Nonprofits Should Lead the Sharing Economy

The sharing economy is creating new business models, forcing traditional for-profit businesses to adapt or fall behind. The same will hold true for the social sector.

By Erin Morgan Gore | Mar. 3, 2014

Driven by the recession and evolving values, the sharing economy has become a movement heralding access over ownership and trust through transactions. The list of companies engaged in the sharing economy is long, growing, and global. It touches all sectors, and utilizes network-enabled sharing to connect users and reduce friction and costs.

The sharing economy's "triple bottom line" (financial, environmental, and social) aligns well with the social sector, and there are a handful of nonprofit success stories. These sharing economy nonprofits create new online marketplaces that extend networks, and connect people and resources. Simple transactions and new currencies empower parties on both sides of the exchange. An Afghani woman can start her own business using a loan from a young consultant in New York City via Kiva. A janitor can exchange an hour of repair work for tax advice from an accountant through TimeBanks. A seasoned teacher in Boston can share lesson plans with a first time teacher in Texas through Khan Academy.

But overall, the sector has yet to tap into the full potential of the sharing economy. Here are a few ways nonprofits can begin thinking about this:

Using the sharing economy to operate and grow more efficiently

A common pain point with nonprofits is a general lack of resources for operation and growth. But the sharing economy offers new and creative ways to think about locating, accessing, and trading resources.

For example, independent workers comprise 30 percent of the US workforce and will grow to 50 percent by 2020. If nonprofits shared highly skilled community managers, lawyers, and/or accountants from this pool, they would not only spend less for more, but also create supportive networks.

Nonprofits could also create online libraries of assets (such as office space or equipment) and skills (such as fundraising) to share or barter with others. This could help organizations avoid investing in seldom-used assets and expensive consultants while also fortifying the nonprofit community.

There are already many platforms made for the kind of experimentation that the social sector needs to do. Just imagine funding your share of a community manager through an Indiegogo campaign that goes viral.

Leveraging the sharing economy to better reach beneficiaries

Low-income people often lack the resources needed to access available jobs and services. If a low-income single mother in Harlem gets a receptionist job in Westchester, how will she get to it and who will watch her children while she is working? Nonprofits can better help connect beneficiaries to jobs and services by adapting sharing platforms such as nanny and ride sharing.

A variety of car-sharing models, for example have been successful with middle-to-high income users, offering smartphone booking apps and cashless service. But these same features don't work for many low-income users, who have significantly less access to smartphones and credit cards.

There are things nonprofits can do to address this. Imagine partnering with a service such as Sidecar to establish special prices/routes during off-hours, a car-sharing service that subsidizes low-income riders with full-priced riders, or time banks for volunteers to connect with riders and share their good deeds on social media.

Preparing beneficiaries for the new economy

We all know the job market and skills needed to compete in it are evolving at breakneck speeds. These changes are pushing people below the poverty line while making it tougher to access livable wages.

One way nonprofits could prepare beneficiaries to (re)enter the workforce is by helping them become sharing economy micropreneurs. This means not only directing them to websites like HomeJoy's house cleaning marketplace where they can sign-up for hourly work, but actually helping them acquire marketable skills and access available supports.

A nonprofit interested in doing this, for example, might note that assembling Ikea furniture is the leading request on the skills outsourcing site TaskRabbit and host furniture assembly trainings—or even convince Ikea to fund a training program, establishing its role as a socially responsible business and building its market as trainees transition into customers.

Nonprofits can also explore partnerships with platforms such as Code.org and Skillshare to offer free, reduced-price, and/or customized courses to low-income users or create a repository of tailored content.

In addition, nonprofits could help further professionalize clients' services by creating small business websites through free services like Wix.com or accessing free co-working or unused office spaces, for example. They can also help clients access the supports available to the independent worker community, such as group healthcare through the Freelancers Union, free computer usage through local public libraries, and free tax support through The Collaborative Fund's new 1099 sharing economy initiative.

What to watch out for

Just as with traditional sharing economy models, low-income users are at a power disadvantage in the social sphere. Current sharing models tend to exclude or otherwise penalize underserved and/or vulnerable groups.

As policies struggle to catch-up to adoption, traditional businesses (hotels, taxis) are fighting to protect profits through increased sharing economy regulation while others claim that government regulation of the sharing economy is unnecessary because online reputation systems (such as community reviews) offer built-in protection. But we still need policies to serve the underserved, and we should be concerned about the dangerous-but-growing belief that the success of sharing economy companies means an end to income inequality.

The social sector must be aware of what assets its clients have to share and also play a formative role in shaping the policies that affect them.

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