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# The Interaction of Collaborative Economy with Global Economic Systems (New Economy, New World, New Problems)

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■ DOI: <https://doi.org/10.54873/jolets.v3i2.154>

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## ■ Citation:

Mona Abdel Monsef Elkaffas, The Interaction of Collaborative Economy with Global Economic Systems (New Economy, New World, New Problems), Conference Research Papers The Third International Conference on Legal Aspects of Digital Transformation: Opportunities and Challenges, Faculty of Law at British University in Egypt, Cairo 17-18 June 2023, Journal of Law and Emerging Technologies, Volume 3, Issue 2, October 2023, p13- 46



## The Interaction of Collaborative Economy with Global Economic Systems (New Economy, New World, New Problems)

Dr. Mona Elkaffas

### Abstract

This research paper explores the interactions between the collaborative economy and developing countries, focusing on the impact of digital transformation. Using a mixed-methods approach, the study examines the current state of the collaborative economy in developing countries, the factors that have contributed to its growth and the challenges it faces.

It highlights the digital transformation's significant role in developing the collaborative economy in developing countries. Digital platforms have enabled more efficient matching of supply and demand, reduced transaction costs, and improved access to capital and information. The paper also examines the impact of digital transformation on traditional industries and the regulatory landscape in developing countries.

The research finds that the collaborative economy has the potential to make a significant positive impact on the economies of developing countries by creating new opportunities for entrepreneurship and employment, promoting innovation, and reducing inequality. However, the study also highlights the challenges the collaborative economy faces in developing countries, including limited access to digital infrastructure, lack of trust and regulatory uncertainty, and the risk of exacerbating existing social and economic disparities.

The paper concludes by recommending strategies for policymakers, entrepreneurs, and other stakeholders to leverage the collaborative economy's potential for sustainable development. These include investments in digital infrastructure, fostering trust and collaboration between different actors in the collaborative economy ecosystem, and developing inclusive regulatory frameworks that balance innovation with consumer protection and social equity.

Overall, the research contributes to understanding the interactions between the collaborative economy and developing countries and highlights the critical role of digital transformation in shaping the future of this sector.

**Keywords:** digital platforms, developing countries, digital laws, global economy.

## تفاعل الاقتصاد التعاوني مع الأنظمة الاقتصادية العالمية (اقتصاد جديد، عالم جديد، مشاكل جديدة)

### د. منى القفاص

دكتوراه في الاقتصاد والمالية العامة، كلية الحقوق جامعة الإسكندرية

#### الملخص:

يستكشف هذا البحث التفاعلات بين الاقتصاد التعاوني والدول النامية، مع التركيز على تأثير التحول الرقمي. باستخدام نهج مختلط، يدرس البحث الحالة الحالية للاقتصاد التعاوني في الدول النامية، والعوامل التي ساهمت في نموه، والتحديات التي تواجهه.

يسلط البحث الضوء على الدور الكبير للتحول الرقمي في تطوير الاقتصاد التعاوني في الدول النامية. فقد سمحت المنصات الرقمية بمزيد من التوافق الفعّال بين العرض والطلب، وتقليل تكاليف المعاملات، وتحسين الوصول إلى رؤوس الأموال والمعلومات. يدرس البحث أيضًا تأثير التحول الرقمي على الصناعات التقليدية والمشهد التنظيمي في الدول النامية.

يجد البحث أن للاقتصاد التعاوني إمكانية كبيرة لتحقيق تأثير إيجابي ملموس على اقتصادات الدول النامية من خلال خلق فرص جديدة لريادة الأعمال والتوظيف، وتعزيز الابتكار، وتقليل التفاوت الاجتماعي والاقتصادي. ومع ذلك، يسلط البحث أيضًا الضوء على التحديات التي تواجه الاقتصاد التعاوني في الدول النامية، بما في ذلك الوصول المحدود إلى البنية التحتية الرقمية، ونقص الثقة وعدم اليقين التنظيمي، وخطر تفاقم التفاوتات الاجتماعية والاقتصادية الحالية.

يختتم البحث بتوصية بتبني استراتيجيات لصانعي السياسات ورجال الأعمال وأصحاب المصلحة الأخرى للاستفادة من إمكانيات الاقتصاد التعاوني في تحقيق التنمية المستدامة. تشمل هذه الاستراتيجيات الاستثمار في البنية التحتية الرقمية، وتعزيز الثقة والتعاون بين مختلف الجهات في نظام الاقتصاد التعاوني، وتطوير إطارات تنظيمية شاملة تحقق التوازن بين الابتكار وحماية المستهلك والعدالة الاجتماعية.

بشكل عام، يسهم البحث في فهم التفاعلات بين الاقتصاد التعاوني والدول النامية ويسلط الضوء على الدور الحاسم للتحول الرقمي في تشكيل مستقبل هذا القطاع.

**كلمات مفتاحية:** المنصات الرقمية، الدول النامية، القوانين الرقمية، الاقتصاد

العالمي.

## Introduction

The size of the collaborative economy globally is difficult to estimate accurately, as it encompasses a broad range of industries and platforms, and the definitions and boundaries of the collaborative economy can be somewhat nebulous. However, several studies and reports have attempted to quantify the size and growth of the collaborative economy.

