



Trust in Transit: Unravel the Strategies of Peer-to-peer Sharing  
Economy Firms in Emerging Markets

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## **Abstract (English)**

*Trust in Transit: Unravel the Strategies of Peer-to-peer Sharing Economy Firms in Emerging Markets*

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The research explores effective trust-building mechanisms for peer-to-peer (P2P) sharing economy firms intending to expand to emerging markets. By adopting a qualitative research approach consisting of primary and secondary data, the study combines expert interviews across different fields with a content analysis of existing research on trust-building mechanisms and institutional voids in emerging markets.

The study concludes by developing a model illustrating the process of addressing institutional voids within emerging markets and leveraging them as strategic advantages for the P2P sharing firm. Findings underline four essential trust-building mechanisms in emerging markets: reputation systems, localisation, technical in-app mechanisms, and educational content. The study highlights the synergy between the mentioned mechanisms and the strategic filling of institutional voids as part of the business model, maximising consumer trust and consequentially enhancing potential market success.

This research contributes theoretical insights by introducing a new perspective that combines trust-building mechanisms with the strategic filling of institutional voids in the peer-to-peer sharing economy. Seeing the significant cultural differences within emerging markets, the research recommends that industry practitioners adapt their business models and strategies to local preferences and needs. Notably, the study underlines the implementation of pilot projects in different areas of the emerging country to establish more effective, culturally aligned services, thereby diminishing risks associated with entering new markets.

*Keywords: Peer-to-peer sharing, Sharing Economy, Emerging Markets, Institutional Voids*

## **Abstract (Portuguese)**

*Confiança em trânsito: Desvendar as Estratégias das Empresas da Economia de Partilha entre Pares nos Mercados Emergentes*

*Lea Zirngibl*

A investigação explora mecanismos eficazes de criação de confiança para empresas de economia de partilha peer-to-peer que pretendam expandir-se para mercados emergentes. Ao adotar uma abordagem de investigação qualitativa, o estudo combina entrevistas a especialistas de diferentes áreas com uma análise de conteúdo da investigação existente sobre mecanismos de criação de confiança e vazios institucionais em mercados emergentes.

O estudo conclui com o desenvolvimento de um modelo que ilustra o processo de abordagem de vazios institucionais em mercados emergentes e o aproveitamento dos mesmos como vantagens estratégicas para a empresa de partilha P2P. As conclusões sublinham quatro mecanismos essenciais de criação de confiança nos mercados emergentes: sistemas de reputação, localização, mecanismos técnicos na aplicação e conteúdos educativos. O estudo destaca a sinergia entre os mecanismos mencionados e o preenchimento estratégico de vazios institucionais como parte do modelo de negócio, maximizando a confiança do consumidor e, conseqüentemente, aumentando o potencial sucesso do mercado.

Esta investigação contribui com conhecimentos teóricos para académicos, introduzindo uma nova perspetiva que combina mecanismos de criação de confiança com o preenchimento estratégico de vazios institucionais na economia de partilha P2P. Tendo em conta as diferenças culturais significativas nos mercados emergentes, a investigação recomenda que os profissionais do sector adaptem os seus modelos e estratégias empresariais às preferências e necessidades locais. O estudo sublinha a implementação de projetos-piloto em diferentes áreas do país emergente para estabelecer serviços mais eficazes e culturalmente alinhados, diminuindo assim os riscos associados à entrada em novos mercados.

*Palavras-chave: Partilha entre pares, economia da partilha, mercados emergentes, vazios institucionais*

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## 1. Introduction

The sharing economy is on the rise. With its remarkable growth, the sharing economy market, valued at \$387.1 billion in 2022, is expected to rise to \$827.1 billion by 2032 (Allied Market Research, 2023).

While the sharing economy is an extensively discussed phenomenon, its scope and definitions remain debated among researchers (Cherry & Pidgeon, 2018). Multiple scholars, such as Barnes & Mattsson (2016), Nelms et al. (2018) and Carbone et al. (2017), emphasise the interaction between a user and a provider as a fundamental defining characteristic of the sharing economy. Different yet related terms such as the "*on-demand economy*", "*peer-to-peer (P2P) economy*" or "*gig economy*" (Martin, 2016; Nelms et al., 2018), as well as "*crowd-based capitalisms*" and "*access-based consumption*" (Ertz & Leblanc-Proulx, 2018), further complicate the taxonomy. As a result, despite the extensive research, the academic landscape is often unclear and characterized by vague definitions.

Beyond definition challenges, researchers often share different opinions on the purpose of sharing economy platforms. Hou (2018) views it as a business model leveraging digital platforms to connect consumers with providers, including short-term rentals, ride-sharing and information-sharing. On the contrary, Schor (2014) categorises the sharing economy into four aspects: the circulation of goods, increased utilisation of durable assets, exchange of services, and sharing of productive assets.

As the sharing economy expands in developed markets, its influence and relevance grow in emerging markets. According to Khanna & Palepu (1998), emerging markets are "*transactional arenas, where counterparts cannot easily or effectively come together due to an absence of specialised intermediaries that support and facilitate transactions between buyers and sellers*". The researchers differentiate in six institutional voids: Information analysers and advisors that "*collect and analyse information on products and consumers in a given market*", credibility enhancers that "*provide third-party certification*", aggregators and distributors that "*provide low-cost matching and other value-added services for suppliers and customers through expertise and economies of scale*", adjudicators, that "*resolve disputes regarding law and private contracts*", and lastly regulators and other public institution that "*create the appropriate regulatory and policy framework, and enforce it*" (Khanna & Palepu, 2005).

Most existing literature in that area focuses on trust-building mechanisms in developed markets. Due to institutional voids and other instances of lack, there is a need to investigate the trust-building mechanisms of P2P sharing firms in emerging markets. As a result, the following research question arose: "What trust-building mechanisms do P2P sharing economy firms employ to expand into emerging markets successfully?".

The study's outcomes are represented in a flow chart, showcasing critical factors in emerging markets, such as institutional voids, and their relationship with establishing trust on a P2P sharing platform. Due to the country's instability and potential lack of awareness of the sharing economy system in emerging markets, users are often more sceptical of P2P sharing platforms, necessitating measures from P2P sharing firms to establish or re-enforce trust. According to the study, the following trust-building mechanisms are especially effective for P2P sharing firms: Reputation systems, localization, technical in-app mechanisms and educational content.

Additionally, P2P sharing firms can strategically fill institutional voids, adding layers to their business model and significantly increasing consumer trust. The synergy between the mentioned trust-building mechanisms and strategically addressing institutional voids are optimal conditions for P2P sharing firms to gain consumers' trust in emerging markets.

The study follows a qualitative research approach to explore further trust-building mechanisms that P2P sharing economy firms employ in emerging markets.

The data consists of both secondary and primary data. Secondary data underwent content analysis, primarily derived from Journals of International Management and Innovation and Sustainability. The Primary data consists of in-depth semi-structured interviews with seven participants, including academic researchers, industry professionals and people living in emerging countries. The interviews, which were conducted via Zoom and transcribed with the help of Amberscript, aim to get a diverse perspective on the issue. With the use of MAXQDA24, coding and thematic analysis were done in two steps: First, inductive coding for finding new themes, and second, deductive coding to connect findings and explore patterns fitting to previous codes. This combined approach enhances the study's depth and quality of interpreting outcomes.

The study reviews literature on the sharing economy, trust-building and institutional voids in emerging markets. Following an explanation of applied methods, the paper analyses the

research question. A discussion and conclusion, including theoretical and practical implications, will follow the analysis. The paper ends with limitations and a reflection on future research.

## **2. Literature Review**

Sharing economy companies have rapidly achieved remarkable success on a global scale like never before. The total value of the sharing economy is predicted to reach 600 billion US dollars by 2027, from 113 billion US dollars in 2021 (Statista Research Department, 2023). Global sharing economy firms like Uber, Airbnb, and Lyft could attain impressive results locally and internationally (Parente et al., 2017). On the one hand, this success can be explained by the importance of lower prices in sharing economy services for consumers. The financial downturn of 2008 and the COVID-19 pandemic in 2020 resulted in significant spikes in joblessness, causing numerous households to experience a loss of earnings. This profoundly impacted how people approach spending and their fundamental ideas about consumption (Zhu & Liu, 2021). Secondly, different authors highlighted the "*importance of social networks or community-based online technologies for collaborative consumption*" (Hamari et al., 2016; Barnes & Mattsson, 2016). A third reason for consumers participating in the sharing economy is environmental friendliness (Botsman & Rogers, 2011), explaining why governments and markets often invest in the sharing economy. The sharing economy will contribute to raising consumers' environmental consciousness, leading to a rise in adopting eco-friendly and low-carbon lifestyles. In line with sustainable development, economic growth will shift towards being both green and resource-efficient (Zhu & Liu, 2021). From a firm's perspective, its business model, which minimises assets and relies on the widespread use of the internet and mobile devices globally, has been a critical factor in their success (Parente et al., 2017).

### **2.1 Definitions of the Sharing Economy**

Several definitions of the sharing economy have been proposed in recent years. According to Schor (2014), the sharing economy can be divided into four categories: recirculation of goods, increased utilisation of durable assets, exchange of services, and sharing productive assets. According to Martin (2016), the sharing economy can be further categorised according to innovation groups: Accommodation-sharing platforms, car and ride-sharing platforms, peer-to-peer employment markets, and peer-to-peer platforms for sharing and circulating resources. In

former literature, Koen Frenken (2017) defines the term sharing in different ways: sharing economy as "*consumers granting each other temporary access to their under-used physical assets ('idle capacity'), possibly for money*", which indicates that the sharing economy is not a modern phenomenon, but has existed since humanity. The major shift brought about by the rise of internet platforms is the trend of people participating in 'stranger sharing', a term introduced by Schor (2014). This shift has been facilitated by online platforms that establish trust between individuals who share but are unfamiliar. The trust is primarily built through public review systems and micro-insurance provision.

## **2.2 Capabilities for the International Expansion of Sharing Economy Firms**

Earlier literature on the international expansion of sharing economy firms primarily addresses challenges and capabilities. Hereby, most of the time, the focus is on expanding to developed countries.

Cahen and Mendes Borini (2019) conceptualise the internationalisation process of digital companies by introducing the multi-dimensional construct of "*International Digital Competence*" (IDC), defined as "*the digital companies possession of intangible, digital capabilities that account for international digital sales, number of users and digitally interconnected partnerships in foreign countries*".

