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## Setting the Stage of the Sharing Economy: The Case of Bulgaria

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## Abstract

Over the last decade, the phenomenon called collaborative economy or sharing economy gained significant dimensions and crossed many sectors of economic and social life, creating new business models. Despite the growing interest, there is no single concept for its definition, manifestations, impacts and business models, while at the same time, digital platforms have allowed its sophisticated development. The seen emergence of sharing economy in Bulgaria brings out the need to study the phenomenon at the national level, its context, development, stakeholders. The aim of this chapter is to shed light on the main manifestations and regulatory issues of the sharing economy in Bulgaria and to discuss its stage of development critically. The first part starts with a review of definition aspects and academic conceptualisation of the sharing economy and key issues. In the second part, aspects of the context and manifestations in the development of the phenomenon are discussed. Then, looking at several national examples of market players, an attempt is made to present the sectoral scope of the sharing economy and its development and to highlight the active stakeholders in the market. The study concludes with a discussion on the policies to be developed at the national level and future research to be carried out in order to catch the potential opportunities and overcome potential barriers.

**Keywords:** Sharing Economy, Context, Regulation, Policy, Impacts

## Introduction

Sharing is not a new phenomenon—people shared their goods with their family, friends, and neighbours since they started to live in communities (Belk 2014b; Schor 2014). Renting rooms and other accommodation for holidays, especially in coastal areas in Bulgaria, has been a very well-known and well-established practice since the years of socialism. It is still offered, but much less due to the rapid development of the tourist accommodation infrastructure in Bulgaria after 1990 and especially in the first two decades of the 21st century. The cooperatives as a form of organization of work and exchange are also well-known from the period of socialism. Thus, the sharing economy is not a new phenomenon in Bulgaria, but it gained new connotations with the development of Internet platforms where these activities are carried out through modern digital and sometimes sophisticated solutions. The interest in this business model in the country is growing both from the providers and from the consumer side. A few international platforms are operating actively in the market; new local ones are constantly soaring, some others have already been declined. The absence of any national policy presently should not be seen as a barrier but a signal to create one. Elaboration of a strategy that can turn the weaknesses into strengths and the threat into opportunities is crucial for the further profitable expansion of the sharing economy in the country. Despite the surge of interest for sharing economy business models in Bulgaria across a number of sectors, there is a lack of research on the phenomenon and still not enough knowledge about the concept, its manifestations, and impacts. The aim of this study is to stage the development of the sharing economy in Bulgaria through attempts to reveal the main issues concerning the regulations, market players and business models, stakeholders, positives impacts and potential barriers.

## Definition

The phenomenon of the “sharing economy” has changed people's habits, the way they move, eat, pay their bills or work. However, there is no consensus yet among academics and practitioners on the term “sharing economy.” One of the reasons is its novelty status and lack of common concept but also its large impact on different aspects of our life and the policy, economy, society, environment (Frenken and Schor 2017) and the variety of business models and organization of its activities. The sharing economy reduces damage to the environment by spending resources responsibly through efficient utilisation of physical assets and facilitates new social contacts (Botsman and Rogers 2010; Martin 2016). This type of collaboration can create innovation, jobs, and community (Krueger 2012); sharing could bring people together and stimulate social cohesion in neighbourhoods (Agyeman and McLaren 2015). Quite often, it is defined as an economy where the owners of assets that create a service connect with consumers of that service through online sharing platforms and perform market transactions (Kim 2019).

There is no official definition of the term “sharing economy” in the Bulgarian legal and economic space. The term is present in the media, but occasionally, more often between the people and the businesses, the blogs, and social networks. The term tends to be used closely with collaborative economy, platform economy, gig economy, but there is no consensus on the term that best describes the sharing economy. The term used more often is “sharing economy” (“икономика на споделянето;” in Bulgarian: “ikonomika na spodelyaneto”), rather than “collaborative economy.” Too

often, the term is also used in English. It can be assumed that the current development of the phenomenon in the country is in line with the official definition of the European Commission (2016), where the term "collaborative economy" refers to "business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals. The collaborative economy involves three categories of actors: (i) service providers who share assets, resources, time and/or skills—these can be private individuals offering services on an occasional basis ("peers") or service providers acting in their professional capacity ("professional services providers"); (ii) users of these; and (iii) intermediaries that connect—via an online platform—providers with users and that facilitates transactions between them ("collaborative platforms").

