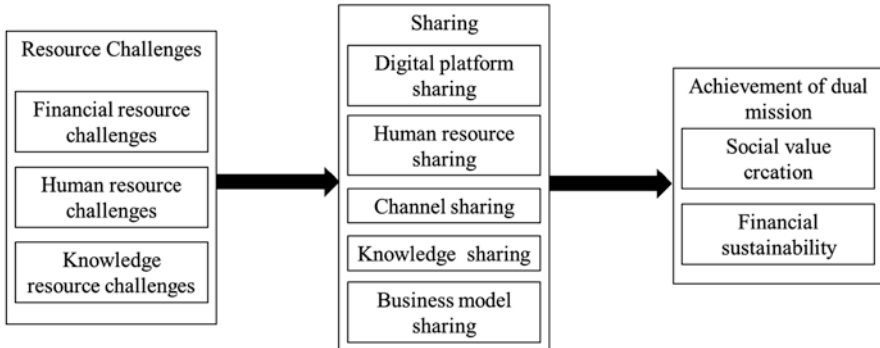


Fig. 7.3 Empirically grounded model of *FF*

sharing, and channel sharing. The human resource challenges were mitigated by digital platform sharing, human resource sharing, and knowledge resource sharing. The knowledge resource challenges were mitigated by knowledge sharing and business model sharing. With the successful mobilization of resources using the sharing economy model, *FF* has been able to address its social value creation objectives by helping farmers to come out of poverty and its financial sustainability objectives by creating revenue for its sustenance.

## 7.5 Discussion

In this study, we sought to explore the case of a social enterprise operating in the BoP context for understanding how the sharing economy model can be used by social enterprises to address their resource challenges. We found that by using different sharing such as digital platform sharing, human resource sharing, knowledge sharing, channel sharing, and business model sharing at various stages, the organization was able to address resource challenges and successfully address its financial sustainability and social value creation challenges. Our study contributes to the literature on social entrepreneurship and sharing economy literature. We articulate and discuss our contribution in the following section.

Extant social entrepreneurship literature has acknowledged the resource mobilization challenges faced by social enterprises (Desa & Basu, 2013; Doherty et al., 2014; Hota et al., 2019a; Seelos & Mair, 2013) and highlighted that understanding how social enterprises address their resource challenges is an interesting research topic (Agarwal et al., 2020; Hota et al., 2019b; McNamara et al., 2018). Our study addresses this call by exploring how social enterprises operating in the BoP context can leverage sharing economy model to overcome different resource challenges such as human resource challenges, financial resource challenges, and knowledge resource challenges. We specifically identified five different types of sharing useful



for such social enterprises such as digital platform sharing, human resource sharing, knowledge sharing, channel sharing, and business model sharing. Digital platform sharing is one interesting dimension that has gained significant attention in the sharing economy literature (Garud et al., 2020; Sutherland & Jarrahi, 2018). However, the primary focus has been on the urban and developed economy context. We bring that idea to the BoP context and discuss how it helps social enterprises to address resource challenges. Similarly, other sharing such as human resource sharing (Mair & Reischauer, 2017; Wang et al., 2017), knowledge sharing (Pang et al., 2020; Qureshi & Fang, 2011; Qureshi et al., 2018a; Wang et al., 2020), and channel sharing (Choi et al., 2020; Li et al., 2019) have been discussed in the literature predominantly in a resource surplus environment, but we propose that they can be useful for addressing resource challenges of social enterprises operating in a resource-poor BoP context. Business model sharing is another interesting finding. Literature primarily discusses the business model design for sharing economy (Kumar et al., 2018; Ritter & Schanz, 2019). However, our findings suggest that organizations can also share business models with other organizations. In identifying different types of sharing and bringing them to the BoP context, our work also addresses the call for a better understanding of sharing economy in the BoP context (Schaefer et al., 2018; Wiprächtinger et al., 2019).

Our study also contributes to practice, as it can help the founders and managers of social enterprises by suggesting to them how they can mobilize resources when faced with resource challenges in the BoP context. In particular, our study identified different sharing, which will serve as a guideline for the social enterprises to plan for resource management and achievement of their dual mission. In sum, we hope that our work has laid the foundation for future research in the areas of sharing economy and resource mobilization in the BoP context.

## 7.6 Limitation and Future Research Direction

We choose the case of *FF* as it helps us to unpack novel dynamics, but this raises the issue of generalizability (Siggelkow, 2007). For instance, the BoP contexts themselves are so diverse and it might have different impacts on the organizational processes. So, we encourage researchers to engage in the replications, explore the extensions, and identify the boundary conditions of the insights of this study.

Our study suggests five different types of sharing that can be leveraged by social enterprises while faced with resource challenges. The degree of effectiveness of the different sharing can vary. But with a single case, we could not make a comparative study to understand the variation. We encourage future scholars to conduct multiple case studies and compare the variation in results (Eisenhardt, 1989). Similarly, more work is needed to understand which sharing mechanism is more effective for the short-term versus long-term resource challenges. Moreover, we observed sharing of business models to be one interesting dimension and future research can try to understand it in greater detail.

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# Chapter 8

## Sharing Economy in India: Looking Base of the Pyramid Through Critical Infrastructure



Aditi and Nalin Bharti

**Abstract** Sharing is an age-old concept and has triggered the unprecedented prospects for collaborative consumption across the globe. The famous brands like Airbnb, BlaBlaCar, Uber, eBay and Lyft have transformed the business landscape on the fundamentals of ‘availability, accessibility and affordability’ in a resource-constrained environment for the poor. But the potential socio-economic impact of sharing economy in revamping labour market informality, mitigating poverty and promoting sustainable development has not gauged desired focus in India. The success of Indian start-ups like Oyo and Ola amplified the debates over the conduciveness of sharing resources for inclusive growth in India. So, this chapter attempts to conceptually discuss the unexplored significance of critical infrastructure (telecommunication and energy) and shared businesses for employment and poverty reduction in India. An exploratory research is performed through textual Content analysis and Case studies, retrieved from the reports of World Bank, PwC (PricewaterhouseCoopers), McKinsey & Company, World Economic Forum, etc., to comprehend the impact of sharing. Further, the Economic theories were recontextualised and reveal the inherited concepts of ‘Circular Economy’ and ‘Sustainability’. Hence, the chapter could furnish a new instrumental paradigm to the untapped opportunities of sharing economy in India considering the base of the pyramid through critical infrastructure.

**Keywords** Sharing economy conceptualisation · Sustainable development · Informal economy · Digital and energy infrastructure · Digital social innovation · Poverty · Gig economy

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## 8.1 Introduction

Sharing economy in simple words means the assets or idle resources, shared between individuals either free or for a fee typically by means of Internet. Today, India is at the cusp of shared economic revolution in the Fourth Industrial Revolution. Indian shoppers spend 85% more on global online marketplaces and as per UNCTAD's B2C E-Commerce Index and 90th in the World Economic Forum's Networked Readiness Index (Banga, 2018). India's Big Data market will grow by CAGR 26% and will amount to 32% of the global market in 2022 (NASSCOM, 2017) The growing mobile penetration, rising middle-class population, and E-Commerce platforms can potentially turn out to be the mediator in bringing informal workers like delivery boys or a mechanic or self-employed worker of small business enterprises or owner of a house into a more formal job market in India through the expansion of 'Gig economy' or online business services. According to PWC (2015) reports, the sharing economy will be around US\$ 335 billion by 2025 from the current US\$ 15 billion. The country has recorded a plethora of home-grown start-ups like Ola, OYO, Swiggy, WeWorkIndia, Unacademy, Nykaa, Snapdeal, UrbanClap, etc. which have amplified the notion of 'inclusiveness' and 'availability to accessibility' through sharing accommodation, mobility, work or knowledge. The rapid expansion of sharing model in the world is the outcome of majorly five socio-economic factors, such as economic rationality of consumers, more sustainable and cooperative consumption choices, spread of Internet services, digital transactions like E-Commerce and social changes like Urbanisation and Globalisation. The 'Smart city' mission, 'Make in India' and 'Digital India' programmes, initiated by the Indian government, acted as the fuel to the fire (Table 8.1).

According to the reports of Oxfam India (2020), India's richest 1% holds more than four times the wealth than the bottom 70% of the population, i.e. 953 million people. India's burgeoning population, an established telecommunication sector, rapid urbanisation and growing E-Commerce market serve as the biggest unrealised possibilities for collaborative consumption. The greater question lies in the fact: whether the sharing of unutilised or underutilised resources, where accessibility and reduction of expenses with diluting hierarchical structure may take place of ownership, can make society more inclusive and sustainable? If so, how much it will

**Table 8.1** Famous shared business model companies

Sector	Company
Energy sector	Mosaic, Solarshare, Tesla
Hospitality and dining	Airbnb, Couchsurfing
Mobility or transportation	BlaBlaCar, Uber, Lyft, Hitch, Car2Go, Zipcar
Retail and consumer goods	Snapgoods, Tradsey, Yummeer, Peerby
Media and entertainment	Wix, Spotify, Earbits, Amazon, Spotify, Library
Finance	Kickstarter, LendingClub, Zopa, MagNet Bank
Human resource	TaskRabbit, SkillShare

Adapted from PwC (2015)

contribute for the upliftment of poor, when, food, homes, cars, education, travel and retail services are shared based on p2p (peer to peer) or c2c (consumer to consumer) basis, innovating and promoting ingenious community entrepreneurial models? (McKinsey & Company, 2015; Abele et al., 2015). How it will promote inclusive growth for the society where efficiency, risk, required infrastructure and trust are the basic pillars for innovative business model?

Sharing economy can convert the challenges of social and economic inequalities as an opportunity for people who cannot afford ownership but can have the accessibility of underutilised or idle resources through the channels of 'Circular economy' and 'Gig economy' where collaboration can revamp the whole consumption and production pattern and may benefit the poor people by reviving informal economy to have fruits of distributive effects. Belk (2014) as well as Frenken and Schor (2017) contend the fundamental consumer behaviour of accessibility, non-transference of ownership, use of online platforms and use of underutilised resources that have the possibility to innovate the business landscape and promote economic growth with sustainability. Sharing dissolves commoditisation through economic exchange and reducing interpersonal materialism attachment. There are many countries in the world that are known for their thriving-sharing business models such as Melbourne for food sharing, China for bike sharing like OFO, UK for accommodation sharing, Denmark for unemployment benefit sharing, Seoul for car sharing, New York for mobility sharing due to expensive public transportation, etc. The success story of Airbnb and Uber, for residential and ride sharing, has triggered the interests of entrepreneurs, innovators, policymakers and academic researchers in promoting sharing economy. In this context, the chapter also discusses the dissemination of opportunities embedded in high economic growth, poverty reduction, urbanisation, new wave of local entrepreneurial activities and job creation that sharing economy encompasses for India. The accessibility to the Internet and mobile networks has now transformed the consumption pattern and business landscape in India as well. The fast proliferation of E-Commerce market, digital payment facilities, freelancing jobs, rise in disposable income and urbanisation has evolved the consumer preferences towards a more sustainable and modern lifestyle. Today's modern India thrives over digitisation and growing need of energy in malls, offices, schools, airports, homes, etc. at every hour of the day. Energy has undoubtedly become an indispensable asset for industrialisation, education, health, rural development and services sector (telecommunication, hospitality, tourism, transportation or trade) growth in India due to rise in the pace of urbanisation and growing middle class in India. It further delves into the underlined risks of lack of policies and regulatory mechanisms, poor infrastructure quality and security issues in the informality of sharing business model which could be conducive in tackling the problem of social and economic inequality and stimulating sustainable and inclusive growth. PWC (2015) report speculates the surge in annual turnover of the sharing economy from \$15 billion in 2014 to \$335 billion by 2025. The study done by Heinrichs (2013) described sharing economy as a '*potential innovative or novel pathway to sustainability*', where a cultural shift away from ownership towards an accessibility culture, driven by digital platform and internet connectivity efficiently use

*underutilised resources (skills, goods and services, land, infrastructure, etc.)* (cf Qureshi et al., 2021a, b). It does not only reduce the cost of access but also prevent information loss or asymmetric information problems to consumers. Digital applications have the capacity to proliferate across most sectors of India's economy. 'India could potentially overtake the US to become the world's second-largest economy (in PPP terms) by 2050 with the second-largest Internet base where Internet penetration is expected to double to 60% by 2022' (Deloitte, 2019). Sectors like agriculture, energy, financial services, education, healthcare, logistics, retail, government services, and labour markets have been newly digitalised with a 'capacity to create \$10 billion to \$150 billion of incremental economic value in 2025' because digital applications can raise output by saving costs and time, facilitates sharing business models through digitisation and improve complementary synergy between consumers and producers. So, this propels to the growing demand for energy, embedded in the aftermath impact of moving towards a more digital economy. Thus, the interdependence of collaborative consumption and infrastructure development goes hand in hand in the success story of sustainable growth in India. This shift also made us realise the importance of energy and digitisation for accessibility, affordability, inclusivity and efficiency. The need also seems exaggerated during the COVID-19 pandemic. It has engulfed the world and put it to a standstill situation, literally into a virtual connected world. The online classes, E-Commerce platforms to buy goods and services or online payments have now become a part of our lives. Although the situation is disruptive, especially in the accommodation, employment, transportation, education and telecommunication sector, this pandemic has somehow made people realise the importance of survivability. The sharing models, as in ride-sharing services like Uber, home sharing like NestAway, OYO and Airbnb, food sharing with Olio and Food Rescue US, etc. will be advantageous in understanding the notion that how sharing things can stop wastage of resources and brings sustainability in both production and consumption process. The initiation of the feeling of collaboration, trust and willingness to share help so many people to access things to fight poverty and inequality. The app-based online businesses of companies like OYO and Stanza Living (shared accommodation), OLA and Shuttl (shared mobility), WeWorkIndia (co-working), Furlenco and Rentomojo (rental furniture) have initiated the business landscape predominantly driven by shared goods and services and preventing wastage of resources. This also led to the emergence of opportunities for self-employment of 'Gig economy' or part-time work in India as a source of job creation opportunities for the informal labour market by not owning but also sharing. Hence, the chapter tries to fill the gap of an underexplored and an untouched but an important notion of critical infrastructure development and sharing consumption in India as a prerequisite for shared socio-economic benefit and subserving the sustainable development goals in India through access-based consumption and redistribution of available resources in the sustainable manner. The question of energy and digital sharing and equitable distribution of underutilised or unutilised resources also needs a consideration for meeting the demands of the current generation without compromising the needs of the future as well as making things available to the poorer sections of the society. The sharing of energy as well

as expansion of sharing economy through digital platforms can help India realise the importance of accessibility of energy, especially how access to electricity is a boon to the BOP (base of the pyramid) population and act as one of the biggest resource constraints for inclusive growth in India. Thus, the chapter tries to find the answers for the potential question:

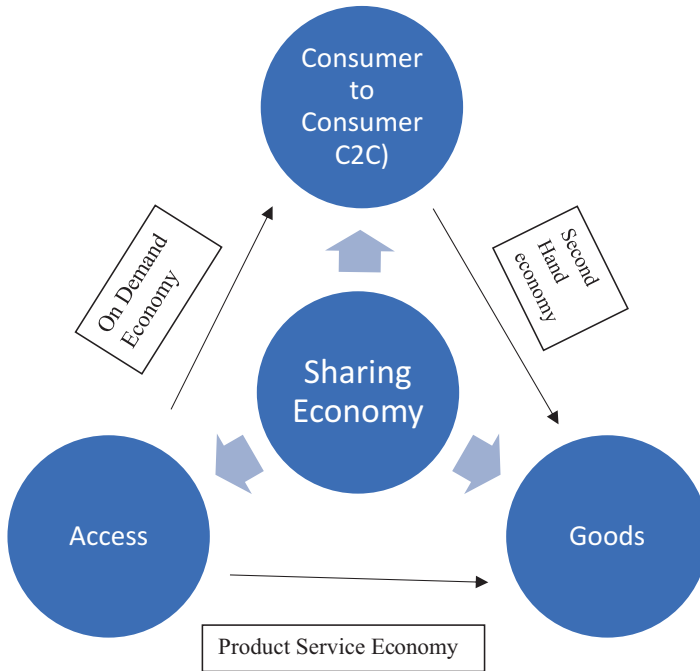
1. How the proliferation and emergence of shared business models (energy and digitisation) will restructure business landscape and consumer behaviour for promoting inclusive and sustainable growth in India by empowering poor communities?

## 8.2 Literature Review

The issues of energy need and untapped potential of renewable energy in India need immediate attention to solve the deficit in energy demand and supply. The inefficient transmission network is another issue related to supply unavailability to rural areas that can be harnessed by the deployment of microgrids in rural areas using solar, wind or biogas energy. According to Botsman and Rogers (2010), the involvement of collaborative consumption could be sharing the money of movie ticket, television in a restaurant, a group of people watching a football game, sharing food or sharing a rented room out of a fee for and not compensation, so that the things are available and affordable to those who cannot own or afford. According to Botsman and Rogers (2010), p2p lending like Wi-Fi sharing, community services and raising funds for environmental cause, car sharing, crowdfunding which are Internet facilitated make people earn income as well as provide resources in job opportunities for others. Schumpeter's 'Creative destruction theory' for a new innovation model like ride sharing or Netflix subscription presented an innovative way of doing business by bringing social-economic and cultural change with the circular flow of development. But, not all aspects of sharing are positive, it has negative connotations as well. There is a case that presented discrimination among the guests in America. Edelman et al. (2017) reveal about the discriminatory rent policies in America. African American guests faced biasness by the landlords while sharing the rental homes at even a loss of about \$65 to \$100 revenue. According to Schor (2017), the increase in inequality as market opportunities are captured by educated and bottom 80% are restrained from doing even jobs like cleaning, driving, housekeeping, etc. The sustainability aspect of sharing via infrastructure is quite an underexplored area in the context to sharing economy. The 'Sustainability impact' of sharing through the notion of accessibility of things at a low cost is considered by either renting or borrowing from an owner as illustrated by Botsman and Rogers (2010). The services could be extended to the larger social groups and the stratification of rich and poor can be narrowed down through face-to-face contact and more trust could be developed while trading or social exchange for expensive things like home or cars. From the economic point of view in the case of lending, the mutual benefit of

remuneration, employment and accessibility could be observed through sustainable sharing. The insights on the collaborative innovative business models in tourism, hospitality, travel, food, catering and transportation have been provided with the ideology and motivation to start peer to peer accessibility services (Zang et al., 2019). If we take the case of Airbnb and micro-entrepreneurship with the focus on the self-employment and increase in income and savings of the consumers, it is not only beneficial in providing job diversity, professional expertise and sufficient earnings through renting services but can be a great source of sustained earnings for the labours in the informal labour market. In this context, Ranjbari et al. (2018) conceptualised sharing economy from the demand and supply side perspective of collaborative consumption and sustainable development. According to him, online platforms act as the intermediary for the low-cost peer to peer connection, accessibility of goods and services, convenience, non-ownership, trust-based network and use of the idle capacity with the temporary transfer of ownership without over-consumerism. Munoz and Cohen (2015) reflect on the concept of utilisation of underutilised resources in sharing goods and services. According to him, the sustainability aspect has been highlighted for enhancement in prospects for augmentation of labour productivity, equal participation and increased efficiency in production and consumption by reduced transaction cost, meeting the needs of poor and get employment by online trading and increased access to electricity in enterprises, offices or at homes. To understand the sharing of underutilised assets through an accessibility point of view, Stephany (2015) helps us to understand that sharing can reduce the new demand generated for ownership by community services.

In Fig. 8.1, the typical layout for the sharing economy has been presented where the consumers are the owners and have the rights to grant access to unused or underutilised resources like cars, refrigerator, electricity, rooms at home, etc., in return of some monetary gains, is *second-hand economy*. (Frenken & Schor, 2017; Belk, 2010), before the arrival of Internet, people were exchanging gifts or renting homes for family and friends because they were trusted individuals. Now, the technology has reduced transaction cost and personal services like cooked meal or ride are extended through online platforms. This is *on-demand economy* or 'Gig economy'. The consumers exchange or sell goods with each other like on eBay and Facebook groups is considered as *product service economy* (Frenken & Schor, 2017). Crores of capital investment towards adding giga/megawatt in solar PV and wind power systems that can provide cost-effective energy storage solutions has the potential to inculcate the process of energy sharing and infusing direct jobs and local value creation in the coherently sustainable energy mix, combating climate change and air pollution problems. In this regard, the comprehensive concepts of sharing and sustainability is discussed in Fig. 8.1 to understand the interaction between consumer and producer in the economy. The product service economy is one when a company exchange rented things and Peer-2-Peer is called on-demand economy like 'Gig economy' or part time jobs. People share their goods and services with strangers based on trust, real-time information sharing and low transaction cost. The study presented by Schor (2014) has segregated-sharing economy into four broad categories, namely, exchange of goods and services, circulation of goods, utilisation of



**Fig. 8.1** Sustainability constructs in sharing economy. (Adapted from Frenken & Schor, 2017)

underutilised resources and sharing production assets. So, the cyclical system of exchange of goods and services through product service exchange and on-demand exchange through C2C (e.g. E-Commerce) has been presented in context to sustainable sharing. Here, demand meets supply, needs of people are fulfilled with the available resources in an optimum manner. The cost of wastage and over-consumerism or under-consumerism is reduced. As, stated by, the economist, J.M Keynes, when aggregate demand is equal to aggregate supply then, the economy reaches to full employment level which leads an economy to the path of economic growth. India is at the cusp of a sharing revolution in this era of digital proliferation and sustainable development. The intrinsic value of sharing lies in the optimum allocation of underutilised resources with equitable distribution and without environmental degradation. The shared goods and services offers accessibility to low-cost unutilised resources or the excess capacity of existing assets. The social exchange not only generates accessibility to somebody but also offered some income generation facilities for the owners with a mutual social and economic benefit to both the parties. If some accommodation is provided to the people of poor section or carpooling gives them the opportunity to get a car ride, we can save their public transport money for a day, and even, generate less pollution and congestion on the roads. The expansion of sharing economy is largely attributed to online platforms or app-based services. The proliferation of Internet access mostly depends on the energy availability or energy security, where access to electricity becomes an

asset for the digitisation in an economy. The report by UNDP (2018) explains the landscape for interlinking poverty alleviation with sustainable development and the elevated role of energy infrastructure in mitigating poverty. The report also analysed the impact of an unequal access to energy and its correlation with low human development at the bottom of the pyramid with the perception to understand inclusive growth. About 1.2 billion people still lacks access to energy in the world UNDP (2018). The concept of 'Energy poverty' has been illustrated, which means that the lack of access to electricity networks, make poor people pay high prices at a social and economic level. It limits the income earning capacity, due to poor education and health and subsequently retards the opportunity of employment by exacerbating income inequality to persistent poverty (UNDP, 2018). The sharing of energy can make energy available to all. Electricity-driven production facilities at enterprises support productivity and efficiency in the production of goods, lightening homes, schools, hospitals and offices.

### **8.2.1 Research Context**

Poverty reduction is at the heart of sustainability. UN 2030 Agenda for Sustainable Development and ILO (International Labour Organisation) Recommendation 204 call attention concerning the decent work and social protection for informal workers. There is a significant overlap between informality and poverty which can be analysed at the individual, household and country-level based on income and casual work (ILO, 2018; Bonnet et al., 2019). The inequalities faced between those at the base of the economic pyramid and the tip of it can be traced through their precarious situations of irregular work orders, uneven quality or erratic supply of raw materials and delayed payments (Chen, 2019). The households, whose main source of income is casual work, have the highest poverty head-count ratios. Informal workers do not have access to good working conditions, education or training, high wages, job security, old-age pensions for herself or himself or for family members (Chen, 2019). They also bear social discrimination in economic opportunities, psychological and emotional costs in terms of a worker's self-esteem. The universal standard for measuring global poverty is through the international poverty line set by World Bank, currently fixed at US\$1.90 a day. According to the United Nations Millennium Development Goals (MDG) programme, roughly equal to 6.7% or 88 million of India's population live below the poverty line of US\$1.25 in 2018–19. The Tendulkar committee report in 2011 defined the poverty line at ₹33.3 for urban poor and ₹27.2 for rural poor in India, based on monthly income spent on education, health, electricity and transport. Moreover, the majority of poor people in the Global South depends on informal economy. They are usually kept outside the realm of public policy and remain low-income households (OECD/ILO, 2019; Dolan & Rajak, 2016). It makes them face social discrimination and non-inclusion in the society. The concept of resource constraint due to low-income levels is often seen as a measure to poverty (Bhatt et al., 2019; Qureshi et al., 2016). Lack of job security, social

insurance coverage and poor health and education make them vulnerable to poverty. The growth of 'Gig economy' or Sharing economy provides job opportunities for informal workers in India and help BOP producers or small businessmen to develop better market networks. So, digital sharing of resources organises the informal or unorganised market, enhances earning opportunity for poor people and facilitates market diversification. The multifaceted opportunities of energy and digital infrastructure, online market expansion, job creation, self-employment and social mobility are embedded in the notion of poverty reduction in developing countries like India. According to World Economic Forum (2017), the major accelerating factors for sharing economy are the fast procreation of digital commerce, India's burgeoning population, the rise in middle income group, smartphone penetration, urbanisation, Internet access, digital literacy and awareness about sustainable consumption. In this context, the chapter tries to review and conceptually discuss the inherent notion of sharing and sustainability with the importance of energy and digital sharing as the facilitator for the expansion of sharing economy landscape in India. All the sharing businesses models run on digital-based apps or platforms which ultimately depend on energy efficiency. Sustainable energy use seems inevitable in today's time that ultimately contributes in narrowing the gap between demand and supply in energy generation, transmission and distribution in India. The aftermath impact of sharing for socio-economic development in India, in the light of poverty reduction, social mobility, formalisation of informal sector in India, employment opportunities, optimum allocation of excess capacity or underutilised resources and accessibility of goods and services, will be discussed within a conceptual framework. The case of smart grid for envisioning the significance of sharing renewable energy for energy efficiency and energy security is also comprehended as a case study because electricity is obviously the backbone of digitally prepared economy. The chapter conceptually tries to understand the impact of collaborative consumption and production behaviour among the base of the pyramid in mitigating inequalities (social, economic, environmental) via leveraging the effect of infrastructure development especially renewable energy sharing and digital sharing model for accessibility at home, business, entertainment, retail, tourism, etc. in India. The chapter can stimulate some of the potent questions for further research work such as how conducive is sharing economy for sustainable development in India? Is India ready for sharing economy? Is energy accessibility a boon for sustainability, job creation, urbanisation, mitigating energy demand and market expansion in India? How, the energy access be a source of earning income and social mobility for the poorer section of the society? Finally, how this concept of circular channel of demand and supply, with the establishment of robust infrastructure (energy and ICT) can act as a catalyst for an accessible economy and breaking the vicious circle of poverty in India? The chapter explores the sharing economy in the light of sustainable development for shared need for electricity and digitisation, when the resources are scarce and there is widespread poverty. Optimum allocation of resources and sharing the excess capacity in order to help the poor people who may not afford certain goods and services but can share the ownership, accelerates the pace of inclusivity and equal participation of people from all sections of society in

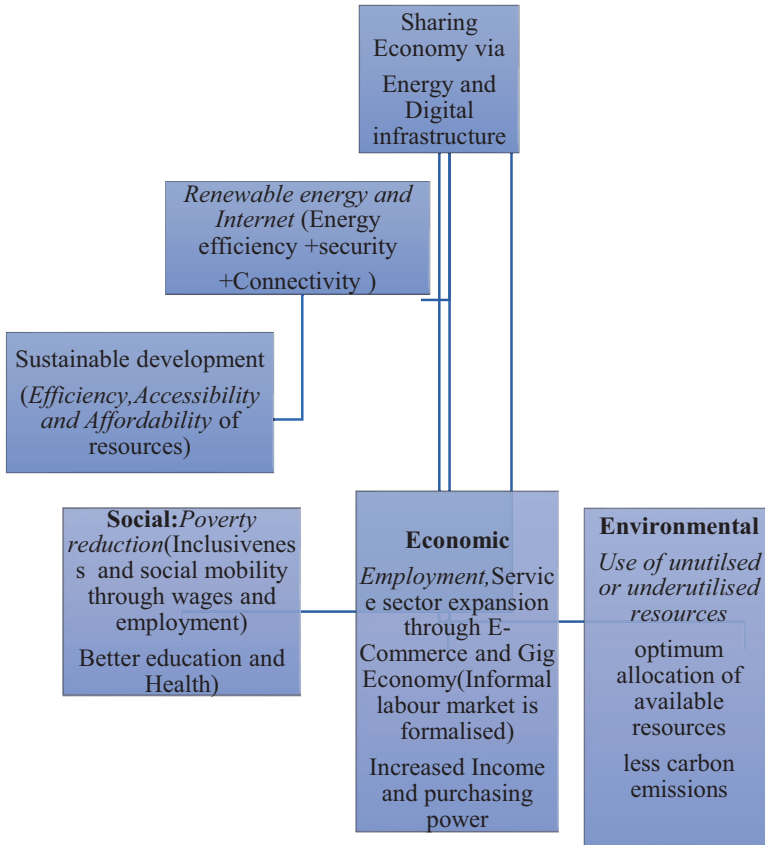


the demand and supply chain of the society. Thus, the basic objective of the chapter is to conceptualise the impact of energy and digital infrastructure in designing an indigenous business model with the major thrust on smart grid technology. The analysis is extended by interlinking consumers and producers to redistribute resources and engage the marginalised and the disadvantaged sections of Indian society to bear the fruits of development in an egalitarian manner.

### **8.3 Conceptual Framework for Sharing and Infrastructure Linkages Impact**

Owners of resources can be altruistic enough to share their idle resources for helping the poor people. The community participation can definitely lead to inclusiveness of the poorer sections of the society by 'social commerce' facilitated by social networking. For instance, Energy has become one of the most critical assets in today's digitised world. The question of growing energy demand, urbanisation and decarbonisation led to the notion of sustainability through energy security and efficiency. Investment in smart grid or off-grid energy system of electricity generation and distribution, using renewable energy sources like solar, wind or hydro, etc. are great innovative examples for energy-sharing models. The companies like Open Utility in London, Ohm Connect in California and Off-Grid electric of San Francisco have encouraged a sustainable use of energy. Accessibility and opportunity are the key enablers in the success of sharing economy with wider participation of community. In order to protect the users, most sharing economy platforms operate evaluation and feedback systems. Given a sufficient number of users and transactions, these have a considerable self-regulatory effect (e.g., people avoid doing business with service providers/users with a bad score, or they may even be shut out of the system). The ability to share, collaborate and cooperate helps in harnessing the potentialities of sustainability. Social solidarity, equitable distribution, transparency in information to the consumers and diversified opportunities for employment and consumption make a society prosperous and secure. The shared benefit can make poor people come out of poverty through accessibility.

In Fig. 8.2 the access to electricity and digitisation by sharing the excess or under-used capacity with its socio-economic concept has been depicted. It illustrates the opportunities of affordability, accessibility, employment, social mobility, better education and health and poverty reduction for the vision of inclusive economic growth in India through the channels of infrastructure development. BOP (base of the pyramid) refers to approximately four billion people in the world whose earning is less than two dollars per capita per day and this makes them vulnerable to social discrimination, informal jobs as they are often low skilled workers and refrain them to access or own goods and services for a decent standard of living (Hota et al., 2019; Parthiban et al., 2020). Access to electricity and ICT have multifaceted benefits for all irrespective of rural or urban areas and is positively correlated to poverty



**Fig. 8.2** Conceptualisation of sustainable development of backward and forward linkages of sharing through infrastructure accessibility. (Source: Authors’ own construct)

reduction (Brenneman & Kerf, 2002). The constant supply of electricity helps children to take online classes in urban and rural areas through affordable knowledge-sharing packages given by Unacademy or Byju’s knowledge-sharing business models. It can even help youngsters to get some specialised courses for skill development even if they live in remotest areas can save transport cost. So, access to energy and digitisation have multifaceted impact through education opportunities for poor if they cannot go to good schools or can afford expensive higher education. Similarly, small enterprises get uninterrupted power supply for digitisation of business management, electric lightning in rural areas help poor people to depend less on fossil fuels, decentralisation of industries, Internet access through smartphones and online business provide formal platforms opportunities for informal labours for better market accessibility and consumer acceptability for selling their handmade products or rent their owned assets. The elevated level of skills and education make a poor person skilled, efficient and employable. Thus, this cumulated circular

well-being proliferated by the availability of electricity can foster socio-economic development through multiple ways, such as more earning capacity or higher wages, more demand for goods and services and better disposable income which help to raise the investment level and leads to optimum allocation of resources. But it also makes us understand the indispensable institutional modification in relation to the growing demand of energy for facilitating development and in a sustainable manner without compromising on the environment. Clean energy transition in the power generation entails the additional aspect of environment protection in the process of sustainable development. Emerging technologies in the contemporary era of Fourth Industrial Revolution are substantially changing the nature of work and business in both the developed and developing countries. In developed countries, sharing of digital platforms for doing business online diversifies job market and leads to off-shoring of work through 'Gig economy', as exemplified from the services provided by companies like Amazon Mechanical or Upwork. In case of developing countries, digitisation correlates with the formalisation of informal economy and enhancement in income of poor households which eventually help them to come out of the vicious circle of poverty (Schwellnus et al., 2019). In developing countries like India, the proliferation of digital technologies (Artificial intelligence, cloud computing, big data analytics, etc.) led to the formalisation of informal labour market through the enhanced employment opportunities in the 'Gig economy'. The digitisation of small businesses provides them with the larger consumer base, help them in the procurement of appropriate prices, transparency of information exchange, digital payments, etc., that save the consumers from moral hazards and adverse selection problems as the byproduct of reduction in asymmetric information and transaction cost. Despite India's increasing economic growth and IT sector boom, the size of informal sector is approximately 90%, which according to the definition of informality by ILO (International labour organisation) make informal workers vulnerable to job insecurity, poor wages or income, less employment opportunities due to poor skill development, no insurance benefits and a contributor in tax evasion (Korreck, 2020; Gerxhani, 2004). 'Gig economy' and digitisation potentially bring an informal workforce to an organised or formal business landscape. The employment opportunities in Uber or OLA, Airbnb, online teaching through Unacademy or Byju's, delivery boys in Amazon or Bigbasket, etc. provide jobs to millions of people in India. Formalisation of these informal jobs provides flexibility at work, development of trust among job providers and job seekers, initiates opportunity for self-employment and income generation for low skilled people, digitisation for small business to sell their products to local as well as global customers and helps in greater social security to informal workers through accessibility to developed markets. The digital platforms provide social enterprises or microenterprises to expand their business through digital marketing and business management. The digital transaction of goods and services and online payments solves the problem of unfair dealing and moral hazards due to local middlemen. It reduces cost and time of transaction and compete in the market through inclusive business (Kistruck et al., 2013). This facilitates the use of underutilised or unutilised assets, optimum allocation of resources through sustainable sharing and can solve the problem of

informality or fading job opportunities in the formal sector for the aspirational young entrepreneurs or through digitisation of microenterprises (Dolan & Rajak, 2016). The increased income of the informal labourers such as a carpenter, ragpickers, horticulture, dairy, auto driver, vegetable seller, handicraft or regional cloth shopkeeper, pizza delivery boy, laundry service, bookseller, bakery shop owner, small coaching centres, etc. provides them the opportunity for self-employment and regular wages. The companies like Urban Clap or the Brand Amul showed us the way of community-sharing business models. They have created jobs for low skilled poor people and have provided services at an affordable cost in an organised digital business landscape.

The demand factors like access to electricity, Internet access, growth of E-Commerce platforms, convenience, and diversified products coincide with the supply side factors like market expansion, social mobility, skill development, employment and better resource utilisation to stimulate sustainability. Ernst and Young (2015) assessed that the sharing economy landscape in India has derived impacts on job creation, skill development, social mobility, resource utilisation, environmental, convenience and trust building among the consumers. Infrastructure not only serves as resources for the country but also drives the notion of resource efficiency and resource redistribution. Figure 8.2 depicts the interconnectedness of demand side factors with the supply side factors, where ICT (information and communication technology) and energy infrastructure help in reducing poverty, formalisation of informal sector by providing them with digital platforms to share things and get self-employed and build trust by solving the problem of adverse selection. This makes them less vulnerable to social and financial insecurities, reduces resource constraints among BOP population and provides them opportunities to enhance their income and standard of living. Moreover, Smartphone users in India are expected to increase from 260 million in 2016 to around 450 million by 2021 and Internet users to 647 million by 2021 (Deloitte, 2019). The growth of sharing economy culture in India rests on these factors because the Internet access and mobile penetration have stimulated market diversification and market expansion. The access to electricity facilitates the use of ICT technology for education, health advises or telemedicine, digital payments, digitisation of small businesses in rural areas and to poor households. So, the digital literacy, skill development and the rise in the education level of poor individual make him more productive, efficient, employable, earn regular wages. Airbnb, OYO rooms or Ola, provided the concept of idle or underutilised home sharing or car sharing. It surges the emergence of concepts like self-employment and restructuring the informality of work to a more formal wage-earning opportunity. The optimum and efficient energy generation and transmission due to the use of mobile-based applications or online platforms need Internet access and access to the Internet needs energy to operate. Hence, the growing problem of global warming can provide policymakers and businessmen to think on the concept of energy and digital sharing.