Hereby, a qualitative method has been used to adopt an inductive multiple case-study approach. The authors have chosen eight Brazilian internet industry digital companies based on the following criteria: Meeting the digital company definition adapted from the World Investment Report, selected companies must be individually managed and active in any type of international presence. IDC has a variety of digital areas, such as virtual connections with customers and businesses using technology, knowledge of international digital marketplaces to adapt monetisation models, and quick reinvention of how they conduct business in these marketplaces. The IDC consists of three pillars: Cross-cultural programming skills, global virtual network and cross-border monetisation. Cross-cultural programming skills describe the user interface customisation to add value for users from diverse cultures, enabling them to engage in shared digital systems involving multiple digital companies using application programming interfaces (APIs). This customisation allows them to seamlessly integrate and showcase their products in universally accessible standardised virtual marketplaces (Bharadwaj, et al., 2013; Morse et al., 2007). While each digital company develops cross-

cultural programming skills, depending on their business model, the skills can help the company to reach and serve customers and partners from the targeted country effectively and thus expand internationally online. Secondly, the capability of the global virtual network describes the ability to interact digitally with partners in virtual marketplaces and manage user virtual networks. On the one hand, this can be achieved through virtual partnerships with other businesses through shared digital assets that can effectively and quickly draw users from new international marketplaces, such as a shared pool of digital resources, data interchange or a shared user network. On the other hand, a global virtual network can be achieved through actively participating in online communities, promotions, and different search engines, which allows digital companies to gain access and awareness of potential users in the new market. Thirdly, cross-border digital monetisation adaptability is generating revenues through a digital platform adaptable to the local markets' requirements. Hereby, the adoption of local payment methods plays an important role. Lastly, the authors describe the capability of international business model reconfiguration. This is the ability to change the digital business model efficiently, if necessary, to make it appealing to new users in the new market. Depending on the circumstances and the company's online international targets, the business model may need to be modified to accommodate new designs, procedures, and practices.

IDC is positively correlated with the international expansion of digital companies. Six of the eight analysed cases appeared to have outward assets, such as offices, typically rented spaces, employees working in shared offices with local partners or partnerships with local companies. Secondly, online international expansion positively correlates with a non-equity outward investment of digital companies. By analysing the eight cases, the authors concluded that internationalization by non-equity modes depends mainly on the international orientation of the entrepreneurs. Six of the eight entrepreneurs are internationally oriented and state that the business model and strategies were designed to reach international markets from the beginning of the business. Conversely, two of the eight companies show reduced international orientation, "*passively*" accepting global users on their platforms. As a result, the researchers concluded that the international orientation of the entrepreneur positively moderates the association of online global expansion of the digital company on its non-equity outward investment.

Further literature highlights the main hindrances to the international expansion of sharing economy firms. A lack of technological infrastructure or complementary asset providers and local regulators can be responsible for a sharing economy firm's failure of international

development (Parente et al., 2017). While due to light assets, it is easier for sharing economy firms to expand internationally, compared to heavy assets traditional businesses, some have struggled with local regulatory systems.

### **2.3 Sharing Economy in Emerging Countries**

While most research is focused on expanding sharing economy firms to developed countries, only some literature addresses the internationalization of emerging markets. Hereby, researchers increasingly address challenges, such as a lack of security and trust in emerging markets, which immensely affects the success of the internationalization of sharing economy firms.

It is remarkable that in the digital economy of emerging markets, such as China, the digitisation process begins while still being in the process of industrialisation. In contrast, in developed countries, digitisation can build upon industrialisation. Therefore, without going through the entire process of industrialisation, emerging markets miss a solid basis of market institutions, such as legal systems strictly protecting property rights, which provide the market with safety and trust. As a result of untrustworthy market behaviour, it is hard for buyers to trust and purchase from sellers, which is the foundation of a sharing economy system. It can be concluded that trust is the most significant market barrier between firms and the consumer.

Trust has been a subject of extensive studies in different fields, such as anthropology, psychology, and sociology. Trust is defined in various ways across academic fields (Hawlitschek et al., 2016).

One definition, originating from Mayer et al. (1995), is ideally suited for a situation involving a distinct individual or entity, where the trustor believes that this party acts and responds intentionally in the context of their relationship, which resembles the transaction situation in the sharing economy: "*Trust is the willingness of a party to be vulnerable to the action of another party, based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party*" (Mayer et al., 1995). To be more precise, within the e-commerce environment, Mcknight & Chervany, (n.d.) separate the concept of trust into four: Disposition to trust, institution-based trust, trusting beliefs, trusting intentions, and trust-related behaviour. This distinguishment helps to classify different manners to measure trust within the e-commerce environment.

According to Chen and Wang (2019), sharing platforms have generally used two models to build trust in emerging markets: Self-ownership and Integrated service providers. Self-ownership is explained with the example of Shouqi Limousine and Chauffeur, a leading ride-hailing player in China, who owns a fleet of cars, which helps the platform to remove service discrepancies and ensures the ride-hailing customer consistent, high-quality service, resulting in building trust. This allows the ride-hailing firm to charge relatively high prices while serving mid to high-end customers.

In some sharing economy industries, such as the home-sharing market, the platform cannot provide their homes to satisfy consumers and build trust through self-ownership, so the crowd-sourced model must be adopted. In emerging markets, this model, however, faces market trust issues for buyers and sellers, which can be reduced with the following measures: Xiazhu, one of the leading home-sharing providers in China, puts trust and safety at the centre of its business model. While there is a two-way rating system for homeowners and guests, they also adopted multiple mechanisms, such as smart door locks with facial recognition, to prevent unwarranted people from entering the apartment, increasing the feeling of safety and protection. In addition, the home-sharing company has collaborated with third-party companies affiliated with Ant Financial Services, such as Alibaba, which provides information on the private credit score system, to detect potential clients with an adverse credit history (Chen & Wang, 2019). Additionally, offering free communication between users and providers, happening exclusively via the platform, increases trust from the consumer side (Parente et al., 2017).

Maalouf et al. (2021) researched the competitiveness of sharing economy companies in emerging markets, stating that most sharing economy firms might not follow traditional competitiveness approaches. While expanding to a fully developed country can already be risky for sharing economy firms, internationalisation to an emerging country brings additional complexities, such as unpredictable hurdles, increased uncertainties, and overall risks, that could jeopardise the firms' goals and success in the market. One risk is the absence of interpersonal trust, which Rotter (1980) defines as "*generalised expectancy held by an individual that the word, promise, oral or written statement of another individual group can be relied on*".

In contrast to typical e-commerce enterprises, which primarily face financial losses or harm to their reputation due to trust breaches, sharing economy businesses encounter more severe risks.

These risks can go beyond financial implications and potentially include physical damage or, in extreme situations, loss of life. This added level of caution or risk increases the significance of trust within the sharing economy environment. As a result, Maalouf et al. (2021) concludes that trust and the willingness to use a sharing economy business are positively correlated.

Earlier literature by Hussain et al. (2023) discussed how income inequality hampers the anticipated advantages of participating in activities related to sharing assets or services. The results validated earlier discoveries in developed nations, showcasing that the sharing economy fosters sustainable economic growth. However, it was noted that income inequality negatively correlated with sustainable economic growth, signifying its hindrance to the sharing economy's potential to drive sustainable development. These findings offer a valuable understanding of collaborative consumption and the peer economy. Resource sharing aims to gain value from assets that are not fully utilised. The research implied that creating efficient and effective platforms could enable developing countries to access the benefits of the sharing economy.

Given that earlier literature has mostly overlooked the fact that international expansion of sharing economy firms to emerging markets requires different capabilities, and former studies have shown the importance of trust in these markets, it is appropriate to research the role that trust plays in the international expansions strategy of collaborative consumption firms to emerging markets. While trust hereby means trust between the buyer and the platform, this study will focus on the P2P sharing economy. As a result, the following research question arose:

**"What trust-building mechanisms do P2P sharing economy firms employ to expand into emerging markets successfully?"**

### **3. Methodology**

The thesis aims to provide insights into trust-building mechanisms that P2P sharing economy firms can use to expand to emerging markets successfully. Therefore, a qualitative research approach has been chosen.

### **3.1 Secondary Data**

#### 3.1.1. Data Source

Secondary data, mainly journal articles, were collected via Google Scholar, Proquest, and Ebsco. Most articles were retrieved from Journals on International Management, Innovation or Sustainability.

#### 3.1.2. Data Selection

The topics of the selected journals can be divided into two: Firstly, papers on the IDC, expansion strategies of sharing economy firms to emerging markets and trust mechanisms have been selected. Secondly, journals on institutional voids in emerging countries were selected. The selection criteria consisted of a systematic review of articles published mainly throughout the last decade to capture the most recent information related to former studies on the topic. Therefore, keywords such as “P2P”, “trust-building mechanisms”, “emerging markets”, and “institutional voids” have been used. In total, 15 articles have been selected for analysis and managed via the Mendeley Reference Manager. The inclusion criteria were selected articles with a clear focus on trust-building strategies of P2P sharing firms, and simultaneously institutional voids in the context of emerging markets.

#### 3.1.3. Data Analysis

A content analysis has been conducted, combining and analyzing results from the different gathered studies to identify patterns and draw overarching conclusions. According to Bell et al. (2022), content analysis emphasizes the two qualities of being objective and systematic, enhancing the research's strengths and reliability.

Firstly, selected articles were screened based on relevance to the research question. During this stage, irrelevant articles were automatically excluded. After the data screening, relevant information from the selected articles was extracted and put in the criteria: Title, Author, Main Idea, Essential Points, Comments, and Keywords. That process helped to identify patterns and reoccurring topics. An overview of the selected literature structures according to patterns can be found in the Appendix. Combining a systematic data selection with a thorough content analysis positively contributes to the robustness of the study's secondary data, ensuring the findings are reliable and valid.

## **3.2 Primary Data**

### 3.2.1. Data Collection

Secondly, primary data has been gathered through multiple in-depth, semi-structured, one-on-one interviews with 12 to 14 open questions, which allowed a broader response from the respondents and provided a deeper understanding of their opinions and thoughts. Seven different persons have been interviewed, with a duration of approximately 30 to 60 minutes. Two interviewees are academic researchers in the field of sharing economy, while another three are working at sharing economy firms, which have expanded to emerging countries. Lastly, two interviewees are from emerging countries, India and China, talking about their experiences with trust-building mechanisms in peer-to-peer sharing firms in their countries. The topics of the interview varied, depending on the interview, ranging from existing research on the trust-building mechanisms of P2P sharing firms to implemented concepts in firms like Uber, Airbnb and Delivery Hero, and own experiences of trust-building mechanisms of P2P sharing firms in emerging markets. A wide range of perspectives on the research topic were intended to be represented in the participant selection process. Five interviewees were found with the help of LinkedIn Premium and approached via private message, while two interviewees are from personal networks. All interviews were recorded via Zoom and transcribed using Amberscript, a transcription software. This procedure ensures that the participant replies are accurately represented, making the following analysis easier.

### 3.2.2 Data Analysis

The data analysis consists of two steps: Coding and thematic analysis. Both have been conducted using MAXQDA<sup>24</sup>, a qualitative data analysis software. The process of coding consists of both an inductive and deductive approach. The first inductive coding stage enables finding new themes and patterns in the data. This method made it possible to investigate unexpected ideas that might not have been specified in the original research objectives. Afterwards, deductive coding was used to categorise data based on previously developed ideas and notions that were pertinent to the study questions after the inductive phase. This deductive technique connected the study's findings to existing literature and theoretical frameworks. Recurring themes in the code data were found and examined using thematic analysis. These themes were selected by searching for connections and patterns in the data, contributing to a

deeper understanding of the research. The combination of inductive and deductive coding offers a thorough and accurate base for interpreting the research's outcomes.

