A Pandemic Perspective on the Sharing Economy Paradoxes

Dinara Davlembayeva  
*Newcastle University Business School*, D.Davlembayeva2@newcastle.ac.uk

Savvas Papagiannidis  
*Newcastle University Business School*, savvas.papagiannidis@ncl.ac.uk

Follow this and additional works at: [https://aisel.aisnet.org/ukais2021](https://aisel.aisnet.org/ukais2021)

**Recommended Citation**
[https://aisel.aisnet.org/ukais2021/12](https://aisel.aisnet.org/ukais2021/12)

This material is brought to you by the UK Academy for Information Systems at AIS Electronic Library (AISeL). It has been accepted for inclusion in UK Academy for Information Systems Conference Proceedings 2021 by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.
A PANDEMIC PERSPECTIVE ON THE SHARING ECONOMY PARADOXES

Dinara Davlembayeva
D.Davlembayeva2@newcastle.ac.uk
Newcastle University Business School, 5 Barrack Road, Newcastle Upon Tyne, UK, NE14SE

Savvas Papagiannidis
Savvas.Papagiannidis@ncl.ac.uk
Newcastle University Business School, 5 Barrack Road, Newcastle Upon Tyne, UK, NE14SE

Abstract: Although the sharing economy was expected to bring sustainable transformations towards social welfare, economic growth and environmental preservation, it has not always lived up to the expectations. After the COVID-19 pandemic, benefits may become more elusive, considering the disruption that the pandemic has caused. This paper provides insight into the social, economic, environmental and regulatory paradoxes of the sharing economy before the pandemic. It also explores the roots of contradictory insights by analysing the role of normative, economic and digital regulatory mechanisms governing relations within platforms. The paper also discusses the effect of COVID-19 on platform regulatory mechanisms and their potential impact on the social, economic and environmental dimensions of sustainability.

Keywords: sharing economy, sustainability, social paradoxes, economic paradoxes, environmental paradoxes, regulatory paradoxes, pandemic
A Pandemic Perspective on the Sharing Economy Paradoxes

1.0 Introduction

Sharing platforms can have rise to a new form of economic relations, called the sharing economy, which is more dependent on social structures (Martin, 2016). The emergent system has gained rapid popularity because it is more attuned to users’ needs than traditional economic exchange. Early researchers claimed that the redistribution of resources for temporary use through online platforms would be instrumental in delivering benefits which go beyond an economic nature (Munoz and Cohen, 2017). However, the emergent socio-economic system has not always lived up to the expectations. The COVID-19 pandemic led to questioning the role of the sharing economy in societal wellbeing and economic sustainability. The pandemic has transformed consumers’ expectations and preferences towards traditional market providers, resulting in unclear prospects for platform employees and micro-entrepreneurs (Deloitte, 2020). The prolonged effect of the pandemic requires revisiting the implications for the sharing economy and the impact on practices under a new light.

Before the pandemic, the literature had produced divergent arguments on the impacts of the sharing economy on social, economic and environmental sustainability (Botsman and Rogers, 2011, Liu and Chen, 2020, Gössling and Hall, 2019, Frenken and Schor, 2017, Davlembayeva et al., 2019). Researchers envisioned the new economic system as a grassroots movement towards a fair society (Botsman and Rogers, 2011) and considered many challenges that hinder the benefits from materialising (Gössling and Hall, 2019, Chen et al., 2020). Although prior research shed light on the multifaceted nature of the sharing economy (Acquier et al., 2017), its societal impacts were left unexplored. Other scholars problematised certain contradictory effects of the sharing economy, yet without delving into the roots of the contradictions (Murillo et al., 2017). To complicate things further, the pandemic and social distancing challenge the fundamental underlying principles of the sharing economy, which were designed to address societal benefits. Considering the transformational impact of the pandemic on sharing economy practices, the analysis of paradoxes and their roots can inform future research directions.
A Pandemic Perspective on the Sharing Economy Paradoxes

Given the above, this paper pursues two objectives. The first is to reach a comprehensive insight into the research in the domain of the societal implications of the sharing economy. To address this objective the paper analyses and structures the findings on paradoxical implications in social, economic, and environmental domains. The study explains the dependence of societal implications on informal regulatory mechanisms embedded in sharing economy relations. The paper also discusses the role of formal governmental regulations impeding or facilitating those implications. Secondly, the paper analyses how mechanisms governing sharing economy practices are likely to be transformed by COVID-19 and what societal implications those transformations may entail. By addressing the above objectives, the paper contributes to the literature on the sharing economy. The paper provides a critical analysis of the societal impact of the sharing economy. The evaluation of formal and informal regulatory mechanisms embedded in new socio-economic relations can facilitate the understanding of the drivers of entrepreneurship. Also, the analysis of paradoxes helps probe the future of the sharing economy.

