Abstract: With the development of technology, especially information and communication systems, new ways of providing services emerged, based on the model of "collective consumption" or "sharing economy". This represents a trending economic phenomenon when it comes to consumption. Within sharing economy, consumers are organized by using specific technological platforms that enable them to innovatively consume or produce a particular product/service. These models provide maximum use of scarce resources on the basis of technological support and social capital of the community. Consequently, efficiency and confidence are essential for the functioning of sharing economy, whose size is estimated at 225 billion dollars by 2025. However, these trends are not evenly distributed and the development of the sharing economy depends on a series of conditions, which will be discussed in the paper. Thus, sharing economy makes tremendous challenges for all relevant stakeholders, especially the governments, in the context of adjusting the regulatory framework to meet its demands. Compared to developed countries, Western Balkan countries are significantly lagging when it comes to sharing economy. This is reflected in the lack of foreign and domestic investment in this area. The aim of this paper is to present the conceptual framework for this new economic trend, with the emphasis on the current state of sharing economy in Western Balkans. Paper will focus on the discussion of development potentials of sharing economy in the function of rural business development. Based on this, a set of recommendations will be made for improving the state of sharing economy in the Western Balkans.

Keywords: sharing economy, Internet, rural development, Western Balkans

JEL Classification: O18, O33, M13

Introduction

The sharing economy has become a new economic paradigm of modern business, especially in Western countries. Although unevenly distributed, these trends are further spreading to other countries of the world. Across the world, domestic sharing companies are being established, but more often global sharing apps are spreading their influence. Unfortunately, these trends have not yet fully gained momentum in the countries of the Western Balkans. There are some sharing initiatives in certain cities in this region, but this is still inadequate for taking advantage of all the potential of sharing economy. In order to understand these new trends, the first part of the paper will present the concept of sharing economy, with its definitions and models. The second part of the paper presents the state of the sharing economy in the Western Balkan, and in the third part of the paper, we discuss the potential of sharing economy in function of improving rural development in this region.
Theoretical framework of sharing economy

Sharing is a phenomenon as old as humankind, while the sharing economy is phenomena born of the Internet age (Belk, 2014). The term collaborative consumption first time occurred in 1978, in paper by Felson and Spaeth (1978), where they defined it as those events in which one or more persons consume economic goods or services in the process of engaging in joint activities with one or more others. This was later popularized by Algar (2007), who argued that technology is democratizing the purchasing process and that gives consumers control when it comes to price optimisation. Sharing economy is part of a global trend characterized by the democratization of technology (home computers for all), the democratization of finance (credit cards for all) and the democratization of information (the Internet for all) (Friedman, 2000). Buczynski (2013) states that this model is making the step forward from consumer based society to economic democracy. This in fact, strongly supports the old thesis that capitalism is an economic democracy in the strictest sense of the word (Mises, 2006). According to the theory of Thomas Kuhn, it is clear that the research area of sharing economy is still in “before paradigm” stage, characterized by a series of incomplete, competing theories in the scientific community, that compete for primacy to be a new paradigm (Letica, 2010). Therefore, there are many definitions of sharing economy, which will be presented in the following lines.

Juho et. al. (2016) define the sharing economy as an umbrella concept that includes several ICT developments and technologies, among others collaborative consumption, which endorses sharing the consumption of goods and services through online platforms. Defined as an “umbrella concept”, sharing economy may relate to the fulfillment of number of consumer needs: from cooking over transportation up to alternative currencies. Previously, these products/services were provided by major companies, not individual entrepreneurs (Zervas et. al., 2016). Sharing economy can be defined as a form of consumption in which the social aspects become more relevant and important (De la Calle Vaquero, De La Calle Calle, 2013). This new business model interferes with the older ways of doing business and changes not only what is consumed, but also how it is consumed (Stanić, 2015). In order to sum up these definition, some mayor principles of sharing economy business model can be introduced (Umihanić, Omerović, 2016): relying on the Internet technologies, especially smartphone apps; maximizing the utilization of existing resources; trusting to strangers and creating impersonal relationships, and designing the win-win-win deal for all parties included. Sharing economy only works via Internet technologies, and the main goal is to maximize resources using trust (social capital) as a basis of economic relations. When it comes to the causes that lead to rise of sharing economy, Sundararajan (2013) writes that “reengineering” of consumption is a natural consequence of the ongoing consumerization of digital technologies. Because of fast development of sharing economy and the fact that Internet is a media of unprecedented opportunities (Husejnefendić, 2011), that leads to the compression of space and time (Harvey, 2012), there are many extraordinary challenges for regulators when it comes to this area. That is why some individual regulators who failed to reach concrete solutions, decide to completely ban certain sharing models in their countries.