One report from PwC (PricewaterhouseCoopers) estimated the size of the collaborative economy to be \$15 billion in 2013, with growth projected to reach \$335 billion by 2025. This report defined the collaborative economy to include five key sectors: peer-to-peer finance, online staffing, peer-to-peer accommodation, car collaborative, and music/video streaming<sup>(1)</sup>

Another report from the Brookings Institution estimated the size of the collaborative economy in the U.S. to be \$23 billion in 2013, with growth projected to reach \$335 billion by 2025. This report defined the collaborative economy to include a broader range of sectors, including crowdfunding, crowdsourcing, and coworking spaces, as well as the five sectors included in the PwC report.

A more recent report from the World Economic Forum estimated the size of the collaborative economy to be \$15 billion globally in 2014, with growth projected to reach \$335 billion by 2025. This report defined the collaborative economy to include seven sectors: peer-to-peer finance, online staffing, accommodation, car collaborative, music/video streaming, online education, and online talent platforms.<sup>(2)</sup> While the exact size of the collaborative economy is challenging to determine, it is clearly a rapidly growing sector that significantly impacts traditional industries and the broader economy. As the collaborative economy continues to evolve and expand into new sectors and

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(1) PricewaterhouseCoopers report,2013.

(2) . World Economic Forum,2014

geographies, it will likely continue to impact the global economy in the years to come. There is evidence that Europe can reap multibillion-dollar benefits from the collaborative economy, mainly if it eliminates obstacles and modifies its regulatory framework to accommodate such information technology platforms better. Geron (2013) has estimated the transfer of revenue; the direct impact of the collaborative economy on people's purses has reached \$3.5 billion, while its value in the E.U. 28 has reached €20 billion. According to Vaughan and Hawksworth (2014), the global collaborative economy was worth \$15 billion in 2014 and could reach \$335 billion by 2025. In his more optimistic assessment, Goudin (2016) estimated the potential economic gain associated with greater utilization of capacities due to the collaborative economy to be €572 billion in annual EU-28 consumption if significant associated regulatory barriers are eliminated. Such obstacles could reduce the value of prospective increased usage to as little as €18 billion in the shorter term and up to €134 billion in the medium and longer term, depending on the scale of the obstacles.<sup>(1)</sup>

## Literature review

The collaborative economy has emerged as a prominent economic trend in recent years, transforming how people consume goods and services. Collaborative societies, which rely on peer-to-peer collaborative of resources, have become an integral part of this phenomenon. The collaborative economy refers to a network of platforms and services that facilitate collaborative of goods, services, and resources among individuals, often enabled by technology. Concerns over sustainability, affordability, and convenience drive this shift toward collaborative consumption. Studying collaborative societies and the collaborative economy is crucial to understanding the social, economic, and environmental impacts of this trend and the opportunities and challenges it

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(1) Petropoulos, G. (2017, November). Collaborative Economy: Market Design and Basic Regulatory Principles. *Intereconomics*, 52(6), 340–345.

presents. By examining participants' underlying drivers, motivations, and behaviors in collaborative societies, researchers can gain insights into how this emerging economic model is reshaping our societies and economies. This introduction sets the stage for a deeper exploration of collaborative societies and the collaborative economy as we seek to understand how this phenomenon transforms how we live and work.

**More details: The collaborative economy and cooperative societies are both models of economic Organization that involve co-operation and collaboration among individuals. However, there are some critical differences between the two:**

- **Ownership:** Cooperative societies are typically owned and operated by their members, who have a say in decision-making and share in profits. In contrast, the collaborative economy involves using technology platforms to facilitate the collaborative of resources or services among individuals without necessarily requiring ownership or control by any group.
- **Motivation:** Cooperative societies are often motivated by the desire to provide a service or product to their members, whereas the collaborative economy is often motivated by the desire to make money or reduce waste.
- **Governance:** Cooperative societies are typically governed democratically, with members having a say in decision-making. In contrast, the governance of collaborative economy platforms is often centralized, with the platform owners making the decisions.
- **Focus:** Cooperative societies often focus on a specific sector or industry, such as agriculture or housing. In contrast, the collaborative economy can encompass various services and industries, from transportation to accommodation to household goods.

In summary, while the collaborative economy and cooperative societies involve individual collaboration and collaborative, they differ in ownership, focus, motivation, and governance. Technology platforms often facilitate the collaborative economy and can encompass a broader range of services and industries. At the same time, cooperative societies typically focus on meeting the needs of their members within a specific sector or industry.

## Objectives

**This study aims to conduct a conceptual analysis of the ethical and social implications of collaborative consumption. Specifically, the study aims to:**

- Identify the critical ethical and social issues that arise from collaborative consumption platforms
- Analyze the underlying values and principles that shape these issues.
- Examine the potential impact of collaborative consumption on society, including both positive and negative outcomes.
- To examine the economic impact of the collaborative economy on developing countries, including its effect on traditional industries, employment, and income inequality.
- To investigate the social impact of the collaborative economy on developing countries, including its effect on social norms, inclusion, and sustainability.
- To analyze the policy impact of the collaborative economy on developing countries, including the regulatory frameworks and policies implemented to support or regulate the collaborative economy.
- To assess the impact of technology on the collaborative economy in developing countries and its potential to support the development of new models better suited to these countries' needs and contexts.



