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The Sharing Economy, concept and possibility of its application in Algeria

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Abstract:

This study aims to address a relatively recent concept, which is the Sharing Economy. This latter appeared at the same time as the technological revolution and intended to use underutilized skill or asset in order to provide employment opportunities.

We have presented the limits which might come up against the development of the Sharing Economy in Algeria, and we have indicated the need to provide the appropriate conditions for such a type of economy.

Keywords: Sharing Economy; Technology; Algeria.

Jel Classification Codes : O30, N70

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1. INTRODUCTION

The idea of the Sharing Economy - abbreviated as SE - is that individuals can benefit from underutilized skill or asset. It is not necessary to own a car to get around or an apartment to spend the holidays, but it is rather possible to rent the asset for a certain period at competitive price. The sharing of assets and services can be embodied by relying on technical developments. In fact, the sharing economy requires platforms and applications that organize exchanges via Internet.

The SE responds to a number of problems, in particular the problem of the scarcity of resources by encouraging temporary use and not ownership, in addition, it is at the service of sustainable development by reducing pollution through using available resources instead of producing other resources.

Algeria is not isolated from the outside world, and the features of the participatory economy appeared, indeed, with the launch of YASSIR transport service, and the idea began to spread gradually.

In this context, the following question arises before us:

What are the obstacles and limits of the Sharing Economy in Algeria, and how to overcome these limits?

- Study hypotheses

The following hypotheses can be put forward:

- Algeria has the features of sharing economy.
- Algeria has the potential to surmount the challenges hindering the growth of the sharing economy.

- The importance of the study

The sharing economy presents a new economic paradigm. This study explores its relevance to Algeria, clarifies its underlying principles, and addresses the challenges hindering its progress, ultimately contributing to a more sustainable and equitable economy.

-Methodology

In this study, we used the analytical descriptive approach to define this type of economy, its principles and the benefits it may bring.

2.Definition of Sharing Economy

The sharing economy is a system where resources and skills are exchanged among a company, its employees, and other interested parties, fostering collaboration. Three key elements define this model:

- **Accessibility:** Collaborative efforts ensure underutilized assets, both physical and human talent, are put to good use.
- **Platform Focus:** Transactions are facilitated through online platforms that connect individuals directly.
- **Community Driven:** Coordination happens organically, without rigid contracts, hierarchies, or a focus solely on profit (Zhang, Li , Sadiq, & Feng , 2023, p. 02)

Sharing economies promote resource utilization within communities, allowing people to access what they need without constant buying. This focus on sharing means assets are used only when necessary, fostering a "use-when-needed" mentality. Ownership becomes less important – you don't need to own something to enjoy it. As a result, production could potentially decrease compared to traditional models, which undoubtedly benefits sustainability.

The sharing economy has emerged as a popular business model, encouraging a shift away from materialism and towards a more sustainable consumption pattern. This model is predicted for significant growth, with estimates suggesting a 25% increase. It represents a promising tool for sustainable development, fostering community spirit and contributing positively to the overall economy.(Zhang, Li , Sadiq, & Feng , 2023, p. 02).

2.1 History of Sharing Economy

Traditionally, people relied on local newspaper classifieds or word-of-mouth to discover and share resources. However, the rise of the internet, widespread computing, and convenient mobile payments (m-payments) has revolutionized the way that they find and share assets (Tucci & Lasckowski, 2018)**.**

Pioneering the sharing economy in 1995, eBay offered a global platform with a vast selection of products, from retailers to individuals selling competitively. In 2008, Airbnb emerged, allowing people to share their homes as an alternative to crowded hotels. Home-sharing and short-term rentals became a thriving industry, fueled by the diverse range of locations and prices offered by lists.(Keycafe team, 2019). Following eBay and Airbnb, Uber entered the scene in March 2009. This San Francisco-based company, is a transportation network, connects riders with drivers using their personal vehicles. (Şahin, 2020, p. 09). The sharing economy (SE) now reaches across various sectors, including:

