

CASI: Project description

PROJECT TITLE: Public Participation in Developing a Common Framework for Assessment and Management of Sustainable Innovation (CASI)

COORDINATOR: ARC Fund, Bulgaria: Zoya Damianova

CONSORTIUM: The CASI consortium consists of 19 partners representing 12 European countries. Country correspondents extend the reach to 28 countries

FUNDING SCHEME: Coordination and support action, funded under the 7th Framework Programme of the European Community, SCIENCE-IN-SOCIETY-2013.1.2

Is sharing economy a new disruptive service model provider and challenge for which Europe is unready for?

Executive summary

The sharing economy concept has been existent for more than two decades with the launch of eBay and Craigslist in the United States. The user friendly online platforms which enabled access with just one click of a mouse to a wide range of new second hand items affordably priced, quickly found their way to the heart of the masses and turned into a global phenomenon. This novel trend made an earmark on the consumer experience, which through the recirculation of goods became mainstream. The technology developed to support the process was very much profound and has contributed to the decrease of the traditionally high transaction costs of secondary markets, and at eBay, reputational information on sellers was crowdsourced from buyers, thereby reducing the risks of transacting with strangers. By 2010, a number of different platforms have been launched and provide a large offer to a wide range of products, from apparel to home goods. It is not only products that have a place in the sharing economy sphere. A wide range of services started to appear as aftermath of economic turmoil in 2009.

THE FIRST STEPS

As common the concept of sharing can be, the sharing economy context is not easy to define. The given context presumes peer to peer exchange with an ecological footprint as the concept of sharing aims towards 'economisation' of products and services. Sharing economy activities fall into four broad categories: recirculation of goods, increased utilization of durable assets, exchange of services, and sharing of productive assets. However, is sharing economy contributing to the green economy to the best possible extent? What does the seller or the host do with the money earned? Is it to buy high-impact products? Does the appearance of a market for used goods lead people to buy more new things that they intend to sell later? If travel becomes less expensive, would this be a trigger to travel more? (Juliet Schor, October 2014). All of these effects increase ecological and carbon footprints, hence more in-depth research shall be committed to this topic in order to elaborate the extent of the impacts the sharing economy is achieving, in particular those that relate to the economic, social and ecological aspects. With all the outstanding questions aside, it is the fact that the sharing economy has already proven that the existing business models are the object to disruption and that fast moving innovations are teaching us that nothing shall be taken for granted.

THE CONTEXT

The concept of sharing is strongly interconnected with sustainability of its actions and is based on collaborative consumption that facilitates the use of networked tools to enable a range of sharing, exchange, and co-use practices. Online peer-to-peer exchange systems can create or support a sense of community, which also contributes the perception of group membership and further building and maintaining of social ties, encompasses the creation of new social platforms and movements. In the sharing economy context, the concept of 'movements' is observed as critical point that can very much influence the sharing economy's future. Apart from the initial excitement that this disruptive model brought to the respective markets in comparison to the incumbent, there is a demand for establishment of the shared economy movement(s) that would commit to addressing the outstanding issues and finding solution for fair treatment of its participants and developing the sense of trust, namely for service providers and users with taking into account the incumbents, to comply with the demands for eco-accountability and furthermore elaborate whether human connections are strengthened through these sharing economy platforms and developed technologies, which make a difference in realising the potential of the sharing model. The above noted movement(s) are further referenced as unities of organised shared entities establish by users and shall be looked through the public participation context.

PUBLIC PARTICIPATION IN THE SHARING ECONOMY CONTEXT

The state of the art of sharing economy shall be assessed in order to better understand enablers as well as disablers for its deployment. With the proper monitoring indicators it would be possible to evaluate the actual impact and understand the outreach this model is having at today's economies and if it is able to significantly contribute to further creation of green jobs and to the ecological savings in general. The consumer collaboration is the foundation of the sharing economy model but then again it is essential to understand the impact and the extent of this peer to peer exchange. For example, is the online exchange contributing to further isolation of its participants as in majority of cases this online interaction in between the services provider and the user does not lead to further building of social ties or maintaining of either business or personal partnership. Or the question of isolation of the involved parties very much depends of the type of the service provided or received.