- To provide recommendations for policymakers, collaborative economy platforms, and other stakeholders on promoting more equitable and sustainable economic development in developing countries through the collaborative economy.

Overall, the objectives of this study would be to provide a comprehensive understanding of the impact of the collaborative economy on developing countries and to identify opportunities and challenges for promoting more inclusive and sustainable economic development in these contexts.

### **Materials and methods**

The study will draw on existing literature and theories in ethics and social theory to develop a framework for analyzing the implications of collaborative consumption. The analysis will be based on a systematic review of relevant academic articles, policy documents, and media reports that discuss the ethical and social issues of collaborative consumption and digital transformation.

### **Expected outcomes:**

The study is expected to provide insights into the impact of collaborative consumption and digital transformation on social capital over time. The results will inform policy decisions and the design of collaborative consumption platforms to promote social connections and build social capital. Additionally, the study will contribute to the literature on collaborative consumption by providing longitudinal data, which needs to be improved in previous studies.

### **Discussion**

#### **Section 1: literature analysis**

With the global trend to adopt sustainability concepts, new economic models have been transformed as a solution to meet the challenges the world is witnessing; one of the most critical economic systems that have emerged to conform to those trends is the collaborative economy (S.E).<sup>(1)</sup>

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(1) Yaraghi, N., & Ravi, S. (2017). The Current and Future State of the Sharing Economy. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.3041207>

To achieve sustainable development, the U.N. put 17 goals for the countries to be achieved (sustainable development goals)(SDGs) as a guide for countries and individuals, in developed new forms of unemployment were very high, so it has developed new forms of employment as a result of the digital economic era such as collaborative economy without the benefits and protection offered by traditional forms of employment.<sup>(1)</sup>

Different terms have been used to refer to collaborative economy, many of which have different meanings but all overlap in some respects; collaborative economy is the other alternative to industrial Capitalism, a system that relies primarily on the principle of collaborative human and material assets to limit the rapid depletion of resources.

The collaborative economy is a socio-economic system built around the collaborative of resources. It is a sustainable economic system based on collaborative human and physical assets, encompassing the creation, production, distribution, trade, and shared consumption of goods and services among different individuals and companies.

This system takes many forms, but overall, they promote information technology to provide individuals, governments, and non-profit organizations with information that helps to distribute and share goods and services and to re-exploit lost and surplus capacity enterprise, individual and community levels.

In Capitalism, collaborative economy is a socio-economic system based on shared resources; what differentiates collaborative economy model from the traditional businesses of companies model that employ employees to produce products for sale to consumers, it includes the creation, production, distribution, trade, and everyday consumption of goods and services by various people and

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(1) Ibid

organizations.<sup>(1)</sup> These systems take various forms, often using information technology (mainly digital platforms) to enable individuals, businesses, non-profit organizations, and government information to distribute, share and reuse excess capacity in goods and services.

The term collaborative economy's first appeared around the time of the great recession, lead led to the empowerment of social technologies and a growing sense of urgency as global population growth and resource depletion increased. Lawrence Lessing may have been the first to use the term in 2008, although others claim the origin of the term is unknown.

There is conceptual and semantic confusion arising from the many faces of internet-based collaborative, which has led to debates regarding the limits and scope of collaborative economy and regarding the definition of collaborative economy, Arun Sundarajan noted in 2016 that economy is not aware of any consensus on the definition of the collaborative economy, as of 2015 according to a pew research center survey, only 27% of Americans had not ever heard of the term of collaborative economy, survey respondents who had mixed views on what it meant with many thinking it was about participation in the traditional sense of the term.<sup>(2)</sup>

This phenomenon has been defined from a legal perspective as a tripartite legal structure for profit where two parties (providers and users) enter into binding contracts for the provision of goods (partial transfer of a group of property rights) or services (advertisement or occasional services) in return of cash payment through an online platform managed by a third (the platform operator) with an active role in defending and developing the legal terms under which goods and services are provided.

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(1) Plotnikov, V. & Anisimova, Y.. (2023). The Sharing Economy: Concept, Features, Development Prospects. Administrative Consulting, 42-50.

(2) Sundararajan, A. (2016). The sharing economy: The end of employment and the rise of crowd-based capitalism. MIT Press.

**This definition is a tripartite legal structure involving three different legal actors:**

1. A platform operator that uses technology and provides aggregation and interaction to create a legal environment by defining terms and conditions for all actors.
2. A user who consumes the good or service by terms and conditions specified by the platform operator.
3. A provider that provides a good or service also compiles with the terms and conditions of the platform's operator.

**The importance behind the development of the collaborative economy:**

1. While it is too early to identify its impact on the economy, several financial fundamentals provided by this system have a positive impact on the growth and activity of global financial systems, mostly notably low transaction costs that promote increased transactions to boost the economy.
2. The process of optimizing the resources available to individuals and improving their income level is one of the essential advantages of the new system because, in the end, it will be reflected in their lifestyle and consumption, in addition to the fact that the collaborative economy offers a diversity of the options available to individuals without being limited and/or costly, stressing the importance of diversifying the alternatives available in any economy to serve different segments of society.
3. The collaborative economy allows the opening of new global markets and not just a domestic market; citing the presence of RNB in more than 190 countries, a number of researchers and consulting companies estimate that the size of collaborative economy at more than 9 billion

dollars, with expectations of vast and robust growth in the coming period.

