

# OPEN INNOVATION IN WECONOMY

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## ABSTRACT

This chapter deals with a new concept of economy which is commonly termed as sharing economy or collaborative economy. This approach is based on quite a new business model which enables entrepreneurs and users to benefit from a new type of business. Sharing economy offers several advantages which rank it among the most powerful tools of creating competitive advantage. Sharing economy is believed to win enormous business potential over the next years, which will promote it to important value drivers. It is apparent that sharing economy will become attractive not only for start-ups but for established and reputable firms as well. The latter have ventured to embark upon various entrepreneurial activities that have enabled them to collect money from the business areas originally reserved to small companies or even start-ups. Apart from sharing economy, WEconomy represents a concept aiming at the enhancement of the living standards in poorly developed countries. WEconomy appears usually in places where people strive to improve the current economic system and offer a new solution which draws attention to the environment and human community. The WEconomy concept is closely tied to the development of a new business model which brings value to all parties concerned. This business model, which is driven by a group or community of people helps various social communities resolve their social and economic problems.

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<b>Prerequisite</b>	Basic knowledge of OI.
<b>Objective of the lecture</b>	To explain key features and principles of functioning WEconomy and Sharing economy. To make students familiar with the stepwise process of WEconomy application and implementation.
<b>Workload</b>	26h teaching; 52h self-study.
<b>Learning outcomes</b>	Understanding the key underlying principles of WEconomy.
<b>Knowledge</b>	To be familiar with the key characteristics of WEconomy, including principles of operating WEconomy and assessing effects of WEconomy.
<b>Skills</b>	Acquiring knowledge and know-how about establishing and running WEconomy business. Capability to profess and disseminate WEconomy as a newly established concept.
<b>Competence</b>	To acquire expertise in WEconomy and Sharing economy. To master the process of implementation of the key building blocks of WEconomy.
<b>Reading List</b>	Enclosed.
<b>European Qualifications Framework (EQF) Level</b>	Level 7.

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## LECTURE CONTENT

**Definitions:** WEconomy and Sharing Economy as new phenomena facilitating social interactions.

**Theoretical background:** Advanced knowledge on functioning Open innovation principles. Awareness of open business models.

**Practical implication:** The student will be able to either design a new business model or adapt an existing one to the conditions of sharing economy/WEconomy.

**Content-related material:** Books by H. Chesborough, Linkegaard and Osterwalder.

**Additional reading material** for students: see the list of references below.

## SHARING ECONOMY

The concept of sharing economy penetrates systematically the lifestyle of current generations (preferably generation Y) and influences their social behavior. The Economist (2013) suggests other synonyms for sharing economy like collaborative consumption, asset-light lifestyle, collaborative economy, peer economy, or access economy. Notwithstanding previous definitions, other authors see slight differences between these terms (Leon, 2015). Sharing has been subjected to continuous re-imagining and positioning throughout the history of the networked culture. Specific emphasis has been recently put on user-generated content and social media platforms. Particular social actors, such as social media platforms attempt to cultivate an image of sharing in the networked culture. They do this by appropriating positive social values associated with common understandings of sharing, such as community, generosity, shared values of cooperation, and participation (Kennedy, 2016).

Sharing economy is a suite of emerging software platforms acting as an intermediary between private buyers and private sellers, allowing them to share their existing resources (Allen, 2015). Generating new sources of revenue is only one form of profiting from the collaborative consumption movement. Another approach is to align with peer-to-peer sharing as a platform to promote one's products and services to potential customers. Sharing economy requires the involvement of physical assets and services among individuals: technological systems, platforms and marketplaces back the exchange of belongings and services in sharing economy. Individuals distribute assets to augment their income and utilize each other's goods to make economies. Sharing economy platforms enable individuals within and across communities to link with people to supply and gain from fundamental skills and services (Nica & Potcovaru, 2015).

Instead of buying and owning products, consumers are increasingly interested in leasing and sharing them. Companies act as matchmakers, allocating resources where they are needed and taking

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a small cut in return (The Economist, 2013). Companies can benefit from the trend towards “collaborative consumption” through creative new approaches to defining and distributing their offerings (Matzler, Veider & Kathan, 2015). The central concept of collaborative consumption is simple: obtain value from the untapped potential residing in goods that are not entirely exploited by their owners. Having access to goods and skills is much more important than their ownership (Sacks, 2011). Similarly, there is an imperative to “sell the use, not the product” (Matzler, Veider & Kathan, 2015). In today’s connected economy, knowledge comes for free but experiences are unique. Status is no longer derived from things the people own but from things that people share. Individuals and companies with the best ability to share knowledge and create experiences are the ones that gain viability and thus build reputation and authority (Appel, 2015). The uniqueness of sharing economy consists largely of its ability to exchange the underutilized capacity of resources that individuals already own. The economics is quite simple: sharing economy provides users with faster, cheaper and deeper access to knowledge, which makes existing resources divisible through time and space in more efficient ways (Allen, 2015).

The concept of sharing economy originates from the American economist John Kenneth Galbraith, especially his opus *The Affluent Society*. According to him, it is necessary to look for social balance which cannot be secured by a free market (Galbraith, 1998). There are several specifications of this concept. Typically, it deals with a social-economic ecosystem which is based on sharing human and natural resources. It includes value creation, production, distribution, and trade, as well as the consumption of goods and services by various people and organizations. It has become commonplace that people are willing to share not only their lives in the Facebook, their standard of living through Airbnb and their services (Uber), but also their opuses (YouTube) (Sacks, 2011). Another way for established companies to participate in sharing economy is to recognize and support their customers’ desire to resell products. The furniture manufacturer IKEA has set up a platform to enable customers to exchange their used IKEA products. In a broad sense, sharing can be anything to which access is enabled through the pooling of resources, products or services (Bardhi & Eckhardt, 2012). An almost identical way is pursued by the California-based firm Patagonia, Inc. which sells apparels. The firm has established the Common Threads Partnership with eBay. This partnership facilitates the buying and selling of used Patagonia products and thus makes them more visible to customers. Customers who are enabled to sell their old apparel for cash have now both liquidity and closet space to buy and accommodate new items from Patagonia (Lowitt, 2011).

Inventory sharing and coordination among independent retailers is widely used in practice to improve profitability and reduce risk which may originate from the shortage of inventory. Such a sharing may also prevent from losing valuable customers who could defect to a competitor if the product or service is not properly delivered (Lampinen, Huotari & Cheshire, 2015).

Sharing assets or services is complemented by sharing people. This practice is commonplace especially in agricultural business. This sector is characterized by low utilization of labour during

the winter. Therefore many farmers have entered a personnel leasing system to offer their skills to other companies. It has been reported that more than 55% of farmers in Germany have applied to personnel leasing schemes (Matzler, Veider & Kathan, 2015).