The use of reliable and efficient energy system in the world as shown in Table 8.2 helps us to understand the importance of energy security for digitisation and economic growth in an economy. In San Francisco, for example, a separate bureau

**Table 8.2** Case studies and lessons of sharing economy from other cities of the world

Countries	Cases (Description)
Lolland and Copenhagen, Denmark (unused house is shared for better utilisation and with no wastage)	Use of abandoned building materials: The abandoned buildings Lolland, its materials will be recycled. It will be an opportunity for providing jobs to the local community. In Copenhagen, due to the surge in demand for housing, prices are quite high. Lendager Group took the responsibility to recycle the materials for the sustainability of new buildings and try and reduce carbon footprint up to 70%.
China: The sponge city	China's 'sponge city' initiative is a joint effort by three ministries – Housing and rural-urban development, finance, and water resources – To tackle rainwater runoff, which is exacerbating pressure on groundwater.
Transactive grid, a start-up in New York, USA and grid singularity in Vienna	Smart energy grids are enabling more efficient energy distribution through real-time communication between energy generators, utility companies and consumers. The goal is to improve efficiency by decentralising energy exchange between buyers and sellers: Transactive grid, a start-up based in New York, is using blockchain to record the energy generated by rooftop solar panels; grid singularity, based in Vienna, Austria, is initiating the work to decentralise energy markets in developing countries.
Amsterdam	Meal-sharing platform called 'Thuisafgehaald' has been started for the city pass holders to get highly discounted or even a free home cooked meal. This sharing facility is primarily for the senior citizens and the poor people of the society

Adapted from WEF (2018) and World Economic Forum (2017)

deals with apartment arranged through Airbnb. An example of this is Philadelphia, which has authorised the operation of Airbnb, and in exchange levies an 8% special tax on the software application. BlaBlaCar, Uber, or Airbnb have given the world a new way to think the business landscape where there are opportunities and inclusivity for all. Shared energy as seen by microgrids technology in USA or Denmark can be directly linked to their shared growth and development in the country indicated by their position in Human Development index.

**The Smart Grid: Efficiency in Energy and Digital Sharing** The definition of smart grid proposed by International Energy Agency (IEA, 2014) is the electricity network that is based on the digital technologies to monitor energy supply from various energy generation resources to efficiently meet the demand of end-users by reducing environmental impact and maximising energy security and resilience. According to European Commission (2014), smart grid in general concept of modernising the electric grid from upgrading the system to an energy consumption system can be a two-way communication and digital processing system by using the Internet of things through electricity networks. Energy sharing can easily solve the problem of energy paucity in India. They generate electricity for industries, home and offices from one grid. Energy prices can be modified throughout the day according to the time and rate of energy consumption. They have the capacity to integrate the renewable energy like solar wind hydro, etc. and open the possibility for the

consumers to sell the excess energy to the grid based on certain prices. It not only makes the energy use efficient but also provides the facility of energy security to the consumer.

**Case of Smart Grid Mission in India** The case of smart grid relies on the notion of energy and Internet accessibility for the bottom of the pyramid. *It subserves the research context of connection between infrastructure development and economic growth* which eventually helps in the growth of other social infrastructure, E-Commerce and formalisation of labour. *Energy or digitisation expands service and industrial sector simultaneously. This helps the informal labour economy through job creation and employment opportunities. The influx of income in poor households is one of the major reasons for poverty reduction in India.* The Government of India has ruled out ‘Power for All’ programme to address India’s energy security challenge through renewable energy. It is based on mini-grids and its target is to achieve the power installed capacity of 175 GW by 2022. The major features and benefits of this sustainable digitally enabled system lies in the fact that it integrates consumption and production of energy with real-time monitoring pricing signals, use of Internet and mobile apps for smart metering, reduction in power purchase cost, integration of renewable energy like solar PV or wind energy and sharing of excess capacity. It is a more energy secure and resilient system. The green energy corridor reports a comprehensive plan to integrate renewable energy with a vision of about 43-gigawatt generation capacity through wind and solar energy in the 12th five-year plan in 8 states of India for energy storage by 2030. The relevance of smart grid and microgrid for the country has been emphasised by creating a promising business opportunity, electrification of all households and provide adequate power to every citizen throughout the day. Hence, the opportunities for building smart grids in India are immense at the distribution as well as transmission level, as reliable electric supply is one of the key infrastructure requirements to support overall development. The Vision of India on smart grids is to transform the Indian power sector into a resilient, efficient, secure, sustainable and digitally enabled ecosystem for a reliable energy-sharing facilities for all. Hence, the discussion could give new directions to the future research work relating to informal economy and poverty reduction in India. The growth of E-Commerce and the need to enhance digital connectivity of small-scale industries and its impact on employment of low skilled workers, trade and manufacturing sector growth can also be a crucial topic for future research. The policy implications related to ‘Gig economy’ and its contribution in formalisation of informal sector in India, upholds the concept of inclusive growth and extending social security for sustained source of income generation in poor households. Lastly, the chapter opens the avenues for future researchers to understand the importance of ‘green growth’, and ‘sharing economy’ in the light of sustainability. It also stimulates the future research in understanding the relevance of investment in renewable energy and telecommunication infrastructure which is a crucial area for the government in promoting and making its development policies encompassing the propositions of equal participation and overall development of a nation.

## 8.4 Discussion

The view depicted by Rinne (2017) ensures that the sharing economy in today's interconnected world can be seen as the poster child for the Fourth Industrial Revolution. The digital transformation through the energy and ICT infrastructure development can help India to reach the destination of inclusive growth. Sharing economy can convert the challenges of social and economic inequalities as an opportunity for people who cannot afford ownership but can have the accessibility of underutilised or idle resources through the channels of 'Circular economy' and 'Gig economy' where collaboration can revamp the whole consumption and production pattern and may benefit the poor people to have fruits of distributive effects, in creating employment opportunities and trickle down the benefits of economic growth to the base of the pyramid not by ownership but through accessibility and optimum utilisation of idle resources. The possibilities of job creation, poverty alleviation, environmental protection, energy security and efficiency, knowledge sharing and digital market expansion are immense in sharing economy. The discussion in the chapter could be instrumental in providing the answer to certain questions, like how the sharing economy serves as a platform for India's burgeoning population from varied social background and distinctive skills, bestowed with a new opportunity to earn money or access the unaffordable assets without being its owner. How this new innovative model replaces the traditional employment model of secured jobs?

### 8.4.1 *Decontextualisation: Theoretical Considerations*

Myrdal's '*Circular Causation theory*' and Hirschman's '*Unbalanced growth theory*', in the context of income, investment, aggregate demand, aggregate supply channel in the circular form of economic activities, underline the distributive impact of shared economy through a huge investment in one particular sector, especially, energy, transport and telecommunication, etc., that can eventually through forward and backward linkage effect, and develops other sectors in the economy. For example, if the government makes a huge investment in renewable energy integrated grid transmission energy system, so, there could be derived direct and indirect benefit for all. From forward linkages, energy supply in offices, schools, homes and industries will help in expansion of service sector, and provide more jobs, industrialisation, revive informal economy, upgrade education sector and productive capacity in the economy. The extra capacity from solar or wind energy can be made available for the areas with no energy access like rural India or have demand and supply deficit in energy like urban India. The digital sharing of goods and services through online platforms or E-Commerce even if having accessibility to things needs digital connectivity. Knowledge sharing and learning is very much central to the social transformations and reduction in inequality and poverty with socially progressive feel

inherited in social mobility and syncretising mechanisms (Qureshi et al., 2018). On the other hand, from backward linkages, it will enhance skill development, reduce unemployment and poverty, and enhance the income of poor households. This way the channels of demand and supply through the process of consumption and investment accelerates the process of economic growth through infrastructure. People engage in syncretising mechanisms to delineate new perspectives for change and community participation. For instance, better electricity supply makes a child to study for longer hours, industries to digitise their productive units to get benefit of economies of scale, extra working hours at offices, electric vehicles, less carbon emissions as green energy is used and sharing of energy at an affordable cost, use of digital payment options and electronic commerce and digital platforms for social connections. Better education and training make people skilled and employable, earn income which eventually become their disposable income. This income creates demand for extra goods and services which serves as investment injection in the economy. The energy used for technologically advanced equipments in the industries enhances the productivity and efficiency in production. So, with forward linkages there is income generation, job creation and market expansion and from backward linkages there is mitigation in poverty, skill development and a strong human resource development and social security for workers in informal sector in India. The growth of 'Gig economy' replicates this channelisation and is a great example to understand the importance of sharing and development. The notion of sharing lies in the aspect of accessibility, affordability and shared idle capacity. So, in this context (Belk, 2010, 2014) theorises sharing economy with *the notion of collaborative consumption and accessibility and not ownership*. The digital age helps in the dissemination of information in real-time and make people accessible and reachable through digital platforms. It builds social connections, trust and reduced the chances of asymmetric information between individuals. This has given birth to sharing in the business landscape. These theories help in understanding the interrelated development process of the economy through the connection between well-planned energy infrastructure, digitisation, job creation, poverty reduction and sustainable development in India via sharing resources. Sharing economy's impact on societal development is still underexplored for the emerging economies like India, which is on the cusp of a digital revolution after the fully implementation of programmes like digital India, Start-up India and Make in India and the current initiative of establishing 5G digital network by Reliance group (JIO) soon. With the increase in E-Commerce platforms and the higher need for manufacturing activities, it now become even more imperative to connect people, and make the underutilised resources to be shared easily through digitisation. For this, the efficient and secured energy system in India is of utmost importance. The untapped channel between accessibility, income and investment via sharing economy over digital connectivity on Internet, by using Artificial Intelligence and uninterrupted power supply for enterprises and informal economy, needs a better policy consideration. The digitisation of enterprises, growth of E-Commerce platform and expansion of Gig economy in India will also create more job opportunities or serve as an access platform for the poor sections or small businesses and solves the problem of asymmetric



information. The reduced transaction cost, enhancement in labour productivity and enhanced connection between producer or owner and consumer or buyer contribute in market diversification and develop more trust in digital sharing. The more the availability of unutilised or underutilised shared resources, the more the accessibility at a lower cost. Diverse employment opportunities give way to innovative business models like that of freelancing jobs and promote distinctive skill to flourish, where interior designing, cooking, stitching, carpentry, painting, weaving, etc. can be a full-time career. The division of labour adds to the efficiency of production and consumption, providing the informal sector workers innovative work sharing platforms to utilise their peculiar talents and unutilised resources. The underprivileged can eventually have a better-earning capacity, better education, health and equal participation in the economy, taking them out of the vicious circle of poverty through the channels of circular economy. The Circular Causation theory and Hirschman's theory of unbalanced growth are simply embedded in the concept of 'circular economy'.

#### ***8.4.2 Recontextualisation the Circular Shared Economy***

According to WEF (2018), a circular economy can be described as an economic system that basically thrives on shared business models. It facilitates the concept of reuse, recycle and recovery in the production and distribution channel with the aim of economic prosperity and social equity. Hence, peer-to-peer sharing has tremendous potential, provided the fact that self-regulation and self-awareness are formed in India. Several sharing economic business model was already discussed in the introduction of this chapter which advocates of the sharing economy claim that the advanced technologies will empower poor people through sharing accessibility but the critics denounce this concept calling it to be the outcome of self-interest.

The 'circular economy' represented in Table 8.3 triggers the significance of sharing value chain and coordinate the efforts of individuals, governments and private sector for structural transformations by embracing the notion of sustainable production and consumption pattern in the society. The rapid rate of urbanisation, increased income level and burgeoning population in India are putting an immense pressure on the finite resources in the era of globalisation. So, as suggested by Karthik (2020), the circular economy model is decisive in making a road map for sustainable economic welfare in India by 2030, that caters to the expected growth speculated to be doubled in its material consumption to 14.2 billion tonnes due to its rapid urbanisation and population growth.

**Practical Examples of Circular Shared Consumption in India** Sharing and formalisation of informal sector in India has shown a considerable growth over the years through the expansion of E-Commerce and Gig economy. Digitisation of social enterprises extend employment opportunities for poor people in India and restructured business landscape by reducing the resource and institutional

**Table 8.3** Concepts of circular economy

Concept	Description	Association with Circular Economy
Sustainable development	Sustainable development is a comprehensive concept that attempts to reconcile and combine three dimensions of development: Economic, environmental and social	Economic and environmental dimension with corporate social responsibility
Shared value	Shared value is a strategy and with the framework developed by Michael Porter and Mark Kramer to reconcile capitalism with societal needs. The value created by social needs, new markets and new products redefines community development and shared value chains	Rest on the notion of mutual dependence in business and circulation of consumption channels through the circular disruption of decoupling mechanisms
Industrial ecology	Industrial ecology aims at the research activities focusing on the optimisation of energy and reduction in pollution and waste generation through an economically viable transformative practices of industrial by-products production or the objective to enable industrial systems to be like the natural ecosystems	It coincides with the circular economy from the system of resource efficiency and sustainability
Green economy	The green economy is a concept that considers the economic solutions to the environmental problems through multipartite policy proceeding from the United Nations and its impact trickle down through regulatory measures of the governments and NGOs	The green economy overlaps circularity concept to leverage the impact of sustainability in economic activities

Compiled from (WEF, 2018; CIRAIG, 2015)

constraints. Today, Oyo hotels and homes have their footprints across 80 Nations with the investment of US\$ 2 billion. It is the replica of Airbnb in India with making a comfortable accommodation at an affordable cost for middle class people; currently it has over 125,000 vacation rooms and 23,000 hotels across 80 countries. There could be various motives to participate in the sharing economy which according to Schor (2014), is driven by social, economic and environmental factors. If there is P2P (peer to peer) connections then, there is redistribution of assets across the supply chain. It does not only keep the producers and consumers away from the middlemen but also enhances social connections, market expansion and job creation. The reduction in asymmetric information faced by the customers has been mitigated through the use of Internet services and social platforms like Facebook, Instagram, YouTube to advertise their products and services. It has not only saved transaction cost, time, developed trust, but, made it convenient for the customers to access goods according to their capability. The franchised rooms are among the third largest and rapidly expanding hospitality chain. It has app-based booking facility with the option of renovated rooms with a particular consumer taste and budget and with a holiday package discounted with kitchen and entertainment services. Swiggy and Zomato showed the way to share food. Some other business models such as Pool circle, a Bengaluru-based ride-sharing company, enables 4

people to ride each car. The accommodation facilities facilitated by iRentShare allows rent sharing like cameras, computers, and travel tablets. Million Kitchen, a collaborative social enterprise, provides fresh home cooked food at a reasonable rate through online platforms. It has employed underprivileged women of slums in Delhi. So, online market places add to the value creation to business and employment in the country. Moreover, a 'Social Security Code 2019' has been introduced by the Government of India (ASSOCHAM, 2020). It includes pension, medical cover, maternity leave, compensation for disease and injury in particular for all labours and especially life and disability cover for 'Gig economy' workers. Also, the government is planning to bring professionals like plumbers, beauticians, carpenters, electricians, etc., under Goods and Service tax networks in order to bring an informal job market under formal labour market rules (ASSOCHAM, 2020).

The director of Ola, Anand Subramanyam, has the viewpoint that in India sharing is more about transportation service sharing rather than a product in the garage for ownership. Ola provides transportation services via taxis and auto rickshaws and the vehicles are owned by the driver itself. So, it is a great way of self-employment and sharing. It not only makes services available to the people who cannot afford to own, but also create jobs and make use of underutilised resources.

**Impediments in Embracing Sharing Circular Economy in India** The benefits derived from sharing economy are manifold, ranging from on demand sharing to, job creation, co-working, social mobility, cultural exchange, access to goods and services, use of underutilised resources without wastage, digital literacy, digital micro-entrepreneurship, organisation of informal economy, generation of source of income for the low skilled people, increased accessibility of small-scale enterprises on digital platforms, promotes women employment as people can work from home, etc., that immensely contribute in mitigating poverty in developing countries. But the regulatory hurdles need to be tackled by the interference of the government. Financial barriers such as high transition costs in management and investment in physical and digital infrastructure along with the research and development activities incur cost to the proliferation of sharing economy. High tax rate and digital equipment cost can also hinder the process of sharing. Institutional barriers like effort to change the perspective from the traditional way of doing business and depending on fossil fuels for energy generation are quite mandatory to develop mutual trust in collaboration and consumption. The complicated or inflexible regulatory structure needs restructuring. For example, the high taxation on labour and the non-classification of waste as a resource in Netherlands can hinder the potential shift to an innovative business model. Social barriers, such as lack of awareness and disinformation for consumers for buying new products, are quite challenging for sharing. For example, if we are not aware about global warming or climate change, then we cannot realise the potential of energy sharing in the society. Technical barriers such as poor grid connectivity, digital and Internet connectivity, cyberlaw policy, poor cellular network and smartphone penetration contribute to the lack of information exchange and online transactions. Country-level initiatives such as the UK's Environmental Sustainability Knowledge Transfer Network, the Green

Suppliers Network in the US, and Japan's Green Purchasing Network are examples of information exchange platforms (WEF, 2018).

## 8.5 Conclusion

The 'access economy' or 'on-demand economy' has large untapped potential for eradicating unemployment, poverty and inequality in India, where the bottom of the pyramid can have access to goods and services if they cannot own these expensive things (Qureshi et al., 2021c). Over the last couple of years, the pivotal role played by the digital technology in exaggerating the scale, impact and appeal for sharing business models led to the growth of some sharing companies in India like Oyo, Ola, Byju's, Swiggy, WeWorkIndia, and Furlenco, which ignited the willingness to utilise the idle capacity for temporary sharing based on the accessibility and affordability of goods and services. The energy and IT infrastructure can be the biggest barrier for the sharing economy in India but on the other hand can act as the catalyst for collaborative consumption. The regulatory measures for the acceptance of digital platforms, smartphone availability, regulated tax rates and digitisation for enterprises and huge investment in energy and digital infrastructure with cyber laws policy embark on the proper implementation and revamping of the government policies. In the developing countries, energy and digital sharing in the middle of the current unforeseen situation of COVID-19 has made infrastructure an indispensable asset for development and accessibility tool through fostering trust and reducing transaction cost in the online exchange of goods and services. The concept of sharing for poverty reduction will definitely make the policymakers and the entrepreneurs to ponder on the interlinked effect of infrastructure development as an essential opportunity for sustainable development, efficiency and social security. The landscape and competitiveness of sharing business through digital medium conducive for inclusive growth still lack concrete empirical data which make it quite difficult for assessing the impact of sharing on Indian economy. The proposed conceptualisation might be seen as the potential novel paradigm to the concept of sharing in India.

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# Chapter 9

## Resourcing and Value Creation: A Case of Sharing Economy Model at the Base of the Pyramid



Meet Pandey, Monica Bhati, Dharendra Mani Shukla, and Israr Qureshi

**Abstract** This study examines the characteristics and resourcing activities of community-based sharing economy models at the base of the pyramid (BoP) through a case study of two sharing economy-based initiatives of a global development organisation. Findings suggest temporary and customised resource access, platform-mediated transactions, mission and ownership as the key characteristics of these sharing economy-based initiatives. Further, findings present key resourcing activities and value creation mechanisms of these models and highlight the roles of local and institutional actors in the resourcing and value creation processes. Findings contribute to the sharing economy literature by linking actors, resourcing activities and value creation in sharing economy models at the BoP.

**Keywords** Base of the pyramid · Social cohesion · Sharing economy · Digital social innovation · Resourcing · Technoficing · Value creation

### 9.1 Introduction

The increasing prevalence of sharing economy models in the mainstream economies has inspired the possibilities of their application in the context of the base of the pyramid (BoP) to address various social issues by leveraging latent capabilities and skills of BoP producers (Gu et al., 2008; Hitt et al., 2000; Hoskisson et al.,

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2000; Parthiban et al., 2021; Qureshi et al., 2018a). Munoz and Cohen (2017) defined sharing economy as “a socio-economic system enabling an intermediated set of exchanges of goods and services between individuals and organisations which aim to increase efficiency and optimisation of under-utilised resources in society” (p. 21). The core foundations of the sharing economy are access, platform and community-based economy. Access to underutilised assets optimises their use than owning them, while the platforms foster collaboration and socialisation by intermediating exchanges between peers (Qureshi & Fang, 2011; Qureshi et al., 2018b). Community-based economic models foster coordination through non-contractual, non-hierarchical and non-monetised forms of interactions (Acquier et al., 2017).

Like the traditional economy, sharing economy involves interactions between resources and networks of actors like producers, consumers, distributors and government regulators (Thorne & Quinn, 2017). However, the sharing economy transactions focus on redistribution of and access to resources, rather than production and distribution of resources as in the traditional economy. The locus of such transacting markets across the social spaces is determined by the kind of resource shared by the organisational infrastructure for individuals’ use (Bhatt, 2017; Mair & Reischauer, 2017). The mobilisation of resources helps address social problems and, in that process, transforms society’s cultural, normative or regulative structures (Battilana et al., 2009; Hämäläinen, 2007). Considering the significance of the resource mobilisation and the required coordination among actors, the United Nations Development Programme (UNDP) has included it as a key indicator to measure the progress towards alleviating poverty under Sustainable Development Goals (SDGs). For example, the SDG-1 states that by 2030, it is critical to “ensure significant mobilisation of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimension”.<sup>1</sup> The role of organisational actors is vital in the process of resource mobilisation.

Although resource mobilisation practices are seen as critical to achieving effective coordination and value creation (Hota et al., 2019; Parthiban et al., 2021) in the sharing economy models at the BoP (Schaeffers et al., 2018; Belk, 2014), they have been undertheorised and underexplored in the extant literature. The emerging literature on the resourcing perspective, rooted in a practice-based approach, attempts to address the processes and mechanisms through which organisational actors engage in generating or utilising resources towards value creation (Feldman & Worline, 2011). Drawing on the resourcing perspective, this study explores the characteristics of community-based sharing economy models at BoP and theorises the value creation processes involved in such models. In particular, it addresses the following interrelated research questions: (a) What are the main characteristics of community-based sharing economy models at the BoP? (b) how do actors in such models engage

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<sup>1</sup> <https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-1-no-poverty/targets.html>

in resourcing practices? (c) how do resourcing practices help create and capture value at the BoP?

This study undertakes a qualitative case-based approach to address these research questions. In particular, it analyses two sharing economy-based initiatives of a global development organisation. The findings of this study highlight the types of resourcing activities involved in sharing economy models at the BoP and emphasise the roles of local and institutional actors in the resourcing activities (Hota et al., 2019; Hota & Mitra, 2021). Further, findings outline several ways through which value creation at the BoP takes place. This study contributes to the sharing economy literature by explicating the resourcing mechanisms and value creation processes involved in sharing economy models. Further, findings contribute to the BoP literature by highlighting how actors and resources involved in sharing economy models can help in value creation and address societal challenges such as poverty and inequality in the BoP communities. Finally, this study extends the resourcing perspective literature (Feldman & Quick, 2009; Feldman & Worline, 2012) by highlighting mechanisms that link actors and practices in the sharing economy models in the BoP context.

## 9.2 Literature Review

### 9.2.1 *Sharing Economy: An Alternative to Transform BoP*

BoP comprises the people who earn less than US\$ 2 per day per capita, globally represented by four billion people, and in India about 700 million (Hota et al., 2019; Kistruck et al., 2013; Parmigiani & Rivera-Santos, 2015; Parthiban et al., 2020, 2021; Shalini et al., 2021 forthcoming). The trading in commodity and service in the BoP setting is dominated by the informal microenterprises (Bhatt et al., 2019; de Soto, 2000; Godfrey, 2011; Qureshi et al., 2016). Such microenterprises suffer from resource constraints prevalent in the informal economy, irrespective of the country or a region they are located (Dolan & Rajak, 2016; Hota et al., 2019; Kistruck et al., 2015; London et al., 2014). In addition, the market-linked productivity-related constraints impede value creation and value capture (London et al., 2010; Qiu et al., 2021; Parthiban et al., 2021). These constraints have a dampening effect on the livelihood of BoP population, as value creation activities have potential to result in the monetary or non-monetary valuation of a product or service offered by the BoP population (Parthiban et al., 2021; Priem, 2007). Similarly, value capture is important, as it leads to appropriation and retention of value by actors involved in the value creation process (Johannesson & Olson, 2010; Parthiban et al., 2021). In a non-conducive ecosystem for value creation and capture, the enterprises located in the BoP contexts focus their attention on linking informal livelihood activities with the formal markets. Moreover, recently, the focus is shifting to provide socially valuable products rather than to create only market linkages for the BoP population (Bhatt, 2021; London et al., 2010; London & Hart, 2011; Webb et al., 2009).

Socio-economic problems in BoP contexts (Qureshi et al., 2018a; Riaz & Qureshi, 2017) get further exacerbated by corruption and resource scarcity, leaving informal transactions and subsistence entrepreneurship as only feasible alternatives (Bruton et al., 2015; Hota et al., 2019; Sutter et al., 2019; Valente & Crane, 2010). The declining resources of non-government organisations, inefficiencies – and at times corruption – involved in centralised government agencies resulted in the pursuit for new entrepreneurial approaches, including social entrepreneurship to alleviating poverty (Kistruck et al., 2013; Qureshi et al., 2018a; Sutter et al., 2019). Due to lack of formal employment opportunities in the BoP context, to a large extent, microentrepreneurship remains the only feasible alternative for livelihood (Fields, 2012; Floro & Swain, 2013; Gindling & Newhouse, 2014; Verrest, 2013; Vial & Hanoteau, 2015).

Microentrepreneurship is also critical in the sharing economy models, as individuals can contract and engage in peer-to-peer trading of products and services (Matofska, 2016). Further, entrepreneurship through sharing economy models can help address societal problems of poverty by lowering the costs of economic coordination (Hamari et al., 2016). In this regard, it has also been found that actors with a social mission mobilise resources to address social problems and in that process, transform society's cultural, normative or regulative structures (Battilana et al., 2009; Hämäläinen, 2007). A socially oriented intermediary may leverage sharing economy models to encourage sharing practices that emphasise temporary access than ownership and collaborative consumption of unused or underutilised assets (Frenken & Schor, 2017; Munoz & Cohen, 2017; Qiu et al., 2021; Parente et al., 2018). To increase the reach and breadth of services and assets that can be shared, these social intermediaries leverage the technology-supported platforms and network effects (Frenken & Schor, 2017; Kumar et al., 2018; Laukkanen & Tura, 2020; Mair & Reischauer, 2017; Parente et al., 2018).

### ***9.2.2 Resourcing in Sharing Economy at the BoP***

The core idea of resourcing theory is that it is the practice that creates the value of resources such as people, time and knowledge (Feldman & Worline, 2016). This perspective emphasises that resources can be described in relation to what they are associated with (i.e. individuals, materials or ideas) in practice. Resourcing theory is pragmatic use of practice theory since it centres around expanding the perspective of managers on what it means to generate resources. Resourcing theory ascertains that potential assets transform into a resource when they are utilised in practice, and the kind of resources they become relies upon the manner they are used (Feldman & Worline, 2011). The activities and actions on the course of practice become critical to resourcing as it brings to the potential resources in connection with organisational worth. This shows, resources are not in isolation and autonomous but rather mutually constituted. For example, material objects, skills, knowledge, time and money are mere potential assets, unless utilised to generate new resources (Feldman

& Quick, 2009). The research by Keating et al. (2014) and Sonenshein (2014) also provides support for resourcing activities through organisational routines and suggests how it helps generate resources that empower individuals to sanction schemas and to create more resources. In addition, the mechanisms of mutual adjusting and juxtaposing found by Feldman and Worline's (2012) also offer insights into the process of resource mobilisation through inter-domain exchanges led by organisations.

Building on the insights from sharing economy literature (Belk, 2014) and resourcing perspective (Feldman & Worline, 2011), it can be argued that the acceptance and the legitimacy of sharing economy models in the BoP will be contingent upon the organisational resourcing. Sharing economy encompasses the scenarios where potential resources are transformed into a resource in use. The resourcing mechanism of mutual adjustment and juxtaposing can be found in many emerging sharing economy models such as co-working spaces (CWS), platform cooperativism (PC) (Mannan & Pek, 2021) and microentrepreneurship. CWS combines a workspace with a social space (Bilandzic & Foth, 2013), PCs open their governance structure for the participation of multiple stakeholders (Scholz, 2016) and microentrepreneurship relies on peer-to-peer business (Hota et al., 2019; Parthiban et al., 2021; Sundararajan, 2014). CWS promises sustainability through community access to untapped resources and new services. The sharing activities take place in well-defined physical spaces such as makerspaces, hackerspaces, fab-labs and repair cafés (Mair & Reischauer, 2017; Fabbri, 2016; Kostakis et al., 2015). Through microentrepreneurship, sharing economy platform empowers individuals by creating new employment and entrepreneurial opportunities unavailable in the traditional economy (Qureshi et al., 2021c). As such, sharing economy platforms are considered a driver of innovation and growth (Sundararajan, 2014). However, it is not clear how such sharing economy models would work in the context of BoP. Given the resource-constrained context, the sharing economy model might provide an innovative solution to poverty; however, there is little research that explores the potential of sharing economy models in the BoP. Particularly, the mobilisation of resources to coordinate and create value through sharing economy models at the BoP remains understudied. Using a resourcing perspective, we explore this question through the case study of a sharing economy initiative at the BoP.

## 9.3 Methodology

### 9.3.1 Research Context

To understand resourcing practices in the development of sharing economy models (SEMs), we undertook a qualitative study of two agritech solutions, Loop and Farmstack, offered by Digital Green, a livelihood social enterprise dedicated to the rural population across several developing countries.

*Loop* is a technology platform that acts as a digital marketplace for its beneficiaries, which include marginal farmers, aggregators and buyers. It helps marginal farmers increase income and lower investments by linking them to the distant markets and agri-value chain through an intermediation and aggregation service. The linkage assures timely income to the marginal farmers for their small produce and benefits buyers in accessing fresh produce from the farmers while providing aggregators with an opportunity to increase their income.

Farmstack is a peer-to-peer digital platform that helps secure data sharing between organisations and farmers. It offers an opportunity to address poverty by helping individual farmers and organisations access and leverage data to improve their productivity and impact through informed decision-making. Marginal farmers can access better services and adopt right practices to increase their productivity and income; on the other hand, organisations, such as government, civil society, firms, policymakers and research agencies, can access and share farm- and farmer-related data to improve their services and impact. The platform-driven data dissemination values privacy for the partnering organisations and anonymisation of beneficiary farmers. Farmstack is useful in integrating farm data, helping organisations to share farm- and farmer-related data with each other.

The technological solutions offered by the *Loop* and *Farmstack* aim to benefit the marginal farming community in the BoP, along with other actors in the value chain, including buyers. The genesis of these operating initiatives is motivated by envisioning the role of digital technology for small-scale farming communities that are prevalent in the BoP contexts, such as in South Asia and Sub-Saharan Africa. Digital Green has been a pioneer in their effort to enable marginal farming communities by leveraging technology. In the Indian context, Digital Green's vision to enable marginal farming communities is forwarded by both *Farmstack* and *Loop*. In this regard, the internal and external actors involved in the sharing economy model of *Loop* and *Farmstack* are driven by the mission to bridge the gap between the need and provision of extension services and market linkages to the marginal farming communities in the BoP context.

*Loop* is implemented in the rural settings of Bihar and Maharashtra, and *Farmstack* is implemented in the rural settings of Andhra Pradesh. Among the three states, Rural Bihar has the highest percentage of the population living below the poverty line (55.70%), while Andhra Pradesh has the lowest rural poverty (32.30%). In Maharashtra, 47.90% of people live below the poverty line in the rural areas (RBI, 2018). *Loop* is operating in the villages of Bhojpur, Samastipur and Muzaffarpur districts of Bihar and Satara district of Maharashtra. *Farmstack* is operating in the East Godavari district of Andhra Pradesh.

### 9.3.2 *Research Methodology*

To understand resourcing practices in sharing economy models and to explore the role of individual and organisational actors in the resourcing activities and value creation process, data on Loop and Farmstack were collected using archival information from various sources such as the company website, online published reports, social media pages and YouTube videos.

Data were analysed taking a grounded theory-based approach, which involved multiple iterations between data and emerging theoretical categories (Glaser & Strauss, 1967; Miles et al., 2014). The iterative data analysis resulted in the identification of several themes that are presented in the “Findings” section.

## 9.4 Findings

The two prominent actors found in both Loop and Farmstack sharing economy models are buyers’ group and farmers’ producer organisations. The buyers need information about the crop produced by the farmers, while the farmers need information about the potential buyers who can purchase their crops. The information gap is bridged by the platforms offered by Loop and Farmstack. Additionally, the Loop involves microentrepreneurs as important actors who provide aggregation services for market linkages. Loop plays the role of the digital marketplace, while Farmstack is an open-source protocol that facilitates the transfer of data across the agricultural sector. Loop uses chatbox to connect farmers to buyers and requests both supply and demand data from Farmstack. The self-service connector (SSC) of Farmstack helps in the continuous sharing of data. Further, Farmstack also enables peer-to-peer data sharing between organisations, such as banks and researchers. The transaction data generated using Loop platform are integrated with Farmstack, which are helpful in assessing farmers’ creditworthiness for availing loans. Further, the feedback taken from the farmers about their need for extension services is shared with researchers, who help farmers get better agri-extension videos. The Loop platform plays an important role in the collection of farm- and farmer-related data, whereas Farmstack is helpful in the dissemination of the gathered data. In addition to the marginal farmers, the Loop platform is used by the microentrepreneurs of the village, who are referred to as Loop aggregators. Loop aggregators help the marginal farmers to fetch competitive prices for their small crop produce. Both platforms, Loop and Farmstack, foster resourcing activities; however, they have different roles, functions and underlying principles.

*Farmstack’s* intervention primarily tapped the potential of the marginal farmers of the producer’s organisation, buyer’s group and agri-extension workers. Its intervention assured that the optimum capacity of the three potential resources was realised. Marginal farmers who struggled to obtain competitive rates for their small produce were linked to the buyer’s group who could not identify the suppliers for

agricultural produce. Farmstack plays an important role in the provisioning of demand and supply data. The utility of Farmstack in information and resource provisioning moves beyond this, as the decentralised self-service connectors (SSCs) of Farmstack were helpful in addressing the complications that emerged during data sharing. Further, Farmstack ensures the privacy and anonymisation for the buyer's group and farmers of the producer's organisation, respectively. Farmstack mobilises resources through intermediation between farmers and agri-extension workers. Earlier the agricultural support offered to the farmers did not address their contextual needs; this gap was filled very well by Farmstack, which collected farmers' feedback and the data about the kind of agri-extension videos farmers watch on the media platform. The data collected by Farmstack are shared with the agriculture extension workers, who assist Farmstack's agritech team in understanding the nuances of the contextual agricultural solution. To elucidate the information retrieved from the agri-extension workers, the creative team of Farmstack came up with an interactive media-based solution that has a local setting to capture the local agricultural problems and uses local dialect when making agricultural videos.

*Loop* as a platform intermediates between marginal farmers and buyers in the market through *Loop* aggregators. The platform facilitates the prompt collection and sale of the agricultural commodity from the village, which is particularly helpful for marginal farmers. The platform allows a quick registration of the interested farmers. Once registered, the farmers can sell their produce through the platform and also have a choice to decide the market for their sale. The quick documentation and transparency in the accounting enable the same-day remuneration to the farmers for their crops at the competitive market rate. *Loop* aggregators facilitate logistics and transportation, which are free of cost for the marginal farmers. Moreover, the systematic record keeping of the transaction on the *Loop* helps farmers get credit from the bank. *Loop* platform is also helpful in accessing crucial market-related information such as the rates offered in a particular place.

Below, we present the main characteristics of these sharing economy models.

### ***9.4.1 Characteristics of Sharing Economy Models – Loop and Farmstack***

The following characteristics of *Loop* and Farmstack are linked to sharing economy activities.

#### **9.4.1.1 Temporary and Customised Resource Access**

The customised access to the data from the decentralised nodal points comprising the actors in the value chain is temporary. There is no transfer of ownership; however, the access to service is widespread, ranging from proprietary data, agricultural

data, meteorological data to interactive, customised videos. Only Farmstack is responsible for secured access to the data services.

#### **9.4.1.2 Platform-Mediated Peer-to-Peer Transactions**

Both Loop and Farmstack intermediate transactions between peers through digital platforms. The customised access to proprietary data of buyers and agricultural data of farmers is digitally intermediated by Farmstack and ensures users' data privacy. However, in the case of Loop, there is an additional intermediary – Loop aggregators – who link the marginal farmers of the village to the buyers in the market and engage in provisioning of the logistics and transportation services. The Loop platform also facilitates this intermediation process.