2.0 The Sharing Economy and its Paradoxes

The sharing economy is “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-utilized resources in society” (Munoz and Cohen, 2017, p. 21). The system is governed by embedded mechanisms regulating exchange. Regulatory mechanisms reflect the social, economic and digital underpinnings of relations. From the sociological point of view, the sustainability of relations is dependent on the degree to which people follow social norms and rules, such as altruistic motives, collective identification and other social factors (Bucher et al., 2016). From an economic point of view, the exchange is underpinned by the rationale of saving money or getting compensation for the resources people redistribute and reuse (Belk, 2014b). For-profit transactions introduce the market logic of exchange, conducive to the development of competitive strategies and stronger customer orientation (Acquier et al., 2017). From the technological point of view, relations are regulated by dynamic pricing systems and
A Pandemic Perspective on the Sharing Economy Paradoxes

algorithms matching parties on both sides of the platform and evaluating the costs of and rewards for transactions (Heylighen, 2017). The trustworthiness of relations is captured by feedback rating systems which serve as trust-building mechanisms. Human supervision is replaced by dynamic tracking and control, while hierarchical human interaction is substituted by decentralised digitalised decision making (Rosenblat and Stark, 2016, Heylighen, 2017).

The socio-economic properties of digitally-enabled exchanges bring societal value across individual, institutional and environmental levels. On the individual level, collective consumption can result in the generation of new economic and social networking opportunities. These could be the output of rental-based revenues, reduced transaction costs and the feelings of solidarity and altruism developed through peer-to-peer interactions (Munoz and Cohen, 2017, Davlembayeva et al., 2020, Ferrari et al., 2020). On an institutional level, the sharing economy affects the performance of incumbent firms, industries and legislative frameworks due to the digitally-enabled distribution of economic resources among people (Gurran et al., 2020, Fiorentino, 2019, Williams and Horodnic, 2017). Finally, on an environmental level, access-based temporary use of collective resources decreases the production of new goods, reduces the generation of waste and preserves natural resources (Gössling and Hall, 2019). Such impacts can create sustainable outcomes across different spheres of life (Botsman and Rogers, 2011, Liu and Chen, 2020, Gössling and Hall, 2019, Frenken and Schor, 2017). Still, it could be argued that the sharing economy cannot fully accommodate users' needs and address ethical standards (Simonovits et al., 2018, Pankov et al., 2019, Hui et al., 2018, Murillo et al., 2017).

The image of the utopian society created by the sharing economy is clouded by contradictory insights into the impacts that it has on the transition towards a sustainable society. From the perspective of social sustainability, collaborative consumption creates unintended consequences on entrepreneurial empowerment (Sundararajan, 2016, Ferrari et al., 2020, Simonovits et al., 2018, Fleming et al., 2019). In terms of the economic domain of sustainability, sharing economy enterprises have a debatable impact on the
establishment of an egalitarian economic system and diversified market structures (Fleming et al., 2019, Lang et al., 2020, Gurran et al., 2020). Environmental sustainability has been questioned, due to the overconsumption paradox resulting from the increased affordability of goods (Lee et al., 2014, Frenken and Schor, 2019). The contradictory insights are rooted in the polarity of values and motives promoted by the informal social and economic mechanisms governing relations. The normative regulation supports the maximisation of benefits for the community (Schneider, 2017). The economic rationale, in turn, upholds personal self-maximisation. Ideally, positive implications are endorsed by the effective alignment of self-benefit and the common good (Belk, 2014a). In practice, the balance of social norms and economic rationale is difficult to achieve across multiple platforms. Platforms vary in the ways in which they utilise algorithmic management, which can unbalance the socio-economic underpinnings of relations. Negative implications of informal regulation are facilitated by the current legislative framework, which is not fully aligned to monitoring and controlling the relations of actors and the market impact of platforms (Murillo et al., 2017). Given the above, the following sections will discuss the paradoxical impacts on the social, economic and environmental aspects of sustainability through an analysis of the informal and formal regulatory mechanisms underpinning them.

