HOW GOVERNMENT CAN PROTECT EMPLOYEES IN THE SHARING ECONOMY: A CAM ANALYSIS

A Thesis

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Casey William Albert

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Approved by:

_____, Committee Chair
Charles Gossett, Ph.D

_____, Second Reader
Robert W. Wassmer, Ph.D.

_____
Date

Student: Casey William Albert

I certify that this student has met the requirements for format contained in the University format manual, and that this thesis is suitable for shelving in the Library and credit is to be awarded for the thesis.

_____, Department Chair _____
Robert W. Wassmer, Ph.D Date

Department of Public Policy and Administration

Abstract

of

HOW GOVERNMENT CAN PROTECT EMPLOYEES IN THE SHARING ECONOMY: A CAM ANALYSIS

by

Casey William Albert

This thesis is intended to explore public policies to address employment conditions for workers in the "sharing economy." This is a segment of the economy that has risen rapidly over the past ten years, and includes companies such as Uber, Lyft, Airbnb, Taskrabbit, and dozens of other young startups. Due to this rapid rise, the industry is largely unregulated, leaving its workers lacking worker protections and access to a social safety net. This thesis explores potential remedies to this problem.

The overall goal is to identify policies that can remedy the lack of worker protections for sharing economy workers without disrupting the growth and continued innovation of sharing economy companies, and without passing too much of the burden on to consumers in the form of higher prices. To make this determination, I used Bardach's (2012) analytical research methods, otherwise known as a Criteria Alternatives Matrix (CAM) Analysis. I analyzed four policy alternatives that policymakers have recently proposed, and determined that two of the four policies have a high likelihood of

successful outcomes. Those policies are: (1) create a new category of worker—"dependent contractors," along with some new employment benefits for those workers, and (2) mandate company contributions to portable benefits accounts for all workers. I ultimately recommended either policy as a strong option to address the issue, or a hybrid policy combining some elements of each.

_____, Committee Chair
Charles Gossett, Ph.D.

_____
Date

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Chapter 1 – Introduction

Introduction

In recent years, smart phones have become ubiquitous in all aspects of our daily lives. Some see this as a good thing, while others see it as a detriment to society. Regardless of one's point of view, however, it is undeniable that new technology is transforming the way we interact with the world around us. Intelligent innovators and investors have capitalized on this technology by finding a variety of new ways for us to use our smart phones to spend money and earn money. Thus, the "sharing economy" was born.

The sharing economy encompasses a wide array of companies operating in diverse industries, including transportation, hospitality, equipment rental, finance, home improvement, and much more. What they all have in common is that they utilize the power of the internet and smart phone technology to facilitate transactions between "buyers" and "sellers." These transactions can come in many shapes and sizes, from renting some power tools from a neighbor for a couple dollars to calling for a ride from a friendly neighborhood Uber driver. From Uber to Airbnb to Taskrabbit to dozens of other new startups, the sharing economy that has popped up within a few years is now as well-known and as prevalent as many other forms of economic activity that took decades to develop, and has grown at an explosive and exponential rate.

Unsurprisingly, when a segment of the economy grows so quickly, it is largely free from government regulation (at least temporarily). This is the state of the sharing economy today, much to the detriment of many of its workers. While sharing economy

firms continue to do all they can to increase profits until more government regulations are in place (PWC, 2015), their workers have been clamoring for higher pay, more benefits, and more protections through government policymaking (Jaffe, 2014). This is an increasingly important policy issue, given the increasing number of individuals who are pursuing work in the sharing economy full-time. Thus far, researchers have only just begun to look at the sharing economy and in doing so they have tended to focus more on consumer protections than on worker protections. This thesis will address the sharing economy from the perspective of these workers.

The goal of this thesis is to determine an appropriate balance between the needs of the sharing economy industry to grow and innovate with the workers' needs for a social safety net and a good standing of living. It is important to implement policies that will protect workers without imposing unnecessary burdens on a growing industry. To determine which policies will accomplish this, this thesis will examine workers in the sharing economy and discuss the best public policy solutions to address employment rights and benefits for these individuals. More specifically, this thesis discusses the historical basis for the sharing economy and how it has evolved to what it is today, explores the research on the societal and economic effects of the sharing economy, and then analyzes possible courses of action policymakers can take to protect the safety and standard of living for workers in the sharing economy. The end product of this thesis is a detailed policy analysis that leads to specific policy recommendations based on the most important factors in crafting a successful policy that will address the issue.

After analyzing the possible actions, this thesis will use Bardach's (2012) methods to rank these actions based on a set of carefully chosen criteria, ultimately resulting in a recommended course of action that will lead to the best overall outcomes for all parties. Bardach's method of analysis (also known as a Criteria Alternatives Matrix, or CAM, analysis) is a useful tool for policymakers because it takes into account the various tradeoffs involved in complex policy issues such as the one at issue here and weighs them according to perceived risks, rewards, costs, and benefits. However, this approach does have some drawbacks. This thesis will discuss those as well, and will address how other analytical methods can supplement a CAM analysis.

In the remainder of the first chapter of this thesis, I offer a further introduction to my themes by covering sections on the definition of the sharing economy, the growth of the industry, and worker demographics. The purpose of these sections are to provide the necessary context to understand the research and theories I will present in Chapters 2 – 6 of this thesis.

Defining the Sharing Economy

Since the sharing economy arose so abruptly, many have disagreed on how exactly to define it. Further, the media and public policy researchers often refer to it by various other names, including the "collaborative economy," the "gig economy," "collaborative consumption," and the "peer-to-peer (or P2P) economy" (Botsman, 2015). Academic scholars have more technical opinions of how to define the sharing economy (discussed in the Literature Review section, below), but for purposes of this paper, I will

define the sharing economy to encompass all three categories discussed by Botsman (2015):

1. Businesses that involve unlocking the value of underutilized resources by sharing them with others when not otherwise in use. For example: Airbnb and RelayRides (a company that allows you to rent out your private car directly to others).
2. Businesses that use the efficiency of technology to provide "on-demand" services by matching consumers and providers. For example: ridesharing companies Uber and Lyft.
3. Businesses that mimic traditional market behaviors such as renting, bartering, reselling, and swapping of goods and/or services using technological efficiencies to do so on a magnified scale. For example: Peerby (a company that allows users to locate and borrow items from their neighbors) and eBay.

To sum up this definition in a more concise manner, the sharing economy includes any business that uses the internet and/or smartphone technology to enable people to earn money from underused assets—whether they are physical assets or personal skills (PWC, 2015).

The Rise of the Sharing Economy

To be clear, the sharing economy does not actually require smartphones and the internet, but it is heavily reliant on them. Before the advent of the internet, there was still a "sharing economy" in the sense that people have always shared skills and resources in order to better utilize their assets. For example, systems of sharing such as neighborhood

food cooperatives and “carpooling” have been around for far longer than the internet. However, the internet, and specifically having access to the internet in your pocket, via a smartphone, has drastically increased the opportunity and the scalability of the sharing economy.

Sharing goods, skills, and services with others used to be possible but inconvenient. Now smartphones can match demand and supply in real-time, GPS technology enables users to see available services nearby (such as Uber cars, bikes for rent, or handymen ready to help with a quick home repair), and online payment systems handle all the billing (Economist, 2013). Sharing has never been easier, and thus, the sharing economy has exploded in popularity. Exactly how large has the sharing economy become? Although it is still in its infant stages, it has already spawned some massive companies with valuations in the billions of dollars, along with dozens of other multi-million-dollar companies. As of early 2016, Uber has a market valuation of around $40 billion—higher than transportation giants American Airlines, Delta, and Southwest (PWC, 2015). Airbnb has already eclipsed some of the world’s largest hotel chains, including Hilton Worldwide, in terms of guests per night (PWC, 2015, p. 14). Remarkably, Uber has achieved this success without owning a single vehicle in its “fleet.” Likewise, Airbnb does not actually own any hotel rooms. This simple fact illustrates the power and unique nature of the sharing economy. It also raises some serious ethical issues, which I will discuss later in this chapter.

While these new companies have been a boon to their founders and investors, they have also enriched the lives of millions of individuals. By harnessing the power of

technology, they have created opportunities where they did not previously exist. For instance, before the sharing economy, if a man needed a power drill for a home improvement project, he most likely had to go out and buy one. Now, however, he can use his smartphone to tap into services like Peerby or Baatna and locate neighbors that have a power drill for him to borrow for a couple dollars. Instead of forcing someone to purchase something he may only use once, the sharing economy allows us to tap into unused resources for the benefit of the larger community, thus creating entirely new ways of interacting with the world.

Convenience, environmental impact, and a sense of community are all key aspects of the sharing economy that have contributed to its rapid growth. Perhaps equally important is that the sharing economy saves people money. The cost of an Uber or a Lyft is usually less than half the cost of a traditional taxi. You can often rent a room on Airbnb for cheaper than a hotel room. Moreover, these services are often superior, because, like many sharing economy services, users rate each other based on their satisfaction with the transaction. If you have a low rating, it is unlikely that other users will want to do business with you.

Who Provides the Labor in the Sharing Economy?

Becoming a worker in the sharing economy is often no more difficult than creating an online profile, answering a few simple questions, and linking your bank account to the service. Ridesharing companies such as Uber or Lyft are arguably services that should have higher barriers to entry due to the safety concerns associated with driving other people in your personal vehicle. However, even becoming an Uber or Lyft

driver takes just a couple days to be approved, and only involves submitting a short application and undergoing a less-than-thorough driving record check, along with a brief online orientation (PWC, 2015). Thus, it is no surprise that somewhere between 600,000 and 3.2 million people currently use the sharing economy to earn income (White, 2016).

There has been relatively little independent research into the demographics of exactly who the workers are in the sharing economy. However, one recent report had some very interesting findings (Bloomberg, 2015). First, the report found that the average sharing economy provider is more likely to be male, young, and college-educated than the general U.S. population. About 70 percent of sharing economy workers are male, nearly 70 percent are between the ages of 18 and 34, and 40 percent have earned a college degree (2015). Ethnically, sharing economy workers are similar to the overall U.S. workforce.

In looking at Uber drivers in particular, 49 percent are between the ages of 18 and 39, compared to just 27 percent of traditional taxi drivers and 42 percent of the overall U.S. population. Meanwhile, 49 percent of Uber drivers have a college degree, and just 14 percent are female (although an even lower percentage of traditional taxi drivers are female) (Bloomberg, 2015).

The same report also found that a plurality of workers in the sharing economy are only supplementing their income, but there is a significant portion of workers relying on the sharing economy for their entire income. Specifically, 39 percent of sharing economy workers use the sharing economy to provide less than a quarter of their household income, while 19 percent rely on their positions in the sharing economy to

provide more than three-quarters of their income (Bloomberg, 2015). In writing this thesis, I am particularly interested in this 19 percent segment, since they are the ones for whom government protections may have the greatest impact.