#### **9.4.1.3 Mission**

Both Loop and Farmstack carry the mission and values of Digital Green (i.e. to bridge the gap between what is needed and what is offered). The primary beneficiaries are marginal farmers who are assisted by these agritech solutions. However, in the process, Loop also generates earning opportunities for the microentrepreneurs involved in the aggregation services.

#### **9.4.1.4 Ownership**

The transfer of ownership is found only in the case of Loop. The commodities are crops that are collected by Loop aggregators from the village and sold in the market. In the case of Farmstack, the data are shared between peers; however, there are several policies to control the sharing and maintain privacy, anonymity and security.

### ***9.4.2 Role of Individuals and Organisations in Fostering Specific Resourcing Activities***

There are many individual- and organisation-driven resourcing activities involved in the case of Loop and Farmstack. The prominent ones are the assurance of data privacy and security, bridging the divide between institutional offering and community need and building market linkages. These activities are essential, as there is a complicated interplay between the actors in the resourcing activities.



#### **9.4.2.1 Assurance of Data Privacy and Security**

The prominent actors are the organisations in the agro-ecosystems, which include the buyers' group, the farmer producer organisations (FPOs) and agritech solution providers. Further, individual marginal farmers are also part of the agro-ecosystem. Data sharing across different actors comprises two mechanisms, respectively, for organisations in agri-ecosystems and farmers. The mechanisms for organisations in agri-ecosystems involve securely sharing data on their terms, access farmer feedback and other data, and develop refined solutions for farmers. Whereas for the individual farmers, they can access customised services, control their own data and share data/feedback.

Farmstack is an open-source protocol to facilitate the secure transfer of data across the agricultural sector. It provides self-service connectors (SSCs) that can be easily installed. The SSCs facilitate data sharing adhering to ethical principles of privacy, trust and safety. For example, the system ensures security through implementing a user-defined policy-based access for intended purpose and time. Amidst trust and security assurance, navigating the catalogue of who has what data and data transformation services are disseminated. The local offices ensure that the security policies are up to date and a risk manager, an internal actor, is hired to assess the application to grant or regulate the access of data.

This peer-to-peer method of sharing data is contrary to the dominant data collection in the commercial sharing economy models.

#### **9.4.2.2 Bridging the Divide Between the Institutional Offering and Community Need**

This challenge is also the mission of Digital Green that operates in resource-constrained settings. Digital Green's mission is manifested in its initiatives of Loop and Farmstack. The extension services offered to the farmers through institutional actors like the agricultural department are quite exhaustive, generic, and they seldom cater to their local agricultural challenges. The customised agri-extension and precision services help the farmers to improve their productivity. The feedback of the farmers and the agricultural and meteorological data helps Farmstack to come up with agri-extension services that are interactive (such as video) and locally relevant. Farmstack networks and partners with the nodal agriculture offices, ministries and local individuals and groups.

#### **9.4.2.3 Building Market Linkages**

Farmstack helps potential buyers and interested farmers to connect through its digital marketplace Loop. It can use the data only when the buyer and marginal farmers each provide their consent. Loop gets access to the location, quality and quantity of crops a farmer wants to sell along with photos and videos of the crop to build an

online catalogue. At the same time, Loop also presents the quantity and quality of crop data the buyer demands. Just like Loop, any marketplace service or a big box aggregator or retailer could request data directly from the farmers and buyers using Farmstack's peer-to-peer architecture without the need to go to Digital Green or any other third party.

#### **9.4.2.4 Resourcing Through Local Actors**

The public distribution system in India caters to the consumption need of BoP; however, there is limited support by the state and the central government department to link the marginal farmers with the agriculture value chains. The emergence of the Farmstack and Loop offers tremendous potential, but this potential is difficult to realise until a locally embedded actor plays a key role.

In this regard, Loop aggregators, who are the prominent local actors, intermediate and bridge the institutional void of agricultural market linkage. The Loop aggregators play an instrumental role in securing small to large produce from the marginal farmers that struggle to connect with the agricultural markets. The credibility of the Loop aggregators is unanimously accepted by the beneficiary farmers, as their interventions assure timely and competitive payments of their supplied crops. Moreover, Loop aggregators also help buyers in obtaining fresh produce directly from the farmers.

#### **9.4.3 Resourcing Through Other Organisations**

The farmers can also share their production and transaction data with the researchers and banks, respectively. This secured policy mediated interaction between organisations (e.g. banks, researchers) is facilitated by Farmstack. By selling crop produce through loop, farmer receives a message on their cell phone and a receipt from the loop aggregator. The message and the receipt consists of the transaction details in terms of the quantity of crop sold and amount received from a market. The documented proof of the date wise transactions taking place in the market helps farmers to establish their credibility with the financial institution to obtain loan. On one hand market transaction data sharing with banks helps to obtain credits and on the other hand sharing the production plans of the coming seasons with researchers assures of better extension videos. Loop's role is predominant in the resourcing attained through the local actors, while Farmstack helps maintain a data repository that can be securely used in a customised manner to obtain various institutional supports from other organisations.

#### 9.4.3.1 Market Access by Restructuring Supply Chain

The quick access to the on-demand services through mobile platform assures that farmers can sell their perishable crops without delay. The beneficiary groups of Farmstack and Loop are marginal farmers. The marginal farmers can sell small quantities of vegetables at a time. Yet, they can still manage to fetch the competitive price for their small produce, as the Loop aggregator ensures economies of scale in distribution by aggregating supply from multiple farmers. The produce from the beneficiary village is taken to the market using shared transportation. The shared logistics reduces the cost of transportation, while the cumulative stock of the vegetable increases the income by increasing the bargaining power of marginal farmers.

#### 9.4.3.2 Precision and Climate-Resilient Customised Agricultural Practices

The intervention of the Farmstack and Loop bridges the divide between what is needed and what is offered. As noted above, the agriculture extension services in developing countries have been inefficient, specifically when it comes to targeting the need of marginal farmers. By providing customised agri-extension services on demand and on time, Farmstack has the potential to serve marginal farmers. As discussed above, the decentralised nature of the platform, the feedback loop arrangement and the provision of timely and accurate information help in the effective use of agricultural resources, reduce wastage and improve productivity.

*Data is also collected which video farmer is watching and what they apply, feedback is used for the production of new videos. (source: Video 1)*

#### 9.4.3.3 Bringing Comfort and Safety Assurance

The aggregation via Loop saves time taken to commute to the markets. The aggregation facility through Loop vehicles means that farmers do not have to travel to a distant marketplace to sell their produce. Earlier such travels were very challenging, particularly for the marginal farming communities, as travelling to the market, transactions in the market and return to the village used to be a very overwhelming and time-consuming process. The introduction and operation of Loop aggregator service save time that can be devoted to other productive activities. The village elderly were relieved that they did not have to carry out the strenuous work of loading and unloading the crops when going to the markets. The challenges were not limited to the exhaustion of the ageing farmers. There were also safety concerns on transport glitch. One of the farmers shared that

*while carrying heavy load of the vegetables sometimes his bicycle would break down on the way. I was tired and agitated (source: Video 2)*

#### **9.4.3.4 Regulatory and Legal Compliance**

The rules-based access to data and various regulations on data control, safety and privacy offered by Farmstack to the producer organisations and buyers assures data security compliance. The rules for sharing data are decided by the users, and Farmstack can only share anonymised data for a specific purpose. As noted above, the risk manager plays a crucial role in implementing and ensuring data security compliance. The consumer application can have access to the data but only for a specific time, beyond which he or she needs to ask for permission to access data. The farmer producer organisations (FPOs) and buyers define their data usage policies. The proprietary data of the buyers are protected and not shared on the internet, while FPO could request for privacy and anonymisation regarding their data usage.

#### **9.4.3.5 Quick and Organised Economic Transaction and Equitable Treatment to the Marginals**

The distribution system facilitated by Loop treats beneficiaries equally and relies on the information and communication technology (ICT)-based reporting for facilitating the equitable process. The farmers are not only given competitive prices but are remunerated the same day at their doorsteps after their produce is sold in the market of their choice. They are provided with the receipt of the transaction on their mobile phone and also have access to the free-of-cost helpline number if they have any grievances regarding the sell or the payment.

#### **9.4.3.6 Trust Building Through Ethically Just Practices**

The Loop aggregators work based on trust and goodwill in their respective villages. One of the farmers (Dukni Devi) commented that

*I don't see any difference between aggregator and my son.* (source: Video 3)

The customised time-bound data sharing policies that are adhered to by Farmstack are based on users' consent and autonomy. Other organisations can build and implement their own applications, just like Loop, on top of Farmstack. These applications could request data directly from the farmers and buyers using the Farmstack's peer-to-peer system. The farmers can choose Loop or any such services they prefer to sell their crops and earn market price.

#### **9.4.3.7 Improving Quality of Life**

The time saved through the adoption of such a model helps to increase productivity and thus increases the income of the farmers. As Loop aggregator service helps to save the time spent on delivering the produce to the market, the saved time can be

utilised to make videos with the extension workers on improving agricultural practices. This also leads to social cohesion. The problem of adverse selection is also reduced and an inclusive society is created under this model through social intermediation. The model also generates social value by stimulating social interaction among individuals and building trust among them (Qureshi et al., 2018a). On adopting the Loop aggregator service, one of the beneficiaries states that

*Now with the Loop vehicle things have become easier for us. Ranjitbhaiya (aggregator) comes and collects the vegetables to take it to the market. Earlier he used to collect it from our house, but now he collects it straight from the farm, The time that he saves is used for working harder on the field spraying pesticides and watering the plants, which has helped him improve the yield as well. (source: Digital Green)*

#### 9.4.3.8 Improving Business Performance by Reducing Operational Cost

The amount of money spent on the fare and the time spent travelling to the market are saved. The farmers could inform aggregators about their plan a day before. The farmer is expected to bring their crops to the common centre where Loop vehicles collect the entire stock from the village. The Loop vehicle, which is generally a mini truck, takes the aggregated crop from the village to market free of cost. There is no limit in terms of the quantity of crop a farmer can give to the Loop aggregator. The marginal farmers, who were earlier excluded from the market, have benefitted from the system

*. My son used to go by bicycle..now I am sending vegetables through LOOP vehicle. Devinder (aggregator) takes our vegetables to the market and based on weight, he gives me cash. is it not the benefit? Sold chilli and onion..10 kgs..5kgs of vegetable I sold, I have even sold 2 kgs through Loop. I have given 300 to 400 kgs of onion to LOOP . (source: Video 3)*

In India, by mid-January 2016, nearly 1492 farmers in 77 villages have used Loop to sell 2,672,553 Kg of their produce. This project is operational in two districts, Samastipur and Muzaffarpur of Bihar, and transactions of INR 31,320,419 have been carried out in 1624 visits by the aggregators to 19 mandis in Bihar.

#### 9.4.3.9 Mitigating Risk Through a Stable Operational Regime

The operational stability is assured, once there is a flow of funds in the system. As noted above, marginal farmers often struggle to obtain credits from financial institutions due to a lack of financial collateral. Loop helps the farmers to address this issue. The detailed transaction activities that are recorded in the system can be shared with the bank to build legitimacy. However, even in this data sharing process, the privacy of the users is respected. The information sharing across the system helps in establishing linkages across the value chain and also reduces the uncertainties in the market regimes. As mentioned by one farmer,

*[Before Loop] it was quite uncertain. I was able to sell the produce sometimes, on other days I used to spend the whole day there and come back home in the evening without selling anything. (source: Video 2)*

#### **9.4.3.10 Better Supply to the Market and Emerging Microentrepreneurial Opportunities**

The emerging sharing economy model that leverages the Loop platform helps not only marginal farmers but also the end consumers who obtain fresh produce from the farms. Moreover, the role of Loop aggregators has enhanced microentrepreneurship in the rural setting, increasing earning opportunities and helping in preventing rural migration.

### **9.5 Discussion**

Drawing on the resourcing perspective, this study aimed to understand the resourcing practices involved in two sharing economy initiatives of Digital Green, a social enterprise that operates across several developing countries, and explain how such practices help in value creation. Our findings suggest that the Loop and Farmstack, two sharing economy initiatives of Digital Green, played important roles in connecting marginal farmers, microentrepreneurs (i.e. aggregators), buyers and other organisations such as banks and research agencies, through their platforms, benefiting these actors in several ways. Farmstack primarily ensured peer-to-peer secured data sharing by setting mutually beneficial arrangements for the data users and data providers. Loop platform helped in collecting market transaction, market trends, atmospheric, edaphic and farmer's feedback data and keeping a systematic record of all the activities before it is shared with Farmstack's SSC for responsible data sharing. The SSC features enable Farmstack to work with other platforms like Loop. The collaboration of the individuals (e.g. marginal farmers and Loop aggregators) and organisations (e.g. banks, government agencies, private sector, research agencies) on these two platforms helped in mobilising critical resources needed in the process of value creation.

Moreover, we found that Farmstack was responsible for assuring data privacy and security, which is one of the crucial activities to ensure trust in the sharing economy model. The integration of Loop and Farmstack also helped in several other resourcing activities, such as creating market linkage for marginal farmers, increasing their creditworthiness and enabling their access to appropriate agricultural extension services. Thus, findings highlight the importance of the sharing economy initiatives of Digital Green in enabling resourcing activities of individuals and organisations involved in the model and helping create higher values. This is an interesting implementation of simple and inexpensive technologies to achieve social impact, thereby demonstration of technoficing principle (Qureshi et al., 2021c).

There are several theoretical and practical implications of the findings of this study. Findings reveal key characteristics of the sharing economy model at the BoP that enable resourcing and value creation (Qureshi et al., 2021a, b). Considering that data acquisition and dissemination is useful in acquiring valuable information that plays a significant role in the process of effective and efficient decision-making (Qureshi & Fang, 2011), the customised data services from the self-service connectors (SSCs) of Farmstack underscore how information as a critical resource generates value and becomes more meaningful through iterative cycles of data acquisition and dissemination (Feldman & Worline, 2012; Feldman & Quick, 2009; Qureshi et al., 2018a).

Additionally, the sharing economy model of both Farmstack and Loop juxtaposes the actors' demand in a manner that the mission-driven framework of data security, privacy and autonomy is not compromised. The resourcing activities involved in Loop were primarily those of building market linkages through technology and involvement of aggregators. These activities bridged the access divide by matching those who "have" with those "who need". Moreover, Farmstack also ensured data security and privacy (Jaquith, 2009). Furthermore, the resources offered by the two sharing economy platforms by juxtaposing different actors helped to build synergies through the exchange of customised information and knowledge sharing (Qureshi et al., 2018a; Howard-Grenville et al., 2011). The synergies obtained through such juxtaposition can create social value for the BoP communities (Bechky, 2003; Carlile, 2002, 2004). Thus, the findings of this research provide initial insights into the use of resourcing perspective to understand sharing economy models.

The case study of two sharing economy-based initiatives also contributes to the extant literature by explicating the resourcing mechanism and value creation processes at the BoP. It highlights some of the main characteristics of such sharing economy models at the BoP, particularly arguing that an emphasis on "mission" is critically important. The focus on social mission and data privacy and security is one of the distinguishing factors between the capitalist and cooperativist sharing economy models at the BoP (Belk, 2014; Hamari et al., 2016; Laukkanen & Tura, 2020). Finally, these findings also have implications for the BoP literature as it highlights how actors and resources involved in sharing economy models can help social and economic value creation at the BoP and, thus, could be useful in addressing the societal challenges of the BoP, such as poverty (Bhatt, 2021 forthcoming; Shalini et al., 2021 forthcoming).

Finally, the case study also has important implications for practitioners as well. The sharing economy models analysed in this study served as alternative development models that manage to foster resourcing through collaboration among local and other institutional actors and help create social and economic values, along with the promotion of cooperation and social cohesion in the BoP communities. Moreover, the resource mobilisation capabilities of the sharing economy models can contribute towards the attainment of SDG-1 of "No poverty". In this regard, identifying the characteristics of the sharing economy models and a deeper

understanding of the resourcing practices and value creation processes can help replicate or scale-up the successful sharing economy models to alleviate poverty.

### 9.5.1 *Limitations and Research Directions*

This study attempted to understand and present the characteristics and resourcing of sharing economy models at the BoP through a case study of Farmstack and Loop, two sharing initiatives in rural India (cf Bhatt et al., 2021; Escobedo et al., 2021; Hota et al., 2021; Pillai et al., 2021a, b). While building the case, we primarily relied on secondary sources to develop insights into these sharing economy initiatives. Although we could triangulate data from a variety of sources, a direct interaction with some of the beneficiaries may help develop a deeper insight into their roles and activities in the sharing economy models. In addition, while secondary data were useful in providing initial insights into these initiatives, more rigorous studies building on field observations would provide a richer understanding of the potential and challenges of sharing in the BoP. In particular, given the social-cultural diversity in the BoP (Bhatt, 2021 forthcoming; Bapuji & Chrispal, 2020; Riaz & Qureshi, 2017), future research could develop a comprehensive understanding of the characteristics and resourcing practices of sharing economy in several BoP contexts.

## 9.6 Conclusion

Sharing economy models at the BoP have the potential to address societal challenges; however, the role of sharing economy models in the BoP context has been underexplored. This study aimed to provide preliminary insights into this topic by exploring the characteristics and resourcing practices of sharing economy models at the BoP. Using the case study of Farmstack and Loop, this research highlights the key characteristics of such models and reveals the significant roles of local and institutional actors in the resourcing and value creation processes. Findings of this study have practical implications for sharing economy entrepreneurs, who can be instrumental in addressing grand societal challenges such as poverty.

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**Part III**  
**Inclusion and Exclusion in Sharing**  
**Economy at BOP**

# Chapter 10

## Digital Discrimination in Sharing Economy at the Base of the Pyramid



Pardeep Singh Attri and Hari Bapuji

**Abstract** Discrimination in the digital platforms of sharing economy can have devastating consequences to individuals and organizations. It is particularly so for the base of the pyramid population that have to deal with resource-constraint environments and have poor access to institutional structures to resist the discrimination or to bear its costs. In this chapter, we suggest that discrimination is unwittingly enabled by organizational practices in the sharing economy. We identify the various types of discrimination and note its negative consequences to individuals, organizations, and societies. We suggest that alleviating discrimination on digital platforms for BoP requires multi-level initiatives that involve organizations, industry associations, and governments.

**Keywords** Digital discrimination · Organizational discrimination · Sharing economy · BoP · Remedies for discrimination

### 10.1 Introduction

Sharing has been a feature of human societies for hundreds of thousands of years (Price, 1975). The consumption of art in museums (Chen, 2009) and borrowing of toys and books from the public library (Ozanne & Ballantine, 2010) offer examples of shared consumption in recent times. With the rise of digital technologies, the sharing economy has exploded and disrupted long-standing industries, from hotels to taxis. It has changed the way people shop, commute, eat, and hire. Sharing economy sector is growing fast and is expected to be worth \$335 billion by 2025 (PWC, 2015).

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Many factors have contributed to the emergence of sharing economy, including market imperfections, technological developments (Matzler et al., 2014), socio-economic inequalities (Bapuji & Neville, 2015), and the quest for optimal utilization of resources – labour, capital, equipment, space, and environment (Prothero et al., 2011; Bardhi & Eckhardt, 2012; Nijland & van Meerkerk, 2017; Fitzmaurice et al., 2020). Some authors have also argued that the financial crisis of 2008–2009 fuelled collaborative consumption (Hall & Ince, 2019), leading to a shift from “product ownership” to the “product as service”. While a shift in mindset helped the willingness to participate in a sharing economy, technological innovations have provided the necessary infrastructure in terms of new business models, lowered barriers for participation, and brought consumers and producers into the sharing economy marketplaces (Qureshi et al., 2021c).

Various attempts have been made to bring the benefits of sharing economy to individuals at the base of the pyramid (BoP), but online sharing platforms have yet to realize their full potential and cater the BoP. For example, Massive Online Open Courses (MOOCs) have attempted to make education easily accessible at BoP, resulting in the creation of education platforms, such as Coursera, edX, and Udacity. Although these platforms have been credited with providing educational opportunities, the extent to which they bridged the gap between the privileged and disadvantaged sections is unclear. For example, over 80% of MOOCs users already had a bachelor or higher degree (van de Oudeweetering & Agirdag, 2018). Further, petition signing platforms such as [Change.org](https://www.change.org/) and [Avaaz.org](https://www.avaaz.org/) provide platforms for communities to advocate stakeholder concerns with government and businesses. However, more than 99% of the petitions fail to get the 10,000 signatures required for an official response, and only 0.1% collect the 100,000 signatures required for a parliamentary debate (Yasseri et al., 2017).

While a number of factors might affect the extent to which sharing economy at the BoP can realize its potential, we focus on one impediment, that is, discrimination. Understanding the various ways in which discrimination occurs on online platforms and affects the discriminated is an important step to create an inclusive sharing economy that caters to the BoP. Accordingly, in this chapter, we discuss the (i) nature and type of discrimination on digital platforms, (ii) consequences of digital discrimination to individuals, organizations, and societies, and (iii) strategies to alleviate discrimination.

Specifically, we argue that discrimination on digital platforms for BoP can occur based on a number of demographic characteristics, such as age, caste, gender, physical disability, race, religion, sexual orientation, socio-economic status, and spatial/locational characteristics. Such discrimination, we suggest, is unwittingly enabled by organizational practices such as displaying participant information, decision-making by algorithms, features of the digital platform, and reviews and ratings. The discrimination on digital platforms, or digital discrimination, has serious consequences for individuals (e.g., psychosomatic and economic costs), organizations (e.g., loss of productivity, reputation, and opportunities as well as economic costs), and societies (e.g., loss of social cohesion and opportunity). To alleviate digital discrimination, creative and collaborative initiatives are needed to be implemented



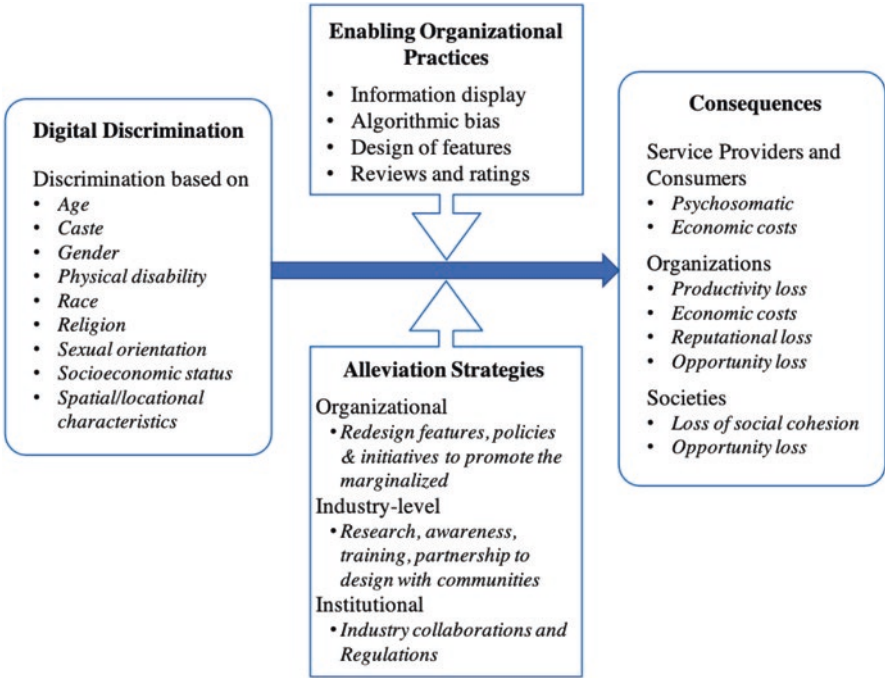


Fig. 10.1 Types of digital discrimination, its consequences, and alleviation

at the organizational, industry, and institutional level to minimize discrimination triggering practices, create awareness, and develop regulations. These arguments are presented in Fig. 10.1 and elaborated on in the following sections.

The remainder of this chapter is organized as follows. First, we provide the theoretical background on the base of the pyramid, sharing economy at BoP, and discrimination in organizational settings. Second, we discuss digital discrimination at BoP by elucidating the organizational practices that enable discrimination and elaborate on the many types of discrimination. Third, we discuss the consequences of digital discrimination to individuals, organizations, and societies. Finally, we discuss strategies to alleviate digital discrimination and conclude.

## 10.2 Theoretical Background

### 10.2.1 Base of the Pyramid

There are almost 4 billion people (57% of the world’s total population) at the “bottom of the pyramid” (BoP) who earn less than 2 US dollars a day and collectively BoP markets represent the economic activity to the tune of 5 trillion US dollars

(Rangan et al., 2011; Kistruck et al., 2015). Introduced in 2002 by C.K. Prahalad and Stuart Hart, the idea of BoP has evolved from BoP 1.0 to BoP 2.0 to BoP 3.0 (Kolk et al., 2014; Chmielewski et al., 2020), as businesses attempted to pursue business opportunities at the BoP by involving local communities and building collaborative business ecosystems (Hota and Mitra, 2021; Pandey et al., 2021; Lashitew et al., 2021). Over the past decade, the concept, mainly associated with corporate giants such as P&G and Unilever, has evolved beyond MNCs to include organizations of various sizes, different customer bases, and ideological orientations (Dolan & Rajak, 2016). With formal jobs fading, the focus of national and international development efforts has shifted towards BoP initiatives that can provide a modest income and lift people out of economic disenfranchisement (Dolan & Rajak, 2016).

Though BoP offers a vast opportunity to tap into a large market and improve the lives of the poor, organizations face a number of challenges in operating at the BoP (see Bhatt et al., 2021; Escobedo et al., 2021; Hota et al., 2021; Pillai et al., 2021b). These challenges arise mainly because BoP markets are often rural, poorly served, and dominated by the informal economy, especially in rapidly growing Asia and Africa (Schwarten et al., 2013; Kistruck et al., 2015). For example, almost 90% workforce in India works in the informal economy (International Labour Organization, 2020). Informal economies, particularly those in rural areas, lack adequate institutional infrastructure, which creates conditions for exploitation and discrimination of participants based on social and cultural norms and limits recourse opportunities (Qureshi et al., 2018b; Schwarten et al., 2013; Parthiban et al., 2020). For example, compared to formal markets, informal labour markets in India are more severely affected by exploitation and discrimination, especially gender wage discrimination (Deininger et al., 2013).

BoP population has limited access to financial services and information and computer technologies (ICTs), which limits their market participation. According to the GSMA (2012) report, just 2% of women at BoP have ever used mobile Internet, 22% said they would not know how to use it, and 38% live “off grid”, without easy access to electricity. These access inequalities are further aggravated by socio-cultural issues, such as entrenched norms, values and beliefs, attitude towards innovation, and environmental sensitivity (Parthiban et al., 2021). According to the same GSMA (2012) report, 74% of married women who did not want a mobile phone said it was because their husbands would not allow it, and 82% of married BoP women who own mobile phones say having a phone makes their husbands suspicious.

In short, BoP markets are vast and offer great opportunities, but they are ridden with challenges ranging from lack of regulatory infrastructure and economic resources to socio-cultural norms that restrict the participation of people in BoP markets (see Qureshi et al., 2021a, b). These challenges are important and assume greater significance in the context of sharing economy as we discuss next.

### ***10.2.2 Sharing Economy at the Base of the Pyramid***

The boundaries of sharing economy are expanding every day, but there is little consensus on the definition of sharing economy or what activities comprise the sharing economy (Codagnone & Martens, 2016). The term sharing economy is often used interchangeably with “access economy”, “collaborative economy”, “collaborative consumption”, and “peer-to-peer economy” (Pope & Sydnor, 2011; Belk, 2014). Despite the variation in labels, sharing economy refers to activities that allow consumers to access products and services without having to own the same.

As consumers at BoP face resource restrictions, access-based models become attractive options to consumers as these models provide products and services at affordable prices, without the customers having to assume the high cost and burden of ownership (Schaefers et al., 2018; Wiprächtiger et al., 2019). As such, providing temporary access to goods through access-based services has been found to increase consumption and, subsequently, well-being at the BoP (Schaefers et al., 2018).

Co-creation and resource sharing are important features of sharing economy, but these become challenging due to differences in the BoP participants’ beliefs and social norms (Bhatt et al., 2019). Further, the lack of formal institutions at BoP affects trust among the participants, which is an essential component of sharing economy, and unfamiliarity among actors further increases the challenges of building trust (Qureshi et al., 2018a; Parthiban et al., 2021). Trust is the main component of the sharing economy, and distrust can be damaging to both service providers and service seekers. This lack of trust becomes particularly challenging in digital platforms, which have become a key feature of sharing economy because sharing practices migrated to digital platforms as people’s digital lives intertwine more closely with their physical lives (Schwarten et al., 2013). Accordingly, ICTs have not only become tools for value creation, but also have become a means to tackle problems faced by consumers and producers at BoP (Parthiban et al., 2020).

Interactions on sharing economy platforms in the West are supported through regulatory, normative, and socio-cultural support for new organizational forms. However, in developing countries, these organizations’ hybrid nature presents challenges such as non-supportive rules and regulations, norms of a strong role for government, and lack of socio-cultural values and beliefs in support of social goals (Hota et al., 2019; Bhatt et al., 2019). These socio-cultural values and beliefs at BoP can give rise to discrimination by including and excluding certain people in providing and seeking services (Mair et al., 2016). As sharing economy involves more social interactions and in a more informal setting (e.g., at the homes of people) than in traditional market-based transactions, discrimination is not only likely to occur but also likely to go unreported because of socio-cultural norms as well as the precarious nature of work in digital sharing platforms.

In short, cultural and social values strongly influence sharing economy platforms focusing at BoP. However, BoP scholarship has predominantly focused on economic challenges – such as efficiency, reliability, and sustainability, and paid limited attention to address challenges embedded in the society – which get reflected

on the digital platforms with supplier-consumer behaviour. To better understand such discrimination, it is important to first consider discrimination that occurs in organizational settings.

### ***10.2.3 Discrimination in Organizational Settings***

Discrimination in workplaces can occur from hiring to career progression. We briefly discuss each of these by focusing on hiring, career progression, performance evaluations, compensation, and work interactions.

First, discrimination in hiring happens when job applicants are mistreated because of age, caste, disability, gender, race, and sexual orientation, among others, and such cases can bring not only a bad reputation, but also legal troubles for the organizations. In some cases, discrimination may occur even before the hiring process when the presentation of job advertisements discourages applicants from disadvantaged candidates, such as women and Black candidates (Gaucher et al., 2011). Similarly, in an Indian context, applicants with Dalit (lower caste) and Muslim sounding surnames receive lower call-backs for the interview (Thorat & Attewell, 2007). Further, discrimination can also occur during the interviews, with people from disadvantaged backgrounds being assessed poorly on account for markers of class and cultural skills with lower castes made to feel unwelcomed (Qureshi et al., 2016; Deshpande & Newman, 2007). Scholars have observed similar results for Afro-American populations (Pager, 2007). Often-cited paper, “We’d Love to Hire them, But...” (Kirshenman & Neckerman, 2019), found that employers considered Black men as unreliable, unruly, poorly educated, and unskilled.

Second, when candidates from the disadvantaged groups pass the hurdles during hiring, they face further discrimination, starting from receiving lower positions to being assigned to low-value jobs. For example, women receive lower wages than men for equal education and skills (Cain, 1986; Haberfeld, 1992). Employees from the disadvantaged groups rarely become part of the in-group and remain primarily in the out-group. Discrimination can also take the form of allocating out of the ordinary work shifts, assigning disproportionately members of a marginalized community in low-income or poverty-ridden areas, and inferior tasks within the project to “out-group” members (Qureshi et al., 2016). Projects with significant responsibilities and job assignments that improve prospects of promotions are given to “in-groups”, further decreasing the chances of growth for “out-groups” (Cain, 1986; Haberfeld, 1992). Additionally, marginalized groups may be denied opportunities for professional development. For example, men and upper castes disproportionately participated in academic conferences in India (Sabharwal et al., 2019).

Third, discrimination may occur in performance evaluations. Organizational practices and structures, biased towards dominant groups, hold back marginalized – such practices and programmes which are stereotypical – pro-dominant groups further sideline fringe sections within organizations. For example, Greenhaus et al. (1990) found that Blacks felt less accepted within organizations and received lower

job performance ratings (Qureshi et al., 2016; Nungsari and Chuah, 2021). International Labour Organization's report "Breaking barriers: Unconscious gender bias in the workplace" notes that within organizations pro-male definitions of leadership and competencies in performance review documents have a masculine bias (International Labour Organization, 2017). Consequently, minority groups face a "glass ceiling" that prevents them from advancing to higher positions (Greenhaus et al., 1990).

Fourth, discrimination in organizations also occurs in the compensation offered in return for performance. Specifically, employees from the disadvantaged groups receive lower compensation for the same level of performance, a problem that becomes severe when there are no formal institutions to support at BoP rural markets (Thorat et al., 2010). For example, the gender wage gap, attributable primarily to discrimination, has been well recorded (Agrawal, 2014). Badgett and Lee (1995) found that "behaviorally gay/bisexual men earn from 11 to 27 per cent less than behaviorally heterosexual men" and for behaviourally lesbian/bisexual women earned 12–30% less compared to similar behaviourally heterosexual women. At BoP, strict social norms and religious beliefs can make things worse for marginalized communities such as LGBT. Similarly, according to the Pew Research, racial and gender wage gaps persists in the United States – "among full- and part-time workers in the U.S., blacks in 2015 earned just 75% as much as whites in median hourly earnings and women earned 83% as much as men", and since 1980 there has been no progress in narrowing the wage gaps of Black men with White men (Patten, 2016).

Fifth, employees from the disadvantaged groups also face discrimination in their ordinary course of work. While laws around the world make incivility, bullying, and preferential treatment illegal and organizations recognize that these demoralize employees and reduce productivity, all these forms of discrimination continue. Employees from disadvantaged groups (particularly those who use affirmative action benefits) are considered not worthy of being in the organizations and many times excluded from social life at the workplace.

In short, previous research has shown that individuals from disadvantaged demographic groups face discrimination in hiring, career advancement, performance evaluations, compensation, and work interactions in general. Given the resource constraints and informal nature of the work at BoP, the exploitation multi-folds and increase job-related inequalities and disadvantages. We build on this to discuss the nature and types of discrimination in digital settings, focusing particularly on those that are likely to engage with BoP.

### 10.3 Discrimination on Digital Platforms for BoP

As technological advancements have led to an increase in services and their form, discrimination also has taken on new forms, particularly on online platforms. A bed and breakfast service provider refusing to accept room booking from a same-sex

couple, a taxi aggregator refusing to accept a booking from a particular religious group, a pay per use provider at BoP refusing services to particular individuals based on colour (Wiprächtiger et al., 2019), and restaurants refusing service to an individual because the individual is on a wheelchair are some of the examples that would constitute discrimination in the digital sharing economy.

Sharing idle assets such as bikes, cars, and homes have become widely associated with sharing economy, and there are reasons to be optimistic that these initiatives will benefit low-income communities at BoP (Schwarten et al., 2013). Sharing has always been present in developing countries out of necessity, and many business models from the developed countries have already been customized in developing countries, for example, sharing platforms in India targeting low-income communities at BoP are ridingO (now acquired by Carzonrent), Zoomcar, OlaAuto, and OlaBike (Schwarten et al., 2013). However, these platforms can also reproduce offline biases online, as growing research shows. For example, Black entrepreneurs experience lower success rates in funds raising on crowdfunding platforms, and their products are seen as of lower quality than White entrepreneurs' (Younkin & Kuppuswamy, 2017). Scholars also found similar bias patterns against India's lower castes in online charitable giving (Deshpande & Spears, 2015). Further, challenges embedded in social and cultural hierarchies and association with non-governmental organizations (NGOs) that is necessary in most of the cases to engage with BoP bring associated biases as NGOs in India have been found to discriminate against the marginalized groups, for example, women, religious minorities, lower castes, and people of lower socio-economic status, in general (Bhatt et al., 2019; Hota et al., 2019; McVeigh, 2019).

Discrimination on sharing economy platforms can be enabled, even if unwittingly, by organizational practices, including the collection and display of user information, use of algorithms, design of products and services, and use of rating systems – both by consumers and service providers. We discuss each of these in the following paragraphs.

Sharing economy platforms often make it compulsory for the subscribers to complete their profiles, asking about photos, full names, addresses, age, and race, among other information, before users could take full advantage of the service. While sharing platforms do this to customize their product and services and build trust, there are profound implications for users, especially from minority or discriminated communities such as lower castes in India, who make most of the population at BoP, and Afro-American in the United States (Qureshi et al., 2018b). For example, studying a peer-to-peer lending platform, Prosper, Pope and Sydnor (2011) found that loan listings with Blacks in the attached profile picture are 25–35% less likely to receive funding compared to those of Whites with the same credit profiles. Further, Blacks are charged higher average interest rates compared to Whites.

Though sharing platforms differ in design features, a common feature shared by all sharing platforms is that algorithms take decisions and “algorithm-generated bias occurs in ways that humans would probably avoid” (Fisman & Luca, 2016). These algorithms can eliminate taste-based discrimination that humans exercise, but

they can facilitate statistical discrimination due to biases in the development process and the use of past data to design them (Morse & Pence, 2020). For example, investigating the role that race plays on Google Ads, Sweeney (2013) found that when users search for African American sounding names on Google, its algorithm was more likely to suggest (compared to White sounding names) ads offering investigation in possible arrests. While this resulted from the algorithm deciding based on past searches and clicks on arrest-related ads, it raised concerns around how technology reproduces biases online.

