



Universiteit
Leiden

The Emerging Sharing Economy: Influence of Reputational Concerns on Institutional Under- and Overregulation in Unchartered Territories

A Case Study Analysis of the Emerging Sharing Economy

January 2019

Peter Jan Kok

s1306669

Program: **Public Administration**

Track: **Economics and Governance**

Thesis supervisor: **Dr. D. Rimkute**

Second reader: **Dr. M. Beerkens**

Word count: **25487**

FOREWORD

Before you lies my thesis marking the end of the MSc program Economics & Governance that I have followed within the field of Public Administration at Leiden University. The contemporary nature of the subject of this paper, the emerging sharing economy, has made the theories, articles and interviews that I have attempted to connect ever the more intriguing to study. Analysing the regulative framework that has been and is being built around the revolutionary, uncharted territories of the sharing economy, has allowed me to compare and study the many views that have emerged along the way.

In this foreword, I would like to take the chance to share a word of gratitude for the support I received from my family members, my thesis supervisor Dovilė Rimkute, the interviewees, and all those who were patient enough in aiding me in the process of finalizing this end product of my degree and thereby also conclude my life as a student (for now).

Thank you and I hope you enjoy reading this case study analysis of the emerging sharing economy.

The Hague, January 2019

Peter Jan Kok

TABLE OF CONTENT

FOREWORD	2
TABLE OF CONTENT	3
1. INTRODUCTION	5
2. LITERATURE REVIEW.....	8
2.1 Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism	8
2.2 Trilemma, welfare balance & types of governmental politics	9
2.3 Multiple audiences	10
2.4 Reputational threats.....	11
2.5 Regulation in unchartered territories	11
2.6 Contribution to the research gap.....	13
3. THEORETICAL FRAMEWORK	14
3.1 Risk of under-regulation versus stringent regulation: dependent variable	14
3.2 Media salience as a key explanatory factor	15
3.3 Hypotheses linking media salience to stringent regulation	16
4. RESEARCH DESIGN	19
4.1 Research and measurement strategy	19
4.1.1 Measurement independent variable: media salience	21
4.1.2 Measurement dependent variable: risk of under- and overregulation of the private sector	21
4.2 Case selection strategy.....	22
4.3 Data collection strategy	23
4.3.1 Strategy interview Considerati	23
4.3.2 Strategy interview felyx.....	24
4.4 Method of analysis.....	25
4.5 Reflection on validity	25
5. DATA COLLECTION	26
5.1 Primary document analysis	26
5.1.1 General Data Protection Regulation	26
5.1.2 Shared mobility: Mobility as a Service (Maas)	27
5.2 Interviews	28
5.2.1 Incident-driven regulation	29

5.2.2 A discrepancy between public and private sector	30
5.2.3 Data protection	32
5.2.4 Platform gatekeepers	33
5.2.5 Nudging and media	33
6. ANALYSIS	35
6.1 Independent variable: media salience	35
6.1.1 Phases of media salience	36
6.1.2 Visibility and valence	38
6.2 Dependent variable: risk of under- and stringent regulation	39
6.2.1 Organizational reputation	39
6.2.2 Limitations of incident-driven regulation	40
6.2.3 Decaying role of centralized institutions.....	41
6.2.4 Balancing stakeholder objectives.....	43
6.2.5 Reputational concerns	44
6.3 Observations	45
7. CONCLUSION	47
8. REFERENCES	51
9. APPENDICES	54
9.1 Interview Considerati: Bart Schermer	54
9.2 Interview Felyx: Quinten Selhorst	57

1. Introduction

The sharing economy is developing quickly all around the world. This emerging era is also referred to as the collaborative or access economy, collaborative consumption and in some cases even 'Uberification' (Liyang Hou, Elsevier 2018). Undoubtedly, this new concept is altering life as we know it, combining all forms of online shopping, sharing mobility and many other day-to-day living patterns.¹ These developments create increasingly visible benefits, enriching and facilitating contemporary living conditions, yet also give rise to a necessary discussion regarding notions of unencountered regulatory challenges. This discussion revolves around two forms of services: those that are ground-breaking and entirely new versus services that have been built upon existing offline platforms, thereby competing with the original types. The first type almost solely exists within the confines of the internet e.g. Wikipedia, Google Books, and scooter sharing systems, making direct competition to original providers not likely. However, online scooter sharing could challenge and push for regulation regarding commercial use of public spaces. In contrast to the non-competitive services, we find the second type of sharing economy service to enable the use of physical material by means of the internet e.g. car sharing, shared accommodation and crowdfunding. Another important difference between these forms of services could be their openness towards reputational concerns. Commercial, competitive types may be more likely to be influenced by these concerns, whereas the first type of services may not experience this influence as prominently. These matters will all be challenged, analysed and discussed in this thesis.

The debate that has developed along with the formation of these sharing economic services, questions to what extent its uses can be regulated, taking into account the new sharing and old traditional economies. This research will aim to sort the challenges of this rising economy, in correlation with themes such as privacy, data and consumer protection (General Data Protection Regulation (GDPR)), and shed light upon the contemporary dilemma as to how regulatory steps may benefit and hinder public interest and innovation within society. In addition, the regulatory framework will be broadened by a view of how European Union regulators are influenced by outside factors. With a specific focus on the effects of reputational concerns on the regulation of the sharing mobility economy, this study aims to assess the factors that increase the risk of under- or overregulation; a growing discrepancy between the public and private sector pertaining to the gap in inside knowledge, and the high level of media salience surrounding the theme of the sharing economy. The level of media salience will be studied to analyse its role as a push factor in growing reputational concerns, thus eventually affecting regulative frameworks.

The puzzle of this thesis revolves around the presence of stringent regulation *versus* under-regulation, and more specifically its origins and key drivers. These drivers will be explained by analysing the essence of both stringent and under-regulation, using the article *Organizational reputation, the content of public allegations, and regulatory communication* (2013) written by Gilad et al., in addition to the core arguments of bureaucratic reputation set out by Carpenter (2010). The multifaceted character and plasticity of these concepts, coined by Gilad et al., will explain the difficulty of studying under- and

¹ PricewaterhouseCoopers envisaged that the worldwide sharing economy will endure a significant growth of 321 billion dollars from 2014 to 2025 (Liyang Hou, Elsevier 2018)

overregulation and more so the influential role of media and various audiences. In the theoretical framework of this thesis, I will introduce the arguments made by Gilad et al. and analyse their view about the threatening nature of under-regulation to a regulators' reputation (2013). Next to these arguments, Carpenter's *bureaucratic reputation theory* (2010) will set the foundation to an analysis of the key role of regulatory frameworks in this emerging new era that is offering a platform for services that disrupt markets and break the status-quo. This framework will be analysed on the background of this thesis, considering the influence of media and reputational concerns in the formation of regulation. The core arguments that form Carpenter's theory entail the desire of agencies to maintain or enhance their reputation among specific audiences, by which they are held accountable. If agencies are unable to maintain or improve their reputation they face the risk of losing legitimacy and possible autonomy, which is something they try to prevent at all costs (Maggetti, 2012). The way that media comes into play in this theory is marked by the influence of media exposure on the extent to which agencies will try to maintain or enhance strong organisational reputations. The 'accountability forum' function of media for independent regulatory agencies, coined by Maggetti (2012, p.402), can be seen as the reason why these agencies can nonetheless still be held accountable (Busuioc and Lodge 2017, 2018). Instead of answering to representative institutions, the agencies strive to maintain their good reputation in light of media coverage, as a failure to cohere to this 'accountability forum' means a risk of denting their established reputation.

The risks of stringent regulation versus under-regulation will not solely be analysed by its origins and key drivers, but also by its effect on our contemporary society, with a specific focus on the implementation of the new GDPR. The impact of the GDPR on our society has the possibility to foster new ideas and create a level playing field for the entire private sector, however it could also result in detrimental effects for innovation. Daniel Castro and Alan McQuinn talk about the effects of large-scale regulation in their article 'How and When Regulators Should Intervene' (February 2005). In their article, they identify the danger of applying the same penalties regardless of either intent or harm, which is a large problem in both local and international regulative frameworks, and can easily lead to less innovation. The unintended consequences of regulation that they coin are: a block of beneficial innovations if they are too burdensome versus failure to guard (society) against harmful innovations if they are too lax. What we often see is that regulatory agencies will concentrate on minimizing this 'failure to guard society', as this would make them look ineffective and harm their reputation, resulting in public shaming (data protection is of key importance here, seeing as the GDPR is a way of regaining control over the emerging online platforms and databases). Apart from the role laid out for the GDPR in this thesis, we will assess the case of mobility, where we see that a rapidly growing sharing economy is experiencing fierce regulation in order for the public sector to remain control of its effects. These public institutions would face less public pressure to prevent harmless innovations which actually provide benefits to society, seeing as the opportunity costs are difficult to recognize or measure. Daniel Castro, in a different article written with Nick Wallace 'Impact of EU's New Data Protection Regulation on AI' (March 2018), assesses the effects of the GDPR on revolutionary concepts such as artificial intelligence (AI), and in more general terms the use and spread of data. The authors note that the GDPR will result in significant costs in terms of both innovation and productivity. Most of all they identify the negative impact of new data privacy rules, as 'putting EU firms at a competitive disadvantage compared with their competitors in North America and Asia' by tying down its digital economy for the future.

Analysing the push and pull factors of the regulatory framework will generate a discussion surrounding questions currently posed in the Public Administration literature. The content of this literary platform will be thoroughly discussed in the theoretical framework, where risks of regulation will serve as my dependent variable versus the role of media salience as an independent factor. A discussion of the combination of these two factors will be supported by a background of literature: identifying expectations and conflicting demands in the EU regulatory state (Busuioc and Rimkuté, 2018), observing the discrepancy between public and private sector developments resulting often in reactive instead of anticipative behavior (J. den Hertog, 2010), the influence of multiple audiences on organization' behavior (Carpenter, 2010), and highlighting the importance of reputational concerns and their effect on regulation (Maor, 2007). All together these articles, and more, will create a strong basis for a rich discussion that searches for causes, effects and solutions within the boundaries of the emerging sharing economy. By taking into account the concepts surrounding reputational concerns of public institutions, connecting the influence of media/public pressure and discrepancies in various fields of knowledge between public and private sectors, I aim to answer the following research question:

"To what extent do reputational concerns steer policies that affect private sector developments within the emerging sharing economy?"

With this question, I aim to study the responsiveness of organizational reputation to the external influences that are introduced in these scenes. When researching within the boundaries of the emerging sharing economy, a particular emphasis will be placed on the urban and city-to-city transportation. This type of sharing economy involves peer-to-peer provision of traditional real-world services, subject to the original types of government intervention (in order to counter market failures). Due to this factor, in alignment with the blurring of professional and personal lines of commercial services and semi anonymous transactions, a variety of regulatory challenges are presented to government entities which widen the gap between public and private even further (Cohen & Sundararajan, 2017). Factors such as an impediment of innovation linked to new opportunities and regulatory barriers slowing down potential employment growth, will be discussed thoroughly throughout this essay, as they give way to comprehending the contemporary issues of the regulatory framework in which this new economy finds itself. Comprehending the initial issue will allow us to move closer to a potential solution, in which self-regulatory approaches through new digital third-party platforms will play an important role. The lines of strong versus weak reputation will be analysed to comprehend reactions of EU and government regulators within these fields of interest (sharing economy, data protection, and the mobility sector).

2. Literature Review

This review of the set of literature consists of sources that will aim to shed light upon the various concepts that will be handled and discussed in this thesis. They are meant to improve the readers understanding of theoretical and practical concepts that form the basis to the leading research question. This literature review consists of six parts; a general grasp of the term 'sharing economy', the conflicting presence of a trilemma and balance of welfare in this changing society, the role and effect of multiple audiences influencing reputation, the resulting reputational threats, a combination of regulation in unchartered fields with the potential for innovation, and finally the contribution to the research gap.

2.1 Sharing economy: a new era

In order to grasp a better understanding of the reasons behind under and overregulation within the compounds of this new emerging era, one has to determine what is meant by the 'sharing economy'. In his book 'The End of Employment and the Rise of Crowd-Based Capitalism', Arun Sundararajan explores the depths of this new economy. First of all, he states that it largely falls under market-based developments in which the sharing economy creates a platform that enables trading and emergence of new goods and services, ultimately leading to a potential increase in levels of economic activity. These higher levels are combined with high-impact capital, where current assets, skills, time and financial aid are raised by new opportunities in order to function closer to their full capacity (Sundararajan 2017, p. 26).

Sundararajan also focusses on the role of centralized institutions, or rather, their decaying role in these developments. The sharing economy is one that is nurtured by crowd-based "networks" of individuals, supplying capital and labour to society, rather than having been built around contemporary public and private institutions. He then offers two interesting examples in which earlier present divisions are fading, the blurring lines between personal and professional & fully employed and casual labour. The first identifies the commercialized supply of labour and services (i.e. peer-to-peer activities such as sharing rides, lending money, baby- or dog-sitting etc.), which have been repositioned from personal favours to ways of making a living. The latter example illustrates the homogenization of independent and dependent employment or work and leisure, as more and more individuals decide to combine their full-time jobs with contract work (Sundararajan 2017, p. 27). These examples mark the essence of the sharing economy, a step back from vast institutions and a move forward to individual commitment, economic dependence and entrepreneurship.

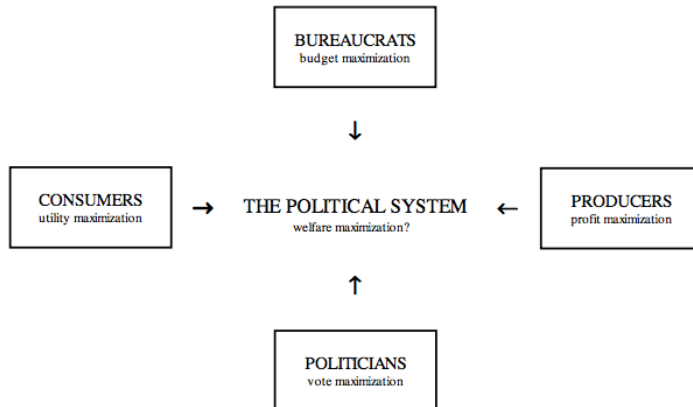
The matter of market-based developments identifies the rising discrepancy between public and private sectors, in which the former is lagging in this revolutionary economy ('Is the public sector falling behind in the IoT (Internet of Things) revolution?' by Joe Clark, 2017). Reasons for this could be the fact that the private sector is more versatile in its adoption of new concepts, including the power to use more effective methods in shorter time frames than large public institutions. In contrast, the public sector exists to serve its citizens (its constituency), and taking the lead in revolutionary, unchartered territories makes them very vulnerable (burden of responsibility, too much risk seen as undesirable factor). Thus, to some extent one could say that public institutions are held back due to these political and social confinements.

2.2 Trilemma, balance of welfare, & types of governmental politics

When we talk about the versatility of the private sector, we compare it to the rather large agenda that the public sector has to consider. In the article 'Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy' (1998, p. 507-546), Iversen and Wren discuss the significant technological changes that have occurred in the economic structures of developed countries and their effects (increasing unemployment, inequality and debt). The cause of this has been the shift from manufacturing to services, creating a trilemma or trade-off for policy makers between; budgetary restraint, income equality and/or employment growth. In their article, they therefore introduce Baumol's disease: service productivity is less conducive to productivity growth than manufacturing (the inability to increase productivity growth in the service sector).

These technological changes are currently one of the largest challenges for public institutions, creating a trilemma to find the balance between budgetary restraint, boosting operational efficiency and improving public services. Pressure from all the different stakeholders in society is the driving force behind the search for this balance. Finding this balance is something that Johan den Hertog also introduces in his 'Review of Economic Theories of Regulation' (December 2010). He quotes Mitchell and Simmons (1994) 'Interaction in the political system' by identifying the political system as a broad array of various maximization goals which guide regulation, illustrated by the following diagram:

Diagram 1.1



This diagram illustrates the conflict of interest within our society; bureaucrats wanting to maximize budgets, producers focused on profits, politicians on their re-election, and consumers requiring utility maximization. Combining these conflicting goals is a continuous cycle of balancing and communicating desired objectives, which is a very time-consuming process. The concerns and threats that this maximization process places on regulatory powers is a matter that may heavily influence the direction of specific policies in the private sector. Consumers require regulation of producers to protect their interest, politicians require consumer/voter support for re-election, and bureaucrats depend on politicians to maximize their budget, thereby leaving producers in a vulnerable position.

Another diagram that illustrates conflictual politics leading to a strong or less aggressive regulatory stance on behalf of the regulatory power, is introduced den Hertog's review on page 31; types of governmental politics (Wilson, 1980, p. 359).

Diagram 1.2

		<u>COSTS</u>	
		Concentrated	Diffused
<u>BENEFITS</u>	Concentrated	<i>Interest groups Politics</i>	<i>Client Politics</i>
	Diffused	<i>Entrepreneurial Politics</i>	<i>Majoritarian Politics</i>

In this illustration, one sees the division of various types of governmental policies; where majoritarian politics represents widely distributed costs and benefits (ex. antimonopoly), interest group politics contains concentrated costs and benefits (ex. labor legislation), client politics has concentrated benefits and diffused costs (ex. protection of professional groups), and last but not least entrepreneurial politics focused on concentrated costs while benefits are distributed (ex. protection of the environment or protecting consumers against unsafe products). This last type of politics relates to the shared economy regulation dilemma, in that the development of which has a very high and clear price tag with long term, yet for now unseen, benefits. These types of innovations therefore receive a lot of critique from various groups in society, which politicians have to listen to in order to be re-elected. Again, searching for that balance in society.

