

The 'Sharing Economy' and the Uber Evolution in Australia

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Abstract

***Purpose:** The purpose of this paper is to develop a model that can be used to examine the issues of a sharing economy as it impacts upon the work force and employment within the Australian environment.*

***Design/ methodology/ approach:** The approach employed in this paper involves the development of a model for examining the role of Uber in one capital city*

***Results / findings:** As this is a conceptual paper, there are no empirical results.*

***Originality:** The model is intended to provide a basis for future research and expand the awareness of the impact of the sharing economy.*

Key words: Sharing economy; Uber; business model innovation.

JEL Classification: O31
PsycINFO Classification: 3920
FoR Code: 1504
ERA Journal ID#: 123340

Introduction

The claim by Fukuyama (1989) that the fall of communism in the Soviet Union meant that it was “The End of History” at least so far as there no longer appeared to be a viable alternative to capitalism - in hindsight this seems to have been somewhat premature. Certainly, at the time Fascism appeared to have ended with the Second World War, and Communism for all intents was imploding. However, China and Vietnam have remained Communist in a political sense even though they have adopted economic reforms which appear to be more in line with a liberal approach. The consumerism and growth in trade does not mean that these two countries have replaced communism with capitalism. Birch (2003) raised the predictions of Thurow (1966) and Harris (1997) that pointed to a paradox that would likely occur when capitalism seemed to be the last remaining system it would undergo a metamorphosis. Now that prediction seems to be happening with both China and Vietnam developing an alternative blend of both communism and capitalism which may on closer examination be more aligned with the concept of meta-capitalism (Means & Schneider, 2000; Mickhail & Ostrovsky, 2007).

Within their borders they have allowed western innovations in technology and consumerism to develop, all be it within the limitations of the political system. One such innovation that has been adopted is the notion of a “sharing economy”. The term ‘sharing economy’ has risen to attention in the manner in which it has challenged the concept of capitalism in a global environment. The sharing economy encompasses a diverse range of digital platforms and offline activities (Schor, 2014). It is this relatively new form of economy that has swept across the globe enabling and changing the work force and employment models.

Background

A prime example of a sharing economy is to be found in the operations of Uber which is a global corporation motivated by profit maximisation/cost minimisation based upon digital platforms to facilitate peer-to-peer sharing or collaborative consumption. The rapid rise of the sharing economy and the dominant role of a select number of international corporations within particular good/services markets - ride-sharing (Uber, Lyft, and Ola); food delivery (Uber Eats, Deliveroo, and Grubhub) - has had a major impact upon the work force and the concept of employment.

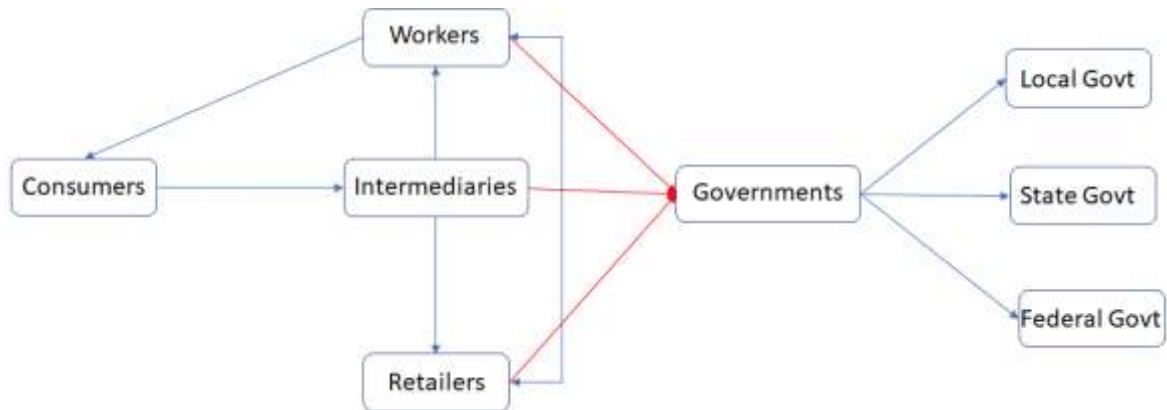
The two business models that are of concern for this paper are the ride-share model and the food delivery model. Now Uber is well entrenched in both of these with concerns being raised that commercialisation of the sharing economy may be nothing more than a system in which trust and social control are commodified with the liabilities and risks simply being passed on to others (Bellotti et al., 2015; Dredge and Gyimóthy, 2015).

Indeed, Uber’s success has been criticised as involving three risk-shifting capabilities: 1) classifying itself as a technology company; 2) classifying its drivers as independent contractors instead of employees; and 3) attracting drivers who are willing to assume liability for risks and costs associated with the job (Watanabe et al., 2016). Whilst research has been done on examining the consequences to specific industry players; specifically, hotels and tourism, there is a paucity of research into the outcomes on the workforce and the subsequent economic benefits for society in general.