While various regulations mandate that the design of products should be inclusive, concerns remain about the design of sharing economy platforms. For example, “universal design” means designing the products and services which are usable for all people without a great deal of adaptation. However, people with disability have shown concerns about using sharing platforms and labelled those as non-inclusive (Brown, 2016). Similar concerns have been raised by the elderly population, who might not often have the technological skills to handle computers or understand privacy issues. Organizations might enable these, for example, by making privacy and anti-discrimination policies buried somewhere that not everyone can find those easily. Reflecting these concerns of accessibility, some scholars have noted that sharing economy is designed for a particular type of people with specific skills and knowledge – “a relatively more privileged middle class has used this technological innovation to expand opportunities for itself” (Schor, 2017).

One of the mechanisms applied by sharing platforms to alleviate the concerns around safety and reputation is to employ rating scores and reviews on their platforms. These ratings and reviews act as social currency and speak for both sides – providers and consumers (Pillai et al., 2021a). Ratings and reviews have a direct impact on the earnings of the providers, with bad reviews leading to lower orders in the future, and such tools can be used for workplace discrimination. For example, providers from minority groups face discrimination in ratings and reviews as well, making it difficult to gain a foothold on sharing platforms with review systems that facilitate discrimination (Edelman et al., 2017). For example, “passengers might implicitly rate minority drivers less charitably if, for instance, their self-presentation fails to emulate perceived white, middle-class norms” (Rogers, 2015; cf. Rosenblat et al., 2017). Further, ratings and reviews favour heavy users of sharing platforms, can be unfair or inaccurate, and a lack of reviews or not so good ratings can be difficult to overcome (Andreotti et al., 2018). At the same time, concerns also remain about fake reviews and ratings, biased ratings, and the interpretation of ratings (Andreotti et al., 2018). Examining the case of Uber, Rosenblat et al. (2017) concluded that discrimination issues raised are relevant to all firms that leverage customer feedback, particularly to those that belong to the on-demand economy.

As the discussion above shows, discrimination can occur due to organizational practices as well as biases of sharing economy participants. Further, the discussion indicated that discrimination may occur due to race, class, age, and caste. To delve deeper into the topic, we now turn to the various demographic factors on which discrimination occurs on digital platforms aimed at BoP. We arrange these alphabetically, starting with age, followed by caste, gender, physical disability,

race, religion, sexual orientation, socio-economic status, and spatial/location characteristics.

### ***10.3.1 Age***

Discrimination based on one's age has been growing (Shah & Kleiner, 2005). For example, in 2019, more than 15,500 incidents of discrimination based on age were reported to the United States Equal Employment Opportunity Commission (EEOC, 2019), making age discrimination the third most commonly reported discrimination, after race and sex. On sharing platforms, preferences towards bookings based on age when algorithms predict and give options excluding certain age groups can potentially lead to discrimination. Platforms can argue for allowing and denying services based on logistic or supply-chain reasons, but it becomes challenging to handle when algorithms start discriminating.

### ***10.3.2 Caste***

In India, most at the BoP are from lower castes who have historically been denied various opportunities, putting them at a disadvantage, and among those lower caste, women face the most discrimination (Dubey, 2016). In one of the few studies focused on caste discrimination in digital platforms, Deshpande and Spears (2015) found that charitable giving in India depends on caste and noted that caste still matters among the Internet-using, English-speaking, young, and educated population. While discrimination impairs the participation of lower caste individuals, their lack of access to education historically limits their participation. While knowledge sharing can provide an essential push for social change in BoP markets, social exclusion influences knowledge sharing, limiting the participation of lower castes in the sharing economy (Qureshi et al., 2018b). Although less researched, caste continues to play a role in the socio-economic actions of individuals in organizations in South Asia as well as in countries with people of South Asian origin (Bapuji & Chrispal, 2020; Chrispal et al., 2020).

### ***10.3.3 Gender***

Sharing economy platforms have been criticized for promoting gender stereotypical roles by promoting gender-specific tasks such as cleaning and caring jobs more often given to women and repair and maintenance work assigned to men. As sharing economy transactions rely on intimacy as a trust-building mechanism and transcend home and market boundaries, these also lead to discrimination based on sex and



gender (Schoenbaum, 2016). Since sharing economy services allow users to select and book workers based on profile with photographs and name, such options make discrimination easier based on sex and gender, marginalizing the marginalized. While women have safety concerns and prefer other women on sharing platforms, men prefer women to avoid connotations of homosexuality and engage in sexually charged transactions (Schoenbaum, 2016). Research has also shown another form of gender discrimination on ride-sharing platforms, Ge et al. (2016) found that women customers were taken to more expensive and longer routes compared to men. On Kickstarter, one of the biggest crowdfunding platforms, Gafni et al. (2019) found taste-based discrimination by men, that is, men prefer to fund male entrepreneurs.

### ***10.3.4 Physical Disability***

Though various laws and regulations make discrimination based on disability illegal, it persists on sharing economy platforms. In their study, “No Room at the Inn? Disability Access in the New Sharing Economy”, Ameri et al. (2020) found that Airbnb hosts were less likely to approve requests from travellers with disabilities. They found that overall rejection and no response for travellers with disabilities was over twice as high as for travellers without disabilities. Despite regulations dictating that “reasonable accommodation” be made (e.g., in India, via The Rights of Persons with Disabilities Act, 2016) to ensure that persons with disability can exercise equal rights, concerns remain on how well host can provide accessibility features, given the lower income levels at the BoP. Another issue pertains to the participation of disabled workers in the sharing economy. Though sharing economy platforms provide an opportunity for disabled workers to take part in it, users with disability have raised concerns about their safety and poor product designs that exclude the disabled from accessing the sharing economy mobile applications (Brown, 2016).

### ***10.3.5 Race***

Racism on sharing economy platforms has been an area of investigation for many scholars (Ge et al., 2016; Edelman et al., 2017). For example, on eBay, the auction cards held by African American sellers sold for approximately 20% (\$0.90) less than cards held by White sellers (Ayres et al., 2015). Edelman et al. (2017) found that guests with African American names on Airbnb were 16% less likely to be accepted by hosts relative to those with similar profiles but White names. Another study found that Black hosts received 12% lower nightly rates on Airbnb compared to non-Black hosts (Edelman & Luca, 2014). Other researchers have also shown that Black hosts on room-sharing platforms have to wait a more extended period to get guests, Black hosts’ homes are perceived as of lower quality by the guests and

Blacks had to wait longer to get rides (Ge et al., 2016; Edelman & Luca, 2014; Schor & Attwood-Charles, 2017).

Similar patterns have been observed for those platforms targeting BoP. African American individuals face lower success rates (50% lower success rates than other racial groups), and racial anonymity, in general, leads to higher success rates for them on Kickstarter (Rhue & Clark, 2018). Further, Younkin and Kuppaswamy (2017) argued that “crowd is not colorblind” on crowdfunding platforms and showed that African Americans are less likely to receive funding compared to similar White founders. They also found that contributors discount the value of products from Black entrepreneurs, and supporters unconsciously perceive lower quality when they believe the founder is an African American male, suggesting that consumers may be less willing to transact with Black founders. Another study on Kiva, micro-credit platform that lets users lend money for social enterprises and is popular among the BoP population, Luo and Ge (2018) found that on average, contribution per funder is smaller towards loans that African Americans receive, implying risk aversion from such loans and a sign of discrimination. Further, they found that the lower percentage of US funders support African Americans loans compared to other loans, signifying deep-rooted discrimination from US funders.

Further, in their study, Baker et al. (2018) investigated discussion forums of 124 MOOCs (authors do not mention the platform’s name for confidentiality requirements) and discovered racial and gender biases among students and instructors in online courses. They found that instructors are 94% more likely to respond to forum posts by White male students compared to any other race-gender combination.

### 10.3.6 Religion

Religious norms are firmly held at BoP markets, leading to discrimination and creating challenges for the informal economy participants (Bhatt et al., 2019; Hota et al., 2019). Discrimination of religious minorities has become easier on digital platforms because both users and service providers can identify the religion of the other party with the help of name, which is the most visible aspect of a person online. For example, in 2019, a user on India’s leading food delivery sharing platform Zomato refused to accept food as a non-Hindu rider was assigned to deliver the food (Withnall, 2019). Similarly, Tjaden et al. (2018) found that, in Europe, a driver with an Arab, Turkish, or Persian sounding name has to offer “ride 3€ cheaper than the average German driver to achieve the same success, a discriminatory price premium that is equivalent to 23% of the price for an average ride.” Further, as religious and social norms influence access to education and resources, these norms have implications on who can participate in sharing platforms as well. In short, demands from users and service providers of dominant religions have huge implications on how sharing platforms operate, maintain neutrality, and develop their services.

### ***10.3.7 Sexual Orientation***

Studies have recorded evidence of discrimination against LGBT in employment (Tilcsik, 2011) and wages (Antecol et al., 2008). Digital spaces and sharing economy platforms are not immune to discrimination based on sexual orientation. In the first of its kind study on finding discrimination based on sexual orientation, Ahuja and Lyons (2019) found clear discrimination on sharing economy. On Airbnb, they found that guests in same-sex relationships (SSR) were approximately 12–13% points less likely to be accepted compared to identical guests in opposite-sex relationships (OSR). Further, their study observed that males in SSRs were 20–30% points less likely to be accepted compared to males in OSRs, females in SSRs, and females in OSRs. The stigma attached to the different sexual orientation of individuals, as well as stringent social and cultural norms regarding sexual orientation at BoP, complicate the aspects of discrimination on sharing platforms (Wiprächtiger et al., 2019; Bhatt et al., 2019).

### ***10.3.8 Socio-economic Status***

Some scholars argue that sharing economy platforms create class inequality by nurturing a new “servant economy” in which lower income people are put into work for the wealthy by making cheap labour available at the click or scroll of a finger (Schor & Attwood-Charles, 2017). In developing economies, ICT lowered the barriers and provided opportunities of microwork to BoP – microwork indicates small digital tasks that people can complete from anywhere. However, the promise that microwork serves underrepresented populations has remained mostly unfulfilled, and microwork platforms have been criticized for reducing the value of education to “a service industry for employers; education is reduced to serving the granularization in work that automation and microwork have accelerated” (Gallagher, 2019). Schor (2017) argues that instead of efficiency gains and expanding equitably, sharing platforms’ capitalism is offering substandard work and increasing inequality within the bottom 80%. Substantiating this argument, a survey of Pew Research Center reported that the education level among gig workers was more than twice the population average (about 58% reported some college education and 23% presently in college) (Smith, 2016).

### ***10.3.9 Spatial/Locational***

Many users and service providers from the BoP live in impoverished locations seen as “crime-prone” and “dirty”. Such perceptions can result in discrimination. In their study on TaskRabbit, another sharing platform popular among the BoP population

that is used to hire services such as handyman, shopping help, house cleaning, lawn mowing, massage, among others, service providers were less likely to accept tasks in the low socio-economic neighbourhoods because they viewed these areas as high-crime areas. Further, consumers in the low socio-economic areas cannot fully take advantage of mobile crowdsourcing markets and had to pay more to get the same services (Thebault-Spieker et al., 2015). At first instance, poor infrastructure at BoP significantly impedes large volumes of transactions, and much of the trade within BoP markets occurs only on a very small local level, affecting the prices for producers and consumers (Kistruck et al., 2012). This problem is aggravated due to discrimination and biases. For example, Black hosts on Airbnb had to pay a higher price penalty for undesirable locations compared to their White counterparts (Edelman & Luca, 2014). Another research on a ride-sharing platform found that when male passengers with African American sounding names requested a ride to low-density areas, they were three times as likely to have their trip cancelled than those with White-sounding names (Ge et al., 2016).

In sum, research shows that organizational practices and participant biases may lead to discrimination on digital platforms due to a number of demographic factors, including age, caste, gender, physical disability, race, religion, sexual orientation, socio-economic status, and spatial/location attributes. Next, we discuss the consequences of such discrimination.

## 10.4 Consequences of Discrimination

Systemic discrimination in society gets reflected in organizations, preventing the workforce from making the most of their potential, which can impose severe costs on individuals, organizations, and societies. According to one estimate, since 2000, the US economy lost \$16 trillion because of racism (Akala, 2020). Gender-based discrimination in social institutions is estimated to induce a loss of up to USD 12 trillion or 16% of global income (Ferrant & Kolev, 2016). On sharing platforms, refusal to offer services to particular individuals can affect consumers in many ways, such as loss of time to heightened anxiety. It is counterproductive to one's personal growth when much of the energy of individuals from the stigmatized groups is spent on either hiding their identity or fighting against discrimination. While the legal consequences of discrimination at workplaces are widely discussed, there continues a lack of discussion on other forms of effects such as psychological and social consequences.

As most of the workers on sharing platforms are not categorized as employees but as self-employed or independent contractors, they do not receive the same recognition as regular employees. The lack of pension, insurance, and instability in the sharing economy leads to working conditions that are not as decent as in traditional workplaces (Carboni, 2016). In turn, these working conditions may enable numerous types of discrimination that can affect people differently, from lowering interaction among the providers and consumers to placing various actors at a disadvantage.

Persistent discrimination can make providers and consumers to internalize stigma against them, creating a vicious cycle of shame and low self-worth. According to the Australian Human Rights Commission (2015) report, 60% of people who experienced age discrimination reported that it affected their mental health or self-esteem. Discrimination places employees at the risk of social exclusion, stress, and unemployment, among other impacts.

We discuss below the various consequences of discrimination to service providers (sellers), service seekers (consumers), and organizations (sharing platforms). These consequences are applicable to all sharing economy participants, including various types of service providers (irrespective of their employment status in the firm) and consumers.

#### ***10.4.1 Psychosomatic Effects on Providers and Consumers***

Bryant-Davis and Ocampo (2005) argue that racist incidents affect survivors, not only psychologically but also physiologically. They argue that the trauma of racist incidents is parallel to the traumas of rape and domestic violence. Discrimination can harm an individual physically and affect them in the forms of depression, stress, anxiety, and loss of self-esteem. It can make individuals hostile, leading to a work culture that might not be helpful for the organizations.

Discriminatory comments, reviews, and ratings on sharing platforms can also be harmful. For example, suppose a consumer or provider on a sharing platform does not want to engage with a provider or consumer from a particular religion or ethnicity. In that case, it is conceivable that such providers and consumers are stressed over these issues and suffer related consequences. Alternatively, stigmatized groups can experience anxiety and question their self-worth if they do not receive customers or appropriate prices after investing time and money. Research has shown that workplace discrimination can enhance the adoption of unhealthy behaviours such as smoking (Okechukwu et al., 2010) and at-risk level drinking. Further, sexual harassment at the workplace has been linked to heavy alcohol consumption among women (Gradus et al., 2008), and discrimination can also lead to poor sleep (Slopen et al., 2016). A number of these consequences related to attitudes, cognition, and behaviour are similar to those noted by scholars of inequality in various studies (Bapuji, 2015; Bapuji et al., 2020b).

#### ***10.4.2 Economic Costs to Providers and Consumers***

Various studies suggest that discrimination can tangibly result in earning gaps for sexual minorities (vs. others), Black (vs. Whites), and women (vs. men). For example, non-Blacks on Airbnb could charge 12% more compared to Blacks (Edelman & Luca, 2014), and Black entrepreneurs raise lower money compared to White

entrepreneurs on crowdfunding platforms (Rhue & Clark, 2018). In addition to having an impact on income, discrimination could also lead to lower participation and lower job satisfaction for workers in the sharing platforms, leading not only to lost revenues but also loss of any associated incentives.

### ***10.4.3 Organizational Consequences***

Discrimination on sharing platforms can discourage participants that, in turn, affects organizations' performance through lower productivity and higher cost to acquire providers and consumers. Discrimination can lead to a loss of talent and lost benefits associated with a diverse workforce, besides generating a bad reputation for the organizations. Discrimination at workplaces generates a counterproductive work culture that leads to unsatisfactory completion of work or taking more time to complete tasks. When consumers and providers face such constraints, the chances that they will switch to competitors increase.

Discrimination can impose substantial costs on organizations. For example, in 2018, Uber paid \$1.9 m to settle sexual harassment cases. Additionally, it faced backlash over discrimination and harassment claims, and users campaigned to uninstall the Uber app (Golden, 2018). A bad reputation can destroy brand value and brand loyalty, which influences customer intentions to stay or leave the current service provider. Lack of formal institutions at BoP affects trust (Parthiban et al., 2021). Trust and reputation are crucial on sharing platforms, and anything that destroys these can be damaging for the platforms. Damage to reputation can likewise make an organization unattractive to prospective providers and consumers.

Sharing economy relies primarily on interactions, which are negatively affected by discrimination. Within organizations, if there is little interaction among different social groups or if groups are formed on demographic lines inside the organization, employees, providers, and consumers with ideas and talent might not find it easy to share those. This, in turn, can fuel conflicts, harming team building, knowledge sharing, and productivity (Bapuji, 2015). These prejudices and discrimination then become barriers to inclusion and diversity, keeping the vicious cycle of social exclusion alive.

Lost revenue, productivity loss, and costs associated with hiring and training new employees are some of the ways that discrimination hurts organizations. On sharing economy platforms, discrimination faced by either side of the market – provider or consumer – can lead the platform users to look for alternative platforms, increasing costs for the platform to acquire users. Finally, cases of discrimination can impact the stock price, bringing down the market valuation of the organization.

### **10.4.4 Social Consequences**

Discrimination takes away the sense of agency of the marginalized and can create barriers to social cohesion in an organization's external environment. This can impede the sharing economy platforms from reaching BoP and serving to the benefit of all stakeholders involved (Qureshi et al., 2018b). Further, discrimination can have adverse consequences on the health and well-being of not only all those involved in the exchange, but also people not directly involved. For example, as the business models of sharing platforms are built on using spare time and resources, these could increase the workload of the female population in patriarchal contexts – either as gig workers or as caregivers in a family with a gig worker (Schoenbaum, 2016; Andreoni, 2019).

In sum, discrimination can result in psychosomatic and economic consequences for the discriminated populations. Further, it can also incur costs on organizations and societies. Therefore, it is necessary for organizations to develop strategies to manage discrimination on digital platforms, an issue we discuss next.

## **10.5 Strategies to Manage Digital Discrimination**

We organize the strategies to manage digital discrimination at three levels: organization, industry, and institutional.

### **10.5.1 Organization Level – Values in Words and Action**

Gelfand et al. (2005) argued that formal and informal structures, organizational culture, leadership, strategy, human resource system, and organizational climate may contribute to or attenuate discrimination. To manage discrimination, organizations first need to have clarity on what is not acceptable, what constitutes discrimination, and develop a shared understanding of values and cultures within the organization.

While developing the sharing economy platforms, organizations must keep in mind the ways discrimination can infiltrate into those and develop platforms accordingly. One of the main concerns around discrimination on sharing economy platforms is linked to the design of these platforms that ask for personal information such as names, photos, and location. While these facilitate trust, discrimination also enters into the platforms through these features (Edelman & Luca, 2014). Therefore, organizations can examine the necessity of such features. For example, using pseudonyms, buyers cannot see the provider's name or photos before they purchase on eBay. By redesigning some of the features, organizations can enable the participation of disadvantaged groups and BoP populations in general. For example, instead

of showing photos or names while booking a room or buying any other service on sharing platforms, they can be shown after the booking is complete (Edelman & Luca, 2014), which could lower the chances of discrimination against disadvantaged groups. Adopting such features can be a path towards discrimination-free platforms. Apart from depersonalizing the data by removing all racial identifiers, sharing platforms could automate decisions to remove unconscious bias (Rhue, 2019). Depersonalization of data would help fight against discrimination and also alleviate data privacy concerns as well.

Diversity in the workplace can improve the inclusiveness of sharing platforms and bring innovative solutions. In 2016, after Edelman and Luca (2014) showed the presence of discrimination on Airbnb, its CEO Brian Chesky acknowledged that potential for discrimination did not occur to him and his two co-founders, possibly because all three of them were White males (Senz, 2020). Subsequently, Airbnb introduced non-discrimination policies and put in place a dedicated team to manage discrimination. This incident illustrates the unknown ways in which people with demographic privilege, who more often occupy positions of authority and power in organizations design systems and make decisions that normalize and reinforce inequalities (Bapuji et al., 2020a).

One of the ways to improve inclusion on digital platforms is by improving the presence of marginalized groups among designers and owners of digital platforms and apps. Online platforms can also develop recommendation systems to promote marginalized communities' crowdfunding campaigns by promoting them to potential backers (Younkin & Kuppuswamy, 2017). However, such approaches can attract criticism of preferential treatment being given and thus, organizations must weigh such options carefully to tackle discrimination.

### ***10.5.2 Industry Level – Awareness and Action***

All sharing economy platforms – irrespective of the target customer and product/service features – face issues of discrimination on their platforms. Therefore, strategies to manage discrimination should involve the entire industry. At the industry level, efforts can be made to conduct systematic research on the nature of discrimination and its consequences to organizations and society at large. This research can form the basis for awareness campaigns around what constitutes discrimination and why it is undesirable.

As ratings scores and reviews are prone to biases and prejudice, campaigns can also be initiated to generate awareness about the weaknesses of rating systems, for example, fewer ratings do not mean bad service, it could also mean that someone is new and struggling to make their presence felt on the sharing platform (Andreotti et al., 2018). Similarly, other campaigns could be around diversity – widening the user base and bringing users from low-income communities to the platform. Most users are unaware of various regional alternatives sharing economy platforms available for them – bringing more players in the market might also help organizations



improve their products (Andreotti et al., 2018). As people at the BoP are unreachable through traditional marketing techniques and social norms and beliefs are strongly held, awareness campaigns need to be designed keeping contextual factors in mind (Wiprächtiger et al., 2019). By keeping in mind social norms, religious beliefs, culture, and socio-economic background, organizations can achieve acceptability from BoP consumers, who have limited resources to spend and are sceptical and reluctant to accept new offerings (Wiprächtiger et al., 2019). Further, as the digital divide among different communities remains one of the biggest challenges, supporting digital literacy, promoting how to manage digital identities, and engaging with the marginalized communities can bring benefits of sharing economy to the BoP. At the same time, as there remains a gender gap in the usage of sharing platforms, encouraging female users should be prioritized, keeping in mind the sex/gender discrimination (Schoenbaum, 2016).

Moreover, industry standards, resource guides, and ground rules should be set up on sharing platforms' design and functions, keeping in mind the challenges and discrimination on sharing platforms. As most of the sharing economy platforms targeting BoP work in collaboration with NGOs and local governments, the importance of involving local communities and civil society actors in design and implementation cannot be stressed enough. As local communities have been facing the problems for a long time that organizations are trying to solve, local communities know the nuances of the problem, making it essential to involve local communities (Pandey et al., 2021). Hota et al. (2019) found that in resource-constrained environments such as BoP markets, entrepreneurs can arrive at localized heterogeneous solutions to problems by identifying and utilizing locally embedded individualized and tacit local knowledge, trust and transparency, local dialect and expressions. Qureshi et al. (2018b) explored knowledge sharing in the context of inequality and poverty and found evidence that initial social structure and the experience of the organization in initiating knowledge sharing influenced opportunities for transformation. Their study also highlights that those sharing knowledge must keep in mind the characteristics of the recipient community. Accordingly, digital platforms should aim to “design with communities” rather than “design for communities”.

Finally, there should be not only intra-industry but also inter-industry collaboration for building a broader business community to challenge discrimination. A broader collaboration of media and technology organizations to fight discrimination would pave the way to equal access and promote civic engagement in a meaningful way.

### ***10.5.3 Institutional Level – Act Against Discrimination***

To bring institutional change, Qureshi et al. (2016) argued that social ties are important as these can be enabling (heterophilic ties) as well as constraining (homophilic ties) institutional change. So, interacting and bringing in ideas from dissimilar others can constrain institutional forces and shape sharing economy platform to develop

in a way that serves BoP communities (Qureshi et al., 2016). Scholars have argued that engaging local resources and actors can also overcome contextual challenges and fill institutional voids at BoP markets (Pandey et al., 2021; Hota et al., 2019). Further, organizations working in resource-constrained environments can similarly identify complementarities in these institutional voids to increase impact (Parthiban et al., 2020).

Edelman and Luca (2014) also highlighted a lack of liability and economic incentives for sharing platforms as the main barriers to prevent discrimination. Anti-discrimination policies brought by sharing platforms can be more effective when complemented with methods to identify and monitor discriminatory users (Murphy, 2016). As digital platforms evolved fast, the regulatory environment lagged, with few regulations and laws in place to govern the operation of sharing economy platforms and even fewer to govern discrimination. Informal markets are even further lagging on the regulations. Therefore, the regulators must provide frameworks to ensure the dignity and opportunities of all participants on digital platforms (Rhue, 2019).

The relationship between innovation and laws is complicated, for example, there remains a need to balance between regulations and innovation that too many regulations can harm innovation and keeping it unregulated has its challenges (Qiu et al., 2021; Ranchordas, 2015). With the changing nature of innovation and continuously shifting boundaries of sharing economy, laws need to keep pace with innovation. Governments must cooperate, provide protection, and ensure that technological changes are matched with social and civil protections (Rhue, 2019). Bhatt et al. (2019) have argued that the institutional environment plays a vital role in developing organizations, especially when organizations are involved in social initiatives. They argue that the lack of supportive socio-cultural values and beliefs could “orphan” social issues. Through opposition to the existing societal values and beliefs that hinder progress (Bhatt et al., 2019), developing the society-wide notion of justice and influencing the social systems, discrimination rising from social problems can be addressed (Mair et al., 2016). In short, to make sharing economy better for everyone, legislative fixes are necessary (Schoenbaum, 2019), and new legal frameworks are needed (Ranchordas, 2015).

In sum, discrimination is a social ill that has implications for individuals, organizations, and societies. Therefore, to alleviate it, initiatives are needed at multiple levels – organizational, industry, and institutional. These initiatives need to be creative and involve collaborations with affected parties as well as powerful stakeholders.

## 10.6 Concluding Remarks

The sharing economy has given rise to many unicorns, but its promises of improving the lives of BoP populations remain unfulfilled. These markets are not only resource-constrained and informal markets, but are also replete with socio-cultural

challenges, which give rise to discrimination and exclusion of certain groups of people. Although digitalization has alleviated some of the challenges related to market participation for many, much more needs to be done to make the digital economy more inclusive. The future of sharing economy would depend not only on the economics of sharing, but also on sociology. For the sharing economy to work for the many and not for a few, sharing platforms must pay heed to discrimination on their platforms. There is a need to better understand how discrimination manifests on digital platforms and its consequences for organizations and users so that discrimination can be effectively addressed. This chapter takes an initial step in that direction.

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# Chapter 11

## Solidarity in the Sharing Economy: The Role of Platform Cooperatives at the Base of the Pyramid



Morshed Mannan and Simon Pek

**Abstract** In recent years, we have witnessed growing interest at the intersection of two important phenomena: the rise of the sharing economy and long-standing interest in tackling pressing social and environmental issues at the base of the pyramid (BoP). While the sharing economy offers potential in tackling these issues, we argue on the basis of a growing body of research that its contemporary manifestations have largely failed to live up to their potential. We argue that an important reason for this is that research and practice have tended to focus on corporate forms of sharing platforms and have largely neglected their cooperative peers. In this chapter, we first distinguish corporate platforms from a nascent group of platform cooperatives before developing a typology of platform cooperatives in the BoP. This typology builds on early efforts to construct typologies of platform cooperatives in the Global North and thereby highlights various cases that show potential in overcoming the limitations of corporate platforms while offering important social and environmental benefits. Our typology helps identify areas for future applications and development of platform cooperativism and points to important areas of future research in both BoP contexts and beyond.

**Keywords** Sharing economy · Base of the pyramid · Platform capitalism · Platform cooperatives

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## 11.1 Introduction

During the last two decades, we have seen a growing interest in the role of business in the context of the “base of the pyramid” (BoP), one that is typically characterized by poverty, resource constraints, and weak formal institutions (Bhatt et al., 2021; Kistruck et al., 2013; Riaz & Qureshi, 2017). Researchers and practitioners alike have focused on developing solutions for individuals operating businesses in these contexts to gain sustained access to essential goods and services they often lack, including healthcare (Angeli & Jaiswal, 2016) and financial services (Lashitew et al., 2020). In recent times, the so-called sharing economy has gained prominence, and it is seen by some as a means to enable greater access to underutilized goods and services and spur consumption in both the wealthy countries of the Global North and in BoP contexts (Sundararajan, 2017; Schaefer et al., 2018). While sharing practices may already exist in this latter environment, as Wiprächtiger et al. (2019) point out in their study of ride-sharing in Timor-Leste, digitization can additionally contribute to greater transparency of fares, improved scheduling, and wider network coverage. Though the sharing economy can make and has made meaningful inroads in these regards, there is a growing recognition that the contemporary sharing economy is not living up to its potential and is associated with—at times—serious negative consequences (Slee, 2017; Ravenelle, 2019; Schor, 2020). Grounded in the vision for this scholarly book, our focus in this paper is to critically engage with the promise and potential of one key part of the sharing economy—the platform economy—in BoP contexts. As we describe in our chapter, a growing chorus of scholars argue that the negative consequences of the contemporary sharing economy are closely connected to the capitalist business models that underpin the vast majority of the most successful platform ventures. Can the sharing economy be reconfigured to help achieve sustainable development outcomes in the BoP context? In this chapter, we seek to explore one promising yet understudied way in which they can: organizing as *platform cooperatives*.

Cooperatives have a long history in the BoP context. For over a century, a widely used approach to address indebtedness and the precarity of economic life in this context has been through the formation of cooperative societies (Kwapong & Hanisch, 2013; Vásquez-Léon et al., 2017). Organizing farmers into savings-and-loan and multipurpose cooperatives were prominent features of top-down rural development strategies of both colonial administrations (van Zanden, 2009; Kamenov, 2019) and founding governments of postcolonial states, with mixed results (Ali, 2019). Yet, the appeal of, and interest in, cooperatives as autonomous, democratically governed, community-oriented organizations remains strong for the purposes of achieving poverty alleviation (Kwapong & Hanisch, 2013) and social inclusion in a bottom-up manner (Vásquez-Léon et al., 2017). These efforts range from “remodeled” credit unions with greater lending capacity and improved governance practices in the Global North (Jones, 2008) to emerging solidarity cooperatives worldwide as part of the “new” cooperativism (Vieta, 2010).

Yet, despite the potential and experience of cooperatives in this context, research on platform cooperatives in the BoP is almost nonexistent. As we describe in greater detail in Sect. 11.2.3, platform cooperatives are cooperatives whose business model turns on the existence of an online platform—in essence, they are the cooperative form of the contemporary sharing economy (Mayo, 2019; Scholz, 2017). Much of the broader attention surrounding platform cooperatives has focused on the urban sharing economy—from ride-hailing cooperatives to food-delivery courier cooperatives—neglecting how they might function and contribute in contexts that are more rural and impoverished (refer to Bhatt et al., 2021; Pandey et al., 2021; Pillai et al., 2021a; Qiu et al., 2021). We thus lack an understanding of how platform cooperatives, as a novel component of the sharing economy, can contribute to goals including poverty alleviation, food security, and sustainable development. Concentrating on urban platform cooperatives risks excluding a large percentage of a country's workforce while also neglecting the role that cooperatives, in general, may have in generating employment and combatting indebtedness in rural areas (Bhowmik et al., 2020). Platform cooperatives can both offer emancipatory pathways away from exploitative middlemen and facilitate the use of new technologies for the benefit of its members. In both respects, platform cooperatives can help address the institutional weaknesses and scarcity of resources that characterize BoP contexts, as cooperatives have long done (Qureshi et al., 2021c; Bhowmik & Chakraborty, 2019; Manda et al., 2020).

In this chapter, we examine nascent platform cooperative initiatives in BoP contexts and consider new proposals for these contexts, such as the creation of agricultural platform cooperatives, credit and savings platform cooperatives, and data cooperatives (Espelt et al., 2019; Hardjono & Pentland, 2019). Given the relative infancy of the movement to build platform cooperatives, we decided to construct a typology of platform cooperatives that allows for the visualization of “ideal type” platform cooperatives (Doty & Glick, 1994) that existing, anticipated, and future platform cooperatives can be assessed against. As most of these platform cooperatives have mushroomed organically in different parts of the world, a typology contributes to reducing the complexity surrounding this new phenomenon and makes it easier to have a bird's-eye view of this budding movement (Bailey, 1994). The axes on which this typology is constructed specify two dimensions: economic sector and membership type. These two dimensions are commonly used in typologizing cooperatives as it is membership type that indicates which stakeholders have control and financial rights in the firm and thus, determines in whose interest a cooperative is governed, while economic sector is relevant for showing the industries in which cooperatives are particularly prominent. Our objective is to be exhaustive and thereby encompass the vast majority of platform cooperatives in both BoP and non-BoP contexts, which is why we consider economic sectors and membership types beyond those mentioned by other authors in their early efforts at constructing typologies. This can be of value to both scholars and policymakers in charting the future of platform cooperatives—and the sharing economy more broadly—as elaborated upon in the Discussion section.

This chapter, therefore, contributes insights into the emergence of innovative, solidaristic sharing economy businesses operating in BoP contexts that are not the top-down co-creation ventures of local companies and multinational corporations often discussed in the BoP literature but are alternatives to these ventures that are built bottom-up and have the potential for genuine social transformation (Nahi, 2016). At the same time, surveying these initiatives provides a deeper understanding of the needs and aspirations of those who use sharing platforms in the BoP context and the complex concerns they have about the operation of these platforms (Hart et al., 2016). In this way, it will help unpack *how* platform cooperatives can help contribute to a more sustainable sharing economy (Graham & Anwar, 2018) and indicate the types of platform cooperatives, existing or anticipated, that may have a role in doing so. Finally, it will add to the discussion on regulating the sharing economy in these contexts by stressing the need to consider alternative business ownership structures and discussing various policies and practices that can support the growth and development of these novel structures (Hira & Reilly, 2017).

## 11.2 Literature Review

### 11.2.1 *The BoP Context*

Interest in the BoP has grown rapidly in recent decades based on the notion that businesses that adapt their strategies to this unique context could both reduce poverty and benefit from a new and rapidly growing market (Prahalad & Hammond, 2002). While conceptualizations of the BoP vary, it is typically characterized by poverty, weak informal institutions, and resource constraints (Bhatt et al., 2019; Qureshi et al., 2016; Qureshi et al., 2018b). Collectively, these characteristics make it challenging for people to access many goods and services that can improve their quality of life (Schaefer et al., 2018), including health care (Angeli & Jaiswal, 2016), financial services (Lashitew et al., 2020), and energy (Goyal et al., 2014). Perhaps most importantly, the approximately 4 billion people in the BoP live in moderate to extreme poverty levels, with incomes as low as \$2 USD per day (Karnani, 2007; Parmigiani & Rivera-Santos, 2015). Poverty is closely linked to both cognitive and social vulnerabilities, which can heighten the risk of exploitation (Arnold & Valentin, 2013). Karnani (2009, p. 40) argues “that the poor lack the education, information, and other economic, cultural, and social capital that would allow them to take advantage of—and shield themselves against—the vagaries of the free market.” They may thus purchase and consume low-priority, unhealthy, or even dangerous goods as a way of temporarily relieving the stressors that accompany poverty (Karnani, 2009).

The BoP context is also characterized by weak and dysfunctional formal institutions like legally enforceable contracts, often combined with strong informal institutions like robust kinship ties (Riaz & Qureshi, 2017; Rivera-Santos & Ruffin,

2010). The lack of strong formal institutions can “imprison societies in webs of self-fulfilling expectations that not only create but also reinforce the cycles of poverty” (Khavul & Bruton, 2013, p. 288). A greater reliance on informal institutions and gaps in regulative institutions can limit commerce and trade in BoP contexts by making transactions less efficient (Kistruck et al., 2013). Many people in this context thus work and transact primarily in the informal economy (Kistruck et al., 2015; Dolan & Rajak, 2016; Khalid & Seuring, 2019).

Additionally, closely linked to weak formal institutions, the BoP context is characterized by significant resource constraints, with comparatively limited access to resources, including advanced information and communication technology, high-quality infrastructure, and high-quality human capital (Kistruck et al., 2015; Hota et al., 2019; Parthiban et al., 2021). These can be classified as those that constrain the creation of value (raw material, financial, and production resources) and those that constrain the capture of value (market access, market power, and market security) (London et al., 2010). A crucial resource, particularly in the context of this book, is information and communication technology (Tarafdar et al., 2013), which can increase the well-being of those in the BoP and help them create and capture more value (Parthiban et al., 2020, 2021). While the BoP context has traditionally seen limited access to this technology and while its distribution is highly uneven, we have witnessed significant growth in connectivity through mobile phones and smartphones over time (Clausen & Velázquez García, 2017; Lappeman et al., 2019; Baishya & Samalia, 2020). In Bangladesh, for instance, firms like Grameenphone have made important contributions to reducing the digital divide by making information technology tools much more accessible (Rahman et al., 2014). However, research suggests that access to information & communication technology needs to go hand-in-hand with consideration of other factors, including users’ capabilities, cost, and market competition (Aker et al., 2016; Hoque, 2020).

