Millennials face risks and rewards in the SHARING ECONOMY

BY / ELEANOR HUNT

Compared to preceding generations, millennials, ages 19 to 35, have changed the way they access goods and services. Generally, they participate in the sharing economy, a term coined to illustrate the sharing of goods and services for compensation via mobile and online platforms.

"Unlike baby boomers who want to own physical items, millennials don't want to own things. They just want access," says Hope Koch, associate professor in Baylor University's Information Systems Department.

Factors that contributed to the conception and expansion of this economic model include electronic marketplaces, smartphones and job scarcity after the 2008 economic recession. Millennials wanted things without forking over a huge amount of capital. Instead, technology platforms were created for them to use their Internet-enabled devices to trade information, rank services and rent items temporarily. Owners of the platforms or marketplaces took a portion of the proceeds.

Some millennials became consumers; others became service providers. "Millennials are more familiar with contingent work as a form of employment than older generations," says Ping Wang, a digital innovations researcher and associate professor at the University of Maryland, College Park.

It's unclear who pioneered the sharing economy, but two companies who were early in the fray and still thrive include Uber transportation company and Airbnb home-rental portal. Many others are bringing novel ideas to market.

"The sharing economy could have positive impacts in terms of helping the economy and people better utilize our assets, talents and natural resources," Koch says. "If you think about talented people who don't want to work full-time, the sharing economy has the opportunity for them to plug in and out as they wish."

Besides resource optimization and work flexibility, Wang cites another advantage. "Sharing platforms can generate valuable data for us to understand and manage work, life and communities smarter," he says.

On the downside, workers in the sharing economy forfeit traditional employment perks like sick pay, insurance and retirement savings that can be financial lifelines during an illness or a mishap.

> "When we work for companies, we have a social safety net," Koch says. "With the sharing economy, people are plugging in and out of these platforms. The social safety net is quite a concern—particularly for millennials."

Wang also notes, "A near-term trend is the increasing population of the unemployed or marginally employed who are pushing wage levels to the minimum," he says. "It seems that both scholars and practitioners have started paying attention to the exploitation we've seen in many sharing economy companies/platforms."

Despite these concerns, the sharing economy is probably here to stay as traditional corporations buy and partner with sharing businesses or create concepts enabled by technology or marketplaces.

"Although we'll see more services, more regulations and more struggles in the news, the sharing economy will grow. One market study [PriceWaterhouseCoopers 2013] estimates that revenue generated from the sharing economy will grow from $15 billion in 2013 to $335 billion in 2025. Typical companies that produce things will have to readjust what they're doing to compete," Koch concludes.

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