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Trajanov, Dimitar and Angelovska, Julijana and
Mihajlovska, Tamara and Poprizova, Marija

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The Potential of the Sharing Economy in a Developing Country: The Case of North Macedonia

Dimitar Trajanov

Faculty of Computer Science and Engineering
ss "Cyril and Methodius" University
Skopje, North Macedonia
dimitar.trajanov@finki.ukim.mk

Julijana Angelovska

Faculty of Economics
University of Tourism and Management
Skopje, North Macedonia
juljana.angelovska@yahoo.com

Tamara Mihajlovska

Faculty of Computer Science and Engineering
ss "Cyril and Methodius" University
Skopje, North Macedonia
tamara.mihajlovska@students.finki.ukim.mk

Marija Poprizova

Faculty of Computer Science and Engineering
ss "Cyril and Methodius" University
Skopje, North Macedonia
marija.poprizova@students.finki.ukim.mk

Abstract

The growth of the sharing economy is important for developing countries because it creates value, economic growth, technological innovation, environmental sustainability, and social inclusion. Macedonian citizens have a long tradition of sharing things between friends, relatives, and neighbours. However, the new concept of sharing economy that enables strangers globally to share goods and services is still not developed and used by the Macedonian citizens. The goal of this study is by empirical analysis to give the state and potential of the usage of sharing economy by Macedonian citizens from the perspectives of providers and consumers. The results of the observational study and survey address future actions to boost the development of the sharing economy.

Keywords: Sharing Economy, Collaborative Consumption, Sustainable Growth, Developing Country, North Macedonia

Introduction

Even though Macedonian citizens have a culture of sharing stuff between neighbours and friends, the sharing economy is a new concept that enables strangers to share cars, homes, food; still, it is not developed and used by the citizens. As it is a new phenomenon grounded on an old aspect of sharing, considered as the privilege of family, relatives, and friends, there is a need for differentiation of both. In this context, (Belk 2014) distinguishes two types of sharing: “sharing in,” which takes place within the family or friends, and “sharing-out,” when sharing involves deciding something between strangers. What distinguishes the new sharing economy from the old is the appearance of the platform at the very heart of the transaction. What used to be a two-way transaction has become a three-way transaction with a digital platform as an intermediary.

The sharing economy creates substantial value and promotes economic growth, technological innovation, environmental sustainability, and social inclusion, factors central to the United Nations Sustainable Development Goals (SDGs). In this context, the sharing economy is of particular interest because, in contrast to many other sustainable innovations, specific sharing economy sectors are scaling up very rapidly.

As the sharing economy is enabled by ICT, the main preconditions for participation are Internet penetration 81.4% in 2019 (State Statistical Office 2019) following by the number of social network users, 52% of the population have a Facebook account (Napoleon 2019) and mobile phone users 95% in 2018 (Manchevski 2019). According to the “Timbro Sharing Economy Index (TSEI)” (Bergh 2018), the first global index of the sharing economy, the Republic of North Macedonia, is ranked at 67th place in a list of 213 countries. TSEI for the Republic of North Macedonia in 2018 is calculated as 4.7 points, considering the highest value of this index to be 100 and the lowest one to be 0. Another indicator the local presence of the global sharing economy platforms, from which only Airbnb is present on the Macedonian market, but not the other global platforms such as Uber or BlaBlaCar, for example. There are domestic platforms that offer various kinds of products and services, but only locally.

North Macedonia, as a developing country, still faces problems in doing business in a traditional sense. However, business models of shared economies provide opportunities that can avoid many of these problems as they usually need less capital

investment, can benefit from peer or crowdfunding models, and it is easier to overcome management and regulatory issues. Having all this in mind, there is significant potential for the development of the sharing economy in North Macedonia.

Definition

The sharing economy is a broad concept that lacks a clear and commonly shared definition. It is sometimes referred to as collaborative consumption (Botsman 2013) or access-based consumption (Bardhi and Eckhardt 2012), or the commercial sharing system (Lamberton and Rose 2012). What is common among these terms is the emphasis on the efficient use of slack resources and how collaborative forms of consumption can be beneficial both for individual users and for society as a whole.

Sharing and collaborative economy as rather a new phenomenon in the Republic of North Macedonia is used as synonyms, and still, there is no official definition of the concept. In the Macedonian language, the term “споделена економија (spodelena ekonomija)” is rarely used, instead of that the English word “sharing economy” is usually used in regular communication.