Sharing economy is effectively propelled by disruptive technology and innovation. Sharing economy was also indirectly supported by the financial crisis. It is surely no coincidence that many peer-to-peer firms were founded during the years 2008-2010 as the aftermath of the global financial crisis (The Economist, 2013). Peer-to-peer (P2P) lending platforms that emerged as the Lending Club managed to partially replace traditional banks as finance providers.

Similarly, during the Irish bank crisis in the 1970s, the local pubs in Ireland became de facto banks which lent money to their customers despite the intimidation from bankers that without traditional banks the society will not be able to survive. Currently, P2P banking will be hugely disruptive to the banking industry. One of the main advantages which stands in the heart of sharing economy is the resilience of distributed systems (Sacks, 2011). In order to respond effectively to the challenges of sharing economy, companies have to either adapt their business models (like Daimler or IKEA) to the existing situation or create quite new business models (Kuhleasing). It has become evident that newly established or adaptive business models have become not only a threat to established business models and revenue streams, but they also offer variety of profitable paths by which companies can benefit (Matzler, Veider & Kathan, 2015).

Sharing economy is gaining a foothold, altering fundamentally the ways how people own and consume. Network technologies, social and collaborative software and the changing habits of consumers are all abetting this growing movement. Modern ICT technologies have slashed the costs of coordinating resources dramatically (Allen, 2015). From the company perspective, ICT and cloud computing help open up and create ecosystems. By the support of these ecosystems, a company's products and services can be strengthened further (Appel, 2015).

People's access to "sharable" products is easier than ever before. It is almost free of charge to find an unused car or an empty flat. The sharing economy is thus operating as a platform which acts as an intermediary between private buyers and sellers, allowing them to share their resources. The rise of sharing economy offers new opportunities that many people are keen to take up. The task now is to allow them to do so with a reasonable degree of security. That is why various ratings provided by customers have become a part of the value creation chain. The user and provider ratings used by the applications and other platforms reduce the risks of interacting with strangers, and motivate people to be likeable (Leong, 2015).

Sharing economy places great emphasis on innovation and technologies which would be friendlier towards exploiting natural resources. In general, the concept of sharing economy accentuates

a social model where people will need less but will lead a better and happier life. As for the motivation to sharing economy, the original idea that there is an environmental argument that favors sharing economy to other business models has been already abandoned. It has been shown that the inclination towards sharing economy was triggered neither by ecological awareness nor by ideological motivation (Garcia, 2013). In fact the research suggests that the major consumer motivation is self-oriented. Specifically, consumers prefer lower costs that the leading companies in sharing economy tend to provide (Devinney, Auger & Eckhardt, 2010). In addition to swapping resources, there are other common features assignable to sharing economy. In the business sector it is the creation of a user experience that is better, quicker, easier, and cheaper. As opposed to the business sector, the non-profit world strives at increasing communality and enhancing sustainability (Leong, 2015).

Work-sharing has also grown in importance. It has been proven that work-sharing can be an important factor in supporting sustainable economy by means of driving employment. This opinion was corroborated by the results obtained during the Great Depression in the U.S. and the Great Recession in Europe, where work-sharing contributed to reducing employment losses. In contrast, the perception of the work-sharing reforms implemented between the 1980s and early 2000s was more ambivalent (Zwickl, Disslbacher & Stagl, 2016).

Sharing economy also interferes with the social life of the community. Families that suffer from shortage of social contacts can socialize effectively through sharing platforms and exchange opinions, experiences or help. There are exchange systems for community networks of single parents who are in need of goods, services and social support in their local neighbourhoods (Lampinen, Huotari & Cheschire, 2015).

Originally, community projects that became popular either through the number of users or cash flows had to opt eventually between two alternatives: to be either devoured by competitors or to accept competitors' rules in approaching customers (especially in terms of quality guarantees). They could remain successful only if they differed from their competitors by pricing or types of suppliers. From the point of view of customers, the corporate image of companies operating on the sharing economy platform does not dramatically differ from those of traditional companies. Airbnb applies a similar order process as Booking.com, and the Uber application bears similarity to established taxi companies. As opposed to the original visionaries, sharing economy does not represent such a breakthrough as they foresaw.

According to Matofska (2016), sharing economy consists of ten building blocks:

1. People. They are the basic driving force of sharing. Without them sharing economy would not come into existence.

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2. Production. People, organizations and communities as active participants in the sharing economy produce or co-produce products or services. Production is open and accessible for those who want to produce.

3. Value and the system of exchange. Sharing economy is a hybrid system where various variants of exchange proceed. It typically deals with counteroffers of services, various exchanges, and social capital. The value cannot be perceived exclusively in terms of finance but has to be seen more broadly. This hybrid motivation system motivates people to participate in productive activity.

4. Distribution. Means and resources are distributed through a system which is simultaneously effective and righteous at local, regional, national and global level. Shared ownership models like cooperatives, collective purchasing and consumption are key features of sharing economy. At the same time, they offer righteous distribution of assets, which offers benefits for the entire society.

5. The Earth. Sharing economy pays respect to the Earth and the protection of the environment. The values should be created in consonance with renewable resources and not harm the planet.

6. The power. Through sharing economy, people can become socially and economically independent. Power is shared or distributed, with the infrastructure enabling people to have access to power and decision making. Systems which enable and support righteous remuneration and reduce inequality and poverty, like Fairtrade, are supported and preferred.

7. Shared law. The mechanism of legislation development and various legal rules should be created by means of a democratic system. Such a system facilitates and promotes broad participation of people on all levels.

8. Communication. Information and knowledge are shared, open and accessible. It is one of the building blocks of sharing economy. Well-functioning and open communication is essential for the flow, efficiency and sustainability of this system.

9. Culture. All the values of the shared economy offer benefits to both individuals and the whole.

10. The future. The entire system of sharing economy should have robust and sustainable nature with a long-term vision for the future.

Sharing economy is growing faster than Facebook, Google and Yahoo combined. The former has been valued at 15 Bill. USD, the latter at 11 Bill. USD over the past seven years. The figures which confirm the accelerating pace of the penetration of sharing economy look very interesting (Business Insider, 2016). 35% of Unicorns (startups the value of which exceeds 1 Bill. USD) have based their business models on the principle of sharing economy. The global sales of companies some way involved in sharing economy accounts for 15 Bill. USD. Moreover, collaboration at work generates 46 Bill. GBP. Another public survey showed that 51% of people prefer to share rather than own (Mafolska, 2016). In addition, the research performed by PwC in Germany in 2015 showed that 64% of the people had already used or planned to use some forms of sharing economy. Half of

the respondents considered offering some service or product which had something in common with sharing economy, such as sharing unused meals or cooking an additional meal to invite other guests to a dinner.