- **Accommodation:** This includes home-sharing platforms like Airbnb.
- **Transportation:** Ride-hailing services like DiDi are part of this sector.
- **Vehicles:** Car-sharing options like Zipcar fall under this umbrella.
- **Micromobility:** Bike-sharing companies like Mobike represent this sector.
- **Fashion:** Platforms like My Wardrobe HQ exemplify fashion-sharing within the SE. (Rossmannek, 2023, p. 01)

2.2 Principals of Sharing Economy

Since the Sharing Economy is a relatively recent concept, we must understand that its specificity lies in the fact that it is based on a number of principles such: (Miguel, Martos- Carrión, & Santa, 2022, pp. 30-33):

-Redistribution of assets: The sharing economy connects people to redistribute underutilized resources through online platforms, this action is not always for free.

The Internet and innovative technologies are the core of the SE: Most sharing economy initiatives rely on advanced online platforms. These platforms combine features like GPS location tracking, instant messaging, secure online payments, user rating systems, and integration with social networks.

- **The SE is a market-based system:** Sharing economy platforms act as digital marketplaces, connecting those with something to offer (supply) with those who need it (demand). Transactions can involve financial compensation or other forms of value exchange.

-The SE is crowd-based: The success of on-demand services within the sharing economy hinges on a large and active user base. The network's power grows with the number of participants

-The SE is built on decentralised networks: Sharing economy platforms are built on decentralized and distributed networks. This means decision-making power is spread among all participants, preventing any single entity from having complete control.

- The sharing economy fosters direct transactions between people (peer-to-peer), simultaneously empowering individuals.: Sharing economy apps connect people directly (peer-to-peer) for trading, exchanging, sharing, or swapping resources. These platforms facilitate transactions without the need for traditional intermediaries, although the platform itself plays a role in connecting users.

The sharing economy values community, cooperation, and reducing environmental impact.: The sharing economy prioritizes both **people and the environment**, fostering values like **democracy, liberty, social justice, and environmental responsibility**. By integrating these principles, sharing economies cultivate a sense of **well-being** within communities, benefiting both individuals and the collective

3. Sharing Economy benefits

The sharing economy's success is undoubtedly rooted in its numerous benefits such:

3.1 Economic Benefit

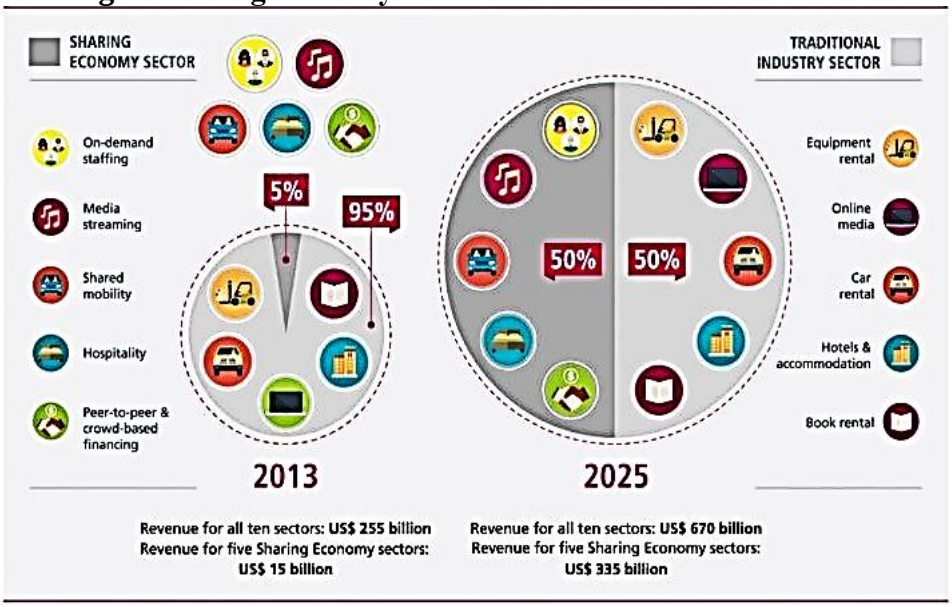
The sharing economy's influence is rapidly expanding, permeating nearly every facet of our daily lives. Over 10,000 companies now operate within this sector, and the market potential for sharing economy businesses is expected to reach a staggering $335 billion by 2025 (Miguel, Martos-Carrión, & Santa, 2022, p. 21).

