

# The “sharing” economy: labor, inequality, and social connection on for-profit platforms

Juliet B. Schor  | William Attwood-Charles 

Boston College, MA, USA

Correspondence

Juliet B. Schor, Department of Sociology,  
Boston College, 531 McGuinn Hall, 140  
Commonwealth Avenue, Chestnut Hill, MA  
02467, USA.

Email: schorj@bc.edu

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## Abstract

For social analysts, what has come to be called the “sharing economy” raises important questions. After a discussion of history and definitions, we focus on 3 areas of research in the for-profit segment, also called the platform economy: social connection, conditions for laborers, and inequalities. Although we find that some parts of the platform economy, particularly Airbnb, do foster social connection, there are also ways in which even shared hospitality is becoming more like conventional exchange. With respect to labor conditions, we find they vary across platforms and the degree to which workers are dependent on the platform to meet their basic needs. On inequality, there is mounting evidence that platforms are facilitating person-to-person discrimination by race. In addition, platforms are advantaging those who already have human capital or physical assets, in contrast to claims that they provide widespread opportunity or even advantage less privileged individuals.

## 1 | INTRODUCTION

What is now popularly referred to as the sharing economy<sup>1</sup> emerged in 2008, in tandem with the financial crisis (Schor & Fitzmaurice, 2015). Also termed the platform economy, this sector covers a range of consumer goods and services in areas such as lodging, transportation, personal services, and consumer durables. In the for-profit segment of the sector, platforms use sophisticated software to organize workers and asset holders, who provide the actual services to consumers, using crowdsourced ratings and reputational data to facilitate stranger exchange. Furthermore, platforms almost always engage earners as independent contractors, without the protections of employment. The two largest platforms are Airbnb and Uber, which offer lodging and transportation, respectively. There are also general labor platforms, such as TaskRabbit and Takl, which provide home-based services such as housecleaning, handyman work, moving, or furniture assembly. Specialized labor platforms offer pet care and other dedicated services. Some platforms arrange the rental of goods (e.g., vehicles) or space, whereas others organize neighborhood exchanges of durable goods (e.g., tools, camping, or photography equipment), with a range of payment arrangements (rental, loaning, or gift).

The emergence of these consumer-directed platforms has resulted in enormous amounts of press attention, both because they are expected to grow rapidly and also because their actions and impacts have been controversial. Do the

platforms provide adequate wages (Reich, 2015)? Are workers on platforms misclassified as independent contractors (Dubal, 2017)? What is the impact of lodging sites, such as Airbnb, on the availability of affordable housing (Slee, 2015)? In addition to these economic, legal, and policy questions, the sector provides an unfolding drama that sheds light on a number of theoretical preoccupations of social analysts. The platforms raise the issue of the restructuring of labor relations in a neoliberal era, particularly in terms of rising precarity and the risk shift from firms to workers

at this time, the term sharing economy began to institutionalize itself. A group of platform founders, consultants, and

and citizen science, as well as ratings and reviews sites (e.g., Yelp and TripAdvisor) accustomed people to providing reputational feedback. A subset of these peer-to



sometimes even develop durable friendship with their Airbnb guests. However, she also finds that some hosts and guests prefer not to socialize. Ravenelle (2017) also finds that some Airbnb hosts prefer it to Couchsurfing because the expectations for social interaction are lower. An important question about these findings is whether lodging platforms are becoming less social and more impersonal over time, as platforms are normalized and the ideological motives of many early users are replaced by financial motives. Certainly, the now large number of whole apartment or home listings (Cansoy & Schor, 2017), with their more limited opportunities for socializing, suggests that at least the fraction of stays that involve social interaction is likely falling.

A field study by Santana and Parigi (2015) investigated how sharing economy experiences affect tolerance for risk, an important component of trust and social engagement. In contrast to predictions that having more platform exchanges with strangers would make people more trusting, they found that frequency of exchange, length of time on platforms, and the number of sites people are active on all raised risk aversion. They did find that satisfaction with the exchanges affected risk, but in general, the expectation that more stranger exchange makes people more trusting was not supported.

A different question of trust and social connection has also risen in the literature, which is whether everyday



respected labor economist Alan Krueger, who argued that Uber drivers are well compensated. Hall and Krueger (2015) found that UberX drivers, the group most comparable to ordinary cab drivers, earned between \$16.89 and \$18.31 per hour depending on hours driven. One reason is that everywhere but New York, they have higher occupancy rates than conventional cabs (Cramer & Krueger, 2015), a result attributable to Uber's technology. However, Hall and Krueger's calculation excluded the considerable expenses drivers are responsible for, which sometimes include cars leased to drivers by Uber. A 2015 analysis of Uber's data found that in three of the largest U.S. markets, drivers were making only \$13.25 an hour on average after expenses (O'Donovan & Singer-Vine, 2016). These studies suggest that claims of superior compensation are not borne out for the largest platform and that workers are not capturing efficiency gains.

Even more than wages, the classification of platform workers has been a point of controversy. Nearly all platforms designate workers as independent contractors, who lack benefits and the rights and protections guaranteed to standard employees (Bernhardt, 2014; Dubal, 2017; Hill, 2015; Irwin, 2016; Tomassetti, 2016). Workers themselves have mixed feelings on this question. In the Pew survey (Smith, 2016), “





question publicly. However, unlike with commercial hotels, there are no laws preventing racial discrimination when

## 5.1 | Progressive possibilities for the “sharing” economy

<sup>4</sup> Belk argues strongly against reciprocity as a dimension of sharing. However, a study of German Couchsurfers (Geiger & Germelmann, 2015) finds that hosts mainly think of sharing in terms of reciprocity, not one-way sharing.

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Juliet Schor

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