### ***11.2.2 The Contemporary Sharing Economy at the BoP***

Wider access to mobile technologies has enabled those living and working in BoP contexts to become part of the contemporary “sharing economy” (Qureshi et al., 2021c). While definitions and conceptualizations abound, the sharing economy can be seen as an umbrella construct that has three potentially overlapping foundations: the access economy, the community-based economy, and the platform economy (Acquier et al., 2017). The platform economy, in turn, refers to “a set of initiatives that *intermediate decentralized exchanges among peers through digital platforms*” (Acquier et al., 2017, p. 5, emphasis in original). These initiatives are commonly, but not exclusively, the provision of on-demand services (e.g., ride-hailing, food delivery) or peer-to-peer rental of assets (e.g. a room) by way of a smartphone application or website (i.e., a digital platform). The platform plays two key roles: serving as an intermediary between multiple users and defining and executing the rules shaping the relationship it mediates (Montalban et al., 2019). In the case of gig work

in particular, the platform mediates the connections between workers and customers, in some cases collaborating with a particular supplier like a restaurant (Qureshi et al., 2018a; Duggan et al., 2020).

At present, there is a limited but growing body of research that is directly and explicitly focused on the adoption of sharing platforms in the Global South, which flag the advantages and disadvantages of these platforms (Qureshi et al., 2021a, b). We structure our review of this research by the different types of platforms involved: short-term accommodation rentals, local gig work, and remote gig work. In terms of short-term rental of accommodation, hospitality exchanges such as Airbnb have been growing in the Global South, with Adamiak's (2019) survey of Airbnb listings across 167 countries finding a 135% growth in listings in Nairobi and 71% growth in listings in Bogota between 2017 and 2019. Some see these exchanges as having benefits for cities such as Guanajuato, San Miguel de Allende, and Cape Town, as they generate tourism, informal jobs for local communities, and valuable sources of income amidst widespread unemployment (Sonwabile, 2018; Ruiz-Correa et al., 2019), but given that hosts are primarily middle-class professional landlords who can let out property in urban or touristic areas (e.g., coasts, ski resorts), it tends to mostly benefit those who are already relatively affluent and have space to share or rent (Clausen & Velázquez García, 2017; Adamiak, 2019). From the short-term tenants' perspective, the availability of Airbnb in a majority of countries in the world enables them to gain exposure to a variety of hospitality cultures—with some scholars (Ruiz-Correa et al., 2019) highlighting how hosts were able to offer immersive cultural experiences. However, in countries such as India, Mexico, and Vietnam, high ratings and safety concerns are strong determining factors in tenants using such an exchange (Panda et al., 2015; Ruiz-Correa et al., 2019; Tran & Filimonau, 2020; Tamilmani et al., 2020), which diminishes the opportunities of poorer communities joining such a platform (even if they had the room to do so) as they live in places perceived as being unsafe. Moreover, experiences with Airbnb in the Global North indicate the possibility that these exchanges can disrupt the lives of neighbors, reduce the availability of affordable housing for local communities, shape local regulations to the benefit and the entrepreneurial hosts, attempt to avoid the payment of certain taxes applicable to the hospitality sector, and even perpetuate racial discrimination against both hosts and tenants (Edelman & Luca, 2014; McNamara, 2015; O'Regan & Choe, 2017; van Doorn, 2020). Thus, the evidence of such transnational corporate platforms materializing tangible benefits for those in BoP contexts within the Global South is mixed at best.

Examples of research on gig work are relatively more plentiful and include studies of both local and remote gig work, with the former referring to platform work that is physically performed locally for a consumer, while the latter refers to platform work that may be performed online anywhere in the world (Wood et al., 2019). An example of the former is the study of Uber by Kumar et al. (2018) in which the authors interviewed drivers and riders in Bangladesh and collected data from Facebook groups of Uber users to understand how this mobility service accentuates existing and new forms of oppression. In contrast to the image of such a platform enabling the sharing of underutilized assets by their owners, they found that many

drivers rented their vehicles and received a fixed monthly salary from the owner of the vehicle or a Rent-a-Car service—a simple extension of existing practices for hiring private vehicles (Kumar et al., 2018). The operation of multinational ride-hailing platforms threw into sharp relief the fact that these platforms ignore local literacy levels, the comprehensibility of maps and rating systems, and the legibility of how distances and fares are calculated—amounting to what the authors describe as a form of “cultural imperialism” (Kumar et al., 2018, p. 7ff). While driving for Uber provided a new income source, Kumar and colleagues noted that both riders and drivers perceived a wide range of injustices, including the perpetuation of verbal abuse and exposure to physical harm. Similarly, Dreyer et al. (2017) found that Uber and SweepSouth (an on-demand cleaning app) in South Africa both gave workers access to new sources of income and assets (e.g., a car, smartphone) but exposed them to the vagaries of online reputation management, unpredictable scheduling and, particularly in the case of Uber, to exploitation by car owners and the risk of theft. These studies show that regardless of the affordances of these transnational sharing platforms, they can neglect the diverse topographies and on-the-ground realities of BoP contexts. Indeed, these transnational platforms continue to be absent from certain contexts altogether, with indigenous modes of ride-sharing, that are more attuned to the needs of local communities, continuing to prevail (Kasera et al., 2016).

In the case of remote work in developing contexts, there has been significant growth in the development of global “gig” platforms (Graham et al., 2017), which “are focused on connecting supply and demand across the Internet-connected world” and are driving a growing amount of outsourcing (Lehdonvirta et al., 2019, p. 570). As with local gig platforms, research suggests that those in developing contexts perceive advantages and disadvantages to remote gig work. In his summary of research and evidence to date on the digital gig economy in developing countries, Heeks (2017) documents benefits including greater flexibility, reduced travel costs, and reasonable earnings, and limitations including long and uneven working hours, opacity surrounding work processes, and discrimination. Rani and Furrer (2021) further identify a wide range of limitations to digital labor platforms in developing contexts, including limited control and autonomy over work processes, nonpayment and unfair rejections of work, discrimination, limited bargaining power, and underutilization of workers’ education and skills (see also, Attri & Bapuji, 2021; Nungsari and Chuah, 2021).

Thus, we can see that platforms offer both novel opportunities and novel challenges to users in BoP or similar contexts. The aforementioned studies show that a distinction can be drawn between users who use these platforms as a means of *supplemental* income and those who rely on these platforms for their *survival*. This is especially true for gig work. While platform work may offer a much-needed but shaky leg up to the most disadvantaged (van Doorn et al., 2020), their benefits are likely to do more for the already fortunate (Martinez Dy, 2019). Though the multinational and local companies (Ahmed et al., 2019) behind these initiatives facilitate the sharing of assets and open up new sources of income in BoP contexts (Schwarten et al., 2013; Hira, 2017; Graham & Anwar, 2018), they have also been criticized for



eroding working terms and conditions, ignoring user complaints, extracting value for companies from users' personal assets and data without adequate consideration, and even damaging the environment (Mahmoudi & Levenda, 2016; Srnicek, 2017; Graham & Anwar, 2018; Kumar et al., 2018). This is coupled with practices of regulatory arbitrage, lobbying, and tax avoidance (Dierken, 2018; Tzur, 2019). Many such disputes concerning sharing platforms worldwide turn on the distinction between these platforms being a neutral intermediary company providing an information technology service—the platforms' preferred designation—and another form of service that is integral for matching two groups of users, which entails a greater degree of influence and control (e.g., a transportation service) (Finck, 2018). While the former posture allows these platforms to claim privileged treatment due to their position in an innovative, high-demand industry and to treat workers as “bits of code” (Irani, 2015), it invariably leads to commodification and precarization of these same workers. Highly qualified or well-heeled persons may see this platform-mediated gig work as being temporary and thus gloss over these issues; however, others may find themselves with no options—of more stable employment or even alternative platforms to work on (Schor et al., 2020).

It is these precariously positioned workers, in particular, who may pursue collective action. Beyond sporadic strikes, this collective action could take the form of unionization (industry-level), cooperative formation (organization-level), or works council registration (establishment-level). Calls for gig workers to unionize or to form works councils have been made for several years (Wood et al., 2018; Johnston & Land-Kazlauskas, 2018) but have been stymied by concerns including potential breaches of competition law (Schiek & Gideon, 2018) and efforts by platform companies to circumvent the application of works council legislation (Haipeter, 2019). In the absence of traditional forms of collective action and its capacity to extricate gig workers from an opaque yet coercive subordination, the formation of, and membership in, platform cooperatives provide workers an attractive alternative. This attraction is not limited to gig work platforms, with researchers also noting the need for short-term rental platforms targeting low- and middle-income populations (Ruiz-Correa et al., 2019). It is to this form of collective action that we now turn.

### ***11.2.3 Platform Cooperativism***

Before defining platform cooperatives, we think it is important to provide a brief overview of cooperatives more broadly. A cooperative is an entity that undertakes economic (and non-economic) activities in the interest of their members instead of shareholders. These members contribute a one-off monetary sum to join the cooperative in addition to transacting with the cooperative. In a worker cooperative, these transactions may be in the form of labor—accounted by the number of hours worked for the cooperative—and in a multistakeholder cooperative, these transactions can additionally be in the form of consumption—accounted by the regularity/amount spent on purchasing goods or services from the cooperative. In terms of

governance, in contrast to the corporate model whereby the amount of share capital held by a person determines the weight of their voice, in a cooperative, the default rule is that each member has one vote irrespective of their individual monetary and nonmonetary contributions. While these votes are usually cast in annual or special general assemblies of a cooperative, certain cooperatives strive for member involvement in more regular governance decisions as well (Sobering, 2019). Based on a member's personal transactions with a cooperative and the financial performance of a cooperative in a given year, the member may receive a patronage refund that is tied to these contributions (International Labour Office et al., 2020).

In recent years, there has been a growing shift to a novel form of cooperativism that cuts across several economic sectors: platform cooperativism. While the definition of a platform cooperative is contested, a recent definition is “an enterprise that operates primarily through digital platforms for interaction or the exchange of goods and/or services and is structured in line with the International Cooperative Alliance Statement on the Cooperative Identity” (Mayo, 2019, p. 20). This means that, irrespective of the specific legal entity form used by the entity, it should be structured as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise” (International Co-operative Alliance, 1995). Moreover, these businesses seek to embody the ICA's 7 cooperative principles in their operations: (1) Voluntary and Open Membership, (2) Democratic Member Control, (3) Member Economic Participation, (4) Autonomy and Independence, (5) Education, Training and Information, (6) Cooperation among Cooperatives, and (7) Concern for Community.

The reason for this relatively broad definition of platform cooperative is that despite there being a legal entity form known as a “cooperative” or “cooperative society” in much of the world, it is the case in some jurisdictions that this entity form lacks the flexibility to accommodate new business models, such as those that have emerged in the platform economy. In some countries, strict rules on a minimum number of members at the time of registration (e.g., 20 natural persons in Bangladesh) and prohibitions on having investor-members (e.g., in Japan, Ghana) can act as a deterrent from incorporating as a cooperative (Boakye, 2018; Kurimoto, 2020; Mannan, 2020a). This is a particularly salient concern for any startup seeking to establish itself in the platform economy as it is likely to have a very small team—potentially five employees or less—during the stage in which it is building a product and will be competing against corporate startups actively seeking external investment (Norbäck & Persson, 2009; Wilson, 2012).

Additionally, a jurisdiction may lack an overarching, general cooperative law but rather have sector-specific, fragmented cooperative legislation, which adds complexity to the business development process—especially when there is a lack of sector-specific business advisors. Instead, registering as another form of limited liability corporate entity, trust, or even as a non-profit may be more suitable for the purposes the cooperative seeks to serve (Mannan, 2020b). However, this adds the complication that in some countries, local regulations may preclude them from describing themselves as a “cooperative” in any business material when the entity is

not created under applicable cooperative legislation (Mannan, 2020a). In short, a platform cooperative may find itself adopting a wide variety of legal entity forms.

Such cooperatives began to emerge organically in response to the growth of platform companies and the depredations of platform capitalism. Their growth was galvanized as a movement by the organizing and educational work of Trebor Scholz and Nathan Schneider through a series of conferences, workshops, and publications. According to Scholz (2016), platform cooperativism seeks to (1) clone or creatively alter the technological heart of the sharing economy and put it to work under a different ownership model, (2) foster solidarity, and (3) reframe concepts such as efficiency and innovation for the (financial) benefit of the many, not the few (cf Escobedo et al., 2021; Galdini & De Nardis, 2021; Pillai et al., 2021b). In short, platform cooperatives acknowledge the opportunities that the sharing economy presents but provide a different vehicle for pursuing these opportunities—one that gives its workers and users control over significant business decisions and the use of their data, a right to financial return, as well as a means for forging new bonds of solidarity.

The concept of platform cooperativism deliberately appeals to the long-standing tradition of cooperative and employee-owned business across the globe, from the worker cooperatives in Kerala and Mondragon to the media and rural electric cooperatives in the United States (Schneider, 2017, 2018a; Hadfield, 2020), as they provide time-tested examples of economic democracy, self-reliance, and solidarity in precarious economic conditions. Through these precedents, advocates of platform cooperatives seek to make alternative business structures in the sharing economy appear more tangible: as enterprises in which workers and users have a say in how their work is organized, how their platform is designed, and how their data are monetized and receive patronage returns from surpluses generated. Such cooperatives have begun to emerge in stock photography (e.g., Stocksy), ride-sharing (e.g., Eva.coop), food delivery (e.g., Mensakas, S!cklo, and other CoopCycle federation cooperatives), and cleaning (e.g., UpandGo). Beyond the boundaries of the conventional gig economy focused on labor transactions (Koutsimpogiorgos et al., 2020), platform cooperatives have been established to create an online marketplace for goods (e.g., Open Food Table, Fairmondo), short-term home rental (e.g., Fairbnb), and cloud services (e.g., Collective Tools).

Another promising trend has been the interest of existing cooperatives in building their own platforms for the benefit of their members, which range from online marketplaces for their members to sell goods and services (e.g., Doc Servizi) to business management systems to ease the process of preparing invoices and filing taxes (e.g., SMart).<sup>1</sup> While both belong to the platform cooperativism movement, it is important to distinguish between platform cooperatives—whose business model turns on the existence of an online platform—and these cooperative-run platforms, where a platform is an add-on to the main operations of the business. As discussed

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<sup>1</sup>All of these examples of platform cooperatives and cooperative-run platforms may be found in the directory of the Internet of Ownership. For a discussion on the Internet of Ownership, see (Schneider 2018b).

in the subsequent section, our focus will be on the former group of platform cooperatives.

In these ways, platform cooperatives differ significantly from what has been termed platform capitalism that we alluded to earlier in our discussion in Sect. 11.2. Instead of the concentration of market and corporate power, platform cooperatives aspire to distribute control to workers and/or ground their operations in—and be accountable to—local communities. By conferring ultimate control rights to these groups through the extension of membership, platform cooperatives not only seek to prevent the sale or closure of businesses that these groups come to depend on, but they also give them a “say” in strategic decisions (e.g., by electing the cooperative’s board) and an influence on routine operations (e.g., how employment is structured, how personal data are used). An important example of the latter is the transaction fee set by the platform cooperative, which, unlike in platform companies, may be adjusted to suit the needs of worker-members and, thereby, help ensure that they receive fair remuneration. It is due to this promise that platform cooperatives are gaining attention as a potential remedy to platform capitalism (Como et al., 2016; Scholz, 2017; Vallas & Schor, 2020; Schor, 2020).

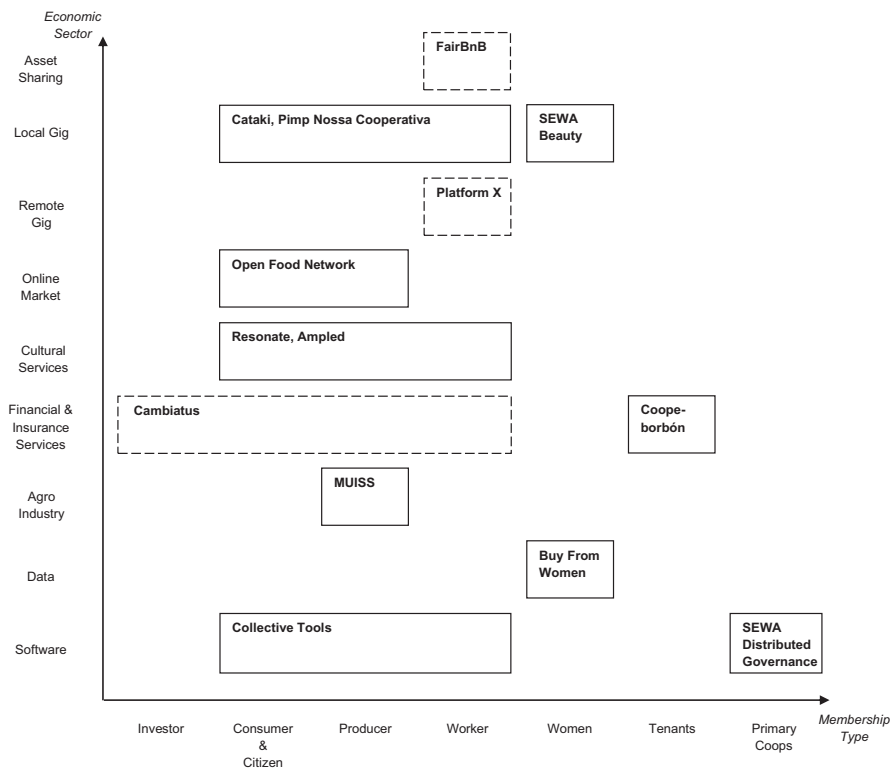
### 11.3 Typology of Platform Cooperatives at the Base of the Pyramid

We now turn to develop a typology of platform cooperatives that we later use to analyze the state of affairs in the BoP context and offer directions for further development. Our overarching goal was to develop a typology that covers the vast majority of potential applications of platform cooperatives given the unique characteristics of the BoP context. In doing so, we consulted and built on the limited number of typologies of platform cooperatives developed to date. These include that of Scholz (2016), which used the dimensions of economic activity and ownership type; that of Borkin (2019), which used dimensions of labor intensity and membership type; and that of Muldoon (2020), which used the dimensions of ownership type and activity. While promising, each of these had some important limitations. In particular, the dimensions they used, and the elements for each dimension, are not exhaustive and do not encompass many of the possible needs for a sharing economy in a BoP context. Providing a more exhaustive typology with mutually exclusive elements is the objective that we strive to achieve in this chapter.

To achieve our objective, we developed our typology based on the dimensions of membership type and economic sector. Economic sector is a critical dimension because cooperatives historically tend to be prominent in certain sectors and close to absent in others. Even among sectors that cooperatives are traditionally active in, they may not adopt a (sharing) platform, thereby leaving a potential gap in the market. As our goal was to be as exhaustive as possible while also having a manageable number of types, we searched for a set of sectors that is comprehensive but still

concise. Nine economic sectors were chosen based on the size and prominence of certain sectors in the current platform cooperative economy (i.e., asset sharing, local and remote gig work, cultural services, open-source software development, and data sharing) and the largest sectors in the wider cooperative economy, as indicated by the 300 largest cooperatives (by turnover) surveyed in the 2020 edition of the World Cooperative Monitor (i.e., insurance and financial services, agriculture, retail) (Scholz, 2016; Schneider, 2018b; EURICSE, 2020). This includes financial and agricultural cooperatives in Brazil and India, such as Sicrodi and Gujarat Cooperative Milk Marketing Federation Ltd., which has helped small-scale, often impecunious, depositors and producers coordinate their inputs for mutual benefit. Each economic sector was defined capaciously to accommodate several subtypes: “asset sharing” can include the sharing of homes and tools. This, therefore, allows for constructing “ideal type” platform cooperatives in the gig and sharing economies, as well as in industries that are highly relevant for BoP contexts where such coops have yet to establish a significant presence.

Economic sector directly relates to the category(ies) of members any cooperative will have since members are the persons who patronize the cooperative, and the attributes of the sector shape the nature of the members’ patronage. However, this can raise concerns about the mutual exclusivity of each dimension’s elements, thereby making it difficult to associate an existing platform cooperative with an ideal type. For example, the milk industry involves both work and production. But, despite a considerable amount of work going into the production of milk, as the patronage of farmers to milk cooperatives is determined by liters of milk rather than hours worked, these cooperatives are categorized as producer cooperatives rather than worker cooperatives. Thus, standard categorizations of cooperative membership are done according to patronage—producer, worker, consumer/user, and multistakeholder (i.e., combining the aforementioned types) (International Labour Office et al., 2020, p. 17). Yet, based on our earlier research on platform cooperatives in the Global North, as well as the secondary desk research for this chapter, it is necessary to extend the types of membership to include investors, tenants, women, and primary cooperatives to encompass the interests involved and to overcome the resource constraints (Hota and Mitra, 2021) and institutional voids (Parthiban et al., 2020) that exist in BoP contexts. Firstly, this acknowledges the fact that some platform cooperatives may wish, if local laws permit, to have external investors as members, due to their need for a large amount of capital during their startup phase so that they can compete with venture capital-funded corporate platforms. Secondly, tenants face a distinct set of challenges compared to consumers, and in the context of the sharing economy, where the sharing of real estate and the organization of marketplaces are at the forefront, tenancy merits separate consideration. Some membership typologies avoid social categorizations such as “women” (International Labour Office et al., 2020, p. 20), but given the particular obstacles they face in securing employment in BoP contexts and the opportunities they are deprived of, they should not be simply subsumed under categories such as producer and worker. Finally, a common scaling strategy for cooperatives is the formation of secondary and tertiary cooperatives. Given the costs entailed in developing sharing platforms,



**Fig. 11.1** Typology of platform cooperatives at the base of the pyramid

the formation of federations and “shared-services” cooperatives can readily be expected among platform cooperatives. As platform cooperatives can accommodate both single-stakeholder and multistakeholder configurations, the process of plotting these two dimensions on a coordinate plane (Fig. 11.1) helps visualize the ideal types of platform cooperative that can exist—and subsequently gauge whether actual platform cooperatives correspond to these ideal types.

Turning to concrete examples of platform cooperatives, while multiple cooperatives could be provided as examples of each type of platform cooperative, those that have been selected highlight the valuable products and services provided by these enterprises in a BoP context that can help address pressing social and environmental sustainability issues. Among a large set of possible platform cooperative types identified by our typology, these may be considered “key criteria types” (Bailey, 1994, p. 5), as they are particularly salient to the BoP context. Some of these cooperatives have already been operational for a while, others are under development, and a few that are aspirational. These aspirational cooperatives are ones that have either been proposed within the platform cooperativism movement or, based on their existing work with cooperatives, are projects that may become platform cooperatives one day. While we do not claim that all of these projects will transition from being an

idea into reality, bringing them to the fore allows us to map the ambition and scope of the platform cooperativism movement and can provide inspiration to others seeking to build on the earlier efforts of others. The cooperatives that are already operational or are reported to be under development are in solid boxes, while the aspirational ones are in boxes with dashed lines. The brief descriptions of the platform cooperatives below are ordered according to economic sector and also explain why they fall into distinct membership categories.

### **11.3.1 *Sharing Assets***

Fairbnb is a worker cooperative registered in Italy, comprised of developer- and administrator-members. It seeks to distinguish itself from Airbnb by creating a home sharing platform that is democratically governed, collaborates with local citizens and authorities to encourage regulatory compliance and sustainable tourism, limits external investor involvement in the business, and redistributes its surplus to hosts, workers, and social projects—including those that highlight the harms caused by mass tourism (Foramitti et al., 2020). FairBnB is currently only present in European cities; however, it is open to growing globally, provided that a Local Node is willing to take the lead in developing and promoting Fairbnb in their city (Fairbnb.coop, 2021). It is, therefore, possible that such Local Nodes will emerge in cities of the Global South—particularly those that already have an active tourism industry—and in doing so, potentially provide better benefits to the local communities that enable this industry and engage them more meaningfully in creating a sustainable form of tourism.

### **11.3.2 *Local Gig Work***

Cataki is an open-source, non-profit platform, launched by the Pimp My Carroça movement in Brazil, that connects waste pickers (*catadores*)—including workers of the many waste pickers' cooperatives that exist in the country (Medina, 2007)—to waste generators and to each other, in an effort to improve the *catadores*' incomes and encourage recycling (Bruno, 2020). Such an enterprise has the characteristics of producers' cooperatives (as their input is determined by the amount of recyclable waste they collect), workers' cooperatives (in terms of time spent in processing waste, developing the Cataki app), and consumers' cooperatives (in terms of including the perspective of waste generators) (Colombijn & Morbidini, 2017; Cataki, 2021). Another project run by Pimp My Carroça is organized as the Pimp Nossa Cooperativa which coordinates waste pickers' cooperatives and draws attention to their difficult working conditions through the conversion of their waste carts into

works of public art by artists, with the coordinating activity taking place on WhatsApp rather than a custom-built platform (Pimp Nossa Cooperativa, 2021).

Furthermore, the Self-Employed Women's Association (SEWA)—an all-India trade union of 1.5 million women in the informal economy and a federation of cooperatives—is prototyping a home beauty care platform cooperative (Platform Cooperativism, 2018). While the provision of beauty care services at the home of customers can be considered a form of local gig work performed by workers, within the cooperative movement, women's cooperatives have a distinct position. Women's cooperatives are typically multipurpose cooperatives, with their aim being beyond the provision of employment opportunities to their members and extending to social inclusion, female empowerment, and the cultivation of solidarity among women (Datta & Gailey, 2012; Kızıldağ, 2019). Together, these three enterprises are examples of informal workers' cooperatives.

### ***11.3.3 Remote Gig Work***

PlatformX is a global freelancing platform that is under development which aspires to build an alternative to Upwork and Amazon Mechanical Turk by giving freelance workers a voice in the governance of the platform, improving their pay by charging no commission, and requiring contributions to charities or other community organizations (Regino, 2019).

### ***11.3.4 Online Market***

The Open Food Network (OFN) is an open-source platform that allows local food producers to directly sell their produce to consumers through a virtual shopfront or to collaborate with other producers and farmers to sell collectively (e.g., a virtual farmers' market) (Open Food Network, 2021a). In comparison to corporate online markets, the Open Food Network allows producers to start their shopfront for free and then pay a tiered commission based on their sales. OFN sees itself as a digital commons that seeks to cultivate an improved food production system by changing consumers' relationships to food and working with producers that use ecologically friendly, resilient agricultural practices (Shalini et al., 2021; Open Food Network, 2021b). The Network operates through volunteer-led local instances in 20 countries, including South Africa, Brazil, Costa Rica, India, Turkey, Jordan, the Philippines, and Colombia (Open Food Network, 2021c). While all of these instances are not registered as cooperatives—especially as several of them are in an early stage of development—the global OFN actively encourages instances to practice transparency and collaborative decision-making with their producers and consumers.



### 11.3.5 *Cultural Services*

Resonate is a multistakeholder music streaming cooperative that can be seen as an alternative to Spotify that seeks to pay musicians a fairer amount per play of their tracks (Morrison, 2018; Resonate, 2021). The higher royalties that Resonate claims to offer are due to its “Stream2Own” model, where a listener pays an incrementally higher amount per play till the ninth play when the listener can download the track or have unlimited free plays. 30% of this revenue is taken by Resonate as a commission. As a multistakeholder cooperative registered in Ireland, comprising founder members, worker members (i.e., “collaborators” such as developers, volunteers), producer members (i.e., “music-makers” such as artists and labels), and consumer members (i.e., “fans” such as listeners), each member is entitled to one vote (e.g., at annual general meetings) and a distribution of any surplus, which varies according to their membership type and degree of involvement (Ridley-Duff et al., 2017). As Resonate has open membership, prospective music-maker members can join from BoP contexts if they meet the criteria for membership, make a (low, €1 EUR) monetary contribution, qualifying user contributions (e.g., license music) and are approved by the Board. It is apparent that this has already taken place, with Resonate having musicians available on their platform from Brazil and Jamaica.

In turn, Ampled has a business model that is similar to a Patreon for musicians (Harrington, 2020) but requires supporters to make a minimum of a \$3 USD monthly payment to artists and has no tiers. In addition to enabling artists to gain a larger following and earn more remuneration, Ampled’s mission is to advocate for the interest of the artist community and encourage democratic ownership of the platform. As a multistakeholder cooperative registered as a LLC in New York, comprising producer members (i.e., an artist creating a page with more than >10 supporters), worker members (i.e., contributors for 6 months or 80 hours), and community members (i.e., supporters who pay the community membership fee), all members are entitled to one vote—even when they hold more than one type of membership—as well as patronage refunds (Ampled, 2020a). At the time of writing in November 2020, there are 134 artist pages on the platform and a further 163 under development. With artist membership open to any approved country (Ampled, 2020b), it can also provide a platform for musicians from BoP contexts.

### 11.3.6 *Financial and Insurance Services*

In comparison to the aforementioned sectors, the platformization of financial services has generally been through existing credit and savings cooperatives developing software applications to help receive and disburse payments or to calculate important metrics like credit scores. This may be developed internally or with the support of external companies such as Kwara (2021). Furthermore, there are a few companies such as Moeda (2021) and Cambiatus (2021a), which increase sources

of investment opportunities for cooperatives and promote exchanges within communities through the issuance of crypto-tokens to (small-scale) investors and the creation of blockchain-based community currencies, respectively. One example of the latter is the piloting of the Borboins currency for Coopeborbón, a market cooperative in San José, Costa Rica, whose members are the stall owners. Encouraging cooperative members to actively participate in educational and management training is difficult and in the past has been incentivized through gifts (Ray, 1983); the issuance of Borboins to training participants provides the same incentive, but with the additional benefit that it stimulates exchanges between members of the market (Cambiatus, 2021b). Cambiatus itself is currently an open-source project created by Satisfied Vagabonds LLC but aims to become a blockchain-based multistakeholder organization known as a “Decentralized Autonomous Community,” with investor-members, founder-members, worker-members, and producer-members.

### ***11.3.7 Agricultural Industry***

In many countries that contain large numbers of persons in the BoP, such as India, the agricultural sector has a diminishing share of the nation’s GDP growth but continues to employ a large percentage of its workforce (Bhowmik et al., 2020). While authors such as Bhowmik and colleagues recognize the continued role that cooperatives can have in poverty alleviation, limited attention has been paid to agricultural platform cooperatives (Espelt et al., 2019). In addition to online markets for organic food, such as OFN, in countries such as Uganda, the MUIIS project was launched by development organizations and NGOs in 2017 to provide three products to farmer cooperatives: “weather alerts, agronomic tips and financial services” (including insurance) (Francesconi, 2017). Through the subscription and use of the MUISS Service Bundle, which includes familiarization of new ICTs, the project sought to improve the productivity of over 350,000 farmer-members across Uganda. The status of this particular project is currently unknown, but the advantages of such an agricultural platform cooperative comprising producer members or multiple stakeholders are evident, particularly in light of the structural issues uncovered in light of the Covid-19 pandemic (Gurumurthy et al., 2020).

### ***11.3.8 Data***

Relatedly—but with a greater emphasis on the collection and use of data—UN Women developed the “Buy From Women Enterprise Platform” for piloting among Rwandan women farmers’ cooperatives. This is an important community to serve as women make up 43% of the agricultural labor force in developing countries but have been historically excluded from ownership of land and financial and ICT services. The platform runs on low-tech phones to inter alia learn the precise size of

their land, monitor the health of crops, receive production forecasts and market prices, and manage warehouse inventory. At the time of its launch, it was anticipated that the platform could eventually be used to build a credit profile for the women farmers and nurture “communities of practice among peers and experts” (Smith, 2016; UN Women, 2017). More generally, there is great potential in data cooperatives, whereby individuals voluntarily pool their personal data together in a credit union or analogous organization that both safeguards that data and analyzes it to identify insights that are relevant and beneficial to the broader membership (Hardjono & Pentland, 2019; Walsh, 2019). Such data cooperatives could thereby enable impoverished communities to use their data in socially and financially productive ways.

### **11.3.9 Software**

Finally, platform cooperatives can also be used to build software products other than the platforms themselves. One such example is Collective Tools, a cooperative that provides cloud services such as a web-based office suite, chat channels, and project management software. The membership of the cooperatives comprises both legal members who consume the cooperative’s services, individual members who work for the cooperative as employees or as consultants and investor members. All members, including investor members, have one vote, but this may not be fully valued if investor members comprise more than one-third of the votes cast. If the general meeting votes for it, members can also receive a patronage refund. The services provided by this Swedish multistakeholder cooperative are available in multiple languages and the cooperative aspires for global membership, so these tools may receive greater adoption and gain members from the Global South. This already appears to be the case as Collective Tools now has South American members. Such platform cooperatives can also be formed by federations and other secondary entities. SEWA, for instance, is reportedly developing a distributed governance application to coordinate the activities of the 106 cooperatives under its umbrella (Platform Cooperativism, 2018).

## **11.4 Discussion**

In this chapter, we sought to unpack how platform cooperatives, as a relatively understudied component of the contemporary sharing economy, can help address social and environmental sustainability issues at the BoP. We began by reviewing existing work on the impacts of capitalist platforms in this context. While corporate, capitalist sharing platforms have made some important contributions in this regard, our review of the evidence shows that they have not lived up to their potential and tend to have serious negative consequences and trade-offs. We then introduced the

relatively new phenomenon of platform cooperatives and developed a typology of platform cooperatives based on nine economic sectors and seven primary membership types. This typology encompasses a broader swathe of cooperative economic activity in BoP and non-BoP contexts than is acknowledged in earlier efforts to construct typologies and builds on international categorizations of cooperative membership. We mapped existing and aspirational examples onto this typology, which helped us examine how they can help address social and environmental issues at the BoP and where there are opportunities for continued theoretical and practical development. In this discussion, we discuss our contributions to research and practice, followed by avenues for future research.

### ***11.4.1 Contributions to Research***

Our chapter contributes to research on the sharing economy at the BoP in two main ways. First, and perhaps most importantly, it emphasizes the importance of paying close attention to the ownership of platforms when seeking to increase their social and environmental contributions in this context. In a context that is already characterized by severe resource constraints, it is crucial to identify ways to channel those resources to achieve as much good as possible. Though limited, the vast majority of the research on the platform economy at the BoP or related contexts has focused on capitalist platforms, despite the long history of cooperatives. Our review of existing research on capitalist platforms' contributions suggests that they fall below expectations and come with hidden and unanticipated downsides. However, we argue that this is not because of anything inherent in the platforms themselves. Rather, the key issue in our mind is their ownership structure, which incentivizes them to prioritize the pursuit of profit and the investors' interests. Platform cooperatives show significant potential in overcoming these limitations, enabling them to address various social and environmental issues in innovative ways. Furthermore, while they are relatively few in number at this point, the existing examples to date show that they are indeed possible to implement successfully. In this way, we contribute to nascent work investigating specific ways in which platforms can contribute to sustainable development (Graham & Anwar, 2018; Hira & Reilly, 2017).

Second, by referring to nine economic sectors and seven membership types in the construction of the typology, compared to the earlier, smaller typologies of Scholz (2016), Borkin (2019), and Muldoon (2020), we help identify more ideal types of platform cooperatives in BoP and non-BoP contexts, beyond those typically considered by scholars interested in this space. Very recently, researchers such as Espelt (2019) have been investigating agricultural platform cooperatives in Catalonia, indicating an interest in broadening the economic sectors under examination. The positing of other ideal types, such as tenants' data cooperatives, thereby opens up new avenues for research. For instance, do tenants' data cooperatives already exist? If so, what kind of activities are they involved in? How do they help construct a more socially and environmentally friendly sharing economy?

### ***11.4.2 Contributions to Practice***

The predictive potential of our typology also has benefits for practitioners and policymakers. If a sufficient number of existing platform cooperatives are mapped and plotted onto the coordinate plane in Fig. 11.1 by policymakers, it will become apparent which types of platform cooperative are missing in a given context or has not even been thought of yet (Doty and Glick, 1994, p. 245). This will allow concerned parties to evaluate *why* such a cooperative is absent and conduct normative assessments on whether such a cooperative would be beneficial to develop. One example of this is the lack of a cooperative alternative to platforms such as Upwork, despite aspirational initiatives like PlatformX. The concern is that—especially during a global economic downturn—remote gig workers in the Global South will feel obliged to take on very low wages. In the absence of regulations and global unions representing them, these workers might feel obliged to accept increasingly poor working standards and conditions (Berg et al., 2018). Consequently, there is a pressing need for alternatives dedicated to remote freelance work, which can provide a higher income and better protections. Aside from building a cooperative version of Upwork, the growth of cooperatives such as SMart could one day contribute to this, as could blockchain-based worker cooperatives such as dOrg (dOrg, 2021).