It is a positive feature that sharing economy has caused a significant drop in the prices of services offered through this platform. Typically, Helping.de charges an almost humorous 12.9 USD for one hour of cleaning. It is not surprising that the current valuation of peer-to-peer business models are over 75 Bill. USD (Allen, 2015).

Table 1 contains a list of the most important Unicorns which have based their business models on the sharing economy principle.

**Table 1. List of biggest firms in the branch of sharing economy**

Company name	Company value (Bill. USD)	Branch	Ranking among Unicorns
Uber	51	Passenger traffic	1
Airbnb	25.5	Accommodation	3
Didi Kuadidi	15	Passenger traffic	6
WeWork	10	Office renting	11
Lufax	10	Financial services P2P	12

Source: *fortune.com*

The perception of sharing economy varies across the European Union. For instance, the ride-hailing company Uber has been tolerated or even welcomed in the UK, but in other countries, like e.g. Germany this service has been subject to strict regulation or even banned. That is why Brussels has criticized the attempt of the German government to crack down Airbnb hosts by introducing fines of up to 10,000 EURO for people who rent out their entire apartments on the home-letting website. Especially incumbents have an incentive to convince regulators and lawmakers that the sharing economy start-ups are something "illegal" (Basulto, 2013).

Since shared economy represents a challenge for the European business sector, there is an intention to harmonize the regulation, which would help boost this type of business. Currently companies operating in the sharing economy business are confronted by 28 different regulators, which hampers them from doing business effectively (Robinson, 2016).

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## WECONOMY AND COLLABORATIVE CONSUMPTION

The term WEconomy can have different meanings. Friedman (2014) sees WEconomy as a new economic model where communities of prosumers (producing consumers) share, swap and rent goods and services, as opposed to just owning them. According to a Finnish WEconomy portal it concerns sharing know-how with underdeveloped countries (WEconomy, 2016). WEconomy is also defined as “a global movement, connecting online, in order to establish a new form of consumerism and economic activity. In the WEconomy everyone does business with one another and everyone profits from one another” (weCONOMY, 2016).

Needless to say that by some authors the term of WEconomy is used in a different sense. It means a universal world economy with one monetary system which will in the future replace the contemporary state, continental and national economics. In the same meaning, terms such as WEcology, WEsources, WElegion, WEmembers etc. are used as well (Daily News, 2000).

In WEconomy, everyone does business with one another and everyone profits from one another (PDMTN, 2015). Social systems enable shared access to goods, services, data and talents. These systems leverage information technology to empower individuals, corporations, non-profit organizations and governments with information that enables distribution, sharing and reuse of excess capacity in goods and services. In this respect Markova and McArthur (2015) have coined the term collaborative intelligence (CQ), which is a measure of our ability to think with others on what matters to us all.

WEconomy usually appears in places where people strive to improve the current economic system and offer a new solution which draws attention to the environment and the human community. This way the most agile users set up non-profit web hubs which allow sharing almost anything. Among others, the hub Sharable provides individuals and groups with a playbook for how to build a system for sharing everything from baby food and housing to skills and solar panels. Noticeably, the first marketplaces like “Freecycle” or “CouchSurfing” operated exclusively on a non-profit basis, but the currently set up sharing platforms are based on the commercial principle. Sharing economy thus gains support from financial communities (Sacks, 2011).

The new business models applied in WEconomy are understood as value creating models that contribute to resolving social and economic issues simultaneously and are not purely driven by one organization but by a group or community of people (WEconomy Index, 2015). Companies should therefore understand and manage this emergent system in order to adapt the current and future business models to provide new sources of revenues within this growing area of the economy (Matzler, Veider & Kathan, 2015).

The nature of WEconomy is related to the concept of psychological value (Carvalho & Jonker, 2015). It influences and transforms an individual's mentality (mind set value). This type of value is dominant in what can be referred to as social products. This value is related to individual self-realization, enhancement of skills or new knowledge and experiences that influence a person with new perceptions and how to behave. There are many examples in new business models linked to a healthier lifestyle, an ecological way of dealing with waste, different understanding of human problems or easier utilization of technology, etc.

In order to foster WEconomy, it is necessary to start with a redefinition of our understanding of the market from being providers of goods to become purveyors of services and experiences. It also requires a new language: "access" beats "ownership", "social value" becomes the new currency, "exchanges" replace "purchases", and people are no longer consumers but users, borrowers, lenders, and contributors (Sierra, 2011). By means of WEconomy, a new global market, where money has surprisingly stopped being the only valuable currency, has been set up.

The concept of WEconomy demonstrates how many seemingly unconnected movements are paving the way for a new economy that is sustainable and circular by nature. In this respect, the term "WEconomization" has been coined. WEconomized organizations are more valuable and more effective, and empower themselves, other individuals (their prosumers: producing-consumers) and the entire community. WEconomized organizations are oriented towards the future. Success in today's WEconomy means doing it together, for the good of the many, not just the few. It means returning to a hand-made, one-of-a-kind world, where profit is also purposeful, and where creativity, socialization and trust are core competencies. It deals with the establishment of collaboration with poor countries with the aim to solve economic, ecological and social problems. The core vision is to interconnect the needs of underdeveloped countries with the profits of multinational companies. One of the principles of operating WEconomy is no reliance on state support.

Surprisingly, even mergers and acquisitions (M&A) can be WEconomized. Friedman (2014) points out that we know different people, different investors and different target organizations. We have distinct ideas. This could be a reason for sharing this knowledge.

Generation Y (people born in the 1980s) is believed to be much more inclined towards adopting WEconomy principles than the preceding ones. Generation Y, which did not experience the Internet bubble took quite a different standpoint to crisis. The way they approach our so called crisis is much more balanced, adopting the new economy in a completely different way. They practice WEconomy, which means doing things together, first to share to multiply or replicate in a later stage. They are often resigned to having a regular job but they form connections in an organic way on a temporary basis to create and develop. Their status is not derived from a formal authority but from one's ability to show off, to share. They even do not care about being unemployed many

times a day since they have the ability to find work many times a day (Apple, 2013). According to Botsman and Rogers (2010), collaborative consumption can be divided into three main types:

1. The first mode represents product service systems which allow members to share multiple products that are owned by companies or private persons. Examples of product-service systems are car-sharing services like Zipcar and peer-to-peer sharing platforms such as the website Zilok.com.
2. The second type concerns redistribution markets. Peer-to-peer matching or social networks allow the re-ownership of a product. Examples of redistribution markets include the online platforms NeighborGoods.com and ThredUP.com.
3. The third type concerns access that can be derived through collaborative lifestyles in which people share similar interests and help each other with less tangible assets such as money, space or time; this sharing is mostly enabled through digital technology. This category covers a wide variety of collaboration systems. Examples range from garden sharing (landshare.net) to systems of skill sharing, such as Taskrabbit (taskrabbit.com).