Distinguishing Employees from Independent Contractors

As mentioned, a sharing economy firms' ability to conduct a business while owning few to no physical assets has enabled them to produce massive profits. Aside from this, one of the other reasons for this success has also been perhaps the most controversial—they have almost exclusively decided to classify their workers as independent contractors rather than employees, savings millions of dollars by doing so. A designation of "independent contractor" can have some detrimental effects on a worker. For example, independent contractors are not protected by minimum wage laws, do not usually have access to any traditional employment benefits (such as paid leave, retirement accounts, and workers' compensation), and cannot have their taxes withheld from their paychecks.

There are many factors courts use to determine whether someone is an independent contractor or an employee. Some of these factors include: the extent to which the worker's services are a key part of the business, the amount the worker has to personally invest in facilities and equipment, the nature and degree of control the business exercises over the worker (ex: Who determines work hours? Who sets the pay rate?), the level of skill in performing the job, and the amount of effort the worker must undertake to promote the business (ex: Does the company do all the promoting, or does the worker make his own flyers and business cards to promote his work?) (DOL, 2016).

The concept of *control* is the single most important factor in making this determination. Firms in the sharing economy have unilaterally decided that their employees have sufficient control over their business activities to make them independent contractors (2016). Courts and policymakers have for the most part not yet weighed in on this matter, but they surely will in the near future.

Perhaps a sign of things to come, in September 2015 the California Employment Development Department (EDD) held that a former Uber driver was an employee, not an independent contractor (Somerville, 2015). The ruling was narrow, as it only applied to that one employee, not all Uber drivers. In its reasoning, the Court found that the individual was an employee because Uber has sole discretion over fares, can charge drivers a cancellation fee for failing to accept a ride, can prohibit drivers from accepting rides from riders not using the app, and can deactivate drivers' accounts at its discretion (2015). This ruling is important for the future classification of all sharing economy workers, as at the time of this writing there are several cases dealing with this issue working their way through various levels of our courts systems (Brown, 2016).

Competing Industries

From a public policy perspective, it may seem to some that one of the goals of any new policy addressing the sharing economy should strive to protect existing industries and jobs, such as the taxi industry and the hotel industry. Whether this is true is rather complicated and is a matter of political debate. There are controversies in the media almost daily regarding these issues, and it would require too much additional analysis to fully discuss and analyze these issues within the scope of this thesis. Thus, I

recognize that the needs and demands of these other industries is important, and the jobs that exist there are important as well, but I will leave further discussion for another researcher. For purposes of this paper, I am only looking at the sharing economy itself, and not at the effects on any competing industries.

Criticisms of the Sharing Economy

While it seems that the common message in the media and amongst many of the participants in the sharing economy is that the sharing economy is largely a good thing, there is a group of critics that thinks otherwise. One writer, Chelsea Rustrum, has raised a compelling argument: "Are we really proud that Uber doesn't own cars, employs zero drivers and is worth $100 billion? Or that Airbnb has a valuation of $25 billion, without owning a single piece of real estate? It takes only a short step back to realize that these companies are absorbing the value of assets and time that other people are exchanging with each other" (Rustrum, 2016). This argument brings a unique perspective to the debate, and raises the question whether sharing economy companies are unfairly profiting from the work and assets of others. In other words, are these companies simply helping the rich get richer by profiting off of individuals' possessions, time, and expertise?

A leading industry expert, Steven Hill, has also raised some important criticisms of the industry. He argues that Airbnb displaces stable renters who are forced out of their home by greedy investors who want to turn their properties into day-to-day "hotels" (Hill, 2015b). He also argues that safety standards often fall by the wayside, as sharing economy companies have increasingly loosened their safety standards in order to lower company expenses and maximize profits (2015b). Finally, he states that sharing

economy companies frequently do not follow federal, state, and local laws—including safety regulations, zoning requirements, and tax laws (not to mention labor laws), and that these violations cost governments millions of dollars in enforcement and regulatory costs and in lost tax revenues (2015b).

These perspectives are important, and speak to the overall lack of regulation in this budding new industry. Hopefully as governments begin to impose more regulations, these problems will resolve themselves to a large extent. In this thesis, I will address these criticisms as they arise in regards to each specific policy I will analyze.

Thesis Outline

The remainder of this thesis is devoted to analyzing potential public policy solutions to address the impending employment issues related to workers in the sharing economy, emphasizing policies that will not drive entrepreneurs either out of business or away from investing in services that the public clearly demands and values. I will conduct this analysis using Bardach's research methods (CAM analysis). I am looking to determine which of several possible courses of action will result in the best policy outcomes for all parties involved, including not only sharing economy workers and sharing economy firms, but also consumers as well as various levels of government. To perform this CAM analysis, I will devise a series of criteria I can use to rank each of the alternatives on a numeric scale. I will then weight these numeric scores based on the perceived importance of each of the criteria in order to come up with a final "score" for each proposed solution.

Under Bardach's methods, the course of action that receives the highest overall ranking is the course of action that policymakers should choose. However, there are other considerations to take into account that the CAM analysis cannot always incorporate, such as not-yet-determined legal rulings of the courts and changing public opinion. I will discuss these considerations in my results section (Chapter 6).

In Chapter 2, I will conduct a literature review to examine both the broad studies in this area (focusing on the evolution of the sharing economy in general as well as its underlying economic theory) as well as specific literature on the workers in the sharing economy and their employment rights. The themes of the literature review will include an examination of solutions that have been proposed by policymakers as well as background research on recent developments within the sharing economy itself. In Chapter 3, I will outline my policy alternatives and explain why I chose to either include or exclude those alternatives from my final CAM analysis. In Chapter 4, I will present and explain the decision criteria for my CAM analysis, including an explanation of why those criteria are best for evaluating my proposed solutions. In Chapter 5, I will present my proposed solutions. I will then use decision matrices to assess these solutions using the criteria described in Chapter 4. In Chapter 6, I will discuss the results of my analysis, make recommendations to policymakers, conclude my research, and make suggestions for future research in this field.

Chapter 2 – Literature Review

Since the sharing economy is such a recent phenomenon, the peer-reviewed research on the topic is sparse. Researchers have only begun looking deeper into the sharing economy within the past five years or so. To make matters even more difficult, in an area that is constantly evolving and shifting, research can become stale very quickly. This means that findings from studies in, say, 2012 may no longer be relevant in 2016.

Against this backdrop, in this chapter I will discuss the current state of research into the sharing economy, specifically focusing on research into sharing economy workers. Although I will discuss some peer-reviewed studies, I will also discuss several corporate reports, media investigative articles, and organizational studies that have delved into the effects the sharing economy is having on the larger economy as a whole.

It is important to examine any non-peer-reviewed studies with a critical eye. Some of these studies, while factual and well researched, still contain inherent biases. For instance, studies on the sharing economy conducted by pro-business groups may have findings that call for minimal government regulation of this sector. Without the peer-review process, it is easy to overlook these biases. Thus, in this literature review I make every attempt to point them out, and to make clear when more academic research is needed on a particular issue.

To conduct my literature review, I began by examining peer-reviewed academic research within the past ten years (around the time the sharing economy began). I found that there are very few peer-reviewed studies on the sharing economy, so I expanded my

search to include reports, media articles, and non-peer-reviewed studies. I searched for media articles that discuss recent developments regarding public policies in the sharing economy arena. I also looked for historical context by examining research from more than ten years ago that looked at earlier instances of "sharing" behavior and what the effects of this behavior were on working conditions, jobs, and the economy.

Benefits of Working in the Sharing Economy

Proponents of the expansion of the sharing economy point out that the sector creates new jobs that did not previously exist, and offers its workers a critically important job benefit—flexibility. For mothers of young children, college students, and individuals with multiple jobs, this flexibility is undoubtedly valuable. There have not been many academic studies to confirm whether jobs in the sharing economy are "new" jobs or are displacing prior-existing jobs. However, some industry-sponsored studies have examined the overall benefits of working in the sharing economy.

A 2015 study commissioned by Uber found numerous benefits of driving for Uber and limited "minor" downsides (Hall & Krueger). In particular, the study found that 78 percent of Uber drivers are "satisfied" with their experience driving for Uber, and 73 percent would rather have a job where you "choose your own schedule and be your own boss" instead of a salaried "9 to 5" job (2015). Furthermore, 62 percent of Uber drivers have another job, and the overall hourly pay is significantly higher than the pay for traditional taxi drivers, even after accounting for out-of-pocket costs of gas, insurance, and depreciation (2015). Since Uber itself commissioned this study and it is not peer-reviewed, it is important to realize that this study may be biased.

In fact, the Wall Street Journal (among other media outlets) immediately published an article analyzing its findings (MacMillan, 2015). The article pointed out that Uber's survey of its drivers only had an 11 percent response rate, and offered a financial incentive for responding. This calls into question the finding that 78 percent of drivers are satisfied. MacMillan also argued that the wage figures are inflated because they do not account for drivers' out-of-pocket costs, including gas, maintenance, and insurance (2015). Fare cuts create an additional hardship for drivers, and Uber frequently cuts fares in order to attract more customers and compete with other ridesharing companies (2015). However, regardless of any critiques, it is clear that jobs in the sharing economy still do include many benefits, and Uber's study still carries some weight.

Of course, the benefits vary with the type of company. The benefits an Uber or Lyft driver experiences might be very different from the benefits experienced by a Task Rabbit worker or an Airbnb host. One benefit that all of these companies do have in common is a low barrier to entry. Becoming a worker for any sharing economy firm is very simple, and does not require many of the normal employment hurdles, such as writing a resume and passing a job interview.

Costs of Working in the Sharing Economy

Before our modern sharing economy even existed, there were studies that examined the costs of "nontraditional" employment, such as independent contractors, on-call work, temporary agency work, contract work, and part-time employment. One of the most prominent of these studies examined the relationship between non-traditional

employment and “bad jobs,” defined as jobs with low pay, no health benefits, and no pension benefits (Kalleberg, Reskin, & Hudson, 2000).

The researchers found that of the above three “bad job” characteristics, men with regular full-time employment had an average of 0.82 (out of three) characteristics, while men who were independent contractors had an average of 1.38-1.61 characteristics (2000). For women, the corresponding numbers were 0.87 characteristics for full-time employees and 1.72-2.09 characteristics for independent contractors. These results represent a statistically significant effect of nontraditional employment on the likelihood of the employment having low pay and no benefits. For both men and women, the p-value for this study was less than 0.001, which represents a 99.9% degree of confidence. In other words, full-time permanent jobs are much more likely to be high quality jobs than nontraditional jobs, in terms of pay and benefits.