## Key Questions

There is no doubt that the sharing economy has paved the way for extremely powerful technological innovations, especially in selected sectors. The business models of the sharing economy satisfy customers to some extent, encourage entrepreneurship, reward investors. Alternatively, the lack of sufficient and appropriate legal, tax, and social regulations hinders the construction of sustainable organizational structures and can lead to the disruption of some sectors of the economy on an unpredictable level. Already the sharing economy is not only linked to B2C but to B2B models where two or more businesses are engaged, and thus, it is transforming society and industry. The phenomenon is flourishing through the Internet and digital platforms, but the question of whether it will contribute to the digital agenda of the country is important for building policies for its development. These issues are not yet well understood by all the stakeholders on the Bulgarian market and are the greatest challenge the sharing economy and the platform businesses, in general, are facing nowadays. Regulation of the sharing economy business models is another great challenge. Problems with state regulation can be linked to high costs for the implementation of regulations on the one hand and to what extent they will be applied on the other, even if the regulator acts entirely in the public interest (Nikolova 2016). Due to the so-called reputation systems, the costs of private regulation are far lower. According to Nikolova (2016), the most progressive-minded regulators in the world are keen to adopt the approach of sparing and encouraging public regulation of these business models, which also takes into account the existence of private regulation. This includes the refusal to regulate in certain cases—especially when services are provided by individuals (not businesses), irregularly and in small volumes.

In general, the business organizations in the country support the need for prominent and adequate regulation of the sharing economy business models and wish to participate in improving the legal framework, but fear that this change will cause serious damage to businesses, related industries, and many people in the country. Regulations are needed for platform workers, their rights, and obligations.

Apart from the lack of specific measures to regulate or promote this business, no matter how easy it is to start a business in Bulgaria, the insecurity that exists around electronic platforms also creates uncertainty in the development of the sharing economy business. While there are some concerns about the sustainability of the business models of the sharing economy, the predominant understanding is that Bulgaria must create a business that supports its development and creates new jobs and new sources of employment and income. The favourable milieu for sharing economy will

contribute to the transformation of targeted sectors and the reshaping of conventional services into digital ones.

## Examples

Although there are several very large and very active international players in Bulgaria that shape the market for services in the sharing economy (e.g., Airbnb and Couchsurfing), local initiatives are emerging and can be found in different sectors such as accommodation, transport, crowdfunding, shared workplaces, talent sharing, and some local examples will be given.

### Spark ([www.spark.bg](http://www.spark.bg))

SPARK is the first Bulgarian car-sharing service—a new generation service that allows finding and renting an electric vehicle (or scooters) through mobile phone regardless of the duration of the usage, for 15 minutes or a few days. The mobile application, which was launched in October 2017 with 25 electric Volkswagen e-Ups, nowadays is widely known for its large fleet of zero-emission and noiseless vehicles. Spark is the first company offering entirely electric cars and environmental solutions for mobility and self-driving in Sofia. The cars are characterised by an easy to use system, which in combination with the company's new cars, elegantly and with respect for the environment, allows users to reach the desired destination.

No charging costs, no parking fees, flexible parking, and eco-friendly are some of the benefits provided by Spark's service. The service is welcome mostly by young people age between 25–40; almost 50% of the customers in Sofia are women. Spark is already in Lithuania and Romania and plans to enter another new international market in 2020 and has almost 70,000 customers.

### TAXIME ([taxime.to](http://taxime.to))

The company is one of the most successful Bulgarian start-up companies. It started five years ago and has built a network of over 350,000 customers with 3,500 taxi drivers in Sofia. The main slogan of the company is "Travel Nice." TaxiMe guarantees a strict selection of inputs and continuous evaluation by the team involved in providing the service. The quality of services stands high on the company agenda. The company applies specific criteria for the selection and evaluation of human resources and quality assurance as well. In 2015, TaxiMe received three of the Forbes Bulgaria awards in the categories "Most Successful Starting Business," "Most Innovative Start-up Business," and "Best Mobile Solution." The company uses an innovative electronic ride payment service, which requires a one-time registration of a bank card in the application. After the registration, it continues to serve as a means of payment for any subsequent voyage that can be paid electronically.