Key Questions

Considering that sharing economy creates substantial value and promotes economic growth, technological innovation, environmental sustainability, and social inclusion, developing countries need to adapt and support this new economic model. The empirical analysis in this research addresses two main questions:

- What is the current state of sharing economy offerings of goods and services in North Macedonia?
- What is the level of awareness for the usage of sharing economy in North Macedonia?

Analysis towards answering these questions is important to allocate the current state of offer and demand for sharing goods and services. Further on, to enable further growth, it is important to postulate additional questions.

Education of citizens and promotion of the sharing economy in Macedonian society might help, but there are other questions towards government:

- How can the government help develop this emerging industry on the official level, in the direction of sustainable use of the local resources?
- Is a legal framework for P2P networks (e.g., distributed ledger technologies) necessary?
- How should Macedonian consumers be protected in the platform economy participation?

Examples of the Sharing Economy

The examples of the sharing economy in North Macedonia can be found in different industries from home, transport, education, finance, tourism, manufacturing, etc. Also, there are a lot of Facebook groups where users can negotiate for sharing rides, but it

is not regulated by any organization or institution further that point. In the following text, some of the most interesting examples of the local sharing economy platforms are presented.

Brainster

Brainster (<https://brainster.co>) is a marketplace for offline classes where you can teach and learn the most relevant skills of the 21st century—from digital marketing and design to entrepreneurship and technology. Their vision is to transform every corner of the city into an urban classroom. Brainster aims to enable every professional to share its knowledge with the community and everyone to be able to enrich their practical knowledge, and with that, to find or create the perfect job for themselves. The platform helps in the process of knowledge exchange by making it easy and fun. Brainster stands for the community, for the sole purpose of giving back values, upon which generations can develop themselves further. The platform initially has classes from instructors from the following areas: technology, marketing, business, design, and art, and the first courses were set on the platform since the launch in October 2016, and they are sold out. Skopje is the first stop, and the courses are planned to be held in various locations as co-working spaces, accelerators, incubators, workshops, and even cafes.

MojCoek

MojCoek (<https://mojcoek.mk>) is a newly formed Macedonian sharing economy platform aimed to connect people who offer service with people who need that particular service. It is available as a web platform, as well as a mobile application. A person who wants to offer a service needs to create a profile and write a description of the service. After service is performed, the person is given a rating. Those with the highest ranking is shown above and are more likely to receive offers for their service. Only those who choose payment through the platform can be rated—this way, the platform promotes the payment through its channel. The website has a nice and modern look and seems easy to use. The creators have done a good job of clearly write the steps for registration and any additional information for the potential users. The services that are offered on the website are in distinct categories: home repairs, health, artistic skills, food, mentoring, weddings and events, pets, moving, other, and multi-talent. It seems such as this application could have an impact on the freelance work in Macedonia, as it provides a unique collection and easy-to-find services required in everyday living.

DriveDriveCar

DriveDriveCar (<https://drivedrivecar.com>) is a P2P platform through which users can rent cars directly from their owners. The model allows car owners to define their rental conditions according to their needs, as well as to offer additional products and services for users who hire cars through DriveDriveCar. Car owners have the opportunity to define the rental price by themselves, and car renters have the opportunity to reserve more different available periods and pay in advance for a better price. The DriveDriveCar platform offers a particular solution designed for manufacturers, i.e., dealers of new vehicles that have the opportunity to sell through the process of testing new vehicles.

Let's Fund It

Let's Fund (www.letsfundit.mk) It is the first crowdfunding platform in Macedonia, which aims to set up a new dimension of entrepreneurship. The project was created by the NGO Summer Work and Travel Alumni Macedonia (SWTA), established on January 19, 2013. The main aim of this organization is to support, develop, and implement the positive initiatives of the participants on the Work and Travel program into our society. Let's Fund It allows everyone to raise funds and to finance innovative ideas in a non-traditional way. The primary supporter of this concept is the public by investing a small amount of money to help the realisation of the projects. The main objective is to encourage the entrepreneurial spirit of young people in Macedonia and to allow them access to funds for their innovative ideas. A great idea, whether it is a book, an event, film, or start-up business, can be part of letsfundit.mk platform, where each project can raise funds and build it into a successful story. Each project should have a clear beginning and end. The 5% commission from the collected amount will be invested in the development of the platform, as well as education to those who want to publish a project on the platform in the future.