2.1. Social Paradoxes

The balance of power: Researchers have argued that the sharing economy is a manifestation of a democratic movement directed at the empowerment of people involved in its transactions (Mazzella and Sundararajan, 2016). Digital governance of relations gives flexible working conditions and low entry barriers to business compared to traditional forms of entrepreneurship (Hui et al., 2018). However, the degree of entrepreneurial flexibility and empowerment depends on platform properties. Platforms differ by the level of organisational support involved in the platform structure (Sundararajan, 2016). When sharing economy enterprises involve little organisational hierarchy, they resemble micro-entrepreneurship initiatives, giving providers more flexibility in transactions (Sundararajan, 2016, Hui et al., 2018). Micro-entrepreneurs are
not restricted by the control embedded into platform governance. This enables them to develop a preferable way to manage customer relationships and work. Typically, such entrepreneurs use community-based approaches for coordinating transactions, based on trust and commitment to a community (Hui et al., 2018). Therefore, entrepreneurial initiatives managed by digital systems and regulated by social normative mechanisms can be considered a “social elevator”, enabling the transition from the status of “unemployed” to “micro-entrepreneur”.

When sharing economy providers become members of big platforms with an established organisational hierarchy, they may lose entrepreneurial freedom and empowerment (Sundararajan, 2016). Big platforms act as employers, leveraging digital intermediation for their own benefit rather than hired contractors. They are driven by an economic rationale, which is often seen as big platforms exploiting their providers (Ciulli and Kolk, 2019). First, due to the decentralised system of relations, the negotiation of payment, working conditions and complaints during shifts becomes challenging (Carmody and Fortuin, 2019). Second, digital intermediation makes it difficult to define the status of platform providers. They are considered to be freelancers/independent contractors, who are neither employers nor free entrepreneurs (Wentrup et al., 2019). Third, due to the focus on economic gains, platforms prioritise customers’ experience and service orientation at the expense of providers’ rights (Murillo et al., 2017). Platform mediation makes the control and surveillance over workers stricter through embedded rating systems working as trust mechanisms. High dependency on client ratings means that service quality is judged primarily and subjectively by a client. Client-provider relationships can be perceived as unfair by platform employees, reducing trust in the platforms and commitment to long-term cooperation (Wentrup et al., 2019).

2.2. Economic Paradoxes

**Egalitarianism vs Capitalism:** Early on, the literature suggested that the sharing economy was a new economic system offering economic opportunities, equally distributed among all subjects of the population (Guillemot and Privat, 2019). Such an economic system embraces digital intermediation and normative regulatory mechanisms
A Pandemic Perspective on the Sharing Economy Paradoxes

fostering collective wellbeing. Digital intermediation democratises entry requirements for micro-entrepreneurship, enabling people to receive economic gains by exploiting their own resources (Hui et al., 2018, Fiorentino, 2019, Ferrari et al., 2020). Social norms encourage initiatives that would otherwise have been impossible. For instance, the funding of start-ups is possible by collecting donations and investments through crowdfunding platforms (Kaartemo, 2017). Entrepreneurs can prioritise community development over the competition, privacy over self-marketing and stability over venturesome decisions, which leads towards a more egalitarian society (Hui et al., 2018).

However, expecting the sharing economy to develop economic egalitarianism may be too optimistic. Driven by the economic rationale, many platforms leverage digital functions to create an inequitable distribution of rewards between providers and platforms (Ahsan, 2018, Murillo et al., 2017). The digital regulation of provider-customer relations enables platforms to classify their workers as independent contractors (Rosenblat and Stark, 2016, Murillo et al., 2017). Such an employment status is financially insecure, as it entails unstable income and platforms’ limited liabilities. Also, big platforms use the network effect and investments to intensify unequal wealth distribution, disrupt market conditions and lobby in support of their interests (Murillo et al., 2017, Chalmers and Matthews, 2019). The network effect is the ability to convert users into prosumers. This means that platforms can be scaled up efficiently, whereby each participant attracts users on both the demand and supply sides (Constantiou et al., 2017). While the network effect ensures high demand for platforms’ services, it challenges working conditions. With the increasing number of actors in the network and larger investments, the altruistic value of social exchange becomes weaker, while the market rationale becomes stronger. Such types of entrepreneurship are manifested as an extreme form of capitalism, which hinders communal prosperity (Fleming et al., 2019).