### Zaednonapat ([www.zaednonapat.com](http://www.zaednonapat.com))

Think green, travel! "Together on the Road" is a shared travel platform providing free search and posting of ads by registered users. The ultimate goal of sharing travel is to enable fuel cost-sharing while helping to reduce traffic and emissions. In addition to this, a shared journey could also become a way for new dating and friendships.

In its continuing pursuit of supplying better and more affordable services to its customers, the "Together on the Road" platform added the ability to search for an alternative in terms of shared travel transport. Thanks to its friends from

bgrazpisanie.com, the available bus and rail timetable data can be visualised as a result of searching for shared travel ads. Thus, looking for an advertisement for a specific destination, users are able to both compare the prices of published shared trips with those announced by bus and train carriers and to find out about their schedule. Additionally, the user can view the details of the specific trip.

### Co-Working Bansko ([www.coworkingbansko.com](http://www.coworkingbansko.com))

Co-Working Bansko was established with a mission to become a home for digital nomads, freelancers, and entrepreneurs. Located in the most famous winter resort Bansko, the company became a social, exciting, and engaging co-working space within the country. The philosophy of Co-working Bansko is to be more than a space to work. It is a hub for anyone who needs to enlarge his network for business possibilities; it is a place that inspires and develops an entrepreneurship mind. It generates creative and innovative solutions to expand businesses. The company has a "Nomad in Residence" program where volunteers can stay with Co-working Bansko for one month for free in exchange for about one hour per day of their time. They should work out of the co-working space during the day to connect with the community and learn from them. This is a diversity program that helps the company to keep its community healthy, so they welcome volunteers who have creative skills (art, interior design), those who can help with social media and content marketing, although everyone is welcome.

### Myeducationclub ([www.myeducationclub.com](http://www.myeducationclub.com))

Myeducationclub.com is the first of its kind social network for education in Bulgaria, which allows each user to share its knowledge and skills with other people with similar interests. The platform is more targeted at older people who are motivated to develop new skills to become competitive. Knowledge can be shared, both from traditional educational disciplines such as mathematics, history, geography, Bulgarian language, as well as in non-formal fields of knowledge such as cooking, playing a musical instrument, sewing, embroidering or chess (<https://expert.bg/Bylgari-sydzadoha-platforma-za-spodeleno-obrazovanie-740152.html>, 2019). The first shared learning network in Bulgaria is available in Bulgarian and English. It practically combines the most promising web technologies in the field of social networks with the centuries-old traditions of mutual learning methods of education, known since the renaissance. In practice, a whole new sub-segment called "shared education" has been created since its launch. To facilitate the rewards of knowledge sharing, the project also introduces its own internal virtual currency (token), which is accumulated in the account of users who actively share their knowledge.

### Dressmania ([www.dressmania.bg](http://www.dressmania.bg))

Unique for the Bulgarian market subscription service for renting clothes, shoes, and accessories is offered by the online shop Dressmania.bg. The site has existed since 2008 and is distinguished by quality products from European suppliers and a high-level of customer service. The novelty is that the users of the fashion website can rent any one of its items at a fixed monthly price and thus maintains their style always modern and diverse. Anyone who wants to rent clothes, shoes, or accessories can do it quickly and easily. The consumer needs a suitable plan that includes a monthly rent of 4, 8 or 12 products. The tenant receives the selected products against payment of a deposit and a monthly fee. Otherwise, the customers of the rental service do not have to

accumulate unnecessary clothes in their wardrobe. Thus, the sharing model could reduce consumerist impulses.

## Context

Issues about data protection of the customers and the providers are of great importance for the platform work. In Bulgaria, these rights are governed by the Personal Data Protection Act (01.01.2002, last amendments February 26, 2019). For the time being, there is no special attention given in the Personal Data Protection Act to the platform workers and the clients. The regulations about the legal status of the sharing economy firms and the labour market pressure are other issues that have been mostly on the minds of politicians and the labour syndicates over the last two years.