When in X

"When in X" (<https://wheninx.com>) is a platform that offers tourists alternative forms of deals from mountain biking trails, adventure parks, and wildlife photography sites to authentic local cuisine, nightlife, and entertainment spots. "When in X" aims to connect travellers with local "experts" who become the service providers. "When in X" is a Macedonian start-up that aims to change the travel industry. "When in X" gets inspiration and its name from the famous quote "When in Rome, do as the Romans do." The platform provides immersing travellers with access to local passions and hidden gems that only locals know about. This service is an opportunity for locals to develop alternative tourism in their community. All interested local tour guides can participate and contribute to growing local tourism by sharing skills and experiences with others. "When in X" wants to change the way tourism works in Southeast Europe. Balkan locals believe that these lands have a lot of beautiful sites, hidden natural gems, and fascinating cultural experiences that will impress visitors from around the world. "When in X" wants to make all these local secrets a little bit more visible and more comfortable to find, which in time will increase the interest in tourism in the area. Also, it will allow many local travel entrepreneurs to build more successful small businesses.

Self-Organized Facebook Groups for Sharing

In Macedonia, a large number of collaborative economy cases use Facebook groups as a supporting platform for sharing economy. For example, there are a lot of Facebook groups, where if you have free space in your apartment, you can announce that and search for a roommate. Another example is that if you do not have a place to stay, you can announce that in the group. After that, you can find someone and then continue to search for apartments together. Other examples are the groups dedicated to sharing transportation, which is very popular among students where they try to optimise and travel with minimal cost.

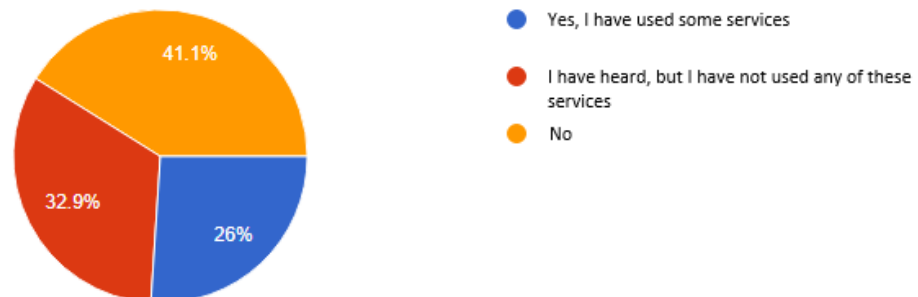
Context

As an illustration of the sharing economy in Macedonia, we are presenting the results of the survey conducted by master students enrolled in the e-Business classes at the Faculty of Computer Science and Engineering in Skopje.

The first question in the survey was related to the familiarity of the respondents with the sharing economy. Figure 1 shows that 26% of the respondents answered that they had used some of the services of the sharing economy (they are familiar with the term), 33% have heard but have not used services, while 41% do not know all of the terms. The survey was done on a sample of 150 respondents aged 19–54+ years. 72.6% of the respondents are 19–29 years, 13% are between 30–39 years, and the rest are older than 40 years.