#### **4. Result Analysis**

The outcome of the analysis is visualised in the flow chart below, illustrating the relationship between critical factors in emerging markets, such as institutional voids and the challenge of establishing trust on collaborative consumption platforms. Due to unstable circumstances, unknown concepts, or local competition in emerging markets, users often show more scepticism towards the P2P platforms, needing proactive measures by the P2P sharing firms to rebuild and reinforce trust. In particular, four fundamental trust-building mechanisms – reputation systems, localisation attempts, technical in-app mechanisms, and educational content- have emerged as especially effective strategies in emerging markets.

Collaborative consumption firms can strategically address institutional voids to enhance trust-building strategies further, presenting an additional layer within their business model. This extra step contributes significantly to increasing consumer trust. The synergy of employing trust-building mechanisms alongside the strategic filling of institutional voids creates optimal conditions for sharing economy firms to cultivate consumer trust in emerging markets. The following sections explore a detailed analysis of each step in the flowchart, highlighting the complexities of the process.

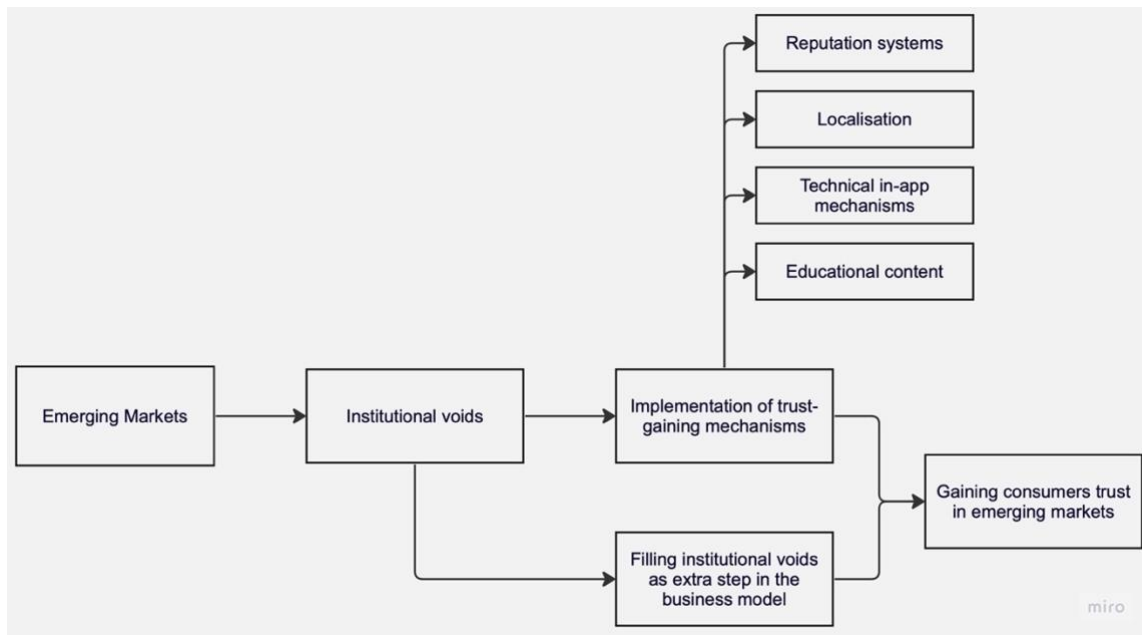


Figure 1: Synergy between trust-building mechanisms and the filling of institutional voids

#### 4.1 Institutional Voids

Several authors of existing literature view institutional voids as one of the biggest challenges for sharing economy firms when expanding to emerging markets. Gao et al. (2017), Heeks et al. (2021) and Barbour & Luiz (2019) all focus on institutional voids in emerging markets in their literature. While Gao et al. (2017) discuss institutional voids in emerging markets and how multinational enterprises (MNEs) manage them more generally, Heeks et al. (2021) focus more specifically on how institutional voids affect ride-hailing firms in emerging markets. Barbour & Luiz (2019) become even more specific by developing a case study exploring Uber's presence in African markets, analysing institutional voids and the need for innovative solutions to fill them.

Emerging markets are characterized by institutional voids, described by the absence or underdevelopment of a market-supporting formal infrastructure such as market intermediaries, a functional regulatory system, legal protection of shareholders, and a contract-enforcing mechanism (Khanna & Palepu, 1997).

In literature, institutional voids are primarily defined by Khanna and Palepu (2010) as shortfalls in the "range of institutions to facilitate the functioning of markets". They can be found in every literature dealing with institutional voids. They differentiate between six institutional shortfalls: information analysers, credibility enhancers, aggregators and

distributors, transaction facilitators, adjudicators, regulators and public institutions (Khanna & Palepu, 2005).

A reoccurring institutional void is the absence of information in emerging markets. This absence of information results in information asymmetry, a widespread problem in the sharing economy in emerging markets.

While in conventional taxi businesses, users had no information about providers, ride-hailing firms improved that issue by providing the driver's identity, vehicle details, and number of rides (Heeks et al., 2021).

Additionally, in emerging markets, the reliability of documents for verification purposes is questionable. Ozbal – Interviewee 1 (2023) explicitly identifies an issue concerning the reliability of P2P sharing economy provider background checks, such as those of drivers of ride-hailing firms. While drivers undergo background checks, their reliability and effectiveness are doubtful, failing to provide solid security measures. Agrawal – Interviewee 2 (2023) agrees by highlighting the circulation of fake documents in India. She stresses that the biggest challenge for the government is a reliable method to check the authentication of official documents and licenses. Apart from affecting regulatory processes, this institutional void accentuates the importance of implementing mechanisms to ensure reliable document checks.

On the contrary, Hirsch - Interviewee 5 (2023) describes the circumstances in China, where bureaucracy is included in all processes seen as a component reducing institutional voids. According to her, the Chinese government is reflected by its bureaucratic processes and structures by fully confiding in the citizen's data. Hirsch's viewpoint proposes that institutional voids can be diminished in emerging markets by implementing solid bureaucratic systems, resulting in more reliable government processes.

In sum, these perspectives highlight the different circumstances of institutional voids in emerging countries. While some regions, such as India, have difficulties implementing mechanisms to ensure reliable document checks, others, such as China, use the perks of bureaucracy and data to mitigate those voids.

## 4.2 Trust-building Strategies

Due to the prevalent lack of consumer trust caused by institutional instability in various emerging markets, connected to limited knowledge and understanding of the P2P sharing concepts, and the existence of local competitors, P2P sharing forms face demanding challenges. To be successful in these environments, these firms must actively cultivate or strengthen user trust. The analysis explores four effective trust-building mechanisms essential for P2P sharing firms in emerging markets: Reputation systems, localisation, technical in-app features, and educational content. Additionally, drawbacks associated with reputation systems and the strategic use of pilot projects address the challenge of aligning P2P sharing firms with the local culture.

### 4.2.1 Reputation Systems

The unanimity of former publications highlights the positive impact of the reputation system, primarily consisting of ratings and reviews, on gaining users' trust in P2P sharing economy platforms in emerging markets. Some researchers go as far as stating that the sharing economy is heavily relying on reputation systems. Generally, two types of reputation systems must be distinguished: The centralised or third-party and peer-to-peer mechanisms. With the centralised or third-party mechanisms, trust is built from the user to the centralised platform, but not necessarily between two transaction parties. In contrast, peer-to-peer mechanisms are meant to establish trust between two transaction partners (Thierer et al., 2016). In the example of ride-hailing firms, these two parties would be the driver and the passenger.

Zwienenberg - Interviewee 2 (2023) especially underlines the uniqueness of the two-way rating system within the sharing economy, pointing out the participation of the provider, as well as the consumer in the rating and review process: "*The difference is that it is both the service provider and the consumer who would write a review. [...] I think that is an important trust system that differentiates itself from traditional economies*". Compared to the conventional e-commerce model, the unique aspect of this kind of dual rating involves the user being rated and adding a layer to ensure proper behaviour from both participants (Zwienenberg - Interviewee 2, 2023). With the two-way rating system, users and providers can typically give a rating between one and five. With the example of the ride-hailing firm Lyft, when passengers give their driver a rating of less than five stars, passengers are asked to provide anonymous feedback based on the following criteria: Cleanliness, driving, pick-up, service, comfort and other, where

passengers have the chance to leave specific comments behind. Hereby, the firms try to receive as many details as possible about the ride to understand the potential problem and opt for the best possible service. Since it is a two-way rating system, the driver can also rate the passengers, which allows drivers to decide whether to accept a passenger for a ride (Etzioni, 2019).

Both Zwienenberg and Gottwald express the vital role of ratings and review systems in creating user trust. Zwienenberg - Interviewee 2 (2023), who refers to the system as "*electronic word of mouth*", sees the solution as the only way to receive information on experiences from former users. With the example of Uber and Airbnb, Gottwald - Interviewee 6 (2023) explains the subsequent actions taken against providers that score under average ratings: "*If you repeatedly get a one or 2-star rating, then we have specific measures to watch closely, or take you off the platform*". For Uber, the minimum rating that each driver must maintain is based on the city's average rating to consider "*cultural differences in the way that people rate each other*" (Uber, 2023). Lyft, for example, follows a more standardised approach, not considering cultural preferences, by threatening account deactivation with a rating below 4.6 (Etzioni, 2019). In addition, users who have rated a driver with three stars or less will never be matched up with the same driver again (Thierer et al., 2016).

Gottwald - Interviewee 6 (2023) further explains: "*And the same goes for Airbnb. If a listing or host gets terrible reviews or has an issue or quality problem, we have automatic measures to remove the listing. Alternatively, we also have this kind of suspension that happens only for a few days*". She further stresses that even if Airbnb listings are not necessarily removed immediately, automatic algorithms ensure low visibility on the platform for low-rated listings. This approach strongly motivates providers to deliver excellent services.

#### 4.2.1.1 Bias in the System

Besides all the positive features that review and rating systems contribute to trust-building mechanisms in the sharing economy, some biases and inaccuracies must be considered. While reputation systems play a role in every existing literature on trust-building strategies, only a few researchers, such as Etzioni (2019) and Thierer et al. (2016), critically downplay the systems.

While Zwienenberg - Interviewee 2 (2023), sees the rating and review system as fundamental blocks of trust in sharing economies, he and Ozbal - Interviewee 1 (2023) also critically view

the system's accuracy, which could potentially harm the trust-building from the consumer's side. Both speak about a bias in the system that might manipulate and falsify the experiences shared in the ratings and reviews. This bias can be divided into three: Strategic voting manipulation, low variance in the rating system and a social component to the economy.

In the example of Uber, a significant majority of ratings are very high, thus positive, which could lead to inflated scores. In 2015, Uber data showed that 1% of ratings given to drivers were rated star, while only five per cent are a three-star rating or below, which leads to 94% to four or five stars. With a one-to-five-star rating system, which indicates an average of 2.5, Uber's data indicates that even a five-star rating could mean anything from an unsatisfying to an excellent experience. These unreasonable high ratings make it difficult for future users to evaluate a driver's trustworthiness (Etzioni, 2019). Also, creating a manipulation-proof reputation system is impossible, requiring sharing economy firms to always be on the lookout for users trying to jeopardise the system to their advantage (Thierer et al., 2016).