Despite the many benefits and revitalization of markets and their movements, the defects of the collaborative economy may also affect the markets and cause disruptive distortions.

Typically, some challenges and difficulties arise with any new economic pattern, noting that the process of censorship of these electronic platforms and ensuring that individuals receive good services is one of the most prominent challenges, pointing out that the companies themselves try to raise the quality of their services and secure transactions to gain the confidence of individuals. However, sometimes it may require state oversight, plus companies pay taxes on their profits. However, in some countries are difficult to obtain taxes from the same service provider who rents his house or car, which requires organizing transactions to keep pace with the new collaborative economy pattern; also, the companies which own the digital platforms will face significant challenges in terms of quality and efficiency of the majority so that individuals turn to them and do not alienate them.

### **Legal issues arising from the collaborative economic system:**

1. Rights of ownership: Because transactions only allow occupancy, not ownership, The legal framework involves questions of ownership of peer-to-peer files, collaborative system is still in the process of considering these questions.
2. Consumer protection matters: The lack of regulations puts the consumer in front of unregulated transactions, so to solve this problem, companies are implementing a two-way ranging system for customers and services provider.
3. Taxation problems: Because of the large base of the collaborative

economic system, it is unclear how transactions should be taxed; governments started to collect taxes from companies for services their users provide, as it is much easier than collecting from individuals.

4. Insurance issues: As a platform and a commercial act, commercial insurance should be applied, but the service provider may use the service for his interest, so personal insurance should also be considered; this highlights the need for better insurance regulations.
5. Licensing conflict: It is always unclear whether a collaborative system requires the same licenses and permits as traditional operations; as we know, many companies in collaborative economies have regulated industries.
6. Employment or labor: Does the law consider users offering their services as employees or independent contractors? For the companies whose agreements with users state that they do not create employment relationships, Recent U.S. Department of Labor guidance suggests that for purposes of the fair labor standards act, This benefit alone may render provides employees .<sup>(1)</sup>
7. Privacy: Many governments have begun passing laws that require platforms to disclose users' information upon request.

### **Several factors can influence individuals' decisions to participate in collaborative consumption platforms:**

- Economic factors: The economic benefits of collaborative consumption can be a significant motivator for participation. Consumers may be attracted to the cost savings of collaborative or renting goods and services rather than purchasing them outright. This can be particularly appealing for individuals who cannot afford expensive goods or services or may only need them for a limited period.

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(1) U.S. Department of labor wage and Hour Division, Administrators interpretation No 2015-1, at July 2, 2015

- Environmental factors: Another factor influencing participation in collaborative consumption platforms is the desire to reduce environmental impact. Collaborative goods and services can help to reduce waste and the need for new production, which can, in turn, reduce carbon emissions and other environmental impacts.
- Social factors: Collaborative consumption platforms can also be motivated by social factors, such as a desire to connect with others in their community or to participate in a shared economy. Individuals may be attracted to the sense of Community that can be fostered through collaborative or the opportunity to support local businesses or individuals.
- Technological factors: The rise of digital platforms has made it easier for individuals to participate in collaborative consumption, allowing for easy access to collaborative and rental services. The ease of use and convenience of digital platforms can significantly motivate participation.
- Trust factors: Participation in collaborative consumption platforms often requires trust between participants, particularly when collaborative personal assets or providing services. Platforms that can establish trust through effective screening of participants and transparent policies and guidelines can be more attractive to potential participants.
- Cultural factors: Cultural factors can also play a role in the decision to participate in collaborative consumption platforms. In some cultures, collaborative and communal living are deeply ingrained, making participation in collaborative consumption a more natural and appealing choice.

Overall, the decision to participate in collaborative consumption platforms is influenced by complex factors, including economic, environmental, social, technological, trust, and cultural factors. Understanding these factors can help

platform providers to design effective marketing and outreach strategies to attract and retain participants.

The factors influencing individuals' decisions to participate in collaborative consumption platforms vary significantly across cultures and contexts. Cultural and social norms, economic conditions, and technological infrastructure can all shape attitudes and behaviors toward collaborative and collaborative consumption.

For example, in cultures where communal living and collaborative of resources are deeply ingrained, such as in many parts of Africa and South Asia, the social and cultural factors may be significant in driving participation in collaborative consumption platforms. In these cultures, the emphasis may be more on building Community and supporting others rather than economic or environmental benefits.

In contrast, in cultures that place a higher value on individual ownership and autonomy, such as in many Western countries, economic and technological factors may be more critical in driving participation in collaborative consumption platforms. In these contexts, cost savings and convenience appeal more to participants than social or cultural factors.

Additionally, economic conditions can play a role in shaping attitudes toward collaborative consumption. In countries with high levels of income inequality or limited access to goods and services, the economic benefits of collaborative consumption may be desirable to participants. In contrast, other factors, such as environmental impact or social connection, maybe more critical in driving participation in countries with more excellent economic stability and access to goods and services.

