

CSA GROUP RESEARCH

# Maximizing the Gains from Sharing

An Analysis of National and  
International Best Practices



**SHARING  
ECONOMY**

## Authors

**Kiran Alwani**, Policy Associate, Mowat Centre

**Michael Crawford Urban**, Practice Lead – Government Transformation, Mowat Centre

## Advisory Panel

**Jay Jackson**, Independent

**Kernaghan Webb**, Ryerson University

**Dave Dupuis**, Innovation, Science and Economic Development Canada

**Suzanna Ersoy**, Standards Council of Canada

**Priya Malik**, CSA Group (Project Manager)

**Nicki Islic**, CSA Group

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# Executive Summary

The sharing economy offers policymakers important opportunities to advance goals such as economic development, inclusion, sustainability, and social connectedness. Nevertheless, it also presents significant challenges, ranging from the need to create a level playing field for traditional and new operators, to safeguarding privacy, health and safety concerns, and promoting inclusion. These opportunities can only be fully realized, and the challenges overcome or avoided, when stakeholders from the public, private, and non-profit sectors engage positively and collaboratively to ensure that the public interest is at the heart of all activities in this emerging space.

To this end, ISO (the International Organization for Standardization) organized a workshop as a first step to initiate an international discussion on the potential development of national or international standards for the sharing economy. The workshop document, IWA 27:2017- *Guiding principles and framework for the sharing economy*, addressed a variety of consumer, provider, platform, government, and public interest issues and challenges arising from the proliferation of sharing economy enterprises by developing guiding principles for sharing economy activities.

The creation of an international document (IWA 27) led to a consultative research project to identify national and international best practices and provide guidance to stakeholders seeking to learn and implement new approaches to the sharing economy in their jurisdictions. This report discusses challenges that jurisdictions seeking to adopt the 10 IWA principles – such as transparency and responsiveness – can encounter, and examples of steps that jurisdictions have taken to overcome them. As such, the results of this research will assist a range of stakeholders, including:

## **Policymakers:**

- To design effective policies to deal with the disruption and challenges caused by the emergence of sharing economy enterprises and activities;
- To anticipate future challenges and support efforts to prepare and respond appropriately; and
- To take proactive steps to promote sharing in their jurisdictions as a means of furthering objectives such as economic development, inclusion, sustainability, and social connectedness.

## **Consumers/Citizens:**

- To inform themselves of the opportunities offered, and challenges posed, to them by the sharing economy;
- To inform themselves of sharing economy policies and initiatives being undertaken by governments, the private sector, NGOs, and other stakeholders around the world; and
- To identify best practices and initiatives that they can advocate for and replicate in their communities.

### **Service Providers:**

- To evaluate their service standards against best practices and strive to improve them where possible;
- To inform themselves of the steps being undertaken in other jurisdictions to increase health and safety, and improve provider training and customer service standards;
- To work with platforms and their respective governments and regulators to incorporate best practices.

### **Platform Operators:**

- To learn from best practices in other jurisdictions that can be incorporated into their operations;
- To inform themselves of actions that other platform operators around the world have taken to collaborate with governments to achieve mutual goals;
- To gather insights on how they can engage positively with the local communities in which they operate; and
- To evaluate their service and corporate responsibility standards, and integrate missing elements into their operations.

To determine whether the IWA 27 principles and the best practices developed through the research are appropriate for use by stakeholders and to test their application, a pilot project was conducted with medium- and large-sized cities. The pilot project provided a great opportunity to discover and/or validate the benefits of the best practices and the 10 fundamental principles.

## Introduction

CSA Group first issued a [research report on the sharing economy](#) where the focus was to explore standards-based solutions to support new business models. Its strengths, such as flexibility, global scope, diverse perspectives, and consensus represents an attractive potential solution to a number of challenges raised by the sharing economy.

