

# The sharing economy in a post-Covid-19 world: Insights from Islamic economic history

Jamila Abubakar, Nasim Shah Shirazi

College of Islamic Studies, Hamad bin Khalifa University, Doha, Qatar

## Article Info

### Article History

Received : 2023-03-19

Revised : 2023-04-14

Accepted : 2023-04-26

Published : 2023-09-05

### Keywords:

Sharing economy, Covid-19, sustainable, collaborative consumption, Islamic economy.

### DOI:

<https://doi.org/10.20885/RISFE.vol2.iss2.art6>

### JEL Classification:

D63, G28, P36, N85

### Corresponding author:

Jamila Abubakar  
[Jaab27835@hbku.edu.qa](mailto:Jaab27835@hbku.edu.qa)

### Author's email:

[nshirazi@hbku.edu.qa](mailto:nshirazi@hbku.edu.qa)

### Paper type:

Research paper



Center for Islamic Economics Studies and Development, Faculty of Business and Economics, Universitas Islam Indonesia

## Abstract

**Purpose** – The Covid-19 and climate change crises have increased attention to building a more circular global economy. This paper analyses the insufficiency of the linear economy growth model in a post-Covid-19 world and sheds light on the role of the sharing/collaborative economy in the post-Covid-19 socio-economic recovery.

**Methodology** – An explanatory approach is employed to broaden the theoretical idea of the Sharing Economy (SE) as a contemporary concept by delving into the historical applications and motivations of sharing and collaborative practices in the Islamic economy and hunter-gather societies.

**Findings** – Although contemporary sharing economy platforms are credited with the sharing economy concept, history shows that pre-modern societies have used sharing concepts to maximize efficiency in allocating resources, and collaborative consumption predates the digital economy. The paper also finds that adopting Islamic economy ideologies for social solidarity could address contemporary sharing economy models' challenges.

**Implications** – The paper fills a gap in the literature by learning from historical sharing practices and adopting Islamic economy ideologies for social solidarity; the sharing economy could contribute significantly to building a circular global economy.

**Originality** – By delving into the historical applications and motivations of sharing and collaborative practices in the Islamic economy and hunter-gatherer societies, this paper brings a unique perspective that is rarely studied.

### Cite this article:

Abubakar, J. & Shirazi, N. S. (2023). The sharing economy in a post-Covid-19 world: Insights from Islamic economic history. *Review of Islamic Social Finance and Entrepreneurship*, 2(2), 167-181. <https://doi.org/10.20885/RISFE.vol2.iss2.art6>.

## Introduction

The world has witnessed several political, financial, environmental, and health-related crises. Some of these crises were localised, and some were global, but one thing these crises have always had in common is that they lead to economic disruptions that affect people's livelihoods (Obstfeld et al., 2012). When these crises occur, economic activities slow down, businesses suffer, unemployment increases, and livelihoods are affected in developed and developing economies (International Labour Organization, 2020; International Monetary Fund, 2022). It usually plunges the affected economies into a recession with a recovery period characterised by slow growth, low business activity, and even slower creation of jobs (International Labour Organization, 2020; Lakner et al., 2020; Obstfeld et al., 2012)

An example of this is the Covid-19 pandemic, which started as a public health crisis and went on to cause unprecedented socio-economic disruptions that, arguably, the world has never

experienced before (Buheji et al., 2020; Egger et al., 2021). The Covid-19 crisis has affected over 200 countries worldwide, most of which were forced to shut their economies, go into national lockdowns, and impose travel restrictions to curb the spread of the disease (World Bank, 2022). It halted commercial activity and disrupted supply chains, making resources even more scarce (World Economic Situation and Prospects, 2022). Businesses and companies began downsizing operations and making massive layoffs of workers they could no longer afford to keep (International Labour Organization, 2020). Consequently, the world economy has shrunk, and poverty and inequality have increased around the globe (Valensisi, 2020).

According to the International Labour Organisation, by the 4th quarter of 2020, approximately 255 million jobs were lost worldwide due to disruptions caused by the pandemic (International Labour Organization, 2021). Furthermore, people have also had pay cuts and reduced working hours, which has decreased their disposable income (Buheji et al., 2020). Reduced income means a decline in consumer spending, which reduces the profitability of businesses in the economy. The world is facing the worst recession since World War 2 (Obstfeld et al., 2012), with IMF expecting global growth to shrink by -4.9 per cent in 2020 and -6.5% in 2021 (International Monetary Fund, 2020).

Additionally, global poverty numbers are increasing. The World Bank estimates that the number of global poor reported as 687 million people in 2017 will increase by about 88 to 115 million people due to the economic disruption caused by the pandemic (Lakner et al., 2020). The impact of the pandemic will significantly set back the progress made on the SDGs' poverty goal.

International Labour Organisation (ILO) Director-General Guy Ryder said, "The world economy needs to find a new, or at least supplemental engine of economic recovery" (ILO, 2020). Given the financial hit taken by governments, businesses, and individuals during the crisis, the means for economic revival must be sustainable and cost-effective.

The Sharing Economy (SE), a model within the circular economy, is one such model employed after the 2008 global financial crisis (Böcker & Meelen, 2017). It is an economic model based on sustainable practices within the circular economy (Henry et al., 2021). This model has been used to cheaply bring products and services to the demand side and allow the supply side to make additional income from assets.

Given the pandemic's economic impact, there will be many assets laying redundant while, on the other side, there is potential for demand if the price is right (declined disposable income has reduced the capacity of buyers to pay current market prices) (Hu, 2019). The SE model will allow suppliers to make money from their assets and buyers to access these assets at reduced prices.

The sharing economy has created jobs and stimulated growth in the past (Yaraghi & Ravi, 2017). Nevertheless, experts say that the current sharing economy model based on capitalistic ideologies is insufficient in the long run and does not address the needs of the most vulnerable in our societies (Belabes, A. 2019; Lombardo, 2015). If there were ever a time in history when the world needed economic growth models based on social solidarity and shared prosperity that addresses the base of the pyramid, it would be in a Post Covid world because of the stark inequalities exposed to the pandemic.

This paper addresses 2 main questions: First, is sharing economy a contemporary concept? Secondly, how can historical and current sharing economy concepts contribute to socio-economic recovery in a post-Covid-19 world? We show that although the sharing economy concept is credited to contemporary sharing platforms, history shows pre-modern Islamic and hunter-gatherer societies have used sharing concepts to maximise efficiency in allocating resources. Furthermore, we show how the Islamic economy used collaborative consumption to achieve moderation and unity in society. We recommend that the contemporary sharing economy adopt Islamic economy tools to ensure sustained wealth creation and equitable wealth distribution.