2.3 Multiple Audiences

The vast array of maximization goals and various forms of governmental politics is heavily imbedded in the development of the right amount of regulation. These matters are important to keep in mind when analysing the different invested audiences, seeing as every group will have a personal opinion about regulating developments in the sharing economy, especially considering its entrepreneurial political nature. In this thesis, the snowball effect of audiences influencing reputational concerns which in turn affects regulation, makes the aspect of a large number of varying audiences an important factor in the search for specified and targeted regulation in the area of the sharing economy. The diverse types of audiences are marked by their background, motivation and goals in society, which all need to be considered by public administrators when designing a regulative framework. Carpenter described an audience as "any individual or collective that observes a regulatory organization and can judge it" (2010, p.33), which implies that these various audiences will judge the observed organization by their own values in their specific fields, i.e. the media, interest groups, elected officials, citizens and/or policy experts (Carpenter & Krause 2012, p.26). By way of judging organizations, these various audiences have the power to steer regulation in their specific fields of interest by playing into vulnerable reputational states. According to Carpenter, agencies or regulatory powers can be empowered or weakened by their audience, depending on the type and goal of the particular audience. Next to that, audiences have

the ability to steer organizational behavior and rhetoric, as agencies may, both consciously and unconsciously, adapt their thinking to the thought process of their audiences (Carpenter 2010, p.33). He builds onto these theories by analysing the awareness of organizations of the presence and control by audiences, and how it may or may not affect the amount of attention given to a particular audience relative to others (Carpenter & Krause 2012, p.27). This goes hand-in-hand with the diagram of Mitchell and Simmons (1994, see page 9), explaining the difficulty of balancing various stakeholders and audiences, and the amount of attention that needs to be redistributed amongst these parties. When consciously choosing to place more attention in one specific audience, it is likely to mean a decrease in focus on other audiences which may cause a disequilibrium in the system. Thus, what Carpenter implies is the inherent preference of organizations and agencies to focus on those audiences that have the greatest ability to affect an organizations reputation, and eventually to act upon their preferences. Thereby giving the multiple audiences in society a great amount of influential power, which feeds media salience and eventually the reputational threats that may steer regulation.

2.4 Reputational Threats

We may now consider that various audiences have the power to influence regulation by playing into organizational reputation. These audiences can therefore shape the discretion and autonomy of organizations, as we see that the chance of maintaining or even enhancing reputation, is of the highest importance to organizations. The importance lies in the effects of a failure to maintain or improve this level of reputation, which can have the consequence of a sincere drop in both the discretion and autonomy of an organization – ultimately breaking an organization under pressure from stakeholders and audiences. This failure can be seen as one of the biggest threats that an organization is faced with, and the manner in which it manages and deals with this threat decides whether or not it will break under the severe amount of pressure. An important scholar in the field of organizational reputation and reputational threats is Sharon Gilad. Gilad views reputational threats as “challenges that pose a threat to the agency's established reputation, consisting of external opinions and allegations from (a) particular audience(s).” (Gilad *et al.*, 2013, p. 452). Carpenter's book about reputation and power (2010), classifies these threats as being performative, moral, procedural or technical, and together with the type of audience that voices the threat, they will determine the response and managing technique by organizations. These types of reputation are of arguably equal importance which means that large political, economic institutions or organizations, have to find a balance between the four dimensions. In finding this balance between various stakeholder needs, reputational dimensions and types of maximization, specified or knowledge-based regulation becomes very demanding. Reputational threats can therefore shape and steer organizations, which has led Carpenter to focus on both the audience and the threats when accounting for a regulator's behavior, in his bureaucratic reputation theory (2010, p. 832).

2.5 Regulation in unchartered territories

When we consider the Internet of Things (IoT), Mobility as a Service (MaaS), and shared economy revolution that is occurring at this very moment, regulation is one of the first challenges that comes to mind. All of these overarching themes are part of a continuously evolving sector, for which public institutions have to create regulatory infrastructures that balance innovation with consumer protection. When institutions have to regulate whilst lacking necessary information, they are often bound to classical

regulation, as stated in 'Managing Regulation' by Lodge & Wegrich (2012). This classical regulation (or 'command and control' approach) includes clear fixed standards backed by criminal sanctions, and comes with several limitations (p. 97):

- Standard-setting over- and under-inclusion: rigidity of once set rules and potential lack of innovation and flexibility to accommodate social and technological change
- Motivation issues to comply: standard will be seen as minimum compliance target, no incentive to progress
- Overzealous and/or uninformed enforcement: uncertain effects of actions due to problems with capacity, motivation, and knowledge among regulators
- Cost problems: regulatory strategies at state level develop at high costs - time consuming formulation process, bureaucracy costs (requiring inspections)

The framework in which regulation for unchartered territories is formed by regulatory powers, can easily be subjected to these types of limitations in the system. Private sector developments within the emerging sharing economy take place in a rapid manner, which then have to be accompanied by policies that may be shaped by the influence of various audiences, as discussed before. When these developments are faced with a potential lack of innovation and flexibility to accommodate social and technological change, it may lead to a lack in motivation to comply by private sector players. This is also the case for overzealous and uninformed enforcement, in which a lack of regulatory capacity, motivation, and knowledge may negatively affect private sector developments and society as a whole. With these limitations for classical regulation, a regulatory power fails to fulfil its role as a 'guardian of prevailing social values' (Rimkute, 2018) and hinders an innovative environment.

When regulation is limited it might lead to regulatory failure, which is also addressed by Lodge & Wegrich. The various types of regulatory failure include (p. 30-36):

- Regulation as a product of capture and interest group politics
- Regulation as a product of unintended consequences and inevitable 'wear-out'
- Regulation as a product of dominant ideas and worldviews
- Regulation as a product of institutional design

The types of regulation that are relevant for this thesis are the first and third regulatory failure. The first type of regulation is defined by the misguided proximity of regulators to the interests of their regulates, which leads to a failure in representing the universal public interest as special interests of a selected industry are given priority. Opposed to this theory is the regulatory framework that is shaped by dominant ideas and worldviews. In this type of regulation, one considers the wider ideational climate as the key factor in shaping and steering politics and regulation. It opposes the interest group politics rational as it assumes that the actors (regulators) do not function and decide strategically, but are steered by the frame of references that stimulates their work as regulators. These frames are shaped by the contemporary ideas at hand, or rather, universal views on the matter.

2.6 Contribution to the research gap

The literature review above has introduced several themes that shape the basis of this thesis. A grasp of the sharing economy, presence of a trilemma and balance of welfare, role of multiple audiences, reputational threats, and regulation in unchartered territories, together form a set of important factors and literary concepts that will help to set the stage for an analysis of the responsiveness of organizational reputation to external influences. By measuring and analysing the factors that cause this responsiveness, one will reach a better understanding of the forces driving policymaking and regulation. Before getting into the theoretical framework, it is important to discuss the contribution that this thesis will make to possible omission in existing literature.

This thesis aims to build and fill particular gaps in existing literature. Firstly, the bureaucratic reputation theory literature by Carpenter will be developed further as I will combine the concepts of reputation management and media coverage (a 'marriage' that has not been identified nor studied sufficiently), to consider the push and pull factors that define reputational threats and concerns. By introducing the ideas of managing regulation and regulatory failure (Lodge & Wegrich), combined with Castro and McQuinn's assessment of the timing, weight, and costs and benefits of regulation, one may see the general existing faults in regulative frameworks. This thesis will therefore build upon these concepts by engaging in data triangulation: combining expert knowledge and experience from professionals in the field (interviews), with an assessment of media coverage (newspaper articles covering sharing economy themes) surrounding these themes, and primary sources reflecting the necessity of studying these concepts. In combination with Gilad et al. article concerning organizational reputation, these academic papers will be extended to accommodate for media coverage, thereby encouraging the application of these theories in further research. Finally, this thesis introduces literature and theories concerning media salience from both Maor (2016) and Kiousis (2004), but offers further analysis by using a contemporary, unchartered field which shows an interesting side of a quickly developing field of study.

It is of the utmost importance that existing literature in these fields keeps developing, seeing as it can offer aid in long term developments concerning regulative frameworks for unchartered territories. By means of specified regulation, our society may be able to minimize the risks of under- and overregulation that will be discussed in this thesis. In light of this, the research gap that has been outlined above sketches a framework of opportunities for this thesis and introduces important notions that deserve further elaboration. The importance of this research will be examined further in chapter 4 when discussing the research design.

3. Theoretical Framework

The theoretical framework is designed around the key concepts that frame this thesis. The role of media salience and the interrelated themes of factors that increase the risk of under versus stringent regulation will lay the basis of this study, which will combine literature, theories, and research to tackle and provide an answer to the underlying question. This framework will result in two hypotheses that embody the core elements of this thesis.

3.1 Risk of under-regulation versus stringent regulation: dependent variable

The matter of regulation is a crucial factor in the process of understanding how and why a particular sector in the economy is faced with more control than others. The origins and key drivers of these varying levels in regulation are studied on the periphery by Castro and McQuinn, in their article written about the reason and moment regulators should intervene. The authors write about the danger of applying the same penalties regardless of either intent or harm, which is seen at not only the local but also at international level (2005). This disregard to intent and harm of particular penalties could lead to a decrease in innovation at various levels. In their article, they refer to underregulation as a 'failure to guard society against harmful innovations' versus stringent regulation in the form of 'blocking beneficial innovations if they are too burdensome' (Castro and McQuinn 2005, p. 2). The pattern that they lay out is the fact that regulatory powers will focus on minimizing the failure to guard society, since this could lead to public and political backlash and the risk of coming across as ineffective. In their words 'agencies face less pressure to avoid unintentionally preventing harmless innovations that provide societal benefit because the opportunity costs are difficult to recognize or measure', thus when 'the pace of market change is slow and international competition is minimal, it costs little to overregulate in a way that inhibits innovations' (Castro and McQuinn 2005, p. 2). Yet, what we see in this emerging era of the sharing economy is that the level of innovation and international competition has increased at such a significant rate that the cost of overregulation increases considerably.

But what is the essence of under- and overregulation (or stringent regulation)? Gilad et al. in their article *Organizational reputation, the content of public allegations, and regulatory communication* (2013), analyse the reaction of agencies to 'claims of overregulation versus underregulation in light of their differential ramifications for regulatory reputations.' (2013, p. 456). In their article, the concept overregulation is referred to as 'audiences' claims that regulatory standards, inspection, or enforcement impose an excessive burden on the field under regulatory jurisdiction'. Whereas underregulation is considered to consist of overly lenient regulatory standards, or enforcement, which 'fail to adequately protect the public interest' (2013, p. 456). They continue by mentioning a possible cause for underregulation to be capture by the business sector, a notion that is also highlighted by Lodge and Wegrich (2012). The difficulty of studying the over- or underregulation of a particular sector, organization or theme is that these concepts have a multifaceted character and are flexible by nature. The plasticity that Gilad et al. write about, entails the matter that audiences may influence regulatory policy by strategically framing their opinions in terms of both over- and underregulation (Gilad et al. 2013, p. 456).

The argument that Gilad et al. make revolves around the claim that underregulation is considered more threatening to regulators' reputation when comparing it to overregulation. This argument is quite

important for the basis of this thesis seeing as it implies that regulators prefer to overregulate sectors in order to maintain a positive reputation. The theory that they use to build their statement is threefold. One of them is that 'arguments of underregulation are directly targeted at the agency's fulfilment of its core function of protecting a specific public value' (2013, p. 457). This is based on the fact that underregulation implies that the agency is not fulfilling its role as a distinct contributor to the public good (its unique reputation), while allegations of overregulation revolve around the negative externalities of regulation. Next, they argue that the visibility and salience of harm caused by overregulation only applies to the regulated business, while underregulation is noted and affects society as a whole. Lastly, the authors use the 'capture' theory as underregulation oftentimes results from influences of large powerful businesses, whereas 'overregulation may be interpreted by the general public as an indication of regulatory independence and courage' (p. 457). These theories lay the division between under- and overregulation in a way that resonates in the broader design of regulative frameworks in the emerging era of the sharing economy.

3.2 Media salience as a key explanatory factor

Media attention is the factor that places organizations in political spheres due to the level of saliency that a specific topic may attract. An audience, as mentioned by Maor, will categorize an organization based on the salient features of an organizations behavior when encountered (Maor 2016, p. 84). Perceptions of audiences and organizations can be led to be bias due to the level of media attention that it is given, thus this attention can steer the level of awareness surrounding an organizations behavior (Maor 2016, p. 84). This brings us to the point where an increasing level of audience awareness will result in a rise of participation activity amongst audiences, in both the public and political discourse. This would have the potential to create a snowball effect that leads to both more attention in the media and political saliency for the organization at hand. The organizational reputation of institutions such as local municipalities, governments or international organizations is crucial for attaining credibility amongst its many, various stakeholders. In his article 'Organizational Reputation, Regulatory Talk and Strategic Silence', Maor finds strong support for his hypotheses that considerations regarding reputation can steer communication strategies (or regulation of the market). Various demands, priorities and reputational concerns create a very difficult situation for public institutions where they have to balance public opinion with their own focused agenda. These demands might 'distract' them from key innovations, seeing as they want to channel their attention on organizational reputation.

Maor finds that regulators often remain silent in domains where their reputation is established and strong, compared to unchartered fields in which they still have to develop a reputation (Maor 2016, p. 587). When their reputation is still evolving, take for example the case of shared mobility within the rising sharing economy, regulators have to place their mark on the map and hence, respond stronger. He also finds evidence for 'higher propensities to respond when overall media coverage of the regulator is intense', meaning that stronger responses are needed when media salience is higher. Within the field of the shared economy, with the online interaction of databases and privacy discussions, media salience may be high due to the ground-breaking and market disrupting nature of the developments. For this reason, these topics will be the core focus of this thesis in light of a growing regulative framework.

The concept of saliency is therefore crucial to the understanding of this thesis, in which Kiousis' (2004) theory will be attained, considering media salience to consist of three main concepts: attention, prominence, and valence. The salience of a theme (i.e. GDPR) is then defined by attention and prominence in the external conceptual framework, where the object of study is compared to others in terms of visibility and centrality (Kiousis 2004, p. 70). This leads us to believe that media can increase or decrease an organization's visibility, thereby influencing its level of salience. Apart from the visibility and prominence elements that make up salience, it is also formed by the tone of coverage (positive or negative) or attention by the media (Maor & Sulitzeanu-Kenan 2013, p. 23). This positive or negative tone can shape the level of salience that is attached to the object of study. However, positive stories do not always lead to higher salience nor does negative media attention, these factors are dependent on the specific case. In some cases, positive narratives about objects or organizations may not receive the same amount of attention as negative counterparts about those same themes would (Kiousis 2004, p. 76). When we consider the depth and impact of these stories, one could see how audiences may become more aware of an organizations behavior due to both positive and negative valued stories. This in turn can increase the level of salience of an organization.

3.3 Hypotheses linking media salience to stringent regulation

The puzzle that will be analysed in this thesis revolves around the unintended consequences of regulation coined by Castro and McQuinn: a block of beneficial innovations if they are too burdensome versus failure to guard (society) against harmful innovations if they are too lax. The role that is laid out for the GDPR and sharing mobility in this thesis is the fact that institutions will prefer overregulation over underregulation seeing as this minimizes their failure to guard society. These authors also introduce the costs of introducing the GDPR in terms of innovation and productivity; placing EU firms at a competitive disadvantage compared with their competitors in North America and Asia by tying down its digital economy for the future. Even though these countries may have to alter their own privacy methods in the future, they are better off in the short run. Which brings us to the matter of 'Entrepreneurial Politics' pictured in diagram 1.2 by Wilson (1980), illustrating the short run concentrated costs combined with long run distributed benefits. This combination of costs and benefits is the reason why market disrupting innovations such as shared mobility will face a large amount of critique in its establishing phase. It is the reason why the step back from vast institutions and a move forward to individual commitment, economic dependence and entrepreneurship, is a large step in the unknown which does not happen overnight.

Then how do these theories and ideas blend and build up towards a structured answer, provided there is one, to the leading research question? To break this task down it is important to find the common themes and roles between the introduced themes. The reason one identifies and explains the importance of the dependent variable (under-regulation versus stringent regulation) is to grasp a better understanding of the drivers behind particular policies, and the reason for its sensitivity to particular factors in society. These factors come in the form of reputational threats which are formed by governmental politics, the various invested audiences, and the fear to bear the political and economic costs of under-regulating the market disrupting and thereby potentially harmful, innovations in society. Yet, most of all, the factor that guides and steers the direction of a regulative framework is the high impact of various media saliency levels. As Maor explains in his paper, considerations regarding reputation can steer communication strategies and

these considerations are influenced by increasing levels of audience awareness that lead to a rise of participation amongst audiences and more media attention. The unchartered fields of a growing sharing economy, referred to by Lodge & Wegrich, may lead to a rigidity of once set rules and potential lack of innovation and flexibility to accommodate social and technological change. This would be due to the 'higher propensities to respond when overall media coverage of the regulator is intense' in matters such as technological change, placing regulative bodies in challenging positions. Their position during these developments is characterized by the attention, prominence, and valence that comprises the matter of media salience. Whether media coverage is high or low, forms the eventual decision of regulators, which in this case may affect ground-breaking innovations. The ideas that are fed to and by the media can place negative or positive attention on particular industries which will steer the view of invested audiences, thereby increasing or decreasing the role they play as active participants in society.

In this case, the rise of online databases and privacy discussions that accompany the sharing economy, has a high level of media salience, measured by the intensity of opinions. Absence of response becomes an issue when an agency or government decides to remain silent when their constituency is looking for answers on delicate subjects. This is also true for the case of sharing mobility platforms, which disrupts contemporary markets by introducing new modes of transportation that reduce personal ownership, and/or even make it redundant. These developments in the sharing economy can give rise to different reactions from audiences, the media, and therefore also from regulators, considering the theories coined by Gilad et al. and Maor. As we see these developments spread within our societies and witness a struggle surrounding the timing and weight of regulation of these innovations, one may wonder how regulators tackle this difficult task and which push and pull factors they rely on to make the decision?

Therefore, my first hypothesis reads:

H₁ Short term developments in the sharing economy surrounded by high media salience force regulators to react strongly in order to prevent their evolving reputation from becoming weak in the eyes of their constituency.

