

Examining the challenges of the Russian sharing economy: the institutional and evolutionary approach

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Abstract. This study examines the key features of Russian sharing economy business specialized in food delivery using the institutional and evolutionary approach. Existing business models used by Russian food delivery companies are characterized by a high level of information asymmetry in the employee-employer relationship. This has led to a great deal of tension and resulted in the open conflict between food delivery companies and couriers. This study is a qualitative research initiative based on a series of semi-structured in-depth interviews with the employees of delivery companies. The results obtained enabled us to distinguish between two groups of couriers. While most “part-time” couriers, who work no longer than 4 hours per shift, are satisfied with their labor conditions, there is a widespread opinion among “full-time” delivery workers that they are underpaid and overloaded. Popular institutionalized form of employment that Russian food delivery companies offer for couriers is self-employment. This form of employment has low social guarantees however minimize employers' expenses on personnel and social contributions. Even though digital platforms position themselves as reliable partners providing employees with the opportunities for flexible working hours and decent pay, in reality couriers become a very vulnerable and precariatized social group without proper social guarantees and future prospects.

1 Introduction

The evolutionary approach was introduced in the economic theory in the late 19th century. Originally coming from biology, this approach is based on a proposition that societies, institutions, and economies are constantly changing and adapting in response to various outer environmental factors [1]. Evolutionary economists also emphasize the importance of learning and innovation in economic systems. Globalization and the active development of information technologies contribute to the formation of a new economic era - the digital transformation, which changes the usual ways of enterprises' functioning. A new model of economic relations - the sharing economy - is emerging against the backdrop of the trend toward sustainable development and reduced consumption. Taken together, these factors

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contribute to the development of digital sharing platforms which are large employers who bring together job seekers and end users of services.

As Alex Moazed and Nicholas Johnson [2] point out, digital platforms are online environments and ecosystems that facilitate interactions and transactions between various participants. Digital platforms help companies thrive and make business processes easier. Despite this, there are also negative manifestations of platform capitalism. Among them the emergence of conflicts between workers and the platform aggregator. For example, rallies and marches of cab drivers in France in 2015 led to the banning of the Uber platform. In Russia, where various sharing economy businesses are evolving, the conflicts between digital platforms and their employees also have place. In 2020, the Courier Union, which supports delivery workers in Russia, was founded. Since 2020 workers have repeatedly organized rallies and protest actions. From December 20 to 25, 2022 an all-Russian strike of couriers was announced. The strike was motivated by low wages and the lack of social support for couriers. We assume this situation was associated with the fact that in labor relations digital platforms often use specific forms of employment such as “self-employment” (a new tax regime introduced in 2019 by the Federal Tax Service of the Russian Federation) and civil law contracts.

2 Literature review

Lawrence Lessing first discussed the sharing economy in his book “Remix: Making Art and Commerce Thrive in the Hybrid Economy” [3]. According to this approach, the sharing economy is contrasted with the traditional commercial economy which focuses exclusively on material gain. The sharing economy, in its turn, focuses on complex social relations.

The generally accepted understanding of the sharing economy was offered by researchers Rachel Botsman and Roo Rogers in their work “What's mine is yours: the rise of collaborative consumption” [4]. According to their approach, the economic model of “collaborative consumption” emphasizes the collective use of goods and services as well as barter and renting instead of purchasing ownership.

Botsman and Rogers focus on the potential of the sharing economy for promoting consumption patterns and enhancing social well-being. The authors emphasize the role of sharing economy in creating new forms of collaborative consumption [5] with its impact on resource conservation, waste reduction, and community building. The main purpose of the sharing economy is to enable people to access goods and services without needing to own them individually. Botsman and Rogers distinguish between the three types of interaction in the sharing economy depending on the economic goods people consume:

- the interaction within the product-service system (e.g., rental of products or services);
- redistribution markets (sale or exchange of goods for secondary use);
- collaborative lifestyle (joint access to space).

In this research we focus on food delivery services which can be considered in terms of the product-service system where customers delegate their food delivery routines to the aggregator (a digital platform) which ensures that the food is delivered properly and in time.

There is a completely different critical understanding of the interpretation of the concept of the sharing economy. Belk introduced the concept of “pseudo-sharing”. It refers to services that position themselves as sharing, but are not (for example, car sharing services). According to Belk, these platforms carry out short-term rentals and cannot be interpreted in terms of the sharing economy [6].