Similarly, if the platform cooperatives of individual countries are mapped onto Fig. 11.1, a comparison of the country-specific typologies would reveal which sectors predominate in each territory and membership patterns across each sector. A comparative analysis could be beneficial for policymakers since it could set them on the path of identifying root causes for these differences. For example, if it appears that multistakeholder cooperatives are particularly common in certain sectors in other countries, but multistakeholder cooperatives cannot be formed in the jurisdiction of the policymaker concerned, it would become apparent that the legal framework serves as one of the obstacles to the formation of platform cooperatives in these sectors. Alternatively, this comparative analysis could reveal that the absence is due to technical features. For instance, it may become evident that all the existing platform cooperatives in a given territory have a user-friendly, lightweight application to cater to the fact that most users have limited data packages and low literacy levels. In such a context, the absence of a platform cooperative in a certain sector could be due to, among other things, the lack of a platform that possesses these features. For practitioners, this could offer valuable guidance in how to proceed with new platform cooperative initiatives.

### ***11.4.3 Directions for Future Research***

Finally, our chapter suggests several avenues for future research. First, we see significant opportunity in undertaking empirical work within some of the few existing platform cooperatives. Such work could investigate the specific ways in which they

can create and capture value and contribute to broader social and environmental challenges (Hota et al., 2021). Case studies are particularly promising given their rich history in this stream of research, as would be comparative work that investigates the relative contributions of cooperative and corporate platforms (Schor, 2020).

Second, turning now to important enabling conditions, in order for platform cooperatives to achieve their potential, it is important to highlight several practical and policy challenges that warrant further research and experimentation given the resource constraints and weak formal institutions in this context. In addition to the digital divide, the first important unspoken deterrent to platform cooperative formation is access to capital to compete against their corporate competitors (Hira & Reilly, 2017). This is primarily due to the tension between raising capital and maintaining the entity's cooperative characteristics. However, there are options that both the state and local communities can pursue to support platform cooperatives. For platform cooperatives with low- to medium capital requirements, inspiration can be drawn from earlier efforts to support worker cooperatives, ranging from preferential public procurement by local governments (Isaac & Williams, 2018; Sutton, 2019) to tax incentives, such as the exemption of patronage refunds from income tax, to dedicating premises for use as offices or meeting spaces at low cost. To incentivize community ownership of platform cooperatives, governments could allow a percentage of an investment to be deducted from the investor's income tax or enable new forms of equity crowdfunding, such as the issuance of community shares in the UK (ESELA, 2017; Co-operatives UK, 2020). In sum, further research needs to be done on how adequate sources of financing can be made available to cooperative entrepreneurs (Evans, 2020).

More ambitious ideas could be to draw lessons from the nonaligned movement (dominated by the Global South in the 1970s and early 1980s) and the efforts to construct a New World Information and Communication Order (NWICO) under the auspices of UNESCO, but tailored to the digital age (Pickard, 2007; Moyn, 2018; Freuler, 2020). Such a movement could articulate a policy for the digital economy that balances national interests with international solidarity. Proposals that could be integrated into such a policy framework include the use of sovereign wealth funds belonging to the Global South to incubate local cooperatives and employee-owned firms active in e-commerce or bridging the digital divide (Mackin, 2019; Adonu, 2020). Another proposal would be for countries to apportion a percentage of their proceeds from taxing large platform companies (e.g., VAT, a digital services tax) to financing home-grown platform cooperatives. This investment could be made through national investment authorities or national cooperative agencies (Omarova, 2020; Muldoon, 2020). Given the large amount of assets that these funds, authorities, or banks typically have under management and their long-term investment horizon, they could be an ideal source of patient capital for such firms—especially when competing with the cash-rich behemoths of platform capitalism. In such markets, this support may be needed for newer players to counteract incumbents' dominance arising from network efforts and high switching costs (Choudary, 2018).

Third and relatedly, we think it is important to investigate platform cooperatives' governance, structure, and democracy in the BoP context. In recent years, we have

seen a surge in interest in factors that threaten and enable cooperatives' internal democracy (Wuisman & Mannan, 2016; Pek, 2021; Bretos et al., 2020), alongside research investigating the effects of different organizational structures (Slade Shantz et al., 2020). As we have discussed earlier, platform cooperatives are a fundamentally unique form of cooperative that we expect will come with unique challenges and opportunities pertaining to their governance, democracy, and structure, particularly in the BoP context (Hira & Reilly, 2017). As Hira and Reilly (2017) point out, there may be important tensions between these cooperatives' social and economic objectives. Slade Shantz et al. (2020) also highlight the importance of development organizations in shaping the internal organization of cooperatives. We therefore believe that future research should pay close attention to these topics in order for platform cooperatives to achieve the potential we emphasized in this chapter.

## 11.5 Conclusion

In this chapter, we have reviewed the growth of the sharing economy in the BoP and the impact it has had in addressing social and environmental issues in these contexts. Based on our review of the growing literature on the subject, we critiqued contemporary sharing platforms for, on balance, exacerbating social and environmental problems in BoP contexts. We then introduced platform cooperatives, and the platform cooperativism movement, as potentially providing a means to address these negative consequences and establish a more sustainable "sharing economy." Given the relative infancy of this movement and the organic manner in which such cooperatives have emerged, we developed a novel typology that reduces the complexity surrounding this new phenomenon and makes it easier to have a bird's-eye view of this budding movement. This typology builds on earlier efforts to construct typologies of platform cooperatives in the Global North but is more exhaustive, as it is based on seven membership types and nine economic sectors that are relevant for both BoP and non-BoP contexts. This was demonstrated by plotting key criteria types based on existing and aspirational platform cooperatives (e.g., agricultural platform cooperatives) onto the axes and providing a brief overview of each criteria type. Subsequently, in the discussion, we explained how in addition to comprehensively mapping platform cooperatives, our typology conceptually and practically helps identify areas for future applications and contributes to the development of the platform cooperativism movement. We concluded by providing directions for future research on platform cooperatives in both BoP contexts and beyond.

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# **Part IV**

## **Emerging Trends**

# Chapter 12

## Ethitrade: Countering Challenges of Sharing Economy at the Base of the Pyramid Using Technology



Pradeep Kumar Hota, Shouxiang Qiu, and Babita Bhatt

**Abstract** Sharing economy models at the base of the pyramid (BoP) context faces a range of challenges such as low literacy rate, lack of trust, unavailability of infrastructure, information asymmetry, and potential of unethical behaviors. Such challenges make it difficult for organizations to implement the sharing economy model in the BoP context. In this chapter, we trace the journey of Ethitrade, an organization created to facilitate ethical trade in the BoP context. We collected data from Ethitrade through several rounds of interactions over a year. The interviews were conducted with the organizational members and with key stakeholders of the organization. We found that Ethitrade addresses the challenges of sharing economy at the BoP by leveraging emerging technology. We discuss the implication of our work on theory and practice.

**Keywords** Sharing economy · Base of the pyramid · Ethical trade · Technology · Digital social innovation · Blockchain

### 12.1 Introduction

Sharing economy has attracted considerable attention from scholars, practitioners, and policymakers in recent times considering its significant social and economic impact (Mair & Reischauer, 2017; Mont et al., 2020; Sundararajan, 2017). It is defined as “a web of markets in which individuals use various forms of compensation to transact the redistribution of and access to resources, mediated by a digital platform operated by an organisation” (Mair & Reischauer, 2017; p. 2). While transaction being its central element, this definition suggests that there are five components of any sharing economy model. First, “markets” represent the

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locus of transaction in sharing economy. Second, “individuals” refer to different parties involved in the transactions. Third, “various forms of transactions” signify different ways in which transactions can happen. Fourth, “redistribution of and access to resources” highlights what is actually being shared between different parties. Finally, “digital platform operated by an organization” specifies the central role played by organizations and technologies in the success of sharing economy model (Mair & Reischauer, 2017). Sharing economy has been proposed as a solution to address different issues concerning individuals and environments (Benjaafar et al., 2019; Sundararajan, 2017). Extant literature argues that sharing economy provides several social (Stofberga et al., 2019), economic (Logue & Grimes, 2019; Roberts & Zietsma, 2018), and environmental (Frenken & Schor, 2019) benefits.

Although sharing economy has the potential to improve lives of people, it has been predominantly explored in the developed countries, related to medium- or high-income group and are limited to the understanding of commercial platforms (Mannan and Pek, 2021; Qureshi et al. 2021a, b; Schaefer et al., 2018; Wiprächtiger et al., 2019). Hence, we lack the understanding of how sharing economy model might operate at the base of the pyramid (BoP) market. The BoP context has characteristics such as information asymmetry (Kistruck et al., 2013a, b), resource constraints (London et al., 2010), unique cultural and social norms (Bhatt, 2017; Qureshi et al., 2016; Belk, 2010), and infrastructure issues (Kistruck et al., 2011) that creates challenges for the sharing economy model. Further, the sharing economy model faces challenges such as the need for a higher degree of trust between participants (Phua, 2019; Qureshi & Fang, 2011; Ter Huurne et al., 2017), governance challenges (Ma et al., 2018; Vith et al., 2019), and management challenges (Eckhardt et al., 2019; Hossain, 2020; Qureshi et al., 2018a; Shalini et al., 2021). Hence, sharing economy in the BoP context faces a range of challenges that threaten the efficiency, reliability, and sustainability of such a model in the BoP context.

With this backdrop, it is theoretically interesting to understand how the sharing economy model can be efficient, reliable, and sustainable in the BoP context. We explore this question through the in-depth analysis of the case of Ethitrade, an organization created to facilitate ethical trade in the BoP context. We traced the activities and journey of Ethitrade to understand how it leveraged the power of emerging technologies such as blockchain to address various issues pertaining to the implementation of sharing economy model in the BoP context. Our study contributes to the understanding of sharing economy in the BoP context. Further, it has important implications for the managers of the organization working with sharing economy model in the BoP context. Finally, we suggest important areas for future research.

## 12.2 Theoretical Background

### 12.2.1 *Sharing Economy and Challenges*

Sharing economy has revolutionized the way selling and consumption happen in the marketplace (Sundararajan, 2017; Sutherland & Jarrahi, 2018). Although scholars suggest that the act of sharing is not new and there have been barter system and communal ways of life for a long time (Belk, 2010; Pillai et al., 2021b; Sundararajan, 2017), the intense discussion on the concept of “sharing economy” has only recently begun (Cheng, 2016). The rapid growth of sharing economy model and its dramatic impact on various social, economic, and environmental aspects have led to an enhanced academic interest in the phenomena (Sutherland & Jarrahi, 2018). Indicating the significant growth potential of sharing economy, practitioners have estimated that sharing economy will grow to 335 billion by 2025 as opposed to 15 billion in 2015 (PwC, 2015). The significant growth of the concept of sharing economy was marked by the publication of the book on the rise of collaborative consumption by Botsman and Rogers (2010). Since then, the phenomena have been studied under various topics, popular among them are “sharing economy,” “collaborative consumption,” and “peer to peer economy,” all refereeing to the phenomena of utilization, accessibility, and sharing of ownership among individuals (Schor & Fitzmaurice, 2015).

Sharing economy model, owing to its unique characteristics, faces several challenges that can threaten its sustainability (Phua, 2019; Ter Huurne et al., 2017; Vith et al., 2019). One of the key aspects of the sharing economy model is the need for a higher level of trust as trust is crucial for any kind of sharing activities (Hawlitschek et al., 2018; Ter Huurne et al., 2017). As Belk (2010) mentioned, “Sharing, whether with our parents, children, siblings, life partners, friends, coworkers, or neighbors, goes hand in hand with trust and bonding” (p. 717). In fact, recognizing the importance of trust in sharing economy, scholars even referred to trust as the currency of sharing economy (Botsman & Rogers, 2010). Lack of trust has been recognized as an impediment to the success of the sharing economy model (Hawlitschek et al., 2016; Voeth et al., 2015). Another crucial challenge faced by the sharing economy model is the governance challenge (Ma et al., 2018; Vith et al., 2019). Recognizing the need for strong governance of sharing economy in the wake of negative events involving sharing economy model, scholars in the recent time has called for regulating the sharing economy (Calo & Rosenblat 2017; Qiu et al., 2021; Attri and Bapuji, 2021; Edelman & Geradin 2016). Much contended examples were Uber’s surge pricing after the hostage crisis in Sydney CBD (Lapowski, 2014; Vinik, 2014) and the negative experience of a couple from Calgary who rented their house through Airbnb to find that their house was completely trashed by a “drug-induced orgy” (Vith et al., 2019; Yuhas, 2015). There are also arguments in the literature on

developing a regulatory framework addressing unfair competition, tax regime, socioethical aspects, and consumer protection (Lutz et al., 2017; Etter et al., 2017). Another challenge faced by the sharing economy model is the need for efficient management of different aspects of sharing economies (Light, 2019), such as operation management (Benjaafar & Hu, 2020), business model design and implementation (Guyader & Piscicelli, 2019), and marketing (Eckhardt et al., 2019).

### ***12.2.2 BoP Context and Challenges***

BoP market consists of over 70% of the world population that survives on an income of less than \$2.5 per day (Dembek et al., 2020; Prahalad & Hart, 2002). The BoP approach, introduced by Prahalad and Hart in 2002, moved the role of business in addressing poverty “to the heart of strategic business thinking” (Sharmin et al., 2014, p. 42). The BoP approach suggests that businesses can address poverty issues not by charity but by involving the poor in their business either as a supplier or consumer (London et al., 2010; Prahalad & Hart, 2002; Pandey et al., 2021; Shalini et al., 2021). The BoP contexts are physically located in the least developed countries and more rural regions of developing and emerging countries (Webb et al., 2010). However, engaging the poor in the BoP context is not easy because of the unique characteristics of the BoP context that poses several challenges for organizations trying to operate in the BoP context (see Bhatt et al., 2021; Escobedo et al., 2021; Hota et al., 2021). We discuss some of the challenges in the following section.

The BoP context is characterized by different levels of information with different individuals (Kistruck et al., 2013a, b; Webb et al., 2010), making it difficult for organizations to operate in such a context. Such contexts also lack formal institutions (a condition known as formal institutional void) and because of that socioeconomic activities are guided by informal institutions (Bhatt, 2021, forthcoming; Bhatt et al., 2019; London et al., 2010; London & Hart, 2004; Parthiban et al., 2020). This creates challenges for an organization by making it difficult for the organization to plan and implement its activities (Webb et al., 2010). Another pertinent characteristic of the BoP context is the unavailability of resources or the availability of the poor quality of resources (Hota et al., 2019; London et al., 2010; Parthiban et al., 2021), which creates challenges for organizations operating in BoP (Hota and Mitra, 2021). Infrastructural barriers are another defining feature of the BoP context. Basic infrastructure such as transport, information, and communication technology is absent in the BoP contexts (Kistruck et al., 2011). The BoP context also has a unique culture, value system, and social norms that make it a difficult context for organizations to engage with the BoP population (Belk, 2010; Bhatt, 2021, Hota et al., 2019; Qureshi et al., 2018b; Riaz & Qureshi, 2017; Sutter et al., 2013).

### ***12.2.3 Sharing Economy at the BoP***

Extant literature on sharing economy has predominantly investigated the phenomena in the developed market context (Chen & Wang, 2019; Schaefer et al., 2018; Wiprächtiger et al., 2019). Hence, we do not fully understand how the sharing economy might get implemented in the BoP context. As discussed in the earlier sections, sharing economy faces some challenges because of the way it is organized, and the BoP context has its unique challenges. So, it will be interesting to understand how organizations implementing the sharing economy model in the BoP context overcome the challenges arising out of the sharing economy model and the BoP context. This is the focus of the current work.

## **12.3 Methods**

We conducted an inductive case study (Eisenhardt, 1989) to understand how organizations leveraging sharing economy model overcome challenges pertaining to sharing economy and the BoP context. Since we wanted to understand a novel phenomenon, we decided to study a single case in depth (Sarker et al., 2012). The case of Ethitrade was found to be suitable for our study.

### ***12.3.1 Empirical Setting***

Ethitrade, a startup established in 2017, commits to digitally uplift emerging economy micro, small, and medium enterprises (MSMEs) with a focus on identity, provenance, and access to markets (Ethitrade, 2020a). Zoe Piper, an expert with 20 years of experience across management consulting, technology, manufacturing, and investment, started Ethitrade with Tim Stasse as the Chief Technology Officer. Ethitrade has developed a blockchain-based food identity and proof-of-provenance platform which helps to address a part of the objectives (Ethitrade, 2020b; Piper, 2020). Enabling blockchain technology and cryptographic algorithms, the Ethitrade platform ensures trust and transparency of the supply chain (Piper, 2018). The platform enhances providers' recognition as the source of high-quality products as well as produces trading history and provenance from the origin of the products to the consumption of the products (Ethitrade, 2018a).

The initial version of the Ethitrade platform was launched during the 2017 APEC App Challenge operated by the Asia-Pacific Economic Cooperation (APEC), the Asia Foundation, Vietnam Ministry of Industry and Trade (VMIT), and Google (Ethitrade, 2020c). During the first year of the project, the Asia Foundation worked

closely with the Ethitrade team to further adjust the blockchain-based platform according to the requirements. After the adjustments, the platform could be accessed by all stakeholders in the supply chain of dragon fruit companies. After implementation, the platform could store abundant data of dragon fruit companies, such as the code of the farmer, bag type, and fruit size, which could be saved (The Asia Foundation, 2019). After partnering with the Asia Foundation and Australian Department of Foreign Affairs and Trade (DFAT), Ethitrade has developed a blockchain-based food provenance platform, which was being piloted with participants of the dragon fruit supply chain in Vietnam (Ethitrade, 2018b). In order to achieve more objectives besides identity and provenance, the founders, learning from experience and feedback in the pilot project, upgraded the central system to Ethitrade Platform V2. This second version had new functionalities such as business and market insights, certification support, and augmented reality. Building on their success, in 2020, Ethitrade won the Innovation Connect Grants delivered by ACT Government to expand its operation (Canberra Innovation Network, 2020). Moreover, the founders won a prestigious ACT iAward for ACT Startup of the Year and shared their vision on broadening the business to other markets and industries to help more business owners at BoP (Australian Information Industry Association, 2020; Kelley, 2020).

### ***12.3.2 Data Collection and Analysis***

We collected a range of data from Ethitrade through semi-structured interviews, organizational documents, from its website, and the published sources. We developed an interview protocol for conducting the interviews. The interview protocol serves as a conversational guide and it produces guided conversation during an interview (Rubin & Rubin, 2011). We recorded the interviews after getting consent from the interviewees. Data from other sources helped in triangulation. We compiled the interview transcripts, secondary materials, and organizational documents for further analysis. We content analyzed the data to identify different challenges faced by Ethitrade and how Ethitrade was able to address those challenges (Miles et al., 2014).

## **12.4 Findings**

### ***12.4.1 Business Model of Ethitrade***

The basic business model of Ethitrade is shown in Fig. 12.1. A transaction is created on the platform when farms pick up fruit and sell it to the trader. The farm users with verified accounts log in to the platform, then enter and upload the information

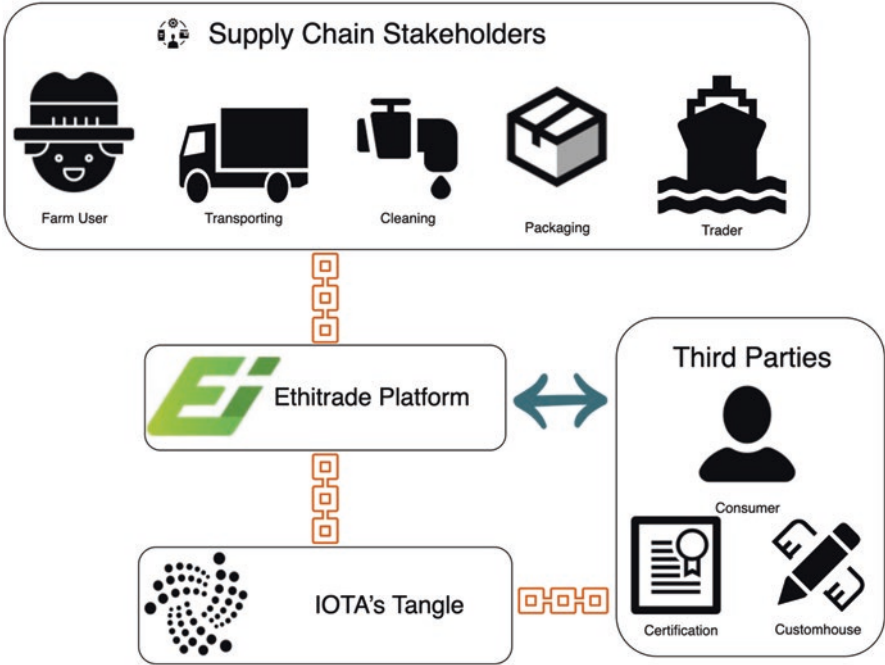


Fig. 12.1 Ethitrade platform (Piper, 2018; Chien, 2019; The Asia Foundation, 2019)

and details of the batch of fruit. A new transaction is generated and encrypted by blockchain, as well as a corresponding QR code is created on the Ethitrade platform. The unique QR code will be associated with the batch of fruit till the batch reaches to the end consumer. In the next stage, other stakeholders in the supply chain, including cleaning, packaging, and exporting, are given different verified accounts and then they log in to the platform. All relevant information of their part should be uploaded on the platform and then accomplish one complete transaction. For every data exchange between supply chain stakeholders and Ethitrade Platform, data accompanying a timestamp (a real-time recording) are published on the blockchain platform (The Asia Foundation, 2019). The IOTA's Tangle can generate and provide the supporting documents required by any independent verifier to prove that a given data set has indeed been stamped on the blockchain. To help MSMEs streamline the export and import processes, the data secured by this technology could be independently used by third parties such as certification agencies as well as custom houses. More importantly, it would enhance customers' trust when detailed traceability is accessed by scanning the QR code. The BoP suppliers have a precious opportunity to engage with the customers and build brand connections (Ethitrade, 2020d).



### 12.4.2 *Challenges Faced by Ethitrade*

The primary challenge faced by Ethitrade is the low competitiveness of micro, small, and medium enterprises (MSMEs). Although MSMEs have a significant influence on the future growth and prosperity of the world's emerging economies (Raghuvanshi et al., 2017), they face issues of lack of financial support, market information, intellectual capital, social capital, and managerial skills. This has significantly reduced the international competitiveness of this group (Hurley, 2018). This issue was discussed by one of the interviewees in the following terms:

When we first collaborated with The Asia Foundation and the trade department of Vietnam, we found farmers and other small stakeholders in the fruit export supply chain are facing difficulties in finding a way to adopt digital technology. MSMEs are facing more pressure and losing the benefits brought by the ongoing process of informatization and globalization. (Interview, Founder)

Another urgent problem for suppliers at BoP is that they cannot serve high-quality products with provenance. In the food industry, customers increasingly demand information on the food production processes and seek provenance that the process is safe and meets the ethical standard (Verbeke & Viaene, 2000; Meijboom et al., 2006), but food suppliers at BoP fail to provide such assurance, and thus they have to accept a low price for their products. As one of the interviewees mentioned:

The Department of Agriculture report claimed that reliable food quality is likely to increase the willingness of people to pay a price premium. The Australian government lays stress on developing a safe and reliable food supply chain during the COVID-19. Many micro, small and medium enterprises in emerging economies struggle to provide this level of identity and provenance in a provably authentic way. Thus, Ethitrade was established to enable small business owners to build an online identity and trading reputation. (Interview, Founder)

Limited infrastructure and digital literacy are other challenges faced by Ethitrade. For the pilot project in Vietnam, Ethitrade has spent a considerable amount of resources and time implementing the hardware and software into the dragon fruit supply chain, although supply chain partners of the Ethitrade project are mature fruit expert companies. Besides the requirements that every process inside the supply chain obligates a blockchain inputting and verifying equipment, training programs are required for the farmers at the beginning of the chain to ensure the data generated by the blockchain technology are complete and available for the rest of the processes. This challenge was discussed by one of the interviewees in the following manners:

After setting up the equipment and training, more tests and practices are needed for stakeholders to familiarise themselves with their roles in Ethitrade. I would say implementation is a challenging part of our pilot in Vietnam. Compared to collaborating with large multinational companies, working with farmers and other small parties in the supply chain takes much more effort. The trade companies we cooperate with have standard processes and systems that could smoothly plugin the Ethitrade component. But we spend much more time than expected to help the farmers enter complete data. (Interview, CTO)

Another challenge is information asymmetry which arises as different stakeholders have different levels of information. Kostamis and Duenyas (2011) have found that in only a few cases, all members of the supply chain have the same amount of information. Information is not, or cannot be, shared because of reasons such as “fear of losing competitive advantage” or “intention to get extra benefits.” In a supply chain, large companies who are in domain position obtain most of the profits, and small stakeholders are usually at a disadvantage (Vosooghizaji et al., 2020), especially stakeholders at BoP (Kistruck et al., 2013a, b). As one of the interviewees mentioned:

The traders in the dragon fruit supply chain have more information about demand and price than other stakeholders, and that information is held by the traders to maintain the bargaining power. (Interview, Founder)

Besides, Ethitrade is also concerned about trust issues caused by asymmetric and opaque information. Trust issues exist not only inside the supply chain but also between consumption and supply chain, as well as between platforms and other stakeholders (Shalini et al., 2021; Pillai et al., 2021a ). Thus, while ensuring transparency and integrity by utilizing blockchain technology, Ethitrade finds it quite challenging to work closely with partners on the ground for codesigning and piloting the system.

### ***12.4.3 Leveraging Technology to Address the Challenges***

After identifying these obstacles MSMEs faced, Ethitrade launched a blockchain-based traceability system and pilot system in the Vietnam dragon fruit export industry. Ethitrade has designed a user-friendly mobile interface to lower the use threshold so that farmers, traders, and exporters could enter transactions and upload certification data. On the consumption side, consumers in Australia will be able to scan a QR code to view the journey of that piece of fruit through the supply chain. Through blockchain-based identities and verified trading histories, the partners of Ethitrade have the opportunity to gain trust from the end customers and charge a higher price for their products. In addition, the product traceability and assurance also streamline the certification bodies and customs processes. Ethitrade platform aims to provide greater transparency and trust around certification compliance, making international trade more convenient and creating access to export markets, especially during the COVID 19 pandemic (Rizou et al., 2020). As one of the interviewees explained:

Customers pay a higher price for products tracked by the blockchain-based platform, and every participant in the supply chain gains more revenue. (Interview, Founder)

Ethitrade is developing and testing a new version of the platform that implements business and market analysis services in its platform. As one interviewee mentioned:

Besides trust issue between participants, Ethitrade also address challenges in governance and management for entrepreneurs at BoP. (Interview, Founder)

Through data collected from a supply chain, the Ethitrade platform benchmarks the supply chain's performance and efficiency and provides insights according to the comparison against industry averages. The overall market performance is checked, and potential future industry shocks are modeled. To improve the management and governance in MSMEs, Ethitrade detects unusual patterns of behavior and reports the errors for the daily operation by analyzing every activity and transaction.

To address information asymmetry, data collected by Ethitrade could be accessed and shared between participants. Participants have the access to information based on the regulation. One of the interviewees discussed this in the following terms:

Ethitrade would put the farmers in a better negotiating position. Farmers would better estimate the cost of planning and get information about the consumption of their production. (Interview, Founder)

Through this shared information, small stakeholders can estimate their value in the supply chain and ask for more reasonable profit distribution based on the information (Pandey et al., 2021). Besides, by sharing and exchanging information, trust can also be increased among stakeholders to make cooperation smoother.

Besides, Ethitrade also plans to enable augmented reality (AR) in this platform (Piper, 2018). This function would be an excellent opportunity for enterprises at BoP to build reputations and emotional brand connections. By digitally tracking produce from farm to plate, the Ethitrade platform provides consumers with more information and provenance on international goods they have purchased, as well as allows supply chain participants greater insight into their business performance by helping them to better manage their data and tell rich product stories. As one of the interviewees mentioned:

When customers scan a QR code on the product, rich product stories and media recourses that help consumers to engage with producers will pop up from customers' screens. (Interview, CTO)

## 12.5 Discussion

In this study, we sought to explore how social enterprises operating in the BoP context can address multiple challenges of sharing economy. For that, we studied the case of an organization called Ethitrade, which was established to power ethical trade in the BoP context. Our findings suggest that Ethitrade leveraged technology to counter challenges arising out of sharing economy and that of the BoP context. Further, we also identified that the use of technology also helped the organization in addressing some of the resource challenges. Our study contributes to the literature on sharing economy by discussing how organizations implementing sharing economy model can address issues arising out of it. Further, our work contributes to

social entrepreneurship literature by demonstrating how social enterprises can leverage technology to address challenges while operating in BoP contexts. In the following section, we discuss each of the contributions in turns.

Extant literature suggests that the sharing economy model faces a multitude of challenges such as the need for a higher degree of trust between participants (Phua, 2019; Ter Huurne et al., 2017), governance challenges (Ma et al., 2018; Vith et al., 2019), and management challenges (Eckhardt et al., 2019; Hossain, 2020). Further, there are different issues in the BoP context such as information asymmetry (Kistruck et al., 2013a, b), resource constraints (London et al., 2010), unique cultural and social norms (Belk, 2010), and infrastructure issues (Kistruck et al., 2011). These contextual challenges in conjunction with the challenges specifically related to the sharing economy model threaten the success of sharing economy at the BoP. In the case of Ethitrade, we observed that the organization faced some of the challenges such as infrastructural barriers, information asymmetry, and trust issues. To address those challenges, Ethitrade leveraged the power of technology (Qureshi et al., 2021c). Specifically, it implemented a blockchain-based traceability system to promote ethical trading. So, organizations facing challenges of sharing economy model can use technologies to counter different challenges.

Social enterprises operating in the BoP context faces severe resource constraints (Desa & Basu, 2013; Doherty et al., 2014; Seelos & Mair, 2013). Hence, understanding how social enterprise addresses their resource challenges is an interesting research area (Hota et al., 2019; McNamara et al., 2018). Our study suggests that organizations working in the BoP context can leverage technology to address resource-related challenges while operating in the BoP context.

## 12.6 Limitation and Future Research Direction

We used a single case of Ethitrade to understand the phenomena of interest. While the use of a single case helped us to get an in-depth understanding of the phenomena, it has the issues of generalizability (Siggelkow, 2007). For instance, the BoP context is so diverse that it is difficult to say that strategies working in one context might work in others. So future research needs to engage in replications, explore the extensions, and identify the boundary conditions of the insights of this study.

We have observed that Ethitrade used technology to address the challenges of sharing economy in the BoP context. It will be interesting to see how the technology platform used by organizations evolves over time in response to different challenges. Moreover, it will be also interesting to explore other approaches used by the organization to overcome challenges while implementing sharing economy in the BoP context.

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# Chapter 13

## Social Sustainability at the BOP Through Building Inclusive Social Capital: A Case Study of Drishtee



Vinay Pillai, Meet Pandey, and Babita Bhatt

**Abstract** In this chapter, we explore the role of sharing economy platforms in providing sustainable and equitable solutions to poverty. While the research on sharing economy has increased exponentially, it has overlooked the developmental impact of sharing economy on the BOP communities. Using the recent sharing economy initiatives by Drishtee, a livelihood social enterprise in India, we discuss the role of a digitally enabled barter system, made in rural India (MIRI) platform and hub-and-spoke training model, in designing a transformative sharing economy for BOP communities. We argue that these three sharing elements in Drishtee's SWAVLAMBAN project bridge the access and asset gap in resource-poor and socially hierarchical communities. Additionally, the economic interdependencies created through these three components have the potential to build inclusive social capital (i.e., cross-cutting ties among the people from different socioeconomic status). Our research provides valuable insights for designing bottom-up, sustainable, and inclusive sharing economy platforms for BOP communities.

**Keywords** Social capital · Poverty · Inequality · Inclusion · Sharing economy · Drishtee · Barter system

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## 13.1 Introduction

Sharing economy platforms are becoming prominent in facilitating access to assets, resources, time, and skills (Qureshi et al., 2021a, b; Wosskow, 2014). By unlocking the value of idle or underutilized resources, these platforms are transforming traditional notions of employment, productivity, and innovation activities (Mair & Reischauer, 2017; Schor & Attwood-Charles, 2017; Shalini et al., 2021). The sharing economy platforms are projected to grow from \$14 billion in 2014 to \$335 billion by 2025 (Yaraghi & Ravi, 2017). Additionally, the sharing trend is expected to increase as there are 3.5 trillion dollar worth of idle asset in the world, and 68% of adults globally are willing to share or rent goods for money (PWC, Nielsen, as cited in Belton, 2016).

The global scale of sharing economy platforms presents the potential to address the societal challenges of our time; however, *whether or how* this happens remains understudied (Bonina et al., 2021; Qureshi et al., 2021c). The existing research on sharing economy has mainly focused on the technical side of a platform (Kapoor et al., 2021; Qureshi et al., 2018a; Qureshi & Fang, 2011). While practitioners and scholars acknowledge the significance of sharing activities in the resource-constrained environment (Shalini et al., 2021; Bhatt et al., 2019; Hota et al., 2019), how sharing platforms trigger positive development in these communities is less obvious. Accordingly, there is a need to understand how the potential of sharing economy platforms can be leveraged to address poverty and inequality in the base of the pyramid (BOP) communities (see Qureshi et al., 2021a, b).

BOP refers to approximately 4 billion people in the world who earn less than USD2 per day per capita (as per the PPP rates of 2002) (Parmigiani & Rivera-Santos, 2015). A bulk of this population lives in the developing world, and social organizations have been catering to this group through innovative business solutions that facilitate market linkages and community engagement (Bhatt et al., 2019; Kistruck et al., 2013; Parthiban et al., 2020; Qureshi et al., 2016, 2018b). In recent years, some of these interventions aimed at creating social value at the BOP are resorting to sharing economy models (Schaefers et al., 2018; Shalini et al., 2021). However, in the context of BOP, it has been fairly established how organizations aiming to address social challenges face constraints, be it at the micro- or macro level (Parthiban et al., 2021). These challenges can include lack of access to raw materials, inefficient supply chains, lack of skilled actors, etc. (Hota and Mitra, 2021; Kistruck et al., 2013). These types of productivity and market-related constraints can have a profound impact on the value creation potential of BOP ventures (London et al., 2010).

Furthermore, the BOP context is also characterized by its complex, hierarchical social structure (Bhatt, 2021 forthcoming). Therefore, addressing poverty and social exclusion at the BOP requires deep structural changes (Bhatt, 2017; Mair et al., 2012; Qureshi et al., 2018b). Insights from the vast literature on entrepreneurship and microfinance activities at the BOP suggest that without paying attention to social dynamics, BOP ventures might exacerbate inequalities and status hierarchies (Qureshi et al., 2018b; Mair et al., 2012).

These discussions illustrate that the social benefits of sharing economy platforms cannot be taken for granted. Instead, we argue that an explicit focus on the organizational processes and mechanisms is required to understand the social impact of sharing economy at the broader community level.

In the context of the above discussions, we aim to explore how sharing economy models in the BOP generate social value through the lens of inclusive social capital. Inclusive social capital is defined as cross-cutting ties among groups from different socioeconomic status (Bhatt, 2017). As BOP social context is characterized as hierarchical and resource scarce, building cross-cutting ties among groups from different social status would imply breaking down of social hierarchies and will ensure long-term, sustainable, bottom-up changes in the communities (Bhatt, 2017; Hota et al., 2019; Riaz & Qureshi, 2017). Therefore, inclusive social capital provides a holistic lens to understand the impact of sharing economy platforms.

Accordingly, in this chapter, we explore how sharing economy platforms build inclusive social capital in the communities. Through a case study of Drishtee, a livelihood social enterprise in India, we explore the processes of building inclusive social capital. We show that the three components of Drishtee's SWAVLAMBAN initiative (Barter system, Made in Rural India, and Capacity Building) provide a unique approach to sharing. It combines access to resources and assets by introducing a digitally enabled barter system and various capability expansion provisions. Additionally, it creates a human-centric supply chain through its made in rural India platform that connects the rural producer and urban consumers. As a key element of SWAVLAMBAN, these three initiatives increase social interactions in the communities, create economic interdependencies, and generate trust and reciprocity among people from different social-economic groups. The inclusive social capital resulting from the process strengthens local communities and ensures the social sustainability of sharing economy platform. As such, our findings offer valuable insights in designing sharing economy platforms that provide sustainable solutions to poverty and inequality.

## 13.2 Literature Review

### 13.2.1 *The Base of the Pyramid*

In their seminal article, Prahalad and Hart (2002) estimate that over 4 billion people form the BOP market and that it was for the big multinational firms to utilize the opportunity presented by the low-income potential consumers through scale and size. As stated by Prahalad and Hart (2002), "*low-income markets present an extraordinary opportunity for the world's wealthiest companies – to seek their fortunes and bring prosperity to the aspiring poor.*" This formed the BOP proposition that alleviation of global poverty can be achieved through ventures engaged in financially profitable activities at the BOP. Additionally, various studies also highlight that market-driven solution can prove reliable alternatives for the conventional

state-led entitlement-based mechanism in alleviating poverty (Prahalad, 2004; Hammond et al., 2007; Seelos & Mair, 2005; London et al., 2010). However, critics have highlighted various challenges for BOP ventures, arguing that there is no fortune to be made at the BOP (Karnani, 2007). For example, various studies have found that lack of property rights, access to capital, lack of formal or informal market mechanisms, and low levels of literacy create challenges for BOP ventures (Kistruck et al., 2013; Qureshi et al., 2018b; Hota et al., 2019).