One of the problems with determining the costs of working in the sharing economy is that nearly all of these sharing economy companies are still privately owned, and they keep data about their workers and customers secret. Uber and Airbnb are both still private companies, despite their massive valuations. Since workers have so far been unable to organize effectively, and there is essentially no publicly available data, it has been difficult for researchers to get a reliable picture of how much these workers really earn and what other types of costs they must incur for their work.

Background Literature Regarding Potential Policy Solutions

Policymakers have proposed several solutions to remedy the issue of a lack of worker protections for sharing economy workers. Below, I review some of the literature regarding these proposals.

Effects of Unionization

There have been several key studies that have examined the economic impact of unionization for both employees and companies. Unionization in the sharing economy would be controversial since independent contractors do not typically have rights to collectively bargain. However, it is a policy that could potentially lead to improved outcomes, wage protection, and provision of benefits for sharing economy workers.

Since unionization typically occurs amongst *employees* of a company, it is unclear exactly what unionization would look like for independent contractors. Under the National Labor Relations Act, employees have many labor rights, including the right to form and join a union, the right to organize with your co-workers to improve working conditions, the right to strike and picket, and the right to choose not to join a union (Dept. of Labor, 2016b). Both employers and unions cannot threaten employees or take any other adverse actions against employees based on their union activities. Employers also cannot promise raises or other benefits in exchange for abstaining from union activity, and cannot prohibit union organization in non-work locations (such as break rooms and parking lots).

These laws and regulations pertaining to employees would need to be adjusted for independent contractors. For example, with most sharing economy companies, there is

no “workplace” per say, since workers are typically based at home. How would sharing economy workers choose their union representatives? How would they negotiate for better working conditions and benefits? How would union membership be regulated in a workforce that is constantly changing and evolving, with many workers joining and leaving sharing economy firms every day? These questions remain unclear, but will likely become clearer in the next few years, as researchers observe the effects of Seattle’s first-in-the-nation unionization law for ridesharing workers (Wingfield & Isaac, 2015).

In terms of current academic research, DiNardo and Lee (2001) found that the costs of unionization to employers are relatively small. They used a regression-discontinuity analysis to examine the impact of unionization on wages, business survival, employment, output, and productivity. Specifically, they found that the effects on each of these is less than five percent, because unions have generally been unsuccessful in securing significant wage gains through collective bargaining (2001, p. 3). However they do acknowledge that their results are contrary to many other studies that have found unions to have a positive effect of around 15 percent on industry wages (2001, p. 2). It is important to note that consumers may bear some of the burden of these wage increases in the form of higher prices.

Expanding on DiNardo and Lee’s research, Frandsen found similarly that unionization does not have much of an effect on *average* wages, but that there is a clear *distributional* effect of unionization (2012). He found unionization to raise the tail end of the earnings distribution by around 30 log points, with much smaller, possibly negative effects at the upper end of the distribution (2012, p. 3). Interestingly, he also found that

unionization lowers retention among lower skilled workers, but increases retention among middle and higher skilled workers (2012, p. 3).

There are countless other studies that have also examined what is called the "union wage gap," or the effect of unionization on wages. However, it is unclear if and to what extent this research would apply to unionization in the sharing economy. Since the early-1900s when unionization became widespread, it was only applicable to full-time employees. For a new economic segment like the sharing economy that has different principles of business operation, unionization could have unpredictable results. Presumably, it would have the same distributional effect of raising the tail end of earnings distributions, perhaps by more than what was found by Frandsen, since there are some sharing economy workers making much less than minimum wage (Hill, 2015b, p. 12). What is more unclear is how it could disrupt the sharing economy business model, whether it could cause some startup sharing firms to go out of business, and whether it could have large effects on consumer demand for sharing economy services. The effect on consumers in the form of higher prices must also be accounted for.

As previously mentioned, Seattle recently attracted national news coverage by passing a law allowing unionization for Uber and Lyft drivers (Wingfield & Isaac, 2015). Since the law is so recent, unions have only just begun to form, and there are not yet any studies or results describing the effects this new law will have on ridesharing or on the sharing economy as a whole. If these unions are to have any meaningful effect on working conditions, they will have to grow large enough that they can bring about change for all Uber and Lyft drivers in the Seattle region, rather than simply lobbying for

changes that would only affect those drivers that join the union. Uber and Lyft are unlikely to accept any changes that would not be uniformly applied to their entire platform in the Seattle region, since they want to maintain a consistent and predictable service for their customers. I will address unionization as a possible policy solution in my CAM analysis in this thesis.

Independent Contractor Classification

One of the key debates regarding workers in the sharing economy is whether their firms are correctly classifying them as independent contractors. Some believe classifying workers as employees would be allowing them to "have their cake and eat it too," while others believe classifying them as independent contractors severely deprives them of the social safety net they deserve. Thus far, there has been very little academic research into this area as it specifically relates to the sharing economy. However, there have been studies looking into the negative effects of misclassifying workers as independent contractors—both for society as a whole and for the workers themselves.

The Economic Policy Institute issued a recent qualitative report finding that the independent contractor designation results in lower wages, fewer benefits, less bargaining power, and leaves workers more vulnerable to wage theft (the illegal withholding of wages or denial of certain benefits that are due to an employee) (Carré, 2015). It also leads to lower income tax revenue for states and the federal government, and adverse effects on unemployment, workers' compensation, and disability insurance systems (2015). However, there are also some benefits, including lower prices for consumers and more flexible and independent working conditions for workers.

Further back (before the rapid growth of the sharing economy), another qualitative study looked at the importance of correctly classifying workers (Peterson, 2007). The author in that study examined the role of the employment relationship in determining a worker's access to services in the social safety net. She found that independent contractors (which at the time of the study made up approximately 31 percent of the U.S. workforce) do not typically have access to federal worker protection laws, including the Fair Labor Standards Act (FLSA), the Family and Medical Leave Act (FMLA), and the Occupational Safety and Health Act (OSHA), among others. She hypothesizes that these laws may be flawed in that they impose certain hour and relationship restrictions that exclude part-time workers and other untraditional work relationships (2007).

As mentioned in the introduction, the determination of whether to classify workers as independent contractors or employees hinges on several factors about the nature of the work. These factors revolve around the central question of how much control the "principal" (e.g. the company) has over the individual's work. In the sharing economy, the same tests may not be as applicable, due to the sharing economy's unique nature. For instance, does flexibility of hours carry as much weight as it used to in this determination, when there are also new elements of control over the employee, such as (in the case of Uber) minute-by-minute pricing control, geographical limitations controlled by GPS, and the ability to terminate workers based on an subjective online rating system?

Based on this, some have suggested two possible solutions: (1) expand the definition of "employee" to encompass sharing economy workers, and (2) create a new classification called "dependent contractor" specifically for the sharing economy. A "dependent contractor" would have some expanded employment benefits that independent contractors do not have. I will address both of these possible solutions.

"Portable" Benefits Accounts

Another concept that has been entertained by industry members and policy makers is to create "Individual Security Accounts" that are portable and required by law. Expert Steven Hill, author of *Raw Deal: How the Uber Economy and Naked Capitalism Are Screwing American Workers*, outlined this concept in an article for billmoyers.com (Hill, 2015a). The key to a benefit system that will work for the sharing economy is portability, according to Hill (2015a). These "Individual Security Accounts" would be mandatory, regardless of employee or independent contractor classification. Employer firms would pay $3-$4 per hour for each employee hour worked into a fund for that worker's safety net. These accounts would then be structured to pay into federal programs, such as Social Security, Medicare, unemployment insurance, and workers' compensation, as well as paid leave benefits (2015a). All benefits would be pro-rated according to hours worked, and would be "portable." The funds would accumulate from all jobs over time—even those that only last for a week.

A review of the literature revealed that no academic research has yet been conducted on the feasibility or effectiveness of these Individual Security Accounts if put into place for the sharing economy. This concept is another possible solution that I will

evaluate in my CAM analysis. Please note that this concept of Individual Security Accounts is different from the same term that is used in proposals to privatize social security. Advocates of social security privatization have called these types of private accounts "Individual Security Accounts" as well, but they are unrelated to this proposal related to benefits accounts for sharing economy workers.

Protecting Consumer Interests

In evaluating the alternatives in my CAM analysis, I will consider the effects that any potential policy change might have on consumers. After all, a policy mandating excellent benefits for all sharing economy workers is a failure if it results in doubling or tripling the prices of all sharing economy outputs and prices millions of consumers out of the market for these products and services. Bockmann (2013), for example, studied what consumers value most in their decisions to participate in the sharing economy. He found that consumers have both emotional reasons (such as generosity and desire for acceptance) and rational reasons (such as financial savings) for participating. Consumers are ultimately looking to save money while still enjoying an experience similar to buying a new product and while promoting sustainability at the same time (2013).

In order to protect consumer interests, it is also important to understand what factors led consumers to rapidly embrace the sharing economy and facilitate the extreme growth these companies have experienced. Isaac (2014) examined this issue—seeking to determine the factors that have allowed sharing economy companies to "disrupt" industries that have existed for decades. She specifically looked at the rapid rise of Uber, and found that there are three factors that facilitated its growth: (1) its ability to classify

itself as a technology company instead of a transportation company, thereby avoiding costly regulatory burdens, (2) its ability to classify drivers as independent contractors instead of employees, and (3) the continued weakness in the job market, which leads people to accept substandard work arrangements.

This third factor from Isaac's research is especially important in protecting consumer interests. It raises the question of how sharing economy companies will maintain reliability as the job market improves and their workers presumably leave for better work elsewhere. These companies need to focus not only on growing demand for their products and services, but also on retaining workers and increasing the supply of workers for long-term reliability.

Chapter 3 – Constructing Alternatives

In this chapter, I will begin my full CAM analysis using Bardach's (2012) methods. These methods are based on an eight-step process, of which "constructing alternatives" is the third step (2012). The first two steps are to define the problem and to assemble evidence, which I have done in the first two chapters. When Bardach suggests constructing alternatives, he means one should lay out a series of sensible policy options to solve the problem defined in step one (2012).

Building the list of alternatives should begin by looking at current proposals from policymakers and other leaders in the industry (Bardach, 2012). Remember, the problem I am addressing in this thesis is that sharing economy workers do not have enough worker protections, so the alternatives will be geared toward addressing this problem. After assembling the current proposals that the key political actors in the sharing economy arena have suggested, I also considered constructing my own alternatives that might prove to be superior to the alternatives already on the table (2012). However, I found the alternatives already proposed to be fairly comprehensive. Thus, I elected not to include any of my own self-designed alternatives in this analysis.