In the last 4–5 years, Bulgaria has been facing a boom in short-term rental and demand for apartments through electronic platforms. Apartments and guest houses, according to the Tourism Act (TA), are tourist sites of class “B” and, as such, are subject to categorisation (Article 119 of the TA). Currently, the law allows the activity to be carried out by persons who are not registered under the Commercial Law, so to have a hotel business in a guest house or apartment as an individual, without a company and commercial accounting. The rooms or guest houses to be rent out through sharing platforms must be part of the inhabited by the owner residential building (Article. 113 of the TA).

Among the senior politicians in the ruling majority, there is an understanding that the sharing economy services run in breach of the Tourism Act. Almost without any public discussion, new amendments to the Tourism Act were adopted by the parliament at the end of November 2019, according to which renting apartments and rooms through platforms such as Booking.com, Airbnb, Expedia, and Facebook groups will be only possible if they are registered under the Tourism Act. The aim is to create conditions and prerequisites for compulsory compliance with the legislation in the economic activity, in particular in the field of tourism, to ensure equal treatment of different providers of tourist services, to be able to trace the economic results, to have a guarantee of consumer satisfaction is stated in the motives of the proposers then. December 18th, 2019, the Bulgarian Parliament adopted a new decision to take in force as from January 1st, 2020, which is that the owners offering through platforms such as Airbnb, Booking.com will pay a patent tax.

Much more radical measures were taken when the car-service platform Uber first launched in Bulgaria in 2014 (Gavrilov 2015). The platform provoked huge public discussion, opening again the question of offering some entirely shared products vs commercialised model, using the status “sharing service,” and met severe opposition from taxi drivers and state institutions in the country. The Commission for Protection of Competition (CPC) in Bulgaria came up with the decision that the company was acting unfairly by setting a price tariff and specific criteria for the vehicle and the driver, while the vehicle-sharing platforms only connect the passenger and the driver. In addition, the use of the Uber mobile app was not free for drivers. By decision 540 of June 30, 2015, the CPC found that Uber B.V. and Rasier Operations B.V. violate bona fide commercial practices because of contradiction with the legal regulations governing taxi transport and create conditions for circumvention of the law. At the end of 2018, the EU Court ruled that Uber is a transport service and finally suspended Uber’s activity on the Bulgarian market.

For the time being, the taxi-like platforms create a big challenge in Bulgaria not because the people do not like to use this service but because of unfair commercial practices. In 2019, another transport sharing platform stopped running, the Russian Maxim company.

## Developments

The sharing economy will grow at double-digit rates over the next 10–12 years (Osztovis et al. 2015), and from a 5% share in 2013, it should account for about 50% of the global gross domestic product in 2025. There are no official figures about the growth of the sharing economy in Bulgaria, but there are several sectors where sharing economy manifests itself strongly. The two pioneers of the sharing economy, now global giants—Airbnb and Uber—were among the first well-established companies on the Bulgarian market. While Airbnb is still well-doing, the case of Uber, as seen above, is over. At the other end of the arena, many small start-ups flourishing in different niches—short-term rental of rooms, apartments and other real estates, tourism and shared travel, education and training, trade, long-distance carpooling services, selling home-made goods, shared co-working spaces, parking spaces sharing, events, crowdsourced delivery networks, lending platforms, crowdfunding real estate investment etc. As far back as two years ago, Airbnb hosts offered more beds than all the hotels in Sofia, and at the time, over 300 users have signed up for the platform with two times increase in rental growth from January 2017 to the end of 2019, according to the statistical data ([www.airdna.co](http://www.airdna.co)). The numbers for Plovdiv, Burgas, and Varna are similar, and in the summer, the offers for the Black Sea coast are significantly rising.

A recent study shows that although the rate of growth of international tourists in the capital Sofia is moderate-higher compared to other more popular tourist cities in Europe, the manifestations of Airbnb are similar to those in other destinations (Roelofsen 2018). However, the same study reveals a specific pattern for Airbnb in Sofia as a post-socialist city—the offers are mainly in those areas that have undergone processes of gentrification and where are located most tourist attractions and officially registered accommodation. The transport sector for shared services is less represented in the country compared to the accommodation sector.