Ideological criticism of the sharing economy can be found in the works of A. Ravenelle [7]. According to the author, the legislation that regulates the activities of sharing companies is imperfect and gives them an advantage over traditional forms of business. Sharing

businesses do not pay taxes, pensions, and social security contributions, besides, they do not incur management costs, which creates the ground for unfair competition.

As technologies advance, digital platforms are becoming a new driver for businesses following the sharing economy model. Nick Srnicek in his work “Platform Capitalism” [8] explains the active digitalization as a consequence of the entrenched system of the capitalist society. According to Srnicek's definition, platforms are digital infrastructures that allow two or more groups to interact. On the one hand, a platform is not only a new marketplace, but also serves as a basic infrastructure that enables interaction between different groups of users. This is the main advantage of the platforms over traditional business models: when it comes to the use of data, the platform mediates between users and enables their interaction, which gives its owners privileged access to the data. On the other hand, platforms can easily transform themselves into digital monopolies which have a striking network effect. The more people join a platform, the higher its value in the market. Furthermore, a large number of people in the platform attracts even more new users, so the company can become a market leader quite fast and starts to dominate. Moreover, the available data allow the creation of more and more new businesses occupying different niches. We can find a vivid example of this on the Russian market. Yandex is no longer just a search engine, it is a whole complex of companies in different areas of public life: cab, delivery, real estate, travel, marketplace, etc. It is important to note that the development and expansion of the company do not stop, and it is difficult to predict how many more new businesses Yandex will create.

Some platform representatives position themselves as mere intermediaries who assist connecting people and make supply meet demand. But is this really the case? According to T. Hwang and M. Claire Elish (The mirage of the marketplace, Slate), Uber's service is more than just a platform to connect drivers and passengers. What the company is creating can actually be called a “marketplace mirage”, an app that creates a sense of independent drivers and passengers united by a single platform. But if you break down the system in more detail, you can see that Uber “not only facilitates free exchange, but also mediates and influences it”.

It is worth considering the concept of digital platforms in terms of the settlement of labor relations between the platform and its employees. Let us turn to the work of A. Ravenel “Sharing economy workers: Selling, not sharing” [7]. On the one hand, people who work on digital platforms are not considered employees; they are self-employed. If we look at digital platforms from the perspective of the sharing economy, then according to Fitzmaurice's research [9], platform workers must have the ideological conviction of working in a sharing system. However, Ravenel concludes that people working on digital platforms do not agree with this ideology, they reject it. It is worth noting that non-acceptance of this position does not at all mean their internal self-definition of themselves as entrepreneurs. Often people in digital platforms feel like workers, doing salaried work with flexible schedules. As Ravenel notes, services that really work on the sharing principles are often free and their only task is to follow the ideology of sharing - to minimize consumption for the good of humanity. Anthony Kalamar (Sharewashing is the New Greenwashing) also criticized the modern perception of the sharing economy. In his point of view, a lot of business projects are called “sharing” because it is trendy now “regardless of whether these involve an actual sharing per se”. Besides, Kalamar claims that the only component sharing economy workers “share” is risk.

Workers on sharing platforms are typically independent contractors or platform partners who are not eligible for unemployment insurance, are at risk of workplace injury, and are generally deprived of social protections and benefits.

According to the works of Knight [10] and Schumpeter [11], the entrepreneur's activity is a transformation of reality. A true entrepreneur creates innovation, new jobs, systems, etc. If we look at workers on digital platforms from this point of view, we see that they do not

bring anything new to the world, they perform a set of actions just like ordinary workers and make a profit for it.

In order to convince workers to become partners and take risks, the companies create codes of entrepreneurial ethics promising workers the opportunities for flexible working hours and different wage schemes. Austrian philosopher K. Fuchs in his work “Social media: a critical introduction” [12] argues that workers on digital platforms tend to be freelancers, otherwise K. Fuchs calls them worker-capitalists. Thus, a freelancer owns capital, but not through the exploitation of other people's labor, but through their own labor force. Only when a freelancer reaches the necessary level of income at which they can delegate some of their work and become engaged in managerial activities can they be considered an entrepreneur or capitalist.

Thus, employees of digital sharing platforms, firstly, do not associate themselves with the ideology of sharing, secondly, they are not entrepreneurs, and thirdly, they bear great risks by continuing their activities without social support from both the company and the state.