Zwienenberg - Interviewee 2 (2023) criticises that the two-step rating system is prone to strategic voting manipulation. By this, he means that people might give a bad review, not based on their experience, but because they received a bad review themselves. Also, on Airbnb, service providers can see the consumers' ratings of former hosts. Thus, if hosts see that a potential guest is quite critical of their reviews, they might decide not to accept the guest since they cannot afford to receive a review below four stars.

Ozbal sees the bias as the fact that two, three and four stars are hardly ever used in the rating system: *"If a driver has a rating under 4.6, they will be monitored. What does this mean? It means two, three, four is a useless rating. If somebody has a problem, they give one star. If they do not have a problem, they give five stars. This is bias"* (Ozbal - Interviewee 1, 2023). Zwienenberg – Interviewee 2 (2023) considers the consequence of the bias as a "low variance" in the rating system, which results in difficulties in differentiating and assessing the service providers' quality. While a rating of 4.5 might be excellent for regular e-commerce rating systems, due to the described bias, quality might be comparably lower in peer-to-peer sharing, so there is no chance of rechecking.

Another fact that could influence the bias is the social component that comes with the nature of the sharing economy. Zwienenberg - Interviewee 2 (2023) mentions that even though the

service, such as the car's or Airbnb's cleanliness, could have been more satisfying, users might still write a good review if the provider was friendly and helpful, not to get them into trouble. As mentioned above, Uber considers the average ratings of a city to consider culturally caused behaviour in rating. However, another system limitation is differences among individual preferences regarding rating and review, which could negatively influence the system's credibility (Hira, 2017).

Apart from the bias, Oturmazer criticises the fairness of ratings and reviews towards the providers: "*We are humans, and humans can make mistakes. But when getting a service, we try to select the best option. When considering Airbnb, we want to find the option with the best reviews and ratings. It is not always ideal and fair*" (Oturmazer, 2023). She criticises these service reviews as being only a snapshot, but they can cause significant harm to the service provider.

Seeing the concerns about the accuracy of the rating and review system, interviewees spoke about potential alternatives that could solve the issues of bias. Some interviewees mention reward systems as a potential solution to the bias problem. Oturmazer - Interviewee 4 (2023) suggests a system where platform users can earn points when taking time to write reviews instead of only giving star ratings. Zwienenberg - Interviewee 2 (2023) has a critical view of reward systems. While customers often get motivated to leave reviews by receiving incentives, Zwienenberg warns that people sometimes use such a system negatively. People would write reviews inappropriately to receive those incentives or bonuses.

#### 4.2.2 Localization

After analysing primary and secondary data, it is noticeable that in contrast to the importance of localisation of P2P sharing businesses in trust-building mechanisms in emerging markets, primary data shows that adopting the business model to the local culture is an effective strategy for gaining the user's trust. This cultural adaption embodies partnering with local companies, offering inclusive payment options and modifying the business model to align with the specific cultural nuances of each country.

Agrawal stresses the challenge for sharing economy firms of entering the culturally very diverse market. She considers the need to adapt to local preferences as crucial, as cultural differences exist from one region or even city to another: "*In India if you go from one city to another, you*

*need to adapt accordingly because then the local people there have different preferences"* (Agrawal - Interviewee 7, 2023). Ola, a locally operating ride-hailing firm and India's largest mobility platform, shows evidence of the success of such localisation endeavours, as underlined by Ozbal: *"Ola took over the Uber model. But it is a local brand, and they know the cultures. They speak the same language"* (Ozbal - Interviewee 1, 2023).

Apart from the price discrepancy, the significant difference between Ola and Uber is the variety of local and affordable transport options Ola offers. The availability of different means of transportation in India, including scooters, cars, and rickshaws, contributes to a more localised and culturally sensitive service (Agrawal - Interviewee 7, 2023). Moreover, the importance of vehicle colour in the Indian culture is emphasised by Ozbal - Interviewee 1 (2023), highlighting how different colours hold different meanings for each individual *"[...] people even choose the colour of the car. In their tradition, some colours have different meanings. [...] For some people, green means "luck", [...], for some people, red means "bad day""* (Ozbal - Interviewee 1, 2023).

Additionally, promoting inclusivity in payment methods is crucial in gaining the user's trust. In India, many P2P sharing providers have partnered with local payment provider Paytm, an Indian financial technology provider specialising in digital payments and financial services comparable to Paypal. Agrawal - Interviewee 7 (2023) argues that integrating Paytm into the application enhances the user's trust, given the familiarity and perceived convenience.

Hirsch – Interviewee 5 (2023) agrees with the significance of incorporating local payment and chat methods into the app to increase the P2P user's trust in the Chinese market. Hereby, the widely established use of Alipay and WeChat platforms for different online transactions plays a vital role. Alipay allows foreign users to seamlessly link their international credit cards, enabling them to make in-store payments and online transactions, including those with P2P sharing firms. Additionally, Didi, China's largest ride-hailing firm, is seamlessly integrated into Alipay as a *"mini-app"*, ensuring that each transaction goes through to the Chinese user's familiar payment provider. Given the prevalent use of Alipay in daily transactions, the collaboration between the two platforms positively contributes to increasing user trust in the platform, as users rely on Alipay for their day-to-day businesses.

While transactions with online banking services are essential, there is still a prevalence of ongoing cash transactions in India, which could potentially exclude people from using P2P sharing services (Agrawal - Interviewee 7, 2023). To prevent this issue, companies like Deliver Hero offer digital wallets for unbanked users, enabling cash top-ups at local convenience stores (Interviewee 3, 2023). Despite the ongoing use of cash, P2P firms aim to move away from it, seeing its effect on safety and trust-building for providers and users equally (Ozbal - Interviewee 1, 2023). Ozbal supports that issue by using an example of ride-hailing firms: "So let's say you are a driver and drive a person from A to B a hundred kilometres, and suddenly, the person steps out. You do not have any money" (Ozbal - Interviewee 1, 2023).

While the unbanked society in India is not the primary target group of P2P sharing platforms, it is noted that the middle and upper-middle class are the primary users (Agrawal - Interviewee 7, 2023). This argument aligns with the argument of Gottwald – Interviewee 6 (2023), stating that the unbanked population of emerging markets is also not a primary user of both Airbnb and Uber. Hirsch - Interviewee 5 (2023) notes that in China, access to a phone is crucial, especially in large cities, where a large part of transactions happen online, reinforcing the importance of digital platforms in day-to-day business.

#### 4.2.2.1 Solution: Pilot projects

As with localisation as a trust-building mechanism, existing literature from the primary data does not consider pilot projects as a solution to adapt business models to the local culture. In contrast, three interviewees stressed the importance of implementing a pilot project before launching a new P2P business in an emerging country to respond to the challenge of adapting to the local culture. These pilot projects function as a controlled and experimental introduction of the P2P sharing concept to evaluate its feasibility, detect potential challenges in the market and build a base for a successful launch of the service in the future.

One crucial advantage of pilot projects is their ability to build a strong brand reputation for P2P sharing businesses. By offering trustworthy and reliable services during the initial stage, firms can gain a positive brand reputation, increasing consumer trust towards the platforms.

The significance of pilot projects is further supported by Ozbal, highlighting the distinct conditions in emerging markets compared to developed countries. He specifies that while large

cities and metropolises in emerging countries share resemblances with large cities in developed countries, rural areas often differentiate themselves with a lack of infrastructure. Nevertheless, Ozbal sees opportunities for P2P sharing, especially in areas with high populations, such as rural India: "*But rural India, which is a huge part of the country, is very different and has great potential because of its great population. [...] The infrastructure is not the same as in a capital city. The infrastructure is different, but they need this service. And if you implement it correctly, they will use this service*" (Ozbal - Interviewee 1, 2023). Ozbal stresses the necessity for deep research to grasp people's needs and wishes based on the various conditions within emerging countries: "*You need to understand how these people live and what their conditions are*" (Ozbal - Interviewee 1, 2023).

Oturmazer - Interviewee 4 (2023) agrees with this approach by emphasising the importance of introducing a strategic method to pilot projects in emerging markets. She further stresses the role of the high population in emerging markets, making it more challenging for firms to understand people's challenges and needs thoroughly. Therefore, Otumarzer suggests gaining highly specified data on potential audiences by focusing on a small segment within the researched area, such as women in their 30s. By following this strategic approach, Oturmazer believes in a solid understanding of the market dynamics and target audience.

Apart from identifying the audience's challenges and needs in emerging markets, understanding a country's culture is essential for building consumer trust. This cultural apprehension is significant in diversified countries, such as India, where, as explained by Agrawal, language and culture differ significantly from region to region. She considers these cultural differences the most challenging part for new entrants in the P2P sharing economy in emerging markets: "*I think the biggest challenge would be localizing themselves because it is a huge country with different localities and cultures. Every place is different. Being introduced to such a versatility of people is the most difficult part*" (Agrawal - Interviewee 7, 2023).

This contrast in cities, cultures, and personal preferences reinforces the importance of P2P sharing firms adapting accordingly when entering a new emerging market. Agrawal highlights the significance of localisation due to the uniqueness of each area of the country. Realising the complexities of the market perfectly aligns with the difficulties in emerging countries, where a one-size-fits-all approach to entering the market can be ineffective (Agrawal - Interviewee 7, 2023).

Agrawal - Interviewee 7 (2023) highlights the importance of pilot projects in facing these challenges and building trust in diversified cultural environments. By understanding slight differentiations of local cultures, audience preferences and behaviours with the help of pilot projects, business models adapted to the specific needs of each area can be modified more easily.

#### 4.2.3 Technical In-app Mechanisms

A thorough verification process is essential for P2P sharing firms in emerging markets to establish trust before providers start operations. Even though background checks have been seen as potentially unreliable in emerging markets, Gottwald highlights the strict verification processes that Uber and Airbnb providers undergo, underlining their priority of user safety before provider activation. According to Gottwald - Interviewee 6 (2023), background checks and medical examinations are part of the verifications. An additional layer of verification laid out by Airbnb involves an entire process to confirm the status of a flat owner, a process that Airbnb currently reinforces. Also, in former literature by Amirkiee and Evangelopoulos (2018), Etzioni (2019), Thierer et al. (2016), and Xie et al. (2019), rigorous background checks in P2P sharing firms providers are one of the most essential safety measures to achieve the user's trust.

Oturmazer – Interviewee 4 (2023) and Zwienenberg – Interviewee 2 (2023) stress the importance of providing in-app features, such as a panic button connected to an emergency service line, as an essential tool for increasing users' trust. These panic buttons create a sense of security for the user and provider while reassuring both in potentially dangerous situations. Hirsch (2023) underlines additional safety measures implemented by Chinese ride-hailing firms to increase users' security further. Firstly, the app provides a video recording option, which passengers can activate before starting the ride: "*You have a video recording option that you can activate before the ride. So basically, you say "Yes" to the app, which video records the car's interior*" (Hirsch - Interviewee 5, 2023). Although passengers can decline the video recording during the ride, Didi regards the feature as an essential tool of their safety measures and an additional protective layer for drivers and users (Hirsch - Interviewee 5, 2023).

