



Contents lists available at ScienceDirect

Technological Forecasting & Social Change



Upsides and downsides of the sharing economy: Collaborative consumption business models' stakeholder value impacts and their relationship to context

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ARTICLE INFO

Article history:

Received 27 July 2016

Received in revised form 27 March 2017

Accepted 29 March 2017

Available online xxxxx

Keywords:

Sharing economy

Collaborative consumption

Business model innovation

Two-sided market

Stakeholder value

Context

ABSTRACT

There is ambivalence and uncertainty surrounding the stakeholder value impacts of increasingly influential collaborative consumption (CC) business models. While we observe such models expanding from developed to emerging economies we lack an understanding of the role played by the local context in which they are embedded. It can be assumed that stakeholder value impacts, both positive and negative, are particularly pronounced in emerging economies. We thus ask, what are the stakeholder value impacts of CC business models and how are they influenced by an emerging economy context? Based on case studies in transport and cleaning services in South Africa, we develop a model of the three-way interactions between local context, CC business model, and stakeholder value impacts. Further, we define CC business models as manifestations of two-sided markets, which allows us to better understand their positive and negative impacts on their key stakeholders. Our analysis shows that both new and established CC business models must be carefully adapted to local contexts to make best use of their potential to create stakeholder value and to avoid unintended negative impacts on vulnerable social groups.

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1. Introduction

The “sharing economy” is a growing phenomenon around the world. Initiatives and organizations as diverse as local car sharing clubs and global companies like Airbnb and Uber lay claim to this new kind of economic activity, characterized by “the coordination of the use of resources such as living space, manpower, or cars” (Mair & Reischauer, 2016, p. 2), commonly through web-based information and communication technologies (ICT). A particularly prominent and controversial subset of the sharing economy consists of “collaborative consumption” (CC) business models, which emphasize the commercial aspects of sharing and involve “coordinating the acquisition and distribution of a resource for a fee or other compensation” (Belk, 2014b, p. 1597).

Studying CC business models as examples of the sharing economy is particularly important because of their novelty and potential to disrupt established industries and markets. For instance, a study by IBM found that executives around the world fear the “Uber syndrome” or “Uberization”, i.e., the destabilisation of traditional businesses or even whole industries by unexpected competition from companies with entirely different business models (IBM, 2015). The nature of CC business models is such that they can scale and adapt rapidly to different

contexts given their digital character. This has led to the rapid expansion of CC businesses from developed economies into emerging economies, where infrastructure and socio-economic circumstances typically differ (Dawar and Chattopadhyay, 2002; Hall et al., 2012).

Some herald these new CC business models as vital innovations and emancipators of people and resources (e.g., Botsman and Rogers, 2011; Kostakis and Bauwens, 2014; Sundararajan, 2013) and as contributors to environmental sustainability (e.g., Cohen and Kietzmann, 2014; Leismann et al., 2013). Such benefits may be particularly pronounced or salient in emerging economy contexts, as for example Rifkin (2015) suggests. Others see these new business models as a new form of capitalist exploitation or corporate co-option (e.g., Bardhi and Eckhardt, 2012; Martin, 2016). Again, such risks may be especially significant in emerging economy contexts with high inequality and weak regulatory systems. There is thus significant ambivalence and uncertainty surrounding the implications of increasingly influential sharing economy business models (Acquier et al., 2016; Mair and Reischauer, 2016; Martin, 2016) and specifically how these business models create or destroy value for their diverse stakeholders in emerging economies.

Stakeholder theorists argue that managerial attention is deserved by all those who may affect or be affected by a business organization (Freeman, 1984). Indeed, some suggest that the very purpose of the organization is to create value in many different ways for many different targets and stakeholder groups (Post et al., 2002). This is well aligned

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with some interpretations of sustainable business (e.g., Hörisch et al., 2014). In this study, the term ‘stakeholder value impacts’ is used to refer to the overall value creation and/or value destruction effects resulting from the way the business operates, as experienced by stakeholders (cf., Agandoña, 2011; Lepak, Smith, & Taylor, 2007). These value creation impacts can be either tangible or intangible. Their assessment is often done in a type of ‘mapping’ exercise to grasp diverse stakeholders’ perceptions of the value impacts that business activity has on them (e.g., Bocken et al., 2013; Patala et al., 2016; Yang et al., 2017).

Mair and Reischauer (2016) point out that the socio-economic and institutional context likely has an important influence on the implications of sharing economy business models. Both the potential benefits and risks of these models are especially pertinent in emerging economy contexts, yet we lack an empirically grounded understanding of how such contexts matter. As noted by Mair and Reischauer (2016, p. 2), “We know little about how the sharing economy matters for social life (impact) and how the sharing economy manifests differently across institutional and geographical contexts (variety).” This is of particular relevance when highly vulnerable social groups are involved, such as the unemployed or workers with low education (Donaldson and Dunfee, 1994). We thus ask, what are the stakeholder value impacts of CC business models and how are they influenced by an emerging economy context?

