

Government-driven Sharing Economy

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Lessons from the Sharing City Initiative of the Seoul Metropolitan Government

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Why did we select this research?

To promote the sharing economy the City of Seoul already announced the Ordinance for the Promotion of Sharing City on December 31, 2012, and launched the Sharing City Promotion Committee in February of 2013. The initiative is designed to provide public services to citizens, especially those who are economically and socially disadvantaged, as the mayor of Seoul believes that the sharing economy can be very instrumental in solving various urban problems.

This research describes how the city government of Seoul is building partnerships with enterprises, non-profit organizations, and local governments to provide opportunities to those who are in need of cars and public facilities such as parking facilities, convention facilities, and public libraries. Other cities can learn a lot from Seoul's pioneering activities to support the growth of the sharing economy.

Key findings

This study shows how governments can use the sharing economy model as a caring economy model for better general public services as well as the socially disadvantaged population as Seoul demonstrates in their Nanum car sharing program. The sharing economy model can be further developed to become an innovative model for economic growth beyond social development. While the sharing economy has significant potential for both social and economic development in developing countries, the Sharing City Initiative of Seoul offers several policy implications that can be considered by governments that want to take advantage of the sharing economy model:

1. Seoul can actively promote sharing initiatives such as the Nanum car-sharing program and parking lot-sharing program because of the **well-established ICT connectivity in the city**. For example, the parking lot-sharing program enables citizens to easily identify available parking lots in real time and navigate to the selected parking lot through a linked navigation system. The success of the program relies on effective and timely provision of information on parking availability and reasonable parking fees to parking lot seekers via a mobile phone app. This suggests that the high penetration of mobile phones and promotion of high connectivity are a critical precondition to the sharing economy model. The public data-sharing initiative in Seoul also aggressively introduced and successful because of the excellent ICT infrastructure of the city.
2. A government needs to establish a **supportive legal framework** to facilitate and promote the sharing economy model because many existing rules and laws are not necessarily favorable to sharing economy activities. To strategically promote the sharing economy model, Seoul modified existing rules and often enacted new rules for promoting the sharing economy.
3. It is very important to **build partnerships with private enterprises, social enterprises, and NGOs as well as other local governments** that are willing to participate in government-driven sharing economy programs and run business models despite business risks. This is especially appealing to many social enterprises and NGOs that are more interested in the welfare of socially disadvantaged people than in the maximization of their economic gains.
4. **Government funding is often critical** to the effective initiation of a sharing economy system when a society is not quite ready for the sharing economy. The grants to participating enterprises and NGOs were quite instrumental in nurturing the market for the sharing economy by ensuring demand in Seoul. In the case of the Nanum car-sharing program, the SMG's voucher program for the low-income and disabled population created demand, which helped to moderate the high risks of the car-sharing business.
5. It is important for a government to **promote transparency and openness by making public information available to the public**. In addition to sharing goods and services, sharing government data is an important part of the sharing economy because private and social enterprises can develop public service apps using public data. Public service apps can be an important model of cooperation between government and nongovernment actors for public services.

Reference

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