Figure 1. Familiarity of the Respondents with the Sharing Economy

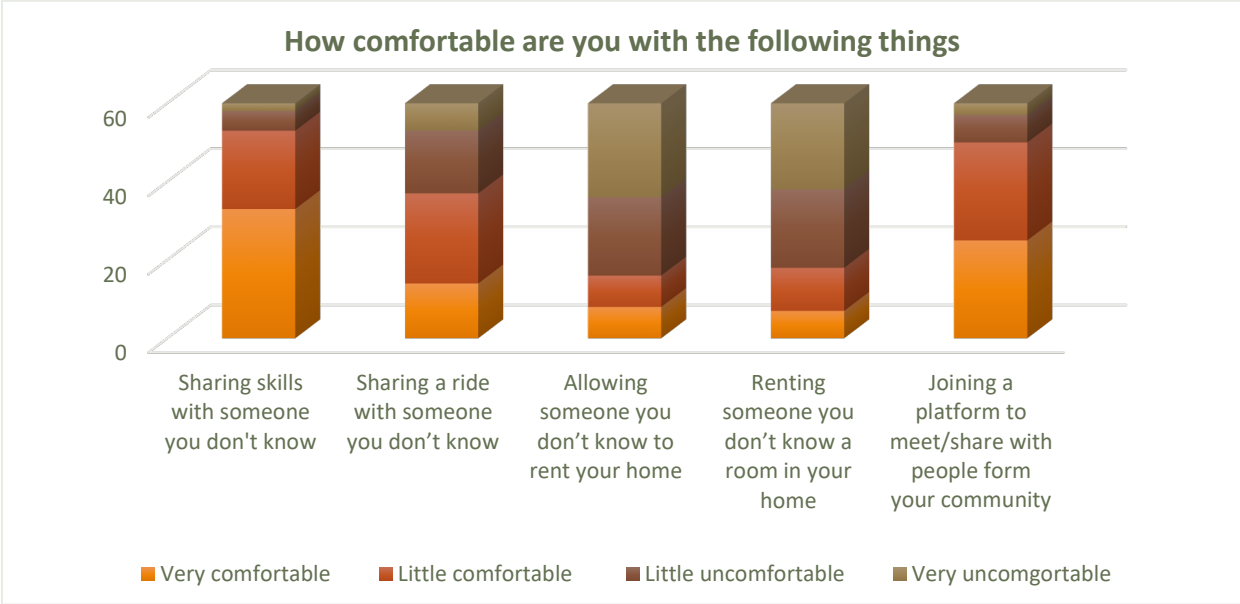
Are you familiar with the term Sharing Economy?



Source: Own elaboration.

The second question, shown in Figure 2, presents how comfortable Macedonian citizens with some of the sharing economy opportunities are. In the area of sharing skills with people they do not know, respondents feel more comfortable in doing so (up to 50%). Sharing a ride with someone they do not know still shows a positive level of comfort in the respondents, along with joining a platform to meet and share with people from their community (20–25% feel very comfortable). On the other hand, participants feel very uncomfortable allowing someone they do not know to rent their home or rent a room in their home (50–60% in both categories). This analysis can give us a presentation of people's attitudes and their readiness for sharing their accommodation on services such as Airbnb.

Figure 2. Comfort While Using Sharing Economy Services



Source: Own elaboration.

At the moment of writing this report, there is no national legislation that is regulating the sharing economy, although it is noted in some of the Public Revenue Office's documents (State Revenue Office 2018) that preparations are made for that kind of business model. One of the main reasons for not having legislation is the fact that Uber is not present in the country, so still, there is not a major disruption in the local economy.

Still, there are no official reports that are dealing with sharing economy. Because of that, there are no specific activities in the parliament or some court decisions that are connected with the sharing economy.

From the research perspective, Pandev and Janeska Sarkanjac (Pandev 2017), on a CIIT 2017 conference, presented a paper that offers a brief review of the sharing economy definitions, key features, drivers, critics, and e-business models, its pioneer businesses on the global market and the first several sharing business models in the Republic of Macedonia.

Developments

People are still uncertain about sharing economy platforms and use them with reservations. The potential of these platforms may increase with the younger population and upcoming generations, as the face of the sharing economy will change. The sharing economy has identified many issues, but it is important to take into consideration also the benefits, such as the increased opportunity for additional income and improvement of the local economy.

Besides all of the barriers, the Macedonian citizens are increasing the collaborative consumption, starting to be part and play upon the principles of the sharing economy, realising the benefits of sharing instead of owning things. So, we can expect that the population in this region will start to participate more widely in the sharing economy in

the near future. The sharing economy will be an important sector of the economies of these countries and change the consumer behaviour resulting in a better financial position of the people.

We can also note that in the last couple of years, new business models of the sharing economy are emerging in the Macedonian market, showing a good trend for the future.

Regarding global sharing economy platforms, Airbnb currently is 1,200+ rooms, suites, and villas, which is far from the potential of the country, especially in smaller places. Probably, this situation is due to the low awareness of the population in these regions and unawareness of the financial benefits that the owners may have with relatively modest investments (requires only registration on Airbnb, placing information and photos of the building that will be rented, a slight adjustment of the rooms of the home, creating tourist and recreational activities, etc.). However, with small projects and workshops, for a short-time, excellent results can be obtained, and supply and financial gain can be dramatically increased. In fact, it should be the main priority in these poorly tourist developed regions and localities in Macedonia, allowing them to achieve greater smoothness and better representation of overall tourist accommodation.

Issues

The sharing economy has identified many issues. However, it is essential to take into consideration also the benefits, such as the increased opportunity for additional income and improvement of the local economy.