Finally, technological infrastructure can also play a role in shaping attitudes toward collaborative consumption. In countries with widespread access to digital platforms and high internet penetration, these platforms' convenience



and ease of use may be desirable to participants. In contrast, in countries with limited access to digital platforms or low levels of technology adoption, other factors, such as social or cultural norms, may be more critical in driving participation.

The factors influencing participation in collaborative consumption platforms can vary significantly across different cultures and contexts. Understanding these cultural and contextual factors is essential for platform providers seeking to design effective marketing and outreach strategies and for policymakers seeking to promote the development of collaborative consumption in different regions of the world.<sup>(1)</sup>

**Several barriers can prevent individuals from participating in collaborative consumption platforms, and these barriers can differ significantly across cultures.<sup>(2)</sup> Some common barriers include:**

- Lack of trust: Trust is essential in collaborative consumption, as individuals must share personal assets or provide services to others. Lack of trust can be a significant barrier to participation, particularly in cultures where trust is not quickly established with strangers.
- Lack of access to technology: Digital platforms are often used to facilitate collaborative consumption, and lack of access to technology or low levels of technology adoption can be a barrier to participation.
- Cultural norms: In some cultures, ownership, and control over personal assets are highly valued, making it difficult to encourage participation in collaborative and collaborative consumption.
- Legal and regulatory barriers: Legal and regulatory barriers can make it difficult for collaborative consumption platforms to operate in certain regions, limiting participation.

(1) Plotnikov, V. & Anisimova, Y.. (2023). The Sharing Economy: Concept, Features, Development Prospects. Administrative Consulting, 42-50.

(2) Sidorenko, E.. (2021). Sharing Economy and Legal Barriers to Its Development. 10.1007/978-3-030-47458-4\_56.

- Perception of low quality or reliability: Some individuals may be hesitant to participate in collaborative consumption platforms due to concerns about the quality or reliability of shared assets or services.
- Lack of awareness or understanding: Finally, a lack of awareness or understanding of collaborative consumption can be a significant barrier to participation, particularly in cultures where collaborative and communal living are not widely practiced.

These barriers can vary significantly across cultures, and understanding these cultural differences is essential for developing effective strategies to encourage participation. For example, in cultures where trust is not quickly established with strangers, building trust through social networks and personal connections may be an essential strategy for promoting participation.<sup>(1)</sup> In cultures where ownership and control over personal assets are highly valued, emphasizing collaborative consumption's environmental and social benefits may be more effective in encouraging participation.

Similarly, legal and regulatory barriers may be more prevalent in some regions of the world than others, and understanding these barriers is essential for developing effective strategies for overcoming them.<sup>(2)</sup> Finally, addressing issues related to quality and reliability may require a more targeted approach in cultures where these concerns are particularly pronounced.

Overall, understanding the cultural differences in barriers to participation in collaborative consumption platforms is essential for developing effective strategies to promote participation and build a more sustainable and equitable economy.

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(1) Plotnikov, V. & Anisimova, Y.. (2023). The Sharing Economy: Concept, Features, Development Prospects. *Administrative Consulting*, 42-50.

(2) Schor, J. B. (2014). Debating the sharing economy. *Journal of Self-Governance and Management Economics*, 2(3), 7-22.

## Section 2: Problem statement:

The collaborative economy is rising in the academic and societal debate; it generally refers to models of co-ownership and co-access of resources, services, and goods for joint production or consumption between multiple actors, which involves a reduction of individual ownership.

Collaborative economy has been emerging within the Agricultural systems, locally based with limited use of technology; commonly studied models of collaborative economy in agri-food systems include community gardens, food swaps, and food-consuming networks.

**Alternative food networks (AFN) model:** As their name refers, it has developed as an alternative to corporate-centric and industrialized food sectors; it also refers to sets of informal relations among multiple actors; AFN has three common forms to explain the heterogeneity of different initiatives of agri-food systems:

1. Community-supported agriculture (CSAs): This indicates engaging local farmers and consumers with one another in small-scale supply chains that connect them directly; it relies on collaborative financial resources, which aims to raise farmers' financial security.<sup>(1)</sup>
2. Association for the Maintenance of peasant agriculture ( Association pour la maintien d'une agriculture paysanne AMAP) is a French system of Community supported agriculture in which consumers seasonally contract with local producers to provide them with seasonal harvests every week, which widely engages both parties in discussion making about pricing, small scale viability, and production sustainability<sup>(2)</sup>
3. Solidarity purchasing group (SPGs): refers to groups of consumers jointly organized to buy goods from nearby producers; they generally

(1) Goodman, David & Goodman, Michael. (2009). Alternative Food Networks.

(2) Ibid

share funding or/and transportation or/and store food; they also control most of the decisions on the production process and prices.<sup>(1)</sup>

With these different forms of AFNs, co-access or co-owned tangible resources, such as land, money, production, and agriculture types of equipment, it is unclear how farmers act according to these new models and how they perform according to these economic models and what are the social and environmental aspects.<sup>(2)</sup>

National investment is one of the most factors of economic development in Egypt, as a result of depending on both local and foreign investments in financing its various development programs, where the development of successful agriculture policies depends on the size of planned investments and the efficiency of the distribution of these investments and their use in different fields, which particular agriculture investments in Egypt are still modest compared to economically developed countries.