High media salience in this instance refers to the significant level of attention, prominence, and valence that is attached to the short term developments (and increased number of incidents) surrounding the sharing economy. The object of study in this case refers to matters that embody the innovative ideas and effects of sharing mobility and its privacy challenges, compared to others in terms of visibility and centrality. This visibility will be increased by the presence of media, thereby creating a high level of salience. The visibility and prominence that create this salience will be formed by the positive or negative tone of coverage that is displayed in the media. As high media salience may steer the level of awareness surrounding the movements of regulators, it will result in a rise of participation in public and political discourse. Regulatory powers within society will notice how more media attention and political saliency will place the organization's position as a valued part of society in a spotlight, one where its credibility among stakeholders (audience) is challenged (Maor, 2016). This point brings us to the position of regulatory powers to find the right balance of the multifaceted character of regulation; guarding society against harmful innovations while supporting beneficial technologies. This is where the theory of Gilad et al. comes in as underregulation, overly lenient regulatory standards or enforcement, is considered more harmful to regulators' reputation than overregulation (an excessive burden in the field due to regulatory

standards and enforcement). If local municipalities, governments and international institutions fail to match the proper level of regulation, they may face a questioning of their core function as protector of the public good. Along with this, overly lenient regulative frameworks may affect society as a whole while overregulation will only harm the regulated business. The last argument that builds upon the idea of a snowball effect in which high audience awareness creates high media attention and political participation, thereby pushing regulators to react instead of remaining absent from response, is the idea that under-regulating the innovation at hand may imply a level of 'capture' by powerful businesses. All of these arguments combined build up towards the knowledge how reputational concerns are shaped by pressure from media, thereby shaping the regulative frameworks that grow along with sharing mobility developments.

In light of these developments, my alternative hypothesis offers a long term perspective on developments in the sharing economy; not accompanied by high levels of attention, prominence, and valence, and is formed as follows:

H₂ Longer term developments in the sharing economy surrounded by low media salience lead regulators to take a less aggressive stance as they do not feel the strong urge to defend their reputation.

The level of salience that is discussed captures the essence of the amount of pressure placed on regulators to take an active, forceful stance on the specific subject. In contrast to high media salience, accompanied by significant levels of attention, prominence, and valence, rests the possibility that certain opportunities surrounding the sharing economy are actually not as prominent on the social and political agenda. In that case, media salience is marked by a low level of attention, little visibility in the news and low-key centrality on the political agenda. These long term opportunities receive little media attention for the needs of consumers, entrepreneurs and other market players, in light of wanting a solid regulative framework in which the new sharing economy may flourish and where the rights and interests of consumers are safeguarded. Regulative powers are therefore not very proactive in designing such a framework, as the potential damage to their reputation through media pressure is not significantly present. In these types of longer term developments (coupled by decreased number of incidents), low media salience is coupled by a less aggressive regulative stance. This would mean that public participation in political discourse would see no significant rise, and both credibility and position of regulatory powers would not likely be challenged by the vast array of audiences. This opposite direction implies that low media salience allows regulators to remain absent from response, as their reputation is not on the line. In this instance, reputational threats would not be present, meaning that private sector developments within the sharing economy would not be steered by external factors.

4. Research Design

Now that the set of literature has been discussed, the research gap is identified, and the theoretical framework has been developed, it is time to work out the research design for this thesis. The research design will analyse how the concepts used in the hypotheses (low vs. high media salience & risk of under-versus stringent regulation) will be operationalised and measured. In addition, it will expand on the research gap, explore the strategy for both data collection and case selection, identify the method of analysis and conclude with a reflection on the validity of this research approach.

4.1 Research and measurement strategy

In chapter 2.6, the gap in research has been discussed in order to highlight the importance of the research supporting this thesis, on which I would like to elaborate briefly now to connect the various chapters. The social relevance of this research is to identify the contemporary and future role of public entities in guiding private sector developments within the mobility business, specifically in the creation of a MaaS platform (combining payment/planning for all public and private urban transportation methods in one platform (Goodall et al., 2017)). Organizations benefit from good reputation through public support, autonomy and discretion from political superiors and becoming shielded from political controls and attacks (Carpenter 2001, 2010a). To that extent, they will consider the conflicting expectations and demands from their multifaceted audience (interest group pressure, public attitudes and bureaucratic preferences), which will then shape the struggle of balancing their regulatory role as 'guardians of prevailing social values' (Rimkute, 2018) with creating an environment that fosters innovation. In order to bring these notions in picture, I intend to design a theoretical outlook of media influences, regulatory failures, diverging reputational threats, the limitations of classical regulation, and the search for better regulation, using cases from the GDPR and the expanding sharing mobility economy. This outlook will help to shape a better understanding of the drivers behind regulation, and the potential formation of a regulatory framework that is successful in cultivating private sector innovation and serving the public interest. This thesis will show that due to the possible presence of strong media salience and a lagging public regulatory infrastructure of advanced sectors, pressure from multifaceted audiences is likely to lead to stringent regulation, comparing cases within the fields of mobility and data protection.

One of the key challenges of conducting research is finding the right manner of measuring the various variables that are introduced in the research question and hypotheses. By using the 'intertemporal comparison' case selection strategy this thesis will introduce the explanatory approaches for designing case studies by J. Blatter and M. Haverland, thereby developing a well-organized and in-depth case study (Designing Case Studies: Explanatory Approaches in Small-N Research, 2012). This single-case study will revolve around the role and influence of the new GDPR within the growing sharing mobility economy. Using a qualitative in-depth study of articles, news items and interviews, I will consider the media outlet that is linked to particular regulation (media focused on GDPR and shared economy), in order to see how reputation guided by media pressure (the independent variable (IV)) can steer and create policies within the sharing economy. This case study will be supported by data collection in fields that go hand-in-hand with privacy regulation and shared mobility; MaaS and felyx e-scooter sharing, both supported by direct media examples that embody the stringent regulation.

The design is based partly on two interviews with specialists who work in the private sector, consolidating the goals of society with innovation and entrepreneurship. The reason that these specialists have been chosen to improve our understanding of regulation in the sharing economy is that they both hold crucial positions within the growth and development of this sector, thereby offering important information regarding both under- and stringent regulation. One interview reflects the view of an intermediary between public and private sector developments in privacy matters within the growing digital world, whereas the other embodies the essence of a growing start-up in the shared mobility scene, struggling with regulation. Apart from these interviews, the role of media and public pressure will be examined by means of a study of the content and quantity of news items in Dutch newspapers (Parool, Financieele Dagblad, De Volkskrant, NRC Handelsblad, Elsevier Weekblad, Algemeen Nederlands Persbureau, Quote, De Telegraaf, De Metro, and Het Leidsch Dagblad) that revolve around regulation concerning shared mobility and privacy matters. These various media platforms reflect a clear image of the developments within the sharing economy, depict society's view and stance towards these developments, and the role media plays in steering public opinion and thereby policies. By monitoring the content and saliency of articles in the past years we can see if there is a trend between the level of media salience and actual regulation. Using these modes of study, I will be able to do a process tracing that may lead me to answer the question how, why and which reputational threats could be the reason for overregulation of the emerging sharing economic sector?

This explanatory research will use a single-case study design, in which multiple parts of the GDPR will be analysed regarding the influence of media and public pressure on reputation in uncharted territories. The theoretically-motivated research question will be based on selected cases that confirm or disconfirm the hypotheses. Single-case studies examine multiple pieces of evidence about a single unit. In this case, the research will analyse multiple articles, documents and interviews surrounding reputational threats, aimed at ameliorating existing knowledge about the regulation of the private shared (mobility) sector. This in-depth study will focus on the sharing mobility economy (i.e. felyx e-scooters & MaaS) and how regulation in this field by regulatory powers and municipalities is guided by public opinion and the media. The design will focus on operationalizing the concepts that were introduced in the theoretical framework, by making them suitable for empirical research (providing measurable variables). By taking a closer look at the new GDPR, we may learn more about the effects of reputational threats within the sectors of data protection and emerging technological economy. In addition, it will aim at justifying the choices that I make concerning the type of research and material collection used. To begin, one should identify and operationalize both the independent as well as the dependent variable for the explanatory research. Considering these variables, there is a strong importance of validity, meaning that the measuring instrument is only valid if it measures the underlying concept and nothing but that concept.

Independent variable: reputational threats

Dependent variable: risk of under- and overregulation of the private sector

In order to analyse these effects, one has to apply measurable instruments to the independent and dependent variables. The independent variable: reputational threats, will be measured by looking at media salience. This salience will be shaped by the levels of attention, prominence, and valence that surround the themes of this thesis (measuring visibility and the positive or negative tone of media coverage). In addition, the independent variable will be considered within the framework of the bureaucratic reputation theory by Carpenter. The under- and overregulation factor will be measured by the intensification of data protection (GDPR) and shared mobility regulation and through analysing the effects of regulation on business owners within the sharing economy.

4.1.1 Measurement independent variable: media salience

As reputational threats will be measured by considering media salience, which is shaped as a multidimensional construct, shown by Kiousis (2004) and Maor (2016) in the theoretical framework, it also requires a multidimensional operationalisation approach. This strategy will focus on the various measurements of salience; attention, prominence, and valence. The visibility and centrality of media coverage regarding felyx, representing a pioneering sharing mobility player, will embody the level of awareness that is created in society, and allow us to measure the result in public and political discourse. More media attention and political saliency will place the regulative power, municipality of Amsterdam in the case of felyx, in a strong, apparent spotlight, which tests the system's credibility in the eyes of its constituency. Analysing the content of media coverage can give us a better understanding of the regulative environment which is created surrounding the basis of these innovations, and the reputational threats that come with it. The visibility of felyx in the media will be measured by the number of times the start-up is mentioned in the papers. Visibility will only be measured through quantity of appearance, not considering the content of the articles. Studying the valence of these articles, however, will allow us to analyse the tone of the media coverage. By combining the visibility and valence of media coverage, one can build a framework in which the hypotheses can be tested, measuring the influence of media and reputational concerns on regulation of private sector developments.

4.1.2 Measurement dependent variable: risk of under- and overregulation of the private sector

The visibility and valence levels of media salience will be measured to find out whether they influence the reputational concerns that arises within regulative bodies, thereby causing the risk of under- or stringent regulation of the private sector. To envision the influence of these waves of media into reputational concerns, the measurement and analysis of the dependent variable will be divided in four parts, marking the main factors that increase the risk of under- or overregulation: the limitations of incident-driven regulation, decaying role of centralized institutions, the balance of stakeholder benefits, and most of all the reputational concerns aligned with regulation. However, in order to study this relationship and test the hypotheses, one has to decide which measurements indicate the risk of over- or underregulation. Gilad et al. (2013) have compared the two opposite forms of regulation as an 'audiences' claims that regulatory standards, inspection, or enforcement impose an excessive burden on the field under regulatory jurisdiction' versus 'overly lenient regulatory standards, or enforcement, which fail to adequately protect the public interest' (2013, p. 456). To measure these elements and the effects of reputational concerns, this thesis will build on a data base of interview data, media outlet, and primary document analysis, in order to test Gilad et al.' theory concerning the fact that overly lenient regulatory

standards are considered more harmful to regulators' reputation than an excessive burden in the regulatory field. By measuring the risks of under- and overregulation surrounding privacy and shared mobility, this thesis will consider shaping that balance between guarding society against harmful innovations while creating an innovative supportive environment for new technologies. The interview data that will be introduced will give an idea of the incident-driven nature of regulation, that arises after new innovations enter the market. By means of this information we will see if we can locate a pattern, which is marked by Considerati as the 'legal life-cycle' of innovation. This cycle will be analysed further on in the thesis, but entails the flow of short-term overregulation into long-term under-regulation. The analysis of various media platforms will give us a better and more precise understanding of the actual flows in media coverage, and the level of regulation (lenient or excessive) that follows from these media waves. The primary document analysis that is introduced throughout the 'Data Collection' will introduce the groundwork for reputational concerns being shaped by media pressure, forming regulative frameworks that grow along with sharing economy developments (challenges in the growth of GDPR and MaaS developments).

4.2 Case selection strategy

Now that the operationalisation of concepts has been analysed we have to focus on the specific case that will embody the heart of this thesis. For this case selection, I will be using an intertemporal comparison of the variables in order to reflect and exploit variation over time, using the theory of Blatter and Haverland (2012). This technique will measure the factors affecting the dependent variable (regulation), before and after the score of the independent variable (media salience) has changed. The advantage over cross-sectional comparisons, is that intertemporal comparison tells us which of the variables that varies is the cause and which variable is the effect because both variables are measured at different times.

For this case study, the focus will be placed on the sharing economy (more specifically the shared mobility sector); an uncharted territory for the public sector, including sensitive topics (i.e. data protection), and a broad array of stakeholders that need to collaborate to put a platform such as MaaS into practice. By focusing on the urban and city-to-city transportation, one will encounter exchanges that involve peer-to-peer provision of services that we are already acquainted with (traditional subjects of regulation), offer a blurred line between which actors provide the commercial services (personal or professional) and whether these transactions should stay anonymous (which included parties receive travelling data). These factors are important seeing as most EU regulators and municipalities will lean towards classical regulation when it comes to sectors that have been built upon traditional existing frameworks. With the rise of this new economic, digital era, the public sector finds itself lacking sufficient information, in the middle of an evolving reputation and an extreme level of media salience, forcing regulators to be involved in the process. For this reason, the case of shared mobility will be shaped by both the MaaS concept and felyx e-scooters. The MaaS concept represents growing online mobility platforms, whereas felyx e-scooters illustrates the growth of small, yet significant, businesses that build onto this rising shared mobility economy. The population of possible cases is made up of every sharing mobility concept in the market (i.e. cars (car2go), bikes, steps and scooters), in which felyx is a young player gaining ground and therefore facing significant regulatory challenges. As felyx is one of the first shared mobility concepts in the Netherlands, it has to set the regulatory stage for the entire market, along with a few other players.

The trouble that public entities go through is the challenge of providing and developing the four dimensions of reputation (suggested by Carpenter, see page 6) and balancing the various 'Better Regulation' themes (referred to in book by Lodge & Wegrich, 2012), in order to provide the right set of regulatory policies (balancing public interest and foster innovation). Due to the complexity of these revolutionary technologies, it can be difficult to establish this right balance, especially when reputational concern is driven by the public opinion/media who feel a determined concern regarding the privacy of data. This situation results in the need for difficult choices on behalf of the regulatory sector, in order to prevent an unfair division of control over society (take China's sharing-economy as example). As such, overregulation may cause innovation to slow down, impede employment growth, push up costs for both public and private sectors, create large entry barriers for smaller business owners, hinder freedom and creativity within the market, and in the end, make room for monopolistic market behavior to take over.

4.3 Data collection strategy

Measurement and operationalisation are key for the legitimacy of a research design. But how does one collect data that will support this design? The factor that will mark this data collection strategy is the aim to eliminate measurement error, using the data triangulation technique where the research uses 'multiple sources or data types to measure the same concept for a single unit' (Blatter & Haverland 2012, 68). By taking this path, the thesis will be supported by different sources of evidence (media outlet), documents from mobility and privacy organizations, governments and research institutes, as well as expert interviews. These interviews may lead to socially desirable answers – 'what is measured is not only the concept that was intended to be measured but also 'social desirability' or certain societal norms' (B&H 2012, p. 68). For this reason, it is important to 'triangulate' the data collection, supporting expert views with scientific documents and examples in the media.

4.3.1 Strategy interview Considerati

In order to gain more knowledge about the true effects of regulating new developments, in this case privacy laws, and to comprehend the potential mismatch between public regulators and private regulates, expert advice is needed on the matter. For that reason, the 'Data Collection' chapter of this research paper includes an interview and analysis with Mr. Bart Schermer, Chief Knowledge Officer at Considerati. Considerati is a consultancy practiced in public affairs, privacy and legal advice, mainly offering privacy and public affairs consultancy for the digital world. Next to that, they give legal advice on privacy, data protection and cyber security to public institutions. It is precisely this collaboration, or sometimes mismatch, between various stakeholders that makes the difference between a fruitful, efficient partnership or an association marked by tension and division. The factor that made Considerati relevant for my research is the fact that they often function as the middle-man between public regulation and private implementation. Businesses reach out to Considerati to gain better understanding of the regulatory framework that is quickly changing in this digital era. This interview will give more insight on the functioning of specific laws, their impact on society, and the forces that steer and push regulation. More specifically, the interview will tackle the question whether new data protection lawmaking is generalizing sectors instead of focusing on specific issues that will not result in an abundance of negative side effects.

In light of this, the analysis will discuss the need for specialized sectoral regulation, which recognizes the different functionality of sectors and therefore applies adjusted regulation.

4.3.2 Strategy interview felyx

After the interview with Mr. Schermer, I thought it essential for a ground-level practical view on regulation in this emerging and constantly changing economy. For that reason, I contacted the co-founder of felyx e-scooters, Quinten Selhorst, who offered to provide a picture of the key issues that they encounter as a mobility start-up. The growing concept of shared mobility is one that plays a very big role in this new era marked by the sharing economy. A start-up that is becoming an increasingly important part of this shared mobility economy is felyx. Felyx is an innovative start-up with ambitious plans for sustainability and shared urban transportation (e-scooter sharing). One of the most important benefits of the transition to a society where individuals share mobility, is that it will improve urban congestion and air quality. The emerging urbanization that is taking place, creates a challenge for companies such as felyx to provide compact, shared, and sustainable urban mobility in order to improve life in the city. At this moment scooters (functioning on gas) and cars are still responsible for 32% of movement in the city of Amsterdam, in that sense these shared electric scooters could offer a positive alternative for individual (gasoline) scooters. Within the framework of regulation, a new law in Amsterdam was passed marking the new environmental zone thereby forbidding 30,000 gas scooters to drive in Amsterdam as of the 1st of January 2018 (Felyx 'about' page, 2018).

Why is this start-up a useful example to illustrate the growing discrepancy between public regulation and private sector developments, oftentimes resulting in strong regulation steered by media and public opinion? As felyx (e-scooter sharing mobility) was introduced in the municipality of Amsterdam, other sharing-bicycle companies (many Chinese) also entered the market. While felyx had been discussing its plans thoroughly and in a transparent manner with the municipality, these sharing-bicycle companies had not communicated their plans which led to a fair share of nuisance in the city. Seeing as regulation for the 'sharing economy' had and still has not been developed thoroughly (as regulation is oftentimes incident driven), these two different concepts were considered the same. The most important difference between the two concepts, in light of being a benefit or nuisance to the city of Amsterdam, is the fact that felyx' scooters cannot be used by tourists, as they are not familiar with local law- and rulemaking nor with the Dutch traffic system. One of the city's biggest pillars is to prevent Amsterdam from becoming 'one big tourist attraction', meaning that factors (such as dumping a large number of bicycles in the city) creating nuisance for locals should be prevented. As a result, a law was passed that forbid these sharing-mobility concepts from entering the market (on grounds of using public space for private commercial ends).