Following that initial report, CSA Group collaborated with the Standards Council of Canada (SCC) in March 2017 to host a workshop and develop an ISO International Workshop agreement (IWA), IWA 27:2017 – *Guiding principles and framework for the sharing economy*. The intent of IWA 27 is to be the first step towards the development of international standards for the sharing economy. It lays out 10 fundamental principles to guide organizations and entities involved in the sharing economy – ranging from consumers to providers and platforms to regulators – as sharing economy enterprises and services proliferate. These principles are:

- |   |  |
|---|--|
|  Integrity                       |  Confidentiality, privacy, and security |
|  Transparency                    |  |
|  Accountability                  |  Capacity                               |
|  Accessibility and inclusion     |  Competence                             |
|  Responsiveness                  |  Continual improvement                  |
|  Health, safety, and environment |  |

In light of the findings from the workshop and to validate the practicality of the 10 fundamental principles, CSA Group led a new research project to identify whether sharing economy stakeholders could apply these principles to maximize public good, and advance goals

such as economic development, inclusion, sustainability and social connectedness through sharing. Additionally, the project examined whether application of the 10 fundamental principles would also enable participants to respond to the novel challenges inherent in the rapid rise of the sharing economy.

The process integrated insights from a thorough jurisdictional scan as well as more than two dozen interviews with experts, entrepreneurs, workers, consumer advocates, government officials, and participants in the sharing economy.

## Research Summary

The following section provides a snapshot of the research findings for each of the 10 IWA 27:2017 principles. The challenges listed under each guiding principle and identified accompanying best practices are based on detailed discussions with experts and/or key stakeholders, as well as a scan of national and international jurisdictional experiences.

### I. Integrity

*Integrity refers to honest, respectful, and courteous decisions, conduct, and communications that consider customers' interests.*

**Challenges:** Ensuring that all participants act with integrity is an important prerequisite for a well-functioning sharing economy. It can be challenging, but it is achievable by putting the basic standards of honesty and respect that are enshrined in law into practice.

Common challenges include:

- **Poor customer service:** Sharing economy platforms often have a more attenuated relationship with their customers than traditional firms operating in the same sector. This is because when sharing economy firms facilitate services, customers often actually receive services offered by providers through platforms that are generally classified as independent contractors and not employees. This means that the quality of customer service can vary considerably.



*“Many sharing economy platforms have been accused of enabling illegal forms of discrimination.”*

- **Discrimination:** Many sharing economy platforms have been accused of enabling illegal forms of discrimination, such as racial or gender discrimination<sup>1</sup> and platforms often only respond after the problem has been identified and raised by a third party.<sup>2</sup> There remains a need to create systems to prevent discrimination from occurring in the first place, and build regulatory and policy responses to address this issue in the sharing economy.

**Best practices:** Governments and regulators can best promote integrity in the sharing economy and, in customer service in particular, by encouraging the easy availability of as much high-quality information about the market, in accessible formats, as possible. They may encourage and support the development of industry standards by requiring that platforms provide robust and reliable peer review mechanisms for their services. To protect integrity, government and regulators should employ active measures, such as posing as customers to investigate when they believe discrimination may be occurring. An example of this is “fair housing testing” conducted by California’s Department of Fair Employment and Housing on Airbnb hosts.<sup>3</sup> At a more macro level, policymakers

should consistently analyze available data to spot patterns that could signal discriminatory behaviour.

## II. Transparency

*Transparency refers to enabling customers and others to make informed decisions, based on organizations making their activities and decisions accessible, relevant, and timely.*

**Challenges:** Much of the sharing economy, and specifically ride-sourcing and short-term accommodation rentals, deliver their services through digital platforms. They often require users to rely solely on their websites, which are often global platforms, to find information about their services.

Common challenges include:

- **Inadequate dispute resolution systems:** Global platforms often do not have physical locations or local mechanisms for handling consumer grievances or emergency support. Users must often rely solely on websites, which can feel detached, unresponsive, and difficult to understand or use.