**Market Diversification vs Monopolisation:** Arguably, the sharing economy can contribute to the diversification of markets (Bó and Petrini, 2019, Gössling and Hall, 2019). Digital intermediation gives users access to diverse resources in a time- and cost-efficient way (Henten and Windekkilde, 2016). The increased diversity of goods and
products circulated in markets introduces competition, and creates the complementarity of resources, thus filling the gaps in incumbent industries. For example, accommodation sharing platforms affect the development of tourist infrastructure by increasing the variety of accommodation offerings (Gurran et al., 2020). Also, the sharing economy revitalises incumbent firms by fuelling the transformation of their existing business models and increasing productivity (Kim et al., 2018).

In the long-term, digital intermediation catalyses the demand and supply capacity of platforms, due to the network effects (Lang et al., 2020). The rapid growth and the dominance of particular platforms in the market undermine competition and create monopolies (Gössling and Hall, 2019). Evidence suggests that the biggest market shares in each sector are often owned by a single company, like Uber in ridesharing, Kickstarter in crowdfunding, Craigslist in professional services, and Etsy in the product marketplace (Murillo et al., 2017, Frenken and Schor, 2019). Digital peer-to-peer platforms have marketing capabilities of controlling and manipulating public opinion that are not available for traditional firms (Bó and Petrini, 2019). This means that the network effects of big market players ensure high demand and income stability for their providers, but make the survival of small sharing economy enterprises challenging.

2.3. Environmental Paradox

**Mindful Consumption vs Overconsumption:** The sharing economy is considered to be a tool of transition from overconsumption to the mindful use of resources (Zhu et al., 2018, Lee et al., 2014). Access to and exchange of underutilised resources through digital platforms could potentially reduce the demand for the production of new goods. Reduced consumption can contribute to the preservation of natural resources, waste reduction and a decrease in pollution resulting from production and utilisation (Gössling and Hall, 2019). For example, carsharing platforms made claims about the substantial reduction in privately owned cars on the roads in the near future and the contribution to reduction in carbon emissions (Lee et al., 2014). Such initiatives have spurred innovative start-ups focusing on the development of environmentally friendly transport systems promising the sustainability of urban infrastructure (Meilä, 2018). In some geographical areas, the
promotion of ride-hailing platforms has brought fruitful results in the reduction of air pollution (Zhu et al., 2018). Also, it was claimed that the use of accommodation sharing platforms promotes green consumption habits. As support for this claim, the statistical data confirm the reduction in energy, water consumption and waste generation (Murillo et al., 2017).

The effects of collaborative modes of consumption can also have a negative impact on the environment, though, by encouraging and facilitating excessive demand for products and services (Frenken and Schor, 2017). The overconsumption paradox is rooted in the degree to which collaborative enterprises reflect communal orientation or the means to maximise economic rewards. From the perspective of the economic rationale, the majority of commercial collaborative practices operate based on market logic and the economies of scale (Geissinger et al., 2020). Platforms aim to maximise profit and sales growth, which is why they build their marketing strategies around customers’ incentivisation to reinforce consumption (Ciulli and Kolk, 2019). From the social perspective, the strong communal orientation of businesses can work as a balancing mechanism to offset the impact of the overconsumption consequences incurred by the market drivers of the sharing economy. The expectations about sustainability outcomes become the normative boundaries determining the behaviour of platform entrepreneurs (Pankov et al., 2019). By promoting the careful use of collective resources, entrepreneurs can hold back the process of their depreciation, amortisation and their subsequent replacement with new products (Liu and Chen, 2020).