The insight that Mr. Selhorst has shared with me, offers direct information and knowledge in the field of the sharing mobility and the regulation that it may or may not be accompanied by. By gaining a better understanding of the regulatory developments that have arisen alongside a growing sharing economy and demand for data protection, we may find out whether the societal attention (saliency) surrounding privacy has been a large influence on the creation of new laws and regulations. Another important notion that needed attention was the question to what extent policymakers, who have been closely involved in EU data regulation, witness any effects of overregulation in the aftermath of their regulatory framework.

In light of these themes, we will analyse the need for specified regulation to replace outsized general laws, which may prevent abuse of data from large companies but also hurt smaller innovators. The interview, laid out in the 'Data Collection' part of the paper, offers more insight in the push and pull factors that steer regulation, the role of reputational concerns and media, and the obstacles to development and innovation that are introduced when regulation comes into play.

4.4 Method of analysis

Building onto the case selection, in which the intertemporal comparison of variables was already briefly introduced, it is important to assess the way this selected case and collected data will be analysed. In the book by Blatter and Haverland 'Design Case Studies: Explanatory Approaches in Small-N Research', one methodological approach that is presented is the co-variational (COV) analysis. This strategy 'presents empirical evidence of the existence of co-variation between an independent variable X and a dependent variable Y to infer causality.' (p. 33). This approach is closely related to the distinctive research goal, as it aims to determine whether one given factor (level of media salience) has an effect and/or makes a difference. The COV approach attempts to answer the interest of the researcher in finding out whether 'specific features of the social reality make a difference (whether they produce a significant effect in the social reality or not), by comparing different cases and systematically comparing variation of these features (values of the independent variable X) with the variation of relevant potential effects (scores of outcome or dependent variable Y)' (p. 35). This study is based on a probabilistic hypothesis, stating that if media salience is high, then the probability of stringent regulation is also high – this strategy allows for exceptions (p. 39). The other hypothesis is also probabilistic, where low media salience will probably result in a less aggressive regulative stance towards the shared mobility sector.

4.5 Reflection on validity

In section 2.6 of the book by Blatter et al., the authors reflect on the importance of case selection and analysis, where they state the benefit of using small-N instead of large-N research. According to Blatter and Haverland, small-N research 'is better to achieve concept validity', seeing as the choice to focus on a few cases instead of many, allows variables to be conceptualized in more complex and multidimensional ways (p. 34). The validity of this study depends on the measurements, the presence of controls, and the ability to account for potential errors. In this process, it is also important to take into account the generalization factor, meaning that the presented empirical findings of the cases studied (the effect of media salience) are generalizable to a population of similar cases (in respect to control variables) (2012, p. 31), referred to by Robert K. Yin as 'statistical generalization' (2009: 15), quoted by Blatter and Haverland (2012). To strengthen the validity and legitimacy of the research design, I will use data triangulation as stated before (see page 13), which will aim to eliminate measurement error. The interviews alone are not valid enough, therefore need to be supported by other channels (media outlet, documents, expert analyses etc.).

5. Data Collection

The data that has been collected forms the basis for an implementation of the research design. The process of the data collection is to apply three methods of material collection which will give way to a maximization of the reliability of my findings. This triangulation of data collection consists of two interviews, a content analysis of primary sources, and a study of the media outlets. Using this triangulation, I will focus on an intertemporal comparison of factors influencing my dependent variable (regulation) before and after a change in the independent variable (media salience). The results that will be presented in this part of the thesis, will reflect the 'Legal life cycle' theory introduced in the Considerati interview: innovation affects particular actors in society, giving change agents a reason to respond, thereby increasing media salience which is reflected on the political agenda, eventually leading to a new regulative framework.

5.1 Primary document analysis

5.1.1 General Data Protection Regulation

To identify the types and risks concerning under- or stringent regulation that are affecting the growth of the sharing economy and data base evolution, one can look at the development of the new General Data Protection Regulation (GDPR).

Data protection EU (European Data Protection Supervisor – EDPS): History of the GDPR

- 24/10/1995: Directive 95/46/EC on protection of individuals with regards to the processing of personal data and on the free movement of such data is adopted
- 25/01/2012: EC proposes comprehensive reform of the EU's 1995 data protection rules to strengthen online privacy rights and boost Europe's digital economy
- 07/03/2012: EDPS Opinion on EC data protection reform package
- 23/03/2012: Working Party Article 29 adopts Opinion on data protection reform proposal
- 12/03/2014: EP adopts GDPR (621 votes in favour, 10 against and 22 abstentions)
- 15/12/2015: EP, Council and EC reach an agreement on the GDPR
- 27/04/2016: Regulation (EU) 2016/679 – GDPR
- 25/05/2018: GDPR applies from this day

The impact of this new GDPR on our society has the possibility to foster new ideas and create a level playing field for the entire private sector, however it could also result in detrimental effects for innovation. Daniel Castro and Alan McQuinn discuss the effects of large-scale regulation in their article 'How and When Regulators Should Intervene' (February 2005). In their article, they identify the danger of applying the same penalties regardless of either intent or harm, which is a large problem in both local and international regulative frameworks, and can easily lead to less innovation. The unintended consequences of regulation that they coin are: a block of beneficial innovations if they are too burdensome versus failure to guard (society) against harmful innovations if they are too lax. What we often see is that regulatory agencies will concentrate on minimizing this 'failure to guard society', as this would make them look ineffective and harm their reputation, resulting in public shaming (data protection is of key importance here, seeing as the GDPR is a way of regaining control over the emerging online platforms and databases). In the case of mobility, we see that a rapidly growing sharing economy is

experiencing fierce regulation in order for the public sector to remain control of its effects. These regulative institutions would face less public pressure to prevent harmless innovations which actually provide benefits to society, seeing as the opportunity costs are difficult to recognize or measure.

Daniel Castro, in a different article written with Nick Wallace 'Impact of EU's New Data Protection Regulation on AI' (March 2018), assesses the effects of the GDPR on revolutionary concepts such as artificial intelligence (AI), and in more general terms the use and spread of data. The authors note that the GDPR will result in significant costs in terms of both innovation and productivity. Most of all they identify the negative impact of new data privacy rules, as 'putting EU firms at a competitive disadvantage compared with their competitors in North America and Asia' by tying down its digital economy for the future.

How GDPR will inhibit AI development and use in Europe (March 2018)

- Requiring companies to manually review significant algorithmic decisions raises the overall cost of AI.
- The right to explanation could reduce AI accuracy.
- The right to erase could damage AI systems.
- The prohibition on repurposing data will constrain AI innovation.
- Vague rules could deter companies from using de-identified data.
- The GDPR's complexity will raise the cost of using AI.
- The GDPR increases regulatory risks for firms using AI.
- Data-localization requirements raise AI costs.
- Data portability will stimulate AI competition, albeit at a cost.

5.1.2 Shared Mobility (MaaS)

The focus of this thesis is the regulative framework surrounding emerging concepts such as the sharing economy, in this case one specific segment; shared mobility. This part of the sharing economy has the possibility to offer solutions in the context of the increasing urbanization which many developed countries experience in this day and age. In a city such as Amsterdam, the municipality notices a growing support for the introduction of sustainability-oriented innovations and an emerging demand for sustainability solutions from the various key stakeholders (consumers, businesses, and public parties). An important aspect of the shared mobility sector, is that multiple agents are involved (both public and private providers) in the search for the development of public infrastructure and transit systems that can offer a base for the emerging innovations (Cohen, Boyd, and Kietzmann, 2014). The diverging interests of these various agents can lead to conflicts if not communicated properly. In order to give these themes more context I will introduce the MaaS concept, as an example of a growing online mobility platform, and felyx e-scooters which illustrates the growth of small, yet significant, businesses that play into this rising shared mobility economy.

The rise of a new mobility platform has been referred to as the 'Netflix's business model applied to urban transportation' in the Deloitte Review 'The rise of mobility as a service: Reshaping how urbanities get around' (2017) written by Goodall, Fishman, Bornstein and Bonthron. The authors focus on the already

existing application 'Whim' in Helsinki, Finland, where they plan on making it unnecessary for any city resident to own a private car by 2025. This app allows its users to plan and pay for all modes of both public and private transportation within the city. The two trends that one sees regarding global interest in the MaaS platform are; people desire a more livable city in which MaaS could transport people in faster, cleaner, and less expensive ways & secondly consumers in society are already embracing many new mobility options and applications (train, tram, car-sharing, scooters etc.) so why not combine all of the options.

The factors that are key in developing this MaaS ecosystem are proper infrastructure, data providers, transportation operators, and trusted mobility advisors. In order to make MaaS a success it is of the utmost importance that these players collaborate in an efficient manner. This is where the regulative framework and diverging interests of parties play an important role. Both government agencies and private sector participants need to be involved in the development of this platform, however, private sector parties will seek profit maximization as a goal versus welfare maximization sought after by the public sector (reduced congestion leading eventually to higher productivity, better air quality, reduced urban footprint and fewer traffic accidents – chapter 'Evolution of MaaS'). This brings us to the key challenge, which Goodall et al. refer to as 'finding the regulatory sweet spot'; balancing private sector innovation while preserving the public interest. Protecting the public interest is seen as the key focus of the government. The matters that are important to consider in the evolution of this sharing mobility, databased economy can include: ensure that public safety and security will not be compromised in this new transportation environment, guarantee guidelines that anticipate future developments (instead of purely reactionary regulation), protect consumers in the fields of data privacy, liability and equal access, and lastly to foster equity within the provision of transportation.

The development of the platform could offer many benefits for both cities (solution for congestion and less major capital investments needed) and individuals (increasing amount of travel options facilitating movement within urban environments), and best of all, the technology is already present (smartphone networks, AI, autonomous driving etc.). Yet, the establishment of well-functioning public-private partnerships (PPPs) needs to be complete for capital and innovative capabilities of the private sector to join the public governing power. In light of this, the European Commission has developed the MaaS Alliance in 2015 at the ITS World Congress in Bordeaux (following launch of MaaS concept in Helsinki in 2014). This Alliance is a PPP that aims at creating a strong base for implementation and development of this mobility platform in Europe and the rest of the world. Its main goal is 'to facilitate a single, open market and full deployment of MaaS services' (MaaS Alliance White Paper, 2017).

5.2 Interviews

The idea behind the interviews was to create a full picture of the regulative framework surrounding new developing technologies, such as the sharing mobility sector and the new GDPR, in order to maintain an unbiased level playing field for every actor involved. These interviews assist in understanding the forces behind the reputational concerns affecting private sector developments, and offer the reader an indication of the factors that increase risk of under- and overregulation. In order to place these interviews in the broader context of this thesis, I subdivided the content into several overarching themes: a discrepancy between public and private sector, data protection, platform gatekeepers, incident-driven

regulation, and lastly nudging and media. These sub-chapters will build onto the theoretical framework by sketching the challenges that arise in designing a regulative framework for the emerging sharing economy. By exploring the factors that influence the risk of under- and overregulation of this sector, one is able to picture the driving forces behind reputational concerns, thus shaping the conclusion for this thesis.

The two interviews that have been outlined above all revolve around the above mentioned themes. These themes aim to connect reputational concerns (with media salience as the causal factor for concern) to under- and overregulation of the emerging sharing economy, in which a discussion of the influential role of new data privacy regulation is inevitable. The themes that arise in the various interviews embody the contemporary absence of technological knowledge within the public sector during this revolutionary era led by private sector parties. They create a depiction of the discrepancy between private sector developments and public sector regulatory infrastructure, in which the presence of regulatory concerns and media salience surrounding the topic of data protection in the growing sharing economy is both apparent and influential. Even though the interviewees are active in completely different fields, they both seem to acknowledge the fact that data protection is a crucial point on the political agenda for voters in society, and therefore attracts a large amount of media attention which often leads to a 'call for action' on behalf of the public sector.

The relevance of these interviews will be analysed in the sub-chapters below, while the full transcripts can be found under chapter 8 'Appendences' (seeing as they are quite extensive and range between 15 to 25 min.). These interviews will hopefully create a framework which allows me to discuss the potential need for specialized sectoral regulation, considering the emerging negative side effects that oftentimes accompany large generalizing laws. The vastness of the full transcripts offers a detailed account of the various sectoral views on the matter of the evolutionary emerging sharing economy.

5.2.1 Incident-driven regulation

Considerati

This paper aims to study the effects of reputational concerns on regulative behavior, which is a topic that continues to arise in the interviews and research, through several methods. One way it comes forward is through regulation being an incident-driven concept. In the Considerati interview, Schermer speaks about the remarkable responsiveness of politicians when regulation is needed for new technologies in society. He explains how; 'first there needs to be an issue in civil society before the municipality or international government will take action. These problems are caused by new technologies; however, they always need to be picked up by a specific group of people; 'change agents'. These change agents will have to complain about, or hold an interest in the introduction of the new technology. Data privacy, for example, is an issue that affects concerned civilians, civil rights organizations, etc. who then become the change agents and make sure the issue is discussed on the political agenda' (par. 17, Cons.). Thus, according to Schermer, an issue in civil society needs to be picked up by a concerned group of citizens ('change agents'), who then raise awareness for the issue in order for it to be discussed at a political level.

Considerati has taken this idea further and incorporated it in their business through the creation of a 'legal life-cycle', which they use to give a detailed description of the developments a new technology goes

through. In short, when a platform is developed successfully it will enter the market and oftentimes result in a disruption of the current state. He uses Uber as an example, which fits nicely into the sharing mobility theme of this paper, 'with their new business model they have disrupted the entire market for taxi's which has led to a shift of power and consequently, many complaints from taxi drivers in their own municipalities. Thus, there needs to be an actor whose interests are being affected by the innovation (individual, organizations etc.), which can then lead to topics being raised at the political level, where politicians will start discussing possibilities for regulation. After these discussions, law-making and lobbying takes place, which results in a new regulatory framework. This life-cycle is present for almost every new technology' (par. 18, Cons.). This legal life-cycle shows how politicians are directly affected by the 'change agents' in society, seeing as their reputation is on the line if they decide not to act upon these demands.

Felyx

In the interview with Selhorst from felyx we also find evidence for the theory of incident-driven regulation. He explains how in his eyes, municipality has been placed in a very tough position, comparing the current regulatory framework for the sharing mobility economy to the evolution of cars: 'if we take a parallel example, say the introduction of cars in our society, we can see that there was a similar situation. No regulation existed when the first cars started driving, resulting in people actually walking in front of the car with signs stating that a car was coming. Also, no parking spaces existed, as these were not needed. The example illustrates an important notion, seeing as law and regulation are primarily formed as a reaction to new innovative ideas in society. Which is precisely what is happening at this moment within the growth of the sharing economy and shared mobility sector.' (par. 9, felyx). Hereby Selhorst identifies regulation to be reactionary by nature, instead of anticipatory to new developments and technologies.

As felyx has been at the heart of these developments, they can offer an interesting view on the current deficiencies of the regulatory framework. In the interview, we find out that the municipality of Amsterdam has been forced to take emergency measures to control for the missing regulation that should have been created for the sharing economy. As he states; 'these measures never function ideally (or even worse) as they were not truly meant to be implemented; hence the 'emergency' factor. Which in our case means that these measures do not distinguish various modes of mobility (cars, scooters, bicycles etc.), whereas they all require different regulatory approaches as they face different benefits and challenges. Creating these new policies takes a lot of time, especially seeing as it is such a revolutionary sector, thus making it one of the biggest challenges that the municipality faces and indirectly offering large obstacles for felyx' (par. 9, felyx). In the interview, it becomes clear that due to a lack of time and technological know-how, the municipality has created a framework which does not distinguish between various modes of mobility even though these various modes influence society in completely different ways. Due to various complaints and incidents, public entities are forced to react in order to uphold their reputation as the guardians of societal values. These notions guide us to the next sub-chapter.

5.2.2 Discrepancy public vs. private sector

Considerati

The second reoccurring theme that I would like to address is the matter of a growing discrepancy between public and private sector developments. In the Considerati interview with Mr. Schermer, several reasons are introduced that could explain this emerging issue which has the potential to lead to a

misconception of the severity of innovations and eventually their abolishment. This first reason that he brings up is the matter of 'different goals, interests and timelines' (par. 4, Cons.), by which companies will demand clear-cut regulation that allows them to make quick decisions, allowing them to reach quarterly profit goals that may be expected from them by investors and shareholders. In contrast, individuals' active in political spheres will tend to consider long term timelines when making decisions, favouring their next re-election over short term effects. Mr. Schermer's second argument is founded upon the presence of technological know-how. According to him, 'suboptimal measures in light of regulation' (par. 5, Cons.) are often a result of the lack of technological understanding amongst politicians. More importantly, policymakers and regulators often fail to consider the actual functioning of new technologies and are therefore unable to see the long-term benefits that these might have for society. To back this up, he identifies the source of this lack of inside knowledge of technological developments, which is mostly because they lack the time and aid to truly go into detail when considering these concepts. By example he speaks about politicians in the Dutch Parliament, each attaining responsibility for an average of 'six dossiers ranging from ICT to the refugee crisis to economical sustainability' (par. 8, Cons.) with the help of only one associate. Each of these six dossiers will then have dozens of different company lobbyists that attempt to influence the politician, inflicting even more pressure on a short time-frame matter.

Apart from the discrepancy between goals, interests, timelines and technological know-how, he identifies a difference in worldviews as an important factor that leads to this divergence in development. According to Schermer, 'individuals that seek employment with the government do so because they want to make a change in the world (idealistic), whereas the private sector attracts people that desire individual success, financial comfort or a general win-mentality' (par. 7, Cons.). This argument is closely linked to the type of individual that applies for a job in the public sector versus one searching for employment in the private sector. The first being motivated by a general need to improve the world order, whilst the second has more specific, focused goal which can instigate higher levels of efficiency.

