

Theoretical and Practical Approaches to Analysing Sharing Economy Business Models – Intercultural Perspective

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Abstract: In modern society sharing economy as a business and economy phenomenon and theoretical concept is more and more important. For a large number of consumers it occurs by using electronic applications organizing the sharing economy markets by linking tenderers and recipients. In practice, it is realized on local, national and global scale, but there is question if we are heading towards universal, global pattern of sharing economy business models or there are some cultural differences related to shared values determining the consumer behaviours. Besides the technological factors, like ICTs enabling consumers to share product and services, social factors become very important in creating value propositions for the customers. This is the key factor for developing business models based on sharing economy principles. The paper has two purposes: to investigate the differences between approaches to analysis and design sharing economy business models and to identify main factors stimulating consumers to take the advantages of sharing economy. To achieve the first purpose systematical literature analysis was implemented (both theoretical and practical approaches presented in the world literature). To achieve the second purpose the direct research of international students were conducted. The main research question referred to the main factors stimulating students to use sharing economy benefits. The limited number of students from different countries in Europe, Asia, Latin America and Africa studying at Silesian University of Technology take part in the research – pilot studies of the broader research on collaborative economy business models.

Keywords: Sharing Economy, Business Model, Intercultural Perspective, Practical approaches, Theoretical approach

1. Introduction

The phenomenon of sharing economy occurred as a consequence of development of ICTs and formation of new generation of customers able to share their tangible (flats, cars) and intangible resources. This consumption behaviours have not been even predicted in handbooks of marketing from the beginning of 21st century (Hawkins et al. 2007). The contemporary understanding of sharing economy comes from Botsman's (2013) concept of collaborative consumption defined as a "system that activates the untapped value of all kinds of assets through models and marketplaces that enable greater efficiency and access". However, regardless the definition, the author identifies five ingredients of sharing-driven companies:

- The core business idea involves unlocking the value of unused or under-utilized assets ("idling capacity") whether it's for monetary or non-monetary benefits.
- The company should have a clear values-driven mission and be built on meaningful principles including transparency, humanness, and authenticity that inform short and long-term strategic decisions.
- The providers on the supply-side should be valued, respected, and empowered and the companies committed to making the lives of these providers economically and socially better.

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- The customers on the demand side of the platforms should benefit from the ability to get goods and services in more efficient ways that mean they pay for access instead of ownership.
- The business should be built on distributed marketplaces or decentralized networks that create a sense of belonging, collective accountability and mutual benefit through the community they build. (Botsman 2015)

The value for the consumers captured as the value for the company is the basic assumption for business model creation (Afuah 2004). Therefore for analyzing sharing economy business model we should focus on the value delivered to the customer (Laasch 2018). In the paper two research questions were posed:

1. What are the main values for the customers delivered by sharing economy services?
2. Are these values different in different cultures?

On the base on the previous observations the two following propositions were formulated:

P1: There are no cross-cultural differences between the concepts of sharing economy business models.

P2: There are no cross-cultural differences between values expected by the customers.

Verification of the proposition P1 was based on a literature analysis, while verification of P2 proposition was based on pilot survey conducted on a group of students. For the literature analysis both scientific and practical literature was used deliberately. Practical literature in the form of reports published by consulting companies (e.g. McKinsey&Company), national associations, trade bodies (e.g. Sharing Economy UK – ‘SEUK’) or national agencies (e.g. US Federal Trade Agency) is the very important voice in the public discussion about sharing economy. It especially helps to understand the local (national) policy towards sharing economy in other way than scientific publications.

2. Literature Review

The concept of sharing is not new – it has being done since the beginning of humanity in the circles of trust – people share resources with the others they know. However in sharing economy literature there is a lacks multi-level theoretical perspectives (Cheng 2016). New sharing economy business models enable to share resources with the others they do not know. Customers’ trust can be established on the three pillars of such business models: transparency, secure methods of payment and social reputation (Mauri et al. 2018).

