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A Multi-Stakeholder Approach for Digital Platforms: Lessons Learned From the World of Technical Standardization

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Working conditions of gig workers on platforms such as Uber, Lyft, and Deliveroo raise concerns due to lack of labor protections, low pay, and precarious working arrangements. The recent Directive proposal by the European Commission on Platform Work ([Directive 2021/880](#)) aims to address such concerns. However, it provides guidelines for afterwards repair rather than for the anticipation of recurring problems related to platforms. Network effects, inherent to platform companies, lead to winner-takes-all situations and, next, the disadvantages of monopolistic behavior. Moreover, the profit-driven business models of the platform companies lead to societal disadvantages such as poor labor conditions. Then the network effects and resulting monopolistic situation multiply these negative side effects. While the European Directive represents a step forward, it does not prevent new cases of misbehavior. In this blog we argue that policy makers willing to mitigate negative effects of platforms may learn lessons from the field of standardization — a comprehensive multi-stakeholder approach may anticipate dominance of new platforms and promote a fairer and more transparent economy. To achieve this, a concerted effort from policymakers, academics, industry, and civil society is needed, to ensure that platforms operate in a way that promotes social dialogue between all stakeholders.

Standards and platforms

Standards are technical specifications intended for common or repeated use, aimed at the achievement of the optimal degree of order in a given context. Most standards are established through committees of different stakeholders or private companies. Digital platforms and technical standards share a common characteristic: they can become dominant due to network effects, meaning that their market power increases as more consumers or companies make use of them. Platforms such as Facebook, Amazon, and Google have become dominant players in their respective markets, controlling vast amounts of data and wielding significant power over their users. Similarly, standards such as the A-series of paper formats, Wi-Fi, food safety and the ISO 9001 standard for quality management have become ubiquitous in our daily lives and/or business practices. Citizens and companies often find themselves drawn to dominant platforms and standards due to their widespread use and the lack of viable alternatives. This can result in a concentration of market power in the hands of a few companies, leading to negative impacts on competition, innovation, and social welfare. However, these problems are

often avoided when the standard is available for everybody. A multi-stakeholder approach in developing and approving the standard ensures that different interests have been taken into account. This enhances the chance that the standard will receive broad appreciation and use in society. Platforms, on the other hand, lack such inclusive development, which may explain the negative side effects mentioned above.

Involving societal stakeholders through committees

The European Commission welcomes standardization as an essential instrument for achieving the single European market with benefits for both business and society. In 2013, they published [“A strategic vision for European standards”](#), a Communication aimed to modernize the European standardization system and to anticipate societal and economic challenges. This approach was further emphasized in the [European Strategy for Standardization](#) from 2022, which highlighted the need to promote standards that are environmentally sustainable, socially inclusive, and innovative. These standards are voluntary but a substantial subset is used in legislation to describe how to meet essential requirements, or test methods to assess if requirements are met. These standards are developed by committees of standardization bodies at the global, European or national level. In the case of ISO 9001, a huge variety of stakeholders and experts from more than 100 countries were and are involved in its revisions. The Internet Engineering Task Force (IETF) brings together experts from academia, policy, and industry. Its HTTPS protocol addresses the problem of data privacy and security for all internet users. In both these cases, the multi-stakeholder approach ensures that different voices and interests are represented in the development of these standards, promoting consensus and collaboration, and anticipating eventual societal problems deriving from them.

Transparent competition through industrial consortia

Other standards are developed in industrial consortia. For example, there are consortia already working on the development of standards for the [metaverse](#) and for [quantum computing](#). Such consortia are not always open to all stakeholders. Indeed, the grouping of companies into industrial consortia is another approach that has proven successful in preventing the dominance of only one firm in the development of new standards. For example, the Bluetooth Special Interest Group (SIG) was formed in the late 1990s between established tech and telecommunication companies such as Ericsson, Intel, Nokia, Toshiba, and IBM to develop a wireless communication standard for short-range connections between devices. By bringing together representatives from different companies, the Bluetooth SIG was able to create a standard that was eventually adopted globally across the industry. Companies that implement Bluetooth technology in their products pay licensing fees to the Bluetooth SIG, leading to increased competition, innovation, and consumer choice. Today, the Bluetooth SIG counts 36.000 members, reducing the likelihood of making the Bluetooth a “monopolistic” standard. Similar stories characterize other standards developed through a consortium, think about HDMI, Wi-Fi or the USB. While these formally represent monopolies, they do not generate revenues and market advantage for a single company, while they enable more consumers and more devices to communicate seamlessly. In contrast, the efforts seen for the development of

most platforms only regard the initiatives of single private companies, exposing markets to the risk of potential monopolies.

To conclude, while platforms and standards share some common characteristics, they have different regulatory approaches. Standards provide three valuable lessons on how to mitigate negative effects of dominance through a multi-stakeholder approach: more societal groups represented through committees, balanced competition with industrial consortia, and more planning by the institutions. Platforms — despite the recent EU Directive — are still far from reaching such an approach. To ensure that platforms operate in a way that promotes social welfare and protects labor rights, a more concerted effort from all stakeholders is needed. Authorities might require this as a condition for market access, and they should enforce platform owners to open specifications to competitors, on fair, reasonable, and non-discriminatory (FRAND) licensing conditions, in order to enable society to benefit from network effects combined with the healthy effects of competition, using requirements while preventing the harmful impacts of monopolies. If these specifications are developed with involvement of multiple stakeholders, then the risks of negative societal impacts are mitigated.

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