<sup>1</sup> Edelman, B. Luca, M. Svirsky, D. (April 2017). Racial Discrimination in the Sharing Economy: Evidence from a Field Experiment. *American Economic Journal: Applied Economics* 9(2) 1-22; and Ge, Y. Knittel, C. MacKenzie, D. Zoepf, S. (October 2016). Racial and Gender Discrimination in Transportation Network Companies. NBER Working Paper No. 22776. The National Bureau of Economic Research. Retrieved from <http://www.nber.org/papers/w22776>

<sup>2</sup> See, for example, Solon, O. (13 July, 2017). Airbnb host who canceled reservation using racist comment must pay \$5,000. *The Guardian*. Retrieved from <https://www.theguardian.com/technology/2017/jul/13/airbnb-california-racist-comment-penalty-asian-american>

<sup>3</sup> See (19 April, 2017). Voluntary Agreement between Department of Fair Employment and Housing and Airbnb Inc. Retrieved from <http://www.dfeh.ca.gov/wp-content/uploads/sites/32/2017/06/04-19-17-Airbnb-DFEH-Agreement-Signed-DFEH-1-1.pdf>

- **Lack of transparency in decision-making and communication:** Due to their size and reach, sharing economy entities and global platforms often seem to have a disproportionate amount of power in decision-making and communication. Citizens and traditional services can feel marginalized due to a lack of transparency around the mechanisms used by these entities to make and communicate decisions.

**Best practices:** Governments may encourage and support the creation of industry standards for platforms to ensure that all the information that a user might need is easily accessible on or through a platform's website. Governments might also ensure that their communications to their constituents and stakeholders concerning the sharing economy are clear, accessible, and timely and enable their involvement or feedback. This applies when governments are communicating information about the rules governing the sharing economy and when they are working to design governance regimes.

### III. Accountability

*Accountability involves the appropriate scrutiny of organizations' decisions and activities, and the impacts thereof, by governing bodies, legal authorities, and other interested parties.*

**Challenges:** Many organizations active in the sharing economy are relatively new and use novel technologies and business models to deliver services to users. Stakeholders, like governments and consumers, often know little about how these organizations operate.

Common challenges include:

- **Insufficient information and data:** Governments or regulators often have certain industry-specific requirements for organizations that engage in particular activities, as well as standard means for ensuring compliance with these requirements. Because they operate in novel ways, however, sharing economy organizations often do not fit well into these

pre-existing systems. This makes it difficult to measure compliance – with the result that governments are often unable to enforce regulations consistently on sharing economy platforms and their users.

**Best practices:** Governments and regulators may require sufficient access to the information and data generated by sharing economy organizations' activities to evaluate the extent to which these organizations are complying with applicable regulations and not engaging in activities against the public interest – such as deriving unfair competitive advantages from regulatory arbitrage. For example, Amsterdam has negotiated a data-sharing agreement with Airbnb that requires the company to share aggregated data to assess the impact of home sharing and to share personal data through binding legal requests in certain cases to deal with non-compliant actors. Since 2017, Amsterdam has also collaborated with Airbnb to ensure that only hosts registered with the city can post rentals located in Amsterdam on Airbnb's website. Airbnb has also agreed to take several other steps to help ensure its users comply with the city's regulations.<sup>4</sup>

### IV. Accessibility and Inclusion

*Accessibility and inclusion refer to making products and services available to the widest possible range of customers and others, without discrimination.*

**Challenges:** Sharing economy services, particularly global platforms, are criticised for catering disproportionately to the privileged in society – such as the wealthy, the tech-savvy, and the able-bodied – and neglecting those who may be more difficult or less profitable to serve.

Common challenges include:

- **Inaccessible shared mobility services:** Shared mobility services such as ride-sourcing, ride-sharing, car-sharing, and bike-sharing often do not provide accessible services to the same degree as non-accessible services.

<sup>4</sup>City of Amsterdam. (1 December, 2016). Amsterdam and Airbnb announce new unique agreement. Press Release. Retrieved from <https://www.iamsterdam.com/en/our-network/media-centre/city-hall/press-releases/2016-press-room/amsterdam-and-airbnb-announce-new-unique-agreement>

- **Non-inclusive sharing economy services:** Individuals with higher socioeconomic status are more likely to benefit from sharing economy services and platforms than the low income and vulnerable populations.