The value of the sharing economy business models is revealed in possibility of building new business models based on sharing economy platforms (Zhang 2018). For example Airsorted service have been built on the potential of Airbnb marketplace: the tenderers sometimes do not have capacity to cleaning, while exist a large number of people offering to do the job. Airsorted platform joins the needs of tenderers and cleaners offering also additional knowledge on establishing tenderers’ business model (listing creation, price optimisation, guest communication etc.). This is very valuable for the beginners offering accommodation at Airbnb.

Considering the fact that sharing economy business models uses the same technologies world-wide and there is global tendency for unification, we can ask if there are some cross-cultural differences in creating and developing sharing economy business models in different countries. There are practical examples of operating the same platforms in different countries. Uber internal data shows important differences between drivers operation in USA and UK. Caused by national

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differences of regulation, UK drivers works average 25 hours per week, while US drivers work only 10 hours (Coyle 2016, p. 21).

Business model is well-known concept used in management theory and practice. One of the best-known definition was proposed by A. Osterwalder and Y. Pingneur (2010): "Business model describes a rationale of how an organization creates, delivers and captures value". Zarei et al. (2011) understand business model as "...conceptual tool containing a set of elements and their relationship that allows the expressions of a company's logic of earning money". An extended definition of a business model presented by Teece (2010) is often quoted. In his opinion " the essence of a business model is in defining the manner by which the business delivers value to the customer, entices them to pay that value and converts the payment to profit It thus reflects management's hypothesis about what customers want, how they want it and how businesses can organize themselves to best meet those needs, get paid for doing so and make a profit." Simmilarly in the studies of Afuah (2004), Chesbrough (2010), McGrath (2010), Newth (2012), Zott at al. (2010) we can find the key role of value creation and value delivery.

In case of sharing economy we can identify two parties creating business models: operators (like uber, Airbnb) and tenderers – active users of internet platforms. In practice the third party creating business model may occur: consumers offering something or tenderers being also consumers. But according to business model definitions, presented earlier, value creation enabling earning money is the key element of business model. Muñoz and Cohen (2017) prepared an analysis of available concepts of business models existing in sharing economy.

"Sharing Economy comprises the peer-to-peer exchange of tangible and intangible slack (or potentially slack) resources, including information, in both global and local contexts." (Fellander et. al. 2015)

Table 1: Selected examples of sharing economy platforms in the world

No	Platform's name	Specialization	Localisation	Number of opinions	Number of downloads
1	Munchery	Food sharing	USA	418	50 ÷ 100K
2	Uber Eats	Food	USA	191K	10 ÷ 50m
3	Funding Societies	peer-to-peer Malesia lending marketplace	Singapore,	71	10 ÷ 50K
4	Indiegogo	kickstart platform	India	4K	100K ÷ 1m
5	Kickstarter	kickstart platform	USA	13K	1 ÷ 5m
6	Fiverr	ICT freelancers	USA	87K	1 ÷ 5m
7	Upwork	work sharing	USA	11K	1 ÷ 5m
8	WeWork	workspace sharing	USA	285	50 ÷ 100K
9	Grab	transport	Singapore, Southeast Asia	1,3m	50 ÷ 100m
10	Lyft	transport	USA	138K	10 ÷ 50m
11	Uber	transport	USA, global	4m	100 ÷ 500m
12	Didi Chuxing	transport	China	2,5K	100 ÷ 500K
13	Gett	transport	USA, UK	179K	5 ÷ 10m
14	blablacar	transport	France, EU	597 K	10 ÷ 50m
15	wonowo	transport, accomodation & activities	Spain	110	10 ÷ 50K
16	Cabify	transport	Spain	61K	5 ÷ 10m
17	BeepCar	transport	Russia	21K	1 ÷ 5m
18	GO-JEK	transport	andIndonesi	1,1m	10 ÷ 50m
19	Airbnb	a delivery accomodation	USA, global	250K	10 ÷ 50m
20	Airsorted	services for AirbnbUK tenderers	UK	0	100 ÷ 500

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The same assumptions have the practical approaches presented in the reports in Poland (Sokołowski et al. 2016), United Kingdom (Coyle 2016) and European Union (EU Report 2013). Roh (2016) sharing this global, theoretical approach, analyzes how social companies in South Korea uses the sharing economy platforms. Practical examples of sharing economy business models concern mostly electronic platforms operators, neglecting the role of users – freelancers running their own business. In the common sense they are identified with global giants like uber or Airbnb. Table 1 presents the list of selected cases of sharing economy platforms, representing different specializations, countries of operation and size (from Airsorted having no more than 500 downloads to uber having 100 ÷ 500 million of downloads).