Bardach suggests taking advantage of policy design efforts made by others (2012, p. 25). However, if a problem is so new and unique, as is the case with the sharing economy, this may not be sufficient. To compensate for this issue, I had to consider policies related to analogous situations. For example, although the sharing economy is a new area, there have been independent contractors for many years, so some of the issues facing other industries that have historically relied heavily on independent contractors are

the same issues that currently face the sharing economy. Similarly, in the past, policymakers considered unionization for new industries that arose suddenly. I looked at these types of situations and extrapolated the results to what could be expected to occur in the sharing economy.

In choosing my alternatives, I attempted to consider a diverse range of policy options that affect different types of public policy-making as well as different levels of government. For instance, unionization of sharing economy workers is a policy that will allow for organization amongst workers themselves but will not necessarily *guarantee* better outcomes for those workers. According to Bardach (2012), this is a policy affecting private rights, which results in a different allocation of market risk and a change in the balance of power between company and worker (p. 146). This type of policy can be implemented by several different levels of government, including local (such as the City of Seattle's recent ordinance allowing for unionization of sharing economy workers) (Wingfield & Isaac, 2015), state, or federal (such as the National Labor Relations Act of 1935—guaranteeing the rights of private sector employees to organization into unions and bargain collectively).

Expanding the definition of "employee" to include sharing economy workers, on the other hand, is a policy that is most likely to be carried out by the judicial system. Since our courts are responsible for interpreting laws, they are able to shape how different provisions of our laws are put into effect. Courts have already been reshaping this area of labor law for many decades, including creation of the balancing tests that are currently used to determine whether a worker is an employee or an independent

contractor. Thus, this type of policy change is most likely to occur at the judicial level. However, this does not mean that lawmakers cannot pass a new law and create a new legal definition of an "employee." Currently, the court system is hearing several high-profile challenges from sharing economy workers who are challenging their "independent contractor" status (Brown, 2016).

Potential policies addressing this issue are unique because some would consider them "one-sided." By this, I mean that all the alternatives will likely result in more benefits to sharing economy workers than they will to the sharing economy firms. This is because the problem is one that only really affects the worker side of the equation in this new and under-regulated industry. However, it is important in any analysis to consider the impacts to all parties involved, so I will always include both perspectives in my analysis of each of the alternatives: the workers' perspective and the firms' perspective. Many commentators have suggested that regulators in this area have to be careful not to depress economic growth by crafting regulations that are overly burdensome for firms. Creating regulations that are too strict and burdensome would not help workers because it would likely only result in firms closing down and workers being terminated.

In sum, this chapter will address the formation of the alternatives for this CAM analysis in more detail. These alternatives are all based on an extensive review of current research on workers in the sharing economy. Below, I will summarize each alternative I considered, and I will lay out the reasons why each alternative either did or did not make it into my final CAM analysis. In addition to the alternatives, I will also address the option of "letting present trends continue," as Bardach suggests (2009, p. 18). If

policymakers do not take any action, the sharing economy, for better or worse, will naturally evolve on its own. I will discuss this in detail, and will also explain why I will not include this option of taking no action in my final CAM analysis. Ultimately, the problems facing workers in the sharing economy can undoubtedly be mitigated to some degree by decisive policy action (2009, p. 18).

Based on the results of my literature review, I propose four alternatives for addressing the problem of lack of worker protections for sharing economy workers: (1) allowing sharing economy workers to unionize, (2) reclassify sharing economy workers as employees, thereby giving them access to all the benefits that come with the traditional "employer-employee" relationship, (3) create a new classification of worker called "dependent contractors," which would give workers some benefits that employees typically enjoy while maintaining the independent quality of the work itself, and (4) mandate that all sharing economy companies contribute to "portable benefits accounts" for their workers. Below, I also discuss two alternatives that I considered but which I ultimately determined would not likely be effective solutions: (1) institute a minimum wage for sharing economy workers, and (2) take no action.

Alternative #1- Unionization of Sharing Economy Workers

Some regulators have been voicing their opinions that sharing economy workers suffer from an extreme imbalance of power in their relationships with the firms they work for (Stangler, 2015). These critics argue that companies like Uber, Lyft, and Airbnb set the rules for their workers, and the workers have no choice but to abide by those rules if they want to work for that company. Uber and Lyft set all the prices, dictate the

commissions drivers must pay to the companies, and mandate that drivers must accept a certain percentage of ride requests and must maintain a minimum driver rating. Many of these decisions are based on large datasets the company collects on its workers and its customers—data that workers never get to see. For these reasons, critics have suggested unionization as a way to balance the power between the workers and the sharing economy firms, as well as equalize the information asymmetry (2015).

As previously mentioned, Seattle recently became the first city to extend unionization rights to ridesharing employees (Wingfield & Isaac, 2015). California legislators are also getting ready to consider a bill that would allow unionization for all sharing economy workers (Stangler, 2015). The fact that this alternative has already been instituted on a local city level is an important reason why I believe it is a viable option on a larger scale, although there may be political hurdles to overcome in other jurisdictions. Bardach states that political feasibility is a critical consideration in constructing alternatives for a CAM analysis. Although there will likely be legal challenges to unionization efforts (Stangler, 2015), Seattle and California's situations demonstrate that this option is politically feasible in the right type of political climate.

In analyzing this alternative in this thesis, I will adopt a broad perspective and consider unionization as a general concept rather than try to predict at which level of government unionization is most likely to occur. As we saw in the literature review, unionization can potentially occur at any level of government, including a national level (as in the National Labor Relations Act) or a local level (as in the case of Seattle). While it is important to maintain a broad perspective for this alternative, it does seem most

likely that unionization will occur at either the local or state level in a jurisdiction with liberal-leaning politics, since places that are politically conservative are generally less receptive to unions.

Alternative #2- Reclassify Sharing Economy Workers as Employees

Reclassifying sharing economy workers as employees is a unique proposal because it would have the most dramatic effect on the business models for all sharing economy companies. These companies like to think of themselves as mere "facilitators" of private transactions between willing participants, and therefore they simply take a commission from each transaction from each independent contractor who partners with their platform. This is a simple business model that keeps business operating costs to a minimum. Reclassifying sharing economy workers as employees would turn this business model on its head.

First, there are questions as to whether this is feasible for all sharing economy companies. Under current judicial balancing tests, this inquiry would definitely vary for each company depending on how the business is structured. For example, it is easy to imagine ridesharing drivers being reclassified as employees, but what about Airbnb hosts, who do not work any set hours or arguably even any "trackable" hours? This is a completely different type of business model. As a result, this policy would likely be more "piecemeal," and would vary from company to company. However, it is possible that courts could institute a set of standards that would lead the majority of sharing economy workers to be classified as employees if they meet a certain set of criteria.

If this alternative were passed, sharing economy companies would have to pay for a safety net for these employees, by means of contributions to workers' compensation, social security, and Medicare, and more. The minimum wage would become applicable. Thus, instead of paying workers based on output, these companies would have to pay them based on time worked, unless they decided on some type of "piece-rate" wage system (i.e. pay ridesharing drivers per ride). A piece-rate system could be legally questionable, but either pay system would fundamentally change these companies' operations. The overall effects of this are difficult to predict.

The most likely scenario is that this policy alternative would be ordered by the court system on a company-by company basis, and sharing economy companies would respond by changing the way they operate so as to avoid the "employee" classification. As mentioned earlier, classifying a worker as an employee is based on several factors, all involving the amount of control the "principal" has over the worker. If courts were to decide that sharing economy workers for a particular company are actually employees, that company would likely respond by giving those workers more control over how they conduct their work, so that they could once again be classified as independent contractors. One can envision this as a protracted cycle of lawsuits and changes in company operations as responses to those lawsuits.

Despite the complications involving this alterative, it could happen in the near future. In fact, courts and regulatory bodies have already begun to find some sharing economy workers to be employees (Isaac & Singer, 2015; EDD, 2016). There is also a pending class action lawsuit in California regarding whether Uber must classify all its

drivers in the state as employees (Hawkins, 2015). This lawsuit is currently scheduled to begin in June 2016 (2015), but a tentative settlement was reached in April 2016. If the courts approve the settlement, Uber agrees to pay up to $100 million to settle this claim to all its drivers in California (Mclean, 2016). Therefore, due to the impending policy changes already happening in this regard, it is important to include this alternative in my CAM analysis.

Alternative #3- Create a New Class of Workers—"Dependent Contractors"

In creating alternatives, Bardach (2012) suggests modeling the system in which the problem is located (p. 19). Mapping out the system in which the sharing economy exists can help a policymaker identify the most logical "intervention points" at which a solution can help to correct the issue in the system (p. 19). The business model in the sharing economy is clearly successful to some degree, since the number of workers in this sector continues to grow dramatically. These workers often cite flexibility and work freedom as some of the most important aspects of their work. What is missing is the social safety net.

Looking at the system in this way logically leads one to conclude that changing the business model (by, say, reclassifying these workers as employees) might not be the best public policy or the preferred solution by either of the actors in this circumstance. Rather, adding an element that would introduce a social safety net without drastically affecting the business model could be more beneficial. This is exactly what has led some policymakers such as Senator Marco Rubio (Bentley, 2015) to suggest creating a new classification—a "dependent contractor" (Williams, 2016). These policymakers believe

that the full-time employer-employee relationship should be separated from the granting of social safety net benefits. The dependent contractor classification would be appropriate for workers who are fairly independent from the controls of their company, but still need some degree of protection as a self-employed "small business owner" (2016).

Since "dependent contractor" is not a category currently recognized by law in the United States, this alternative would likely have to involve federal or state legislation, rather than the court system. Courts typically (but not always) interpret the law as currently written, rather than creating new law. Since this would be a controversial item of legislation, this could have the effect of making it more difficult to enact.

Nonetheless, I elected to include this alternative in my full CAM analysis below because it is politically feasible, it makes sense logically as a policy solution, and it has already gained some traction among influential policymakers who have the ability to enact new employment regulations.

Alternative #4- Mandate Contributions to Portable Benefits Accounts

As outlined in Chapter 2, industry experts such as Steven Hill (Senior Fellow at New America Policy Institute) have proposed portable benefits accounts, or "Individual Security Accounts," as a creative means of addressing the lack of a social safety net for sharing economy workers (Hill, 2015). To determine if this is politically feasible, it may be helpful to see if such a model has been successfully implemented in any other industries or in other countries. We do have such an example here in the United States.