Well-known examples of successful start-ups built on collaborative consumption systems include Airbnb Inc., a San Francisco -based online accommodations marketplace, and Zipcar; a car-sharing brand that is now part of the vehicle rental services company Avis Budget Group Inc., based in Parsippany, New Jersey. Companies can support consumers' collaborative consumption efforts. The car-sharing brand Zipcar is a well-known example of a business built around the collaborative consumption system (Matzler, Veider & Kathan, 2015). There is no doubt that the clear-cut trend directing towards collaborative consumption has definitely surfaced. Companies, no matter if they want it or not, have to respond to this trend in the best possible way to create value out of it. There are at least six options of how companies can respond to the concept of collaborative consumption (Matzler, Veider & Kathan, 2015):

1. by selling the use of a product rather than ownership,
2. by supporting customers in their desire to resell goods,
3. by exploiting unused resources and capacities,
4. by providing repair and maintenance services,
5. by using collaborative consumption to target new customers, and
6. by developing entirely new business models enabled by collaborative consumption.

WEconomy and its effects are studied through observing and analysing the world. It is bound to change how people work, trade and live. Topics explored in the connection with WEconomy are (Friedman, 2014):

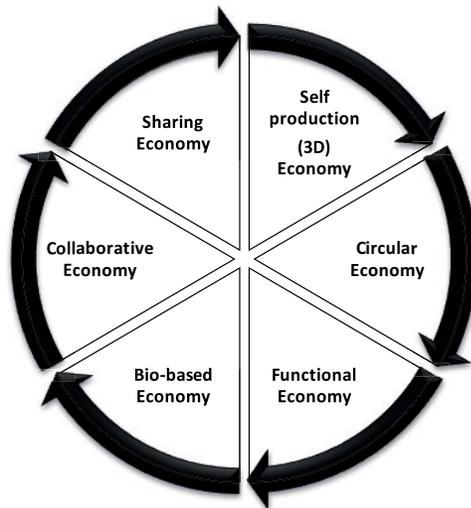
1. Research of WEconomized organizations and specifically their business models,
2. Establishing a WEconomizing leadership think tank,

3. Formulating courses and workshops for corporations, students and entrepreneurs, and
4. Launching consulting methodologies to enable organizational WEconomization.

WEconomy consists of seven trends, six different views on a modern economy, and a wildcard connecting the other trends within WEconomy. The seven trends include (WEconomy index, 2015):

1. circular economy,
2. functional economy,
3. bio-based economy,
4. collaborative economy,
5. e-sharing economy, and
6. self-production (or 3D economy).
7. Internet of Things (IOT).

Collectively, these are labeled as WEconomy. Figure 1 illustrates the mutual dependencies among the trends in WEconomy.



**Figure 1. Outlay of mutual dependence of trends in WEconomy**

Source: WEconomy Index (2015)

One example which illustrates the social impact on the society within the framework of WEconomy is food sharing. The evolution of widespread food sharing has helped to shape cooperation, family formation, life history, language and the development of economies of scale (Crittenden & Zes, 2015).

WEconomy plays an important role even in helping farmers in developing economies to share knowledge. Models enabling farmers to be enriched by shared knowledge have been developed

already. These models offer farmers knowledge learning and knowledge sharing. The models enable heterogeneous groups of farmers to be endowed with their initial production capabilities and posting questions in the platform for help. A representative expert regularly monitors the forum and provides the farmers with answers to their questions. (Chen, 2015).

## WECONOMY INDEX

The WEconomy index is a self-audit tool developed for organizations by Prof. Dr. Jan Jonker (Radboud University, 2016). The aim of the index is to help organizations gain insight into their performance on seven trends. The trends flow from academic material that has not been applied in business before and thus offers new insights for organizations. It aims at triggering organizations to be self-critical, set targets for future (strategic) development and help them identify opportunities for working towards a more sustainable way of manufacturing and organizing.

The benefits of the WEconomy index for the organization are:

- The company will gain insight into what its current position in the new economic movement is.
- They will get an indicator score of how well they are doing in several economic areas.
- The index gives risk identification.
- The index provides the company with industry benchmarks.
- The index can increase internal communication about this topic in the company.

## CASE STUDIES

### WECONOMY START

WEconomy Start is an initiative launched by several institutes like World Vision Finland, Aalto University School of Business and Finpro. It is a global innovation program for companies and entrepreneurs in search of new paths towards sustainable growth. WEconomy Start aims at solving wicked problems of the world by fostering new kinds of partnership between the private sector, academia and the civil society. The program builds bridges and facilitates rights-based collaboration between companies, low-income communities and other relevant stakeholders. The whole idea is combining expertise from different sectors, bringing together development work and business, and involving the academia actively in the process. It fosters new, innovative and sustainable solutions to economic, ecological and social problems identified by low-income communities, such as lack of opportunities, unemployment, poor sanitation, malnutrition etc. (Seppälä, 2012). Within this program Finnish companies co-create innovations together with poor communities in India, Sri Lanka and Kenya. Later on the

program should be scaled up through WorldVision's network in almost 100 countries. During the one-year program companies will be able to identify new business opportunities, do fast-prototyping, innovate together with end users, and make implementation plans for starting a business in new markets. The program of this initiative is focused on boosting collaboration with underdeveloped countries to improve the living conditions of the inhabitants. The founders of this program are convinced that the most viable innovations are co-created on site with the prospective end-users. The local people are thus extremely motivated to learn new things. Typically, WEconomy Start helps combine different competencies with new understanding of local opportunities to establish new business and innovative solutions to problems in developing countries. Some other activities are targeted at the development of an innovative ecosystem combining education, technology export and international business, or development of new methods for the utilization of renewable energy and environmental technology (WEconomy, 2016/1). In the meantime, the concept of Weconomy Start has been extended to countries like Kenya where GoSol plans to launch a project dedicated to the utilization of cheap solar energy. The idea behind GoSol and the WEconomy project is to train local producer groups and businesses in the assembly and use the Sol5 device that can be used for multiple purposes in the communities, like cooking, baking, drying, sterilizing water by boiling etc. GoSol has already raised funds to start this project in Kenya. The objective is to connect communities, entrepreneurs and makers, and push them towards using solar energy, which might result in 2/3 reduction of energy prices and thus change the standard of living (WEconomy, 2016/3).