Airbnb, Booking.com, Expedia, Flat way, Rentbyowner, HomeAway, and Facebook groups are among the active short-term rental platforms operating in the Bulgarian market. In parallel, there are a number of well-established process management companies in the short-term rental market that partner with these platforms, such as Flat Manager ([www.flatmanager.bg](http://www.flatmanager.bg)). Its philosophy relies on the understanding that the successful renting out of a property on short-term rental platforms depends not only on the quality of the individual activities but also on their consistency and synchronisation. For this reason, they only offer one service package that includes all and costs 25% of the revenue generated.

A newer trend is the peer-to-peer workspaces and offices—the owner or tenant offers others to share working space. Even more often, empty industrial buildings are provided for concerts, theatrical productions, and exhibitions. The co-working spaces have a significant impact on other industries such as the event industry, IT and are changing the way they perform. They have the mission to accelerate the global workforce adoption of co-working through discovery, bookings, and frictionless access.

37 actively functioning co-working spaces are only in Sofia ([www.coworker.com/search/sofia/bulgaria](http://www.coworker.com/search/sofia/bulgaria)).

An interesting platform has been successfully developed in the financial sector Klearlending ([www.klearlending.com](http://www.klearlending.com)). Klearlending is a combination of P2P lending and free financial education. Klear is an innovative FinTech company and was named The Best FinTech Start-up in Bulgaria at the Central European Start-up Awards 2017.

End of 2019, StudyHub Bulgaria, the first of its kind shared learning space in Bulgaria, opened its doors ([www.facebook.com/StudyHub-Bulgaria-2141246312824249/](https://www.facebook.com/StudyHub-Bulgaria-2141246312824249/)), Students from two Sofia universities initiated this 24/7 learning space. It is located in the Sofia Student's town—Studentski grad, there is no day off, working conditions for disadvantaged people are provided. It has its own library of specialised scientific and fiction literature from private donations, companies and non-governmental organizations. Additionally, soft skills training, career preparation is delivered, and the hub follows the trend of adaptive and flexible non-formal education to meet the needs of new generations. This is the first step towards a change in higher education from the inside out to the practical sharing of knowledge (Georgieva et al. 2019).

Educational cooperatives are also functioning successfully in the country, opening home schools (Hristova 2016). As platform businesses evolve, like others, there are successful platforms that have left the market or ceased operations. The first Bulgarian online farmer's market, Farmhopping (since April 2014), was among those that “closed the doors” in 2019, but only two months later managed to restart its activities successfully.

A 2016 Flash Eurobarometer 438 survey showed that in Bulgaria, similarly to Sweden, the collaborative platforms are cheaper or free (European Commission 2016). The study reveals that 26% of the Bulgarians, compared to 41% average in European Union (EU), don't know who is responsible in case of a problem arising in sharing economy businesses; 26% (28% in EU) are not trusting the Internet transactions in general; 26% (27% in EU) not trusting the provider or seller; 25% (17% in EU) are disappointed because the services and goods do not meet their expectations; 36% (27% in EU) are disappointed because the services and goods do not meet expectations. One of the main problems of collaborative platforms in Bulgaria and Austria (both 36%) and in Latvia (41%); 25% (17% in EU) not having enough information on the service provided.

In 2017 in Bulgaria, 12.1% of people using the Internet in the past year have rented a home from another private person through sharing accommodation platforms such as Airbnb or social networks ([www.nsi.bg](http://www.nsi.bg) 2017). The relative share of those who benefitted from the offer of shared travel is smaller (3.9%).

According to Flash Eurobarometer 467 (European Commission 2018), Bulgaria and Portugal are the countries with the lowest proportions of users of services via collaborative platforms (both 17%). 62% of the interviewed have used a service offered via the collaborative platform in the accommodation sector (i.e., renting an apartment), 38% in car-sharing, 37% food-related services, 24% household services (gardening, repairs, childcare, etc.), 18% professional services (IT, accounting etc.) and only 3% (8% in EU) in collaborative finance (e.g., peer-to-peer lending or crowdfunding). While 74% of the respondents see the advantages of using collaborative platforms compared to traditional channels as more convenient access to services, in the availability of ratings and reviews by users (63% of the respondents) and many other, 57% of them upon their personal experience consider the lack of clarity about who is responsible in



case of problems arising and 35% are not trusting the providers of services offered via collaborative platforms.