To address this gap in the literature it is apparent that the relationship between the various actors needs to be defined. In essence there are five sectors involved in this equation: the consumers; the workers; the service intermediaries; the retailers; the government. The consumers are simply those members of the public that require a particular product or service, such as food. The workers are the individuals who deliver the desired product or service. Now the workers fall into various categories - part-time/casual (otherwise full-time employed); part-time/full-time (otherwise unemployed); other factors that may affect this could be related to age, medical conditions, and region. The service intermediaries would be the organisations such as Uber. The retailers are simply those businesses that provide the service or product - their ability to reach or otherwise provide the distribution of their service or product would be an issue for assessment. The government falls within three categories, firstly the local government

authority which depends on the prosperity of the community (rates and community wellbeing); the State government which would likely benefit from the generation of financial flows; the Federal government which would likely benefit in two particular ways - reduction in unemployment and increased tax revenue. Thus, the basic complexities of the model may be viewed in the form presented in Figure 1.

Figure 1:
A Model for Evaluating the Sharing Economy

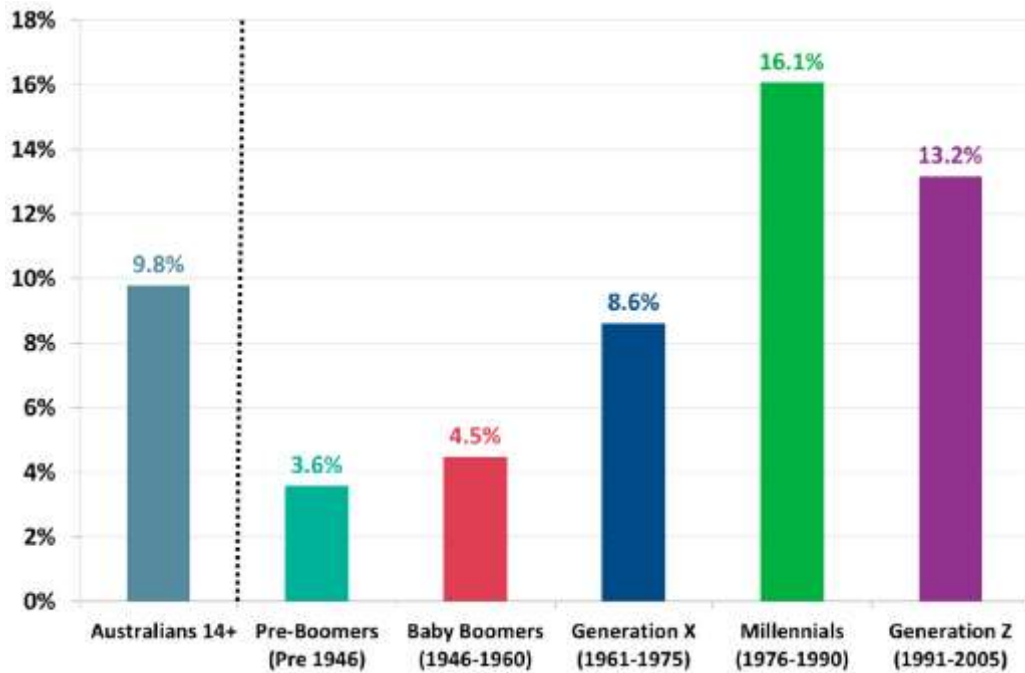


This model is intended to provide the basis for future research and evaluation of the phenomenon. For the purpose of this paper the general concept is dealt with and future research will likely expand on the constructs and variables.

Research (Roy Morgan, 2017) identified that city-dwellers (12.6%) were more likely to have had their meals delivered than those in country areas (4.5%). Women were marginally more likely to use meal delivery services (10.2%) than men (9.4%). In addition, Australia's younger generations used meal delivery services (16.1% of Millennials' 13.2% Gen Z) than older generations (4.5% of Baby Boomers and just 3.6% Pre-Boomers) as shown in Figure 2.