When involved in WEconomy Start, companies can gain various benefits, such as (Weconomy, 2016/4):

- developing an innovative business idea and testing it in the target country,
- in-depth knowledge on the target areas and the special features on BOP (Bottom of the Pyramid) markets and business,
- familiarizing themselves with grassroot-level needs and capabilities,
- channels to local communities and other stakeholders,
- new competence in responsible business operations and co-creation,
- scaling-up company business globally, and
- involvement in an international network of experts that increases wellbeing in the world.

Similarly, the Finnish company Palmroth Consulting has gone to Indore with WEconomy Start to develop a concept of importing handicrafts produced by Indian women to the Finnish business-gift market. They set four key targets:

1. to learn about BCP (Business Continuity Planning) business opportunities and methods in India,
2. to find out how the co-creation process between community members and the company could work,
3. to develop a business model around the concept and to start a new business, and
4. to generate employment for local artisans; people living in the slums of Indore lack employment opportunities and skills.

The founders of WEconomy Start endorsed mutual enrichment in terms of knowledge and know-how. They have now a good basis to develop their concept of sustainable development together with the locals to fit the local conditions (WEconomy, 2016/2).

## FIGHTME CASE

As part of a new wave of social platforms, the FightMe app has championed the concept of challenges and social movements. Skateboarders, parkour enthusiasts, rappers and poets are all part of an engaged community currently using the platform, with the company wanting to harness this community in order to drive WEconomy. FightMe is thus a collaborative platform which enables the participants to be part of everything that the company is doing, from the development of new features for the platform to raising global finance to fund company activities.

How FightMe fits into WEconomy is the way in which it will not rely on only likes or comments, but on finding different revenue streams instead, in which to monetize its audience - although the company does not yet offer any specifics on what these 'different revenue streams' may be (PDMTN, 2015).

Through the smartphone app, FightMe gives users 30 seconds to create a video about whatever they want, and they can either start their own video challenge or join one that is already live - like PETA's latest anti-fur protest. Jamie Lorenz, chairman and founder of FightMe states that "FightMe focuses on 'real' social interaction online. FightMe creates a friendly environment based on its "joining in" mechanics, giving purpose and context to each video. Strength comes in numbers, and the support of others participating in a challenge gives freedom of expression away from judgment".

## NOVY BOR CITIZENS AND CRIMINALITY

**Time: approx. 1 hour**

The aim of this study is to point of the effectiveness of sharing economy. This study describes the effort of Novy Bor citizens who made decision to improve the systems of shared security in town streets and public places.

In one of Novy Bor quarters (the town approx. 120 km northern wards of Prague) which is notorious for rampant criminality, the state or municipal administration promised potential remedial measures which would take place over next several years. They wait until this provision is approved and funded from state resources. So far it hasn't come into existence. In the meantime the citizens living in the quarter to be impacted by an excessive criminality established own council which makes decision on the execution of a common approach. Most of the riots and disturbances were committed during the weekends mostly under the influence of alcohol abuse. The council agreed on the procedure to deploy riot patrols composed of young men in town streets on Fridays and Saturdays. Each of Novy Bor citizens provided a financial subsidy amounting 550 CZK (20 EUR) for the development of the application which can be downloadable to any personal smartphone.

All the persons which wanted to help improve the town quarter security status logged in the application. Young men were logged in automatically in dependence of their time availability and righteously as per the number of hours to be devoted to safeguarding. On average each person was scheduled to take charge of this service 1.5 times per two months. Furthermore older citizens, women on maternity leave and other persons supporting this system also logged in the application to help night watch discharge its duties. They split themselves among smaller groups to be of assistance to safeguard patrols. These citizens are assumed to provide the safeguard patrols with necessary technical assistance like washed warm underwear; small motivation present and finally symbolic remuneration 800 CZK (27 EUR) per night.

Moreover all the citizens who are afraid of their personal safety and need the assistance of the patrol like aged people during the walk, single young women coming home from dancing parties and other people of this sort would be also logged in the application. The application is equipped with a GPS chip which enable citizens, in the case of apparent danger, to send a signal to be received by the night watch. It was testified that the patrol, providing that all 10 patrol members keep predefined placement, is able to get to the scene within 70 seconds to help safeguard the victim. This signal is also transmitted to the Police of the Czech Republic which collaborates with a local patrol. When balancing cost/benefit ratio then 3000 citizens (approx. 25% of a total citizen headcount in Novy Bor) to be involved in the program bring

1,650,000 CZK (approx. 61,100 EURO). This money is spent for the application development as well as for the remuneration of the patrols. This would ensure above standard safety in this critical location for almost six months. If the originators of this concept manage to get the subsidy from local entrepreneurs this period could be commensurably extended. Rough estimates to be made by municipal experts indicate that the level of crime in the area in question can be reduced by 50%. Quite similar approach was pursued in another Czech town Jicin. So called "civilian assistants" who were laid off are offered to help municipal constabulary maintain public order:

This case study demonstrates how the collaborative work of citizens can improve the quality of life in the town by means of the control of criminal behavior of certain groups of citizens.

Such a simple disruptive innovation which solves the problem of a local community enhances value of life upon tolerable finance expenditures.

When assessing this model from the point of view of sharing economy criteria, it can be confirmed that:

- The model is based on all basic principles pertinent to sharing economy: it works collectively, all parties are sharing profit (both financial and non-financial) and nobody is harmed.
- The model was designed in such a way both to help widest possible community and be easily mastered.
- Beside this value the new community that employs large group of volunteers was established and new association in social networks was formed (e.g. a group on Facebook).
- The success is measurable by the decrease in criminality ratio as well as by the establishment of new groups of people which became friends. Many aged and solitary people feel that their lives go in different directions. They recognized they are useful for the rest of society.

#### **The questions:**

1. What would you improve the service in question so as to bring additional value to the citizens?
2. What are the strengths and weaknesses of the proposed open business model?
3. How would you assess ethical aspects of the service in question?
4. How would you calculate the value to be generated out of this service? What is the value propositions?
5. Is this business model easily transferable to another locations?
6. What are the critical success factors of the implementation of this service?

## WECONOMY

There is a platform called WECONOMY in Germany which aims at fostering partnerships between start-ups and established market players. With many opportunities for open and intensive exchange, WECONOMY is a platform for interaction between start-ups and companies, and it promotes mutual understanding and lays the foundation for possible collaboration. For start-ups the establishment of partnerships between start-ups and corporates is of interest for several reasons:

1. gaining know-how from industry experts, cooperating in R&D projects,
2. acquiring pilot customers,
3. building supplier relationships, and
4. establishing market credibility.