Figure 01 shows a comparison between the traditional economy and the SE, as it clearly shows that the global size of the SE takes an upward trend year after year.

The sharing economy offers clear economic advantages by promoting more efficient asset utilization. It challenges the traditional model of exclusive ownership and offers a more cost-effective approach. Additionally, it facilitates real-time matching of global

supply and demand. Studies on its primary platform, online marketplaces, highlight significant reductions in coordination costs, both in terms of time and money.

Fig. 1. sharing economy sector and traditional rental sector



Source: (Robinson, 2019)

Beyond the economic benefits, users value the time savings, cost reductions, and freedom from ownership burdens offered by the sharing economy. This focus on user convenience is a key competitive advantage compared to traditional economic models.

Sharing economy services also champion sustainability. By facilitating better resource utilization, they often contribute to reduced carbon emissions. Furthermore, these services can foster more environmentally conscious consumer habits that may extend to other areas of consumption. (Rossmannek, 2023, p. 01).

Sustainable development and energy efficiency can be promoted through various means, and the rise of the sharing economy offers significant possibilities**.** This model, characterized by online platforms facilitating peer-to-peer access to products and services, is a rapidly growing trend in consumer behaviour. The sharing economy is predicted to deliver numerous societal benefits, including financial savings/gains, promoting sustainable consumption patterns, and reducing resource use. Ultimately, it could pave the way for a more sustainable economic model.

By fostering cost-effective methods and resource efficiency, the sharing economy represents a step forward for society**.** This model is anticipated to bring several advantages, including resource savings, improved living standards, the creation of new revenue streams, and wider access to affordable products and services. (Zhu, Lin, Zhu, & Liu, 2023, p. 02).

3.2 Social Benefit

The sharing economy offers a unique advantage: fostering social connections. For instance, Airbnb guests often form bonds with their hosts, creating lasting friendships. In contrast, traditional hotel stays can be isolating. Users of sharing platforms seek both economic and social benefits, often driven by a desire for increased social interaction. Research on relative advantage recognizes social benefits as a key factor in adoption. The direct interaction between users in the sharing economy facilitates the formation of social ties beyond mere economic transactions. Airbnb guests frequently experience a community-oriented atmosphere at their hosts' homes, even gaining local connections through their hosts' recommendations. These rich social experiences provide a competitive edge for the sharing economy that traditional sales cannot match.

3.3 Epistemic Benefit

The sharing economy also offers an epistemic benefit, catering to consumers' desire for new experiences. Epistemic benefits arise from a product's ability to satisfy curiosity, novelty, or a desire for knowledge. Exploratory, novelty-seeking, and variety-seeking consumption behaviour exemplify this epistemic value pursuit. Early adopters of the sharing economy often possess high cultural capital and distinctive consumption preferences, leading this emerging trend. These consumers volunteer to share, not solely out of necessity. The sharing economy uniquely expands the scope of commercially available products. In terms of product quality competition, Airbnb specializes in unusual accommodations, offering novelty and unique experiences. They provide exclusive stays, such as tree houses or igloos, satisfying epistemic desires. Unlike traditional services, Airbnb hosts offer customized services like bikes, wine, and local recommendations. Guests can even learn about local culture by staying with locals. These practical examples highlight the relative advantage of the sharing economy compared to traditional models. (Jeonghye , Youngseog , & Hangjung, 2015, p. 03)

3.4 Sharing economy in promoting sustainable economic growth

The sharing economy has played a pivotal role in fostering sustainable economic growth in developing nations. By facilitating the efficient sharing of resources and assets, it has helped to strike a balance between economic development and environmental preservation. The underlying goal of this approach is to maximize resource utilization, thereby transitioning economies toward a more sustainable model characterized by increased efficiency and broader societal benefits." (Hafezali , Jason, Kamarudin, & Nazratul Aina, 2023, p. 07)

4. Obstacles to the Sharing Economy in Algeria

The Sharing Economy has begun to appear in Algeria as a result of globalization, but it may encounter several obstacles.