INITIAL KEY MESSAGES TO BE NOTED

Moreover, the above noted assessment shall be conducted by all relevant stakeholders: sharing economy service providers, users, current incumbents, multinationals that have embraced the model, unions, national governments and EU policy makers. Only with continuous dialogue of the above noted groups, the common understanding can be reached. Moreover, clear key messages shall be communicated to the public along the process to avoid further antagonism and to enable transparency.

STEPS TOWARDS THE COMMON DIALOGUE



Introduction

POSITION OF THE EUROPEAN COMMISSION

Even though the sharing economy concept has a much longer history and is more mature in the United States, Europe has been shaken with the appearance of Airbnb and Uber and unready to tackle the aftermath consequences as a result of their operations. Europe is witnessing and acknowledging the disruptive technology revolution, which is bringing the change to our daily lives and affects the traditional tendencies we have been leaning towards, in particular when, how and where we are doing business is in question. The sharing economy concept brings disruption in the way services are provided and products are valued. In order to enable further development and boost of sharing economy in Europe and to stop and prevent negative events, which evolved in a critical mass last year, the European Commission decided to issue guidelines to Member States during period of March-April 2016 to help them regulate emerging sharing economy companies such as above noted Airbnb and Uber. According to the European Commissioner, uncertainty over the rights and obligations of users and providers are a key obstacle hampering the sharing economy. There are 'negative angles' to look at, including taxation and social protection. However, he argued that the EU 'should embrace' the sharing economy, as it represents an 'important element for the future of the economy', because it creates new markets and provides additional sources of revenue for the people who need it.

SHARING ECONOMY WITHIN THE SCOPE OF CASI

The foundations of sharing economy that are built on the concept of open innovation towards green businesses and circular economy oriented in principle towards positive ecological and carbon footprints with a potential involvement of public participation and the observed impact within the given context are in the spotlight of CASI. Hence, in this policy brief CASI provides its observation and recommendations by framing sharing economy within the CASI concept.

RAISING ATTENTION

In 2015, a significant number of newspaper headlines were addressing the impact of appearance of sharing economy companies such as Uber and Airbnb. The competition of such service providers towards the current, traditional oriented, was highly criticized and agonised by the latter. The empowerment of ordinary people, the way of how efficiency, services and products are valued and to which extent the ecological impact is achieved has led to ongoing fierce regulatory and political battles. Without a doubt, there are a number of issues to be tackled and the European Commission together with the Member States shall continue the discussion on how to enable the sharing economy eco system within the existing regulatory framework and if there is a space for new, 'light legislation' that could be endorsed effectively in a relatively short period of time.

WHAT POTENTIAL COULD THE SHARING ECONOMY HAVE IN EUROPE?

This is only if the European perception of the sharing economy is in lieu of embracing this novelty concept, the new technologies and its platforms within the peer-to-peer economy context for a strengthening of social inclusion centred on genuine practices of sharing and cooperation in the production and consumption of goods and services. Sharing economy could be an answer to continuously raising unemployment and integration of emigrants as we witness that that current value chains do not comply with the needs and challenges Europe is encountering. In order to enable such a scenario in the future it is essential for the EU level policy makers to initiate and maintain the constructive dialogue in between all the relevant actors to harness the innovative potential of such a model and the participating industry sectors.

WHY SHARING?

Social platforms such as Facebook, LinkedIn, Twitter and other already changed the way we interact, share information and communicate. Platforms such as eBay and Amazon changed the way we purchase as well as our orientation towards value of price versus products, exchange and sharing of information during the process. Airbnb and Uber changed the way we travel and accommodate ourselves. The above noted are only a few examples of the most known platforms, even though a number of them deserve to be in the same list. These examples give a sense of change, type of interaction and sharing.