Secondly, Didi drivers conduct a security measure with the help of a 4-digit code check with the user. Before the passenger enters the driver's car, the driver requests the last two numbers of the passenger's phone number connected to the app. The driver, who has the first two numbers of the code in their app, depends on the user's correct input of the last two digits to unlock the specific destination. This procedure saves drivers from unauthorized and unidentified passengers but also guarantees that passengers will step into the right vehicle (Hirsch - Interviewee 5, 2023).

#### 4.2.4 Educational Content for Onboarding Users

In emerging markets, the sharing economy is still a relatively new phenomenon, where unfamiliarity with peer-to-peer sharing indicates a potential lack of trust from the user. This lack of familiarity underlines the urgency for peer-to-peer-sharing firms to create a reputation as a base before employing trust mechanisms in emerging markets.

Considering specific challenges connected to technology that the older generations face in emerging markets, Zwienenberg emphasises the significance of a user-friendly platform as a starting point for gaining trust. *"There is a barrier to participating in these platforms. The easier the app set-up is, all within a trustworthy environment, the easier it goes"* (Zwienenberg - Interviewee 2, 2023).

Oturmazer's contribution draws attention to the strategy P2P sharing firms should implement to gain users' trust. She differentiates between a competitor's presence and absence in the emerging market. Without a competitor, the task changes from building trust in the brand to establishing potential users' trust in the service, like ride-hailing via an app. This distinction in approach is crucial in emerging markets to gain consumers' trust, where the peer-to-peer sharing concept is relatively unfamiliar compared to developed markets (Oturmazer - Interviewee 4, 2023).

### **4.3 Filling Institutional Voids**

As Section 1.1.1 outlines, many emerging markets suffer from institutional voids. While these hurdles present risks for expanding to or operating in emerging markets, others use them to their advantage. These firms strategically incorporate filling institutional voids as an additional

step in their business model. In the following, strategies to fill institutional voids will be underlined and underlined through successful implementations.

One of the biggest challenges for Uber expanding to Africa was its drivers' limited access to capital and financial resources. This situation mainly occurred in emerging markets, where many drivers could not access their vehicles. In response to this issue, Uber demonstrated innovation by partnering with the South African bank Wesbank to develop alternative solutions to mitigate the absence of formalized driver credit scores. Within this concept, Uber has adopted a novel approach by using the driver's performance record as a substitute for traditional credit records. This means creating a formalized infrastructure to address information asymmetries. Uber essentially used the driver's history as a proxy for a formal credit record, bypassing challenges connected with drivers lacking adequate income to establish a robust credit rating. Wesbank in South Africa stayed away from conventional credit assessment methods by avoiding reliance on the drivers' credit histories. Alternatively, the bank uses the drivers' track records on the Uber platform, considering factors such as the number of completed trips, ratings, and earnings history. In order to be eligible, drivers need to have made at least 500 trips and have a quality of service rating of no less than four out of five stars (Cabe, 2019). This innovative approach enables drivers to receive loans based on data that has not previously been considered as a measure of credit history. This data extraction was made possible through Uber technology, filling the void caused by traditional shortcomings in credit evaluation methods. This innovative and novel financing strategy not only contributes to financial inclusion for the driver but also ensures that drivers can purchase a suitable and exceptionally safe vehicle, consequentially increasing passengers' safety. By addressing the institutional void of limited access to capital, Uber's alternative financing system is a significant step toward fostering economic empowerment and stability in emerging market (Barbour & Luiz, 2019).

Delivery Hero has a different approach to financial inclusion. They fill the institutional void of unbanked people by creating their banking systems for people without bank accounts. People can use their online wallets at a local convenience store, such as 7-Eleven, in exchange for cash. Hereby, sharing economy platforms financially include even the unbanked people, trying to fill the gap, which would usually be the government's responsibility. With this strategy, the firm simultaneously ensures financial inclusion and increased security through the absence of cash (Interviewee 3, 2023).

While MNCs in developed markets often take access to documents, like criminal records, for granted, in emerging markets, those are often unreliable and not suitable for a proper background check on drivers. Therefore, there is a necessity for improvisation and adaptation in this context to ensure proper background checks on drivers in emerging markets. In Nigeria, for instance, Uber faced the challenge of lacking reliable databases for driver clearance. In response to this institutional void, Uber implemented a novel approach by introducing a psychometric test. This method assesses driver's capabilities and behaviour, evaluating their suitability for roles based on certain character traits and aptitudes. The implementation of psychometric testing addresses the absence of traditional databases, providing a nuanced and effective way to evaluate drivers without conventional background check mechanisms, thereby significantly increasing passengers' safety and, thus, trust (Barbour & Luiz, 2019).

## **5. Discussion and Implications**

### **5.1 Research Findings**

The model covers many important aspects, demonstrating which trust-building mechanisms P2P sharing economy firms in emerging markets can employ to gain consumer trust. Additionally, it shows the problems in emerging markets, referred to as institutional voids in the study. The absence or underdevelopment of a market-supporting formal infrastructure combined with institutional voids results in a lack of trust from the users in emerging markets.

The study demonstrates that reputation systems, localization, technical in-app mechanisms and educational content are especially effective mechanisms for creating consumer trust for P2P sharing firms in emerging markets. While reputation systems still play a vital role in trust-building in emerging markets, the study's results show the necessity to critically view reputation systems caused by biases in the system.

Secondly, localizing the business model by adapting it to local needs and wishes was a very effective way for P2P sharing firms to gain consumer trust in emerging markets.

Beyond the offer of local and inclusive payment methods, customized chat functions and localized services, the study highlights the importance of pilot projects. This process can help P2P sharing firms understand the market and the consumer before fully launching the service in that area.

As a third trust-building mechanism, the study suggests technical in-app mechanisms, such as rigorous background checks, a panic button for ride-hailing firms, and verification

processes for users and providers. In markets with more significant instabilities and insecurities, these features become essential to gaining users' trust in the P2P platforms.

Fourthly, educational content positively contributes to trust-building in emerging markets. While P2P sharing firms are relatively well-known in developed markets, the sharing system is often still unknown in emerging markets. Therefore, educating users on the systems or the firm itself can positively contribute to the users' trust. It becomes clear that the educational approach differs depending on the presence of competitors in the market.

Lastly, strategically filling institutional voids is a phenomenon that uniquely contributes to trust-building in emerging markets. The study suggests that the synergy between the mentioned trust-building mechanisms and the strategic filling of institutional voids is especially effective in building consumer trust in P2P platforms in emerging markets.

## **5.2 Theoretical Implication**

This study makes significant theoretical contributions on four fronts: Firstly, it addresses a remarkable gap in existing literature, primarily focused on trust-building mechanisms in developed markets. The research argues that trust-building mechanisms in emerging markets differ significantly. While papers such as those of Li & Wang (2020), Yang et al. (2019) and Räsänen et al. (2021) explore P2P sharing trust-building mechanisms broadly, Khanna & Palepu (2005) and Barbour & Luiz (2019) specifically investigate institutional voids in emerging markets.

A further contribution is the exploration of trust-building mechanisms specifically tailored to emerging markets, highlighting the need for adapting business models to local needs and preferences. Additionally, while rating and review systems are often viewed as the ultimate trust-building mechanism in existing literature, this study also points out their weaknesses and proposes refinements to the system.

Moreover, this study introduces a novel concept by underlining the differences between developed and emerging markets in the P2P sharing economy. While P2P sharing is a familiar concept in developed markets, the study suggests that, in emerging markets where this model may be unfamiliar, trust-building efforts extend beyond the firm or brand to encompass the entire concept of P2P sharing.

Taking this concept further, this research establishes a comprehensive model combining trust-building mechanisms and institutional voids as the ultimate formula for creating consumer trust in emerging markets. This innovative approach provides detailed insights into the

dynamics, contributing to the theoretical landscape and guiding future research in the trust-building strategies of peer-to-peer sharing firms in emerging markets.

### **5.3 Practical Implication**

In addition to the theoretical implications, this study suggests five valid implications to practitioners in the sharing economy who have expanded or intend to expand their businesses to emerging markets.

Firstly, the data accentuates the vital role of cultural adaption in gaining user trust. Peer-to-peer sharing firms operating in emerging markets should prioritize localization strategies, including partnerships with local businesses, offering diverse and culturally adapted transport options and incorporating trusted local payment methods. The success of India's most used ride-hailing service, whose business model is closely adapted to local culture and preferences, suggests that a good understanding of regional differences is essential for establishing credibility and nurturing the user's trust.

Secondly, the study suggests the use of pilot projects as a tool for adapting business models to the diverse cultural nuances within emerging markets. Before launching the brand entirely, the advantage of implementing the pilot project is enabling peer-to-peer sharing firms to assess feasibility better, identify potential barriers and challenges, and build a positive brand reputation. Industry experts suggest that considering the differences between urban and rural areas in emerging markets, the emphasis lies on in-depth research and strategic segmentation. This allows P2P sharing firms to gain location-specific insights into the users' preferences and needs, contributing to more effective and culturally aligned services.

Thirdly, peer-to-peer sharing firms operating in emerging markets should leverage rating and review systems wisely, critically assessing their efficiency while remaining open for opportunities to improve or adopt alternative strategies. Even though these rating and review systems play a crucial role in establishing trust within the sharing economy in emerging markets, this research suggests that biases and weaknesses within the systems exist, which could potentially compromise its effectiveness (Etzioni, 2019; Thierer et al., 2016; Zwienenberg, 2023). P2P sharing firms should contemplate assembling a dedicated team tasked with monitoring the two-way rating and review system to mitigate the risk connected to biased or unreliable reviews and ratings. The implementation of these pro-active measures prevents the risks associated with inaccurate assessments, creating user's trust, which is essential in succeeding in the P2P sharing economy.

Fourthly, peer-to-peer sharing firms should incorporate institutional void-filling into their existing business models to increase user safety and trust. As described in the research, P2P firms can act as an unofficial institution, actively addressing gaps and establishing confidence in the concept and brand. By doing so, these firms increase trust-building amongst users and play an essential part in nurturing the overall economic landscape in the emerging market.

Lastly, in countries where P2P sharing is a relatively unknown concept, in combination with a lack of direct competitors, Oturmazer's theory becomes essential: The focus should shift from establishing trust in the brand to building trust in the concept of P2P sharing and the service itself. This involves strategic communication and education campaigns to familiarize potential users with the benefits and safety measures. Highlighting success stories can effectively create confidence in the service, filling the gap between the unfamiliarity of the concept and the user's trust.

## **6. Limitations and Future Research**

While this study has significant theoretical and practical implications, several limitations should be considered.

Firstly, seven interviews have been conducted despite the outreach to 24 potential interviewees. Professionals in P2P sharing firms were often hesitant to participate by expressing concerns about their firms' data privacy and data security rules. This limitation may impact the scope of perspectives in the study.

Secondly, the study solely focuses on the P2P sharing economy, potentially limiting the generalizability of findings to other sharing concepts, like the ones of access-based consumption firms. As a result, further research could explore trust-building mechanisms specific to access-based consumption in emerging markets.