Felyx

In comparison to the mediating role between public and private stakeholders that Considerati attains, we also have the viewpoint of a sharing mobility start-up experiencing the regulative framework first hand. Mr. Selhorst brings up several interesting matters that may explain this discrepancy. First, he introduces the fact that 'new policies have to be written in a very short time frame, which is difficult for a public institution (applicable at a local, national and international level) because they have to take into account the needs of every actor that is affected by that policy: city districts, operators (bicycles, cars, scooters, e-bikes, e-scooters etc.), large public transportation companies, city planners, etc.' (par. 11, felyx). In addition to the lack of much needed time, he brings up the same argument as Schermer, as 'public institutions will have to gather a lot of information surrounding the new technologies and concepts and have to apply market consultations which requires a long process. This is creating a mismatch between the speed at which new technological companies such as felyx can and want to innovate and earn their right to exist versus the amount of time it takes for the municipality to design well-fit policies that allow these new concepts to flourish within society.' (par. 11, felyx). This mismatch is essentially what drives the inconsistency of well-fit public-sector regulation that should accompany new technological innovations.

5.2.3 Data protection

Considerati

The protection of public data is a topic that has risen quickly and vastly to the forefront of our lives, along with developments in artificial intelligence, new technologies, and of course the emerging sharing economy. The new GDPR is therefore an interesting policy to study as it influences an important part of the development of the sharing economy and more specifically the mobility branch. Schermer argues that the 'GDPR has been introduced to create a level playing field for all stakeholders that participate, it encourages businesses to think about their data usage, not kill innovation. The general feeling towards this new regulation is quite hostile, due to a lack of understanding it just seems like it will lead to higher costs.' (par. 10, Cons.). This feeling of hostility that lingers amongst business owners and individuals in European society is also linked to the fact that 'regulation in countries such as the U.S. is a lot more flexible meaning that companies there do not have to comply with the same rules. This is creating a general imbalance in the international level playing field, in sectors such as artificial intelligence and the shared-economy' (par. 10, Cons.). Thus, it seems that the reason why the GDPR has been introduced (create level playing field for all participants in Europe), is the same reason why European companies are falling behind in the international level playing field.

Yet, the factor that is important to consider in this case is the idea of short term costs versus long term benefits. Schermer identifies that the EU has created a sustainable solution for the future by implementing this new regulatory framework, as individuals and states in the U.S. will also be demanding data protection at some point in the future, which will then have to be created by the public sector. According to Schermer; 'this allows them to guarantee civil responsible innovation and create support from all the relevant stakeholders, on the long run. Having said that, on the short term this new framework is definitely putting EU countries at a competitive disadvantage compared to other less-regulated countries. (par. 11-12, Cons.).

Felyx

The founder of felyx, Quinten Selhorst, continues on the path set out by Schermer by building upon the point that companies in more flexible nations such as the U.S. benefit from the GDPR. Selhorst links the matter of large US and Chinese companies, who already had an advantage when it came down to gaining large amounts of funding, to this new law which makes it even harder for companies in the EU to compete with these large international companies. Due to the flexible regulatory framework in which these companies operate and their ability to attain vast funding, they are able to influence the political climate the most, thereby creating a disadvantage for local start-ups such as felyx (par. 11, felyx). Selhorst does state however, that as they are new to the market the GDPR has been on their radar since the beginning, allowing them to 'take the new regulation into account when considering matters such as privacy conditions and the way we save our data.' (par. 14, felyx, page 58). This has permitted a smooth transition, saving a lot of time, energy and finances, to shape their concepts to the expectations and demands of the GDPR. Something that Selhorst can 'imagine to be a critical point for many larger companies'.

A matter that Selhorst does find worrying is that 'these new policies place fierce demands on companies, who will create various (backdoor) methods (loopholes) to abide to the new rules. This completely undermines what the GDPR was supposed to do.' (par. 15, felyx). To sketch an example of one of these loopholes he explains how professionals will use encrypted WhatsApp messaging to exchange contact details, instead of their corporate e-mail, to avoid the hassle of requesting approval and thereby lose precious time.

5.2.4 Platform gatekeepers

Considerati

Closely linked to the increasing need for data protection is the shift in responsibility that Schermer brings up in his interview. He speaks of the increasingly powerful data platforms that serve as gatekeepers to data access on the internet and are 'therefore the most effective interaction points for regulation in the eyes of government entities.' (par. 14, Cons.). He continues by depicting the difficult, if not impossible, task for governments to offer their constituency the protection and regulation that is needed to control the in- and outflow of data on the internet. For that reason, 'gatekeepers form a natural regulatory barrier to online platform access, which is why government entities often go to these platforms with requests about filtering and regulating data access.'. An example of this follows, introducing the much-debated case of Facebook 'in which the government places the responsibility of filtering fake news and harmful media in the hands of Mark Zuckerberg, outsourcing the matter of regulation' (par. 14, Cons.). Schermer finds that this shift in responsibility has been building up for years, but is now truly taking shape as matters such as data privacy are a conflicting item on the political agenda.

The largest problem with these developments is that there's a heavily present conflict of interest; in which the interests of the two stakeholders oftentimes do not align. Schermer states that there is a 'need for public private partnerships where both stakeholders benefit from proper regulation (private sector filtering abusers from platform, while public sector protects citizens).' Yet, due to this non-alignment of interests, PPP's are difficult to attain. Another factor that he finds worrying in the development of these PPP's is more of a financial matter: 'which party pays for this regulation (in many cases the platform has to fix and pay for problems)? And when the platform is given the responsibility to filter users and data, is it always neutral in doing so? They always claim to be neutral, however their whole business has been designed around a specific set of goals which they want to obtain, which can then have direct effects on society' (par. 15, Cons.). With these questions, he wonders whether the public can trust these data platforms to function consistently in their best interest, even when this might not be beneficial to the platform itself.

5.2.5 Nudging and media

Considerati

These themes bring us to a leading point in this paper, one where we can link the thus far discussed notions and move towards the effect of reputation on regulation. Schermer speaks about the role of change-agents in an incident-driven regulatory framework 'an individual whose interests have been harmed, or a journalist with an inside scoop) will complain on media, this will get increasingly more attention until it reaches the headlines. At that moment, politicians are almost forced to consider the complaints because the issue has been given societal importance and the public interest is at stake' (par. 20, Cons.). These

arguments lead him to a rather cynical and confronting reality, namely that regulation is oftentimes a result of discontent amongst few, but affects many; 'reality shows that a politician who does not take action, will not be re-elected. A politician will not be very successful or loved by constituents if he or she takes an anticipative stance on pressing societal problems (taking time to let matters play out, potentially do scientific research before designing regulation). Instead, they have to respond immediately by introducing new laws and regulation in order to tackle the problems at hand.' (par. 22, Cons.). He does make an important differentiation between local and international lawmaking, where 'at EU level there is often an umbrella-effect in which regulation is discussed thoroughly with a clear goal on the horizon (aim to have society built around information, while protecting civil rights etc.). Local lawmaking being more receptive for societal nudging than at the international level' (par. 22, Cons.).

Felyx

When discussing the possibility of regulation being affected by nudging from organizations, media and civil society, Selhorst explained his theory based on felyx' collaboration up to this point with government entities. He starts by contemplating about the role of the municipality as being 'in service of the city's inhabitants', who may all express their views and opinions and if needed share these with governing authorities (par. 17, felyx). The problem, he states, lies in the fact that 'some audiences speak up more often than others as well as in fiercer choice of language. We from felyx believe that this is at least partly caused by the fact that different audiences have different priorities / schedules, and that some of these groups have more time to share their ideas on the matter (in anonymous) form' (par. 17, felyx). This is the type of negative media that eventually reaches political level, as long as there are enough change agents to take part. In the case of felyx a 'huge group of local residents in Amsterdam have complained fiercely about the bicycle-sharing concepts by actively protesting on twitter and other media channels. Many civil servants and political individuals are active on twitter, in order to communicate with their core constituency, and take note of these complaints. These audiences have spread their complaints to not only bicycle-sharing, but also our e-scooters, even though most have them have not been properly informed about the concept (felyx scooters do not function on gas, we make sure our scooters are properly parked to avoid nuisance, etc.). As a result, these two completely different concepts are considered equal (both shared mobility that increase congestion in the city), whereas they fail to see the bigger picture (this process is a transition from individual ownership to shared mobility for everyone)' (par. 18, felyx).

This example of felyx ties together the matters of short term costs (more scooters in the city) versus long term benefits (shared mobility fixing urban congestion improving air quality), with the fact that an absence of knowledge in the field can lead to misguided regulation. Their main media-related problem is that their target audiences (young professionals and students) are the ones that should, but do not take nor have the time to promote felyx and actively share their thoughts on mediums such as twitter. Thus, according to Selhorst, 'the gap between positive and negative feedback is enormous, and the impact of these complaints is huge (directly reaching political figures, reporters and civil servants). This shows that a small, but loud audience, can have a gigantic effect on the regulatory framework, compared to a much bigger opposing group, who do not share their thoughts. This concept of societal nudging largely affecting local lawmaking is a factor that has been observed in theory by Schermer in his interview, and is shown to occur in practice with felyx.

6. Analysis

Now that the theoretical framework has been laid out, the research design specified, and the collected data introduced and analysed, a foundation has been set for a thorough analysis in which one can explore the depths of the research question; *to what extent reputational threats or concerns steer policies that affect private sector developments within the emerging sharing economy*. Within this framework of various theories, views, and principles, I hope to find a correlation between the variables that have formed my hypotheses:

- H₁ Short term developments in the sharing economy surrounded by high media salience force regulators to react strongly in order to prevent their evolving reputation from becoming weak in the eyes of their constituency.
- H₂ Longer term developments in the sharing economy surrounded by low media salience lead regulators to take a less aggressive stance as they do not feel the strong urge to defend their reputation.

In order to sketch a clear interpretation of the mentioned theories I have divided the analysis into two parts; the first analyses theories, evidence, and opinions linked to my independent variable (media salience) while the latter offers an empirical analysis of my dependent variable (regulation).

6.1 Independent variable: media salience

My first hypothesis revolves around the extent to which media popularity of specific themes can influence policymaking. The high media salience that accompanies the rise of sharing platforms and privacy discussions, is oftentimes measured by the intensity of opinions about these sharing economy developments. An absence of response whilst constituents demand action can be an issue when an institution remains silent on delicate subjects. Yet, overregulation then again may slow down employment growth and innovation thereby creating large entry barriers for small businesses, due to overcompensation for this concern of reputation.

Before introducing the articles covering felyx e-scooter sharing in the media, it can be useful to set an image of the regulatory landscape for the sharing economy (with specifications from the Netherlands). These articles show the struggle and slightly backward nature of the municipality of Amsterdam and the whole of Netherlands in creation of regulative frameworks. One article published on the 20th of May 2015 by the Guardian, 'Smarter Regulation for Smarter Technology' aligns the difficulty for policy and regulation to cope with new technology-based sharing platforms. The authors, Pieter van de Glind, Koen Frenken, Toon Meelen and Martijn Arets, highlight the need for smart regulation to solve many controversial notions, as the sharing economy can lead to 'more precarious jobs and unfair competition' and 'many of its practices are illegal in some jurisdictions'. In their article, the authors give their definition of the sharing economy, they highlight the increasing criticism, and they appeal for more smart regulation. Their definition marks the role of 'consumers granting each other temporary access to under-utilised physical assets ("idle capacity"), possibly for money', in which three elements distinguish the sharing economy from other economy forms: consumer-to-consumer (C2C) platforms, consumers providing each other temporary access to a good, and more efficient use of physical assets. The criticisms

that arise with these developments consist of undesirable effects such as 'platform monopolies, privacy violations, exploitation of labour, and unfair competition'. When the article introduces the need for smart regulation, it mentions the Netherlands and the municipality of Amsterdam in particular, as it illustrates the struggle of integrating shared platforms in the regulatory framework (i.e. Uber, Airbnb etc.). The struggle is marked by the municipality's desire to promote a green, sustainable, innovative environment, while pushing back new innovations. A major issue of regulatory concern that this article raises, is the 'ownership of data generated by users through use of sharing platforms'.

A second article that plays in on the unwelcoming regulations in various European countries, is one written by Rebecca Burn-Callander for the Telegraph on the 2nd of June 2016 'Stop bashing sharing economy – tough talk from European Commission'. Burn-Callander writes about the warning from Brussels that 'draconian bans on sharing economy businesses should be used only as a "measure of last resort" ... nations such as France, Belgium, and the Netherlands attempting to limit the growth of companies like Uber and Airbnb'. In the article, the UK is promoted as one of the 'global centres of the sharing economy' in contrast with other EU countries where 'complex, burdensome and disproportionate regulations' affect the developments of innovation in society. The report by the Commission concludes by saying the 'EU should proactively support the innovation, competitiveness and growth opportunities offered by modernisation of the economy.'. Now that a general view of the European regulatory landscape has been introduced, we can zoom in on the framework that has developed over the years in the municipality of Amsterdam.

6.1.1 Phases of media salience

The following timeline represents the visibility and valence of felyx e-scooter sharing in the media. By combining visibility with valence, we can attain the level of impact that the quantity and content of this coverage has had on the regulative framework that followed. The measurable factors that offer the reader context to support the theoretical framework, consist of the attention, prominence, and valence of the media coverage. By dividing the timeline in three phases, we can see the introduction of a neutral, negative, and positive framework, in which the articles place sharing economy developments in society. The articles that have been collected arose from a 'felyx' search within the list of newspaper articles in the 'Academic' section of LexisNexis. Most articles are written in Dutch; therefore titles/text have been translated to English for reading purposes. The diagram matching these findings, will follow after these various phases have been outlined.

FIRST PHASE: HIGH LEVEL OF ATTENTION, VISIBILITY & NEUTRAL VALUE

- 12/04/2017: *Het Parool*
 - E-scooters shared within the city
- 12/04/2017: *Financieele Dagblad*
 - Scooters are available as of this summer for 30 cents a minute
- 12/04/2017: *De Volkskrant*
 - Amsterdam receives 'wittescooterplan'
- 12/04/2017: *Algemeen Nederlands Persbureau*
 - Amsterdam receives electric sharing scooters
- 13/04/2017: *Leidsch Dagblad*
 - Sharing electric scooters and clean in the city

- 13/04/2017: *Financieele Dagblad*
 - Sharing scooters in Amsterdam
- 15/04/2017: *NRC Handelsblad*
 - Sharing economy shared scooters in the city – informative
- 27/05/2017: *Elsevier Weekblad*
 - The person behind felyx
- 19/07/2017: *Metro (NL)*
 - In a while everyone can take a felyx

SECOND PHASE: HIGH LEVEL OF ATTENTION, VISIBILITY & NEGATIVE VALUE

- 11/08/2017: *Het Parool*
 - After sharing bicycle comes the sharing scooter
- 19/08/2017: *Het Parool*
 - Big danger on the road: exhaust fumes
- 16/10/2017: *Het Parool*
 - No mercy for e-scooter
- 17/10/2017: *Quote*
 - Amsterdam's sharing scooters follow sharing bicycles-exit: 'It appears that it will also apply to us'
 - Amsterdam, almost seen as THE sharing economy-capital of the continent, also plans on removing e-scooter sharing from the city, after struggling with regulation regarding Airbnb and Uber.
 - Felyx was introduced with article 2.50 'Algemene Plaatselijke Verordening' – a ban on commercial services in public spaces. The start-up is placed in the same group as shared bicycle companies 'O-bike, Flickbike, Dropbyke', who all received a letter with a demand to remove bicycles from the city center.
- 17/10/2017: *Het Parool*
 - After years of debate there is no room for sharing scooters
 - The sharing bicycle companies have until the 20th of October to remove their bicycles from the public space, while felyx has until the 9th of October to remove their scooters. However, the start-up is still allowed to convince the municipality of its use for the city of Amsterdam.
- 17/10/2017: *De Telegraaf*
 - Sharing scooters also penalized by regulation
- 25/06/2018: *Financieele Dagblad*
 - Amsterdam: Ambitious however delayed in shared mobility
 - Lawmakers responsible for road traffic in Amsterdam, aim to make the city cleaner, more accessible and less crowded, by introducing a 'mobility budget' for every citizen willing to give up their parking license.
 - Sharing mobility platforms are still critical as the cities of Utrecht and The Hague are much more progressive in their eyes, with more sharing vehicles and better regulatory infrastructure to receive new innovations. While the city of Amsterdam wants to introduce this new mobility plan, they still hold back on allowing new platforms to enter the market, thereby limiting the options for citizens debating on whether to give up their parking license or not.
 - Sharing mobility concepts have been leading to great nuisance amongst Amsterdam residents, as municipality still struggles with proper regulation.

THIRD PHASE: HIGH LEVEL OF ATTENTION, VISIBILITY & POSITIVE VALUE – SWITCH TO ROTTERDAM

- 31/07/2018: *Quote*
 - Start-up felyx accumulates 3 million euros for expansion Rotterdam
 - Launch in Rotterdam is an important milestone for felyx, co-founder Quinten Selhorst 'Our aim is not only to transport people, but also to make cities more livable. If you decide to

- leave your car for the shorter distances, there will be less traffic, congestion, pollution and it will allow you to reach your destination faster'
- From a panel interview out of 1830 participants, felyx found out that 50% of its users would have chosen a car or taxi in case felyx had not been available.
 - 1/08/2018: *Financieele Dagblad*
 - Sharing company felyx expands to Rotterdam with 324 electrical scooters
 - 1/08/2018: *De Telegraaf*
 - Sharing scooters now also available in Rotterdam

6.1.2 Visibility & Valence

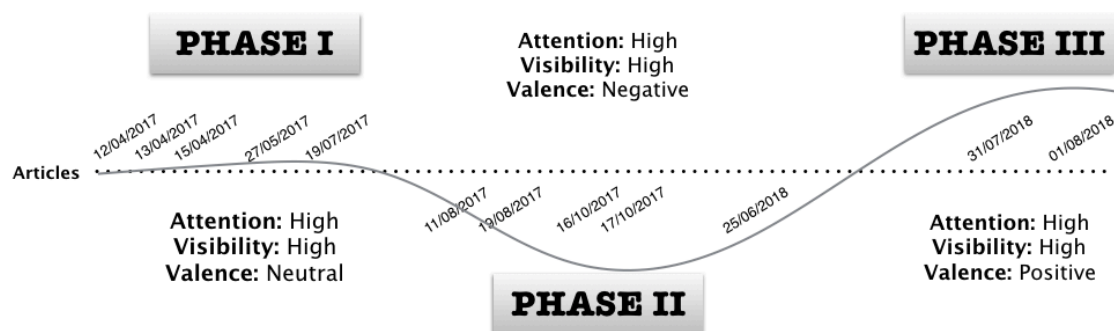
The level of media salience that accompanied the quickly developing shared mobility economy in the Netherlands, is a representation of popular thought within society and shows the impact 'change-agents' may have in society. By organizing the three different phases in a neutral, negative, and positive frame, one can see the influence of various media waves on the regulative framework that has arisen alongside these innovations (see diagram 1.4 below). The first phase reflects the neutral start of an innovation in society, new technology is introduced, surrounded by a high level of attention and visibility, while attaining a value that still needs to be framed by popular opinion and media waves. In the case of felyx, it was the introduction of the e-scooters in Amsterdam, mostly guided by informative news items to gently introduce people to this contemporary market disruptive innovation. The first media wave places felyx on the map, aimed at informing citizens of new developments and the impact it has on contemporary society.