The subsequent sections of this paper are structured as follows: Section 2 offers a comprehensive review of the linear economy and its inadequacy as a model for economic growth. Section 3 outlines the methodology employed in this investigation. Section 4 examines past and current implementations of sharing. Section 5 presents the results of the analysis and evaluates how the sharing economy can serve as a sustainable economic model post-pandemic, along with some potential challenges in adopting the sharing economy model. Finally, Section 6 concludes the paper.

## Literature Review

Two popular phrases used to describe the linear economy are "Take, Make, Waste" and "Cradle to Grave." These paint a vivid picture of how the linear economy works and its principles in production and consumption. In the linear economy model, "raw materials are collected and then transformed into products that are used until they are finally discarded as waste" (Groene Brein Authors, 2019). In a linear economy system, hyper-consumerism is encouraged because the value is measured in the number of products and services sold, making manufacturers unconcerned with their products' durability and product life cycle extension (Erasmus, 2017).

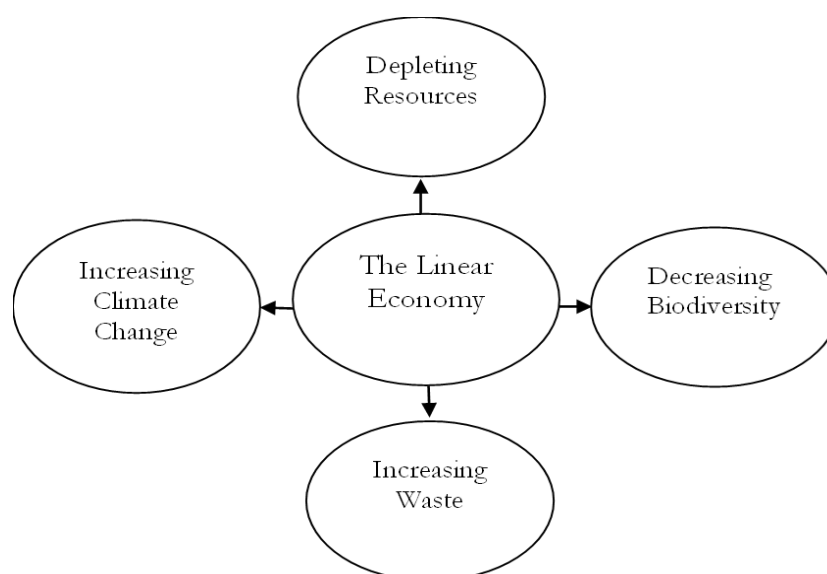
As economic growth and an increasing population have led to increased consumption, it has become apparent that the linear model is no longer sustainable (Jørgensen & Pedersen, 2018). The linear model is depleting the global store of natural resources at an alarming rate, destroying the environment and accelerating climate change (Kaza et al., 2018).

Why is the discussion and action on sustainability critical now more than ever? First of all, the interconnectedness of the universe means that human exploration and excessive consumption are depleting natural resources faster than they can regenerate, leading to concerns about meeting future needs (Kaza et al., 2018; World Wide Fund for Nature, 2020). The Living Planet report highlights that the world's top five potential risks are linked to the environment, including climate change, biodiversity loss, and extreme weather events. Recent catastrophic events such as wildfires and locust plagues underscore the critical need for biodiversity conservation as a "strategic investment to preserve our health, wealth, and security" (World Wide Fund for Nature, 2020).

Climate change is a real threat to economies and increases the risk of natural disasters. Natural disasters threaten our social well-being by destroying infrastructure, disrupting supply chains, threatening food security, and plunging more people into poverty. Its ripple effects are endless, and recovery is a painfully long process.

Secondly, the prosperity of the agricultural sector is vital to human survival. Aside from providing food to people worldwide, it accounts for the livelihood of 65% of poor people globally (World Bank, 2017). Unfortunately, it is also the sector most vulnerable to climate risk (Renee Cho, 2019). This makes the need for a more sustainable economy even more urgent.

Thirdly, the world population is increasing. The United Nations expects the current world population of 7.6 billion to reach 8.6 billion in 2030 and 9.8 billion in 2050. The growing global demand induced by population growth will make resources scarcer and raise global prices. A novel growth model is required for the world to achieve significantly greater resource efficiency than the current linear model is capable of (Lacy & Rutqvist, 2016).



**Figure. 1** Disadvantage of the Linear Economy.

Source: Authors' work based on findings in the literature review

Lastly, humanity is generating unprecedented waste that is not disposed of sustainably. According to the World Bank's "What a Waste 2.0" report, the world generated 2 billion tonnes of waste in 2016, 1/3 of which was disposed of in an environmentally unfriendly manner. Furthermore, the report stated that global waste is expected to grow to 3.4 billion tonnes by 2050 as the current world population generates waste faster than the population is growing (Kaza et al., 2018).

Studies show a positive correlation between waste and GDP; waste increases with GDP as GDP is a direct function of production and consumption (Magazzino & Falcone, 2022; Kaza et al., 2018). The ultimate goal is to improve people's standard of living worldwide without jeopardising the environment and the welfare of future generations.

In the wake of the 2008 global financial crisis, consumer attitudes towards ownership of assets began to change, and a type of circular economy emerged. After the Great Recession in 2009, there was increased attention on utilising unused assets for economic gain (Böcker & Meelen, 2017; Ravenelle, 2019). As a result, the sharing economy gained traction by combining technology and sharing concepts to create a new model for sustainable value creation.

The new economic model centres on "consumer-to-consumer", "peer-to-peer", "business to consumer", or "business-to-business" access to assets and services in a sharing context. Such transactions may be formal or informal, with informal ones occurring within close-knit networks of individuals who share assets and services for free or a fee. An intermediary company employs an organisational and technological structure in formal sharing relationships to facilitate the sharing process. (Hossain, 2020; Benjaafar et al., 2019).

## Methodology

The objective of the study is to explore both historical and contemporary sharing practices to gain valuable insights that may be used to enhance the efficiency of the sharing economy. This is achieved through a library research approach consisting of a qualitative analysis of secondary sources. The literature review encompasses a systematic search of academic articles, reports, and other relevant sources from databases such as Google Scholar and Scopus, with a particular focus on ethnographic and anthropological studies of specific social contexts where sharing was a fundamental basis for economic activity. Textual evidence from the Quran and Sunnah is also used to support the literature review's findings. Finally, the study integrates the literature review and case analysis findings to conclude how sharing practices from the Islamic economy, hunter-gatherers, and contemporary practices can aid in building a circular economy and overcoming current and future crises.