The new Sharing Economy Index of the Swedish free-market think tank Timbro ranks Bulgaria in 63rd place in the world out of a total of 213 countries and territories (Bergh et al. 2018). Sharing economy is larger in countries where more people have access to high-speed Internet, but the development is not depending too much on the level of regulations as previously thought, according to the Timbro Sharing Economy Index report (Dildy and Olafsson 2018). The same economic indicators for freedom that favour the development of the traditional economy also matter for the size of the sharing economy, the report reveals. On the other side, it was found that social trust is not related to the use of sharing economy services which do not support the popular notion that the sharing economy depends on high levels of social trust outside the platform. An alternative hypothesis assumes the companies in the sharing economy have found ways to facilitate trust intensive transactions also where social trust is low.

## Issues

The Bulgarian government is rather passive or neutral for the time being regarding the regulation of the collaborative economy and to develop a business environment that encourages this economy, and this is one of the reasons for the slower rate of development of the SE (similar to Slovenia (European Commission 2018)). No special support measures have been identified in the country, and no studies have been commissioned by the government on the sharing economy until the end of 2019. There is also no official data regarding investment activity in the context of the sharing economy. In places where the government is rather neutral, and the business environment is not an encouraging one, the collaborative economy (Bulgaria, Slovenia) seems to be developing at a slower rate” (European Commission 2018). Despite the surge of sharing economy initiatives across sectors, there is no official government commissioned study to date. It can be assumed that the government of Bulgaria will develop and propose other initiatives covering business models of the sharing economy in different sectors and in terms of working across platforms as a whole.

Online platforms are key drivers of innovation in the digital world, and their success is closely tied to the success of a range of businesses that use platforms to reach customers. Platforms allow especially smaller businesses to extend their operations beyond their home state, catering for consumers across the entire Single Market. More and more people in Bulgaria are open to working as freelancers, digital nomads or providing services through platforms.

The topic of undeclared work, however, is not solved, and it is often on the debate on a national scale. In September 2018, a national conference, “Informal economy and undeclared work—international, European, and national dimensions,” was organized by the Bulgarian Chamber of Commerce and Industry (BCCI). The participants from the institutions, social partners and non-governmental organizations raised the concern that the informal economy and undeclared work bring losses to everyone. It appeared that the losses are firstly for the workers themselves who can now be happy to have more money (income at disposal) because of unpaid taxes and social security contributions, but in the future, their benefits and pensions will be on the brink of survival. On the other hand, huge losses for the society as a whole can be observed, as reduced tax and social security revenues limit the state’s ability to invest in vital

public systems such as health, education, social welfare. This issue remains a great challenge for the stakeholders in the country.

Other challenges are linked to the protection of the consumers to raise their trust in using collaborative services, trust in the online booking process or payments and of course, to overcome the deficit of technical knowledge about how to use collaborative platforms. Upon resolving these issues, the economic, social, and community impacts of the sharing economy business models would be more understandable.

## Other Major Players

Although no specific legislation has been adopted effectively in Bulgaria to cover issues related to the sharing economy and platform business, the largest business organizations in the country and the trade unions are aware of the strong need to create a harmonious environment for the development of the sharing economy innovative business models. The Bulgarian Industrial Association ([www.bia-bg.com](http://www.bia-bg.com)) and the Bulgarian Chamber of Commerce and Industry ([www.bcci.org](http://www.bcci.org)) initiated debates on sharing economy tackling another key issue, i.e., to identify the motivations the people and the business entities to be involved in the platform operations and thus to discover the potential of platforms owners and sharing economy start-ups and to deliver effective support services to boost their development and achieve benefits. The Bulgarian Industrial Association initiated a campaign focusing on the support to the collaborative economy where these issues are raised. The running project SharON in collaboration with five partner countries (Bulgaria, Estonia, Italy, Poland, and Slovakia, [www.sharedeconomy.eu](http://www.sharedeconomy.eu)), aims to identify innovation and technology-oriented SMEs that work or wish to work within the sharing economy. Through identification of the potential and needs of platform owners and start-ups, appropriate support programs will be elaborated ([www.bia-bg.com/event/view/24832/](http://www.bia-bg.com/event/view/24832/)).

