The keys of the collaborative business model

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Is Uber the solution for cheaper, better quality taxi services, or is it just a new private operator squeezing cheaper salaries out of part-time drivers? Should Airbnb be allowed to rent unused rooms in private homes, or should it be stopped for creating unfair, unregulated competition with hotels? Is Zopa peer-to-peer lending the future of loan banking, or will it collapse out of bad credit control?

Call it the sharing, collaborative or peer-topeer (P2P) economy, a new business paradigm is gradually taking shape. Following the success of Wikipedia, Uber, Airbnb and Zopa, to name a few of the most famous examples, we are currently witnessing the rise of new business ventures in everything from transportation and accommodation to freelance work, food delivery and financial services. To some, these ventures are, and will continue to be, the most disruptive trend to happen in the business world for years. And as with any disruptive business paradigm, this one comes with controversy and debate.

There is no doubt that the collaborative economy provides advantages for customers, but there are significant questions about their long-term efficiency and social sustainability.

Supporters say that people are able to avail themselves of more services at cheaper prices through improved access, democratized supply and the efficient sharing of underutilized assets. This will have a positive impact on economic growth and welfare by stimulating consumption, raising productivity and catalyzing individual innovation and entrepreneurship.

Critics, on the other hand, argue that the new paradigm makes labor arrangements more precarious. Fixed contracts are replaced with serial, part-time work. And by taking advantage of weak regulation in this area, new breeds of tech giants are gaining monopoly power.

For the purposes of this article, we want to re-examine the key levers of the new business models, in order to understand the good and bad effects of the sharing economy. In particular, we will analyze the market-access mechanisms, the resource-allocation models, and the approach to governance, monitoring and control. In doing so, we will see that only a fraction of the sharing models out there are genuinely collaborative. By highlighting the differences, we may help academics, practitioners and policymakers better understand the potential advantages and shortcomings of the different modalities of the collaborative economy.

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