## Sharing Economy Model

The Sharing Economy, the collaborative economy, the digital economy, the circular economy, the peer-to-peer economy, and the gig economy are some of the names given to the new economy in which assets or services are shared through technology (Basselier et al., 2018), either free or for a fee, to enhance efficiency and encourage a more sustainable consumption (Dabbous & Tarhini, 2019). This paper will use these terminologies interchangeably when referring to the Sharing Economy.

The concept of collaborative consumption suggests a shift in consumer mentality from asset ownership to temporary access, driven by varying financial, environmental, and social incentives. Technology has enabled sharing platforms to offer cheaper products and services than traditional businesses by reducing operational costs associated with physical offices, large workforces, and licenses and permits.

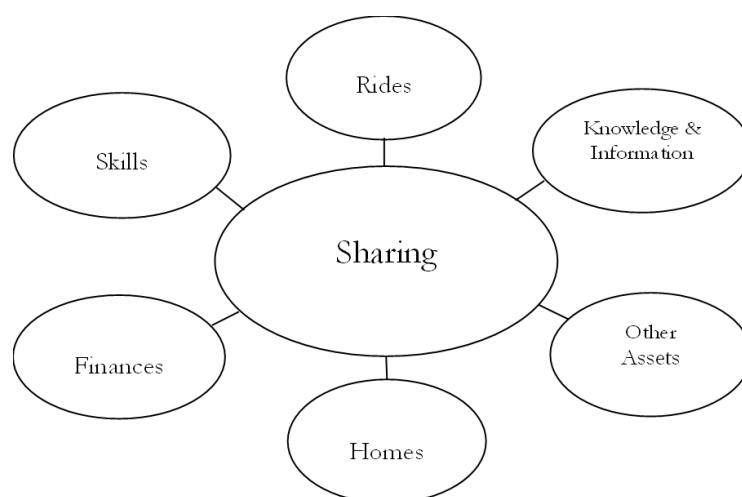
## What are People Sharing Today?

The SE has grown significantly since 2009, with different sectors springing up to disrupt traditional industries. Figure 2 shows some of the major sectors that contributed to the growth of the sharing economy.

Owing to the likes of Uber and Airbnb, ridesharing and accommodation sharing have led the growth in the sharing economy sector. These sharing models were widely successful because they lowered the barrier to entry into the industry and provided millions with a way to earn extra money by using their cars as taxis when convenient or renting out their homes as vacation rentals. Aside from their flexibility, they also shortened the transaction waiting period and lowered the services' average cost.

Another budding sector within the sharing economy is the knowledge and "expert sharing economy." This sector allows people with expertise in various fields to use their knowledge and skills to make money while providing those who need their expertise with easy access to it. Platforms such as LinkedIn use technology and the information gathered on their users to match specific expertise appropriately with potential clients (Reed & Atwell, n.d.)

The peer-to-peer lending market has been crucial to the rise of the sharing economy. Peer-to-peer online platforms bring together those with excess funds to save and invest, with lenders seeking funds to meet personal and business needs. Peer-to-peer lending platforms can offer a higher return on investment than traditional banks due to lower operational and transactional costs. (Allied Market Research, 2020) valued the peer-to-peer lending market at \$67.93 billion in 2019 and expects it to grow to \$558.91 billion by 2027. This includes the crowdfunding and crowd-investing market.



**Figure. 2** What people are sharing today.

Source: Authors' work based on findings in the literature review

Sharing models involving the sharing of material objects, services, labor, and knowledge, have gained global popularity and success (Widlök, 2016). While largely attributed to the contemporary digital economy, these concepts existed in non-commercial settings in pre-modern societies. Nevertheless, Collaborative consumption has seen rapid growth through online platforms, facilitated by the 4th industrial revolution, which has made it easier and more efficient to match supply and demand across all sectors. Technology has provided sharing platforms with the means to unlock efficiency, create economic and social value more transparently and securely, and enable business activities to be scaled up quickly and easily.

### Is the Sharing Economy a Contemporary Concept?

Nascent literature on the sharing economy claims that technology is necessary to activate sharing models (Basselier et al., 2018). Looking back into history, we see that collaborative consumption has occurred in different civilisations within and beyond the market economy. In its current form as a digital economy based on collaborative consumption, production, and service delivery, sharing economy is a novel concept. Technology facilitates greater depth and width by pooling unprecedented resources across wider geographical distances, but collaborative sharing of resources is as old as time. History shows pre-modern societies sharing resources to ensure efficient

allocation and increase each other's access to scarce resources. In a study about economic anthropology, Widlok (2016) attempts to look at sharing economy beyond the marketplace and the gift economy and included sharing borne out of the need to allocate resources efficiently in a non-commercial setting.

The book presents case studies of modern hunter-gatherer societies and their ethnography of sharing foraged foods and hunted game. Although these studies observe the behaviour of contemporary hunter-gatherer societies, they give a glimpse of historical resource allocation methods as most hunter-gatherer behaviours have persisted from ancient civilisation to modern times (Tyson, 2019).

The societies and tribes studied each had different motivations and modes of sharing. For example, the Hadza's of Tanzania shared due to continuous asking and demands by members of the tribe. For this reason, sharing was based on a hierarchy determined by one's ability to claim a share forcefully (Widlok, 2016). Sharing in this tribe was not based on benevolence, resource optimisation or social justice. On the contrary, sharing was unbiased for the Ache Foragers of Paraguay. The tribe follows a strict resource allocation system that maximises equitable distribution and social justice to ensure a better chance of survival for all group members (Widlok, 2016).

Going back much further, about 1442 years to the Prophet Muhammad's (ﷺ) migration to Madinah, the Islamic Economy presents other examples of sharing based on social justice and shared prosperity. The Madinan economy after the migration of the Prophet (ﷺ) was shaped mainly by the concept of sharing and solidarity. This represented a sort of economic renaissance whereby the Ansars (a group of people from the tribes of Madinah who aided the Prophet and his companions after their migration) shared economic property originally held within clans with outsiders to increase shared prosperity.

The emigration to Madinah was to escape persecution by the Quraish of Mecca and allow the Muslims to build a prosperous society founded on Islamic ethics and principles. On their arrival at Madinah, the Muslims were homeless and lacked a means of livelihood. The Ansar generously offered them their wealth, a share of their harvests and free use of their homes and farmlands (Al-Mubarakpuri, 1995). Abu Huraira narrated in a hadith that the Ansar said to the Prophet (ﷺ), "Please divide the date-palm trees between them and us (i.e. emigrants)." The Prophet (ﷺ) said, "No." The Ansar said, "Let them (i.e. the emigrants) do the labour for us in the gardens and share the date fruits with us." The emigrants said, "We accepted this." (Sahih al-Bukhari 3782). The hadith shows the Ansars' benevolence and the Muslims' willingness to build a collaborative society. The collaboration between the two groups paved the way to developing a prosperous economy rooted in Islamic ethics.