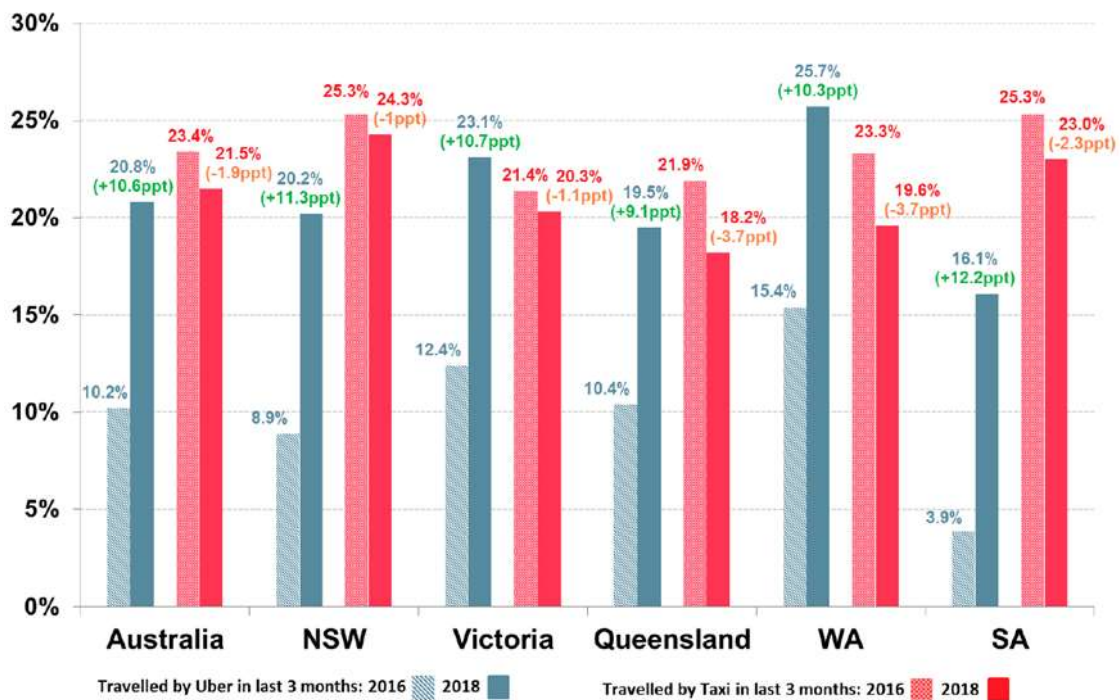
Uber is effectively a technology company that provides a smartphone application to connect driver partners with people who need safe, reliable rides. Since it launched in Australian 2012, Uber is now available in 17 cities across the country, with 3.1 million active riders and 65,000 active driver partners.

Figure 2:
Meal Delivery Services by Generation in Australia - 12 months to March 2018



Source: Roy Morgan Single Source: April 2017 - March 2018, n = 15,067 Australians aged 14+.

Figure 3:
Taxi and Uber use by state (December 2016 vs December 2018)