The Bulgarian Start-up Association (BESCO) is a non-governmental organization that acts as a bridge between start-ups, private and institutional investors, the government, and other stakeholders in the innovation industry caring about the establishment of the best ecosystem for the sharing economy businesses. BASSCOM is the industry association of leading Bulgarian software development companies. Its mission is to promote competitive advantages and long-term traditions in software development as well as to encourage acquisitions of best practices to raise company excellence. BASSCOM is a part of the EU Digital SME Alliance and contributing to the digital industry aiming at a friendly milieu for sharing economy activities.

## Future Directions of Research

The development of the sharing economy will continue to challenge the Bulgarian economy similarly to a European one. The study showed that targeted studies of the impacts, understanding, and evaluation of its social, economic, environmental and community impact and especially in small settlements with the help of specific indicators, are needed, and also its manifestations and specific consequences. Furthermore, the evaluation of policy impacts and gaps will raise what gaps in policies need to be filled to ensure the innovation potential of this business model are. The conclusions of such analysis will allow outlining the opportunities for the development of the collaborative economy in Bulgaria, and on the other hand, to bring out the key

challenges arising from its development. No profitable surge can be predicted without clarifying the sharing economy contribution to the digital agenda and knowledge society. Then research on which role the government should play in the development of this economic model should be performed so that the sharing economy innovates the public sector and what the role of co-working entrepreneur is in these transformations?

There is also a need for research to shed light on the risks of side effects and subsequent errors to further strengthen the perceived values and avoid potential barriers. A large survey regarding the experience of both consumers and suppliers is more than a must to help elaborate respective policies. Future research should also evaluate its impact on urban development, hardly affected by short-time renting accommodation and identifying possible alternatives to the current sharing platform on the market.

## Summary

The chapter contributes to understanding the stage of development of the sharing economy in Bulgaria as a vital aspect of social, economic, and political life. The study reveals that the palette of shared goods and services on the market is not constant over time and moves elegantly from sharing goods to close friends and colleagues through carpooling and more sophisticated co-sharing working spaces and talent, crowdfunding and others. The list of major international sharing platforms is filled with more and more outstanding local-born business models and brands. Some locally created sharing platforms already ceased operations, others restarted again, and some are already operating in foreign markets. The phenomenon is flourishing through the Internet and digital platforms, but the question of whether it will contribute to the digital agenda of the country is important for building policies for its development. These issues are not yet well understood by all the stakeholders on the Bulgarian market and are the greatest challenge the sharing economy and the platform businesses, in general, are facing nowadays. The perception is that the business model-based on the sharing of assets, belongings, money, services, knowledge etc., will continue to develop and grow exponentially unless any emergencies may strongly affect or threaten its functioning, as well as endanger the security of users and service providers.

Some of the positive effects of the sharing economy that have been identified and portrayed with the present study are linked to creating new opportunities for business and for the young and old people in cities and also in small communities around the country. Nevertheless, the study also raises concerns and questions about how it is possible for the sharing economy to develop on its own without any policy, regulatory framework, lack of strategic vision in a milieu of difficult to find reliable information on its development. However, the bubble may burst and blur the positive effects of this collaborative model of business. In order to meet the challenges and benefit from the opportunities of the sharing economy, firstly, the Bulgarian government must commission a report to evaluate the dimensions and the economic, social, environmental and policy impacts of the sharing economy platforms in the country. Further, to develop policies and measures specifically focused on issues related to legal regulations, taxation, competition, and social protection of workers in the sharing economy. The role of government and municipalities in the development of sharing economy in Bulgaria is minor, but the absence of any national policy presently should not be seen as a barrier but a signal to create one. Elaboration of a strategy that can

turn the weaknesses into strengths and threats into opportunities is crucial for the further profitable expansion of the sharing economy in the country. Creating a favourable environment for the collaborative economy will allow a number of asset and service sharing initiatives to take place, which can be expected to promote entrepreneurship, to grasp the opportunities, increase employment and address other social issues, waste reduction, welfare improvement, and improve the image of Bulgaria as a collaborative economy.

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