According to (El-Ashker & Wilson, 2006), Islamic economic thought centres around the belief that Allah (God) has made man a *Khalifa* (trustee) on this Earth. As trustees, we treat the Earth and its resources respectfully and only take what we need for sustenance. The Quran mentions, "To Allah belongs everything in the heavens and the earth..." (Quran 3:109, The Clear Quran). Hence ownership of assets by human beings is based on the concept of "ownership by trusteeship" (El-Ashker & Wilson, 2006). This means; to use resources available to us to pursue prosperity and economic growth, human beings are expected to adhere to divine laws of economics, which in Islamic ideology is to promote moderation and unity.

The main principles guiding Islamic economic activities are; Moderation in the use of resources, protection of the interests of others and the environment, commitment to maximising resource efficiency, and social justice in the distribution of resources and proceeds of economic activity (El-Ashker & Wilson, 2006). Islam abhors hyper-consumption, and to achieve economic efficiency, Islam emphasises reducing wastage or extravagance and extending the use of resources. A Quranic verse emphasises: "It is He (God) who produces gardens, both cultivated and wild, and date palms, and crops of diverse tastes, and olives and pomegranates, similar and dissimilar. Eat of its fruit when it yields and give its due on the day of its harvest, and do not waste. He does not love the wasteful" (Quran 6:141, The Clear Quran).

The Islamic economic system encourages the productive use of resources ethically. Additionally, it promotes equitable distribution of wealth to ensure that income inequality is kept

low. Through tools like *Zakat* and *Waqf*, the Islamic economy promotes social solidarity and shared consumption and ensures that excess wealth in the economy is redistributed to allow the poor to benefit from the wealth created in the economy. In the Islamic economy, wealth creation and distribution most go hand in hand to prevent the concentration of wealth amongst a few.

As a socio-economic tool, *Waqf* literally means "endowment" and is often called an "Islamic trust." It is designated to provide its usufruct for a specified socio-economic or religious purpose in perpetuity (Zuki, 2012). An individual or entity cannot repossess a *Waqf* asset through sale, gifting, or other means. According to Kuran (2001), the Quran does not mention *Waqf* as an Islamic economy tool. Historians believe that the institution of *Waqf* predates Islam (Ismail Abdel Mohsin, 2013). Nevertheless, Islam adopted and institutionalised it, and there are several accounts of the Prophet (ﷺ) recommending the endowment of assets for charitable purposes.

In Islamic history, *Waqf* allowed wealthy people and the state to extend the usefulness of assets across time and to a larger group of people. The services provided by *awqaf* (plural of *Waqf*) are not bound by time and can be shared by communities and outsiders, as evidenced in the hadith narrated by Ibn `Umar that "Umar got some property in Khaibar and he came to the Prophet (ﷺ) and informed him about it. The Prophet said to him, "If you wish, you can give it in charity." So Umar gave it in charity (i.e., as an endowment), the yield of which was to be used for the good of the poor, the needy, the kinsmen, and the guests" (Sahih al-Bukhari 2773).

In keeping with Islamic ethics and ideology, at the core of the *Waqf* is a desire for the Islamic society to promote inclusive development and social justice. As such, *Waqf* in Islamic traditions provides social welfare services or resources like water. The provision of multiple social welfare services by one *Waqf* was not uncommon. As a result, *Waqf* has served as a multi-dimensional model for socio-economic development.

Unlike *Waqf*, *Zakat* is mentioned in the Quran as an obligation for every Muslim whose wealth has reached the required *Nisab* (minimum wealth threshold required for obligatory almsgiving as specified by Islam). And unlike regular charity, which is at the giver's discretion, *Zakat* is a prescribed means of redistributing wealth in society and empowering those in need. The Quran is clear about the category of people deserving of *Zakat* as mentioned in the Quran "Charities are for the poor, and the destitute, and those who administer them, and for reconciling hearts, and for freeing slaves, and for those in debt, and in the path of God, and for the traveller in need" (Quran 9:60, The Clear Quran).

Looking at the role of man as a viceregent of the resources entrusted to him and the classification of *Zakat* as an obligation makes it clear that the role of *Zakat* is not merely one of charity but a responsibility of the haves to ensure that that which they have been entrusted with is allocated equitably and put to good use and as such *Zakat* is also used to deliver social services to those in need.

Benthall (2016) gives an account of a *Zakat*-funded social program in Westbank. The project was funded with *Zakat* support from various Arab countries. Since its inception in 1982, it has created a livestock and dairy farm and invested in real estate as an alternative source of income. The revenue from the activities was used to support an estimated 750 students through secondary and university, and about 7500 families received a gift from the fund during Eid periods.

Islamic social finance tools like *Zakat* and *Waqf* can significantly benefit from digital sharing platforms. The main driver of collaborative practices is the search for greater efficiency and optimisation in the use of resources. Given the right platform *Zakat* is a tool for "socio-humanitarian entrepreneurship within a holistic approach" (Belabes, 2019, p.17).

In the modern context, the most common application of Islamic sharing ideologies is in social finance. For example, The Investment Account Platform in Malaysia, a crowdfunding platform, bridges the gap between investors and SMEs by using Islamic banks as intermediaries. It is a unique crowdfunding platform that allows banks to recommend and facilitate investments in budding ventures to their clients, allowing them to tap into a larger market at lower costs. The bank's presence on the platform as a mediator reduces risks for the investors as the banks conduct due diligence and monitor the investments on behalf of their clients. Islamic crowdfunding platforms give Muslim entrepreneurs an ethical way to raise funds for start-ups. They also allow

individuals and investors an opportunity to donate or invest in socially impactful ventures using Shariah-compliant means.

The platforms mainly use classic Islamic finance tools to facilitate the financing of start-ups by investors. Financing on Islamic crowdfunding and peer-to-peer lending platforms is based on donation, debt or equity. Donation-based platforms use *Zakat*, *Waqf*, or *Sadaqa* (charity) to finance start-ups. *Zakat* and *Sadaqa* function as normal donations. For *Waqf*, the cash donated is invested in financial or tangible assets, and the /returns/revenue is used to finance beneficiaries while the initial donation itself is re-invested. In all three cases, the donors have no right to any benefit from the venture but are allowed to get updates and follow the progress of their projects.