Workers in the construction industry have had access to these types of accounts for years (Hill, 2015). These workers often work for many construction companies in a short time period, since they can quickly move from company to company depending on the project they are working on. Through their labor unions, they negotiated "multi-employer benefit plans," in which their employers contribute approximately $3 to $4 per hour worked into their benefits account, which is then used to provide safety net benefits to those workers, including worker's compensation, disability insurance, Social Security and Medicare (Hill, 2015). This arrangement has by all accounts been successful and easy to administer.

One concern with this alternative is that it may partially overlap with the concept of unionization for sharing economy workers. If these workers are able to unionize, then they will most likely be able to negotiate for benefits similar to these Individual Security Accounts. However, unionization also involves many additional rights, and has additional political constraints. Additionally, policymakers and industry experts have advocated for this idea of portable benefits accounts, and the concept has gained some traction in the media. Therefore, I elected to consider this option as a separate alternative in my CAM analysis, and to analyze it according to its own unique costs and benefits.

Alternative #5- Apply the Minimum Wage to Sharing Economy Workers

This is the only alternative I considered that did not come directly from policymakers or researchers studying the sharing economy. Rather, I developed this alternative based on my own research. However, after careful consideration, I elected not to include this alternative in my final CAM analysis.

At first glance, extending the minimum wage to sharing economy workers might seem like a logical policy option to combat the very low wages that have been reported in some sharing economy companies (Kosoff, 2014). However, there are a couple problems with this. First, it would only affect a small percentage of workers. The majority of sharing economy workers, while certainly not wealthy, are at least earning more than the minimum wage. Second, the primary issue surrounding sharing economy workers is the lack of a social safety net; low pay is more of a secondary issue (2014). Another consideration is the political feasibility of the proposed alternative (Bardach, 2012). Enforcing this type of solution could create legal problems. First, given the nature of work in the sharing economy, it could be difficult for employees to track their hours accurately. Furthermore, it is unclear whether Congress has the authority under federal law to extend the minimum wage to a narrow group of independent contractors.

Finally, looking at this alternative from a practical standpoint, it is very similar to the alternative of creating a "dependent contractor" classification, which I am already analyzing. Essentially, this alternative grants an employment benefit to independent contractors that would not normally apply to them—similar to how the creation of the dependent contractor classification would create a few new benefits that these workers did not previous enjoy. Therefore, I will not analyze this alternative in my CAM analysis below.

Alternative #6- Take No Action

Bardach (2012) recommends including the option of "take no action" in one's initial analysis of alternatives because policy proposals often take place in the context of

ongoing, naturally occurring changes that could have an effect on your problem (p. 18). For instance, in the case of the sharing economy, changing technologies, workers' independently-organized "walk-outs," and changes in consumer demands could all change the dynamics of working in this industry. However, a closer analysis of these issues suggests that it is unlikely for the current problems facing sharing economy workers to resolve themselves without purposeful policy intervention.

First of all, sharing economy workers are usually independent of other workers within their companies. They do not have access to other "co-workers" with which they can discuss issues and complaints and organize corrective actions. This makes any type of group negotiation with the companies they work for nearly impossible. Organization efforts today largely take place through social media, but they are disjointed and not well known enough to gain traction.

Sharing economy companies are motivated by a desire for higher profits (as are all companies), and therefore are not likely to take any actions on their own that will cut into their long-term profits. Admittedly, this is a generalization, and corporate philosophies differ dramatically from company to company. However, the industry is several years old already, and there have been no steps taken toward offering any types of benefits to sharing economy workers. The business model appears to be working from the companies' perspective, and therefore they will fight to maintain the status quo.

For these reasons, I concluded that "taking no action" will almost certainly not resolve the issues facing these workers, and a well-designed policy will definitely

mitigate these problems at least to some degree. So I will not analyze the alternative of taking no action in my CAM analysis.

Chapter Conclusion

I have discussed the alternatives that I considered, and the reasons why I have chosen to either include or exclude each alternative from this CAM analysis. In the next chapter I will select and discuss the criteria by which I will evaluate each alternative, and I will weight each alternative according to its importance in solving the problem at issue.

Chapter 4 – Measurement Criteria

Now that I have established the alternatives I will examine, I must lay out the criteria I will use to determine which alternative represents the best policy option. Remember, the "best" policy is a subjective judgment, but a neutral policy analysis will look at the effects of each alternative on all parties involved. Choosing between the alternatives depends upon one's basic understanding of the problem and one's assumptions about the underlying causes of the problem.

For purposes of this thesis, I seek to identify the policy that will strike a balance between: (1) producing the greatest possible benefits for sharing economy workers, (2) minimizing costs to consumers in terms of affordability and quality of these services, and (3) protecting the well-being of sharing economy companies—both in terms of profitability and opportunity to grow and innovate. Another consideration is protecting the government's interests. Furthermore, preserving competing industries (such as traditional taxi companies and hotels) is a relevant concern, but is beyond the scope of this thesis. With these goals in mind, and based on my understanding of the problems facing workers in the sharing economy, I have chosen five criteria that I will use to assess each of the proposed alternatives. These criteria are fairness, effectiveness, legality, longevity, and efficiency.

Please note that political feasibility is also a critical factor in evaluating proposed policy alternatives (Bardach, 2012). However, I chose to use political feasibility to choose my alternatives themselves, rather than as a measurement criterion. I chose this method because there is no use evaluating an alternative on a range of criteria if that

alternative is not politically feasible in the first place. Thus, in my judgment, all the alternatives in this CAM analysis are politically feasible.

Fairness

Evaluating the fairness of a policy proposal is a value judgment to some degree. However, with regards to the sharing economy most observers and affected parties would agree that any new policy should protect the interests of both the workers and the companies. After all, sharing economy companies cannot exist without their workers and vice versa. The evidence I have outlined in this thesis demonstrates that the status quo, in which sharing economy workers are classified as independent contractors and do not have any social safety net is not a "fair" arrangement. However, requiring sharing economy companies to provide their workers with full health coverage, several weeks of paid vacation, and a healthy retirement package would also not be fair. A fair and equitable policy needs to balance the needs and resources of both sides, and distribute the policy's costs across population subgroups. However, given the abnormally high profits some sharing economy companies are experiencing (PWC, 2015), it can be considered "fair" to some extent to redistribute some of these high profits back to the workers.

A policy that places too much burden on consumers would also not be fair. In fact, this type of policy could lead to the worst policy outcomes—stifling of innovation and firing thousands of workers due to diminished demand. It is important that any new policy does not result in large increases in the price of goods and services in the sharing economy. If, on the other hand, a policy increases the price of these goods and services to a modest degree, it could still be fair, since consumers are already experiencing cost

savings by participating in the sharing economy, and the resulting prices might still be lower than comparable goods and services on the traditional market. Policymakers must be particularly aware of these issues, given the number of consumers who cite affordability as one of the primary reasons for their participation in the sharing economy (Bockmann, 2013).

To evaluate the fairness of each alternative for this CAM analysis, I will consider all of the above factors in making my assessment.

Effectiveness

A policy is effective if it has a high likelihood of achieving its intended policy goals and objectives. Here, as outlined previously, the goal is to provide some worker protections for sharing economy workers without placing an undue burden on the companies themselves or on consumers. Policies that are more likely to accomplish this will score highly on this measure. Effectiveness can be unpredictable, but all of the alternatives in this thesis are likely to be more effective at addressing the problem than if policymakers took no action.

A policy's "directness" is important in determining the degree of effectiveness. That is to say, policies that *directly* implement worker protections (i.e. mandating company contributions to Individual Security Accounts) probably have a higher likelihood of accomplishing the goal than policies that are *indirect* (i.e. unionization). Indirect policies rely on other things to happen subsequently in order to accomplish the goal. For example, unionization itself will not provide worker protections for sharing

economy workers. Rather, the negotiations and framework for collective bargaining that are imposed from unionization will (hopefully) lead to improved worker protections.

Longevity

The longevity of a policy is wholly dependent on the political climate. If a policy is extremely popular, then it is also likely to be long-lasting, assuming the surrounding context and market conditions remain fairly consistent. However, if a policy faces a lot of political opposition, then there is a greater chance that it will be overturned, either by legislative/policymaking bodies or even by the general citizenship by means of a referendum. Taking away the social safety net from workers can be even more devastating to these workers than not ever having those protections in the first place.

Longevity is an important measurement criterion for this CAM analysis because worker protection policies are better able to actually protect workers when they are implemented for a longer period of time, so that workers can plan their careers, retirement, and family life around the existence of these protections. Workers might not be able to effectively plan for the future if they are not confident that worker protection programs such as health insurance, disability insurance, and retirement benefits will remain in place for the foreseeable future.

A long-lasting policy also benefits sharing economy companies because they will be better able to plan for future growth knowing exactly how much their workforce will cost in the future. Longevity is closely related to fairness and effectiveness, since an unfair and ineffective policy will likely face more political opposition. However, this is not always the case.

Legality

If a policy is likely to face legal challenges it will score lower on this criteria. Any policy regarding protection of sharing economy workers must be indisputably in accordance with either current laws or new laws that are passed to facilitate the policy. The "best" alternative in this CAM analysis from a legality standpoint will be the one that meets this standard, and will not face any threat of legal challenges. Any legal challenges could potentially undermine such policies by leading to lack of enforcement, inconsistent enforcement, or even invalidation of the entire policy. Legal challenges can come in the form of lawsuits filed by outside groups or government agencies.

Efficiency

Efficiency usually describes the cost-effectiveness of a policy. Bardach states that another way to look at efficiency is "maximizing the public interest" (2012, p. 33). In other words, here we are trying to maximize the total benefits to all individuals and groups involved minus the total costs. Another perspective is that an efficient policy is one that disrupts the economy to the least extent possible, unless such disruptions are needed in order to correct market failures and protect the public interest.

Efficiency is important in examining policies because it ensures that government is not overstepping its boundaries and spending money in a wasteful manner. However, in terms of social justice, efficiency can present an incomplete picture of a policy's overall benefits (Bardach, 2012).

The most efficiency policy is not always the fairest policy. This illustrates the value of a weighted CAM analysis—even when some of the evaluative criteria are in

direct conflict with one another. By including a range of criteria, it ensures that the interests of all sides will be accounted for (Bardach, 2012).

More specifically, in this CAM analysis, the alternatives that involve government oversight (i.e. mandating Individual Security Accounts) will likely result in some added costs to taxpayers for government enforcement and regulation. But keep in mind that these costs could potentially be less than the overall benefits to sharing economy workers. Some of these benefits are difficult to measure, which leads us to the issue of subjectivity in determining the efficiency of a policy. How do you put a dollar figure on a worker's peace of mind knowing they are covered by health insurance and other worker protection programs? Could this peace of mind lead to more productive workers and higher profits for the sharing economy companies? These are difficult questions to answer, but I will attempt to do so as logically and as fairly as possible in this CAM analysis.