WECONOMY is aimed at budding startups and young entrepreneurs. It looks for innovative, technology-oriented ideas and convincing founder personalities. The companies to be involved in WECONOMY should not be older than five years and they have to be headquartered in Germany. Handelsblatt, Wissenfabrik and UnternehmenTUM are eager to enable such partnerships by fostering valuable industry/star-up collaboration (KINEXON, 2014). In addition, the most innovative start-ups are yearly awarded the prestigious WEconomy award. The winning start-ups receive a one-year mentoring scholarship including a networking weekend with leading executives of German Corporates, as well as specific workshops and events.

## EXAMPLES OF SHARING ECONOMY

### Uber and shared economic value

The Uber Company was founded in 2009 and its business model is based on the sharing economy principle (Uber ČR, 2016). The company uses a mobile application to interconnect drivers with customers to bring joint satisfaction to both parties. The main objective is to change the way of people's transportation in the city. The company does not have the ambition to offer the quickest or the cheapest service but to change the service to the better. The success of this business depends on mutual satisfaction, optimum balancing of supply and demand, etc. This way the company generates value added for the customers. Uber has managed to increase the daily number of taxi rides up to one million. Uber operates in an environment which is characterized by a very low barrier of entry in Porter's terminology (Magretta, 2012). Everybody who is older than 21 and possesses a valid driving license may become a partner of Uber taxi. This certainly causes intolerance from licensed taxi drivers, for whom Uber represents unfair competition. On the other hand, Uber makes the effort to compensate for the controversial part of its business by other social activities, like organizing regular food collection for the Food Bank. Any user of the Uber platform is allowed to make a free call to a car driver and drive the food to the collection point.

### **Airbnb and purposeful demand creation**

The establishment of a sharable accommodation service was not easy at all at the beginning (Sacks, 2011). Since the idea of shared accommodation has come into light, the founders of Airbnb have faced the problem of how to persuade potential customers to look for accommodation preferably in private flats and apartments. Unfortunately, this business started to flourish only when an occasional event took place in the town and the hotels were fully booked. Chesky and Gebbia, the founders of Airbnb, put in a lot of effort to meet and visit flat, house and apartment providers and spend a night in the venues. They learned that people were not willing to pay for a room they could not see. That is why they insisted on posting wide-angle high-resolution photos of the accommodation. The host's reputation communicated by his online review scores had no effect on the listing price or the likelihood of consumer bookings (Ert et al., 2016). The Airbnb managers believed that posting photos might have an impact on guests' decision making (ibid.). Early on, they placed an artificial cap on the price, but they experimented with lifting it. All of a sudden the hosts began renting out entire apartments and the experiment became the norm. Airbnb usually cuts a 9-15% margin from the rental fee (The Economist, 2013). At present Airbnb is growing with a staggering 45% average rate. Airbnb operates now in more than 8,000 cities and rents houses, castles, cars, yachts, and even igloos. From 2008 to 2015, over 25 M guests chose to sleep in one of the 800,000 Airbnb-listed properties (Allen, 2015). The future of Airbnb is not only in monetizing the houses but in monetizing all the stuff in the houses, such as front yards, backyards and driveways.

### **Ford Company joint leasing**

Ford Company introduced a new service called Ford Credit Link at the Detroit Moto Show in February 2016. The company offers joint car leasing for up to six people. This is very similar to TipCar or Car2Go. Via the website or an application, the customer can book a car to be found exactly in the place which they request. The car can be unlocked either by a mobile or a special card. After using the car, the customer returns it to the original place. The charge is automatically debited either from a registration account or bank account.

### **BlaBlaCar expansion**

BlaBlaCar was originally a French start-up founded by Frédéric Mazzell in 2003. The incentive for the establishment of the company was the frustration from his inability to get home just before Christmas when all the buses and trains were sold out. As opposed to fully-booked buses and trains there were plenty of semi-occupied cars driving around. In the meantime the analyses showed that the average occupancy was 1.7 persons per one car. Mazzell quickly recognized that cars are not utilized in an optimum way. Then he struck upon the idea of sharing empty cars by passengers who originally opted for cars or buses. BlaBlaCar has managed its growth through acquisitions. In the Czech Republic and Slovakia it has acquired a majority stake in Jízdomat and Jazdomat,

respectively. The company has managed to raise money amounting 300 M USD. The current start-up valuation is estimated at 1.5 bill. USD. The BlaBlaCar business model is based on mutual car sharing, the company charging a 10% commission on each transaction. Currently BlaBlaCar employs 100 employees in 15 offices around the world.

### **IKEA Family exchange platform**

The home furnishings company Ikea Group launched an online platform in Sweden in 2010, allowing customers to resell their used IKEA goods. In Sweden, members of the company's loyalty program, IKEA Family, are able to post and sell their items for free. Membership in IKEA Family is free. Seemingly IKEA launched this platform without any financial benefit to be reaped by the company. In the worst case the company's own initiative might have cannibalized new product sales. The launch of the used furniture marketplace has actually had multiple advantages for IKEA. First, the redistribution initiative supports the company's environmentally friendly ethos, enticing customers who are serious about environmental stewardship. Moreover, the company has established a marketplace that does not cannibalize new sales but allows customers to create space in their homes for new IKEA items (Matzler, Veider & Kathan, 2015).

### **Maschinenring personnel leasing scheme**

Maschinenring, a Bavaria-based firm, dealt originally with sharing agricultural and forestry facilities. Later on the company entered the personnel leasing industry as well. The idea was quite simple and workable: in winter many farmers are underemployed. On top of that, many farms are too small to support the farmers fully, and they need additional income. Since farmers are generally hard workers, many companies have an interest in hiring them for temporary work. Thus, the match was made: businesses found that Maschinenring personnel provided them with a pool of skilled, hard-working short-term workers. Today, more than 258 Maschinenring affiliations serve Germany, comprising around 193,000 farmers — more than 55% of all farmers in the German economy (Matzler, Veider & Kathan, 2015).

### **LiquidSpace as a tool for facilitating office sharing**

The LiquidSpace app helps freelancers and others seeking office space to find workspaces tailored to their needs, time requirements and geographic preferences. The app also relies on a "how I work" profile, in which the users list the type of work environment and the size of the work crowd in which they can feel productive. Examples of the environment range from a "room with a view" to a "corner of silence." Examples of crowd size range from one to 50 people. LiquidSpace exemplifies how almost any company with office space can profit from collaborative consumption. Excess capacity can be managed easily, and capacity shortages can be addressed flexibly through virtual marketplaces (Matzler, Veider & Kathan, 2015).

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### Variety of car-sharing business models

In the biggest European cities, due to problems with finding parking lots, people are more willing to swap car ownership for car renting. For this reason, various business models have been developed within the car sharing business (Sacks, 2011). Car-sharing schemes are divided into peer-to-peer car rental services in which the customer pays for borrowing someone else's car (Buzcar, Getaround, RelayRides, Tamyca, Wheelz or WhipCar) and taxi-like services. There is evidence that people's shifting from ownership to renting implies more efficient decisions on when they actually need to drive. Typically, an average car sharer drives 40% less than the average owner. In 2010, the Peugeot Company rolled out a mobility rental service called "Mu". The membership provides customers with access not only to customizable Peugeot cars (optionally equipped with bike racks, snow tires, or TVs) but also to electric scooters and bikes. Mu has managed to expand from six cities to almost 70.