The collaborative economy, also known as the collaborative economy, has disrupted traditional industries such as transportation, hospitality, and retail by allowing individuals to share goods and services through online platforms. This has led to increased competition for established businesses and raised questions about the potential long-term impacts of the collaborative economy on the economy as a whole.

The collaborative economy has disrupted traditional industries by offering consumers cheaper and more convenient alternatives to established businesses. For example, Airbnb and other home-collaborative platforms have challenged the hotel industry, while Uber and Lyft have disrupted the taxi industry.

The impact of the collaborative economy on traditional industries is a topic of much debate, with some arguing that it has created new opportunities for

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(1) IBid

(2) Ibid

entrepreneurs and increased consumer choice. In contrast, others suggest that it has eroded worker protections and quality standards in affected industries.

The impact of the collaborative economy on traditional industries has been significant, with the growth of peer-to-peer collaborative platforms leading to increased competition for established businesses in industries such as transportation, hospitality, and retail.

One of the primary impacts of the collaborative economy has been the disruption of established business models. For example, home-collaborative platforms such as Airbnb have challenged the hotel industry by providing travelers with a cheaper and more convenient alternative. Similarly, ride-collaborative platforms such as Uber and Lyft have disrupted the taxi industry by providing consumers with a more flexible and often cheaper alternative.

The collaborative economy has also led to the creation of new opportunities for entrepreneurs and workers. For example, individuals renting out their homes on Airbnb can earn extra income, while drivers who work for ride-collaborative platforms can set their schedules and earn money on their terms.

However, the impact of the collaborative economy on traditional industries is only sometimes positive. Critics argue that the growth of peer-to-peer collaborative platforms has led to the erosion of worker protections and quality standards in affected industries. For example, ride-collaborative companies have faced criticism for not providing their driver's benefits, such as health insurance or paid time off. In contrast, home-collaborative platforms have faced criticism for the impact of short-term rentals on local housing markets.

Additionally, the growth of the collaborative economy has raised questions about the potential long-term impacts on the economy as a whole. Some experts have suggested that the growth of the collaborative economy could lead to increased income inequality as more workers are pushed into freelance or gig work without access to traditional employee benefits and protections.

Overall, the impact of the collaborative economy on traditional industries is complex and multi-faceted. While it has led to new opportunities for entrepreneurs and increased consumer choice, it has also raised concerns about the erosion of worker protections and the potential negative impacts on local communities and the broader economy.

### **Policy options:**

As we know, the rule of the laws is to govern society to general, acceptable rules known to all, which should answer all the questions within new tools raised; the digitization of the economy has inserted itself into a lot of branches of laws, especially the commercial law, tax law, labor law, and consumer law; so it is a must for legislators to interact and set up standard rules instead of letting the judges resolve these specific cases.

As we see, the original model of collaborative economy was non-profitable. However, some models have appeared in the race for innovation, like peer-to-peer networks. Digital platforms started to act as intermediaries between consumers and those who offer goods or services.

The Organization for economic co-operation and Development (OECD) report was published in June 2016 and prepared by consultant professor Natalie Helberger of the University of Amsterdam. This report deals with consumer protection issues, taxation, labor, sectorial regulation, and competition. It revealed several issues to be discussed, primarily how it interacts with more than one regulation and the legal liability for the behavior of its users.

European Commission (E.C.) published a report in June 2016 entitled “A European Agenda for the collaborative economy” This report highlighted the economic opportunities of this economic system; it also discussed several problems, including the application of the law and protection of the consumers and workers.<sup>(1)</sup>

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(1) Klimczuk and others. (2022). The Sharing Economy in Europe: Developments, Practices, and Contradictions.

The United States federal trade Commission (FTC) report published in November 2016 dealt with a wide range of policy issues, finding out these issues falls under the jurisdiction of other government agencies, taking into account several policy priorities such as innovation.<sup>(1)</sup>

These platforms have many benefits, but they also possess many risks, especially when it comes to safety and privacy, mainly because of ignorance of licensing regimes which provide regulations with a powerful instrument as a form of governance; it helps to generate economic inefficiency, political conflicts of interest and arbitrary exercise of power.

There is no guarantee that the collaborative economy's regimes will operate in the public interest or serve the private sector interest. Anyway, only some governments have made adjustments to their existing licensing regimes.

In countries like Egypt, where social welfare and tax regimes are supported by salaried work, digital platforms undercut the social system; labor law, as an example, with its much-vaunted protective virtues, is only applied to subordinate workers. Taxpayers also do not report income from their collaborative economy businesses.