The debt/equity-based platforms use *Murabaha* (cost-plus financing), *Musharaka* (partnership) or *Salam* contract (advance payment sale) to transfer funds from investors to start-ups. *Murabaha* and *Salam* Contract are debt-based contracts between the investor and the venture, while *Musharaka* is an equity-based relationship based on a profit and loss sharing concept.

Another innovative and socially impactful collaborative contemporary application of a *Waqf* is the *Waqf-takaful* scheme. It provides a means to access insurance collectively for those who cannot afford individual *takaful* (Sharia-compliant insurance). The *Waqf-takaful* fund runs on a donation-based model with donations collected from beneficiaries, Takaful Operator, the government, and sometimes crowdfunding from smaller donations. (Belabes, 2019). Beneficiaries of the *takaful* fund get financial assistance in the event of a loss and other benefits as stipulated by the *waqf* deed (Islamic Markets, n.d.).

Technology has facilitated a return to traditional Islamic economic, social solidarity and ethical consumption values. It has enhanced the impact of Islamic social finance tools by broadening their reach and reducing the cost of accessing them.

## Results and Discussion

The findings of this study indicate that the sharing economy concept, often associated with contemporary platforms, has its origins in pre-modern societies. These societies recognised the benefits of sharing in enhancing the efficiency of resource allocation. The study also reveals that collaborative consumption existed in various forms in societies throughout history, predating the digital economy.

The complexity and interconnectedness of society's problems require collaborative solutions (Compagnucci et al., 2020). Therefore, this research proposes that Islamic economy ideologies could address the challenges of contemporary sharing economy models by promoting social solidarity, fair distribution of resources and wealth, and social cohesion. With the scarcity of resources and the contraction of the economy caused by the Covid-19 pandemic, innovative ideas that provide mass access to the labour force are necessary for quick recovery. The sharing economy underpinned by social cohesion and justice principles, can provide innovative ideas and solutions that facilitate building an equitable and sustainable circular global economy. In the discussion to follow, we lay out some of the ways the sharing economy can impact the future of jobs and the economy, and we highlight some of the challenges facing the contemporary sharing economy.

### Sharing Economy and Breaking the Mould of Traditional Employment

As the crisis begins to abate and the global economy is recovering, the job market will be saturated, making it more difficult for people to find employment. There will be a need to break the mould of traditional employment by facilitating marketplaces where people with difficulty finding traditional jobs can utilise their skills or assets to create economic value. The sharing economy is a powerful way of lowering entry barriers, specifically into labour markets, using the global internet infrastructure (Hu, 2019).

The sharing economy allows even people with the most obscure skills to be matched with those willing to pay for their services. The digitalisation of the sharing economy offers career opportunities to people whose skills were not recognised by the ordinary labour market (Basselier



et al., 2018). The sharing platforms, these skills are easily identifiable and accessible to a much more extensive network.

### **Sharing Economy and Bridging Funding Gaps**

Despite global interest rates decreasing due to the Covid-19-induced recession, the global financial markets are witnessing declining transaction volumes. This is because banks are currently tightening the noose on lending as they face losses due to growing Non-Performing Loans, refinancing mortgages by borrowers wanting to take advantage of the lower interest rates, and lower investments due to unattractive interest rates (Carletti et al., 2020). This means that as consumers seek funding to revive failing businesses, expand existing ones or build new ones after the pandemic, there will be a gap between supply and demand in traditional lending markets. The sharing economy can come into play here through peer-to-peer lending services. This could play a significant role in funding SMEs and personal loans as the world moves towards economic recovery.

Another way the sharing economy has been bridging funding gaps is through crowdfunding and crowd-investing. Crowdfunding has funded start-ups and scaled-up businesses while allowing those with idle funds to invest in potentially profitable ventures. This is an excellent way to stimulate economic growth and back innovative ideas that could transform industries and create jobs.

Through crowdfunding platforms, start-ups and companies can use sharing economy to surpass financial and legal hurdles for scaling up (Meyer & Shaheen, 2017). Products and services that are expensive and complex to mass-produce can be launched through sharing platforms to make market entry cheaper and more manageable.

### **Sharing Economy and Bridging the Gap of Demand and Supply**

Widlok (2016) suggests that limiting wants is a better strategy in times of scarcity than hoping for unlimited means or accumulating more. Although this approach promotes decreasing pressure on scarce resources, it limits benefits that could be derived from available resources. The SE proposes a shift in how society views asset ownership by emphasising access over ownership. After the 2009 global financial crisis, the world witnessed a shift towards satisfying demand through sharing platforms such as ridesharing, home-sharing, and tools-sharing, efficiently redistributing resources and putting underutilised resources to the best use within an economic context.

In bridging the gap between demand and supply, knowledge sharing, as part of the expert economy, is one way the sharing economy has transformed the world before and, most notably, during the pandemic. The pandemic has significantly changed the future of work, and the expert and gig economy driven by technological advances will drastically change the working environment in the 21st century (Reed & Atwell, n.d.). The expert and knowledge sharing economy made it easy for learning institutions to continue learning during lockdowns and for businesses to bring in experts to proffer solutions to minimise the pandemic's impact. Often, these experts were halfway across the world. During the Covid-19 crisis, we saw a rise in online training and courses. While the lockdown prevented movement, people could use online platforms and technology to disseminate knowledge across countries and continents. Technology allowed people to break down the geographical and institutional barriers placed on knowledge acquisition, and people could benefit from courses that were not previously available to them. This is an excellent example of sharing economy and the role that it can play in surpassing the crisis. The expert economy will disrupt traditional learning channels by effectively matching supply with demand for expertise and knowledge at lower transactional costs. As for businesses, the sharing economy will broaden their pool of available experts and eliminate the need for on-payroll experts whose services are seldom needed.

There will be a need for more collaborations in the health sector in a post-pandemic world. The pandemic has made the inequalities in health services more glaring in developed and developing countries. Uneven distribution of medical equipment and resources allows some centres to operate under capacity while others are overburdened (Financial Times, 2016). The collaborative economy can help identify the health sector's inefficiencies and develop innovative solutions for matching demand and supply to medical centres and their patients at lower costs.

## Sharing Economy, Technological Advancement and Rural Development

Embracing the digital economy can accelerate technological advancement and innovation, creating an edge over competing platforms. Developing economies can benefit from these positive externalities as entrepreneurs and governments build technology infrastructures to host these platforms. Companies like Craigslist, Uber, and TaskRabbit digitalised the p2p sharing process, creating online marketplaces that widened buyers' and sellers' networks and decreased transactional costs. These online markets accelerated innovation of online payment systems and advancements in data science towards understanding user needs. This cascading effect demonstrates the potential of technological advancement to expand industries and create entrepreneurial opportunities.