Therefore, not all drivers or couriers are happy with what is happening - history preserves the repeated rallies of Uber cab drivers not only in France, but also in other countries. Thus, it can be assumed that there is an asymmetry of information in the communication between digital platforms and workers.

The essence of this phenomenon was revealed in detail in J. Akerlof's work “The Lemon Market: Uncertainty of Quality and the Market Mechanism” [13]. According to Akerlof, the asymmetry of information occurs when the participants of the transaction have different levels of information about the subject of the transaction on the market. The cause of this phenomenon is the desire of one subject of market relations to induce another to a disadvantageous transaction by withholding objective information. In labor relations, this is manifested in the fact that the employer presents a low-quality vacancy as an attractive one. As a result, the expectations of the employee do not coincide with reality.

The information asymmetry in the sharing economy labor market is two-sided. Information about real intentions and quality of services can be concealed both from the employee's side and from the employer's side. Manifestations of information asymmetry from the position of the employee-employer is a classic example of the principal-agent problem [14]. In detail, the manifestation of this phenomenon from the employer-employee side is considered by T. Gogoleva and I. Lyashenko [15]. The authors distinguish two types of information asymmetry: *ex ante* and *ex post* asymmetry. In the framework of the conflict between couriers and digital platforms in the sharing economy we will talk about *ex ante* asymmetry. *Ex ante* asymmetry implies the employer conceals full information about working conditions or does not indicate all the nuances of working activity.

Universal digitalization and the increasing role of information result in rapid institutional changes. People need time to adapt to constantly changing life and working conditions. According to V. Volchik and O. Posukhova [16], a new social class - the precariat - is emerging due to changes in social structures. The term “precariat” was introduced by P. Bourdieu [17], who defined this phenomenon as referring to a class characterized by economic insecurity and a lack of stable employment. Precariatized workers have no social guarantees from either the state or their employers. Bourdieu argues that the precariat is a product of the modern capitalist system, which is increasingly characterized by flexible labor markets, temporary contracts, and the erosion of traditional employment protections.

As it was mentioned above, workers on digital platforms are not traditional “employees”, they become partners and are registered as self-employed. Partners do not have permanent wages, sick leaves, vacations, or other social guarantees. It is worth noting that on some platforms registration under the Labor Code is possible, but in this case the employee is deprived of benefits and loses wages, so it is not beneficial for people to register under the

Labor Code. Thus, we can conclude that workers on digital platforms are precariatized. Digital platforms, in turn, generate precarious employment expanding the precariat.

3 Research methodology

The theoretical basis of the study is the theories of the sharing economy [18-19] and the insights from the institutional and evolutionary economics [20-22]. The research involved 15 in-depth semi-structured interviews with *Yandex Food* and *Yandex Lavka* couriers from Rostov-on-Don, Moscow, and St. Petersburg. The participants' ages varied from 18 to 37 years old. The interviews were organized into three main sections: information field, work on the platform, and emotional well-being. The *information field* section focused on how couriers receive information, while the *work on the platform* section examined the working conditions. Lastly, the *emotional well-being* section explored the couriers' emotional perception of their work.

4 Results

Here we will describe the results of the qualitative research. The results of the interviews revealed that most couriers do not perceive working in a delivery service as their major job to which they can devote their lives. Some couriers are college or university students and use delivery to earn extra money. This type of courier employment does not require working more than 4 hours per shift and implies on average 3 shifts per week. The interviewees have a positive attitude toward their employer and consider delivery as a great way to get paid without hard mental work. Young delivery workers like to exercise, and they often deliver food on their bikes after academic classes. This group of couriers perceive self-employment as a good type of employment with no obligations; they do not think about social security, vacations, or sick leaves. They usually have basic human needs shut down and work to save up for their favorite new clothes or gifts for their loved ones. Student couriers want to become financially independent from their parents. And since their academic schedule does not allow them to get a full-time job, they seek for quick part-time jobs which includes courier service.

Part-time couriers are typically not subjected to severe penalties or other forms of punishment due to their limited work hours. It is important to highlight that Yandex couriers are entitled to a 20-minute break every 4 hours, regardless of the total duration of their shift, whether it be 4 or 12 hours. Therefore, if a courier works only 2-3 shifts per week, each lasting 4 hours, they are likely to adhere to the designated break time and successfully deliver goods punctually, avoiding any delays.