REASONING LEADING TOWARDS

The economic crisis has shaken the European economies of which majority of the countries are still recovering. This in particular applies for the SMEs sector, which is still suffering the most. Present high unemployment versus today's numerous challenges, from economical to ecological and other, asks for disruptive models of doing business and acting in a different way, through sharing and building actions on already existent foundations, to a small-scale, ecologically sustainable economy.

What is the observed reasoning behind the need for sharing? Are we intrigued by the technology and novelty of the platforms which enable us an easy way of purchasing that are in line with the significant cost savings? When accessing the platforms, the prejudices about the gender, class, nationality and other disappear and it is much easier to establish the social connection and collaboration. Is our „ecological orientation' leading us towards the sharing economy way of business as we want to leave individual footprints in that regard? Or is the ideological motivation driving us forward? Whatever reasoning is behind the interest, the appearance of communities that share goods, space, and labor services can be the foundation of a new household model in which people are less dependent on employers and more able to diversify their access to income, goods, and services.

THE TURNING POINT

The sharing economy could be the turning point towards fair treatment, demands for eco-accountability, and attention to whether human connections are strengthened through these technologies can make a critical difference in realizing the potential of the sharing model. There is an enormous amount of new economic value being created in this space. It is imperative that it flows equitably to all collaborative parties in the sharing economy value chain: providers, consumers, participants, and users. After all, that is what we ordinarily call sharing. (Juliet Schor, October 2014).

OUTSTANDING ISSUES OBSERVED

Even though there is an enormous potential in the sharing economy model, there are outstanding aspects in parallel, which call for further observations, dialogue and identifying of solutions. Even in the United States, the crux of sharing economy, majority of outstanding issues are as common as they are in Europe. Starting with labour issues, the sharing economy offers a more 'democratised and open model' towards employment and all traditional values connected with it, however, is the social employment model as fair towards its employees in terms of money gained and the benefits? Is in this way labour supported or exploited? Is sharing economy turning companies into micro entrepreneurship spheres? Are the sharing economy companies for or non-profit? Many of the initiatives in the sharing space, such as tool libraries, seed banks, time banks, and food swaps, are non-profits. They do not seek growth or revenue maximization, but instead aim to serve needs, usually at a community scale. (Juliet Schor, October 2014).

CHALLENGES ENCOUNTERED ALONG THE WAY

On the contrary, the example of Uber, which attracted venture capitals on board and imposed fierce competition shows that this type of models can be capitalised, but where to draw the line so that the sharing company model does not revert back through the value chain? What type of funding is obsolete for this model? Shall venture capitalist and business angels be more encouraged to back it up? How to combine the traditional business models with the sharing economy models so that latter is not looked from the perspective of a threat, which would lead towards continuous antagonising of its actors? From the point of making positive ecological footprints, how to measure it and prevent that increase of usage of sharing economy services does not lead towards negative ecological trends? As already mentioned in the brief, consumer collaboration through the peer to peer exchange is the sharing economy foundation. The interaction that is facilitated through the online platform is virtual not in person, thus would it be correct to state that the sharing economy is a social inclusion enabler?

Conclusions

MOVING FORWARD

The European labour market is struggling and even with open borders in between EU 28 Member States the citizens are facing continuous challenges regarding their (un)employment. The raising concerns regarding the age (youth, middle age, close to retirement), gender, nationality, education and other do not raise hope for eureka miraculous solutions in the near future. Europe did acknowledge importance of green jobs and ecological mind set but to achieve an impact at a global level takes time, which on the other hand is very much dependant on the individual actions and actors. Having positive and negative aspects aside, the sharing economy has the potential of providing solutions to all of addressed issues.

DIFFERENT TIMES, DIFFERENT MEASURES

Different times require different measures and different positioning in the existent value chains. The above noted incoming guidelines that will be issued by the European Commission intended at helping Member States to regulate emerging sharing economy companies are a very important first step. However, these guidelines are coming too late as a number of Member States have already encountered problems with the appearance of such business models. The continuous dialogue shall be enabled in between the national governments and the EU authorities in order to conduct the proper assessment of the enabling and disabling factors for wide deployment of such a model, in particular when existent regulatory framework is in question.