Opposed to Peugeot, the German car producer Daimler launched a car sharing initiative in a more sophisticated way. They launched the Car2Go service which bears similarity to that of Zipcar's, except that it does not require a reservation or a two-way trip. The Car2Go application enables the service users to locate unused cars operating within the Car2Go network and access them by means of a windshield card reader and PIN code. The user can drive the car anywhere in the location and leave it there for someone else to use. The fuel-efficient Smart car is equipped with a 100 Watt solar roof which powers the telematics of the car and its battery. In a short perspective, this application should serve for any additional cars in addition to Daimler. Nowadays Car2Go Daimler has already started piloting Car2Gether, which offers an application to match local drivers with people looking for a ride. The principle is rather simple, as the rider submits a request to the driver and both parties involved in this business are linked through social networks (Facebook and Twitter). After the end of the ride, the rider compensates the driver for a proportionate part of the driving costs. Such peer-to-peer rental schemes provide handy extra income for car owners and can be less costly and more convenient for the borrowers. Some rental schemes focus on particular types of customer, such as students, or particular types of vehicles, such as high performance cars. Variations on these models include DogVacay and Rover, both being dog-kennel services (The Economist, 2013). It is worth mentioning that P2P models are not supposed to outplay traditional B2C models completely. The latter, ranked among asset-centralized ones still possess certain viability. What is shared in B2C is access to goods and customers. The enterprise CarShare came with the idea of community-based car-sharing models even decades ago (Leong, 2015).

The sharing of electric vehicles is also on the rise. This service is promoted by the elimination of the necessity to build a network of charging stations, which would be quite expensive (Wang and Yan, 2016).

The Czech Republic-based automotive company SKODA has embarked upon a car-sharing project as well. In conjunction with local Czech universities, like the University of Economics in Prague, Czech Technical University in Prague and Czech University of Life Science in Prague, SKODA has prepared a project of car-sharing to be launched under the name Škoda 4 Now. The nature of this project is car-sharing between students. The project has been prepared by students themselves. A marketing specialist of SKODA automotive company states that at least in the beginning it dealt with a marketing tool which should help cover the costs of the project partially. They emphasize that the aim of this project is not to challenge current commercial projects like Car4way which was launched by one of existing SKODA dealers. They reckon on using six cars at the beginning, and depending on the demand for this service, the scope of this project could be extended. The impetus for the execution of this project was the change in Prague municipal legislation where cars involved in car-sharing would be allowed to use upcoming paid parking zones for the minimum fee of 100 CZK (approx. 4 Euro) per year (Pecák, 2016).

#### **Kuhleasing's swap of selling cheese for leasing cows**

Kuhleasing.ch, a cow-leasing website, illustrates how conventional industries like farming can establish new business models by moving away from traditional revenue streams. Confronted with decreasing milk prices and the abolition of a cheese export union in 1999, including the discontinuation of a selling guarantee for cheese, Swiss farmers faced the challenge of selling large amounts of cheese to survive. Acting from necessity, a Swiss farmer started leasing his cows to customers instead of solely selling the cheese. The lessees pay a fee to sponsor a cow for a season. The arrangement includes a photo of the cow and a certificate, plus the option to visit the farm to help out as a volunteer or to watch the daily farm work. The leasing cost does not include the cost of the final cheese product, but it guarantees a special price for a minimum purchase of 30 kilograms of cheese from that cow. The farm also offers additional leasing options that are available as gifts, such as short-term packages (Schwegler, 2011).

#### **Boat sharing**

Not only cars but also boats are sharable. Harboring, operating and maintaining yachts and boats is very costly. That is why four Hawaiian families share the cost and use of one boat for weekend fishing trips and fun outings. It not only reduces the number of boats that need to be produced and purchased, it reduces the storage space needed, and can foster trust and camaraderie among neighbors. For the purpose of facilitating boat sharing, the Boatbound was founded. The firm offers short term peer-to-peer boat rental (The Economist, 2013).

#### **ThredUp social business**

ThredUp is a venture-backed startup that helps people unload or swap children's clothing and toys which have become obsolete or unused. The founders of ThredUp have partly copied the business

model of eBay, which in the early years enabled people to list the goods free of charge and thus help create demand. In contrast, ThredUp decided to fund the supply by means of the purchase of hundreds of boxes of clothing before the launch, so as to create an inventory. ThredUp gives the users a credit every time they post a box of stuff which their kids can no longer use. They can use the credit to acquire a box of goodies more in line with the current age of their children. Boxes that are unsold after two weeks are either given a fire-sale price or donated to a charity (Sacks, 2011).

### **Van Moof and the transformation of traditional business**

It is always inspiring when “traditional” companies have the courage and flexibility to change and adopt new economy principles. The Dutch bike builder Van Moof is a typical example. They have just released a new concept of sharing bikes. This model is supported by the mobile application Spinlister which facilitates the search for an unused bike. The bikes are equipped with a GPS chip which enables finding its location, and a Bluetooth unlocking system. After execution of payment it is possible to book a bike to be situated wherever in the town. A combination of the app and Bluetooth enable (un)locking the system integrated in a Van Moof bike. During the ride the GPS chip updates the location of the bike continuously. Having used the bike, the biker locks it and leaves it anywhere. Then the bike is available for any other user.

### **A short story from the Silicon Valley**

It has become customary within the communities that have taken fancy of sharing economy to use this principle on a daily basis. They commute to work by shared cars borrowed for a few hours from City CarShare which is a non-profit and thus relatively cheap version of Zipcar. They also share nannies with neighbors, and occasionally they take small loans from peer-to-peer Lending Club, and finally they work in a shared office (Sacks, 2011).

## **BENEFITS OF SHARING ECONOMY**

Sharing economy enjoys growing popularity because of solving problems the solution of which is expensive or even impossible. The concept of sharing economy benefits from an aura that seems to combine convenience with a patina of revolution. Notwithstanding the fact that the term “sharing” is a bit fuzzy, the idea of a «sharing» economy sounds groovy and tempting because it is:

- environmentally correct,
- politically neutral,
- economically competitive,
- anti-consumerist, etc.