4.1. Algeria's need for the Sharing Economy

Sharing economy platforms have expanded the job market by offering a wider range of flexible work options, including both part-time and full-time positions. This increased flexibility empowers individuals to generate additional income and potentially contributes to lower unemployment rates.

The Sharing Economy has begun to appear in Algeria as a result of globalization, but it may encounter several obstacles, including:

4.2. Legal obstacles

The sharing economy is a new phenomenon that is still unknown and suffers from a legal vacuum, which is a matter that troubles service providers as well as service beneficiaries in the event of a dispute or in the event of some kind of damage. For example, people transport companies through smart phone applications or what is known as VTC (Passenger car with driver) may face problems because they do not have a license from the Ministry of Transport, but they transport people. In return, these companies are licensed and have a commercial registry.

4.3. Structural obstacles

While the concept of sharing isn't new, online platforms are revolutionizing it. By leveraging user data and powerful algorithms, these platforms streamline exchange, propelling us towards a more collaborative economy (Zhu & varun , 2022, p. 02), The internet's influence extends beyond consumers, shaping the very engine of the sharing economy – its business models. Ubiquitous social networking and real-time technologies fuel this transformation, fostering online marketplaces that promote sustainability and growth. These online platforms excel at delivering highly personalized goods and services, meeting specific needs at the right time and place. (Maznah , Bintaman, & Ibrahim, 2017, p. 168). On a global scale and with regard to mobile Internet, Algeria is ranked in 119th place (out of 139 countries ranked); as for fixed Internet, it fell to 148th place (out of 182 countries ranked), the thing that makes communication difficult for both: the service provider and the customer, in addition, the problems of network coverage in certain areas can prevent individuals from enjoying the benefits of the sharing economy.

4.4. E-Payment limits

Algeria is trying to keep pace with technological development by developing its banking system, however, electronic payment operations are still faltering for several reasons: consumers' fear and reluctance to use bank cards, lack of confidence in ATM, preferring cash payment for one reason or another…. etc.

The absence or weakness of electronic payment processes will undoubtedly negatively affect the prosperity of the SE in Algeria.

4.5. Obstacles of society and security

Algerian society has particular customs and traditions that distinguish it from other societies, which can prevent the success of projects that have been proven in another environment. For example, people are used to using a transport service, they resort to a means of public transport which has a clear legal status, and thus it has guaranteed their rights against any harmful event that may happen to

it (loss of luggage, accident traffic, theft....) Above all, it is a society that respects social traditions. Its reputation matters a lot, which can be an obstacle for girls, for example, to take a car from transport companies that does not have any appearance indicating that it is a taxi, which can disturb parents.