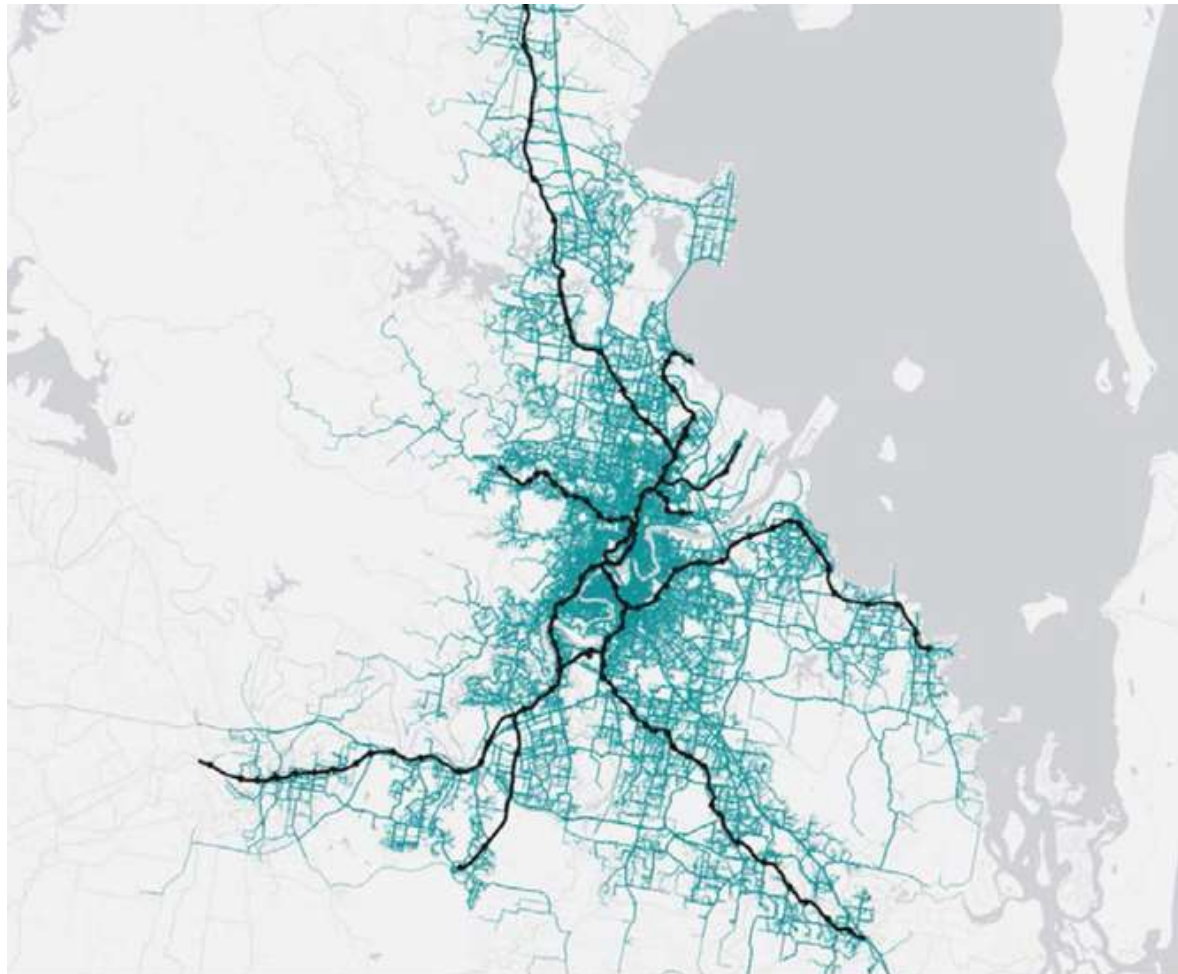


Source: Roy Morgan Single Source (Australia), January-December 2016, n=14,330 and January-December 2018, n = 14,913. Base: Australians 14+.

In Local government city planners face a myriad of challenges, and the records of road usage over time by Uber drivers potentially useful in tackling the problems over time. The movement details would be useful to measure the impact of road improvements, major events, new transit lines and new traffic policies as well as estimating the length of time it takes to get from one area to another. For example, the data of trips completed in Brisbane between the 1st August to 29th August 2016 is shown in Figure 4. This data is presented to emphasise the potential of the growth for Uber eats given the coverage that ride share has exhibited.

Figure 4:

Uber trips that began or ended near rail stations - City of Brisbane August 2016



Source: UBER | JULY 2017

Review

With the extensive number of Uber drivers and the growing acceptance of the Uber alternatives the potential for research offers a rich area for investigation. The model presented earlier and encapsulated in Figure 1 should be considered a starting point for investigations to

build upon. The following is intended to provide a grounding in the key aspects of the variables as suggested.

Consumers

Consideration should be given to the advantages and disadvantages that consumers experience with regards to the use of the various Uber services. This could be further analysed by the age, gender and region in which the services are being used. Assessing variable such as satisfaction could be dissected along similar lines to detect any variances.

Workers

This is an area of potential diversification given that those people who become part of the work force (the term is used here as being indicative only and may in itself be a point of contention) may also encounter advantages and disadvantages that warrant investigation. One outcome from this avenue of investigation may also open up a pandoras box concerning discrimination in the general work force and the oversupply of highly educated people in a saturated employment marketplace. The reasons that people become involved in the Uber system may prove to be more widely varied than generally thought.

Intermediaries

Research into this aspect can take a number of directions. For example, research could focus a particular service offered by Uber, or it could involve making comparisons between Uber and other similar firms that are in competition with Uber. There may be certain characteristics that differentiate firms in the way in which they operate and even the extent of control they exert over the mobile phone connections and applications.

Retailers

This variable may be interpreted in a number of ways, firstly, it could be the business that sell products and have developed a form of alliance with Uber; or secondly, it could be the providers of mobile phone applications that are separate from the intermediaries (such as Uber). The exact nature of this is open to interpretation and development.

Governments

Here there are three levels of government at least in the Australian setting. Each level has very different types of advantages and disadvantages that could be explored by research. These take on different features in terms of a broad sense of revenues and expenses with additional concerns regarding benefits to society in general.

Discussion

Regardless of the arguments for and against the sharing economy in general, and the firms who dominate particular markets, the exponential growth in terms of mobile phone apps and their impact on society as well as the forms of consumer practices (Drechsler, 2014) it seems fair to suggest that the sharing economy is not going to go away any time soon. On a more ominous note McDonalds (McDelivery® with Uber Eats) have launched an advertising campaign on television and the internet of a partnership with Uber Eats to deliver their products to customers.

The model developed in this paper is built upon the notion that there are potentially correlations between variables and that there may be moderating and even intervening variables worthy of researching. Empirical research might be achievable through the use of statistical evaluation techniques such as factor analysis or even structural data equation modelling.

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