Sharing economy covers a variety of sectors (Frodesiak et al., 2011): transportation (cars, bikes), apparel (clothing, accessories), food, living spaces, household appliances, money (social lending, virtual currencies, time banks) workspaces, travel, accommodation, space (storage, parking, spare rooms). Intensity of sharing in each sector is determined by nature and attractiveness of the sector, but also the influence and organization of consumers. The consumer is indeed the one who determines what company
is (Drucker, 2008). Thus, sharing companies are mainly in the sectors of transport, accommodation, money and the like. Within the sharing economy there are different business models that enable the realization of transactions and profit earning (Zott et al., 2011). Rachel Botsman (2013), coauthor of a book “What's Mine Is Yours: The Rise of Collaborative Consumption”, identified seven basic sharing models: service fee, white label, freemium, on sale, flat membership, tiered subscription plans, membership plus usage. Each of these models is based on a different financial scheme, depending on the area in which it operates.

**Sharing economy in Western Balkans**

Taking into account the current situation on the labor market, respectively the level of youth unemployment in the Western Balkans, and bearing in mind that the most frequent participants in the sharing economy are young people (Kumar, 2015), it could be expected that sharing economy would have an exceptionally fertile ground in this region. One of the main conditions for the development of sharing economy is, as noted earlier, Internet technology and the ability to access and share information. Goudin (2016) states that it is necessary to look at the Internet penetration statistics and number of social networks and mobile phone users in order to have a complete picture of the countries' predispositions for the development of a sharing economy. When it comes to Western Balkans, these, predispositions are there. Thus, in Albania there is an Internet penetration of 63%, while 52% are users of social networks and up to 165% are mobile users. Internet penetration in Bosnia and Herzegovina is 69%, and is Serbia 65% with a growth of over 22% in the period from January 2016 to January 2017. Croatia has Internet penetration of 75%, Macedonia 70% and Montenegro 65%. When it comes to the number of active users on social networks, in Bosnia and Herzegovina there are 45% of them, in Croatia 47%, Macedonia 53%, Serbia 39% and Montenegro 56% users. In Bosnia and Herzegovina, 90% of the population has a mobile subscription, 113% in Croatia, 113% in Macedonia, 108% in Serbia and 161% in Montenegro (WeAreSocial, 2017). This data shows that there is a huge technological potential for sharing economy development. Another important factor is opportunity to start new business. Regarding this, the region moves in a positive direction, and on Doing Business World Bank index (2017), when it comes to starting a new business, Albania is currently at 46th place, Macedonia at 4th place, Croatia 43rd, Serbia 47th, Bosnia and Herzegovina on 79th, and Montenegro on 51th place. In addition to the regulator's actions, one factor negatively effects the development of the sharing economy in the Western Balkans. It relates to social capital. Namely, war events and national conflicts caused the loss of trust and community feeling, which permanently damaged the social capital of the region. The benefits of the sharing economy can only be realized if marketplaces are safe and stable (Saidi, 2013). Still, it can be concluded that there are basic assumptions for the development of a sharing economy in Western Balkans. These are related to the developed technology, the ability to open new businesses, and a large number of young unemployed people who can work within the sharing economy. But still, factors like the lack of social capital and rule of law, as well as positive action by the regulator, determine that sharing economy is still in a poor condition.
When it comes to examples of sharing economies in the Western Balkans countries, primarily in the field of transport services, the biggest interest is taken by Uber. This company attempted to start working in Serbia where company's regional leadership met with representatives of the Ministry of Civil Engineering, Transport and Infrastructure of the Republic of Serbia. Later the same Ministry (2015) issued a statement stating that there are no legal requirements for Uber's operation on the territory of the Republic of Serbia “due to the disagreement with the legal regulations”. Although Uber representative for the Balkan region, Alexandra Corolea confirmed Uber's interest in entering the market of Bosnia and Herzegovina, Minister of Transport of Canton Sarajevo said that something like this is not possible because it is not in accordance with the legislation (SarajevoTimes, 2016). Unlike Serbia and Bosnia and Herzegovina, Croatia has decided to allow Uber to operate on the territory of the City of Zagreb. But still despite a large number of interested users and more than 50,000 downloads of applications in the first six months of operation (Telegram.Hr, 2016), there was a significant resistance of existing taxi service who couple of time organized violent protests (Milekić, 2015; Pavlić, 2016). It is interesting that in Belgrade there is a domestic CarGo sharing application that operates on a model similar to that used by Uber. This app adapted to the regulatory legislation on the territory of Belgrade. When it comes to other countries of the region, there were no indications of Uber's interest to enter their market. Experiences in which sharing platforms such as Uber and AirBnB faced both protests and violence, similar to those in Zagreb, as well as regulatory responses that sought to reduce the share of market sharing economy (Gata, 2015) were present both in the metropolises of the United States, and in the countries of Western Europe. But unlike Western Balkans, these problems were solved and now sharing economy flourishes in Western countries. The most striking successes in the region have sharing application that relate to accommodation, above all AirBnB. This application exists in every country in the Western Balkans. The reason for this is that there are still unresolved private property issues so the government does not control this market too much. This was capitalized by AirBnB. This sharing application has actively involved thousands of people across these countries, who can now easily lease their own (unused) space. What is important to note is that the system protection is extremely rigorous, so when registering, besides their financial information, users also need to show the proof of identity such as a valid passport. AirBnB success is quite interesting, because some authors argue that for a accommodation sharing, there needs to be fulfillment of three factors: trust, efficiency, and economic benefits (Tussyadiah, 2015). Another successful sharing application developed in all countries of the region is Couchsurfing. Similar to AirBnB, this application capitalizes on the lack of order when it comes to renting market.