There is also huge untapped potential in the collaborative use of data, especially in the health sector. An open-source health database for research and development of cures and vaccines will accelerate development in medicine. Although the world currently has some sharing platforms for health data sharing, this sector needs more attention to maximise its value.

Rural development is more than ever before linked to entrepreneurship (Jain & Pandey, 2013). As such, sharing platforms, which have transformed entrepreneurship by creating new opportunities for value creation, can significantly drive rural entrepreneurship and development. Impact investments in rural areas that promote sharing and collaborative use of resources can unlock massive potential for financial inclusion, economic growth, and technological advancement.

## Sharing Economy and Broadening the Reach of Social Finance and Welfare Services

Social finance and social welfare services are the sharing economy segment where Islamic economy principles can significantly impact. Islam considers that the societal impact of entrepreneurship should be the primary objective of any economic activity. Sharing economy platforms can adopt Islamic social finance tools for economic empowerment and poverty alleviation. Islamic Crowdfunding platforms can raise funds (in the form of *Zakat*, *Waqf* or *Sadaqa*) for social enterprises that in the post-Covid-19 world can help solve significant socio-economic issues. Islamic social finance funds can help recoup the jobs lost during the pandemic by supporting ailing business ventures across all sectors.

Technology-enabled Cash *Waqf* can provide access to social services such as education, health care, shelter, and food for the poor and needy by funding the projects that will provide needed social services at the community level. Through social finance, sharing platforms can broaden their reach to address the needs of those at the base of the pyramid by creating business models with the potential for scalable social impact.

## Challenges to Expect While Adopting the Sharing Economy

Although sharing economy has had a significant positive impact on the world economy, as discussed earlier, there are still concerns about the current models and whether they are suitable for the global economy in the long run.

The sharing economy's practices and models must be sustainable to ensure a secure and bright future where consumption is sustained through the effective use of resources, strengthening social communities, providing convenient services, reducing unemployment, and enhancing economic and environmental benefits (Dabbous & Tarhini, 2019). Despite the wide acceptance of the sharing economy model, the actual benefit derived by its workers has been criticised.

Trust is critical for the sharing economy to thrive. As technology enables access to more information, consumers trust and participation increases on platforms (Dabbous & Tarhini, 2019). Sharing platforms use data collected through technology to provide users with a certain level of security reassurance needed to promote their apps. In developing countries where the technology may not be as robust, this lack of trust may hamper the growth of sharing platforms beyond people's immediate networks.

On the other hand, the sharing economy has raised information security and privacy concerns. To provide services efficiently, service providers need to acquire large amounts of data on their users, some in real-time such as location (for car-sharing), plans (for vacation rentals), and

historical information, such as creditworthiness on lending platforms. The cost of efficiency in the sharing economy is a loss of privacy. In a world where the average user is concerned about their privacy, such concerns can create significant setbacks and impede the growth of platforms (Hu, 2019).

Ravenelle (2019) argues that hiring workers through online platforms can potentially lead to the formation of platform monopolies. Schumpeter's theory of creative destruction comes into play here. Players outside the sharing economy will be forced to "join or go home" as large sharing platforms can invest in the technology that makes delivering services through their platforms cheaper, take over and control the market. In this case, the new monopolies call the shots in the market and dictate market entry terms. Access to jobs becomes a luxury good, available only to those who can pay a marketplace entry fee and meet platform requirements (Ravenelle, 2019).

If sharing economy platforms can create monopolies in the industry and edge out traditional players, jobs will be lost. If the sharing economy does not somehow absorb the jobs lost by the failure of traditional players, this could worsen the very problems that the model is meant to address. Regulators must intervene to ensure a more level playing ground for both sectors.

Another way sharing economy models ensure efficiency and nurture trust within the platform is by using a rating system for service providers and users on the platforms (Ravenelle, 2019). These rating systems help both parties make decisions concerning products and services on the platform. Although rating systems have improved efficiency, online service reviews can sometimes have a negative impact. Since jobs depend on ratings, and ratings are a function of the number of jobs accepted, the sharing economy loses one of its key advantages: flexibility. The rating system can sometimes become exploitative as platform workers feel pressured to keep up ratings to get more jobs.

In the sharing economy platforms, companies do not provide workers with social welfare benefits such as sick leave, health care, and retirement plans as in the traditional sectors (Lombardo, 2015; Ravenelle, 2019). This makes working in the gig economy only realistic as a second job or a stopgap for the unemployed. Social benefits are essential to ensuring people's resilience in a crisis. A resilient workforce is necessary to ensure sustained livelihood and economic development.

While early and restrictive regulation in the sharing economy may hamper its growth, regulation is needed to deter exploitative and unfair practices between the platforms and their users. Regulations can also prevent misuse of the sharing platforms by workers conducting business beyond the scope of the platforms. For example, Airbnb was developed for utilising unused personal homes and rooms (Basselier et al., 2018). Today, workers use the opportunity of lower barriers to entry provided by the platform to sublease rooms and sometimes entire buildings, effectively running hotels with no restrictions and regulations governing traditional hotels (Basselier et al., 2018; Ravenelle, 2019).

Product sharing can sometimes benefit the downstream retailer at the upstream manufacturer's expense (Hu, 2019). Even though manufacturers can increase product quality to charge higher prices, they may find it more challenging to break even as they sell lower quantities on platforms. Manufacturers will have to diversify their product base, leading us back to manufacturing products that are not needed because companies need to diversify their income streams.

Although there is much hope in the sharing economy to be part of the global solution for overcoming the crisis, there are concerns that some sectors will suffer considerably after the crisis unless some major restructuring is done. A survey by telecoms.com found that 23% of respondents believed the sharing sector would collapse as people would hate the idea of sharing after the pandemic. 30% stated it would survive, but transformation would be needed, and 18% said there would need to be market consolidation (Davies, 2020). Sectors within the sharing economy that involve high contact and sharing of physical spaces are likely to suffer from the impact of the "new normal" imposed by Covid-19. Users will expect adherence to social distancing measures and new standards for decontaminating physical spaces, such as cars and vacation rentals. It is likely to decrease the efficiency of ridesharing and home-sharing platforms and increase their transaction costs – which will likely be borne by the users – which was their competitive advantage in the first place.

These challenges are not insurmountable. Still, as the world turns towards the sharing economy for a solution in the post-crisis world, the challenges must be addressed to ensure that the sharing economy is more resilient and prepared to handle future shocks.