Thirdly, the study uses various examples of China and India to underline findings collected through primary data. Consequentially, insights into cross-cultural variations within emerging markets might be limited. Future research could investigate diverse regions, considering variations in consumer behaviour across different emerging markets, thereby highlighting different trust-building mechanisms relevant to P2P sharing firms in varied cultural contexts.

Seeing these limitations, ideas for further research arise. Addressing data privacy concerns for increased participant engagement, exploring trust-building mechanisms for access-based consumption models in emerging markets and broadening the geographical scope to explore nuances of emerging markets could add to a more extensive and nuanced understanding of trust-building mechanisms in the growing concept of the sharing economy.

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## Appendix

### Overview of secondary data

The overview of secondary data shows the analyzed literature, structured by topic.

<b>Topics</b>	<b>Literature</b>
Institutional Voids	Gao et al., 2017 Heeks et al., 2021 Barbour & Luiz, 2019 Khanna & Palepu, 2005 Khanna & Palepu, 1998
Reputation systems	Etzioni, 2019 Thierer et al., 2016 Uber, 2023 Cheng, 2016 Hira, 2017 Barnes & Mattsson, 2016
Downside of reputation systems	Etzioni, 2019 Thierer et al., 2016 Hira, 2017
Background checks	Amirkiaee & Evangelopoulos, 2018 Etzioni, 2019 Thierer et al., 2016 Xie et al., 2019 Puschmann & Alt, 2016
Filling institutional voids	Barbour & Luiz, 2019 Cabe, 2019

## Analysis of secondary data

The following overview demonstrates an example of how the secondary data has been analysed.

The problematic of emerging markets	
Title:	Overcoming institutional voids: A reputation-based view of long-run survival
Author:	Gao, Jones, Zuzul, Khanna
Main idea	How are firms in weak institutional environment able to persist over time?
	Conceptualize reputation as consisting of prominence, perceived quality, and resilience, and develop a process model that illustrates the mechanisms that allow reputation to facilitate survival in ways that persist over time
Essential points:	Emerging markets are replete with institutional voids: the lack of institutions that can help facilitate markets transactions
	Theories and findings from developed markets setting are not necessarily applicable in emerging market contexts
	Firms reputation as a key strategic construct in emerging markets; consists of 3 elements: prominence, perceived quality, and resilience
	Potential transaction uncertainty between to parties due to institutional voids
	change
	Reputation as a construct that provides firms with transactional confidence that overcomes potential transaction uncertainty
Notes:	
Keywords:	Reputation , Institutional voids,
Title:	Digital platforms and institutional voids in developing countries: The case of ride-hailing markets
Author:	Heeks, Gomez-Morantes, Graham
Main idea	What are the actions that businesses have to take in order to make "filling institutional voids" as part of their strategy
	Suggestions of some practical actions to address the downsides of platformisation through the filling of ongoing voids
Essential points:	Differentiation between 6 institutional voids
	Information about driver and customer essential, which increases safety, and thus trust
Notes:	
Keywords:	Filling institutional voids

## Overview of Interviewees

In the following, all interviewees, together with their connection to the sharing economy are listed.

<b>Interviewee</b>	<b>Name</b>	<b>Attribute</b>
Interviewee 1	Okai Ozbal	PhD digital branding
Interviewee 2	Thijs Zwienenberg	Assistant Professor Innovation Management
Interviewee 3	Anonymous	Employee at Delivery Hero
Interviewee 4	Beril Oturmazer	Former employee at sharing economy start-up
Interviewee 5	Margaretha Hirsch	Student living in China
Interviewee 6	Lea-Victoria Gottwald	Former Uber employee Current Airbnb employee
Interviewee 7	Palak Agrawal	Student from India

## Example of coding:

In the following, an example of the interview coding can be found.

	A	B	D	E	F	G	I	N	O
1	Color	Comment	Document	Code	Beginn	End	Segment	Area	Coverage %
	•	Rule of law is not implemented	Prf. Ozbal	Challenges expanding to emerging country > Institutional voids	44	44	But yeah, it is an issue because most of these emerging markets, let's say emerging markets, they are not like a modern democracy, the rule of law is underestimated. I mean, I mean, and. Not implemented. Rule of law is not implemented. And. They cannot work.	269	0,63
11	•	Background check documents cannot be trusted	Prf. Ozbal	Challenges expanding to emerging country > Institutional voids > Circulation of fake/wrong documents	50	50	Driver background checks are very poor in India compared to the United States or Europe. They do check, but yeah, if it is trustworthy or not. But let me say, on the other hand, in India, drivers, most of the drivers, they do not	245	0,58
15	•	The emerging markets are behind, so firms need to consider, that what worked and what didn't work in the past in developed countries will be the same in the future in emerging markets	Prf. Ozbal	Challenges expanding to emerging country > Localization	10	10	Since they are emerging, you know, so they will emerge in this one decade after to that sector. They will affect they'll be affected by, by the current if there is something wrong currently. So the same mechanism may work. But they need to consider, you know, what's what did work in the past and what's not working currently. So they should find solutions from the	415	0,98
21	•	People in emerging markets do not trust rating systems at the beginning, but due to their collectivistic culture, they want to hear experiences first from people they know and people they trust	Prf. Ozbal	Challenges expanding to emerging country > Localization	22	22	People ask each other if when something emerges, when something they don't have experience, they ask their friends. They ask their families. They ask someone they trust. They don't trust at the beginning, ratings and reviews. They say, what is that? What is it? You know, they ask, did you use this service? Yes. How is it? Oh, it's great how it works. You just install the app, you know. So the collectivist culture of people prioritize their families and their friends and their companies and most of the eastern countries, I can say, you know, sharing all this collectivist culture. So in this emerging markets, I can say the brands must take care of this point instead of top down strategy. They should, you know, follow down to top strategy. They should first make it deep research of society. Understand people then. When they feel ready. You know, when they feel ready. They must do research. I think Uber wasn't ready to emerge in China and India, and most probably they will also live India in a few years, I think, I	1044	2,46
22	•	People also choose cars according to the colour	Prf. Ozbal	Challenges expanding to emerging country > Localization	28	28	Prf. Ozbal: The culture is very different. You know, I have an Indian colleague currently we are writing an article on Uber and Ola. We are comparing United States and Indian ride hailing markets. Uh, my colleague says people even choose the color of, you know, the car. I mean, in their	341	0,80
23									

## Interview Example with Professor Okaï Ozbal

00:00:00

*Zirngibl:* Record. Okay. Yeah, I'm going to kick it off then. So my name is Lea. I'm originally from Germany. I'm currently studying business at Catholica Lisbon. It's a business school in Portugal. And I'm writing my thesis on the sharing economy and trust-building mechanisms in emerging markets. Also, I'm currently interning at Philips, a health system company in the Netherlands. So I'm living in Amsterdam. So we are at the same time zone.. What else about me? I'm going to start a job at Capgemini, a French company. So far about me. I am also curious about you.

00:01:07

*Prf. Ozbal:* Your professor is also on working on the sharing economy?

00:01:14

*Zirngibl:* Not directly. So my professor in Portugal, he's been working a lot on expansion strategies, so I've been, Yeah. So I got to my topic is. Yeah, what do those sharing economy firms have to do if they want to expand to emerging markets? Because obviously that's different than expanding within Europe or the US. Um, so yeah, that's actually so he's not specialized in sharing economy, but but mostly in expanding strategies.

00:01:49

*Prf. Ozbal:* Yeah. Well thank you My name is Okaï Ozbal , professor of marketing at SG Business School in Paris. I'm based in Strasbourg. In Christmas time, it's very popular to decorate the city these days, anyway. Nice. Yeah. Um, my research is based on branding, especially digital branding. Brand equity. Specifically digital brand equity. So I got into the sharing economy. It was 2016. I got some interest that Airbnb was growing very high as well as Uber. You know, these two brands specifically attracted me and. I developed a brand equity model on these brands based on based on these two brands. But the industry changed during that time. Especially the trust mechanism was my core interest. As you as you noticed. Currently. I shifted on my research towards sustainable development. I mean, from the sharing economy to circular economy. I'm trying to shoot, but, uh, my background on the sharing

economy is there. Shortly to say I'm teaching digital marketing courses at the same school as a business school. Yeah. That's me.

00:03:51

*Zirngibl:* Great, great. Yeah. Great to meet you. And I wrote down a couple of questions, but I do want to keep it sort of an open discussion about the topic. And so I'm going to just kick it off with the first question. You also just mentioned that economy changed a lot. So how did it evolve the last year. And maybe you can also um, yeah, talk about maybe the market expansions in emerging markets. If you know.

00:04:25

*Prf. Ozbal:* When you say emerging markets, what is precisely what do you mean exactly in emerging markets if you can specify?

00:04:34

*Zirngibl:* So, um, yeah, I've been when looking at emerging markets, it was mostly the, you know, the voids that there are in institutions that in the developed countries we are not used to. So for example, difficulties from regulators but also banking systems. So, we could use India as an example. We could use China.

00:05:05

*Prf. Ozbal:* Argentina. Yeah, I get it. Well, the idea of the sharing economy started for sharing, you know, just to reduce the amount of material utilization or service utilization, you know, by sharing, to let people share their cars, to let people share their home, tools, to let people share their homes. You know, the idea was actually to to reduce the consumption. Or, you know, maybe the core point was to help sustainability. For example, when Uber was founded. Yeah, it was it was a business. But when it is informed and sharing economy, it is thought that people would share their cars with someone who is going on the same route. You know, for example, I am every morning I am going from home to work and on my route on Uber app, I could pick someone on my route and then we could share the cost. And instead of 2 or 3 cars, we could use only one car. And economically and very logically. But what happened? People didn't share their cars. Actually. They made like a business. They took their cars and expected customers. And so it alternatively, it turns into ride-hailing, not ride-sharing. Because it's just like a text, you know? Uh uh. And at the beginning, the trust system, the trust system, which is based on ratings and reviews, you know, because on digital platforms, nobody knows each other. They are totally strangers, you know. So you you stay with a stranger at their homes in another country, for example, Airbnb example, you get into the car of a stranger, which is not a commercial vehicle. It does not stand for a company. It's an individual, you know. So how could you trust an individual that you don't know anyhow any means? So that's the rating and review mechanism that allowed people to share their experience, right? Uh, when, when they receive the service from these providers? Yeah, I call them service providers. Who who provides the service? Specifically the individuals. Um, , some scholars use service providers for for the companies. So I prefer um. Yeah to to call them as brands, the companies and the individuals who specifically provide a service as service providers. So, um, when this online digital mechanism on our phones, mostly we use these services are on our mobile phones, maybe 90%, maybe more. Um, so. By rating and review mechanism. People share their experience. We call this electronic word of mouth, on the other hand, and this electronic word of mouth, when we see the, for example, a rating of an Uber driver, we could trust that person. So if someone has a four star or above rating. So we can conclude that this person is doing a good job and we can get into the car of him or her. On the other hand, for example, we can trust an Airbnb host who has high ratings and also good comments, you know, reasonable host to delightful person, very welcoming, you know, so. And. It is going well at some point. At some point from beginning it started well. Even some scholars, if you watched there are some videos back in 2012, 2010. Rachel Bozeman, do you know? Yeah, I know where it is. Uh, she she has a very, you know, touching expression on that on that speaks to Ted talks. She says trust is the new currency. Yeah. And by some means that was right, because the sharing economy stands for on this rating

and review mechanism. Whatever. It's not sharing a lot. But anyway, still, we call it sharing economy. Uh, yeah. But in during these times, as well as everything was going fine, people also had problems, uh, you know, and these problems a little bit eroded the reputation of these brands. Uh, sometimes they weren't responsive to this, these calls. We can discuss them. Uh, and lately there are some complaints about the rating system after more than a decade. These brands started around the 2007, 2010, some of them 2012, some of them. Yeah, a decade-longlife or maybe a bit longer. Uh, currently there are some, um, there are some complaints about the, um, bias, the bias in the ratings and reviews, and maybe the current research can focus on this bias, you know, or future research. Yeah. The bias in a trust mechanism is an important issue. Yeah.