There are cross-cultural differences between norms and values determining consumers' behaviors. But we can inquire if these values significantly determines the nature of sharing economy business models. Davidson et al. (2018) investigated the differences between the attitudes of American and Indian consumers towards the sharing economy businesses considering two basic social variables: materialism and willingness to participate. In the research process they verified hypotheses that materialism has a positive effect on willingness to participate in sharing-based programs of the sharing economy. Considering the cross- cultural differences two hypotheses have been verified by the authors:

- for American consumers, materialism predicts willingness to participate in sharing- based programs as mediated by transformation expectations,
- for Indian consumers, materialism predicts willingness to participate in sharing-based programs as mediated by perceived utility (Davidson et al. 2018)

These differences can be very important in promoting sharing economy services however in general construction of the business model they seem to be less important.

3. Students Attitudes towards Sharing Economy Business Models

3.1 Methodology

The data were collected using computer assisted computer interview (CAWI) technique for the group of Polish and foreign exchange students. Purposive sampling have been implemented for two reasons: students are one of the most open-minded social groups adopting new technologies, for the author it was the easiest method to access this group during their classes at the university. The questionnaire designed in google.docs platform have been e-mailed to students who have been prejudiced during lectures. The answers were collected in January 2018. There were n=48 students participated in the research, including 29 European students (Poles were the overwhelming number, but also students from Germany, Italy and Ukraine) and 19 non-European students (from Mexico, Bangladesh, India, Uzbekistan and the Asian part of Russia). During the data collection attempts were made to maximize the number of international students, especially from non-European countries. Collected sample for the pilot studies testing the research methodology is sufficient and allows to formulate conclusions and recommendations for further studies. In the survey mainly close-ended questions were used, in case of opinions a 5 level Likert scale were utilized.

Verification of P1 proposition (acts as null hypothesis) was based on chi-square test using the simple 2x2 contingency table (Everitt 1994). Greenwood and Nikulin (1996) discuss the corrections for continuity in chi-square test when the numbers in contingency table cells is small (lower then 10). This is the typical situation in pilot research with small samples. One of the well-known approach is the Yates's correction for continuity, recommended for 2x2 contingency tables (Cramer 1998).

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3.2 Findings

Most of the respondents (33 of 48) used the sharing economy platforms. It is very important for the study because the attitudes are based not only on convictions and opinions heard but on personal experience of users. The initial information of the survey consider the platforms used by respondents. In the questionnaire respondents could choose among the three most popular platform: uber.com, airbnb.com and blablacar.com. There were also open question where the respondents could indicate other services, but no other service was indicated in the study (Figure 1). The sum is more than the number of users because the respondents can point out more than one service.