Analyzed by individual countries, apart from AirBnB and Couchsurfing, there are a number of transport sharing companies in Serbia, such as CarGo, Car4Use and BlaBlaCar (Blic92, 2015). In Montenegro, there are so-called condo hotels (Radio Televizija Crne Gore, 2015), which also belong to the sharing movement. Also, in 2015, an academic panel discussion on the potential of the sharing economy for Montenegro was organized. Croatia has the biggest number of sharing applications, such as BlaBlaCar, which allows transport sharing, Porthop, which solves the problem of reserving boats, Click & Boat for chartering, Appetite, a mobile application that...
allows finding local meals made by professional and amateur chefs, “Milo za drago” direct exchange system and Home Exchange that allows users to exchange their houses (Laslavić, 2015; Kolić, 2016; Poslovni.hr, 2017). There is also domestic time sharing bank called “Ura po Ura”, as well as the BitCoin ATM. As far as Albania is concerned, it is interesting that this country hosted the global HitchGathering event, which also promotes the concept of sharing (Dodig, 2014). Looking at the cases of sharing economy in the Western Balkans, it is noticeable that Croatia has made the most progress.

Sharing potential for rural development

Agriculture has been a backbone of the Western Balkans for centuries and has always played an important role in these societies (Znaor, 2013). However, compared to EU, there are many problems in the context of rural development. First of all, there is no proper statistical record of land used in relation to total agricultural land. This is primarily due to the lack of well-defined property rights, as well as other post-conflict problems, such as the usurpation of refugee land. Agriculture in most Western Balkan countries primarily meets the social, and then economic, function. The small-scale and fragmented nature of private farming remains a general characteristic of agriculture in all Western Balkans, representing a long-term structural handicap (Volk, 2010). One important trend is the migration from rural areas to large cities, but also general emigration of the population to the EU. Further problems concern the lack of proper infrastructure, capital, as well as major networking (such as agricultural unions, consortium, etc.). What is also problematic for domestic rural development is the lack of domestic and foreign investment due to long-term uncertainty (Hall, 1996). Namely, the political, economic and legal instability of the Western Balkans often affects the potential of any major investment in the rural development of these countries. In addition, a significant part of the Western Balkans is mountainous and hilly, or has a karst feature and is thus less favorable for agriculture. Regions with such features are subject to substantial aging and depopulation processes, which can hold back the development of agriculture in these areas (Volk, 2010). A large part of the agricultural area is not used for production or is extensively used. All of this, it carries a number of negative consequences. First, it creates many reasons for leaving rural settlements. In addition to the great poverty, there are serious problems in terms of infrastructure, public institutions (health and education), as well as inability to recruit. Migration, especially when it comes to young people, can lead to irreversible decline and depopulation not only in rural and peripheral zones, but also in small towns that often play an important role in providing basic services (Vittuari, 2011).