## Conclusion

In conclusion, this paper analysed the contemporary and historical applications of sharing and collaboration within an economic context. Although the concept of sharing economy is often attributed to contemporary platforms, we find evidence that sharing principles were employed in pre-modern Islamic and hunter-gatherer societies to enhance resource allocation efficiency through collaborative consumption. According to Bocker and Meelen (2017), three potential motivations for engaging in sharing economy are social, economic, and environmental. The current global situation raises concerns about the sustainability in these three areas, and there is a pressing need for economic reform that can address all three simultaneously.

The paper emphasises that sharing models must not lead to hyperconsumerism, and the needs of the economy and the environment must be simultaneously considered to ensure their effectiveness without jeopardising sustainability. Islamic economy ideologies of moderation, social impact, and social justice can offer valuable insights into how to achieve this. Islamic economy tools, such as Waqf and Zakat, can enhance the delivery of socially impactful platform models that equitably address all needs. Additionally, sharing models must be adapted to the peculiarities of individual economies, as one size does not fit all. Sharing models for developed and developing countries differ, as the former focuses on luxury goods, while the latter focuses on necessities and social welfare services. Finally, Governments can promote sharing economy by regulating the industry while enacting policies promoting innovation. Effective collaborations between the public and private sectors on projects with a high socio-economic impact can ensure resilience to crisis and sustain economic growth.

## Author Contributions

Conceptualization: Jamila Abubakar  
 Data curation: Jamila Abubakar  
 Formal analysis: Jamila Abubakar  
 Investigation: Jamila Abubakar, Nasim Shah Shirazi  
 Methodology: Jamila Abubakar, Nasim Shah Shirazi  
 Project administration: Jamila Abubakar  
 Supervision: Jamila Abubakar, Nasim Shah Shirazi  
 Validation: Jamila Abubakar, Nasim Shah Shirazi  
 Visualization: Jamila Abubakar  
 Writing – original draft: Jamila Abubakar  
 Writing – review & editing: Jamila Abubakar

## References

- Allied Market Research. (2020). *Peer to Peer (P2P) lending market size, share and analysis*. <https://www.alliedmarketresearch.com/press-release/peer-to-peer-lending-market.html#:~:text=According%20to%20a%20recent%20report,is%20projected%20to%20reach%20%24558.91>
- Al-Mubarakpuri, S. R. (1995). *Ar-Raheeq Al-Makhtum (The Sealed Nectar)*. *Maktaba Dar-Us-Salam Publishers*. [https://www.muslim-library.com/dl/books/English\\_ArRaheeq\\_AlMakhtum\\_THE\\_SEALED\\_NECTAR.pdf](https://www.muslim-library.com/dl/books/English_ArRaheeq_AlMakhtum_THE_SEALED_NECTAR.pdf)
- Basselier, R., Langenus, G., & Walravens, L. (2018). The rise of the sharing economy. *Economic Review*, 3, 57–78. [https://www.nbb.be/doc/ts/publications/economicreview/2018/ecoreviii2018\\_h3.pdf](https://www.nbb.be/doc/ts/publications/economicreview/2018/ecoreviii2018_h3.pdf)

- Belabes, A. (2019). Islamic social finance: Entrepreneurship, cooperation and sharing economy. *Journal King Abdulaziz University: Islamic Economic*. <https://www.routledge.com/Islamic-Social-Finance-Entrepreneurship-Cooperation-and-the-Sharing-Economy/Cattelan/p/book/9780367588052>
- Benthall, J. (2016). Financial worship: The quranic injunction to almsgiving, *Journal of the Royal Anthropological Institute*, 5(1), 27–42. <https://www.jstor.org/stable/2660961>
- Böcker, L., & Meelen, T. (2017). Sharing for people, planet or profit? Analysing motivations for intended sharing economy participation. *Environmental Innovation and Societal Transitions*, 23, 28–39. <https://doi.org/10.1016/j.eist.2016.09.004>
- Buheji, M., Da Costa Cunha, K., Beka, G., Mavrić, B., De Souza, Y. C., Da Costa Silva, S. S., Hanafi, M., & Yein, T. C. (2020). The extent of Covid-19 pandemic socio-economic impact on global poverty. A global integrative multidisciplinary Review. *American Journal of Economics*, 10(4), 213–224. <https://doi.org/10.5923/j.economics.20201004.02>
- Carletti, E., Claessens, S., Fatás, A., & Vives, X. (2020). *The bank business model in the post-Covid-19 World*. [https://cepr.org/system/files/publication-files/60039-barcelona\\_2\\_the\\_bank\\_business\\_model\\_in\\_the\\_post\\_Covid\\_19\\_world.pdf](https://cepr.org/system/files/publication-files/60039-barcelona_2_the_bank_business_model_in_the_post_Covid_19_world.pdf)
- Dabbous, A., & Tarhini, A. (2019). Assessing the impact of knowledge and perceived economic benefits on sustainable consumption through the sharing economy: A sociotechnical approach. *Technological Forecasting and Social Change*, 149, 119775. <https://doi.org/10.1016/j.techfore.2019.119775>
- Davies, J. (2020). *Can the sharing economy survive Covid-19?* Telecom. <https://telecoms.com/504717/can-the-sharing-economy-survive-Covid-19/>
- Egger, D., Miguel, E., Warren, S. S., Shenoy, A., Collins, E., Karlan, D., Parkerson, D., Mobarak, A. M., Fink, G., Udry, C., Walker, M., Haushofer, J., Larrebourg, M., Athey, S., Lopez-Pena, P., Benhachmi, S., Humphreys, M., Lowe, L., Meriggi, N. F., ... Vernot, C. (2021). Falling living standards during the Covid-19 crisis: Quantitative evidence from nine developing countries. *Science Advances*, 7(6). [https://doi.org/10.1126/SCIADV.ABE0997/SUPPL\\_FILE/ABE0997\\_SM.PDF](https://doi.org/10.1126/SCIADV.ABE0997/SUPPL_FILE/ABE0997_SM.PDF)
- El-Ashker, A., & Wilson, R. (2006). *Islamic Economics*. [https://www.isfin.net/sites/isfin.com/files/islamic\\_economics\\_-\\_history.pdf](https://www.isfin.net/sites/isfin.com/files/islamic_economics_-_history.pdf)
- Erasmus (2017). *Introduction to sharing and to collaborative consumption*. 1–61. [https://ec.europa.eu/programmes/erasmus-plus/project-result-content/1ee057b8-a7a2-454b-bf8c-fd143fdb5cf4/01%20-%20IO1%20-%20Guide\\_Sharing\\_EN.pdf](https://ec.europa.eu/programmes/erasmus-plus/project-result-content/1ee057b8-a7a2-454b-bf8c-fd143fdb5cf4/01%20-%20IO1%20-%20Guide_Sharing_EN.pdf)
- Financial Times. (2016). *What does the crisis mean for the se?* <https://www.ft.com/content/15a7940e-6eed-30cf-a5fd-8fec1f730d34>
- Groene Brein Authors. (2019). *A circular economy differs from a linear economy, but how?* Circular Economy. <https://kenniskaarten.hetgroenebrein.nl/en/knowledge-map-circular-economy/how-is-a-circular-economy-different-from-a-linear-economy/>
- Henry, M. A., Schraven, D., Bocken, N., Frenken, K., Hekkert, M. P., & Kirchherr, J. (2021). The battle of the buzzwords: A comparative review of the circular economy and the sharing economy concepts. *Environmental Innovation and Societal Transitions*, 38, 1–21. <https://doi.org/10.1016/j.eist.2020.10.008>
- Hossain, M. (2020). Sharing economy: A comprehensive literature review. *International Journal of Hospitality Management*, 87, 102470. <https://doi.org/10.1016/j.ijhm.2020.102470>
- Hu, M. (2019). *Sharing economy: Making supply meet demand*. Springer International Publishing. <https://link.springer.com/book/10.1007/978-3-030-01863-4>