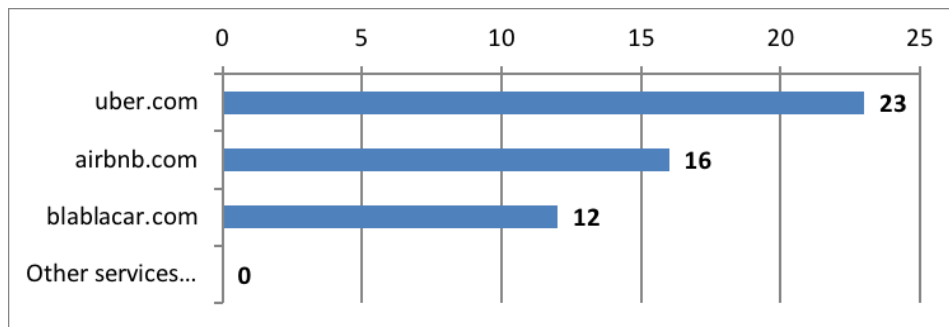


Figure 1: Sharing economy services used by respondents

The most important information from the survey is the primary motivation for using sharing economy platforms. The question has been formulated in such a way that both non-users and users can answer it. The results were presented on fig 2. As we can observe the primary motivation of the students is mainly connected with economic reasons – cheaper access to resources (average value 4,40). Non-economic motives have relatively lower level, in case of other reason (an open-ended question) only three respondents indicate functionalities of sharing economy like: quick, safe and comfortable. This functionalities can be generally considered as accessibility what correspond to the term 'access economy'. As it occurs in the research, this motives could be very valued by customers, that is why this option will be added to the close-ended questions.

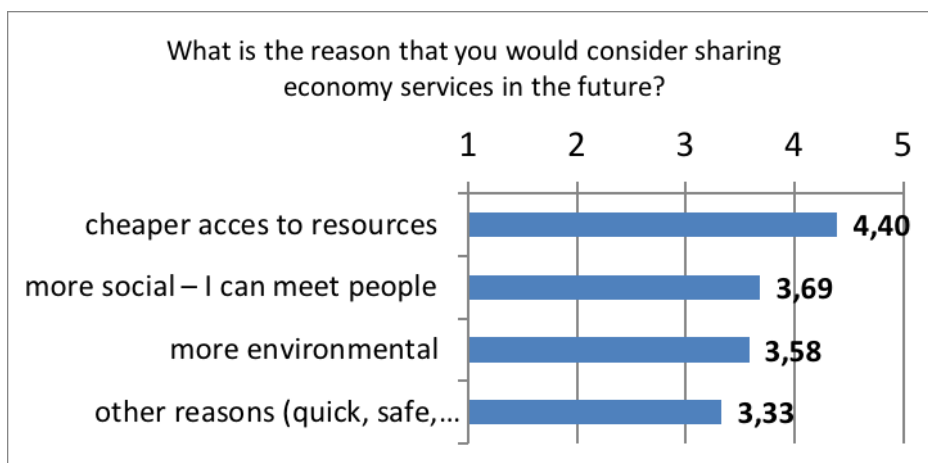


Figure 2: Primary motivation for using sharing economy platforms (n=48)

The cross-cultural dimension of attitudes towards sharing economy business models have been analyzed by simple contingency table presenting aggregated data. This table is presented a table 2. The data representing cross-cultural dimension were aggregated in the following way: first column presents the number of observation in case of European students while the second

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column present the number of observations for non-European students. The second variable: primary motivation were aggregated as follows: the first row presents the data for economic motivation (cheaper access to resources) as the dominant or equal to the other motivation while the second row presents the data for non-economic motivation (social, environmental, accessibility). For example when the respondent assessed all of the motives as 5 – strongly agree, was assigned to the group of economic motivation. The respondents were assigned to the group of non-economic motivation only in cases where non-economic motivation was rated higher than economic motivation. This contingency table enables verification of the null hypothesis corresponding to the proposition P2:

"There is no relation between cross-cultural dimension and the primary motivation of the respondents."

Table 2: Relation between cross-cultural dimension and users' primary motivation in case of sharing economy business models.

Motivation/cross-cultural dimension	European students	non-European students	Total
Economic motivation	27	17	44
Non-economic motivation	2	2	4
Total	29	19	48

For this contingency table we can calculate the chi-square test: $\chi^2 = 0,198$, $p = 0,656$. According to properties of chi-square test we failed to reject the null hypothesis.