Sharing economy has proved its worth thanks to its ability to build on existing social-economic arrangements and psychology of people, and not vice versa. The optimum working of sharing business is contingent upon building mutual trust. Almost all subjects involved in sharing require profiles for both parties and feature a community rating system. It is of advantage if these ratings can travel with the user across the web. In conjunction with the need to have customer rating at disposal, start-ups like TrustCloud have been set up. These start-ups have the ambition to become a portable reputation system for the web. They collect data of the customer's reliability, consistency and responsiveness. The customer is then assigned a contextual badge which indicates his trust rating, which customer carries to any website (Sacks, 2011). Sharing economy is powerful enough to penetrate branches which are even out of reach for Adam Smith's "invisible hand" (Basulto, 2013).

### Shortcomings of sharing economy

It stands to reason that sharing economy can neither solve all the problems of the market economy nor outplay traditional ways of supplying customer demand. Sharing economy involves a portfolio of risks. The most significant are the following (The Economist, 2013):

- Income instability (the worker, rather than the firm, has to absorb the brunt of demand shocks or price cuts);
- Irreversible capital investments (Uber and Lyft have infamously pushed drivers to buy new cars by promising high returns that never materialized);
- Insurance and legal liability, as some services are falling short of industry-specific regulation, possible tax evasion of incomes coming from shared business practices; and
- Unforeseen criminal liabilities (what happens if an Airbnb guest turns your home into a brothel?); to less protection in the event of a catastrophe (no access to programs such as workers' comp).

The Economist points out a paradox of using Uber service in New York. The entry of Uber in the market increased the number of taxi rides from 14.7 M to 15.8 M between the years 2013-2015. This implied a drop in taxi prices by 30% upon simultaneous increase in demand by 7.5%, which impacted New York public transport negatively. Similarly, Uber lured away the customers from City Bike, which promotes greener and healthier cycling. This way, Uber affected indirectly the ecological impact of vehicular traffic towards a higher ecological burden, instead of the support of its sustainability (Rebound effect).

There are certainly limitations to sharing business. It has been experienced that sharable objects have to fit specific criteria: they must cost more than 100 USD but less than 500 USD, be easily transportable and frequently used. It is no surprise that most workable things from the point of view of sharing are sporting goods and outdoor gear. On the other hand, it has been proven that sharing expensive electronics would not work (Sacks, 2011).

It is needless to mention that there may be other impediments to effective implementation of sharing economy. A research done in R&D environments showed that employees, in addition to social production, were willing to share excess of material capacity but not data. In the latter case, competitive pressures amongst scientists tend to play a bigger role (Dedeurwaerdere, Melindi-Ghidi & Broggiato, 2016).

Another disadvantage of sharing economy is its combination with higher risks of freelance activity. Some of the opponents are calling for stricter regulations of sharing economy since it devastates entrepreneurial activities. Trade Unions also argue that the underlying internet platforms cannot secure sufficient protection of employees.

### **The prospects of sharing economy**

Companies that produce products or services are fully aware of the growing potential of sharing economy, which will flourish no matter if they join or not. The following figures speak for themselves: the expected growth of the sales is estimated at 335 Bill. USD by the year 2025. Currently 7,500 sharing platforms exist globally (Mafolska, 2016). Car sharing revenues in North America are expected to hit 3.3 Bill. USD by 2016 (Sacks, 2011). Similarly, Botsman & Rogers (2010) deem that the consumer peer-to-peer rental market will achieve 26 Bill. USD in the same time. This unprecedented increase in revenues is also driven by the support from financial communities. For instance, the venture capital Collaborative Fund was deliberately founded by Craig Shapiro to invest preferably in collaborative-consumption businesses. Therefore, traditional companies like car manufacturers or big-box retailers should get on alert. Even if it is not probable that sharing platform-based companies will swallow traditional ones, it is probable that they cut a part of their market share. If people begin consuming 10% less and peering 10% more, the effect on the margins of traditional corporations is going to be disproportionately greater. This means that certain industries have to rewire themselves or prepare to sink into the quicksand of the past (Sacks, 2011).

Sharing economy is becoming more influential in the non-profit sector as well. It accentuates the nonfinancial benefits of sharing economy, like resource sustainability, individual empowerment, the building of interpersonal community, and trust. Sharing economy may be the way forward for humankind, but it may or not be monetizable in the long run. The non-profit sector should provide sharing economy with stewardnesship (Leong, 2015).

## **CONCLUSIONS**

Sharing economy is one of the most challenging junctures where no one knows how big it might be. Sharing economy is gaining ground, fundamentally altering how people own and consume. It goes without saying that sharing economy is a socio-economical phenomenon which enables customers

to barter some advantages for new comfort. Even if people appreciate all the features and benefits of sharing economy, they are still inclined to consider sharing economy as a complementary business model to the traditional model which is based on ownership. People are still reluctant to get rid of their assets and embark upon the sharing economy model. Shared products or services will become attractive to customers as long as they manage to retain certain acceptable quality standards. Companies can also participate in collaborative consumption economy by thinking in terms of excess capacity, including office space, unused production capacities, staff, and specialized knowledge. On top of this, the contribution to the “community” still plays an important role even if it is not the focus for global companies. Shared services may be an opportunity in regions with high levels of unemployment. From this point of view, they can be ranked among social innovations as well. By connecting people and helping to make sharing more efficient, companies have potential to profit from sharing economy. Despite this, the future of sharing economy remains dependent on breaking the strong relationship between regulators and the industries under the constraints of regulators. The disruption of highly regulated industries by companies like Uber and Airbnb have given rise to reversing questions about the efficacy of industry regulation (Allen, 2015).

## KEY TAKE-AWAYS

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- By reading this chapter you get familiar with the principles of WEconomy and sharing economy principles.
- You recognize key benefits of collaborative approach to innovation within the framework of current highly competitive environment.
- Moreover the chapter addresses WEconomy concept as the operable tool to be conducive to the alleviation of hardship of underdeveloped countries inhabitants.
- In addition the chapter clarifies functionality of open business models in both business and non-profit sector.

## PEDAGOGICAL GUIDELINES

**Interactive activities:** Seminars and workshops with external representatives from sharing economy firms.

**Learning exercises:** Discussion of business models in companies engaged in sharing economy. The list of companies can be extracted from the teaching material and the papers referred in the list of references.

**Self-study:** The papers and books dealing with the topic referred below.

**Self-evaluation:** Elaboration of an essay on a chosen topic referring to sharing economy/ WEconomy.

## EVALUATION QUESTIONS

**Individual work examples:** Case study resolution

**Group work examples:** Field research and group presentation of the results of the research concerning sharing economy/WEconomy.

## TEACHING TIPS

**Slide presentation:** Powerpoint presentation enclosed (Sharing Economy and WEconomy)

**Links to teaching material:** The text dealing with the topic enclosed (Sharing economy & WEconomy)

**Supporting case material:** Case Study: Novy Bor citizens and criminality

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