Although sharing economy primarily develops in cities (Helms, Palacios, 2017), yet there is evidence that this trend is also taking momentum in rural areas (Philips, 2013). If rural development is defined as process of improving the quality of life in rural communities (UNDP, 2013), then we can trace the potential for rural development in key features of sharing economy. The main benefit of sharing economy is that it uses unused resources. As Lombardo notes, it is a form of recycle, reuse and repurpose (Lombardo, 2015). Sharing economy is maximizing the use of resources like empty apartments, unused cars, unemployed workers and the like. Sharing...
services allow for items to be used productively that would otherwise be gathering dust (Baker, 2014). This is the effect of product service systems, which allow members to share multiple products that are owned by companies or by private persons (Matzler et al., 2015). For rural development, this feature is particularly important and that is because of the seasonal utilization of rural resources. In particular, this could create opportunity for Western Balkans farmers to share their resources which would otherwise be unused (for certain times of the year, according to the nature of agricultural crops). By maximizing the use of resources, sharing economy affects the price reduction of goods and services, which is important in the context of price competitiveness of Western Balkan agricultural products. Agricultural producer prices are rather high, mostly above the EU average, indicating weak price competitiveness for most Western Balkans products compared to EU countries (Volk et al., 2012). Market price pressure is particularly intensified in recent years, with the opening of local markets for EU products. This forces domestic farmers to use low-cost strategies in order to achieve their own competitive advantage.

Sharing economy also lowers the operating costs for small businesses, which helps new entrepreneurs to have significant savings in the first years of operation. Small agricultural businesses usually have insufficient cash flow that can not cover higher capital expenditure and costs, which means that they can rely on a cheaper sharing alternatives. Sharing rather than purchasing can help small businesses survive (Hakobyan, 2017). For rural development, small businesses are important because they can lead to creation of family enterprises, that on the long-run reduce unemployment and help keep rural population stable. Sharing models are also developing new services. For certain services, traditional industries simply did not have the capital or market initiatives. Innovative sharing models enable cheap sets of new services for consumers. Thus, tourists using sharing apps like AirBnB can visit the outermost regions of a particular Western Balkan country. These places would otherwise be bypassed by tourists because of the lack of large-scale capital investment for the development of tourist infrastructure, but also because local communities do not have needed resources for marketing promotion. One of most important features of sharing economy is that creates new jobs and thus directly affects the employees. Unemployment is reduced as new employees join the labor market and circle of those who participate in the process of sharing, expands. In addition, sharing economy increases the productivity of individuals involved in these activities, while allowing greater flexibility of the workplace. Workers in these new industries tend to avoid traditional business hours. This keeps up with current labor trend of increasing the number of freelancers. In U.S. alone in 2014, there was about 54 million workers (34% of the population) that considered themselves freelancers (Horowitz, 2014). It is also true for work in rural areas, where entrepreneurs themselves determine how much and when to work. What is most interesting is the social impact of the sharing economy. Many authors write about the developing of new sense of community and strengthening of local communities. For instance, according to TechRepublic, Airbnb has coordinated free accommodations for people affected by natural disasters, and TaskRabbit has experimented with organizing volunteers and crisis situations. These and other trust-building efforts help sharing economy participants see one another as
equals, building constructive relationships where none existed previously (Martucci, 2015). This is especially important for local rural communities, which already own social capital for the development of commonality and trust needed for sharing economy. In addition to the above-mentioned features of sharing economy, we can outline four basic ways to capitalise these new trends in function of Western Balkans rural development:

- Sharing infrastructure and land.
- Creating and funding agricultural innovations (crowdfunding).
- Barter and swap economy, alternative currencies.
- Improving rural tourism by using sharing economy models.