The French legislature imposed new reporting obligations on users residing in France, providing services, or selling goods. However, it still needs to accomplish its targets; there is still much room for activities related to the collaborative economy, which is going through stages of development and maturity at all legal, intellectual, and social levels and has gone through a rapid and rich wave of growth and prosperity.<sup>(2)</sup>

For the small-holder farmers in Egypt, accessing such scientific solutions

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(1) Light, Sarah E., *The Role of the Federal Government in Regulating the Sharing Economy* (October 3, 2017). In: *Cambridge Handbook on the Law of the Sharing Economy* (Nestor Davidson, Michèle Finck, and John Infranca, eds., Cambridge Univ. Press) (2018, Forthcoming)

(2) Lewkowicz, M., Cahier, JP. (2022). *The Sharing Economy in France: A Favourable Ecosystem for Alternative Platforms Models*. In: Česnuitytė, V., Klimczuk, A., Miguel, C., Avram, G. (eds) *The Sharing Economy in Europe*. Palgrave Macmillan

and agriculture machinery remains a challenge, resulting in yield loss, wherein industrial farms can produce three times more than regular farming systems. To improve their existing conditions, we need to make technological resources accessible to farmers, which the collaborative economy will effectively do by collaborative these expensive resources between many farmers; technological systems here play the role of being the virtual aggregator of farms.

This is essentially what a shared economy platform does, wherein it matches demand and supply for mobility but at the same time makes an expensive resource like a vehicle shared across a large number of rides; a similar model for agriculture would bring down the cost of mechanization to the farmers if we looked at farm mechanization in Egypt, it remains limited to tractors and farm equipment that can be attended to the tractors. Many other specialized machines are not utilized on a farm because such machinery would need more utilization.

The focus should be identifying machines that farmers can otherwise not afford and amortizing their costs over many acres; this way, farm mechanization as a service will be available to farmers at a price point that is cost-effective and affordable.

For example, China has set up policies and targets for collaborative economy promotion, 2020 despite the impact of covid-19 pandemic, transactions in the collaborative economy have still reached 533.8\$ billion dollars, with an overall growth rate of 2.9% compared to 2019, demonstrating the demand and potentials of the collaborative economy.

The collaborative economy and the integration of artificial intelligence (A.I.) are mutually influential. A.I. technologies significantly shape and transform the collaborative economy by enhancing operational efficiency, facilitating trust mechanisms, and improving user experiences. Here is an example of how A.I. and the collaborative economy are interconnected:



Research suggests that A.I. is reshaping the collaborative economy by enabling new peer-to-peer interactions and enhancing participant trust.<sup>(1)</sup> AI-powered recommendation systems and personalized algorithms facilitate efficient matching between service providers and consumers, improving resource allocation and user satisfaction.<sup>(2)</sup> For instance, Airbnb utilizes A.I. algorithms to provide personalized accommodation recommendations based on user preferences and previous interactions, enhancing the collaborative consumption experience.<sup>(3)</sup>

A.I. also contributes to building trust within the collaborative economy by addressing verification and reputation management challenges. By leveraging A.I. technologies, platforms can implement robust identity verification processes, fraud detection mechanisms, and dispute resolution systems, increasing participant trust.<sup>(4)</sup> For example, Uber employs A.I. algorithms to verify drivers' identities and track their performance, enhancing the platform's trustworthiness.<sup>(5)</sup>

Moreover, the collaborative economy generates vast amounts of data, and A.I. techniques, such as machine learning and natural language processing, enable the extraction of valuable insights from this data. These insights can improve platform operations, enhance decision-making processes, and drive innovation within the collaborative economy.<sup>(6)</sup> AI-powered analytics can help platforms identify emerging trends, understand user preferences, and optimize

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(1) Sundararajan, A. (2016). *The sharing economy: The end of employment and the rise of crowd-based capitalism*. MIT Press

(2) Parker, G. G., Van Alstyne, M. W., & Choudary, S. P. (2016). *Platform revolution: How networked markets are transforming the economy and how to make them work for you*. WW Norton & Company.

(3) Sundararajan, A. (2016). *The sharing economy: The end of employment and the rise of crowd-based capitalism*. MIT Press

(4) Parker, G. G., Van Alstyne, M. W., & Choudary, S. P. (2016). *Platform revolution: How networked markets are transforming the economy and how to make them work for you*. WW Norton & Company.

(5) Sundararajan, A. (2016). *The sharing economy: The end of employment and the rise of crowd-based capitalism*. MIT Press

(6) Evans, D. S., & Schmalensee, R. (2016). *The economics of platforms: A theory guide for competition policy*. MIT Press

pricing strategies, contributing to market efficiency and competitiveness .<sup>(1)</sup>

**A.I. plays a significant role in enabling and enhancing the collaborative economy. Here are some ways A.I. and the collaborative economy are interconnected:**

1. Matching and Recommendation Systems: AI-powered algorithms can analyze user preferences, behaviors, and available resources to match supply and demand more efficiently. Collaborative platforms can use A.I. to provide personalized recommendations and improve user experience.<sup>(2)</sup>
2. Trust and Reputation Systems: Trust is a crucial factor in collaborative transactions. A.I. can help establish trust and reputation systems by analyzing user ratings, reviews, and historical data to assess the reliability and trustworthiness of participants. This fosters a safe and reliable environment for collaboration.<sup>(3)</sup>
3. Resource Optimization: A.I. algorithms can optimize the allocation and utilization of resources in collaborative networks. For example, in car-collaborative platforms, A.I. can analyze demand patterns, traffic data, and user preferences to optimize the allocation of vehicles, reducing idle time and improving overall resource efficiency.<sup>(4)</sup>
4. Predictive Analytics: A.I. techniques, such as predictive analytics and forecasting, can be applied in the collaborative economy to anticipate demand, optimize pricing, and improve resource planning. This helps platform operators, and participants make informed decisions and maximize the utilization of resources.<sup>(5)</sup>

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(1) Ibid

(2) Chen, Ying & Prentice, Catherine & Weaven, Scott & Hsiao, Aaron. (2021). A systematic literature review of AI in the sharing economy. *Journal of Global Scholars of Marketing Science*.

