



Who's Responsible? The Ethics of the Sharing Economy

Should the responsibilities of “sharing economy” giants like Uber and Airbnb differ from those of traditional companies?

In July 2016, a West Hollywood rape victim **sued Uber Technologies** over allegations that the ride-hailing company – which pitches itself as “the safest ride on the road” – had been negligent in conducting background checks of its drivers. It was not the first time an Uber driver has been accused of **rape**, nor was it Uber’s first brush with the law. In July 2015, the firm **settled a lawsuit** with a San Francisco couple after one of its drivers struck and killed their six-year-old daughter. And in June 2016, a French court **ordered the company to pay** €800,000 for running an illegal car hire service, after **taxi drivers rioted** in the streets in protest that non-traditional car services were violating transport regulations and threatening their livelihood.

In fact, since the launch of its ride-hailing app in 2011, Uber has spent millions of dollars fighting a barrage of lawsuits from governments, drivers, passengers and competitors across the globe. It has been challenged on issues of safety, regulatory breaches, labour rights and business taxes, from the way the company vets its drivers, to how it advertises.

In its defence, Uber has insisted that it is not a transportation company, merely an online platform connecting customers with independent contractors, therefore responsibility for many of these issues lies

with its drivers.

The growth of a new economy

As part of the new “sharing economy”, Uber and similar tech-based firms such as Airbnb, TaskRabbit and BlaBlaCar leverage the ease of data-sharing available in the internet age and a sense of trust in online communities. They provide ways for people to share their under-utilised possessions, holding out a promise of increased sustainability and democratisation of the workplace; redefining the way people do business and, as the name suggests, holding promises of mutual benefits and responsible actions.

Along the way, many of these companies, like Uber, have gained a competitive advantage by sidestepping the regulations, taxes, permits and sundry charges that competitors in traditional businesses face. As their revenues – and the number of complaints against them – increase, questions are mounting as to whether these firms really are just technological platforms facilitating transactions for individual business people or whether they should be seen as real world companies with the same responsibilities as transport companies, hotels and employment agencies.

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The world's most successful start-up

It would be difficult to argue that in business terms Uber has been anything but a success. In the seven years since its inception, the firm has grown from an implausible Silicon Valley start-up to become one of the most highly valued privately-held companies in the world, with operations in over 500 cities and US\$10 billion in equity funding.

Uber's disruptive technology has been successful and effective in prompting taxi companies to clean up their act by bringing new efficiencies to the industry. As the company expands into each new city, potential customers and driving partners seek it out, giving the firm the legitimacy – and some say the arrogance – to start operations with little heed to regulations governing the transport sector.

But Uber's aggressive business tactics have come under fire. There are allegations, for example, that the company encouraged its drivers to make bogus calls ordering thousands of rides to jam up the services of an online competitor; elsewhere, rivals have accused the firm of intentionally cutting fares low enough to drive taxi services and other car companies out of business.

Airbnb, a peer-to-peer homestay network, also has been accused of ignoring laws and responsibilities and berated for facilitating hotel-like operations in residential neighbourhoods. A 2014 report by the State of New York's Attorney General noted that more than 70 percent of the company's New York City rental listings were **unlawful**. Last month, New York Governor Andrew Cuomo signed into law a bill imposing large fines on homeowners who advertise through Airbnb. Aside from the concerns of traditional hoteliers and a loss in tax revenues, other reasons advanced for restricting Airbnb are the problems of noise and other forms of disruption brought by short-term tenants in residential buildings. The firm has also been condemned for including properties located in illegal Israeli settlements in Palestine amongst its rental listings.

Mutual benefits and responsibilities of a sharing economy

Critics say that as well as driving traditional competitors out of business, the very nature of the new sharing economy – whereby larger companies with bigger networks become more attractive to customers – is creating monopolies in which one or two platforms rule entire markets.

The sheer size of these companies, the profits being made and the effort that goes into promoting their brands makes it difficult for the likes of Uber and Airbnb to continue passing themselves off as passive intermediaries. It has been argued that

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these companies and their **venture capitalist backers** are taking advantage of the positive symbolic meaning of "sharing", while siphoning off too much value (albeit on paper as of yet).

As large for-profit players, it would be fair to say these industry giants are more than just platforms and should be held to greater account for the services operating under their names. Although whether they bear the *same* responsibility as that of, for example, a taxi service and its responsibility to its drivers, is open to question.

Control and flexibility

The sharing economy is not completely unchecked, being controlled, to a certain extent, via decentralised monitoring – whereby users rate their Uber driver or Airbnb host. However, it is becoming evident that this is not enough and there remains a role for regulatory bodies to ensure that the economic successes of organisations within the so-called sharing economy are not based on their ability to **avoid taxes, standards and laws**.

Regulators must evolve along with the new "sharing" business model, and look at introducing different terms such as "on-demand-economy", "access-economy" or "peer-to-peer economy" as well as the appropriate regulatory constraints. They should preserve the value created through innovation – surely few would wish to go back to pre-Uber taxi services – yet also protect with suitably nuanced regulations those smaller organisations that are more akin to the idea connoted by the term "sharing economy". This approach would give regulators the flexibility to differentiate between "Uberised" firms and other smaller organisations and non-profit activities that operate under a similar umbrella.

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