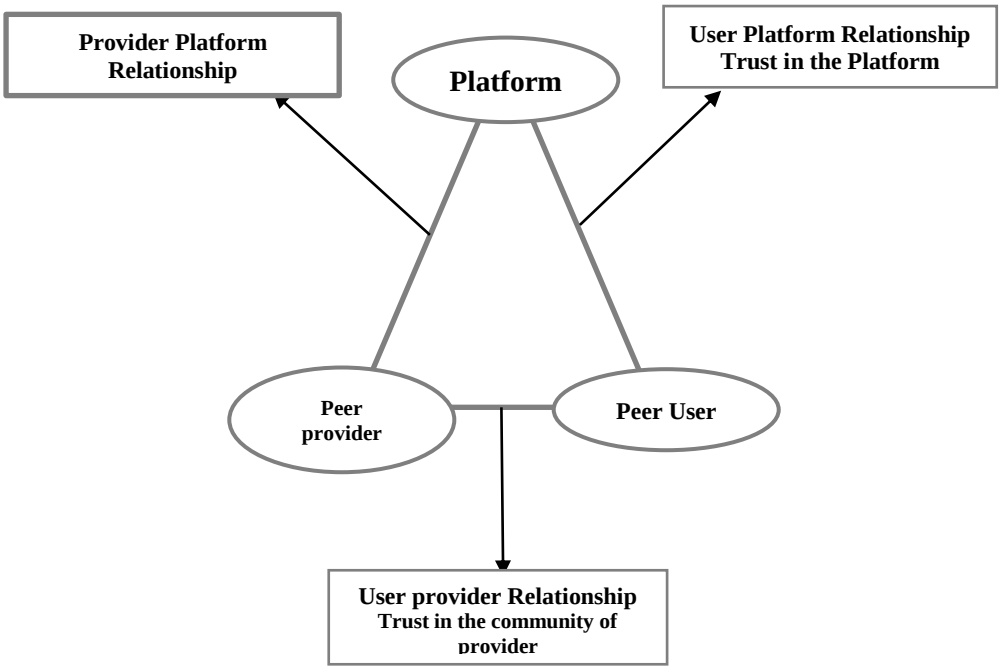
Similarly, many prefer to rent a hotel for the holidays rather than renting an apartment through rental sites, although the apartment can be much cheaper. As for renting a room in an apartment, it is totally unacceptable in Algerian society.

Moreover, the culture of obtaining services from smartphones is a modern idea in Algerian society, the thing that can prevent people from finding the gains of the sharing economy, and it is elderly people who, on the one hand, may not have smart phones, and on the other hand, they are often resistant to change and unwilling to use modern methods to meet their needs.

In another context, users of these applications may be reluctant to openly express their negative experiences, and that this matter is not in Algeria only, but is common in a number of countries in the world.

Participation in the sharing economy requires some data disclosure. Platforms typically collect basic information like name, location, and contact details for registration. Additionally, social media integration can further expand user profiles. Platforms have a vested interest in user trustworthiness, often gathering more data to assess reliability. Sharing platforms often necessitate offline interactions, such as Airbnb hosts and Uber drivers requiring contact for logistics or problem-solving. These interactions can lead to further information disclosure, potentially making consumers more "transparent" to providers. Consequently, the sharing economy raises concerns not just about online privacy, but also physical privacy, especially when users share negative experiences. (Zhu & varun , 2022, p. 03).

Fig. 2. Transactional relationships and trust in the sharing economy



source: (Lu & Xiaoyang, 2023, p. 03)

4.6. Obstacles related to the skills and ethics of SE activists

Working in the sharing economy requires that the service provider be at a respected level of ethics and the ability to have a good relationship with

customers. A YASSIR driver, as a representative of the company, directly impacts the public perception of the brand. Therefore, YASSIR must ensure that its employees are committed to delivering exceptional customer experiences."

4. CONCLUSION

The sharing economy has revolutionized current business models around the world because of it is a new model of consumption based on development of the internet and new technologies of information and communication.

Rapidly the SE becomes the most growing market phenomena in history, today it provides an opportunity for gains in a number of areas such as: transportation, consumer goods, personal and professional services and healthcare.

Accordingly, the participatory economy provides an opportunity to achieve several economic and social benefits that also affect sustainable development

Algeria, in order to catch up with the ranks of countries and move towards a modern business model based on sharing and exchange, had to overcome the various legal and structural obstacles and limits related to the banking sector, in addition to the cultural ones.

Accordingly, the following proposals can be made:

- Providing legal texts that address the status of active institutions within the framework of the participatory economy, which protects the interest of service providers as well as customers.
- Shedding light on the concept and importance of the participatory economy through forums and seminars
- Activating electronic payment methods and encouraging individuals to use digital in their various daily activities.

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