Quantifiable Measurement and Weighting

I will use a 100-point scale to evaluate each alternative, with each criterion assigned the following percentage weights:

Table 1- Measurement Criteria and Weighting

Criteria	Weight
Fairness	25%
Effectiveness	25%
Longevity	20%
Legality	15%
Efficiency	15%

I chose fairness and effectiveness as the two most important criteria because accomplishing the goal and doing so in a manner that distributes costs and benefits

evenly amongst the parties involved should be the paramount concerns for policymakers. Any policy that is ineffective or unfair is likely to be wildly unpopular and will not result in good policy outcomes.

Longevity is also important, particularly for an issue like this in which policies will affect the decisions individual workers make for planning their futures years in advance. However, this criteria is also slightly more difficult to measure, since politics can change quickly and the sharing economy industry is already one that is rapidly evolving. A policy that is enacted today might no longer even be applicable five to ten years in the future as the industry continues to grow and develop.

Finally, legality and efficiency are still important to consider, but problems with these two criteria can be more easily overcome than issues with the other three criteria. Legality issues for any policy can be overcome by legislation that simply changes the law, or even a constitutional amendment if necessary. Similarly, inefficiency can often be overcome by economies of scale. An inefficient policy does not necessarily equal a bad policy, since sometimes we must accept inefficiency as a tradeoff for fairness (Bardach, 2012). For these reasons, I assigned legality and efficiency the lowest weights in this CAM analysis.

Chapter 5 – CAM Analysis Outcomes

This Chapter will continue Bardach's (2012) methodology by applying the measurement criteria to the alternatives in order to analyze likely policy outcomes. According to Bardach, this is the most difficult step in his eight-step process for policy analysis (p. 47). To properly apply the measurement criteria to the proposed alternatives, one must be realistic about the probable outcomes, despite the tendency to believe that one's preferred or recommended policy alternative will completely solve the issue with few costs and/or complications (p. 48). The future has a way of being unpredictable, and the most thorough policy analysis might still fail to account for future events. Thus, a cautious approach here is desirable.

The outcomes matrices below can help to make informed judgments about complex and unpredictable policy options. In this chapter, I will list each alternative, followed by a discussion of the tradeoffs and benefits of each alternative based on the measurement criteria outlined in Chapter 4. Finally, I will present an "outcomes matrix" that will show the quantitative scores for each alternative on all of the criteria. At the end of the chapter, I will present a comprehensive "outcomes matrix" that will show the results for all four alternatives in one comparative chart. The alternative that scores the highest is the one that, in theory, policymakers should adopt and implement.

Outcomes Matrix Methodology

The outcomes matrices in this analysis will present the probable outcomes for each policy alternative in the form of a numeric rating on a predetermined scale. To make these difficult judgments, I rely on background research, my literature review, peer-

reviewed studies, and materials from this Master's Program in Public Policy and Administration regarding techniques in effective policy analysis. Operating under the framework of an uncertain future, the recommended course of action should be highly likely to produce results that are good enough to outweigh the costs and risks.

For all five measurement criteria, I will measure each alternative on a scale of 1-5 points, with the following meanings:

- A rating of "1" indicates the alternative does not at all satisfy the criteria.
- A rating of "2" indicates the alternative mostly does not satisfy the criteria.
- A rating of "3" indicates the alternative moderately satisfies the criteria.
- A rating of "4" indicates the alternative mostly satisfies the criteria.
- A rating of "5" indicates the alternative completely satisfies the criteria.

After measurement, I will multiply the scores according to the weights assigned to each criteria. So I will multiply the scores for fairness and effectiveness by 5, I will multiply the score for longevity by 4, and I will multiply the scores for efficiency and legality by 3. This equates to the weighting in Table 1, and equals a total maximum score of 100 points for each alternative.

Alternative #1- Unionization of Sharing Economy Workers

Probable Outcomes

Unionization is very complex, with many moving parts and countless potential outcomes that could result. Fortunately, there is a large body of literature about the

effects of unionization, which I reviewed in Chapter 2 of this thesis. We can look to some of those studies to determine the likely outcomes in this situation, but there are key differences—most importantly the fact that sharing economy workers are not traditional employees and do not have a traditional work environment. Unionization will therefore occur in a different context.

Bearing this in mind, and based on the studies from the literature review, some of the likely outcomes of unionization of sharing economy workers include: organization of local unions based on geographic region and based on the work done by each company; further unionization in the form of recruitment by larger unions that already exist in some of the same or similar industries; collective bargaining to negotiate improved working conditions, pay and benefits; and possibly the use of labor strikes as bargaining leverage. Given the unique landscape in which labor organization would occur (since there is no physical workplace and each worker has much more independent control over their work than traditional employees do), it is difficult to predict exactly what the results of unionization will be. In the coming years, Seattle will give us a good idea of what to expect and of how successful this policy could be.

Fairness

Unionization is a fair policy because negotiations between parties with equal bargaining power (as seems to be the case here) typically results in an equitable distribution of costs and benefits. However, it is possible that, if a union becomes powerful enough, workers can exert too much control over the company, and can demand

benefits and higher pay that would be detrimental to consumers, who would have to bear much of this cost. **Score = 4**

Effectiveness

This alternative will most likely accomplish the goal of a social safety net for sharing economy workers. However, this is contingent upon several factors. First, organization must be successful in terms of getting enough workers to join the union to accumulate bargaining power. Next, the negotiations themselves must be successful and reasonably amiable between the two sides. Additionally, as mentioned above, if the union becomes too powerful then the effects of sharing economy companies could be detrimental to the business success and opportunity for future innovation and growth. So the effectiveness of this policy is uncertain and depends upon several other occurrences. **Score = 3**

Longevity

Public support for labor unions has historically been very high, although that support has tapered off to a small extent in recent years (Gallup, 2016). In a 2014 poll, 58 percent of respondents approved of labor unions, while 36 percent disapproved. This approval rating is down from fifty years prior, when approval of labor unions was typically around 70 percent (Gallup, 2016). Still, support is fairly strong, so public and political support of this policy for the sharing economy would likely be high. This could help the policy to grow and expand to other jurisdictions, and would improve its longevity. **Score = 4**

Legality

Legal challenges to unionization of sharing economy workers as a general policy or in specific localities like Seattle is a sure thing. In particular, this type of policy might violate antitrust laws regarding price-fixing by independent contractors (Rivlin-Nadler, 2016). The National Labor Relations Act also does not specifically extend to independent contractors (although it doesn't prohibit it either) (2016). Some have challenged whether collective bargaining can legally be extended to independent contractors without violating national labor laws. These types of challenges are ongoing, and cause the legality of this policy to be uncertain. These questions will likely be resolved in coming years, but do not currently have a clear answer. **Score = 2**

Efficiency

Unionization is an efficient solution because it allows the parties involved to negotiate outcomes that might not be ideal for everyone, but will at least be acceptable. Each side will make concessions and will in exchange receive concessions from the other side. This will likely lead overall costs to be minimized and benefits to be maximized, at least for the workers and the companies themselves. There is nothing that would suggest that costs to consumers and to the government will be unreasonably high. In fact, they could benefit if negotiations lead to a more stable workforce and lower worker turnover, which will improve the quality of sharing economy services. **Score = 5**

Cumulative Assessment

Table 2—Alternative #1 Outcomes Matrix						
	Fairness	**Effectiveness**	**Longevity**	**Legality**	**Efficiency**	**TOTAL**
Raw Score	4	3	4	2	5	18
Weighted Score	**20**	**15**	**16**	**6**	**15**	**72**

Alternative #2- Reclassify Sharing Economy Workers as Employees

Probable Outcomes

As previously stated, this policy would likely be implemented piecemeal, based upon the business practices and worker arrangement of each sharing economy company. It would be based on current legal guidelines that determine whether workers are employees or independent contractors. Logically, the most likely outcome of such a policy would be for that company to change its business practices so that its workers can remain independent contractors. For example, if the court system or a legislature were to decide that Uber and Lyft drivers should be classified as employees based upon the degree of control the companies have over their work, Uber and Lyft would most likely just give drivers more control. This could potentially minimize the benefits of this alternative.

It is also possible that policymakers could pursue a more wide-reaching policy in which they expand the very definition of employee to encompass most sharing economy workers. If this were to happen, there are several possible outcomes. First, prices would likely rise, and they would rise more than they would in the other alternatives in this CAM analysis. The cost of providing full employment benefits to workers is higher than

the cost of the "partial" benefits that would accompany the other alternatives. It is unclear exactly how much prices would rise and what effect this would have on supply and demand.

Sharing economy companies might try to change their business structures to continue to get around the "employee" requirement. They might also reduce their workforce, resulting in fewer jobs. However, the quality of the goods and services provided would most likely improve, due to the higher level of control the companies could exercise over their workers and the higher standards they would expect of their employees. Overall, there are many possible outcomes, the occurrence of which would depend on a host of both internal and external factors. However, what is clear is that this policy would completely change the business models for sharing economy companies.

Fairness

This policy is likely the most unbalanced of the four alternatives in terms of distributing costs among all the parties. While workers would receive many more benefits and worker protections as employees, sharing economy companies would have to bear the large majority of this cost, some (or all) of which they would pass on to consumers in the form of significantly higher prices. The costs to consumers and sharing economy companies is relatively large, while workers receive a large "windfall" of benefits and protections. **Score = 2**

Effectiveness

This policy clearly accomplishes the primary goal of providing a social safety net for sharing economy workers, but it does not simultaneously minimize the burden on

sharing economy companies. As a result of this policy, companies would have to change their entire business models. However, in additional to the obvious costs, these changes may have some benefits, such as maximizing control over their workforce and thereby allowing these companies to improve efficiencies, fire bad employees, and ameliorate issues with inconsistent and/or unpredictable service outcomes. Consumers would pay higher prices, but in exchange they could receive a superior end product. **Score = 3**

Longevity

Overall, this is a policy that could see widespread political opposition from a wide range of powerful business interests. This opposition might not be limited to companies involved in the sharing economy either, since other businesses could fear adverse impacts on their own employment arrangements. On the other hand, there would be political support from workers, unions, labor rights grounds, and others. It would most likely be a contentious policy, and its continued longevity would depend upon whether sharing economy companies would still be able to offer the same goods and products that they currently do without a loss of convenience to the consumer or quality of service. The policy would also be longer-lasting if it is instituted by the court system rather than a legislative decision, the latter of which could generate higher levels of partisan opposition. **Score = 3**