As a result, the emerging research on BOP highlights the importance of local context, views the poor as a producer and not only as a consumer of products and services, and emphasizes partnering with local NGOs and community organizations (Ansari et al., 2012; London et al., 2014; Pandey et al., 2021; Parthiban et al., 2020). For example, recent studies explore the role of ICT in sustainable value creation for the commodity as well as noncommodity producers (Qureshi et al., 2021c; Parthiban et al., 2020). However, in most BOP research, the low-income communities are still seen as passive consumers and are yet to be made partners in the production process as co-creators (Kolk, 2014). As such, there are increasing concerns about the value created by BOP ventures (Munir et al., 2010; Partibhan et al., 2021).

### ***13.2.2 Value Creation at the BOP***

Value creation at the BOP has been conceptualized in multiple ways. Bowman and Ambrosini's definition of value, "as the subjective valuation of consumption benefits by a consumer" (2000), serves well to place this research in the literature. While earlier perspective on value creation took a consumer-centric perspective, increasingly, social aspects linked to value creation are becoming salient (Moss et al., 2011; Santos, 2012; Lashitew et al., 2021). Social value creation entails "bringing about improvements in the socio-economic well-being of BoP communities." Scholars have applied the capability framework to understand social value creation in the BOP communities (Ansari et al., 2012). A capability approach defines development as "*the removal of various types of unfreedoms that leave people with little choice and little opportunity for exercising their reasoned agency.*" (Sen, 1999, p. 12). BOP scholars using this approach view capability expansion as necessary for poverty alleviation (Chmielewski et al., 2020; Dembek et al., 2018). Linking capability expansion to training, skills enhancement, and employment opportunities, various studies show that BOP ventures in resource-constrained environments can create mutual value through co-creation and joint innovation (London et al., 2014; Parthiban et al., 2021). However, an emerging stream of research argues that in resource constraint environment, individual capabilities are insufficient to produce change and collective resources such as social capital are necessary to achieve development goals (Ansari et al., 2012; Bhatt, 2017; London & Hart, 2011; Tate & Bals, 2018).

### 13.2.2.1 Social Capital at the BOP

Social capital is defined as “features of social life – networks, norms of reciprocity and trust – that enable participants to act together more effectively to pursue shared interests” (Putnam et al., 1993). Unlike Bourdieu and Coleman, who situated social capital in individual networks and relationships, this definition offered by Putnam and colleagues recognizes social capital as a feature of communities (Bhatt, 2017). It equates social capital with horizontal organizations or “networks of civic engagement” (Portes & Vickstrom, 2011). These horizontal organizations, such as choral societies, soccer clubs, bowling leagues, and bird-watching groups, are indicators of the stock of social capital spread throughout society (Putnam et al., 1993; Putnam & Robert, 2000). Participation in these organizations enforces reciprocity, generates trust, and facilitates collective action (Putnam & Robert, 2000). Thus, Putnam recognizes a virtuous cycle between civil society organizations and social capital, where social capital sustains civil associations which in turn generate social capital (Bhatt, 2017; Putnam & Robert, 2000). While this virtuous cycle described by Putnam has been criticized for its circular logic and tautological argument, his approach has become central in community development and has increased interest in community organizations (Woolcock & Narayan, 2000; Portes & Vickstrom, 2011).

To address the circularity concern and identify the role of social capital in development, scholars have argued that the concept of social capital needs to be disaggregated (Levien, 2015; Bhatt, 2017). As such, the distinction between bonding social capital and bridging social capital has become central to understand development activities (Renata, 2011; Bhatt, 2017).

Bonding social capital is defined as horizontal relationships between individuals within a network enabling them to “get by” (Briggs, 1998; Woolcock & Narayan, 2000). It is derived from strong ties between neighbors, friends, and association members. Bridging capital refers to the ties in the wider neighborhood and ties to other networks and other community organizations. It reflects the ability of individuals in a network to gain privileged access to resources and information from external networks in an attempt to “get ahead” (Granovetter, 1983; Titeca & Vervisch, 2008; Woolcock & Narayan, 2000).

Social capital is identified as an important resource in BOP communities. In their seminal paper, Ansari et al. (2012) theorize that BOP ventures can contribute to community development by preserving existing bonding social capital and building intergroup bridging social capital. However, empirical research exploring the role of BOP ventures in creating social capital is lacking. Furthermore, social capital also has a “dark side” (Adhikari & Goldey, 2009; Bebbington et al., 2006; Bhatt, 2017; Bourdieu, 1986; Kwon & Adler, 2014). Research from community development suggests that social capital may reinforce inequalities due to existing power asymmetry in communities, as the powerful group might use their strong network to gain resources for its own member at the expense of other groups (Portes & Vickstrom, 2011). Even though social capital provides some benefits to the members of a network, access to social capital as resources depends more on the power position, network location, and social hierarchy of the members (Bourdieu, 1986). As such,

we make a distinction between inclusive and exclusive social capital and argue that inclusive social capital provides a holistic lens to understand the impact of sharing economy platforms.

Accordingly, in this chapter, we explore how sharing economy platforms build inclusive social capital in the communities.

## 13.3 Methods

### 13.3.1 Research Setting

To understand how social capital was created at the BOP, we undertook the study of Drishtee Foundation (Drishtee),<sup>1</sup> a society registered under the Societies Registration Act, 1860, and headquartered at Noida in Uttar Pradesh state. This selection was driven by the need for developing the theoretical aspects which necessitated a case engaged in the rural areas of India catering to the economically and socially marginalized. Drishtee has been engaged in the BOP with varied interventions extending from capacity-building programs, community engagement, and access to capital and supply chain for BOP producers. However, the focus of this study is SWAVLAMBAN,<sup>2</sup> an integrated model for building self-reliant communities, which has three sharing economy-related elements:

- (i) Barter system: The barter system of Drishtee is a unique initiative which serves to provide capital support to the BOP actors. The BOP is a cash-dependent economy and Drishtee aims to provide cashless support to the rural domain using this barter system. It uses a unique valuation mechanism called livelihood points in place of cash to enable barter exchanges (Drishtee, [n.d.-a](#); Sentinel Digital Desk, 2020).
- (ii) Hub-and-spoke model of capability building: Capacity-building measures of Drishtee extend far and wide and involve varied interventions from agricultural-related skilling, textile, traditional industries, etc. (Drishtee Foundation, [n.d.-a](#)).
- (iii) Made in Rural India (MIRI) initiative: It is a digital platform providing supply chain support to BOP producers and consumers. It also serves as a mechanism where BOP products are sold to urban consumers (Drishtee Foundation, [n.d.-b](#); Sentinel Digital Desk, 2020).

At its core, Drishtee hopes to build sustainable communities through a gamut of interventions including all the above.

An exploratory case study method (Denzin & Lincoln, 2000) was deployed to understand the nuances of how Drishtee undertook these activities. We conducted

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<sup>1</sup><http://www.drishtee.org/>

<sup>2</sup>[http://www.drishteefoundation.org/sakhiswablamban/?page\\_id=224](http://www.drishteefoundation.org/sakhiswablamban/?page_id=224)



one semi-structured interview with the founder of Drishtee and three subsequent meetings with the core team members of Drishtee to understand the objective, mission, and process of sharing economy initiatives.

In addition to data collected from primary interviews, Drishtee also extended in-house documents including presentations and publications concerning each intervention. This was supplemented with the reports available on their two websites which included primarily annual reports. These allowed us to make a trajectory of each intervention and document Drishtee's evolution into its present state.

The organization is presently active in several states. However, the regions chosen for these interventions are rural villages surrounding semi-industrialized towns and cities with high level of poverty and inequality. The population of these villages reflects caste as well as religious divides. Due to small land holdings and sometimes without legal ownership of land coupled with low per capita GDP, many farmers are engaged in subsistence farming (Srivastava & Srivastava, 2010).

Drishtee Foundation is engaged in the remote villages of India through a range of activities that include financial services, supply chain management, capacity building, and community engagement (Drishtee, n.d.-c). The organization has what it calls a 4C approach, which expands to capital, channel, capacity, and community, to guide its interventions in the BOP (Drishtee, n.d.-d). The organization firmly believes which is also espoused in its mission statement that it would create economic interdependencies among community members with the objective of ensuring long-term sustainability. For purposes of this study only three major interventions, known as SWAVLAMBAN and form the part of sharing economy initiative, are studied. In the following sections, we discuss the learnings from this development model.

## 13.4 Findings

As stated in previous section, Drishtee has embraced the “depth” method to scale up, providing solutions and interventions in the rural with the aim of not just creating economic value but also social empowerment of the marginalized. Toward this, several initiatives form part of Drishtee's palette of activities. For purposes of this chapter and for conceptualizing the theoretical strands, which form the focus of this chapter, we look at three specific initiatives – barter system, made in rural India (MIRI), and capability-building programs.

These initiatives provide support to the BOP actors through capability building, capital support, and ensuring reliable and cheaper supply chains, at lowering the transactions costs. It also demonstrates how Drishtee is able to leverage the potential of the individuals in the BOP and help them build economic interdependencies among each other, resulting in creation of robust social ties (Qureshi et al., 2016). We attempt to discuss each of these three specific initiatives in the following section.

### 13.4.1 *Barter System*

The barter system as the name suggests involves a cashless medium of making transactions in the rural. This idea stemmed from the recent Covid-19 pandemic when the supply chains catering to the urban was suspended and the cash flow back to the rural was affected (Drishtee, n.d.-a). The restricted cash flow had a significant impact on the purchasing power of the rural consumers as only a meagre share of the whole for the rural producer families.

While market will still be the challenge as major cashflow transfers in rural market is through urban trades, thus the constraint of urban cashflow in rural markets can restrict the buying capacity of rural consumers, Situation may not sound healthy but will create potential platform for traditional barter system – a cashless market. Internal document on Barter System, Drishtee

This led to the thought of initiating a cashless market system using the traditional barter system. While there is presence of barter mechanisms in the rural areas, Drishtee claims that such systems are unstructured and undefined, leading to wilful extortion by rural traders or dissatisfied agreements with product value depreciation. This can be solved by incorporating a few structural changes to the traditional system ensuring fair trading options and encouraging participation of multiple households in the marketplace.

While such system already exists in rural marketplace on small scale, but its undefined and unstructured nature mostly leads to wilful extortion by rural traders or dissatisfied agreement in parties with loss of actual value of product. Thus, some structural supported system can help to strengthen the fair-trading options, and encouraging participation of multiple households in marketplace. Internal document on Barter System, Drishtee

Further, the traditional system also suffers from a valuation issue which led to the rise of money as a medium. Given the lack of cash flow in the rural areas and to address the valuation issue, Drishtee came up with what it called the livelihood points (LP). Livelihood points can be calculated using a combination of multiple inputs such as cost of raw material, time spent in production, minimum wages of the region/state, skill level of the producer, opportunity cost of assets, and expected profit margins of the producer. The proposed model is a facilitated barter with the transactions being enabled by a Drishtee Mitra. As per Drishtee's communication:

Barter system will make the rural community Self-reliant and that will be the real Swavlamban where local livelihoods and enterprises are developed with independence. Internal document on Barter System, Drishtee

As per the proposal, the Drishtee Mitra, the facilitator, acts as an intermediary between potential producers/buyers using a platform. The Drishtee Mitra is recruited from among the community itself and acts as a change agent in the community. The facilitator is a small entrepreneur whose incentive in participation here is the earning of livelihood points for facilitating the barter, which he/she accrues as a facilitation payment for each transaction.

Apart from the Drishtee Mitra, the transaction includes any producer or service provider from the village who wishes to sell their product or service. The producers

or sellers register with the Drishtee Mitra their produce, value of which is ascertained by collating all the input costs associated with its production. This input costs must also include the time taken to produce the item, and skill level of the producer or service provider along with the wages for the work prescribed by statal agencies. The Drishtee Mitra then matches the costs of each registered item and locks the transaction in the system, thus facilitating the barter based on the haves and wants of each registered actor. The Drishtee Mitra, of course, avails a facilitation fee from both the parties once the product is exchanged, which is credited into the Mitra's wallet. This LP is redeemed against the gold standard products defined by the facilitator. As per Drishtee's communication, the gold standard products are "a list of Products defined by the Platform Administrator which is available with max. number of producers of that location and it can be exchanged against the LP (Livelihood Points)."

This barter system is part of a wide-ranging cashless economy thrust driven by Drishtee to help the rural be less dependent on the urban for their cash flows and also build accountability in the process. Point of sale (POS) machines, etc. are other such cashless initiatives. These initiatives help create capacity and necessary infrastructure and streamline capital flows, building critical social capital through iterative processes. This is since all the actors involved in the transaction are derived from within the community itself.

### ***13.4.2 MIRI – Made in Rural India***

It is an initiative works with the objective of bringing sustainability to Drishtee enabled enterprise groups, community organizations, farmer producers, and other small-scale entrepreneurs at the BOP. According to Drishtee's Annual Report of 2015–2016, the idea behind the genesis of MIRI is not just economic but also social. While the customization ensured sustained market for the rural entities, it goes a step further in sensitizing the urban population about the increasing unsustainable migrations of rural folks to urban areas and the growing difference in lifestyles.

MIRI is an attempt toward empowering producers to use their skills in value addition and earn a respectable and regular income along with opening a stream of carefully chosen "exquisite" products which cater to the urban needs. By built, MIRI is a marketplace with both online and offline components where rural producer groups can sell their products and can connect with subscribed customers directly. This ensures a fixed and regular income for the producers and timely manufacturing and delivery of products customized to the customers' liking, ensuring minimal stock piling and better acceptance. MIRI is based on a unique subscription model, wherein instead of a one-time purchase, a customer subscribes to a basket of goods to be delivered over a period. In this way, the subscriber and the producer work around a mutually agreed upon timeline. The model is more viable and less taxing for the rural producers as it minimizes the traditional door-to-door selling and lack of trust between the buyer and the seller. The two are connected through a

MIRI Franchisee located in the urban vicinity, aided by a MIRI associate who works for urban customer acquisition.

...is the first MIRI Associate to establish a rural product market by creating a network of urban customers... to connect with people and bring them on board as customers for products sold by beneficiaries under the Swavlamban Program. Internal document on MIRI, Drishtee

### 13.4.2.1 The MIRI Hub

Beyond the MIRI hub, the initiative also provides for a platform to facilitate movement of goods from the producers to the consumers and vice versa. This forms a supply chain and is facilitated by a small entrepreneur recruited from the community itself called a Dhavak. The platform helps optimize underutilized multimodal transport system which supports the supply chain. Under this mechanism, the transport vehicles supplying goods to the BOP consumers and producers travel back to the MIRI hub emptied and this capacity is utilized by the same actors to ship their finished goods to the MIRI subscribers, using the MIRI platform. The mechanism helps lower transaction costs to the BOP actors significantly and facilitates easy shipping of finished products back to the markets through the MIRI hub.

The hub is manned by a MIRI associate along with volunteers who help expand the subscriber base. The primary responsibility of the associate is to enroll empathetic and understanding subscribers. On the other hand, the volunteer has to be a “Community Builder” with an understanding of the interdependence of the rural and the urban and also be a user and contributor for sustainable production of “community builder” products. The volunteers themselves are also subscribers of the MIRI brand (Shalini et al., 2021). The volunteer will have the option to make donations, be a co-creator, and help the enterprise groups ideate and build capacity by conceptualizing, supporting, and building products and solutions with the community and its groups based on one’s expertise. They can be a part of the community life, understand their perceptions, mindset, and aspirations, and help connect individuals or organizations who can help solve the need-based problems. This is in line with MIRI’s objective of increasing awareness on the plight of the rural among the urban and reducing the gaps and building linkages between the two. Also, Drishtee has been able to pioneer a sustainable business model of aggregating branded and packaged FMCG and supplying these to small corner stores in remote villages as well. The model aims to build trust between all the important stakeholders – Drishtee, Producer Groups, MIRI Franchisees, and subscribed customers – through a robust platform-enabled supply chain model which helps exchange not just the BOP produce but also facilitate knowledge transfer. The social capital generated out of this mechanism is expected to serve as the mainstay of it being sustainable.

...is a farmer residing in the village of Kakrahiya, Varanasi struggling against poverty. She is a widow and a single parent of 4 children. Earlier, she used to earn an average income of INR 1500, that too after rounds of negotiations and distress. After connecting with the Sakhi Farmer Basket Micro Enterprise Group, she is able to contribute up to Rs. 2500 per

month to the family income of Rs. 8,000-INR 10,000 per month. Manbhawati Devi feels happy and motivated as a farmer as she now receives a fixed price for her produce and does not need to travel far to go to the market and sell her produce. Testimonial by a user, Drishtee

### ***13.4.3 Hub-and-Spoke Model of Capability Building***

Since 2010, Ministry of Rural Development has supported Drishtee Foundation in its skill development initiatives, predominantly in the construction and textile sector under SGSY. In 2012, National Skill Development Corporation also provided support in the form of a soft loan to train 0.75 million rural people in varied sectors. The idea was to create jobs locally and to induce entrepreneurship spirit in the community. To scale up the idea, Drishtee also promoted “Drishtee Skill Development Centre Private Limited (DSDC),” which implements skilling initiatives. Drishtee Foundation has also signed a MOU with Hull College, a vocational training college in United Kingdom to improve curriculum and delivery of mason training. The different training programs such as Rice Cultivation Training, Wheat Cultivation Training, and Training on Stitching and Tailoring are designed keeping in mind the requirements of a specific region. This is done by going to the villages and forming groups as large as 25 people and getting inputs from them. A module is prepared keeping in mind the particulars of the regions and the availability of inputs. The participants are trained to use the available inputs optimally. Programs have been implemented in the various districts of UP, Bihar, Haryana, Tamil Nadu, etc. As per a recent report, Drishtee has trained around 8000 farmers in agriculture-related trades, 7000 masons, and 6000 women in textile skills. The training also extends to asset management with initiatives like waste management in the community, health-care training, etc.

An interesting dimension of this endeavor is the hub-and-spoke model-based multiskill training and livelihood centers in villages.

The training center hub called “Drishtee Livelihood Centres (DLC)” is created in key blocks covering all types of training under the Drishtee ambit, some of which are offered for a fee and is meant to cover an area of 5–10 kms radius. In the 10–15 surrounding villages, spoke centers for the DLC are set up as per demand. Trained and interested candidates in the spoke centers are promoted to the hub center for advanced training focused on livelihood output. These training centers are manned by women called “Vaani.” The Vaani is recruited from the community itself, and the DLC hubs are set up with small entrepreneurs who have the infrastructure to run such centers.

...was keen to stand on her own and financially support her family, as her husband was pursuing his studies. She stitched clothes to earn an income, but with her limited stitching skills, she was not able to earn more than Rs 2000 on an average. After becoming a part of the Swablamban Program, she received training to advance her stitching skills and has now become the major contributor to her family’s income with INR 8000 per month. She has also noticed a change in the mind set and attitude of the people and social structure around

her. Her family, in-laws and other members of the village community have become more accepting and supportive of her financial independence – a change many of our women beneficiaries have experienced. Testimonial by a user, Drishtee

### 13.5 Discussion

In this chapter, we explored how the potential of sharing economy models can be leveraged to address poverty and inequality in the BOP context. Using the lens of inclusive social capital, we specifically focused on *what type of mechanism and processes are used by sharing economy organizations to address poverty and inequality*. Through an exemplary case study of Drishtee, a livelihood social enterprise working in rural India, we show that sharing economy organization can address poverty through implementing programs that meet local needs and use local resources (see Bhatt et al., 2021; Escobedo et al., 2021; Hota et al., 2021; Pillai et al., 2021; Qiu et al., 2021; Qureshi et al., 2018a). In Drishtee, this vision of sharing is called DEUKA, a “*platform for contribution (Seva) & collaboration on mutual benefit principle in terms of money, times and other resources between & for participating members for attaining well-being*” (Drishtee, n.d.-b). DEUKA is a guiding principle for all activities of Drishtee.

As discussed in the “Findings” section, the SWAVLAMBAN initiative aims to build self-reliant and inclusive communities and has three sharing components: the barter system, made in rural India (MIRI), and hub-and-spoke model of capability expansion. These three sharing components in the SWAVLAMABAN provide a transformative understanding of sharing economy.

The barter system is one of the oldest methods of resource circulation in communities without involving any monetary exchange (Belk, 2010). By designing a digitally enabled livelihood point system, Drishtee provide pathways to incorporate a barter system in the contemporary sharing economy (Qureshi et al., 2021c). Further, the barter system used by Drishtee also extends the scope of economic activities. Feminist economists have long argued for a holistic understanding of the economy which encompass both monetized (private and public sector) and the non-monetized sphere (nature and households) (Acker, 2004). However, since capital accumulation and profit maximization are the main driving forces of the mainstream economy, all other sectors without commercial competition or monetary value are excluded from economic activities (Beneria, 2008; Johanisova et al., 2009). The barter system has the potential to address the division between commercial and noncommercial in the capitalist economy by facilitating nonmonetary transactions. As such, it shows a transformative potential of sharing economy by incorporating “alternative market and non-market transactions, alternatively paid and unpaid labour, and alternative capitalist and non-capitalist enterprises” (Gibson-Graham & Roelvink, 2008).

The second essential sharing component of SWAVLAMBAN is made in rural India (MIRI) platform. MIRI is designed to develop an economic system that is

rooted in the social context and is based on the principle of solidarity. As noted in the “Findings” section, the main task of MIRI is to connect rural producer with urban consumers by developing a human-centric supply chain. Udyogi Parivar (producer family) is the primary unit of MIRI, and this primary economic circle is expanded to secure the well-being of all in the communities. The economic circle expands by creating economic interdependencies in the community where each member contribute what they can and receive what they need. Thus, in contrast to profit maximization, profit redistribution becomes the main tenet of organizing sharing economy activities. Additionally, this system is embedded in the rural social context to develop localized and context-specific solution to poverty. The rural context in India is divided along caste, class, and gender lines (Bapuji & Chrispal, 2020). In this hierarchical context, creating economic interdependencies is not easy. Understanding these social dynamics, Drishtee first selects Drishtee Mitra, a village entrepreneur who acts as a change agent for the community and plays a vital role in identifying interested Udyog Parivar (producer families). These producer families are then organized into interdependent community groups which are either connected through social values or through shared resources. These groups are provided training and skill enhancement workshop through the hub-and-spoke model.

This suggests that sharing economy can be useful for rural poor if it is driven by the goal of community self-reliance, use an economic design that facilitates interdependencies, and provides training and workshops for capability expansion. Furthermore, the case also illustrates that the transformative potential of sharing economy can be realized by creating the discursive space for interaction and interdependence while negotiating the needs and the assets of the communities around which the individual and social goals should be defined (Gibson-Graham & Roelvink, 2008). Such sharing economy platforms can fulfil the need of society holistically.

Finally, MIRI, combined with capacity-building training and pooled assets, can build inclusive social capital in the communities by increasing social interactions and by creating interdependence among community members (Bhatt, 2017). Inclusive social capital provides a broader framework to assess the social impact of sharing economy platform at the community level. As inclusive social capital implies overcoming the power hierarchies of caste, gender, and other societal barriers (Bhatt, 2017), it can provide researchers with a deeper understanding of the social impact of sharing economy platform.

## 13.6 Conclusion and Future Research Directions

As sharing economy platforms become prominent, there is a need to understand their role in the development of BOP communities. Using the case study of Drishtee, a social enterprise in rural India, we explore how the potential of sharing economy can be realized in addressing poverty and inequalities. The conventional approaches to poverty alleviation highlight the role of building capital/assets in addressing

poverty. However, the mainstream narratives of the sharing economy underline the importance of accessing resources over owning resources. Thus, how to facilitate access to resources in the resource-poor and deeply unequal communities becomes an important question. Using the lens of inclusive social capital, our analysis of Drishtee shows how sharing economy platforms can bridge access and assets gap through a holistic design (barter system) and a human-centric supply chain (MIRI supported through capability expansion). We encourage future research to understand how such platforms negotiate between different stakeholders and balance the access and assets building process to address poverty.

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# Chapter 14

## Sharing Economy Model for the Base of the Pyramid: An Ecosystem Approach



Babita Bhatt, Krzysztof Dembek, Pradeep Kumar Hota, and Israr Qureshi

**Abstract** This chapter examines *how an ecosystem approach can be applied to develop and sustain sharing activities and to scale the social impact of sharing economy models (SEMs)*. Using the literature and findings from a pilot study of Moving Feast, an emerging ecosystem among food-based social organizations in Victoria, Australia, we develop a relational ecosystem approach to sharing economy in which key actors (i.e., STREAT social enterprise) steer the process through informal arrangements to generate trust and reciprocity in the system. In this approach, bottom-up process of building an ecosystem relies on actors' sharing orientation and sharing behavior to offer localized and context-specific solutions. These sharing orientation and behaviors are sustained as they become institutionalized and embedded in the ecosystem through both organizational and system-level processes and the development of sharing institutional logic. This relational ecosystem approach also resulted in initial signs of impact on both specific stakeholder and system level that would have been difficult to achieve through scaling individual organizations. Our study highlights the role of place-based, bottom-up processes in cultivating and sustaining sharing behavior.

**Keywords** Sharing behavior · Sharing orientation · Social impact · Ecosystem · Sharing economy models · Moving Feast · STREAT

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## 14.1 Introduction

In this chapter, we propose an ecosystem approach to building sharing economy models (SEMs). While there are many definitions of sharing economy, the common characteristic across them is that SEMs enable access over ownership of the assets (Belk, 2014a, b). SEMs provide a means for sharing existing resources and promote innovative business models that allow for better resource utilization (Acquier et al., 2017; Laukkanen & Tura, 2020). Hence, it is seen as an effective approach for resource use and specifically instrumental in addressing societal challenges in a resource-constrained environment (Bhatt et al., 2019; Hota et al., 2019; Schneider et al., 2019).

COVID-19, bushfires, and other climate change effects have highlighted the size and urgency of multiple, complex social and environmental issues. Recent reports show how the pandemic has reversed the progress toward eradicating poverty, amplified various inequalities, and slowed progress toward environmental sustainability (UN, 2020). The devastating effect of these challenges is not only visible in developing countries. Developed countries also have seen an increase in poverty and vulnerability. In Australia, for example, the pandemic has left 3.24 million people (13.6% of the total population) living below the poverty line, defined as 50% of median income (Davidson et al., 2020). It means that more than one in eight adults and one in six children now live in poverty (Davidson, 2020). Concurrently, as noted during the pandemic, there has been an increase in local, place-based sharing initiatives to address inequality, resource wastage, and resource scarcity. Initiatives such as Adopt a Health Worker,<sup>1</sup> Adopt a Neighbor,<sup>2</sup> and Home-share Melbourne<sup>3</sup> have emerged to provide home, skills, companionship to fight the crisis, and other resources.

Furthermore, as noted above, research also suggests that in a resource-constrained environment (Bhatt et al., 2019; Hota et al., 2019), societies where sharing happens are more resilient in managing crisis with limited resources. While it is not uncommon to see some exceptional sharing initiatives during times of hardship and external crisis (Stack, 1975), sustaining these sharing behaviors in the communities and scaling their social impact have proven challenging (Belk, 2010).

The current research in SEMs provides a limited understanding of how to sustain and scale the social impact of sharing economy initiatives. A vast literature on sharing economy focuses on the efficiencies and effectiveness of commercial firms in the sharing economy (Acs et al., 2017). Such perspectives mainly focus on profit maximization and view social and environmental outcomes merely as favourable “byproducts” of sharing activities (Fehrer & Wieland, 2021; Qureshi et al., 2018a). This profit-oriented logic is limited in addressing the complex challenges of

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<sup>1</sup> <https://www.abc.net.au/news/2020-03-17/adopt-a-healthcare-worker-site-1/12064766>

<sup>2</sup> <https://www.abc.net.au/news/2020-03-17/volunteer-army-responds-to-coronavirus-covid-19-crisis/12064018>

<sup>3</sup> <https://flatmates.com.au/info/home-share-melbourne>

sustainability and social inequality (Bhatt, 2021; Dembek & Sivasubramaniam, 2018; Qureshi et al., 2018b; Riaz & Qureshi, 2017). To make progress on addressing sustainability and social challenges, social and environmental goals need to be at the core of SEMs (Bhatt, 2017; Chmielewski et al., 2020; Dembek & Sivasubramaniam, 2018; Shalini et al., 2021).

Additionally, the complexity and size of the challenges facing humanity make it impossible for one organization to address them effectively (Fehrer & Wieland, 2021). Research from for-purpose organizations such as social enterprises and social businesses has started to recognize the importance of collective approaches in driving social and environmental impact (Bloom & Dees, 2008; Parthiban et al., 2020; Shalini, et al., 2021). These studies highlight that sustainable and social challenges are so vast that a real transition toward sustainable and inclusive development requires collective efforts from different organizations. Moreover, as noted during the current crisis, the recent efforts to address the social and environmental problems and their consequences are clearly insufficient, with many social sector organizations being overwhelmed by the rapidly growing demand for their services (Cortis & Blaxland, 2020).

These empirical concerns motivated this book chapter. Given the size and scope of the problems, we argue that instead of focusing on the sustainable efforts of individual organizations, there is a need to adopt an ecosystem approach to understand and develop SEMs. The ecosystem approach argues that several actors, armed with interdependent and complementary resources, knowledge, and information, can help each other achieve desired results (Acs et al., 2017). In this chapter, we explore *how an ecosystem approach can be applied to develop and sustain sharing activities and scale the social impact of SEMs*. We use Moving Feast, an emerging ecosystem among food-based social organizations in Victoria, to address this purpose.

In terms of developing sharing activities, the initial learnings from Moving Feast highlight the bottom-up process of building an ecosystem that relies on actors' sharing orientation and sharing behavior to offer localized and context-specific solution to address grand challenges.

Sustaining sharing activities happen as the sharing behaviors become institutionalized and embedded in the ecosystem through both organizational- and system-level processes. Our insights from Moving Feast help us develop a relational ecosystem approach to sharing economy in which some key actors (i.e., STREAT social enterprise) steer the process to generate norms of reciprocity and trust within the system. Adjusting the sharing-based ecosystem, organizations develop what we could call sharing institutional logic that drives sharing with the clients and among the organizations forming the ecosystem.

As for scaling impact, it is important to note that Moving Feast is a relatively new initiative, while impact takes a long time to emerge (Bhatt, 2017). Yet, we already could see that developing ecosystem resulted in reaching a far greater number of people in need than it would have been possible through scaling each of the organizations individually. Similarly, the organizations forming the ecosystem felt less overwhelmed than when they were working separately. Also, the system-level effects are already visible, such as sustained access to local food that did not exist

before the ecosystem was developed. The creation of this impact was supported by some of the characteristics of the ecosystem, such as shared locality and common agenda. We discuss the implication of this finding for theory and practice and provide future research directions.

## 14.2 Literature Review

### 14.2.1 *Sharing Economy Model*

Sharing is the most fundamental form of human sociocultural behavior and has been present since the earliest form of group activities and social interactions (Price, 1975; Belk, 2010), as evidenced by hunter-gatherer societies (Kaplan et al., 1984) and gift-giving practices (Sherry, 1983). Sharing has the potential to generate positive social, economic, and environmental benefits for the communities and create entire resilient and more sustainable and just economic and social systems. This potential is in part due to the fact that sharing encourages and promotes usage of idle resources resulting in a reduction in their wastage, improving economic efficiency, and lessen the negative environmental impacts (Cohen & Kietzman, 2014; Frenken & Schor, 2019; Sundararajan, 2016). In a resource-constrained environment (Bhatt et al., 2019; Hota et al., 2019), sharing resources can help in managing crisis with limited resources. Increasingly, sharing is also linked with economic activities, giving rise to a decentralized, locally embedded economy, where resources are shared free or for fees (Davies et al., 2017). According to a recent estimate, sharing economy now contribute to 15 billion dollars per year to the Australian economy and about two-thirds of Australians use sharing economy models.<sup>4,5</sup>

Sharing economy provides a powerful means for improving resource effectiveness (Laukkanen & Tura, 2020; Schneider et al., 2019). It does so by allowing for resource sharing among different actors and by promoting innovative business models that lead to innovative resource usage (Hira & Reilly, 2017; Laukkanen & Tura, 2020). There are three foundational cores of sharing economy – access economy, platform economy, and community-based economy (Acquier et al., 2017). Access economy is based on the idea of sharing underutilized resources for their efficient use (Belk, 2014a, b), platform economy provides a means for the exchange of resources through decentralized platforms, and community-based economy promotes noncontractual, nonhierarchical, and nonmonetized form of interactions (Benkler, 2004; Escobedo et al., 2021; Qureshi et al., 2021a, b; Qureshi & Fang, 2011). The fundamental ideas behind each of the cores are to promote effective utilization of resources. Hence, sharing economy can be a useful approach to overcome resource constraints (Szabó, 2017).

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<sup>4</sup><https://australianfintech.com.au/peer-to-peer-economy-now-worth-over-15-billion-a-year/>

<sup>5</sup><https://www.ratesetter.com.au/blog/australians-embrace-sharing-economy/>



The SEMs work on the basis of a triple bottom-line value system, which incorporates environmental, societal, and economic dimensions, each corresponding to different values, framing, and debates (Acquier et al., 2017). However, the current evidence provides more support for the economic dimension as compared to the other two dimensions (Bardhi & Eckhardt, 2012). The environmental dimension is based on the promise that by promoting sharing over ownership, SEMs provide more sustainable use of resources (Botsman & Rogers, 2010; Martin, 2016). But evidence suggests that the environmental aspects often become a secondary consideration (Böcker & Meelen, 2017; Wilhelms et al., 2017). Similarly, the societal promise of sharing economy rests on the idea that it promotes cheaper access to products and services, enables nonreciprocal exchange such as donations or gift giving, and leads to new forms of collaboration, social bonding, and solidarity among community members (Belk, 2010; Benkler, 2017). While this may be attractive, the risk is that sharing economy model might recreate the inequalities of the capitalist markets in different ways (Richardson, 2015; Schor & Fitzmaurice, 2015). So, there is a need to understand *whether* and *how* activities of the organizations can deliver on environmental and societal goals. At the same time, the complexity of social and economic value creation requires social purpose organizations to work with a broad set of stakeholders to achieve triple bottom line and scale their impact. Thus, emerging research highlights the role of ecosystemic approaches in scaling the social impact to address grand challenges (Dentoni et al., 2018; Han & Shah, 2020; Thompson et al., 2018).

### 14.2.2 *An Ecosystem Approach to Sharing Economy*

We define the impact of sharing at two levels: stakeholder level and systemic level. At the stakeholder level, following and adapting the definition created by the Impact Management Project,<sup>6</sup> we define impact as the amalgam of changes in outcomes that organizational activities have on different stakeholder groups. For example, an increase in health and in the ability of children to concentrate and study as a result of access to affordable and nutritious food. At the systemic level, we define impact as changes in the effects and behavior of systems resulting from amendments to the structure of the system (e.g., system elements or the connections and feedback loops between them). An example of this is an increase in the production and availability of local and sustainably grown food due to the additional local growers and vendors entering the food system.

Applying these definitions, social impact is the impact experienced by the different groups in society or changes in societal systems. Environmental impact is the impact experienced by the different species and changes in the natural ecosystems.

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<sup>6</sup><https://impactmanagementproject.com/impact-management/impact-management-norms/>

Scaling positive, social and environmental impact is necessary and urgent, given the magnitude of social and environmental issues aggravated by the Covid pandemic. However, scaling impact is one of the most challenging issues in both research and practice (Han & Shah, 2020), and new approaches are needed if we are to advance toward solutions (Qureshi et al, 2021c). The extant research has associated scaling social impact with organizational growth and has focused on organizational-level factors such as funding, staff, strategies, and stages of scaling (Barraket & Yousefpour, 2013). Scaling has been seen as an effort by an individual organization to increase its reach and scope or replicate a program (Bloom & Skloot, 2010). These scholars underscore the role of scaled organizational capacities and geographic expansion as important indicators in scaling social impact. Social intermediation scholarship also demonstrates how organizations mobilize resources, open more branches and offices, and set up the right organizational process for scaling their impact (Kistruck et al., 2013; André & Pache, 2016; Visser et al., 2017).