We respond to this question by comparing traditional and CC business models’ stakeholder value impacts in South Africa. We conducted 33 interviews with different stakeholders of two traditional companies in the domestic cleaning and the metered taxi transportation industry, as well as two CC counterparts, namely SweepSouth, an online platform that matches cleaners with private households or offices, and Uber. South Africa provided a suitable research setting because a number of global and local CC businesses – including Uber and SweepSouth, respectively – have established themselves there. Yet, despite being identified as an emerging economy, the country has many characteristics of a developing country. It has high levels of inequality, poverty, unemployment and crime, as well as limited state capacity (National Planning Commission, 2012).

Our analysis gives rise to two main contributions. First, we develop a model of the three-way interactions between local context, CC business models, and stakeholder value impacts. It highlights how context has both direct and indirect implications for stakeholder value creation, and how these contextual effects include both positive and negative value impacts for key stakeholders. Secondly, we define CC business models as a manifestation of two-sided markets which allows us to better understand the positive and negative impacts of these business models for their key stakeholder groups. Specifically, we point to a number of tensions between the CC businesses’ incentive to increase the value captured and the resulting risks and negative externalities that can result for platform owners, suppliers and customers. Our analysis shows that both new and established CC business models must be carefully adapted to local contexts to make best use of their potential to create stakeholder value and to avoid unintended negative impacts on vulnerable social groups.

In the next section, we outline the theoretical backdrop to our study, focusing on sharing economy business models, two-sided markets, sustainable business models, business model innovation, and stakeholder theory. Following a description of our methodology, we describe our findings and crosscutting themes relating to the CC business models under investigation. We then discuss our contributions and conclude.

2. Theoretical background

2.1. True sharing, pseudo-sharing, and collaborative consumption

“Sharing” has become an umbrella term for a variety of social practices, including primal forms of economic behaviour that have been known to mankind since the early days of hominid societies, as well

as digitally enabled interactions that are emerging around internet platforms (Belk, 2014a,b). The current tendency to use this socially desirable term for various social and commercial phenomena in both public and academic debates provokes “a danger of conflating different social qualities of sharing which in turn may produce distortions, illusions, and delusions” (Belk, 2014a, p. 7). Therefore, following Belk’s theoretical arguments, we first distinguish “true sharing” from “pseudo-sharing” (Belk, 2014a) to then identify collaborative consumption as a form of the latter (Belk, 2014b). This theoretical delineation is of particular importance for the two cases discussed in this paper, SweepSouth and Uber South Africa, since simply referring to them as “sharing economy business models” would ignore the differences between true sharing and commerce, and it could lead to false expectations for their social and sustainability impacts, which in turn could end in general disappointment and scepticism towards sharing overall (see e.g. Bardhi and Eckhardt, 2012; Martin, 2016).

The rise of social web technologies (Web 2.0) and their unprecedented network-creating capabilities – Facebook connects 1.7 billion people, and eBay has 160 million active users¹ – blur the boundaries between the human desire for communication and community, (in)voluntary provision of information, giving, sharing, commerce, and access. A careful look at the phenomena under scrutiny is required, as is an equally careful use of language (Belk, 2014b; Martin, 2016). While there are many shades of sharing, for example with regards to membership or usage fees and the legal status of the intermediating platform as non-profit or for-profit organization, the two extremes of “true sharing” and “pseudo-sharing” can be distinguished.

Belk (2014a, p. 16) argues that “money, egoistic motives, expectations of reciprocity, and lack of a sense of community are major criteria by which sharing and pseudo-sharing may be distinguished.” He furthermore suggests that it is not the characteristics of what is to be shared that are decisive, but rather the intentions of the people involved. While true sharing is more of a selfless act, involving the motive to help and to create personal relationships and a sense of community, pseudo-sharing is a commercial relationship based on exchange or reciprocity, i.e. a give-and-take relationship in which a good or service is obtained in exchange for money (or another good or service in case of barter models), mainly serving utilitarian motives such as making a profit. Pseudo-sharing, as seen by Belk is “a business relationship masquerading as communal sharing” (Belk, 2014a, p. 11).

An example of true sharing is the Swedish car club Göteborgs Bilkoop, which is a cooperative with 22 cars owned and used by a few hundred cooperative members.² The cooperative started in 1988 in Gothenburg’s Majorna area and its local focus allowed for the development of personal long-term relationships and a sense of mutual responsibility and community. While joint ownership is given in this case, other true sharing models, such as CouchSurfing, do not necessarily involve co-ownership. These are characterized by qualities such as sharing lodging and personal time for free, building personal relationships, and having a joint experience that is perceived as “our experience”. These qualities distinguish CouchSurfing from Airbnb which is, according to Belk, more like a commercial hospitality service and thus pseudo-sharing.

Belk (2014b, p. 1597) refers to this kind of pseudo-sharing as *collaborative consumption* (CC), which is defined as “people coordinating the acquisition and distribution of a resource for a fee or other compensation.” As a form of commerce it occupies the space between true sharing and marketplace exchange. Thus, it is not about true sharing in the sense of using “our resources,” but about the simultaneously or sequentially

¹ In early 2016, <http://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>; <http://www.statista.com/statistics/242235/number-of-ebays-total-active-users/> (accessed 15 July 2016). <http://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>; <http://www.statista.com/statistics/242235/number-of-ebays-total-active-users/> (accessed 15 July 2016).

² See <http://www.goteborgsbilkoop.se/> (accessed 15 July 2016).

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