**Best practices:** In many cases, the best way to ensure adequate provision of accessible sharing economy services may be to require that sharing economy organizations wishing to serve the larger market guarantee the provision of accessible services at a comparable level of service and price to non-accessible services. For example, the City of Toronto has included accessibility requirements for what it calls Private Transportation Companies (PTCs) in its vehicle-for-hire regulations to ensure that wheelchair accessible vehicles are available within the same average wait time and with the same fares as the PTC's non-accessible vehicles.<sup>5</sup> Further, to promote an inclusive sharing economy, governments and regulators might identify target groups and take positive actions to address the barriers preventing their participation in the sharing economy. These actions may include ensuring the provision of adequate service, as well as education or subsidy programs.

## V. Responsiveness

*Organizations make decisions and conduct activities in ways that are responsive to cultural sensitivities and evolve with customers' and others' needs and expectations.*

**Challenges:** Many organizations deliver sharing economy services digitally, allowing them to increase the scale and geographic scope of their operations. This often leads to a lack of alignment between the goals of global platforms and local priorities.

Common challenges include:

- **Global platforms set the agenda:** Big global corporations provide many of the most popular sharing economy services whose profit-making objectives may not align fully with the objectives of local governments.

Consequently, local authorities need to take proactive steps to ensure that the sharing economy contributes to advancing local objectives.

- **Unresponsive legislative and regulatory frameworks:** Legislative and regulatory frameworks that do not adapt quickly enough represent a major roadblock to the effective development of the sharing economy. This may result in users not being able to take advantage of desirable services, or in services operating illegally – a situation that creates risks, including consumer safety issues and lost tax revenue.

**Best practices:** Ensuring that the sharing economy advances local priorities often requires governments to fill gaps in the market that profit-oriented organizations may ignore. Whether this means creating their own platform or collaborating with an established organization to do so, governments can identify local priorities and then move proactively to use sharing economy tools to advance these priorities. Furthermore, governments and regulators can take steps to improve existing regulations that might hinder desirable sharing activities.

## VI. Health, Safety, and Environment

*The health, safety, and environmental expectations of customers and others should have operational priority.*

**Challenges:** Because sharing economy organizations are often decentralized, it can be difficult to meet health, safety, and environmental standards using the methods that centralized organizations have traditionally used to ensure compliance.

Some challenges include:

- **Platforms resist taking responsibility:** Unlike traditional companies, sharing economy platforms often only enable others to provide a service. This greater distance from the consumer often corresponds to a reduced sense of responsibility, which can result in health, safety, and environmental considerations receiving insufficient attention at the operational level.

<sup>5</sup> City of Toronto. (2016). "Licensing of Vehicles-For-Hire". City of Toronto Municipal Code Chapter 546. §546-119. <https://www.toronto.ca/legdocs/bills/2016/bill0571.pdf>



*“It is important that platforms take steps to protect users’ data.”*

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- **Environmental challenges:** Sharing can promote sustainability and reduce waste but it can be difficult to realize its full potential due to a lack of appropriate policies or collaboration between stakeholders. The impact of a service is also often dependent on context. For example, ride-sourcing services may promote carpooling and reduce congestion but due to their convenience and low cost, they have also been associated with reducing transit use and adding more cars to the road.

**Best practices:** To ensure the health and safety of customers, governments and regulators might require platforms to guarantee certain minimum protections. Specific minimum requirements will depend on the type of service delivered, but these should include insurance coverage and criminal record checks at a minimum. To overcome environmental challenges, governments might provide incentives (such as designated on-street parking spaces) that encourage preferred activities or actions with lower negative environmental impacts (such as car-sharing) that allow governments to advance their environmental objectives (e.g., lower levels of car-ownership and greenhouse gas emissions).

## VII. Confidentiality, Privacy, and Security

*To respect the confidentiality of personal information, as is customers’ privacy. Personal information is stored securely and only shared with a third party with the customer’s consent.*

As digital devices become ever more intimately connected to their users and the delivery of products and services by digital infrastructures are increasing, issues of confidentiality, privacy, and security is becoming increasingly important.

Common challenges include:

- **Inadequate data security and privacy assurance practices:** As frequent data security breaches continue to occur, including at sharing economy firms, it is important that platforms take steps to protect users’ data from hackers and identity thieves. Policymakers need to be vigilant in ensuring that platforms have adequate mechanisms to protect the safety and privacy of citizens.