00:12:24

*Zirngibl:* It's actually it would have been my follow-up question to ask your opinion on the effectiveness of rating systems. Um, could you think of sorry.

00:12:35

*Prf. Ozbal:* Let me add just in emerging markets. Yeah. Since they are emerging, you know, so they will emerge in this one decade after to that sector. They will affect they'll be affected by, by the current if there is something wrong currently. So the same mechanism may work. But they need to consider, you know, what's what did work in the past and what's not working currently. So they should find solutions from the beginning and regulate their mechanisms accordingly. Uh.

00:13:20

*Zirngibl:* Yeah. Okay. Um. Do you have a specific examples of sharing economy firms successfully implementing trust-building strategies?

00:13:35

*Prf. Ozbal:* Um, yeah. Uh, well, yeah. Of course. For example, coach surfing. Uh, you know, I didn't use coach surfing because the service was very busy all the time, and then I didn't search anymore. I think coach surfing is a real sharing economy. You don't, you know? You know what coach surfing is? You don't pay for your stay, right? And you open your home to say, strangers. Yeah. And also, you can stay with strangers for free. Uh, and but there are terms and conditions, of course, to to protect everyone. Just like Airbnb. So. But there's no fee for staying. And you share your home, your room. And if somebody wants to spend some time at your city and and you can visit another place, another country, another city for free, but in exchange of rooms or a coach, let's say I think also there are ratings and reviews work there. People behave to each other kindly. Otherwise that mechanism will will not work because even even one time, one star rating drops down your reputation, you know? So a good rating is really the core of this sector. So I could name. Yes, coach. Surfing is a real sharing. Uh, also, Airbnb is a good example of sharing economy with a fee. Uh, in France. It's a French brand. Blabla car. You know, the also, it started without a fee. Actually bla bla car started without travel fee. When people travel to long distance from a city to city, they can. Share their cars. Yeah. Much cheaper than any other way of travel, you know. Cheaper than train, cheaper than airplane. Cheaper than even bus.

00:16:21

*Zirngibl:* And if you think of those are examples now of of firms. And do you have examples of just building strategies that they would follow. I mean, we already talked about the rating system. What else? What else are you thinking of?

00:16:38

*Prf. Ozbal:* How can they improve the system? You mean. Yeah.

00:16:41

*Zirngibl:* How? How do they gain the consumer's trust? Because I mean, they as you mentioned before, they step in someone's car, they enter someone's home. So that is a whole nother level of trust they have to gain.

00:16:53

*Prf. Ozbal:* Yeah. I could say, after one decade-long use of these services, we got used to behave

kindly to each other. I mean, in our natural case, sometimes we get tempered, you know, sometimes we are nervous, sometimes we don't feel good. But we learned that from this sharing economy experience not to show up our dead side to strangers. Because I think so, you know, because we cannot be all-time kind. But if you see the most of the reviews and ratings, they are all good. Um, you know, rarely you can read something negative, rarely when people do not respond some questions or, you know, if, if an Uber driver really driving dangerous or really you know the person you cannot trust, then you can give one star rating otherwise for an ordinary right. If we think three, we don't give three. Usually if we didn't have a specific problem, we just gave a star rate. Yeah. So how can this mechanism be improved? Um, actually these brands resulted. The tendency of sharing economy brands resulted this bias. Because. Currently, for example, Uber says. If a driver has a rating under 4.6, they will be monitored. What does this mean? It means one, two, three, four is a useless rating. You know. So if somebody has a problem, they give one star. If they don't have a problem, they give five stars. This is bias. This brands could. Uh, it could keep the authenticity of this rating system in the past, but actually, they cause this damage. I can say also, there were a lot of complaints or, let's say, criticism, criticism on Airbnb that said Airbnb was deleting some negative points, negative reviews, so that you always read good things. So that's you want to rent, you know, because if you see too much negative stuff so your trust to Airbnb mechanism will drop down. Uh. So. For example. Last year I visited one digital marketing. Program. Let's say. It wasn't a conference, but it is called the Conference in Paris. There was some representatives of Trustpilot, you know, Trustpilot, and if you noticed Trustpilot, whenever you see Trustpilot logo on a website. All the time. You know it is more than four between 4 and 5. Trustpilot rating four and five. So there is no Trustpilot rating on any website with with three stars. So I ask this question to the person of. Who was the speaker? If if a website you work with. Receive three stars rating overall, so the three star rating will stay with your logo. Yeah. Trustpilot three star. So wouldn't this erode your reputation as Trustpilot? So actually, I couldn't get a satisfying answer to this question because they don't they they never publish. Yeah. If something has more than four you can see Trustpilot logo. Otherwise you don't see this logo on any website. So this is another bias. So sector the sector itself eroding the reputation of rating system. How can they make this better. I don't know if they can get back, you know. This. They should. I mean, if one brand starts with that, it will not work. But maybe sharing economy brands who is who is based on trust of ratings and reviews can make a. There, for example, a meeting or they can they can make a joint studies, you know, and make an announcement of they will implement some new things which which reflects reality otherwise. Yeah, this bias system will continue. Yeah.

00:23:01

*Zirngibl:* Also I think we have to consider that everyone has different, uh, let's say, expectations. Someone could be giving a five star review if it was just a fine. Right. But someone only gives five star reviews if you also had a nice conversation. So it's also yeah. What is the let's say what do we compare it with? Um, I was I was wondering, um, in your experience, how are local partnerships, uh, important for, for sharing economy firms when expanding to emerging markets. So for example, like partnering up with a local payment provider or a local chat function, anything you could think of, um, what does that do with the trust of people?

00:23:50

*Prf. Ozbal:* I mean, when you say local, you mean another country, for example, China or India?

00:23:56

*Zirngibl:* Yeah. So let's say a sharing economy firm from the US expands to India. Yeah. How important is it that they partner up with Indian firms?

00:24:07

*Prf. Ozbal:* Good. Thank you. Uh, actually. They do they expand in these markets if they agree with with the country managers, I think, um. Uh, when they enter in another market. Uh, it depends. You know, their the the destiny of company. The destiny of company in this emerging

market depends on the management of that brand. I mean, what? How they implement their emergence. Some companies, let me say, running from top to bottom. Everything is top down, you know. And the CEO general manager says something and they. Emerge as they work in the US. They emerge to India, they they enter to China. What they do in the United States, the same model, you know, everything because they have experience with it. Of course they don't change anything with, for example, let's say Uber. They're their core app in the US or in, in in India. They are not in China anymore. But they were. So they use the same app. No problem. They can use the same app with GPS rating and review mechanism. Yeah. Uh, but for example, Uber failed in China.

00:26:02

*Zirngibl:* After 5 or.

00:26:04

*Prf. Ozbal:* 6 years of operation, they sold their shares to Didi, which is Uber's China, China's Uber. And they left this. Such a big market. Can you imagine? Uh. In the same way Uber entered in Indian markets. But Uber's share is under 30% in India, they have a bigger competitor, which is local. Hola, Hola Ola is developed taking the Uber model. But it's a local brand and they know local cultures. They speak the same language. But you're entered like a stranger. Like an outsider. And couldn't fix this image. And so imagine such a big brand has a under 30% market share. On the other hand. Ola has spoken. They're their own language. What I mean is with language. Not exactly the language. They mostly speak English, uh, because Indians are native speakers of English by. But the cultural difference is very important. You cannot implement the same Uber as in the United States into India or in China, because the culture of this, the US market is India, individualistic. You know, people, people decide everything from from their from their personal information. They, they, they, they want to understand what is this how it works, you know, and and then they make their decision. But for example, in India, which is an eastern culture, I can say they have collectivist culture. This collectivist culture results. People ask each other if when something emerges, when something they don't have experience, they ask their friends. They ask their families. They ask someone they trust. They don't trust at the beginning, ratings and reviews. They say, what is that? What is it? You know, they ask, did you use this service? Yes. How is it? Oh, it's great how it works. You just install the app, you know. So the collectivist culture of people prioritize their families and their friends and their their companies and most of the eastern countries, I can say, you know, sharing all this collectivist culture. So in this emerging markets, I can say the brands must take care of this point instead of top down strategy. They should, you know, follow down to top strategy. They should first make it deep research of society. Understand people then. When they feel ready. You know, when they feel ready. They must do research. I think Uber Uber wasn't ready to emerge in China and India, and most probably they will also live India in a few years, I think, I guess.

00:29:59

*Zirngibl:* What do you think of like pilot projects before implementing? So if they would, you know, start maybe in one city see like focus on one, focus on one group and one consumer group and see where it can go, let's say, what do you think of that?

00:30:14

*Prf. Ozbal:* Yeah. It is it is a research, you know. Yeah, a pilot example. Yeah. The pilot study is, is a research. And as as researchers what we do, you know, they should do a similar research. There are big companies. They're not something startup anymore, you know. So. Uh, if they if they want to understand a new market in emerging markets because this emerging markets specifically we named India, China, they are not uniform, for example, the capital cities or let's say the big cities in India is very similar to US model. You can implement US model in this such big city centers like, you know, Mumbai for example. But the rural India, which is a very big country, is very different and and has a great potential because of very populous countries. And but you need to understand how these people live, what are their conditions there.

Infrastructure is not the same as a capital city. Infrastructure is different, but they need this service. And if you implement rightly, they will use this service. You know, so this research, this pilot studies exactly must be done, but not at one place altogether. So you need to I mean, they need to distribute your pilot study capital, study a middle class based city and the rural city, you know, multiple locations because also India, for example, using how many languages, I think more than 100 different languages spoken. So if possible, if maybe they don't speak English, but they need to use your service when when it is operated. So you cannot force people to to speak English every time and everywhere. So the core application of sharing economy brands can be adapted to this local languages, which is not rocket science. You know, they can they can do that. Yeah.

00:33:17

*Zirngibl:* Yeah. You've been uh we've been talking about the management, let's say, um, what would you imagine? What would you imagine is the biggest challenge for a firm? Uh, yeah. Entering an emerging market. What if you maybe also think of the institutions or. Yeah, the government, let's say.