2.4. Regulatory Paradox

**Regulation by Deregulation:** Digital governance, the social normative underpinnings of relations and the economic rationale make the sharing economy a system that is fully governed by informal mechanisms (Ahsan, 2018, Etter et al., 2019). The economic rationale of exchange emphasises gains in transactions. The moral and social norms underpinning relations affect the balance between perceived rewards and the costs borne by the parties (Laurell and Sandström, 2017). The parties in transactions are supposed to develop trust and commitment over time through the experience of long-term gains over
short-term sacrifices (Ndubisi et al., 2016). Trust determines commitment to platforms, as it reflects the belief that the platform can be relied upon (Wentrup et al., 2019). Normative governance mechanisms and the economic rationale are reconciled by digital intermediation, which is expected to mitigate the opportunistic behaviour of the parties in exchange (Acquier et al., 2017, Wentrup et al., 2019). For instance, trust-mechanisms, dynamic pricing systems, rating systems and ubiquitous surveillance ensure that customers receive the value for the money they pay, and that interactions are transparent and safe (Rosenblat and Stark, 2016, Etter et al., 2019, Chen et al., 2020).

Contrary to the social norms of relations, digital intermediation can favour opportunism in two ways. First, it encourages the disproportional distribution of benefits among platforms, customers and providers. Algorithms are coded with asymmetries of information in terms of the margin for the price of a ride, which benefits the platforms and gives little freedom to providers (Ahsan, 2018). Providers can also experience a lack of organisational support due to digital intermediation. Digital communication displaces the interaction between workers and platform management, resulting in a lack of emotional investment fostering long-term relations (Wentrup et al., 2019). Second, digital intermediation challenges the application of formal mechanisms regulating the activities of platforms on markets. Digital platforms represent new forms of organisations that have better opportunities for competing with well-established firms (Etter et al., 2019). Not having to comply with insurance, inspection and licensing procedures has reduced institutional bureaucracy and has given platforms a competitive advantage compared to traditional providers (Ahsan, 2018). The drawbacks of the regulation of relations between the parties of exchange and a market structure suggest that the sharing economy needs a formal regulatory hand, although it may make it similar to a traditional form of economic system (Ahsan, 2018, Etter et al., 2019).

To balance the positive and negative implications of the informal regulatory mechanisms embedded in platforms, governments need novel regulatory approaches. Governments can use various combinations of soft and hard laws to address legal concerns (Etter et al., 2019). A soft approach is to incentivise platforms and providers to take on liabilities
A Pandemic Perspective on the Sharing Economy Paradoxes

through direct and indirect measures. Direct measures may require reporting data about customers in exchange for tax exemption (Williams and Horodnic, 2017). However, such an approach would not address all the regulatory areas and create a trade-off between costs and gains depending on the situation. Indirect approaches imply the initiatives directed at altering people’s views towards more compliant behaviour by stimulating commitment and moral rules (Williams and Horodnic, 2017).

Table 1 provides the summary of the paradoxes in the sharing economy moderated by formal and informal regulatory mechanisms.

Table 1: Paradoxes in the Sharing Economy

<table>
<thead>
<tr>
<th>Domain</th>
<th>Paradox</th>
<th>Formal and informal regulatory mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Social norms</td>
</tr>
<tr>
<td>Social</td>
<td>Entrepreneurial Empowerment</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Labour exploitation</td>
<td>○</td>
</tr>
<tr>
<td>Economic</td>
<td>Egalitarianism</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Capitalism</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Market Diversification</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Market Monopolisation</td>
<td>○</td>
</tr>
<tr>
<td>Environmental</td>
<td>Mindful Consumption</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Overconsumption</td>
<td>○</td>
</tr>
</tbody>
</table>

2.5. The Sharing Economy in the Post-Pandemic World

COVID-19 has deeply affected the population worldwide, triggering changes in individuals’ behaviour and cognition, and it has prompted responses from organisations and governments. Firstly, the pandemic has impacted psychological wellbeing, inducing a feeling of anxiety and stress (Wang et al., 2020), reshaping individuals’ communication and interactions within and outside their communities. People were forced to refrain from
any risk-related activities (Cherry and Pidgeon, 2018). Secondly, the psychological state of uncertainty and fear during the pandemic is reducing trust in organisations and policy-makers (Balog-Way and McComas, 2020). Thirdly, governments have imposed social distancing and social isolation rules that will be in effect until the epidemic curve has been flattened. Fourthly, the pandemic has been gradually plunging the world economy into the deepest stagnation due to preventive measures that lead to the reduction of industrial output and the workforce across economic sectors (World Bank, 2020). Finally, digital technologies and online applications have come into play to ensure the continuity of business services, maintain life-sustaining activities and virtual social interactions (Papagiannidis et al., 2020). The changes across all spheres of life affect the social, economic and digital mechanisms governing relations, as well as the social, economic and environmental dimensions of sustainability.