The main issue is that we have yet to witness the potential of the sharing economy in a developing country such as North Macedonia, with current people's attitudes and consumer habits.

Other Major Players

Currently, universities are one of the main stakeholders that are promoting the sharing economy in Macedonian society. There are examples of university subjects where the sharing economy is one of the main topics. In addition, there is a couple of master theses that are researching topics related to the sharing economy.

Besides universities, two EU funded projects are dealing with the sharing economy, the first one is connected with transport sharing, and the second one is connected with the application of the sharing economy in tourism.

SocialCar

SocialCar is a research and innovation project that seeks to incorporate carpooling into existing mobility systems, using robust planning algorithms and big data integration from public transport, carpooling systems, and crowdsourcing (City of Skopje 2019). The project unites developers, social and economic scientists, transportation engineers, car-poolers, and public authorities from Italy, Greece, United Kingdom, Luxembourg, Poland, Switzerland, Macedonia, Croatia, Slovenia, the Netherlands, Hungary, Spain, and Belgium. Its mission is to design, develop, test, and roll out a service that simplifies the travel experience of citizens in urban and peri-urban areas. SocialCar defines data processing flows and design algorithms to match travel requests with the integrated public-private transport supply, complemented by a

reputation-based mechanism. Many current journey planning tools do not provide information for multi-modal trips connecting individual and collective transport services. Often, the proposed options require multiple public transport interchanges and result in long and convoluted multi-leg journeys to make a successful door-to-door trip. SocialCar enhances the public transport network by introducing a wider variety of complimentary services, including carpooling/sharing, bike-sharing, taxi, and other on-demand services. Citizens will be given access to this unique service that optimises the use of all available mobility resources in the sharing economy. SocialCar is expecting to reduce travel times and costs, increase convenience, and contribute to the better environmental performance of urban transport networks.

Beyond Borders: Introducing Smart Tourism and Sharing Economy

This project is financed by IPA 2, Cross-border cooperation between the Republic of North Macedonia—Republic of Albania (IECE 2019). Beneficiaries are Debar and Ohrid Lake Region (MK) and Mat, Diber, Bulqize, Klos (ALB). The main objective of this project is to introduce a smart tourism development concept based on more innovative and efficient use of our current cultural and natural resources and existing human capital. The expectations are that this will result in increased business opportunities for local tourism service providers, a more significant number of tourists in the region, and generating new employment. The key stakeholders in this action are individual entrepreneurs living and working in target municipalities (artisans, farmers, athletes) not involved directly in the tourism sector; local tourist service providers (tour guides, local agencies, family restaurants) who are already in the tourism sector; public institutions related with managing cultural and natural heritage such as museums, galleries, national parks that need to modernise and become part of the tourist offer.

Future Directions of Research

The research presented in this study is observational, based on case studies, and the given survey is cross-sectional, so it does not allow making temporal and strong causal claims. In future work, we are planning to use longitudinal data to study adoption over time and to make a detailed analysis of the offers in different areas of the market.

Another interesting direction for research is to address motivational factors driving Macedonian users to use the sharing economy as providers or consumers. Furthermore, an analysis of how the digital divide and digital literacy are influencing the adoption of the sharing economy can be an interesting direction to explore.

Summary

In this study, the analysis of the sharing economy in North Macedonia was presented. This study presented some interesting examples of the adaptation of the sharing economy in different industries from home, transport, education, finance, tourism, manufacturing, etc. It is worth to be noted that there are a lot of Facebook/Twitter groups where users can negotiate for sharing rides, sharing experiences, or sharing a meal.

Because Macedonian citizens have a culture of sharing goods and services between friends and family, there is significant potential for the development of the country's

sharing economy. The results of the observational study and survey address future actions to boost the growth of the sharing economy in North Macedonia. The main challenge is digital literacy, so the education of citizens and promotion of the sharing economy in Macedonian society can improve the development of sharing economy. By adopting regulations and laws that will encourage the involvement of citizens in the sharing economy, the government can help in the development of this emerging industry in the direction of sustainable use of the local resources.

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Relevant Websites

Brainster: <https://brainster.co>

DriveDriveCar: <https://drivedrivecar.com>

Let's Fund: www.letsfundit.mk

MojCoek: <https://mojcoek.mk>

When in X: <https://wheninx.com>