The other case is couriers who devote 6 hours a day or more to the job. First, the representatives of this group of couriers work more out of necessity than out of whim. They may have a difficult life situation: family problems, no job in their specialty and other restrictions that do not allow them to get another job. Secondly, delivery is the main type of employment for this group of couriers, so social guarantees are extremely important, workers want to feel protected from illness and unforeseen situations. Couriers who work 8-12 hours a day are more likely to fall under fines and other sanctions due to the lack of energy at the end of the day. Three breaks of 20 minutes during the 12-hour shift are extremely insufficient to recover from prolonged cyclical physical activity. When couriers are tired and unable to continue working, they resort to the help of the internal courier community.

Nominally, couriers who find themselves in a dubious or difficult situation should be helped by the support service, however, most of the couriers interviewed note the extremely poor or inadequate quality of the couriers' support service. According to the interviewees, they receive standardized machine answers to most questions, complaints, or suggestions,

which cannot help the courier in any way in a difficult or extreme situation. As couriers cannot find support from the employer, they help themselves. In every city there are chat rooms for couriers where they exchange experiences, discuss episodes of managers' unscrupulous behavior, help each other with orders or share delivery orders.

The representatives of both groups of couriers note that they do not feel they are masters of life, they do not realize they work for themselves and are entrepreneurs. Most interviewees consider themselves hired workers who are paid for their work. The only difference between them and ordinary workers is the flexible schedule and lack of commitment. Couriers often do not think about who they really are, it is important for them to get paid on time and in full. Speaking about the feeling of confidence in the future, couriers' opinions are divided. "Under-employed" students consider courier service as a reliable safety cushion which a person can always resort to if they find themselves in a difficult situation or just need money urgently. They describe the work as "easy", "available", "fast". On the contrary, couriers for whom delivery is the main activity have a completely different opinion. They realize that they cannot afford to get sick or rest without losing money, moreover, there are not always free slots (hours in which a courier can work). So, if all the slots are busy, the courier will not be able to work and lose their profits. That is why the representatives of this group of couriers describe their job as "exhausting" and "unstable". Besides, couriers admit they are given very little information when they are hired and are not warned about fines and other types of sanctions, they get the information they need from each other rather than from the aggregator partner.

It is interesting that all of the couriers interviewed came to work for the delivery service through the referral system. When a courier invites a new partner to join the team, they are paid a fixed fee plus a percentage of the new courier's profits. In order to get paid, couriers invite their friends and acquaintances to join the platform informing them only about the positive aspects of the work. New recruits find the confirmation of their friends' words on official resources and promotional materials and are likely to start working. Thus, the double impact on the newly arrived courier blunts their vigilance and desire to learn more about the employment system or sanctions. Then the courier becomes a member of the courier community in which on the one hand they help other couriers, and on the other hand attract newcomers in order to get extra payments.

Thus, the asymmetry of information can be seen not only in the positioning of the aggregator company on the market, but also among the couriers who call on their friends to join the ranks of partners. However, when people are confronted with reality, three behavior patterns emerge:

- 1) The people who follow the first pattern simply accept the situation and keep doing the job to get paid.
- 2) The representatives of the second group of couriers quit after a few weeks or months in the delivery service. They are not burdened by lack of livelihood and can afford not to work for a while or can easily find a new job.
- 3) The couriers from the third group begin to fight for their rights to immerse themselves in the system of labor relations, taxation, and social guarantees.

Representatives of the fighting group unite in communities and try to change the system. In 2020, the Courier Union that united delivery workers was founded in Russia. Activists began to fight for registration under the Labor code, reducing fines and limiting the weight of brought food.

5 Discussion

The study revealed that the information asymmetry exists not only in the positioning of the digital platforms, but also in the referrals of couriers. Couriers do not feel that they are real

partners, entrepreneurs and self-employed, they feel that they are employees of the platform without social guarantees. There are two groups of couriers – part-time and full-time workers. Most part-time couriers are satisfied with their working load and conditions. On the contrary, the couriers who work long hours describe their work as unstable and exhausting and can be considered precariatized. Couriers whose basic needs are met are less likely to think about good working conditions, their rights, and social guarantees. They seek profit in any way they can. Digital platforms take advantage of this situation and provide the opportunity to make a quick buck in exchange for the insecurity of tomorrow. The results of our research can be used to develop measures of social support for the self-employed, as well as in the formation of strategies for transforming business models and formalizing labor relations in the sharing economy.

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