The second wave is marked by a different tone, where complaints about commercial use of public space and a call for fiercer regulation regarding shared mobility platforms, shape the attention, visibility, and valence that felyx receives. These complaints are linked to sharing platforms bombarding the public space, including bicycle and scooter sharing, but also companies like Airbnb and Uber in Amsterdam. Complaints and media salience mark the high level of attention and visibility that felyx receives, however this time not with neutral but a negative valence. Regulation follows as article 2.50 'Algemene Plaatselijke Verordening' – the ban on commercial services in public spaces, eliminates every shared bicycle company from the Dutch market (20th of October). Due to the fact that regulation has not been specified thus far, and the large number of bicycles are placed in the same regulative group as the significantly smaller number of scooters introduced in the city of Amsterdam, felyx is facing removal from the city centre (9th of October). In light of these developments, the *Financieele Dagblad* mentions the 'great nuisance amongst Amsterdam residents' concerning sharing mobility concepts and the struggle for municipality to find the right regulative balance. These media items place the municipality of Amsterdam in critical daylight, compared to other more forward-thinking cities in the Netherlands (Utrecht and The Hague as mentioned in the *Financieele Dagblad*). The debate that follows this search for regulation has placed felyx at a halt within Amsterdam, not being forced out, however forbidden to increase the quantity of its fleet of scooters, thereby stagnating its productive output and innovative nature.

Lastly, we still see the high level of attention and visibility surrounding felyx, however this time the valence and focus of media has altered its course. After reaching a halt within the municipality of Amsterdam, felyx has moved its potential for growth to Rotterdam where expansion is welcomed with large funding and strong user support through panel interviews. As the start-up enters a new city with three times the

number of scooters compared to Amsterdam, the media offers a more positive and hopeful outlook. The struggle that appeared in Amsterdam, as part of the nuisance experienced by local residents, had to be picked up by the municipality, in the logic that an absence of response can make an institution vulnerable. In that sense, we are referring back to the idea introduced by Gilad et al., that underregulation is considered more harmful to a regulators' reputation than overregulation, as it may mean a failure to protect the public good from harm, thereby losing its credibility as regulative body. These ideas are marked by the reputational concerns that these institutions face, while searching for the regulative balance in uncharted territories.

Diagram 1.4: **TIMELINE REPRESENTING CHANGE IN MEDIA SALIENCE OVER TIME**



6.2 Dependent variable: risk of under- and stringent regulation

The relationship between media salience, organizational reputation, and the subsequent under- or stringent regulation of specific sectors, has shown more apparent evidence to support the first hypothesis than the second (marking an aggressive regulative stance as a result of high media salience). However, how do these concepts reflect and influence regulation, as is the question of this thesis. To envision the influence of these waves of media into reputational concerns, thereby studying the extent to which these concerns steer policymaking, this second part of the analysis will focus on the factors that increase the risk of under- and stringent regulation. It will be divided in five parts, marking: organizational reputation, the limitations of incident-driven regulation, decaying role of centralized institutions, the balance of stakeholder benefits, and most of all the reputational concerns aligned with regulation.

6.2.1 Organizational reputation

The theoretical framework sketched by Maor finds strong support for two hypotheses: considerations regarding reputation can steer communication strategies (or regulation of the market) & various demands, priorities and reputational concerns create a very difficult situation for public institutions where they have to balance public opinion with their own focused agenda. These demands might 'distract' them from key innovations, seeing as they want to channel their attention on organizational reputation. Linked to these hypotheses is his discovery that regulators tend to speak up when they find themselves regulating uncharted fields in which their reputation is still in a developing phase (Maor 2016, p. 587). On top of that, when media coverage reflecting on these fields is high, higher propensities to respond are likely to take place. Within the field of the shared economy, with the online interaction of databases and

privacy discussions, media salience is extremely high and receives a lot of attention, therefore demanding strong response from regulator. These theories can now be analysed using the examples of Considerati and felyx.

The results that Maor has found seem to overlap with the data research and interview content that were collected. Schermer speaks about the role of change-agents in an incident-driven regulatory framework 'an individual whose interests have been harmed, or a journalist with an inside scoop) will complain on media, this will get increasingly more attention until it reaches the headlines. At that moment, politicians are almost forced to consider the complaints because the issue has been given societal importance and the public interest is at stake' (par. 20, Cons.). As a result, he finds that regulation is oftentimes steered by consideration regarding reputation, the institutions do not want to lose face in front of their constituents: 'a politician will not be very successful or loved by constituents if he or she takes an anticipative stance on pressing societal problems (taking time to let matters play out, potentially do scientific research before designing regulation). Instead, they have to respond immediately by introducing new laws and regulation in order to tackle the problems at hand.' (par. 22, Cons.). An important matter in light of this organizational reputation is that international law making is better protected from media and nudging, while at a local level societal nudging is perceived as a constant push-factor for regulation.

The matter of regulation being affected by nudging from organizations, media and civil society, are also reflected in the interview with Selhorst. He shares personal experience in the case of his company, where views and opinions in society have guided the path of governing authorities. If this were to be the largest part of society it would reflect the view of the majority, however Selhorst has found that small audiences with a lot of time, and using fierce language, express their negative thoughts on the matter of a shared economy (short term costs, long term benefits). Complaints result in media attention, which then leads to political activity and an abundance of regulatory steps being taken. The issue with putting organizational reputation at the front of the regulatory framework, is that it might lead to a gap between necessary policymaking and regulations that reflect the majority of constituents. This concept of societal nudging largely affecting local lawmaking is a factor that has been observed in theory by Schermer in his interview, and is shown to occur in practice with felyx.

6.2.2 Limitations of incident-driven regulation

As mentioned before, the first hypothesis states that the high level of media attention connected to developments in the sharing economy forces regulators to react strongly to save their reputation. For this argument, the concepts 'incident-driven regulation' and 'change agents' are of key importance. Schermer in his interview, coins the concept of incident-driven regulation and discusses the need for an issue to arise in society before an institution, local or international, will take action. He continues by saying that these problems are often connected to new technologies (i.e. new sharing mobility platforms, data privacy etc.), and have to be picked up by concerned citizens (change agents) in order to be addressed to and discussed on the political agenda. In other words: a new technology enters, disrupts the market, change agents complain on social media to their local governing parties, who are then put in the arduous position of making new policy with their personal maximization strategy of re-election in the back of their head. To make this more official, Considerati has even incorporated this process in their business as the 'legal life-cycle'.

These ideas of incident-driven regulation and change agents are also reflected in the interview with Selhorst. He takes it one step further in the sense that he analyses the effects of this type of regulation. According to Selhorst, law and regulation are mostly created as a reaction to innovative ideas in society (reactionary versus anticipatory nature of regulation). In the case of the shared mobility in Amsterdam, the municipality was forced to take 'emergency measures', as there was no regulatory framework present to control for these new innovations. In his eyes, the complaints of a small group of citizens and media attention, has led to a failure in creation of much needed regulatory measures due to an attempt of public entities to uphold their reputation as guardians of societal values. This is where Castro and McQuinn's effects of large-scale regulation come into play. These authors mark the unintended consequences of regulation as potentially blocking beneficial innovations if they are too burdensome versus a failing to guard (society) against harmful innovations in case they are too lax. One can link these concepts back to reputational concerns, as a governing institution fears to come across as ineffective, thereby overcompensating with new regulatory frameworks and policies (i.e. the GDPR in order to regain control over online platforms & in case of felyx; inhibiting harmless innovations that might provide benefits to society due to the struggle between short run concentrated costs versus long run distributed benefits.

The limitations of regulation that have been coined by authors such as Lodge & Wegrich, are linked to the downsides of classical regulation, which is often the chosen type when there is a lack of necessary information and time. Limitations can differ from motivation issues to comply (backdoor loopholes created by companies to abide to new GDPR, mentioned by Selhorst), to overzealous and/or uninformed enforcement (varying rules making innovative developments in sharing economy difficult), to cost problems (who pays for the controlling of data platforms in light of recent shifts in responsibility to private sector), and finally standard-setting over- and under-inclusion (rigidity of set rules and lack of innovation/flexibility to accommodate social and technological changes in case of felyx), but are all limitations that one can connect to the regulations that have accompanied the sharing mobility platforms, and in some cases the implementation of the GDPR.

6.2.3 Decaying role of centralized institutions

Arun Sundararajan in his article 'The End of Employment and the Rise of Crowd-Based Capitalism' (2017) writes about the market-based developments in which the emerging sharing economy creates a platform that will enable trade in new goods and services, potentially leading to an increase in economy activity. The matter of a decaying role of centralized institutions, is a notion that has come up in the literature, data, and interviews, and offers support for the second hypothesis. Longer term opportunities in the form of creating a solid regulatory framework in which the sharing economy can flourish, is a notion that receives less media attention than immediate incidents surrounding these topics, therefore losing public sector focus. It is within this economic revolution, that the private sector is playing an increasingly important role. Sundararajan analyses these developments, positive by nature in his eyes, while being increasingly sceptical of the role of a central institution in this process. This decay, he states, is caused by several factors: a crowd-based "network" of individuals that cultivates the sharing economy by supplying both capital and labour to society, the blurring of personal and professional lines (commercialized supply of labour and services repositioned from personal favours to ways of making a living), and the blending between fully employed and casual labour (homogenization of independent and dependent

employment or work and leisure). In addition, he attaches significant importance to the fact that the public sector is to be held accountable to its citizens, positioning these central institutions in a vulnerable place when entering unchartered territories.

This blurring of lines and decaying role of the public sector is something that we see at both local and international levels. In the examples given we see that in Amsterdam, the municipality receives an increasing number of stakeholders who want to push for more sustainable-oriented innovations, and oftentimes take over these developments due to the more flexible position they find themselves in. Even though, in some areas the public sector might be experiencing a gradual move to redundancy, they are mainly still involved in the search for the development of public infrastructure and transit systems that may offer a base for emerging innovations in shared mobility sector (Cohen, Boyd, and Kietzmann, 2014). The problems that arise in this search, are the diverging interests of these various public and private agents which can lead to conflicts if not communicated properly. This is a theme which Mr. Schermer acknowledges in his interview, in which he finds that the growing gap between the two sectors is a matter of 'different goals, interests and timelines' (par. 4, Cons.). He stipulates that the timeline logic of a company will be quite short-term founded, as their shareholders demand quarterly profit goals, quick decisions and clear results, whereas in the public sector and political sphere long-term timelines are bounded by a focus on re-election. Another argument introduced by Schermer, in line with the ideas marked by Sundararajan, is the point of 'suboptimal measures in light of regulation' (par. 5, Cons.) as a result of the lack of technological understanding amongst politicians. Through their lack of deep understanding of the matters on which they have to decide, due to lack of time and research aid, the long-term benefits of new innovations often go on to become unnoticed (see example politicians in Dutch Parliament (par. 8, Cons.)). This shows how centralized institutions move further away from the development of these innovations as they are not able to keep up with the fast pace. This divergence in developments can also be linked to the difference in worldviews between individuals that seek employment in the public sector versus those that start working for private institutions, according to Schermer. In saying so, Schermer refers to the idealistic view of government employees compared to the desire for individual success that drives private sector personnel. To this extent, the decaying role of centralized institutions can be seen as a result of the types of individuals that apply for government jobs, a divergence not only in sector, but in the type of motivation. The emerging sharing economy not being one of the more important notions handled by the public sector, while specialized parties in the private sector see opportunities to gain control of the market.

The platforms that are created through these market-based developments, introduced by Sundararajan, reflect the shift in responsibility that is taking place. Schermer speaks about the increasingly powerful data platforms that serve as gatekeepers to data access on the internet and are 'therefore the most effective interaction points for regulation in the eyes of government entities.' (par. 14, Cons.). Due to the difficult task of protecting civilians against the dangerous access to and flow of data, these new gatekeepers are handed the responsibility to form a natural regulatory barrier, thereby making the role of the public sector increasingly redundant. To back these ideas up, Schermer gives the example of Facebook (par. 14, Cons.), but we can also look at felyx in light of data ownership in shared mobility. Due to the conflictual nature of data privacy, felyx has to tread carefully, seeing as the responsibility of protecting personal data of clients has become one of their prime missions.

6.2.4 Balancing stakeholder objectives

Overregulation as seen in the case of felyx, or in the form of a broad EU privacy law which is accompanied by even more issues, can be seen as problem caused by the constant balancing and adherence to societal needs. This balancing of societal needs and interests applies to the first hypothesis, in which short term developments (often marked by incidents), attract high media salience and therefore require political action. This complex set of maximization goals, governmental politics and trilemma are illustrated by Iversen and Wren in their article 'Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy' (1998, p. 507-546) and in the diagrams in den Hertog's 'Review of Economic Theories of Regulation' (December 2010). The trilemma of the service economy speaks about the inability to increase productivity growth in the service sector (Baumol's disease), where significant technological changes have led to a shift from manufacturing to services creating the need for a trade-off between budgetary restraint, income equality and/or employment growth. In the case of the sharing economy I see a trilemma between seeking budgetary restraint, boosting operational efficiency and improving public services, and mostly finding a balance between these factors which rests mainly on the different stakeholders.

In diagram 1.1 we see a depiction of a balance between the various maximization goals in society (welfare, budget, utility, profit and/or voting maximization), which clearly appears to be a difficult, and time-consuming process. We see this process in the development of the MaaS ecosystem, where factors such as proper infrastructure, data providers, transportation operators, and trusted mobility advisors, have to collaborate and blend perfectly in order to make the project a success. The issue that comes into play is that private sector parties will seek profit maximization as a goal versus welfare maximization sought after by the public sector (reduced congestion leading eventually to higher productivity, better air quality, reduced urban footprint and fewer traffic accidents – chapter 'Evolution of MaaS'). As mentioned in the chapter about MaaS (see page 26), the public sector is handed the difficult task to 'find the regulatory sweet spot' balancing private sector innovation while preserving the public interest. The matters that are important to consider in the evolution of this sharing mobility, databased economy can include: 'ensure that public safety and security will not be compromised in this new transportation environment, guarantee guidelines that anticipate future developments (instead of purely reactionary regulation), protect consumers in the fields of data privacy, liability and equal access, and lastly to foster equity within the provision of transportation' (Chapter 5.1.2 Mobility as a Service (MaaS)).

On top of that, den Hertog introduces various types of governmental politics in diagram 1.2, in which the sharing economy regulation dilemma is marked by entrepreneurial politics (focused on concentrated costs while benefits are diffused (ex. protection of the environment or protecting consumers against unsafe products).) This will then lead to critique from various groups in society (change-agents) which politicians have to listen to and act upon. In the case of the new GDPR, the concentrated costs are direct short-term inhibitors of innovation and set-backs in the international business domain, while the diffused benefits in the long-term are organized data protection and a level playing field for all stakeholders. From the interview with Considerati, we find that the EU has created a sustainable solution for the future by implementing this new regulatory framework, as individuals and states in the U.S. will also be demanding data protection at some point in the future, which will then have to be created by the public sector.

According to Schermer; 'this allows them to guarantee civil responsible innovation and create support from all the relevant stakeholders, on the long run. Having said that, on the short term this new framework is definitely putting EU countries at a competitive disadvantage compared to other less-regulated countries. (par. 11-12, Cons.). What might be seen here, is that the GDPR in some cases may be considered an example of overregulation in the sense that it handles all EU businesses, both small and large, equally while impacting them differently. In a way, it fails to differentiate between businesses just like in the case of felyx, where diverse modes of mobility (bicycle versus scooter sharing) were considered equal in the eyes of the regulative power.

Selhorst, also speaks about the fact that 'new policies have to be written in a very short time frame, which is difficult for a public institution (applicable at a local, national and international level) because they have to take into account the needs of every actor that is affected by that policy: city districts, operators (bicycles, cars, scooters, e-bikes, e-scooters etc.), large public transportation companies, city planners, etc.' (par. 11, felyx), harmonizing with the theories marked by den Hertog. The key argument that Selhorst makes is that the mismatch between the speed of innovation and the time municipalities take to design a regulative framework, is the main driver of inconsistency of the potential well-fit regulations that could and should support new technologies.

6.2.5 Reputational concerns

The challenge for large public entities in determining the right set of regulatory policies (balancing public interest and fostering innovation), lies in the provision and development of their four reputational dimensions (technical, performative, legal-procedural, and moral reputation, suggested by Carpenter) and balancing the various 'Better Regulation' themes (referred to by Lodge & Wegrich). Due to the complexity of new technologies such as sharing mobility platforms, we see that mostly local institutions lose 'technical reputation' in the eyes of growing businesses, as there is a lack in proper research and knowledge within the public sector. If we take a larger view, at the EU's implementation of the new GDPR, one could see this policy as an attempt to improve the performative capability of the institutions at hand, creating a new level-playing field thereby improving legal-procedural reputation. Yet the issue at hand is that many businesses are put at a loss compared to their international competitors in the US and China (par. 10, Cons.). Moral reputation in this case is of the utmost importance as it embodies the EU's attempts to protect its citizens from data leaks, creating a level-playing field for the business environment, which would improve their moral reputation towards their constituency. However, many find that this regulation is heavily influenced by opinions of a few which affect many (thereby risking a loss in moral reputation). As such, local and international institutions risk overregulation in the process of putting time and energy in their reputational concerns, possibly causing innovation to slow down, impeding employment growth, pushing up costs for both public and private sectors, creating large entry barriers for smaller business owners, hindering freedom and creativity within the market, and in the end, make room for monopolistic market behavior to take over.