**From a social dimension point of view**, weak trust and the need for stricter digital intermediation has an impact on the balance of power between platforms and providers. Trust in platforms has been weakened against the background of recent workforce layoffs and office closures by Airbnb and Uber globally (Conger and Griffith, 2020). The reduced role of trust undermines relational governance, which has a negative effect on the empowerment of sharing economy entrepreneurs. Since users have grown more reliant on algorithmic management to regulate within-platform relations (consumer-platform-provider) the role of social norms in regulating sharing economy relations is further minimised. Given the current regulatory framework, providers have been experiencing less control over transactions, and less freedom and opportunities since the start of the pandemic than ever before.

**When it comes to the economic side**, social distancing and economic recession have put a strain on key sharing economy market players, who have been promoting the capitalistic economy. The economic losses are dramatic for platforms, where interaction between stakeholders is based on the economic rationale. The monopolistic power of these for-profit platforms had been fuelled by networking capabilities and transaction turnover (Murillo et al., 2017, Chalmers and Matthews, 2019, Lang et al., 2020). Now they have
started experiencing a decline in demand and investment attractiveness accordingly. For example, Lyft had a net loss of almost 100 million US dollars for the first two months of the pandemic (Conger and Griffith, 2020). In contrast, in conditions of economic volatility and social panic, sharing platforms that are driven by solidarity, altruism and social bonding provide better conditions, as they offer more flexibility in terms of business entry and exit (Sundararajan, 2016, Hui et al., 2018). Therefore, small community-based enterprises in the long-term perspective can be revived to drive community goals and the development of an egalitarian society.

Given the above, the decline of dominant platforms could lead to the diversification of markets. The change in the market structure is rooted in the redistribution of power between market-oriented and social-oriented platforms. The decline of demand in sharing economy services suggests that the platforms primarily based on economies of scale will experience challenges in the future. Hence, the economic rationale may not be sufficient to thrive in the market. For example, a recent survey found that after the outbreak of the pandemic, users have developed solidarity with small local producers and have strengthened preferences towards local goods over the ones provided by big suppliers (Deloitte, 2020). By losing shares on the market, big platforms lose their network size and network effects, which have been considered as barriers to competition and a prerequisite for monopolisation (Gössling and Hall, 2019).

As far as the environmental dimension is concerned, the psychological factor reflecting the fear of contracting the virus redefines users’ norms and consumption behaviour. The concept of non-ownership of resources that is inherent in sharing economy practices put the environmental value of sharing to the test during pandemic and post-pandemic times. A survey found that, due to healthcare concerns, the willingness to use carsharing and ridesharing services is expected to drop by a third. Users perceive shared goods to represent a higher risk of infection, which is going to drive their behaviour in the future (Deloitte, 2020). Pro-health behaviour will prevail over pro-environmental norms. That means that the use of non-owned resources gets minimised and contact with strangers is reduced to eliminate the possibility of contracting the virus, irrespective of the
environmental benefits of collaborative practices. Consequently, the purchasing demand for new goods which have been typically accessed through platforms, such as cars, bicycles and secondary equipment, is most likely to resurge.

### 3.0 Conclusion

This paper aimed to analyse the embedded formal and informal mechanisms of the sharing economy causing paradoxes and to discuss how COVID-19 has transformed these mechanisms and their impacts. Social norms, economic rationale and digital intermediation were found to be informal regulatory mechanisms with paradoxical implications in the social, economic and environmental domains. They have varying impacts on the balance of power in platform-provider relations, the economic system, market structure and consumption patterns. The paper then discussed how the COVID-19 pandemic has affected users’ practices, the roots of the paradoxes and, in turn, the paradoxical implications for social, economic and environmental sustainability.