Yet, organizational growth does not directly result in scaling social impact (Han & Shah, 2020). Empirical evidence suggests that, despite an increase in the organization's size and activities, the social problems may not be solved proportionally or substantially (Bhatt, 2017; Boghani, 2012). Adding resources to an organization with weak social impact logic or prone to mission drift will not necessarily increase social impact (Seelos & Mair, 2017). In some cases, scaling organizations may actually result in a decrease in positive or even production of negative impact (Boghani, 2012; Dembek & Sivasubramaniam, 2018). Scaling social impact is not correlated with scaling organizations (André & Pache, 2016). Instead, as social intermediation research suggests, it is about addressing social issues more effectively, serving most marginalized communities, and changing the status quo (Bhatt, 2021; Han & Shah, 2020; Kistruck et al., 2013). Thus, scaling social impact is more about creating transformative social change or systemic change, which should be the focus of any social impact initiatives rather than whether or not an organization itself has scaled up (Bhatt, 2017, 2021). While extant research has focused on organizational factors, we argue that to create systemic change and address the complexity of issues we face, we have to approach these issues at the ecosystem level. Without understanding ecosystem-level issues, the efforts of scaling social impact may end up with scaling up an organization rather than addressing social issues or bringing about substantial social change (Bloom & Dees, 2008).

In the context of commercial ventures, the concept of ecosystem generally refers to *a set of attributes, for example, networks, mentors, capital, policy and governance, and culture among others, which collectively create a supportive environment for ventures to flourish* (Spigel, 2017; 38). A variety of organizations and individuals produce and shape different attributes underlying a supportive business ecosystem (Thompson et al., 2018; Zahra & Nambisan, 2012). For example, researchers have explored how clusters or networked incubators (Bøllingtoft & Ulhøi, 2005), institutional entrepreneurship (Battilana et al., 2009), and organizational sponsorship (Dutt et al., 2016) can play important roles in scaling a venture.

Although not studied in the social impact context, ecosystems research might arguably be relevant to SEMs as they create impact through both organizational- and system-level processes. Building on insights from this stream of research and integrating them with social intermediation research (Kistruck et al., 2013), we propose that an ecosystem can be developed to collectively create social impact (Bloom & Dees, 2008).

SEMs, by their nature, are based on networks of actors that are being connected. Hence, they create systems and scale by growing these systems. An ecosystem approach can enable SEMs to address the societal needs on a much larger scale compared to what could be attained through an individual organization's growth strategy (Grant & Crutchfield, 2007; Dentoni et al., 2018). Further, addressing social and environmental issues through an ecosystem and collaboration rather than a single organization is likely to increase the capacity to address the complexity of issues (Dentoni et al., 2018). Indeed, because of the enormous potential of ecosystem to achieve greater social impact, it is increasingly being recognized as a scaling strategy for social impact (Bradach, 2010; Pfeilstette, 2020; Qureshi & Fang, 2011).

We integrate research in the domains of ecosystems theory (Jacobides et al., 2018) and resource orchestration (Sirmon et al., 2011) to arrive at our conceptual model. We sought to extend previous research on the ecosystem by focusing on types of activities involved in a bottom-up ecosystem and classified them into: (a) primary activities – production of ingredients (raw material), (b) value-added activities – production of processed goods, and (c) logistic activities – support activities. All these activities are supported by overarching knowledge networks that increase the effectiveness of each of these activities (Fig. 14.1). We then superimposed the resources orchestration over this basic framework to identify two sets of processes: ecosystem-level process and interorganizational-level processes. To have successful bottom-up initiatives, the processes of *structuring*, *bundling*, and *leveraging* of resources and capabilities should happen at the ecosystem level. However, not all the processes need to be organized at the ecosystem level. For example, an ecosystem built around food security may include some members engaged in growing fruits and vegetables and others in processing these into meals. Thus, there will be some interorganizational process that will not involve ecosystem-level response. We identified three interorganizational processes: (a) sharing of resources and capabilities among ecosystem members; (b) reorganizing activities among ecosystem members; and (c) optimizing inputs and outputs among the ecosystem members.

We now turn to our case of Moving Feast, an emerging ecosystem among food-based social organizations in Victoria, to address the gaps identified in the literature and explore *how an ecosystem approach can be applied to develop and sustain sharing activities and to scale the social impact of SEMs*.

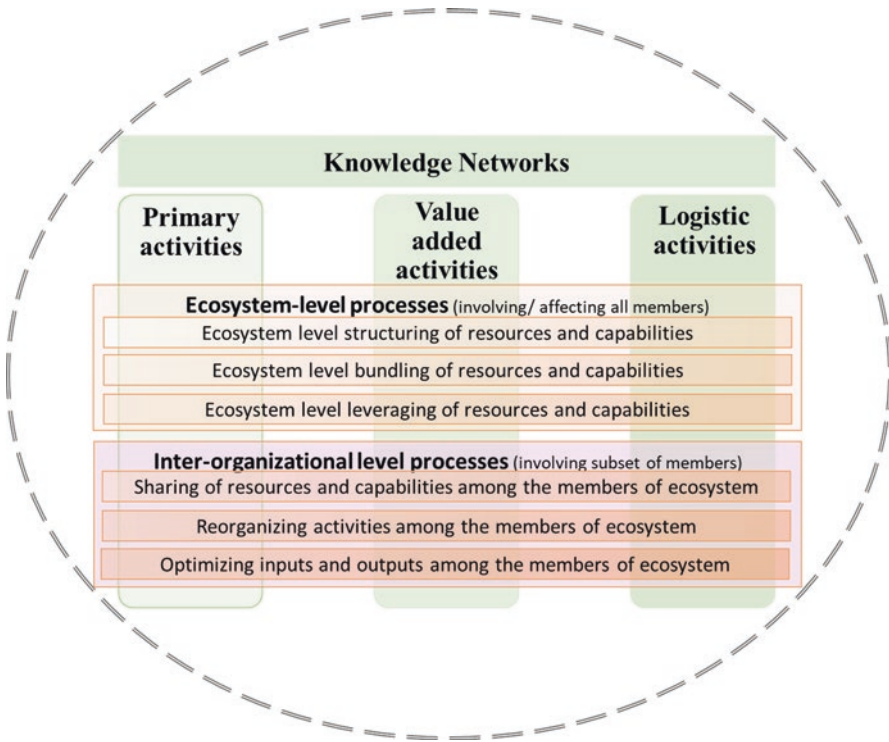


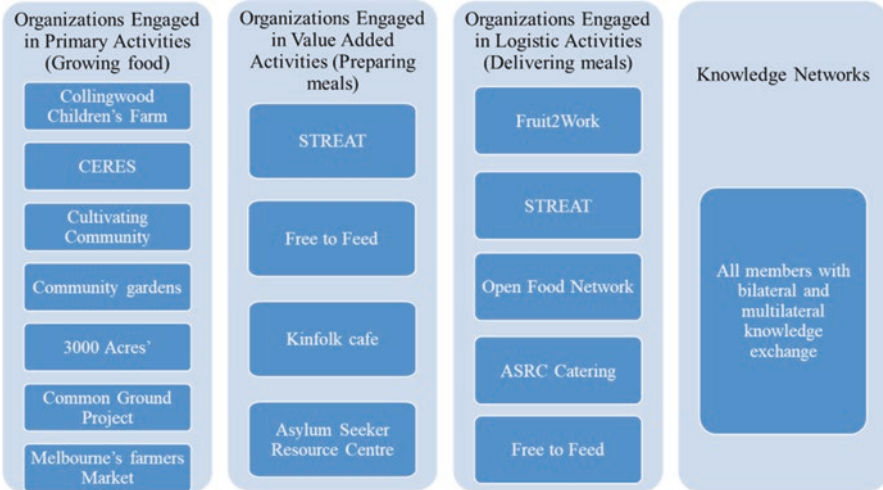
Fig. 14.1 Conceptual model-ecosystem for sharing economy

#### 14.2.2.1 Initial Insights from Moving Feast<sup>7</sup>

This project originates from the pilot study on Moving Feast. Spearheaded by STREAT<sup>8</sup> (a Australian-based social enterprise), Moving Feast is a collaborative project of building a bottom-up ecosystem for social impact that involves Victorian food-based social enterprises (Moving Feast, 2020). The purpose of this ecosystem is to provide food for those in need and affected by the results of the pandemic and to create a better and more just food systems (Moving Feast, 2020). As such, Moving Feast addresses impact at both the stakeholder and systemic level (Barrelle, 2020). The member organizations are engaged in various parts of the food system value chain: growing food, storing produce, preparing meals, distributing meals, and educating all the stakeholders (Cody, 2020). These organizations came together in response to pandemic-related food shortages and distribution issues, combined with a recognition that the enterprises had latent assets – as an effect of lockdown – that could be mobilized to support food relief needs (Coggan, 2020). While its origins

<sup>7</sup><https://movingfeast.net/>

<sup>8</sup><https://www.streat.com.au/about>



**Fig. 14.2** Moving Feast ecosystem for sharing economy

are in emergency response, Moving Feast has a long-term vision of supporting planetary health through sustainable food and social systems.

According to Bec Scott, the CEO of STREAT (a social enterprise that has played an important role in steering the process of ecosystem building):

What we want longer term is to have a just and sustainable food system, and for Melbourne's backyards [to be] full of thriving vegie patches so families have their own food security, not just for this pandemic, but for what we know is going to be a very hard time in the future with climate change. (Bec Scott, as cited by [Coggan, 2020](#))

Key characteristics of Moving Feast are the following (Fig. 14.2):

- Shared locality*: A key characteristic of Moving Feast is its locality. The participants of the Moving Feast collective are all local enterprises operating in the Melbourne metropolitan region. Their shared community and geographic proximity have been a key instrument in allowing them to integrate their individual work into a collective food relief response for many groups in need of this essential aid across the region. Their efforts in joining together their staff and resources have enabled them to help alleviate the huge challenges involved in the mass production and distribution of food across the city's vastly separated suburbs.
- Shared community – common hub of networks*: Many of the enterprises are involved in the knowledge-sharing hubs operating on behalf of the social enterprise support sector, such as the social impact hub and related programs, including Social Traders, a Victorian organization helping nonprofits and social enterprises with advisory and consultancy services. *The Social Enterprise Network of Victoria* (SENVIC) is another common resource link shared between many of the founding partners. SENVIC hosts meetings and seminars, where some of the participants have met and collaborated prior to instigating Moving

Feast. Therefore, many social enterprises already operated in a community ecosystem where individuals could meet and share ideas.

- c) *Shared ethos/common agenda*: Moving Feast collective is united by its founders' shared focus on helping disadvantaged members of their local communities. It is through the individual work of its founders providing relief to the different community members who require aid, such as refugees and migrants, seniors, and those with a disability, that the Moving Feast collective can reach its target recipients and has found new partnerships and further support. Most of the organizations have not-for-profit and social motives. They have the common goal of addressing the food problem.

As noted in the Moving Feast Impact Framework (2020), a core principle of Moving Feast is to,

build a people system. Care and empathy for each other lie at its heart, celebrating solidarity, diversity, inclusivity and tolerance. We strive to create opportunities for people who are often on the margins. (p. 23)

The three characteristics of Moving Feast discussed above help in achieving these goals through “optimization of resources and skills to create high impact” (Barrelle, 2020).

According to Dr. Kate Barrelle, STREAT Co-Founder and Chief Impact Officer (2020), during COVID-19, one of the first activities of Moving Feast was to provide access to culturally diverse, healthy, delicious community meal for Victorians in need, “ensuring that maximum social impact and connection occurred every step of the way” (p. 7).

Additionally, the food share model and community food centers in the Moving Feast ecosystem have been useful in establishing upward-downward linkages. The food share model includes “specialist food rescue and distribution warehouse which can incorporate skills training or pathways to employment opportunities” (p. 17). The community food center provides “emergency access to food, where people can come together to grow, cook, share, and advocate for nutritious food” (p. 17). In the food sharing model and community food centers the collective dimension of sharing emerges and shows sharing as a relational process where “activities are performed in conjunction, or are experienced with others” (Davies et al., 2017).

In the next section, we discuss these characteristics of the Moving Feast ecosystem and their implications for developing and sustaining sharing activities and scaling the social impact of SEMs.

### 14.3 Discussion

Moving Feast is an interesting example with the potential to advance knowledge of the ecosystem approach of SEMs. Ecosystem literature discusses different roles and motivations of stakeholders in the commercial ecosystem (Lingens et al., 2020); we

understand very little about stakeholders in an ecosystem structured for scaling social impact. Social intermediation theory indicates that mainstream economics theories, such as transaction cost economics and intermediation theory, are only partly applicable, if at all, in social organizations' context (Kistruck et al., 2013; Parthiban et al. 2021; Pillai et al., 2021a). As social organizations are predominantly driven by a social mission, this study opens an opportunity to explore an ecosystem approach in developing and sustaining sharing activities and in understanding the processes of scaling the social impact of SEMs. In the following paragraphs, we discuss the implications of the Moving Feast ecosystem for developing and maintaining sharing activities and for scaling the social impact of SEMs.

### ***14.3.1 Developing and Maintaining Sharing Activities***

Based on the Moving Feast, we propose that sharing manifest itself in an ecosystem in terms of *sharing orientation* and *sharing behavior*. We define sharing orientation as predisposition of someone toward giving and receiving resources. Sharing orientation, therefore, is a latent belief, feeling, and tendency toward sharing rather than actual instances of that act. We define sharing behavior as actual instances of giving and receiving resource. The example of Moving Feast shows that in an ecosystem, a key player has an essential role in converting sharing orientation into sharing behavior. In Moving Feast this key role was played by STREAT, a Victoria-based social enterprise. STREAT utilized their reputation, goodwill, and networks in the policy and community space to bring different stakeholders within an ecosystem. Furthermore, we also found the significance of *bottom-up processes* in cultivating and sustaining sharing behavior. The case study demonstrates that place-based, bottom-up initiatives have potential to sustain sharing activities as they are built on the unique needs and capabilities of each community (Bhatt, 2021). This finding is in contrast with the dominant top-down model of the ecosystem, which relies on explicit patterns of authority (Tracey et al., 2014).

While acknowledging that cultivating sharing behaviors takes time and Moving Feast is a relatively new initiative, our study of the bottom-up processes of Moving Feast provides some insights on the topic. For example, we observed that in addition to the place-based approach, Moving Feast had used organizational-level processes and system-level processes to institutionalized sharing behavior. At the organizational level, we discussed in the previous section how STREAT had used their social networks and goodwill to steer the process to generate norms of reciprocity and trust within the system. At the system level, we observe the emergence of sharing institutional logic through upward-downward linkages that drive sharing activities among the stakeholders forming the ecosystem (Hota et al., 2021; Qiu et al., 2021; Qureshi et al., 2018a; Qureshi & Fang, 2011).

### 14.3.2 *Scaling Impact*

In terms of scaling impact, our study indicates that the ecosystem approach has the potential to scale positive social and environmental impact (Qureshi et al., 2021c; Thompson et al., 2018). Even though Moving Feast is a relatively new initiative, the collective efforts by multiple organizations during the pandemic show its potential in scaling impact (Barrelle, 2020). Particularly, we observed how organizations were able to cater to the diverse needs of the individuals and were able to provide support to greater number of people in need than they would have without being part of the ecosystem. These findings have important implications for the management and governance of an ecosystem for scaling social impact. Studies so far have investigated the management and governance of commercial ecosystems (Gibbons & Henderson, 2012; Tracey et al., 2014; Zahra & Nambisan, 2012). Scaling social impact, however, is a very different objective, potentially requiring very different management and governance practices (Bhatt, 2017; Pandey et al., 2021; Pillai et al., 2021b; Qureshi et al., 2021c). Business ecosystems are organized around financial efficiency and profit maximization, which can be understood relatively unambiguously. In contrast, the example of Moving Feast shows that stakeholders participate in sharing activities not only for a utilitarian purpose but also because of the relational values they gain from belonging to the ecosystem (Qureshi et al., 2016; Qureshi & Fang, 2011).

This relational value has its root in the literature of communal sharing, which suggests that belonging to a community guide sharing behavior (Stofberg et al., 2019). In anthropology, communal sharing is seen as “a relation of unity, community, undifferentiated collective identity, and kindness” (Fiske, 1991, p. ix). It involves expanding the sphere of *aggregate extended self* beyond the family (Belk, 2010), that is, “individuals see themselves and other members of the community as equivalent, undifferentiated, and sharing the same goal to promote the community’s interests” (Stofberg et al., 2019, p. 6). Extending this argument to Moving Feast, we conceptualize that participation in an ecosystem calls for generalized reciprocity, a notion where no one keeps track of the balance between giving and receiving (Sahlins, 1972). Members of an ecosystem, while joining the ecosystem for various reasons, may contribute altruistically to the common objective, regardless of personal rewards and costs (Benkler, 2004). It exemplifies Belk’s notion of “sharing in”, a process through which others become a part of “pseudo family” (2014a, b, p. 16). “Sharing in” in an ecosystem fosters a great sense of community and extends the scope and scale of organizations by facilitating access to shared resources (cf Hota & Mitra, 2021; Pillai et al., 2021b). Furthermore, the key characteristics of Moving Feast ecosystem (i.e., sharing locality, shared community, and shared ethos) also show how to design SEMs to maximize social impact without expanding the size and scope of organizations (Uvin et al., 2000).



## 14.4 Conclusion and Future Research Directions

In this chapter, we propose an ecosystem approach to SEMs. We argue that an ecosystem approach is effective in utilizing the potential of SEMs and in addressing grand challenges. Although literature recognized the importance of scaling social impact, it has so far approached this topic from an organizational level looking at scaling organizations. Such an approach is limiting as scaling organizations is not necessarily positively correlated with scaling impact. The ecosystem approach used by Moving Feast provides an opportunity to study new mechanisms for scaling impact that may increase the opportunities to successfully address the root causes of complex social and environmental issues. However, an ecosystem involves actors with multiple institutional logics (cf. Riaz & Qureshi, 2017), and as such there is a risk of mission drift (Logue & Grimes, 2019). We encourage future research to explore: *How an ecosystem approach to scaling social impact helps overcome mission drift? Furthermore, it would also be worthwhile to explore what mechanisms do ecosystem for scaling social impact implement to overcome mission drift?*

Additionally, despite an increase in interest, the social impact remains vaguely defined (Bhatt, 2017; Dembek & Sivasubramaniam, 2018). As such, each member of an ecosystem structured for scaling social impact might have a different notion of social impact they would like to see. This diversity in the vision about social impact might lead to interesting governance models that can account for such heterogeneity and provide useful means and measures for designing governance systems focused on scaling impact. We encourage future research to explore how governance structure emerges and evolves in an ecosystem for scaling social impact and how (or how not) individual social organizations align their internal governance structure with that of ecosystem governance structure.

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# Chapter 15

## Sharing Economy at the Base of the Pyramid-Research Framework and Future Directions



Israr Qureshi, Babita Bhatt, and Dharendra Mani Shukla

This book is an attempt to extend the boundary of the sharing economy literature by understanding the opportunities and challenges of implementing sharing economy models at the base of the pyramid (BOP). Compared to contexts generally studied in mainstream sharing economy models, the unique characteristics of the BOP contexts require a reconceptualization of several aspects of the existing models (Qureshi et al., 2021a). To this end, this book is the first step in integrating knowledge from various theoretical perspectives and empirical contexts. The diverse theoretical perspectives that the chapters in this book have drawn upon include digital social innovation (Qureshi et al., 2021b), platform cooperativism (Scholz, 2014), institutional entrepreneurship (Battilana et al., 2009; Qureshi et al., 2016), technoficing (Qureshi et al., 2021b), social intermediation (Kistruck et al., 2013), social entrepreneurship (Bhatt et al., 2019), collaborative consumption (Belk, 2010), resourcing (Feldman, 2004; Feldman & Worline, 2012), social capital (Bhatt, 2017; Coleman, 1988), and ecosystem perspectives (Adner, 2017). In terms of empirical contexts, this book integrates the understanding of various sharing economy models implemented across geographies such as Australia, China, India, Italy, and Malaysia. Thus, this book represents the beginning of a process of creating a rich body of knowledge about sharing economy models in the BOP context that has implications for both theory and practice.

In particular, the chapters by Galdini and Nardis (2021) (Part I, Chap. 2), Escobedo, Zheng, and Bhatt (2021) (Part I, Chap. 3), and Mannan and Pek (2021) (Part III, Chap. 11) contribute to the emerging literature on platform cooperativism

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(Qureshi & Fang, 2011; Scholz, 2014), which, in contrast to platform capitalism, aims at enhancing trust, cooperation, and social capital, rather than rent-seeking through economic efficiency. Given the little understanding about the role of sharing economy model in the BOP context, these chapters make a significant contribution to the extant literature by highlighting that the transformative sharing economy models have the potential to bring radical social and environmental change in a positive direction. Considering that sharing economy in the BOP context is yet in its nascent phases of development, the findings of these studies have important implications for practice as well. Implementation of these transformative sharing economy models in the BOP can help address the challenges posed by traditional sharing economy models in terms of discrimination and inequality (Clausen & García, 2017; Kumar et al., 2018), an important topic highlighted by Attri and Bapuji (2021) (Part III, Chap. 10). Integrating the emerging stream of research on caste-related discrimination (Bapuji & Chrispal, 2020; Chrispal et al., 2020; Kumar et al., 2021) and digital discrimination (Cheng & Foley, 2018; Wiprächtiger et al. 2019), Attri and Bapuji present a detailed account of various forms of discriminations that are prevalent in the existing models of sharing economy and challenges they pose for implementation of sharing economy models at the BOP. The conceptual discussion presented in this study has implications for all types of sharing economy model and provides insights for practitioners at multiple levels, including individual, organizations, and societies, in alleviating the concerns of discrimination in the sharing economy models.

However, if appropriately structured, the sharing models at the BOP can overcome challenges related to discrimination and exclusion and make positive contributions to sustainability and grand challenges (George et al., 2016). Chapter 4 by Qiu, Xu, and Bhatt (2021) contribute to the institutional entrepreneurship literature by highlighting how sharing economy models can help in the process of institutional entrepreneurship (Bhatt et al., 2019; Battilana et al., 2009; Qureshi et al., 2016). Institutional entrepreneurship plays a significant role in addressing the challenges of institutional voids that characterize the BOP context (Parthiban et al., 2020; Qureshi et al., 2016). Additionally, the findings of this chapter have the potential to inform practitioners that social relationships are useful in sharing economy models in the process of institutional entrepreneurship. In a related way, the chapter by Pillai, Shukla, and Qureshi (2021a) (Part I, Chap. 5) explores how sharing economy models can leverage the process of social intermediation (Kistruck et al., 2013; Shalini et al., 2021). The findings of this chapter contribute to the social intermediation literature by identifying the key characteristics of the sharing economy models that facilitate the social intermediation process. This study generates practical insights into how economic, social, and environmental values are created by social intermediaries (Parthiban et al., 2021; cf. Bansal et al., 2014). Continuing a similar line of contribution, Aditi and Bharti (2021) (Part II, Chap. 8) contribute to the collaborative consumption literature and suggest that shared consumption in the energy sector, along with development of critical infrastructure, can enhance sustainability and address the challenges of poverty (Belk, 2010; George et al., 2016). This



chapter offers several practical insights about the prospects and impediments of shared consumption in the energy sector in India.

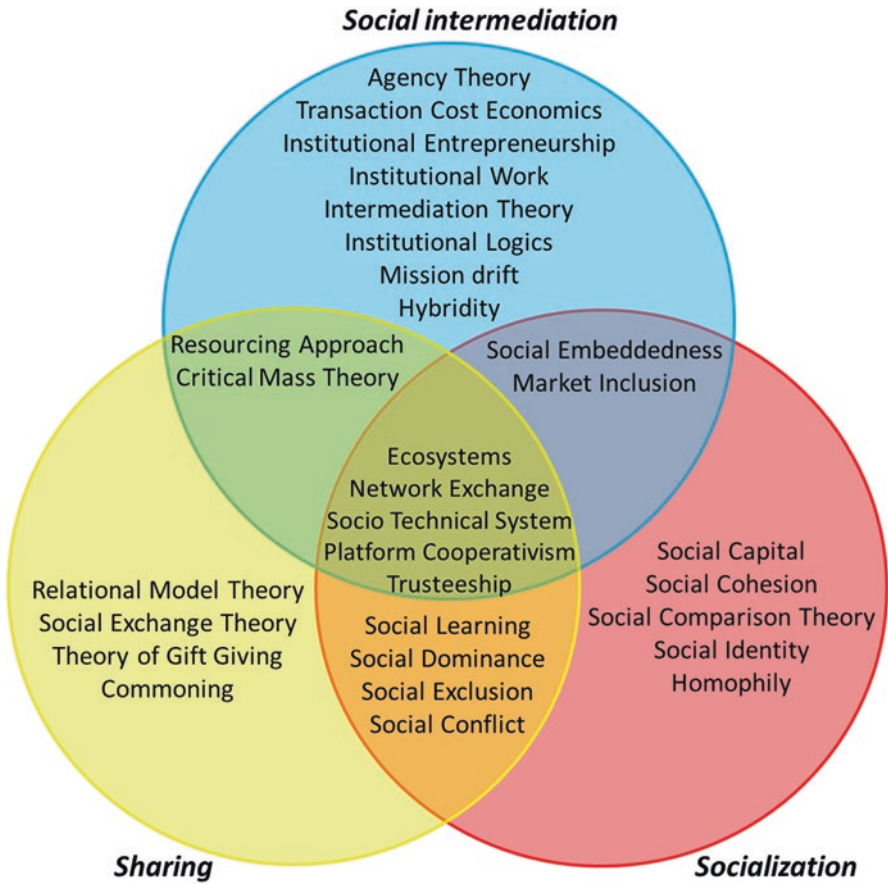
The development of critical infrastructure is important to improve livelihood in resource-constrained contexts, and so is the market linkages (Hota et al., 2019). Hota and Mitra (2021) (Part II, Chap. 7) examine the significance of sharing economy models in accessing and mobilizing resources through the creation of market linkages. This chapter contributes to the social entrepreneurship literature by highlighting how principles of sharing economy can be leveraged in multiple functions of a social enterprise, including platforms, human resources, business model, and channel, thus enabling the process of social entrepreneurship in the BOP context (Bhatt et al., 2019; Qureshi et al., 2018b). However, as suggested in resourcing perspective physical resources do not by themselves lead to desired outcomes. These resources need to put to right use, and capabilities to use them need to be developed (Feldman, 2004; Feldman & Worline, 2012). Pandey et al. (2021) (Part II, Chap. 9) contribute to the resourcing perspective by highlighting how local and institutional actors engage in resourcing practices and value creation process in the sharing economy models at the BOP. Findings of this chapter present insights about resourcing and value creation and how they can help address societal grand challenges such as poverty.

Employing the lens socialization in the communities, chapters by Escobedo, Zheng, and Bhatt (2021) (Part I, Chap. 3) and Mannan and Pek (2021) (Part III, Chap. 11) contribute to the social capital literature by highlighting the role of transformative sharing economy models in developing social capital (Bhatt, 2017). Further, the chapter by Nungsari and Yin (2021) (Part II, Chap. 6) highlights the role of sharing economy models in promoting sustainable and inclusive development in the Malaysian context. Finally, the chapter by Bhatt and colleagues (2021) (Part IV, Chap. 14) contributes to the ecosystem perspective by emphasizing how ecosystem perspective can be applied to sustain sharing activities and to scale the social impact of sharing economy models (Adner, 2017).

In summary, this book makes a concerted attempt to generate a deeper understanding of the sharing economy models at the BOP and their theoretical and practical implications. However, considering the diversity of BOP context and numerous possibilities of innovative sharing economy models, we call for more research in this domain. Our aim is to initiate discussions and debates about sharing economy models and their potential in bringing positive social and environmental changes in the BOP context. Below, we present several avenues of future research in this domain.

## 15.1 Theoretical Underpinnings

The chapters in this book have integrated sharing economy literature with diverse theoretical perspectives such as platform cooperativism (Scholz, 2014), institutional entrepreneurship (Battilana et al., 2009; Qureshi et al., 2016), social intermediation (Kistruck et al., 2013), social entrepreneurship (Bhatt et al., 2019), collaborative



**Fig. 15.1** 3S Framework and theoretical lenses

consumption (Belk, 2010), resourcing (Feldman, 2004; Feldman & Worline, 2012), social capital (Bhatt, 2017), and ecosystem perspectives (Adner, 2017). Future studies can explore empirical evidence of sharing economy models and extend the boundaries of the theoretical perspectives discussed in this book.

In the introduction to this book, we presented the 3S framework – sharing, socialization, and social intermediation. We leverage the same framework to present various theoretical underpinnings for sharing economy at the BOP. Figure 15.1 presents three dimensions of the 3S framework and suggests theories that can be used to study each dimension, as well as their intersections. It is important to note that the list is indicative and not exhaustive.

### ***15.1.1 Sharing Dimension***

It is obvious that sharing is *the* foundation of sharing economy. A key debate in the domains is why community members share with each other and to what extent they share, that is, scope of sharing. Theory of gift-giving (TGG) suggests that sharing is rooted in cultural symbolism and follows norms of collective reciprocity (Corciolani & Dalli, 2014, Giesler, 2006). However, instead of dyadic exchange that would be predicted by strict reciprocity and social exchange theory (SET) (Davlembayeva et al., 2020), collective reciprocity is about community members sharing their assets without an expectation or immediate returns from those with whom they have shared. Fiske (1991) elaborates this in his excellent description of four elementary forms of human relations, sometimes referred to as relational model theory (RMT), which has been used to explain knowledge sharing (Boer et al., 2011; Qureshi et al., 2018a) and recently in the context of peer-to-peer sharing (Stofberg et al., 2019). SET, RMT, and TGG are all conceptualized from the focal individuals perspective with an assumption that resources are own by the focal individual. Commoning perspective (Bollier & Helfrich, 2015) provides a fresh lens to understand how communities decommoify and make public what is private, thus bringing private resources to be preserved as community resources that are then jointly curated. Commoning lens has not been used in sharing economy yet and represents an interesting opportunity.

### ***15.1.2 Socialization Dimension***

There is a rich tradition of research in this domain. Social capital is the main lens used for understanding why, how, and with whom people interact (Bhardwaj et al., 2016; Lee et al., 2014; Konrad et al., 2017; Wang et al., 2015). Social capital results in individual and community-level positive outcomes, including cohesive communities and individual well-being. However, not all types of social capital lead to positive community outcomes (Bhatt, 2017). Social identity (Gu et al., 2021; Stets & Burke, 2000) and homophily (Cho et al., 2020; Kandel, 1978) result in the sub-groups formation within the communities, and the presence of bonding social capital, instead of bridging social capital, lead to fragmented communities (Bhatt, 2017; Hawkins & Maurer, 2010; Zmyślony et al., 2020). Social capital can literally determine who is in and who is out, and who get to participate in the sharing economy (Attri and Bapuji – Chapter 10; Ferrari, 2016).

### 15.1.3 *Social Intermediation Dimension*

Social intermediation is performed by an entity that is concerned with social value creation rather than seeking economic rents (Kistruck et al., 2013). However, this entity has to generate sufficient revenues to sustain its operations, resulting in issues similar to that faced by social enterprises (Doherty et al., 2014; Parthiban et al., 2021). Extant research has extensively studied how social enterprise balances social and financial objectives – hybridity (Battilana et al., 2015), and when they fail to balance these two, how mission drifts happens (Bhatt, 2021; Ebrahim et al., 2014). These issues are equally salient in the context of social intermediation but have not been studied yet. A social intermediary, in contrast to a traditional commercial intermediary, is interested in maximizing value capture by the BOP producers (Parthiban et al., 2021); however, there is a likelihood of encountering agency issues in these transactions (Ebrahim et al., 2014; Tracey & Jarvis, 2007). Similarly, as a social intermediary strives to help marginalized individuals create value and ensure that most of the value thus created is retained by the marginalized, it will face issues related to transaction cost and its resolution (Kistruck et al., 2013). It is claimed that attenuated opportunism displayed by social intermediary determines the purposeful pursuit of social objectives (Kistruck et al., 2013). Does this attenuated opportunism of social intermediary conflict with dominant institutional logics of profit maximisation? (cf Bhatt et al., 2019; Zhao & Lounsbury, 2016; Riaz & Qureshi, 2017). Do social intermediaries help change institutions through institutional entrepreneurship (cf Qureshi et al., 2016) and institutional work (Bhatt et al., 2019).

Apart from the research domains aligned with these three dimensions, there are ample possibilities at the intersection of these dimensions, for example, the extant understanding of the platform cooperativism and their role in transforming society is understudied (Qureshi et al., 2021b; see also Hota et al., 2021; Pillai et al., 2021b). Future studies can further explore empirical cases that employ sharing economy models based on platform cooperativism and provide a nuanced understanding of implementation processes and mechanisms used. Similarly, how institutional or social entrepreneurship unfolds in the context of sharing economy is yet to be fully understood (Bhatt et al., 2019; Qureshi et al., 2016). The mechanisms through which sharing economy models enable the processes of social and institutional entrepreneurship can be explored in depth in future studies. In a similar vein, although the role of technology-based commercial intermediaries in the value creation and appropriation have drawn significant attention from scholars (Amit & Zott, 2001; Oh et al., 2015), the role of technology-enabled social intermediation is underexplored (Parthiban et al., 2021). The process of social intermediation could be helpful in realizing the potentials of both reformative and transformative sharing economy models. However, this has attracted little attention from scholars so far. Future studies can explore how the process of social intermediation may vary for reformative and transformative sharing economy models. Considering that the value

creation and appropriation logic may differ significantly for reformative and transformative sharing economy models, such comparative studies may bring deeper insight about the process of social intermediation in these contrasting models. Further, resourcing practices involved in sharing economy models can be further explored to understand how resources are leveraged in the reformative and transformative sharing economy models. Additionally, the application of ecosystem perspective can help understand not only the scalability and replicability of the existing sharing economy platform but also how these sharing economy models interact with other components of the ecosystem (Adner, 2017).

Alternatively, future studies can develop or integrate new theoretical perspectives to understand different sharing economy models. Future studies can broaden the theoretical bases of the sharing economy models by integrating them with other theoretical lenses. For example, several of the sharing economy models such as that of bHive and Drishtee highlight the role of place-based economies and agents in the process of development and implementation of sharing economy models. The emerging literature on place, which has origin in the discipline of Human Geography (Tuan, 1977; Wright et al., 2021), can bring insights into the role of place and local actors in the sharing economy models. Similarly, bricolage perspective can enrich the understanding of how microentrepreneurs leverage the available resources in an efficient and innovative manner to enhance value creation in the sharing economy models (Di Domenico et al., 2010; Hota et al., 2019).

## 15.2 Focus on Marginalized

A few sharing economy models explored in this book aim to address marginalized groups, such as farmers, the poor, and refugees. However, the broad implications of sharing economy models on addressing the challenges of the marginalized groups are yet to be understood well (cf Qureshi et al., 2021b). For example, given the resource constraint environment at the BOP, sharing economy models might need technoficing – using simple and inexpensive yet suitable technologies – to achieve more effective implementation and social impact (Qureshi et al., 2021b). Nevertheless, it is not all about technology, a few studies have highlighted that sharing economy models can be prone to exclusion and marginalization of some sections of the society (Clausen & García, 2017; Kumar et al., 2018). However, additional empirical studies may help understand the potential negative implications of sharing economy models at the BOP more comprehensively. Further, given the potential of sharing economy models to increase discrimination of different types, it may present an interesting avenue for future studies to explore the relationship between the types of sharing economy models and the nature of discrimination inherent in it (cf Qureshi et al., 2021b).

### 15.3 Geographic Context

The empirical contributions made in this book rely on sharing economy models employed in the BOP content of countries such as Australia, China, India, Italy, and Malaysia. However, the BOP population is present in almost all emerging and developed countries (Calavita & Kitty, 2005; Shaefer & Edin, 2013). Future studies may generate evidence from diverse geographic contexts to enhance understanding about the diversity of contextual challenges faced by the sharing economy models in different countries. For example, the social, cultural, and environmental context of African countries may differ substantially from those in eastern Europe or Asia. Thus, the characteristics of the sharing economy models can be very different in these geographic regions even if they aim to cater for the economically backward population in both regions. Further, to explore the role of the social, cultural, and environmental context on the characteristics of the sharing economy models, it might be a good idea to explore the sharing economy models of an international organization that aim to cater for people from similar economic and occupation background in different regions.

### 15.4 Methodological Contributions

The chapters included in this study primarily use qualitative studies to understand the nuances of sharing economy models in the BOP context. However, future studies can take quantitative or mixed-method approaches to enhance the understanding about the sharing economy models at the BOP. For example, the value creation and appropriation potential of different sharing economy models could be examined using a cross-sectional or longitudinal survey. Similarly, survey-based quantitative methods could be leveraged to understand the role of social intermediaries in reducing transaction costs or improving market linkages. Further, experimental techniques such as Randomized Control Trials (RCT) could be helpful in understanding the impact of sharing economy models (or its characteristics) on the target BOP population. For example, the extent to which sharing economy models help in building social cohesion in the community can be studied through natural experiments (cf Luo et al., 2021). Additionally, future studies can use mixed-method approaches to understand the role of sharing economy models in making economic, social, and environmental impacts.

We hope this book will become a starting point for various new research endeavours in the field of sharing economy for the BOP. We look forward to increase research activities in this important emerging field.

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