- International Labour Organization. (2020). *ILO Monitor: Covid-19 and the world of work. Fifth edition.* [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_749399.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_749399.pdf)
- International Labour Organization. (2021). *ILO Monitor: Covid-19 and the world of work. (7th ed.)*. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_767028.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf)
- International Monetary Fund. (2020). World economic outlook update June 2020. *IMF*, 2, 6. <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>
- Islamic Markets. (n.d.). *Takaful – Waqf Model* - IslamicBanker.com. <https://islamicmarkets.com/education/takaful-waqf-model>
- Jain, J. K., & Pandey, R. (2013). Rural development through entrepreneurship. *AISECT University Journal*, 2(4). <http://aujournals.ipublisher.in/p/55574>
- Jørgensen, S., & Pedersen, L. (2018). The circular rather than the linear economy. *Palgrave Studies in Sustainable Business in Association with Future Earth*, 103–120. [https://doi.org/10.1007/978-3-319-91971-3\\_8](https://doi.org/10.1007/978-3-319-91971-3_8)
- Kaza, S., Yao, L., Bhada-Tata, P., & Woerden, F.V. (2018). *What a waste 2.0: A global snapshot of solid waste management to 2050.* <https://openknowledge.worldbank.org/server/api/core/bitstreams/92a50475-3878-5984-829e-0a09a6a9badc/content>
- Lacy, P., & Rutqvist, J. (2016). *Waste to wealth: The circular economy advantage.* Palgrave Macmillan UK. <https://thecirculars.org/content/resources/Accenture-Waste-Wealth-Exec-Sum-FINAL.pdf>
- Lakner, C., Yonzan, N., Gerszon Mahler, D., Castaneda Aguilar, R. A., Wu, H., & Fleury, M. (2020). *Updated estimates of the impact of Covid-19 on global poverty: The effect of new data.* World Bank Data Blog. <https://blogs.worldbank.org/opendata/updated-estimates-impact-Covid-19-global-poverty-effect-new-data>
- Magazzino, C., & Falcone, P. M. (2022). Assessing the relationship among waste generation, wealth, and GHG emissions in Switzerland: Some policy proposals for the optimization of the municipal solid waste in a circular economy perspective. *Journal of Cleaner Production*, 351, 131555. <https://doi.org/10.1016/j.jclepro.2022.131555>
- Meyer, G., & Shaheen, S. (2017). *Disrupting mobility - impacts of sharing economy and innovative transportation on cities.* Springer. <https://doi.org/10.1007/978-3-319-51602-8>
- Obstfeld, M., Cho, D., & Mason, A. (2012). *Global economic crisis: Impacts, transmission and recovery.* Edward Elgar Publishing. <https://www.e-elgar.com/shop/gbp/global-economic-crisis-9781781006290.html>
- Ravenelle, A. J. (2019). *Hustle and Gig: Struggling and surviving in the sharing economy.* University of California Press. <https://www.ucpress.edu/book/9780520300569/hustle-and-gig>
- Reed, B., & Atwell, M. (n.d.). *The rise of the could sharing wisdom be the next Gig?* [https://www.civillc.com/\\_files/ugd/03cac8\\_eb69a73ab4cc4141af4b95880fe084b7.pdf](https://www.civillc.com/_files/ugd/03cac8_eb69a73ab4cc4141af4b95880fe084b7.pdf)
- Renee Cho. (2019). *How climate change impacts the economy.* Columbia University. <https://blogs.ei.columbia.edu/2019/06/20/climate-change-economy-impacts/>
- Schoch, M., & Lakner, C. (2020). The number of poor people continues to rise in Sub-Saharan Africa, despite a slow decline in the poverty rate. *Data Blog: World Bank Group*, 1. <https://blogs.worldbank.org/opendata/number-poor-people-continues-rise-sub-saharan-africa-despite-slow-decline-poverty-rate>

- Tyson, B. (2019). *Hunter-gatherer culture*. National Geographic Society. <https://education.nationalgeographic.org/resource/hunter-gatherer-culture/>
- Valensisi, G. (2020). Covid-19 and global poverty: Are LDCs being left behind? *The European Journal of Development Research*, 32(5), 1535–1557. <https://doi.org/10.1057/s41287-020-00314-8>
- Widlök, T. (2016). Anthropology and the economy of sharing. *Anthropology and the Economy of Sharing*. <https://doi.org/10.4324/9781315671291>
- World Bank. (2017). *Food system jobs*. <https://www.worldbank.org/en/topic/food-system-jobs>
- World Bank. (2022). World development report 2022: Finance for an equitable recovery. World Bank Publications. <https://www.worldbank.org/en/publication/wdr2022>
- World Economic Situation and Prospects. (2022). *UN warns global economic recovery is losing steam, United Nations EBooks*. <https://doi.org/10.18356/9789210011839>
- World Wide Fund for Nature. (2020). *Living planet report 2020 - Bending the curve of biodiversity loss*. [https://wwfin.awsassets.panda.org/downloads/lpr\\_2020\\_full\\_report.pdf](https://wwfin.awsassets.panda.org/downloads/lpr_2020_full_report.pdf)
- Yaraghi, N., & Ravi, S. (2017). The current and future state of the sharing economy. *Social Science Research Network*. <https://doi.org/10.2139/ssrn.3041207>
- Zuki, M. S. M. (2012). Waqf and its role in socio-economic development. *ISRA International Journal of Islamic Finance*, 4(2), 173–178. <https://doi.org/10.12816/0002755>