In addition to the development of reputational dimensions, institutions always aim to improve their 'Better Regulation' principles: proportionality, accountability, consistency, transparency, and targeting (Lodge & Wegrich 2012, p. 54). In our case of shared mobility, we have to consider which principles are upheld, which tend to be neglected and which are the most difficult to attain. When we consider the last

principle, questioning whether regulation is targeted (focused on the problem at hand while minimizing side effects such as over/under-inclusion), one finds the greatest hassle in developing a regulatory framework for the sharing economy. This 'hassle' is reflected in examples such as local regulation in Amsterdam for the entire sharing economy, instead of distinguishing between various transport methods, or the GDPR for all businesses in Europe which tends to hurt innovation and growth of small innovative companies. The lack of distinguishing concepts, resounds back in the first hypothesis, linked to the idea marked by Gilat et al. that underregulation is more damaging in the eyes of regulators than overregulation. As underregulation of the new economy could mean visibility and valence of harm affecting society as a whole in the short run, the regulative powers give in to their reputational concerns and simply hurt the regulated business. However, limiting development and innovation will not only hurt the private sector, but the entire society in the long run.

6.3 Observations

The information and theories that combine the theoretical framework with the research material are the reputational concerns of public institutions such as the various regulative bodies or local municipalities, in the eyes of their constituency. The core argument that is raised in the interviews fits well in theories further explained in Rimkute's article 'Organizational reputation and risk regulation: The effect of reputational threats on agency scientific outputs' (2018). Rimkute entertains the thought that 'agencies can exercise an array of means in their responsiveness to exterior demands and pressures because different external audiences shape agency attention to its distinct reputational weaknesses'. She also finds that this responsiveness is eventually based on the active and strategic assessment that the agency performs, of the risks that its reputation faces. In the case of felyx, the municipality faced interest group pressures, public attitudes and bureaucratic preferences as well as concerned citizens (counter the spread of more scooters in the city), who were very active on social media, spreading their complaints until it reached the point where authorities needed to act. The municipality's search for good organizational reputation would offer them support from their multifaceted audience, foster its autonomy and discretion from political superiors in The Hague, and shield against potential political controls and attacks.

When considering the effects of public pressure, one can place more focus and precision on connecting reputation to regulation. In this context, Maor and Sulitzeanu-Kenan quoted Carpenter (2010a, 33) when defining the reputation that we encounter: 'at the outset, bureaucratic reputation is defined as a set of symbolic beliefs about the unique or separable capacities, intentions, roles, obligations, history, and mission of an organization that are embedded in a network of multiple audiences' (2015). This network of multiple audiences embodies the beliefs that are reflected in the reputation of an organization, as Schermer stated the regulatory framework is incident-driven, which requires change agents (individuals or a network of audiences) to push for regulation, through reputational risks. The two authors identify that positive media and low social pressure give way to subtle regulation opposed to the case of felyx, where negative media and high pressure has pushed the municipality to increase regulation to an extent where they generalize concepts instead of taking focused, specific regulatory steps. When considering an agency's response to reputational threats, Maor et al. looks at an agency's outputs. When these are below average, negative media coverage will often lead to an increase in the following year. He refers to this as 'responsive change' as negative media affects the motivation of an institution to make a

complete overhaul performance-wise, while these changes are minimal when following positive coverage (low volatility).

The conclusions from Maor et al. agree with Schermer's views regarding political output; an anticipative stance on pressing societal problems will not be appreciated by society. If these problems carry reputational threats and negative media coverage (e.g. loss of control over public data privacy or commercialization of public spaces), they will be followed by immediate laws and regulation (illustrating the idea of incident-driven regulation). As we see in the case of felyx, local law-making is very receptive for societal pressure. How do these theories then apply to the growing technological mobility sector? With an increasing presence of data platforms, meant for the organization of mobility options, a very large amount of data will be collected. This data contains the traveling information of almost every active citizen within a city, if the MaaS platform is initiated, including their buying patterns, professional and personal visits, doctor appointments etc. This data will be very valuable which means it raises critical points in the creation of a mobility platform or PPP. Data protection can create tensions between those who generate risks (industry, companies creating services), those who are affected (consumers, urban population), and those with the power to regulate (regulatory agencies).

These tensions can be seen within the regulatory sphere and the division of responsibility concerning consumer protection. Mr. Schermer identifies the fact that platforms are the new 'gatekeepers' to data access, thereby gaining control over internet (ab)users with a natural regulatory barrier to online platforms. These new developments bring about certain expectations from citizens and governing entities, regarding the filtering of harmful media or profile hackers in the case of felyx, Facebook and Uber. The problem with this shift in responsibility from public institutions to evolutionary tech companies, is the diverging interests of the two sectors. The interests of an online platform might accidentally align with those of the government (say filtering out abusers and hackers from their platform, thereby protecting the users and consumers), but it is often not neutral in doing so. Many of these online platforms are built upon profit-maximization goals, which might affect society in a negative manner.

7. Conclusion

The sharing, collaborative or access economy as it is known to be called, is marked by vast, rapid developments that will soon influence every part of our day-to-day lives. These developments create the foundation of potential long term benefits to society (i.e. shared mobility can lead to a decrease in congestion in densely populated cities and improvement of air quality), however they also have the potential to give rise to unknown, unencountered regulatory challenges. By comparing the short versus long term developments of this emerging economy in light of media salience and risks of regulation, this thesis highlighted important notions in the greater search for a solid regulative framework. It therefore aimed at building onto existing literature, that may improve our understanding of the creation of an innovative environment in which the new sharing economy may flourish, and the rights and interests of consumers are safeguarded. The important question that has arisen along with these developments is whether, and to what extent, its uses can and should be regulated, in light of themes such as privacy, data, and consumer protection. With these thoughts in mind, this paper studied the forces steering reputational concerns and in turn, regulation of the sharing mobility economy. In doing so, my goal was to analyse the influences of media coverage surrounding short and long term sharing economy developments, thereby mapping the factors that increase the risk of under- and overregulation.

When choosing the topic of this paper I wanted to focus on contemporary discussions that brought together present and potential future concepts. The current and future role of institutions in our society within the process of guiding private sector developments in the sharing economy, was therefore a socially relevant topic that I felt was worth researching. As we found out, Carpenter (2001, 2010a) studied organizational reputation and the way institutions can benefit from a positive reputation through public support, autonomy and discretion from political superiors and becoming shielded from political controls and attack. In this search for good organizational reputation, institutions will weigh conflicting expectations and demands from their multifaceted audience, thereby shaping their regulatory role as, in the words of Rimkute (2018) 'guardians of prevailing social values', while fostering an innovative environment. To bring these main thoughts to the forefront of my research, as they lay the foundation of this thesis, I took a specific interest in shared mobility (felyx) and the role of data privacy (GDPR), as they mark real-world services that are subject to original types of government intervention. The new regulatory challenges that these sharing concepts faced were a blurring of professional and personal lines and a blending of commercial and semi-anonymous services, which together led to a widening of the gap between the public and private sector. Due to this gap between public and private and the high level of media salience (valence and visibility), reputational concerns came into play as institutions avoid to risk losing their organizational reputation in the eyes of their constituents. This has led to a certain degree of overregulation, which in my research meant; delaying innovation, impeding employment growth, pushing up costs for both public and private sectors, creating large entry barriers for smaller business owners, hindering freedom and creativity within the market, and in the end, making room for monopolistic market behavior to take over.

This brings me to the question that connects reputational concerns with steering policies that affect private sector developments within unchartered territories, such as the emerging sharing economy. After building a theoretical framework that offered a strong base for research, I went on to search for answers

concerning the effect of high and low media salience on reputational concerns and therefore, on regulation. For this hypothesis, I was able to connect various theories, as regulators due tend to respond and react strongly to topics with high media salience and attention from the public. Especially in the cases of the sharing economy (felyx) and data privacy, as these are fields where the private sector is leading at all fronts, making the position of institutions weaker. Therefore, their goal is to retain control over a situation, rather killing possible innovation then letting it get out of hand (short term costs vs. long term benefits). In that sense, we see a GDPR that is initiated to create a level playing field for all businesses but thereby actually does the opposite on the international playing field, causing a disequilibrium at the expense of European businesses. In the case of felyx, regulation did not really exist for this growing economy, therefore the municipality fails to distinguish between different modes of transportation, thereby hurting the innovative character of its own city. Thus, in an institution's attempt to improve and protect its organizational reputation it will tend to act quickly and forcefully when their state or position in the given sector (sharing economy) is still in the vulnerable, evolving phase. The difference that we do see, as mentioned by Schermer, is that local law-making is more receptive for influence of reputational concerns and pressure from media and constituents, than at the international level where there are bigger pictures that are considered when designing regulative frameworks. The theories introduced by Gilad et al. played an important role in this research, as we found out that underregulation is considered more harmful to a regulators' reputation than overregulation, as it may mean a failure to protect the public good from harm, thereby losing its credibility as regulative body. These ideas are marked by the reputational concerns that these institutions face, while searching for the regulative balance in uncharted territories.

The reputational concerns that were studied in this thesis were also supported by the driving notions behind regulation, found and presented for the complex public vs. versatile private sector, as an influence on the growing gap and therefore the urge of institutions to overregulate in order to re-establish control. I found this by means of articles, cases, and interviews I held with individuals from various sectors, out of which the decaying role of centralized institutions and a shift in responsibility were two common themes that appeared to overlap. Both of these themes had in common that it meant a loss in power for both local and international institutions (i.e. in the fields of emerging technologies and data control), or at least a sharing of the responsibility, and as such a need to control for market failure was imminent in both cases (felyx and GDPR). In these cases, the reputational dimensions by Carpenter (technical, performative, legal-procedural, and moral reputation), were all on the line as uncharted territories are vulnerable areas for a public institution. The slowly evolving phase also applies to the fact that most intervention is seen as incident-driven and pushed by change-agents (interview Bart Schermer), meaning regulation is guided by pressure groups in society (in some cases the majority, but in others (felyx) this can be the opinion of a small group, affecting the majority). The dimensions of reputation may have less of an influence on the regulative framework, were it to be that the functioning between public and private parties (PPP's) was more coherent and organized.

In order to connect these various notions, we have to see 'reputational concerns' in a broader daylight than simply the fear of institutions to be considered weak. What I have found out is that reputational concerns in this instance, are the result of various fundamental factors. On the one hand, citizens (consumers) would like to make use of the 'sharing economy' attributes (cheap, comfortable public

transport or processes facilitating online purchases without delivery costs etc.), and these consumers are willing to give up various, simple privacy laws and protection. On the other hand, the public demands a strict, protective regulative framework that will keep them from harm. In addition, citizens want this technological transition to be regulated, in order to counter the negative side-effects on the traditional economy (i.e. taxi drivers with licenses going out of work). In other terms, at the institutional level, responsibilities and tasks are oftentimes placed by various groups in society and led by the media with strong, loud messages. These tasks and responsibilities require detailed, specified, and complex regulative frameworks. Citizens in their consumer role, lead the strong economic growth of this new economy, however they are unable or unwilling to take responsibility for the dangers and effects that accompany these changes. This growing fear for the dangers and effects of the new sharing economy is exactly what drives the pressure from the media on regulators to handle these problems. This means that in these cases, reputational concerns as we found out in the paper, apply mostly to the duty of regulators to fulfil the expectations of their constituents. Expectations marked by the proper execution of the named tasks and responsibilities, that they themselves have placed in the hands of institutions. This association between the media salience, reputation and regulation, has allowed me to see the connection between the theories and my research question. Reputational concerns in the context of this sharing economy, play a crucial role in the driving force behind increasing the risk of (over)regulation. Institutions feel a great responsibility, placed on them by their own constituents, and are therefore careful, detailed, 'safe players' when it gets to these unchartered territories.

These analyses, theories, and opinions have given me part of the answers that I was hoping to find, yet there still lingers a strong urge to find solutions that might accommodate these problems. Collaborations between the public and private sector have been emerging rapidly (i.e. MaaS Alliance), working towards a solution for the discrepancy, regulatory failure, and limits of classical regulation, and driving for an improvement of the 'Better Regulation' principles. However, as Cohen and Sundararajan argue for a solution for the challenges that society faces when creating a new regulatory framework, society might be looking at these cases at the wrong angle. The challenges that accompany the regulation of unchartered territories, might be alleviated through a self-regulatory economy in which traditional regulatory responsibilities would be reallocated to parties outside the government. These third-party platforms would have to be seen as the main actors and building blocks that create the regulatory structure, instead of being hindered by regulation. These platforms have the potential to form the guidelines for sharing economy policy-making, prevent market failure and enhance innovation by being the intermediary between, and collaborator of both the public and private sector. In light of these developments, reputational concerns would be of the utmost importance in guaranteeing a demonstration of a transparent, independent legitimacy, by supporting its enforcement capabilities. The views of the authors adhere with the ones that I have established over the course of writing this thesis, where the misalignment of interests, and more specifically the diverging interests of third-party platforms with the broader interests of society, is a notion worthy of societal attention and government involvement would remain useful. Self-regulation could be seen as a solution for these challenges, by redistributing some of the regulative responsibilities to third parties. This may cause unwanted market behavior (consider bonuses for banks or doping used in sports), which makes it even more important to place not only the tasks but also the responsibilities with these parties, placing them in the same controlled positions as institutions, vulnerable to reputational concerns (i.e. environmentally conscious producers using the

'sustainability' label). In these cases, third-party platforms could be the solution, however citizens would also need to be included in taking individual and organized responsibility for their actions. If this would work, there would be no need for such tight, broad, and stringent regulation hindering innovation.

8. References

1. **Akyelken, N., Banister, D., & Givoni, M.** (2018, February 6). The Sustainability of Shared Mobility in London: The Dilemma for Governance. Retrieved May 15, 2018.
2. **Bertin Martens** (2016) An Economic Policy Perspective on Online Platforms. Institute for Prospective Technological Studies Digital Economy Working Paper 2016/05. JRC101501. Retrieved May 22, 2018
3. **Busuioc, M. and Rimkutė, D.** (2018). Meeting Expectations in the EU Regulatory State? Regulatory Communications amid Conflicting Institutional Demands. Retrieved May 23.
4. **Burn-Callander, Rebecca.** "Stop Bashing Sharing Economy - Tough Talk from European Commission." *The Telegraph*, Telegraph Media Group, 2 June 2016.
5. **Blatter, J., Haverland, M.** (2012); *Designing Case Studies: Explanatory Approaches in Small-N Research*
6. **B. Guy Peters, John Pierre;** *Governance Without Government? Rethinking Public Administration, Journal of Public Administration Research and Theory*, Volume 8, Issue 2, 1 April 1998, Pages 223–243
7. **Carpenter, D. P.** (2010). *Reputation and Power: Organizational Image and Pharmaceutical Regulation at the FDA (Princeton Studies in American Politics: Historical, International, and Comparative Perspectives)*. Princeton University Press.
8. **Castro, D., & McQuinn, A.** (february, 2015). How and When Regulators Should Intervene. *The Information Technology & Innovation Foundation*, 1-13. Retrieved July 10, 2018.
9. **Clarke, O.** (2016, November 28). European Commission; Legal study on ownership and access to data: Final report. Retrieved May 22, 2018
10. **Cohen, M., & Sundararaja, A.** (2017). Self-Regulation and Innovation in the Peer-to-Peer Sharing Economy. *Chicago Unbound*, 1-18. Retrieved June 26, 2018.
11. **Cohen, Boyd, and Jan Kietzmann.** "Ride On! Mobility Business Models for the Sharing Economy." *Organization & Environment*, vol. 27, no. 3, 2014, pp. 279–296.
12. **Corwin, S., & Pankratz, D. M.** (2017, November 16). Forces of change: The future of mobility. Retrieved May 15, 2018.
13. **Duch-Brown, N., Martens, B., & Mueller-Langer, F.** (2017). The Economics of Ownership, Access and Trade in Digital Data. *JRC Digital Economy Working Paper 2017-01*, 1-57. Retrieved May 15, 2018.
14. **Felyx.nl** (2018). *Ik rijd met felyx door Amsterdam, jij ook?* (online) Available at <https://felyx.nl/about> (Accessed 25 Jul. 2018)
15. **Gilad, S., Maor, M., & Bloom, P. B-N.** (2013). Organizational reputation, the content of public allegations, and regulatory communication. *Journal of Public Administration*

Research and Theory, 25(2), 451-478.

16. **Goodall, W., Fishman, T. D., Bornstein, J., & Bonthron, B.** (2017). The rise of mobility as a service: Reshaping how urbanites get around. Retrieved May 15, 2018 - Deloitte Review: Issue 20
17. **Hertog, J. D.** (2010, December). REVIEW OF ECONOMIC THEORIES OF REGULATION - Tjalling C. Koopmans Research Institute - Universiteit Utrecht. Retrieved June 19, 2018
18. **Hou, L.** (2017, September 12). The Sharing Economy in China: Regulation or De-regulation for Innovation? Retrieved June 26, 2018
19. **Iversen, T. and A. Wren** (1998) Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy. *World Politics* 50(4): 507-546.
20. **Karjalainen, P.** (2017, September 4). MaaS Alliance White Paper: Guidelines and recommendations to create the foundations for a thriving MaaS Ecosystem. Retrieved May 15, 2018.
21. **Kiouis, S.** (2004). Explicating Media Salience: A Factor Analysis of New York Times Issue Coverage During the 2000 U.S. Presidential Election. *Journal of Communication* 54(1), 71-87.
22. **Lund, E.** (2016). Mobility as a Service – What is it, and which problems could it solve? *Trivector*. Retrieved May 15, 2018.
23. **Lodge, M., & Wegrich, K.** (2012). *Managing regulation: Regulatory analysis, politics and policy*. Basingstoke etc.: Palgrave Macmillan
24. **Martino Maggetti** (2012). The media accountability of independent regulatory agencies. *European Political Science Review*, 4, pp 385408 doi:10.1017/S1755773911000208
25. **Majone, G.D.** (2009) 'The mutation of the EU as a regulatory regime', Paper presented to the Midterm Conference of the RECON Project, Prague, 9–10 October
26. **Maor, Moshe, Sharon Gilad, and Pazit Ben-Nun Bloom.** 2013. Organizational reputation, regulatory talk and strategic silence. *Journal of Public Administration Research and Theory*. 23:581–608. Retrieved May 23, 2018.
27. **Maor, M. et al.** "Organizational Reputation, the Content of Public Allegations, and Regulatory Communication." *Journal of Public Administration Research and Theory*, vol. 25, no. 2, 2013, pp. 451–478. Retrieved May 23, 2018.
28. **Maor, M., & Sulitzeanu-Kenan, R.** (2015). Responsive change: Agency output response to reputational threats. *Journal of Public Administration Research and Theory*, 26, 31–44.
29. **Newcomer, E.** (2017, November 21). Uber Paid Hackers to Delete Stolen Data on 57 Million People. Retrieved May 23, 2018.
30. **Regulation (EU) 2016/1624** Of the European Parliament and of the Council. (2016,

September 14). Retrieved from <https://eur-lex.europa.eu/legal-content/EN/XT/?uri=CELEX%3A32016R1624>.