**Best practices:** Governments and regulators can best promote privacy and data security in the sharing economy by requiring that secure online payment systems be in place for both providers and customers through the use of a secure third-party payment provider. Governments should also ensure that platforms take adequate measures to protect users’ privacy and personal information from unauthorized access, and that only anonymized aggregated data is used for the purposes of planning and improving service standards.

## VIII. Capacity

*The resources that support organizations’ decisions and activities are required to act in ways that are effective, efficient, and responsible and in ways that treat customers and others in a courteous manner.*

**Challenges:** The assets a sharing economy organization brings to its operations, including capital, the skills and efforts of its management and employees, and the quality of its technology and business model, will largely determine its capacity. However, governments can play a role in ensuring that organizations with the greatest potential, particularly locally focused sharing initiatives, are able to prosper, expand, and provide benefits to users. Governments also have a vital responsibility to create a level playing field and provide assistance to develop local capacity. Moreover, governments and societies can use sharing to increase their own capacities.

Common challenges include:

- **Uneven playing field:** Fostering fair and robust competition between firms is often the best way for governments to help customers access the best products and services. Given certain characteristics of the digital economy, as well as uneven application of rules designed for different eras and contexts, certain aspects of the competitive environment can disproportionately favour new sharing economy organizations at the expense of traditional providers. This reduces the benefits of healthy competition and can negatively affect livelihoods.
- **Suboptimal utilization of resources:** Many publicly and privately owned resources are often underutilized. Governments can maximize the benefits that flow from their own assets by integrating sharing into their own operations, and supporting the productive use of resources by citizens and sharing organizations.

**Best practices:** Often, the best way to foster high capacity within sharing economy organizations is to ensure that they compete for business in a fair and balanced marketplace with other organizations that are providing comparable products and services. Governments and regulators can ensure fair competition by developing rules and regulations that create a level playing field for all actors in the market. For example, the City of Toronto decided to revise taxi regulations at the same time as it created regulations for ride-sourcing

companies, thereby providing it with an opportunity to ensure a level playing field for taxis and ride-sourcing companies at the same time. Governments can also use sharing economy approaches to boost their own capacity or the capacities of their communities in ways that align with their own priorities. This can be achieved by governments creating their own platforms to enable more efficient use of their own or local resources, collaborating with an established sharing economy organization to create a platform, or fostering the emergence of local sharing economy organizations.

## IX. Competence

*Responsible and effective decisions and activities that reflect the needs and interests of affected communities are supported by the knowledge, skills and attributes, and education, training, and experience that are required.*

**Challenges:** Many new sharing economy firms are entering markets that governments have traditionally regulated heavily. The arrival of sharing economy platforms has enabled users to avoid much of this regulation altogether. Although this has resulted in improved efficiency in many cases, it has also increased the risk that some users may engage in activities without the requisite knowledge, skills, or training to do so competently. A common challenge is:

- **Insufficient provider training:** When service providers avoid training requirements provided by sharing economy platforms, it can compromise the safety of both consumers and providers. Due to lack of training or understanding on the part of providers, other obligations, such as tax collection and remittance, can also be missed.

**Best practices:** To ensure that new entrants into formerly highly regulated marketplaces possess sufficient competence, governments should proactively take creative measures such as partnering with platforms to educate providers and providing support to emerging platforms so that they develop collaboratively within the governance regime established by governments and regulators.



*“Governments can play a key role in creating an enabling environment.”*

## X. Continual Improvement

*The decisions and activities by which customers' and others' needs are met are continually undergoing improvement.*

**Challenges:** One of the opportunities offered by highly digitized economic sectors, such as the sharing economy, is rapid iteration and development of new products and services. By adopting a proactive and flexible approach, governments can play a key role in creating an enabling environment for progress of this type; equally, by adopting a rigid and reactive stance, they can stand in its way.