(3) Ibid

(4) Ibid

(5) Ibid

5. Process Automation: A.I. and robotics can automate various aspects of the collaborative economy, reducing manual efforts and improving operational efficiency. For instance, autonomous delivery robots or drones can be used for efficient and cost-effective last-mile delivery in collaborative logistics.<sup>(1)</sup>

In summary, A.I. and the collaborative economy have a symbiotic relationship. A.I. technologies empower the collaborative economy by enhancing efficiency, trust, and user experiences. Platforms utilize A.I. algorithms for personalized recommendations, identity verification, fraud detection, and data analytics to improve resource allocation, build trust, and drive innovation within the collaborative economy.<sup>(2)</sup>

### **Conclusion:**

In conclusion, this research highlights the interactions between the collaborative economy and developing countries, specifically focusing on the impact of digital transformation. The findings demonstrate that digital transformation has played a crucial role in shaping the collaborative economy in developing countries, enabling increased economic opportunities, improved access to goods and services, and socio-economic empowerment.

The collaborative economy has emerged as a viable pathway for individuals in developing countries to participate in the economy, generate income, and enhance their livelihoods. Digital platforms have facilitated the efficient matching of supply and demand, reduced transaction costs, and expanded access to capital and information. This has resulted in the emergence of micro-entrepreneurs who can leverage their underutilized assets or skills to earn income, ultimately contributing to economic growth and poverty reduction.

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(1) Ibid

(2) Harris, S. (2022, March 24). Council Post: Collaborative Intelligence: The New Economy. Forbes. <https://www.forbes.com/sites/forbestechcouncil/2022/03/24/collaborative-intelligence-the-new-economy/>

However, challenges remain in realizing the full potential of the collaborative economy in developing countries. Limited access to digital infrastructure and technology continues to hinder the participation of specific populations, exacerbating existing social and economic disparities. Additionally, regulatory complexities surrounding the collaborative economy must be addressed to balance promoting innovation, protecting consumers' rights, fair competition, and addressing labor rights and safety concerns.

Addressing these challenges requires a multi-faceted approach. Policymakers should prioritize investments in digital infrastructure to bridge the digital divide, foster trust and collaboration between collaborative economy stakeholders, and develop inclusive regulatory frameworks that balance innovation with consumer protection and social equity. Collaboration between governments, collaborative economy platforms, and local communities is essential to ensure that the benefits of the collaborative economy are accessible to all while minimizing any negative externalities.

Furthermore, efforts should be made to enhance environmental sustainability within the collaborative economy. Encouraging responsible consumption, waste management practices, and monitoring the environmental impact of collaborative economy activities can contribute to a more sustainable future.

By understanding the interactions between the collaborative economy and developing countries and recognizing the transformative power of digital technologies, stakeholders can harness the potential of the collaborative economy to drive inclusive economic growth, enhance social well-being, and create sustainable communities in the developing world.

## **Results:**

These results provide insights into the positive outcomes and challenges associated with the interactions between the collaborative economy and developing countries, highlighting the need for targeted policies, investments,

and collaborations to maximize the benefits and mitigate the risks.

1. **Increased economic opportunities:** The collaborative economy has provided new income generation and entrepreneurship opportunities in developing countries. Digital platforms have facilitated the creation of micro-entrepreneurs who can leverage their underutilized assets or skills to earn income.
2. **Improved access to goods and services:** Digital transformation has enhanced access to goods and services for individuals in developing countries. Collaborative economy platforms have enabled affordable and convenient access to transportation, accommodation, labor, and other essential services that were previously limited or unavailable.
3. **Socio-economic empowerment:** The collaborative economy can empower marginalized communities in developing countries. It offers opportunities for individuals from low-income backgrounds, women, and other disadvantaged groups to participate in the economy and improve their livelihoods.
4. **Challenges of the digital divide:** Limited access to digital infrastructure and technology remains a significant challenge in many developing countries. The digital divide hampers the full potential of the collaborative economy, restricting the participation of specific populations and geographic regions.
5. **Regulatory complexities:** Developing countries face regulatory challenges adapting to the collaborative economy. Striking a balance between promoting innovation and protecting consumers' rights, ensuring fair competition, and addressing labor rights and safety concerns requires tailored and well-defined regulatory frameworks.
6. **Environmental sustainability:** The collaborative economy has the

potential to contribute to environmental sustainability by promoting the efficient use of resources and reducing waste. However, responsible consumption, waste management, and environmental impact monitoring challenges need to be addressed.

7. Enhanced Trust, Reputation, and User Experience: The findings may highlight that A.I. is crucial in enhancing trust, reputation, and user experience in the collaborative economy. AI-powered identity verification, fraud detection, and dispute resolution mechanisms could contribute to building trust among participants. Personalized recommendations and improved user interfaces driven by A.I. algorithms could enhance the overall user experience, leading to increased engagement and repeated usage.

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