

# Unlocking the Sharing Economy in Umeå, Sweden

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## Investigating the Barriers for the Sharing Economy in a City Context

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### Why did we select this research?

Few cities will be exempt from the disruptive impact of the sharing economy, including Umeå, Sweden, a small but rapidly growing city with high technical competency, high connectivity, developed infrastructure, an open young generation, and a willingness to try new things. Although these characteristics usually form an ideal foundation for a flourishing sharing economy, adoption has been relatively slow in Swedish cities. This research identifies barriers for establishing the sharing economy as well as pathways and suggestions for overcoming them specifically for Umeå, however, cities of similar size, culture, and geography can benefit from understanding the underlying obstacles.

### Key findings

Identified barriers exist either due to lack of effort to overcome them or the disregard to notice their existence and identified barriers are closely related and intertwined, meaning that in order to overcome one barrier, cities would need to overcome all barriers.

Cities should strive for rich digital density, the number of connections in an area by people, employees, companies, and others to the Internet, which depicts the city as attractive to live in and visit, increases the volume of open data, and increases network value.

## Barriers to establishing the sharing economy

- Trust: General lack of trust between strangers in the community poses a barrier. However, understanding how the system works generates trust because of the feedback loops and payment transactions via the platform.
- Rules and regulations: Politicians often have low levels of IT competence and awareness of the sharing economy and its impacts. Sharing economy promotion by cities is difficult due to its tax-free nature, and oftentimes platforms are not local - even if taxes are collected they do not remain locally. However, while the city lags in promoting digital sharing, large foreign platforms take over local businesses, leading to local businesses pushing for harsher regulations.
- Awareness: The public in Umeå are aware of the sharing economy but have a lack of understanding, based in a fear of the unknown and feeling lack of control.
- Network capability: Umeå, as a small city, is experiencing an absence of major international sharing economy actors in the city. Authors refer to the "Catch-22 Challenge", when an established and dense network is necessary for the sharing economy to function as intended. With small networks it is difficult to acquire resources when they are needed and reap the benefits of sharing platforms.
- Necessity: many do not have the necessity to participate in the sharing economy financially. Umeå has low unemployment rates relative to other Swedish cities and that would lower the incentive for people to participate in the sharing economy.
- Reluctance towards change: general human resistance to change. resistance to change in the public sector especially. companies can make easier directional changes so are more likely to take risks - city wont take large risks when taxpayer money is at stake

## Pathways or suggestions to overcome barriers:

- Infrastructure: Umeå has digital social networks, smartphones, payment systems, and other platforms already in place, indicating a lot of potential for accelerating the growth of the sharing economy.
- Culture: Umeå residents want taxes to stay locally and to support local shops, despite the often higher prices. Umeå has a long history of sustainability and progressive thinking, which when combined with its rich tech culture, provides a possible pathway to take advantage of the sharing economy.

- Local thinking: Many opportunities for local actors who are considering starting sharing platforms in Umeå. Promoting local actors both raises awareness of the sharing economy and encourages more actors to join.
- Open Data: Umeå's extensive connectivity means that there is an abundance of data that can amplify the sharing economy's EFFICACY in taking advantage of available resources. Digital density provides ready information, large databases of open data, and a path to faster digital development.

## REFERENCE

May, S., Königsson, M., & Holmstrom, J. (2017). Unlocking the sharing economy: Investigating the barriers for the sharing economy in a city context. *First Monday*, 22(2). doi:<http://dx.doi.org/10.5210/fm.v22i2.7110>

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