By sharing infrastructure and land, farmers can use their own, expensive, infrastructure throughout the year. For instance, FarmBackup and MachineryLink allow farmers to share their assets – machines and manpower, with similar companies at greater distances. This makes machinery exchange a flexible solution that won’t affect the regular production (Grigoras, 2016). This answers the problems that farmers have because different agricultural products use different resources throughout the year. Sharing economy enables farmers to share their equipment with others and thus increase the level of its utilization. Another important way to use the sharing economy for rural development is to use sharing systems that finance agricultural innovations. Agriculture is precisely one of the most innovating industries today, mostly for the purpose of reducing the share of human labor in this area, and consequently increase of productivity and ultimately profitability. By using platforms such as crowdfunding, local farmers can get the necessary capital for their innovations. Sharing economy can be used for creation of a parallel monetary system within the country's legal economic flows. Lack of financial resources is one of the main problems of rural areas (Berjan et al., 2015). Barter or swap arrangement can be created to increase domestic liquidity, which is a usual problem of Western Balkans rural stakeholders. As an example, across Brazil's farm belt, barter trade is making a comeback as tightening credit, falling crop prices and a volatile currency open a multi-billion dollar business to merchants and tractor makers (Ewing, 2015). Also, it is possible to use alternative currencies like Bitcoin, to allow easier value preservation. Finally, perhaps the most important way of using sharing economy is to improve rural tourism. This happen in Ireland with AirBnB (AirBnBCitizen, 2016). Sharing economy opens up opportunities for bringing more tourists to distance, rural areas. Sharing applications attract tourists and do a free promotion of rural tourism, which in the long run creates the potential for rural development. Sharing economy can also develop creative tourism. This can be done by so called rural hubs, that offer space for creative work (Paoletti, 2014). These hubs attract urban people that work in areas of creative industries. Finally, it should be added that the sharing economy has a positive impact on ecology that represents the basis of rural development. Increased resource utilization contributes positively to the reduction of pollution and the general ecology (Gururaj, 2015).
Sharing economy also reduces waste. Thus, for example, UberPool lets people share their Uber ride, which results in a lower fare for everyone and reduced pollution / traffic (Minton, 2015).

**Conclusion**

Within the paper, the sharing economy is presented as a new economic trend that determines current standards of consumption. Unlike the traditional economy, sharing economy integrates unused resources, which, in turn, increases productivity, but also employment, especially of the marginalized labor market groups. The sharing economy creates a number of challenges for regulators, which unfortunately has prevented its development in the Western Balkan countries. Thus, the paper showed that UBER is only partially active in this region and that apart from the success of AirBnB, there are only a few good examples of foreign and domestic sharing applications. According to that, there are very limited sharing resources that can support the rural development in these countries. However, this does not harm the long-term sharing potential that can be utilized in the future. Specifically, the sharing economy can support the maximization of resources in agriculture, lead to greater innovation, develop alternative monetary models, and significantly influence the development of rural tourism. For the purpose of using these new technologies, in function of regional rural development, we can set out following recommendations:

- Regulators in the countries of the Western Balkans must provide legal frameworks in order to support the development of the sharing economy. This means greater openness of the legal system for new business models that are based on new technologies and sharing. By developing a sharing economy, the possibility of opening up new jobs increases, but also there is an increase in competitiveness of the entire economy.

- Rural development of the Western Balkans should be based on new technologies and increased competitiveness and innovation of the rural sector. Sharing economy models should become an integral part of rural development strategies in a way that they support the existing, traditional ways of doing business.

- In order to develop the sharing economy in the Western Balkans, it is necessary to work on the long-term improvement of all of the assumptions for its development. These assumptions relate to the development of technology, but also to the advancement of social capital, which represents main problem in this region.

In the end, it can be concluded that the sharing economy represents an exceptional chance for rural development of Western Balkan region. This paper offers only a basic insight into the given area, and its weakness is that it lack empirical research of this area. Because of that, future research should focus on empirical exploring of the state, characteristics and needs of sharing economy in the Western Balkans.
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