Common challenges include:

- **Barriers to innovation/reactionary approach:** A major barrier to ongoing innovation in the sharing economy forms when government focusses its energies on reacting to disruptive global platforms, rather than engaging positively to develop initiatives that benefit local residents.
- **Limited use of valuable data:** The inability to make full productive use of the exponentially increasing amount of data that digitization and sharing economy services are making available is a significant barrier for governments in ensuring continual improvement of services, both within the sharing economy and in the wider context.

**Best practices:** Instead of waiting until a crisis erupts, governments can foster a more productive and beneficial sharing economy by adopting a flexible and proactive approach. For example, some cities have developed sharing economy action plans or strategies. Others have invested in research on sharing to advance their goals of increasing sustainability and social connectedness. Governments may also model positive approaches by practicing openness in their own activities to enable productive sharing. They can do this through sharing of resources and data to promote social and policy innovation. For example, the City of Seoul has created an “Open Data Plaza” to share valuable data publicly as a means of fostering social and business innovation.<sup>6</sup>

## Pilot Project Description

CSA Group collaborated with associations and policy makers in the 3 global cities (Amsterdam, Toronto, and Tokyo) to conduct a pilot project. City of Guelph was also part of the pilot project but the pilot did not involve in-person meetings; the analysis was done through the available documentation. The purpose of this pilot project was to validate the practicality and adaptability of the IWA 27 principles and the best practices developed in this report.

The methodology included a detailed review of the 10 fundamental principles and best practices and

<sup>6</sup> City of Seoul. “Disclosing public data through the Seoul Open Data Plaza”. <http://english.seoul.go.kr/policy-information/key-policies/informatization/seoul-open-data-plaza/>

comparison against the identified cities' existing regulations, policies, and/or guidelines to identify gaps, and to obtain feedback on the research results. A summary of gaps identified as recommendations were provided to the cities for consideration as part of their sharing economy framework. The pilot project outcomes provided a good evaluation of each cities' respective sharing economy governance frameworks as well as the initiatives taken to advance goals such as economic development and sustainability.

## Conclusion

The emergence of the sharing economy has produced a series of exciting opportunities for businesses, governments, and non-profits around the world, as well as a number of difficult challenges. The main purpose of the best practices highlighted in this report is to help stakeholders seize opportunities and overcome challenges and, in so doing, maximize the potential of the sharing economy for the benefit of citizens.

Research outcomes and pilot projects conducted with various cities found that applying the 10 fundamental principles listed in IWA 27 would provide significant ideas for governments to engage more positively with the sharing economy. The best practices identified include examples of how diverse public and private sectors, non-profit organizations, and jurisdictions around the world have taken steps to respond to the implications of the sharing economy. The results of the research project provide guidance on implementing the IWA 27 principles

and present new insights and recommendations on successful governance measures that do not fit neatly under the existing IWA principles, but remain valuable to help governments engage more positively around sharing economy realities. These include examples of collaboration and knowledge sharing among cities, initiatives to encourage sharing innovation, and using government as a platform to integrate sharing services to improve efficiency.

The research undertaken for this project found that in order to create a healthy sharing economy, all stakeholders, including governments, businesses, and non-profits, must work together to develop relevant and timely systems of governance. Furthermore, the inclusion of all citizens in policy development processes and the creation of transparent feedback mechanisms are essential to drive continuous improvement and increase acceptance of sharing economy initiatives.

The examples set by the cities who were part of the pilot, have proven that the principles and best practices are easy to adapt and implement in their own sharing economies. Due to the customizable set-up of the principles and best practices, other global jurisdictions should proactively consider adopting these principles and best practices to meet their specific visions and strategies. In addition, broad uptake of these best practices will enable a comprehensive and consistent approach to addressing the novel challenges associated with the rapid rise of the sharing economy.

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## CSA Group Research

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In order to encourage the use of consensus-based standards solutions to promote safety and encourage innovation, CSA Group supports and conducts research in areas that address new or emerging industries, as well as topics and issues that impact a broad base of current and potential stakeholders. The output of our research programs will support the development of future standards solutions, provide interim guidance to industries on the development and adoption of new technologies, and help to demonstrate our on-going commitment to building a better, safer, more sustainable world.