Legality

Companies such as Airbnb and Uber have amassed valuations of tens of billions of dollars, so they will surely put up a vigorous legal fight in response to this policy. The legal challenges could last for many years, and result in continuing delays of policy

implementation. This is not to say that the policy's actual legality is in question (although it could be, depending on judicial interpretation of current labor law and how the policy is structured)—only that sharing economy companies would do all they can to prolong their legal challenges. Ultimately, it may very well be found that this policy is legal and constitutional, and it would then be fully instituted. **Score = 3**

Efficiency

In terms of efficiency, there is the possibility that this policy would lead to some deadweight loss. Deadweight loss is when equilibrium between supply and demand cannot be achieved due to some external constraint, resulting in a loss of economic efficiency (Mallard, 2012). Many sharing economy companies, such as Uber, Lyft, and Taskrabbit, optimize their pricing at different times of the day to reach equilibrium between supply and demand (PWC, 2015). Forcing prices higher could result in a surplus of workers and a shortage of demand. This could in turn cause inefficiencies and harm the business models of these companies. The benefits of this policy are large for one group, but the total costs to all groups and to society as a whole might outweigh the benefits. **Score = 3**

Cumulative Assessment

Table 3—Alternative #2 Outcomes Matrix

	Fairness	**Effectiveness**	**Longevity**	**Legality**	**Efficiency**	**TOTAL**
Raw Score	2	3	3	3	3	14
Weighted Score	**10**	**15**	**12**	**9**	**9**	**55**

Alternative #3- Create a New Class of Workers—"Dependent Contractors"

Probable Outcomes

Again, the results of creating a new class of workers is difficult to predict, because it is unclear how sharing economy companies would react to this and whether it would cause them to change their business model. This concept comes from the idea that the sharing economy has redefined the nature of employment and that sharing economy workers do not fit neatly into either the "employee" or "independent contractor" categories that currently exist. There is no such thing as a "dependent contractor" under current law, so policymakers would need to write the standards and rules surrounding this new classification from scratch. This creates further uncertainty. The change would surely require some type of legislative action, and would likely involve negotiations between government and sharing economy companies regarding the precise terms and meaning of the "dependent contractor" classification.

While it is unclear exactly what benefits would be afforded to a "dependent contractor," it is clear that it would be more than the benefits and protections they receive currently as independent contractors, but less than the benefits and protections given to traditional employees. It could include one or more of the following: minimum wage protection, health insurance benefits, workers' compensation benefits, vacation and sick leave, retirement pay, unemployment insurance, and disability benefits.

One likely result would be an increase in the cost of sharing economy goods and services. Sharing economy companies would likely raise prices in order to pay for the increased benefits for their workers. For traditional employees, the cost of worker

protections and benefits is usually around 30 percent of the worker's salary (PWC, 2015), so a fair assumption in this situation would be approximately half that amount, or 15 percent. If the companies pass this entire cost on to consumers, then prices would increase correspondingly by about 15 percent, but there is reason to believe this would not be the case.

First, the "dependent contractor" classification would likely give companies a higher degree of control over the workers than they currently have. This could allow them to increase efficiencies in their business model and reduce their operating expenses. Second, there is a high level of competition within the sharing economy, and the need for competitive pricing could motivate companies to do everything they can to avoid raising prices. This is even more important in a segment of the economy in which affordability is a driving factor for many consumers' purchasing decisions (PWC, 2015).

Fairness

This alternative requires sharing economy companies to bear some of the costs of providing worker protections, but also requires workers to make some concessions and give up some of the benefits of traditional employment in exchange for some of the job freedom and independence they currently enjoy. Companies will likely pass some of the cost to consumers, and government's interest in providing a social safety net will likely be met, despite the policy not being as flexible as some other policy options. **Score = 4**

Effectiveness

This policy directly (rather than indirectly) relates to the goal of providing worker protections for sharing economy workers without overly burdening sharing economy

companies. Assuming the details of this policy are fairly negotiated between all parties, this policy has a high likelihood of accomplishing this goal. **Score = 5**

Longevity

There is a potential for political opposition to this policy due to a couple factors. First, the exact differences between dependent contractors, independent contractors, and employees might be difficult to distinguish, leading to opposition from business interests since human resources could become more difficult and costly. Second, independent contractors in other industries might be opposed to "special treatment" for sharing economy workers. This opposition would most likely be mild and would be balanced by equally strong support from sharing economy workers, labor unions, workers' rights groups, and more. **Score = 4**

Legality

It does not appear likely that this policy would be susceptible to significant legal challenges, although it is possible. Possible legal challenges would depend on the benefits accorded to dependent contractors and how the overall arrangement is structured. There could be constitutional challenges on the basis of equal protection if the policy is set-up to benefit sharing economy workers more than other groups of workers. The dependent contractor designation would also not prevent sharing economy workers from continuing to challenge their classification and demand "employee" status. However, all of the alternatives in this CAM analysis are likely to be challenged to some degree, and this particular policy would probably not face any challenges that would result in the policy being overturned or invalidated. **Score = 3**

Efficiency

It is apparent that this policy will produce ample public benefits for both sharing economy workers and for the government, in the form of a social safety net. This would also indirectly benefit taxpayers because the government would theoretically have lower costs of providing social services to these individuals who would not otherwise have benefits during a time of need. The benefits and costs to sharing economy companies and to consumers is more difficult to predict. Clearly there will be some increased costs for both groups, but these costs can potentially be mitigated by improvements in operational efficiencies due to the companies having a higher level of control over their workers.

Score = 4

Cumulative Assessment

Table 4—Alternative #3 Outcomes Matrix

	Fairness	**Effectiveness**	**Longevity**	**Legality**	**Efficiency**	**TOTAL**
Raw Score	4	5	4	3	4	20
Weighted Score	**20**	**25**	**16**	**9**	**12**	**82**

Alternative #4- Mandate Contributions to Portable Benefits Accounts

Probable Outcomes

Fortunately, for this alternative we already have a model that has been successful for many years in the construction industry (Hill, 2015). As described previously, this policy requires all "employers," regardless of whether their workers are classified as employees or independent contractors, to contribute to portable benefits accounts for all workers, unless they already have a benefits package as a full-time employee. The

contribution would be around $2-$4 per hour, and would be contributed to each worker's benefits account, regardless of the hours worked. So a worker who works two hours per week for Uber, ten hours per week for Taskrabbit, and twenty hours per week for Postmates (a restaurant delivery service) would receive contributions from all three companies in proportion to the hours worked for each. An alternative method of contribution would need to be worked out for sharing economy workers for whom you cannot measure hourly work, such as Relay Rides (a service allowing users to rent out their personal cars to others) or Airbnb renters.

Instituting this policy alternative would likely result in modest price increases for consumers, modest increases in labor costs for sharing economy companies (they can most likely afford $2-$4 per hour of provided labor), and a benefits package for workers that would provide them with a social safety net and access to important services. This alternative does not address the question of how workers should be categorized, but instead formulates a solution that does not depend upon that classification.

Fairness

This policy is fair to all parties involved because it distributes costs and benefits amongst all groups involved. It provided workers with a modest benefits package in which they will not receive all the benefits that traditional employees do, but will have enough to protect themselves and their families, and also does so at a modest cost to the companies. Costs to consumers would be relatively low, and the governments' interests would also be satisfied. **Score = 5**

Effectiveness

It seems that this policy is also highly effective. If enacted, it would clearly accomplish the goal of providing a social safety net, and would do so at a relatively low cost to sharing economy companies. It also does so directly rather than indirectly. **Score = 5**

Longevity

There does not seem to be a high likelihood of political opposition. However, it is possible that, like Alternative #3, the policy could face opposition from independent contractors in other industries who are opposed to "special treatment" for sharing economy workers. If the implementation of the policy goes smoothly, there is no reason to believe it would not continue for a long time into the future—at least until the sharing economy evolves so much that the business model and worker arrangements need to be reconsidered. **Score = 4**

Legality

Like Alternative #3, it does not appear likely that this policy would be susceptible to significant legal challenges. However legal challenges are possible, and could revolve around the benefits accorded to dependent contractors under this policy and how the overall arrangement is structured. Again, there could be constitutional challenges on the basis of equal protection if the policy is set-up to benefit sharing economy workers more than other groups of workers. The policy also does not resolve the employee/independent contractor debate, so sharing economy workers could continue to challenge their

classification and demand "employee" status. **Score = 3**

Efficiency

This policy would provide a social safety net for sharing economy workers, which benefits both the workers and the government's interests. The costs of administering the policy would likely be low, since the policy is simple and easy for companies to implement and regulate. One additional benefit to sharing economy companies is that they would not have to change their business model at all (other than price adjustments to pay for the benefits), since their workers would remain independent contractors. At the same time, this could prevent companies from taking steps to improve efficiencies and quality of service, since their control over workers will remain limited. **Score = 4**

Cumulative Assessment

Table 5—Alternative #4 Outcomes Matrix

	Fairness	**Effectiveness**	**Longevity**	**Legality**	**Efficiency**	**TOTAL**
Raw Score	5	5	4	3	4	21
Weighted Score	**25**	**25**	**16**	**9**	**12**	**87**

Comprehensive CAM Outcomes Matrix

The results of this analysis are presented in the following table, where you can see the compared ratings and total scores for each of the four alternatives. I will analyze these results in Chapter 6.

Table 6—Comprehensive Outcomes Matrix (Weighted Scores)						
	Fairness	**Effectiveness**	**Longevity**	**Legality**	**Efficiency**	**TOTAL**
Alternative #1	**20**	**15**	**16**	**6**	**15**	**72**
Alternative #2	**10**	**15**	**12**	**9**	**9**	**55**
Alternative #3	**20**	**25**	**16**	**9**	**12**	**82**
Alternative #4	**25**	**25**	**16**	**9**	**12**	**87**

Chapter 6 – Analysis, Recommendations, and Conclusion

In this final chapter, I will discuss the results of my CAM analysis, including important policy implications. Then I will provide a final policy recommendation as well as discuss possibilities for future research.

Results of CAM Analysis

A CAM analysis is obviously an inexact science. It is subjective, and depends on the judgment and policy perspectives of the individual conducting the analysis. However, at the same time it is a powerful and useful tool that can assist policymakers in approaching a problem from multiple perspectives, imagining policy outcomes as they might occur in real life (as opposed to in theory), and devising creative policy solutions to address difficult situations.

In this thesis, I conducted a CAM analysis to analyze four alternatives that could potentially solve the problem of a lack of worker protections and benefits for sharing economy workers. These four alternatives were diverse in their policy approaches and in the way they could potentially lead to beneficial outcomes. To determine the "best" policy, I analyzed each policy in the framework of five weighted measurement criteria. I carefully chose these criteria to maximize the likelihood that the ultimate policy will be successful.