AN URGENT CALL FOR CONSULTATIONS

Consultations shall include different Unions as it is important to include them in the dialogue and find a link in between the traditional and novel approaches. Moreover, multinationals that have embraced the sharing economy model such as BMW group for example (DriveNow, provider of premium mobility services on behalf of BMW) shall be strongly involved in the dialogue as they can provide a clear example of rethinking marketplace positioning in the sharing economy and unleashing the power of the tech community and developing fresh solutions. Apart from the guidelines, could future EU working programmes support such models and aligned social movements? In a complex, fast-moving environment, it is imperative that policy makers quickly grasp the key issues surrounding the sharing economy and position their jurisdictions for success.

Recommendations for policy makers

- Evaluate and monitor current state of the art of the sharing economy models (both, non-profit and for profit) and conduct an assessment of enablers and disablers for its deployment. Based on the assessment it is important to establish the indicators that will have the ability to measure an impact, positive or negative, based on which further guidelines shall be issued;
- The EU regulatory body shall be established and composed by the national and international experts that would work on providing the common regulatory framework for sharing economy business models. As observed in several paragraphs of this brief, the aspects of the benefits of the social inclusion and its further evolvement are under question. Hence, the noted EU regulatory body shall not exclude the public participatory element when developing the regulatory framework. Conducting of surveys and interviews with the real actors would be beneficial and good first step towards deciding on further actions and recommendations;
- The initial observation is that sharing economy model through the re-use of goods and services is oriented towards green jobs creation. However, the extent of the impact is still hard to determine due to number of factors, which need to be more closely observed and assessed based on the real life examples and on which further recommendations shall be endorsed;
- Raising awareness and continuous dialogue with all relevant stakeholders is essential. Different national and European unions shall be included in the dialogue as it is important to identify, understand and bridge the gap between the so called traditional and novel business models. As more the public is educated about it, the antagonism and the fear of change will be diminished;
- In line with the above noted is the strengthening and enabling of the co-existence with incumbents through the continuous dialogue and consultations;
- Enable process of sharing of practices to help catalyse a social transition as well as establishment of unions or organisations of 'sharers'. Allow participants to play a role in developing long-term solutions that encourage innovation while protecting consumers and society in general terms.

Further Reading and References:

1. European Commission: The sharing economy, Accessibility Based Business Models for Peer-to-Peer Markets, Case Study 12, September 2013.
2. Debating the sharing economy, Juliet Schor, October 2014
<http://www.greattransition.org/publication/debating-the-sharing-economy>
3. The Sharing Economy: Why it Works and How to Join, Forbes, July 2015
<http://www.forbes.com/sites/mnewlands/2015/07/17/the-sharing-economy-why-it-works-and-how-to-join/#96fd5591fc3e>

CASI Project Description

CASI: PROJECT DESCRIPTION

PROJECT TITLE: Public Participation in Developing a Common Framework for Assessment and Management of Sustainable Innovation (CASI)

COORDINATOR: ARC Fund, Bulgaria: Zoya Damianova.

CONSORTIUM: The CASI consortium consists of 19 partners representing 12 European countries.

Country correspondents extend the reach to 28 countries.

FUNDING SCHEME: Coordination and support action, funded under the 7th Framework

Programme of the European Community, SCIENCE-IN-SOCIETY-2013.1.2-1.

DURATION: 42 months, 1/2014-6/2017

BUDGET: 4.5 M€, 428 person month

REFERENCE: Tregner-Mlinaric, Anita (2016). CASI policy brief: Is Sharing economy a new disruptive service model provider and challenge for which Europe is unready for?

WEBSITE: www.casi2020.eu

EDITORIAL BOARD 2016: Danish Board of Technology: Andreas Hastrup Clemmensen; META Group: Anita Tregner-Mlinaric; Zentrum für Soziale Innovation GmbH: Maria Schwarz-Woelzl; Futures Diamonds: Monika Popper

Contacts

Name and Surname: Anita Tregner-Mlinaric
Organisation: META Group
E-mail: a.tmlinaric@meta-group.com
Address of the organisation: Avenue des Arts 12, Brussels