### 3.1 Recommendations for Future Research

The analysis calls for deeper research on four fronts to address the paradoxes and enhance the understanding of sharing economy implications. From the social perspective, future research needs to extend the boundaries of the current knowledge about the balance of power between platforms and providers. Given that the digital intermediation of social interactions has become essential, scholars need to investigate how current pandemic circumstances have affected the providers’ perception of contractual employment conditions. Technological innovations can be helpful in tackling the challenges that the parties in transactions experience. Current digital systems are designed to work as trust mechanisms and price-matching systems, alleviating users’ concerns in regards to service/product quality and the management of relations (Rosenblat and Stark, 2016, Etter et al., 2019, Chen et al., 2020, Shao and Yin, 2019, Gonzalez-Padron, 2017). However, they are loosely adjusted to the needs of providers. Therefore, future research needs to focus on algorithms that can address issues with trust in platforms and the asymmetry of power/information in relations between providers and
platforms. To revisit user behaviour in the sharing economy in the post-pandemic world, qualitative research methods can be utilised. This will help to observe how the current socio-economic situation is transforming users’ values, motives and preferences, what impacts those transformations have and which technological capabilities of platforms are helpful in tackling social, economic and environmental needs.

From the economic perspective, the disruptions in the sharing economy sector provide multiple avenues for scholars to analyse the development of new business models. Future research could study existing sharing economy companies and the pathways they have taken to diversify their platform offerings using a qualitative approach. On one hand, such research is important to build business cases on change management in the sharing economy. On the other hand, in-depth insight into business model transformation will make it possible to see how the changes benefit stakeholders and maximise company profits. Apart from empirical evidence, future research needs to conceptualise potential scenarios of business model innovation to make businesses adaptable to the current pandemic reality. It is important to evaluate the technological resources required to enable innovation, the procedures required to ensure customer safety and security, and offerings addressing new lifestyles and preferences.

Scholars focusing on environmental implications need to compare consumer behaviour before and after the COVID-19 outbreak to examine the impact on mindful consumption habits. Researchers need to bring evidence as to how the pandemic has affected the preferences and values of the participants of sharing economy platforms. From a market and platform perspective, future research could analyse the sharing economy markets and identify which sectors have seen growth and decline and why. Also, researchers could investigate how platforms reacted to market disruptions. Since some forms of sharing practices are safer but less sustainable, the pandemic might have caused incremental changes of market offerings, which are potentially not beneficial for the environment.

To move forward research in the area of informal regulatory mechanisms, further research is needed to categorise platforms based on the mechanisms that regulate relations. Scholars could bring new insights into the range of practices performed in the
A Pandemic Perspective on the Sharing Economy Paradoxes

sharing economy, and the normative and technological differences in relationships carried out across platforms. An examination of diverse sharing economy practices is important, considering that they differ by the degree of social capital reproduction (ties, moral obligations, shared vision), the economic utility of relations and the functionality of digital intermediation (Belk, 2014b, Heylighen, 2017). When it comes to formal regulatory mechanisms, the challenges with policy evaluations around platform offerings (Gurran et al., 2020) suggest that future research should investigate the combinations of soft/hard laws and direct/indirect measures to address the paradoxes (Etter et al., 2019, Williams and Horodnic, 2017).

References

Belk, R. (2014b) 'You are what you can access: Sharing and collaborative consumption online', Journal of Business Research, 67(8), pp. 1595-1600.
Chalmers, D. and Matthews, R. (2019) 'Good to be bad: Should we be worried by the sharing economy?', Strategic Change, 28(6), pp. 403-408.
A Pandemic Perspective on the Sharing Economy Paradoxes


A Pandemic Perspective on the Sharing Economy Paradoxes


Martin, C. J. (2016) 'The sharing economy: A pathway to sustainability or a nightmarish form of neoliberal capitalism?', *Ecological economics*, 121, pp. 149-159.


Schneider, D. 'Rewarding prosociality on non-commercial online sharing platforms'. *the 25th European Conference on Information Systems (ECIS)*, Guimarães, Portugal, 2269-2284.


World Bank (2020) 'COVID-19 to Plunge Global Economy into Worst Recession since World War II'.