Out of the four alternatives I analyzed, one scored fairly low, one scored moderately high, and two scored very high. Reclassifying sharing economy workers as employees scored the lowest, with a total of 55 points out of 100. This alternative scored low on the "fairness" criterion, and only moderately satisfied the remaining four criteria.

Unionization for sharing economy workers scored the second lowest, with a total of 72 points out of 100. Although this alternative scored high on fairness, longevity, and efficiency, it did not score high on legality and effectiveness. I determined that unionization has too many legal questions and is not the most effective solution because it only *indirectly* addresses the problem, instead of *directly* addressing it.

Classifying sharing economy workers as "dependent contractors" scored the second highest, with a total of 82 points out of 100. This policy option only moderately satisfied the "legality" criterion, but scored high on the remaining four criteria. I determined that this policy would likely be effective, efficient, fair, and long-lasting.

Mandating contributions to portable benefits accounts was the highest scoring policy option, with a total of 87 points out of 100. This option scored exactly the same as the "dependent contractor" policy on four out of the five criteria, and only scored higher on the "fairness" criterion because of the more uncertain distribution of costs and benefits in the "dependent contractor" policy. Overall, the two high-scoring policies are very similar proposals, and policymakers could even consider adopting a hybrid approach that combines these two options into a single policy. I will discuss this more in the following section.

Note that all four of the alternatives scored a "3" or lower on the legality criterion. This is due to the substantial legal questions surrounding regulations in the sharing economy in general. Regardless of which policy option policymakers ultimately pursue, there will certainly be questions about the policy's legality, and its compliance with current laws and the constitution.

Policy Recommendations

Based upon the results of my research, I can make several recommendations to policymakers concerning the sharing economy. First, I recommend policymakers adopt either Alternative #3 ("dependent contractor" designation), Alternative #4 (mandated contributions to portable benefits accounts), or some combination of both. These two policies scored the highest on the CAM analysis, and both seem to maximize benefits and minimize costs, while distributing those benefits and costs in as fair a manner as possible.

These two alternatives are similar in that they both involve a compromise between a complete lack of a social safety net for sharing economy workers (as is the current state of affairs) and the full rights and benefits enjoyed by traditional employees. Both alternatives seem to involve a recognition that the sharing economy has changed the very concept of employment, and does not fit into our current framework of categorizing workers as either employees or independent contractors. A new system is needed that acknowledges the unique structure, business model, and worker arrangements that have arisen from the sharing economy. The key difference between Alternative #3 and Alternative #4 is that the former attempts to resolve the employee/independent contractor debate by creating a new category of worker, while the latter leaves that question unanswered and only addresses the problem itself—a lack of worker protections for sharing economy workers.

Both policies share several common benefits. First, both directly address the problem by providing new benefits for sharing economy workers. Portable benefits accounts would be used to directly pay for a benefits package for these workers, while the

"dependent contractor" designation would include several new rights and benefits. Both policies accomplish this in a fair manner by minimizing costs to sharing economy companies and by distributing the costs and benefits amongst the various involved parties.

Furthermore, while they both do have some minor legality issues, they also are both unlikely to face serious political opposition—increasing the possibility that the policies will be durable. Remember, long-lasting policies have the greatest chance to make a meaningful difference for sharing economy workers, since they would afford these workers a better opportunity to plan for the future. Finally, both policies would be efficient because they would cause the least disruption to this segment of the economy, while maintaining cost-effectiveness and remedying the issue at stake here.

Bearing in mind these positive outlooks for these two policies, it is important to remember one of the concepts I began this thesis with: the uncertainty of the future. A policy can be perfectly well-intentioned and well-thought out, but can still fail to account for unpredictable future events. In the sharing economy, this concern is even more acute, since it is an industry that is changing so rapidly. Policymakers should keep this in mind when developing policy, and make sure they are "cautiously optimistic" about the likelihood of the success of these two recommended policies.

Policymakers can increase the likelihood of success for these two policies by paying attention to timing. Under Kingdon's policy window model (1995), three "streams" must align to achieve successful policy implementation. These streams are: (1) the problem stream (i.e. does a problem exist and is it recognized as a problem?), (2) the

policy stream (i.e. are there sensible policy alternatives to address the problem?), and (3) the political stream (i.e. are policymakers willing and able to make a policy change?). This "window of opportunity" is open if all three of the streams are aligned, which means that the answer to the above three questions is "yes" (1995).

Applying this theory to Alternatives #3 and #4, policymakers can maximize the chance of success by waiting for a high level of public support and public attention before passing these policies into law. The "problem" already exists and has been acknowledged by policymakers, and there are valid policy options to address the problem, as I have discussed in this thesis. What might still be missing is the public will and accompanying political pressure that can cause policymakers to act quickly to remedy the problem. A specific event could cause the necessary impetus and public awareness for the window of opportunity to fully open.

For example, the policy window would open wide if a specific incident should occur that brings light to poor working conditions in the sharing economy, or if there is significant media coverage of the issue (due to, for instance, Uber drivers or Airbnb hosts holding a strike). At these times, public support for these types of policies will likely be high, and therefore other policymakers and politicians will be more inclined to take action.

Determining whether to implement Alternative #3, #4, or some combination of both might depend on the results of pending court decisions and legal challenges. If court decisions disagree with each other and cannot seem to resolve the issue surrounding whether sharing economy workers should be classified as employees or not, then

mandating contributions to portable benefits accounts might be the better policy, since it will not require delving into a politically contentious argument. On the other hand, if courts do emphatically resolve the issue in one direction or the other, then creating a new category of worker—the dependent contractor—may be more politically expedient, depending on exactly what the courts hold.

Overall, this CAM analysis has revealed that mandating sharing economy companies contribute to portable benefits accounts for all their workers is the policy that is most likely to be successful, with the policy of creating a dependent contractor worker classification coming in a close second. Bardach suggests subjecting the recommended policy to one final test: if the policy is such a great idea, why have policymakers not adopted it already? (2012, p. 70). The answer to that question I believe lies in the rapid rise of the sharing economy over the past few years. The industry has grown at such an exponential level that government regulation has been unable to keep up. Now that governments are beginning to address various issues within the sharing economy industry, the time is ripe for a comprehensive policy like the one I recommend here.

Future Research

One important area that researchers should look into in the future is sharing economy worker's long-term career prospects and expectations about their role in the sharing economy. Whether these workers view their positions in the sharing economy as short-term bridges between other longer-term permanent positions or as long-term careers in and of themselves could have critical impacts on public policy. The more long-term

"career" sharing economy workers there are, the more important it becomes to ensure worker protections and am effective social safety net for these workers.

Future researchers can also look more in depth at consumer behavior in the sharing economy and how it relates to workers. The sharing economy consists of a complex web of connections between consumers, companies, workers, the government, and other competing industries. All of these groups have their own unique interests and needs. Interactions between these parties is clearly much different than with traditional companies. More research could help us to determine the best policies to make sure costs and benefits are fairly distributed and that the needs of all these parties are being met to some degree.

Finally, more demographic research into workers in the sharing economy could help bring perspective to the overall societal benefits of this industry. Is the sharing economy providing high-quality jobs to segments of the population that might otherwise not be able to find work? Are there certain racial groups, age groups, or a certain gender that are benefiting disproportionally from the opportunity to work in the sharing economy? Are there pay differences for these jobs between different demographic groups and if so how could we ensure fair pay and equal rights through sound public policy decisions? More demographic research could help us answer these questions.

Since a CAM analysis is subjective and is more qualitative than quantitative, more data-based research would be beneficial to supplement the research in this thesis. This could include regression analyses to isolate factors that may increase or decrease the likelihood of unfavorable working conditions for sharing economy workers. It could also

include a regression analysis examining the effects of the sharing economy on the overall economy, after accounting for the accompanying shrinkage of other industries like hotels and taxi companies.

Conclusion

It is worth repeating that although Bardach's CAM analysis methods are an inexact science, they are also invaluable in conducting sound public policy analysis. In this thesis I have used those methods to address a critical public policy issue. First, in Chapter 1, I introduced the issues facing workers in the sharing economy and discussed some of the background information regarding the rapid rise of this new industry.

In Chapter 2, I delved into a review of the literature. Although I found a scarcity of academic, peer-reviewed research on this topic, I did find a plethora of industry studies, white papers, and media articles and research that provided an important foundation for my research. I discussed these studies in detail and used them to further guide my research into possible policy solutions to provide worker protections to sharing economy workers while protecting the growth and prosperity of the industry.

In Chapter 3, I completed step three of Bardach's eight-step policy analysis process by constructing potential policy alternatives. I began this process by looking into policies that have already been proposed by policymakers and industry experts. From there, I expanded my list of alternatives by creating my own additional alternative and by considering what would happen if we "take no action" and let things continue on their current trajectory. Ultimately, I chose four alternatives to include in my final CAM analysis. I chose these alternatives because they have all already been discussed by

policymakers, I judged them to be politically feasible, and they all had at least a basic degree of effectiveness in achieving the desired policy outcomes.

In Chapter 4, I laid out the measurement criteria that I used to evaluate each of the four policy alternatives. To choose these criteria, I carefully considered what is important in the final policy I would recommend, and I relied on some of Bardach's findings regarding which aspects of a policy are most important in shaping its future success. I ultimately chose five important criteria to use to measure each policy alternative, and I weighted them according to which criteria are most important in achieving successful outcomes.

Finally, in Chapter 5, I conducted my full CAM analysis. To do so, first I outlined the methodology I would use to conduct the analysis. Next, I looked at each alternative in detail and applied each measurement criterion to the specific likely outcomes for each policy. While doing so, I made sure to account for the inherent uncertainty involved in predicting policy outcomes into the future. I gave each policy a score from 1 to 5 for each of the five alternatives, based upon a standardized system of measurement. For each policy, I used the weighted final scores for each criterion to come up with a final score out of 100 points. The policy with the highest score was the one I deemed to have the highest likelihood of achieving successful policy outcomes. Since I ended up with two high-scoring alternatives with similar scores, I ultimately recommended both options as strong potential policies.

As a result of this complex and detailed analysis, I have presented policymakers with a strong foundation on which to base any potential policies they should decide to

implement in the future. The sharing economy is an exciting field that in many ways represents the future of our economy. From Uber to Taskrabbit to Airbnb to dozens of other startups, it is clear that these companies will play a prominent role in determining economic health for millions of American workers. Hopefully policymakers can devise policies that will protect these workers' livelihood by providing them with leave benefits, health insurance, assurance of decent pay, and access to important social programs like workers' compensation, unemployment, and disability insurance. If these policies are well-designed, they will be a win-win solution for the workers as well as the companies themselves.

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