31. **Rimkutė, D.** (2018a) 'Organizational reputation and risk regulation: The effect of reputational threats on agency scientific outputs' *Public Administration* 96(1): 70–83.
32. **Schermer, B.** (2018, July 20). Telephone Interview.
33. **Selhorst, Q.** (2018, July 15). Personal Interview.
34. **Sundararajan, A.** (2017). *The sharing economy: The end of employment and the rise of crowd-based capitalism*. Cambridge, MA: The MIT Press.
35. **Toshkov, D.** (2016). *Research Design in Political Science*. New York, NY: Palgrave.
36. **Van de Glind, Pieter, et al.** "Smarter Regulation for the Sharing Economy." *The Guardian*, Guardian News and Media, 20 May 2015
37. **Wallace, N., & Castro, D.** (march, 2018). The Impact of the EU's New Data Protection Regulation on AI. *Center for Data Innovation*, 1-37. Retrieved July 10, 2018.

9. Appendices

9.1 Interview Considerati – Bart Schermer

Interviewee: Bart Schermer – Chief Knowledge Officer Considerati

Interviewer: Peter-Jan Kok

Date and Time: 20/07/2018 – 17:00PM

Location: Amsterdam

Audio file information: Bart Schermer (Considerati) – duration 25 min. 2 sec.

Start Interview

Intvr: (par.1) Good afternoon Mr. Schermer. Thank you very much for taking the time to help me with my research. In light of the triangulation of my data collection, I will consider the thoughts of three individuals, each active in a different part of society: the founder of felyx for a practical view on regulation, an EU Commissioner to consider the thoughts behind new regulatory frameworks, and I believe you will be the perfect person to offer an unbiased stance in between public and private, being a privacy expert and consultant for both sectors.

Resp: (par.2) Good afternoon Peter-Jan, I will do my very best to help you!

Intvr: (par.3) For the first part of this interview I would like to discuss the possible causes for a discrepancy between public and private sector developments, with the potential role of a lack of technological knowledge surrounding fields of data privacy.

Resp: (par.4) What we see at Considerati is that this discrepancy in knowledge plays a huge role in designing proper regulation. First of all, you see that public institutions and the private sector have completely different goals, interests and timelines. Companies will attach more importance to their quarterly accountability/profits, while political figures will look at the next reelection (act upon timelines of several years). In that sense, companies want very clear-cut regulation which allows them to take swift decisions.

(par.5) A second reason for this discrepancy is very much linked to technological know-how. Politicians especially, lack the understanding of technological terminology, which often leads to suboptimal measures in light of regulation. In these cases, the government often fails to take into account the way technology works and its effects on or benefits to society.

Intvr: (par.6) Another factor that could be linked to this discrepancy is a potential difference between individuals who apply for jobs in the private sector versus those that lean more towards municipal and governmental work.

Resp: (par.7) Absolutely, this is again linked to the difference in worldviews between these two sectors. Many individuals that seek employment with the government do so because they want to make a change in the world (idealistic), whereas the private sector attracts people that desire individual success, financial comfort or a general win-mentality. In addition, the reason why politicians often lack specific inside knowledge of technological developments is because they lack time and aid to go into detail when studying these concepts.

(par.8) For example, a politician in the Netherlands has one associate in Parliament, who is responsible for six dossiers ranging from ICT to the refugee crisis to economical sustainability. Within all of these various subjects, the politician will be approached by lobbyists from dozens of companies. On the business end of lobbying, Considerati is often contacted by companies to give advice on how best to approach this political landscape.

Intvr: (par.9) Very interesting. Now I would like to move this discussion towards the new General Data Protection Regulation recently introduced within the EU. To what extent does this new regulatory framework create obstacles for innovation and productivity for the private sector in Europe? Also considering the possible competitive disadvantage it creates for EU firms compared with competitors in less regulated economies such as in North America and Asia.

Resp: (par.10) This is definitely an ongoing issue however it should not be the case. The GDPR has been introduced to create a level playing field for all stakeholders that participate, it encourages businesses to think about their data usage, not kill innovation. The general feeling towards this new regulation is quite hostile, due to a lack of understanding it just seems like it will lead to higher costs. Indeed, regulation in countries such as the U.S. is a lot more flexible meaning that companies there do not have to comply with the same rules. This is creating a general imbalance in the international level playing field, in sectors such as artificial intelligence and the shared-economy.

(par.11) On the other hand, you will see that eventually individuals and states in the U.S. will demand more protection regarding the use of their data, which they will then have to create as a reaction to these demands. The EU has been working partly precautionary on this issue by creating this new framework, which has offered them a sustainable solution for the future. On the long run this allows them to guarantee civil responsible innovation and creates support from all the relevant stakeholders.

(par.12) Having said that, on the short term this new framework is definitely putting EU countries at a competitive disadvantage compared to other less-regulated countries.

Intvr: (par.13) To continue in the regulatory spheres, I would like to discuss the notion of responsibility in society. What is Considerati's view towards the newly 'expected' responsibility of prominent tech companies to function as government institutions (protecting civilian privacy, taking over public-sector role due to abundance of knowledge etc.)?

Resp: (par.14) This has been going for many years now, starting at local levels and now mainly an issue at the platform stage. These platforms are the gatekeepers to data access on the internet, and therefore the most effective interaction points for regulation in the eyes of government entities. It is extremely difficult, if not impossible, for the government to protect and regulate access to the data on the internet of their constituency. These gatekeepers form a natural regulatory barrier to online platform access, which is why government entities often go to these platforms with requests about filtering and regulating data access. Facebook is an example of this, in which the government places the responsibility of filtering fake news and harmful media in the hands of Mark Zuckerberg, outsourcing the matter of regulation.

(par.15) In this discussion, you see the need for public private partnerships where both stakeholders benefit from proper regulation (private sector needs to filter out abusers from their platform, and the public sector wants to protect its citizens). The largest issue with this is that there's a conflict of interest; the interests of the two stakeholders oftentimes do not align. Thus, there's the matter of conflicting interests but also a financial question; which party pays for this regulation (many cases the platform has to fix and pay for problems)? And when the platform is given the responsibility to filter users and data, is it always neutral in doing so? They always claim to be neutral, however their whole business has been designed around a specific set of goals which they want to obtain, which can have direct effects on society.

Intvr: (par.16) Speaking of the role of society I would like to talk a bit more about reputational concerns. More specifically in which ways reputational concerns at the EU level steer regulation and the role that the media plays in these developments? Is there a strong presence of nudging by various stakeholders; media, constituents, organizations, businesses, etc.

Resp: (par.17) What we have noticed is that politicians are quite responsive when it comes down to regulation of new technologies in society. Thus, first there needs to be an issue in civil society before the municipality or international government will take action. These problems are caused by new technologies; however, they always need to be picked up by a specific group of people; 'change agents'. These change agents will have to complain about, or hold an interest in the introduction of the new technology. Data privacy, for example, is an issue that affects concerned civilians, civil rights organizations, etc. who then become the change agents and make sure the issue is discussed on the political agenda.

(par.18) In light of these developments, Considerati has created a 'legal life-cycle' in which we outline the process of a new technology; after a platform is developed it enters and oftentimes disrupts the market. A perfect example of this is Uber, with their new business model they have disrupted the entire market for taxi's which has led to a shift of power and consequently, many complaints from taxi drivers in their own municipalities. Thus, there needs to be an actor whose interests are being affected by the innovation (individual, organizations etc.), which can then lead to topics being raised at the political level, where politicians will start discussing possibilities for regulation. After these discussions, lawmaking and lobbying takes place, which results in a new regulatory framework. This life-cycle is present for almost every new technology.

Intvr: (par.19) My last question builds upon your answer in which I would like to rise the matters of corporate reputation, transparency and accountability. These notions seem to be increasingly important in today's society, especially due to pressures from very specific, often smaller, groups in society (oftentimes not representing the general view towards an innovation). How does Considerati experience the importance of these factors in steering regulation?

Resp: (par.20) This regulatory framework is incident-driven, where in the case of felyx, the change-agent (civilian with fair share of spare time, an individual whose interests have been harmed, or a journalist with an inside scoop) will share its complains on media, this will get increasingly more attention until it reaches the headlines. At that moment, politicians are almost forced to consider the complaints because the issue has been given societal importance and the public interest is at stake.

Intvr: (par.21) When considering these changes, could you then say that regulation is actually an effect of general discontent amongst a few individuals that complain to politicians, instead of being the result of professional political agendas?

Resp: (par.22) Yes. And even though it is a quite cynical viewpoint of the world, reality shows that a politician who does not take action, will not be re-elected. A politician will not be very successful or loved by constituents if he or she takes an anticipative stance on pressing societal problems (taking time to let matters play out, potentially do scientific research before designing regulation). Instead, they have to respond immediately by introducing new laws and regulation in order to tackle the problems at hand. Again, this shows us that most regulation is incident-driven. On a more positive note, at EU level there is often an umbrella-effect in which regulation is discussed thoroughly with a clear goal on the horizon (aim to have society built around information, while protecting civil rights etc.). Local lawmaking being more receptive for societal nudging than at the international level.

Intvr: (par.23) Thank you Mr. Schermer for this informative interview.

End of interview

9.2 Interview Felyx – Quinten Selhorst

Interviewee: Quinten Selhorst – Co-Founder felyx e-scooters

Interviewer: Peter-Jan Kok

Date and Time: 15/07/2018 – 10:00AM

Location: Amsterdam

Audio file information: Quinten Selhorst (felyx) – duration 15 min. 57 sec.

Start Interview

Intvr: (par.1) It is Sunday July 15th, I'm here with Quinten Selhorst, the co-founder of felyx and he is here to share his perspective on the regulatory framework within Amsterdam. Welcome Quinten!

Resp: (par.2) Thank you Peter-Jan, it is great to be here.

Intvr: (par.3) To begin this interview I would like to sketch an image of felyx' current position within the municipality of Amsterdam, which is why I would like to ask you how a small rapidly growing technological mobility start-up (such as felyx) is experiencing the current regulatory framework?

Resp: (par.4) What has been of key importance to us is that we have committed ourselves from the beginning to having a clear, transparent dialogue with the municipality and actively seeking the collaboration of the municipality. This has allowed us to implement a lot of great feedback and many key goals of the municipality in our own concept.

(par.5) Unfortunately, around the same time that we launched the pilot of felyx, several (mostly Chinese) bicycle-sharing concepts also entered the market. Contrary to felyx, these bicycle-sharing concepts have caused a lot of nuisance in the city, due to poor execution and as they failed to take into account the municipality's input which would have allowed them to prevent at least part of the disturbance that they caused.

(par.6) As a result, the city of Amsterdam was forced to search for a quick solution to fight the nuisance caused by the bikeshare operators. They found their solution in an old "local law" called *Algemene Plaatselijke Verordening 2.50*. This local law states that it is forbidden to offer commercial services in public spaces (i.e. offering shoe-cleaning services selling newspapers subscriptions or the services of prostitutes for example). As can be derived from these examples, this local law was introduced to make sure that the public would not be harassed on the streets all the time. The municipality has specified that these bicycle-sharing concepts may no longer offer their services in the city of Amsterdam due to this old law, whereas they did not want to apply this to felyx. Yet, as they do not want to violate the principle of equal treatment, they were forced to also apply this rule to felyx. We decided to fight this decision by stating that it is a violation of the principle of legitimate expectation (the municipality cannot suddenly forbid our concept after collaborating with us for two years, shaping the concept, and actively supporting us in the media), which is a principle that protects entrepreneurs in the Netherlands. In addition to that it would also have been a violation of the principle of equal treatment, seeing as many other concepts (i.e. boot camp lessons in parks, supermarket deliveries, etc.) also create hindrance in public spaces and are not reprimanded for it.

(par.7) This discussion is still active as we speak, meaning that at this moment we are functioning within a tolerated policy framework. The upside of this framework is that we can continue working in Amsterdam, yet on the downside we cannot grow within this city as investors will not participate in the growth of our start-up when it is still unsure whether we may continue our practices.

Intvr: *(par.8)* Alright thank you for this coherent and informative answer. The second question has already been given some thought in your last answer, but more specifically, which direct regulatory obstacles does felyx encounter within its path of development and innovation?

Resp: *(par.9)* Well we have noticed that the municipality has been placed in a tough position. If we take a parallel example, say the introduction of cars in our society, we can see that there was a similar situation. No regulation existed when the first cars started driving, resulting in people actually walking in front of the car with signs stating that a car was coming. Also, no parking spaces existed, as these were not needed. The example illustrates an important notion, seeing as law and regulation are primarily formed as a reaction to new innovative ideas in society. Which is precisely what is happening at this moment within the growth of the sharing economy and shared mobility sector. Currently a regulative framework for the sharing economy is still missing, which has forced the municipality to take emergency measures. These measures never function ideally (or even worse) as they were not truly meant to be implemented; hence the 'emergency' factor. Which in our case means that these measures do not distinguish various modes of mobility (cars, scooters, bicycles etc.), whereas they all require different regulatory approaches as they face different benefits and challenges. Creating these new policies takes a lot of time, especially seeing as it is such a revolutionary sector, thus making it one of the biggest challenges that the municipality faces and indirectly offering large obstacles for felyx.

Intvr: *(par.10)* If I understand it clearly, the key issue at stake here is that policies are mostly designed reactionary instead of anticipatory, in light of new innovations?

Resp: *(par.11)* Precisely. In addition, these new policies have to be written in a very short time frame, which is difficult for a public institution (applicable at a local, national and international level) because they have to take into account the needs of every actor that is affected by that policy: city districts, operators (bicycles, cars, scooters, e-bikes, e-scooters etc.), large public transportation companies, city planners, etc. Apart from that, public institutions will have to gather a lot of information surrounding the new technologies and concepts and have to apply market consultations which requires a long process. This is creating a mismatch between the speed at which new technological companies such as felyx can and want to innovate and earn their right to exist versus the amount of time it takes for the municipality to design well-fit policies that allow these new concepts to flourish within society. In addition, you'll see that those companies which are able to gain the largest amount of funding (more often than not US / Chinese companies) are also able to influence the political climate the most. Thereby creating an unfair advantage over local startups.

Intvr: *(par.12)* Very interesting. For this research project, I am also considering the growth span of felyx seeing as you are evolving quite rapidly within Amsterdam, and the possible conflicts that you meet in this process. In light of these developments I would like to discuss in further detail regulation at EU level (General Data Protection Regulation). There seems to be a possibility of a growing discrepancy between public and private sector developments when it comes down to technological expertise, which can then steer regulation.

(par.13) My question for you is whether felyx has experienced any difficulties with the GDPR?

Resp: *(par.14)* The GDPR has been on our radar since the beginning. In comparison with many longstanding companies, we are quite new to the market, which has allowed us to take the new regulation into account when considering matters such as privacy conditions and the way we

save our data. With help of our advisors, such as Houthoff Buruma, we were able to shape our concept to the expectations and demands of the GDPR. This has saved us a lot of time and energy, whereas I can imagine this to be a critical point for many larger companies.

(par.15) What I personally have noticed is that these new policies place fierce demands on companies, who will create various (backdoor) methods (loopholes) to abide to the new rules. This completely undermines what the GDPR was supposed to do. An example of this is that many professionals will use WhatsApp (encrypted) messages instead of corporate e-mail to exchange contact details of other individuals, for which they would normally need approval.

Intvr: *(par.16)* Great. If we could I would like to steer this conversation towards the reputational side of the spectrum, or in the case of felyx, how reputational concerns within public institutions (nudged by public opinion) can determine and influence regulation. To what extent do you believe that the various groups in society steer the municipal regulatory framework which shapes felyx' developments, instead of experts within the municipality itself?

Resp: *(par.17)* This is a very interesting notion, one with great importance within the field of regulation. I think everybody agrees that the municipality is in service of the city's inhabitants. Every city resident may express their views to his or her liking, and share these with the governing authorities. However, one can see now that some audiences speak up more often than others as well as in fiercer choice of language. We from felyx believe that this is at least partly caused by the fact that different audiences have different priorities / schedules, and that some of these groups have more time to share their ideas on the matter (in anonymous) form.

(par.18) In our experience, there has been a huge group of local residents in Amsterdam that have complained fiercely about the bicycle-sharing concepts by actively protesting on twitter and other media channels. Many civil servants and political individuals are active on twitter, in order to communicate with their core constituency, and take note of these complaints. These audiences have spread their complaints to not only bicycle-sharing, but also our e-scooters, even though most have them have not been properly informed about the concept (felyx scooters do not function on gas, we make sure our scooters are properly parked to avoid nuisance, etc.). As a result, these two completely different concepts are considered equal (both shared mobility that increase congestion in the city), whereas they fail to see the bigger picture (this process is a transition from individual ownership to shared mobility for everyone).

(par.19) In contrast, our target audiences (young professionals and students) are not the groups that will actively share their views on mediums such as twitter, seeing as they are all focused on their own work. Thus, the gap between positive and negative feedback is enormous, and the impact of these complaints is huge (directly reaching political figures, reporters and civil servants). This shows that a small, but loud audience, can have a gigantic effect on the regulatory framework, compared to a much bigger opposing group, who do not share their thoughts. When we did request feedback from our core constituents, one could see that the arguments raised (showing efficiency reports, goal oriented, no direct nuisance) were factually much stronger than the counter arguments.

(par.20) This has been one of our biggest obstacles thus far.

Intvr: *(par.21)* Thank you Quinten for this insightful interview!

End Interview