Using Yates's correction for continuity (two of the cells has the values lower than 10) the value of chi-square test: $\chi^2 Y = 0,0079$. In this case $pY = 0,929$ so we cannot reject the null hypothesis. Low level of $\chi^2 Y$ informs us about relatively low relationship between variables, however, despite observable similarities between these two groups of students (European and non-European) we cannot accept hypothesis on variables independence. The detailed analysis of cross-cultural differences is presented in Fig. 3. As we can observe there are no significant differences of reasons (primary motivations) between European and Non-European students. The only observable difference is in the open category of "other reasons" where the respondents indicated such reasons as: safety, quick response, comfort - factors related to usability. However in this case only 6 indicated "other reasons" – findings cannot be considered reliable.

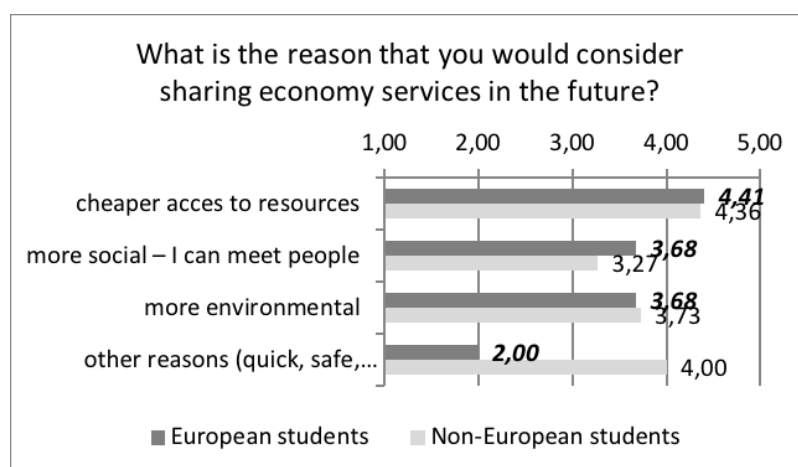


Figure 3: Primary motivation for using sharing economy platforms by European and Non-European students.

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Such a result was expected and can be explained by real cross-cultural standardization of business models as well as global trend of standardization of purchase behaviours. As part of extended research, with the larger research sample, more analysis in sub-groups can be proceed with larger contingency tables. It enables verifications of other hypotheses on cross- cultural differences and values provided by sharing economy business models. Also more accuracy with the larger research sample can be obtained.

4. Conclusion

On the ground of presented literature review and findings from pilot studies we can draw the following conclusions:

- (11) The importance of sharing economy business models is observed in high developed countries of “Western-world” (USA, Great Britain, Sweden, EU countries). In these countries official documents shaping economic policy shows the new possibilities of sharing economy but also identify the risks of sharing economy for the existing traditional sectors.
- (12) In the literature we can find many theoretical approaches to defining sharing economy and sharing economy business model, however there are no cross-cultural differences, what support the proposition P1.
- (13) The basic assumption for exploring cross-cultural differences among sharing economy business models is to analyse the values perceived by the customers. These values are corresponding with shared values constitute the basis for the culture of societies.
- (14) Obtained results of pilot research in the small sample (n=48) of international student shows that there is no important cross-cultural differences between expected value by the consumers. The findings cannot be verified by statistical methods, however in practice we can find many facts supporting the P2 proposition.
- (15) Findings are similar to these obtained by Böcker et al. (2011) and Davidson (2018). In theirs findings we can also identify different consumers motivation for sharing/access resources.
- (16) In most of political/practical reports the growth of the sharing economy market value is predicted, with the development of variety of business models. With some caution one could put a hypothesis that the cross-cultural differences would play less role in the development of sharing economy business models in the future, than demographic or psychographic variables.
- (17) Current development sharing economy business models, shows that the traditional sectors of services in hospitality and tourism decreased their revenues while they emphasized their own value delivered to the consumers.
- (18) The improvement of the author’s future research of sharing economy business model is focused on the content of CAWI questionnaire:
 - a) adding to the question of primary motivations a variant related to usability (safety, quick response, comfort etc.) as it was discovered in pilot studies,
 - b) adding a separate question determining the most important reason for using sharing economy platforms (only one option to choose).

This improvement can help in discovering cross-cultural differences in perceived value of sharing economy business models.

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