00:33:40

*Prf. Ozbal:* Uh, yeah. But first of all, first of all, they should be honest, I believe. Uh, because in many markets they had a good success, but also they had problems of regulation problems. Um. So this. They can. They can ensure. That they learned from these problems. You know, their their success is there. They're they're doing a good job for years. And I can say. But they need to report that, you know, to, to the administration of these emerging markets. They learned from their mistakes and they should prove that they will fix that mistakes. In this new emerging market. With the with with new new way of implementation and in accordance with the support of administration, they should demand support and the local help. And I think this the the administration of emerging markets will not ignore such a request. You know, if such a big brand wants get wants to get, you know, enter in their market. They will not regret, for example. But if the same mistakes continue. It will result the eroding of the reputation and as as in China. Example of Uber. They have to they have to leave the country. Let me say, for example, Airbnb is also in China, but there's another local. Competitor, which is much, much bigger than Airbnb. So that means being. Being a local brand is not easy, and Airbnb name is not a local name. Uber name is not a local name. I'm giving these two brands because they are the largest ones, you know. Yeah, most popular ones. And they should prove that they really can can be local. And yeah, I think they should be honest. If if they promise a change. Positive change.

00:36:39

*Zirngibl:* It's interesting. I had an interview also with a with a woman from India talking about sharing economy. And this is exactly what she said that Ola. They implement, you know special. Yeah. For special occasions they have different activities and actions and their offer changes. So I think that's a great example of how they adapt to the, you know, they speak their language. As you said.

00:37:05

*Prf. Ozbal:* The culture is very different. You know, I have I have an Indian colleague currently we are writing an article on Uber and Ola. We are comparing United States and Indian ride hailing markets. Uh, my colleague says people even choose the color of, you know, the car. I mean, in their tradition, some colors have different meaning.

00:37:33

*Zirngibl:* Yeah, yeah, yeah.

00:37:34

*Prf. Ozbal:* For some people, green means the luck, some for some for some people, red means red means, you know, bad day.

00:37:42

*Zirngibl:* Yeah.

00:37:43

*Prf. Ozbal:* They really care of this. Can you think that goober can imagine that?

00:37:48

*Zirngibl:* Yeah.

00:37:48

*Prf. Ozbal:* No, no. Yeah.

00:37:50

*Zirngibl:* Who could, who could, who could know that if without any research.

00:37:55

*Prf. Ozbal:* And.

00:37:55

*Zirngibl:* Outsider. Can we know? For example, me or you? Can you imagine this? But this is a this is an important issue in people's daily life. Yeah. Uh.

00:00:06

*Prf. Ozbal:* Yeah, sure. Yeah. Colour is one issue. The Indian consumer is also, you know, price-conscious. It's a it's a very big market. But people care, for example. It matters for them. If something is, let's pick in euros. That local currency, the rupee. Yeah. It matters if something is 3.5 or €3, so 3.5 is more. Three is acceptable, so they can implement different price strategies because the income level is changing too much from one region to another. So you cannot place the exact pricing in the city centre or rural location. Yeah. Another issue in India. I don't speak any more for China because they left China. In India. People ask each other's opinions for for a reason. They take care of the colour of their vehicle. Also, they can choose vehicles. Mean Uber is working, for example, just for cars. But on the other hand, Ola is implementing cars, rickshaws and motorcycles you can rent. You can rent an Ola motorcycle, which is much cheaper. You know what? This rickshaw.

00:02:08

*Zirngibl:* Yeah, like 2.

00:02:10

*Prf. Ozbal:* To 3 vehicle, three-wheel vehicles. That is because it is primarily a warm location in this warm location; it's an open, open vehicle without windows. And you can travel cheaper at the local level.

00:02:43

*Zirngibl:* So you're saying like the biggest, let's say, issue would be for them to grasp the local culture? What can they actually do to gain their trust them if they enter a new market? Maybe the Indians don't know the brand yet. What can they do in order to gain their trust, in order to make sure they want to use my platform?

00:03:10

*Prf. Ozbal:* Yeah. That's why Uber in India, known as an outsider and, for example, business people prefer Uber because perhaps they feel like, you know, using ride-hailing like in the US. So, they prefer using Uber. But most of the local people are choosing Ola over Uber because the founders are local people, the company is local, and they are in India. There's some also nationalist tendencies. Yeah they are proud with their own productions. They are proud with their big brands. You know they celebrate when they celebrate something very big national celebrating. For example, lately, they have a rocket to the moon. You know, this created a big: big celebrations and the big pride in the country. And even when there's a disaster, they also feel the disaster. Similarly, nationwide you know nationwide feelings and. This is also common in most of the Eastern cultures. Yeah. I mean, by eastern, what I mean is, after European Union. You know, the borders of European Union. The left side is, we can say, left, I mean west, where European Union ends. In starting from Balkans, you know, Balkans towards Turkey and the other countries we can name, they're almost sharing similar culture of, you know, collectivist family based. You know, they value being together over personalization.

00:05:42

*Zirngibl:* And I do want to still go into a bit of another direction. Many emerging markets are struggling with instability in their countries that could come from starting with corruption. Yeah, unreliable documents. Financial instability. Yeah. How does that affect, um, a sharing economy firm but also in the way they can build trust. If I can give you an example. Uber for

example, um, usually does background checks on their drivers. What, what happens if. Yeah, the documents are not reliable? They cannot get criminal records. So how do those facts affect how they can build their trust mechanisms to ensure they deliver a good service?

00:06:45

*Prf. Ozbal:* Yeah. Good question. Um, I mean, during their emerging period, um. They should work with reliable persons, reliable, lawyers, you know, and they should work with people who can, um, who can be who can provide them real assistance in real means. So people are known with their reputations, you know, so so they should they should take care of the, the, the lawyers, let's say administration, who are poor, who have good reputations and. But yeah, it is it is an issue because most of these emerging markets, let's say emerging markets, they are not like like a modern democracy, the rule of law is underestimated. I mean, I mean, and. Not implemented. Rule of law is not implemented. And. They cannot work. But. But let me say one thing. The region like European Union or United States, maybe challenging these brands more than these emerging markets. It may be easier for them, you know, when rule of law is not implemented. Well, I don't know.

00:08:45

*Zirngibl:* It comes to regulations. Yes.

00:08:47

*Prf. Ozbal:* They may maybe they have more freedom. It's not easy to speak about that without any research because I didn't read any research on this point. But my personal experience, I could say European Union is very challenging place for these brands and companies. The, the most difficult is European Union in the world.

00:09:28

*Zirngibl:* Okay.

00:09:28

*Prf. Ozbal:* I believe because everything is based on a voting system. The second market challenge could be the United States and Canada. And that's out of this, you know, two regions, Europe and North North America. When rule of law is not as strong as in these countries, they may have easier to operate and easier to get ready to start, you know, because they will not be challenged.

00:10:13

*Zirngibl:* Yeah. But on the other hand, they are probably also missing. Yeah. Information miss stability and I read something interesting about Uber that in some countries where they do not have access to reliable criminal records, that they implement an extra step in assessing their drivers themselves by creating this psychological test. So they implement or they try to fill the void by making this part of the business model. Have you heard of any other things in that direction that they try to fill the void by implement that in the business model?

00:10:55

*Prf. Ozbal:* Good question. Actually, we are currently working on such an article. Our conclusion was. Yeah. That's right. Driver background checks are very poor in India compared to the United States or Europe. They do check, but yeah, if it is trustable or not. But let me say, on the other hand, in India, drivers, most of the drivers, they do not drive their cars.

00:11:36

*Zirngibl:* Mhm.

00:11:36

*Prf. Ozbal:* So, there are some business people who called tuxedos, tuxedos, these tuxedos by 20 cars. And then they hire drivers. So the drivers are working full time for someone else.

*Zirngibl:* The drivers that are part of the platform.

00:12:05

*Prf. Ozbal:* Yeah. Drivers, like, let's say they're all the drivers. Yeah. The drivers is not running their own business.

00:12:13

*Zirngibl:* They work for someone else. Yeah.

00:12:16

*Prf. Ozbal:* Yeah, the driver is not independent and is scared to lose his job. Um, because if the driver, you know, receive a low rating, his doctor will fire him.

00:12:33

*Zirngibl:* Yeah.

00:12:34

*Prf. Ozbal:* And and so in this case, if you, if you take care of this point. So the taxi driver I believe will not care. Rarely or you know they will not care exactly. The background check of the driver if they accept the conditions don't you think that also um, let's say the, the there was platforms threatening the drivers with, hey if you have below four we're going to monitor that also probably builds trust from the consumer side because they know okay if they are below four, then they are probably not driving.

00:13:49

*Prf. Ozbal:* Yeah that's the fact. I mean when a driver gets an instant love rating. So all of these ride hailing mechanisms, Uber or Lyft in the states or Ola in India, they all start to monitor the driver automatic monitoring. You know this their. Their mechanism works automatically. So if it repeats I believe in a term if it repeats they directly suspend the driver okay. So yeah to use the platform. On background check. It's not implemented as it should be. And the only power for good business to get good quality service on a driving force for drivers is to keep their jobs. They're, they're feeling, you know, they're there is a fear of losing their job so not to lose the job or they will act as their boss tells you.

00:15:15

*Zirngibl:* Yeah, yeah.

00:15:16

*Prf. Ozbal:* Yeah, it makes sense.

00:15:19

*Zirngibl:* We're going towards the end. Could you give a little look out? How do you see the future of the sharing economy? Also, in regards to, to emerging markets developments, you're seeing.

00:15:40

*Prf. Ozbal:* This sector will continue in this way for some time. The regulators will challenge them, at some locations. I can say not everywhere. For emerging markets. Because the rule of law and democracy is not as good as in the West. This this this may take longer time, you know, to challenge them with some new rules and regulations. But, especially in the United States, they will be challenged. We talk to mostly ride hailing brands, but we can also talk about Airbnb, like sharing economy platforms. They will also grow as currently. Their regulation is based on the occupation of cities. Because Airbnb is very attractive if you have a place at a very popular tourist location. For example, I heard in Venice Center, there's no local living anymore.

00:17:13

*Zirngibl:* Yeah.

00:17:14

*Prf. Ozbal:* Can you imagine that?

00:17:15

*Zirngibl:* Yeah.

00:17:16

*Prf. Ozbal:* So it is really causing local disappearance of local culture and local people at certain locations in the world. You cannot see locals, just tourists. Just tourists. For example, I work in Paris. Believe me. At certain locations. You don't see any local, just tourists. Different colors, different languages, you know, around the Eiffel Tower or Notre-Dame Cathedral.

00:18:02

*Zirngibl:* Yeah.

00:18:03

*Prf. Ozbal:* It's such locations. But if you shift, you know, move towards and change your direction towards sitting in streets, local people are sitting at the cafes and yeah, they live their life street to street. Everything changes. You feel like in another country.

00:18:31

*Zirngibl:* Yeah.

00:18:32

*Prf. Ozbal:* So anyway. Airbnb will be challenged from this point, you know, because they also cause the rent prices to get very high. For example, in New York, short-term Airbnb rentals are banned. As far as I know, you cannot rent an Airbnb for a week, for example, for two days, three days, unless if you rent for a month. Otherwise. You know, everybody wants to earn and make more. They use their houses for Airbnb and local people need help finding a place. And. On the ride hailing site. The biggest problem is the harassment problems. Besides all these ratings and review mechanisms. Biased or not? People sometimes driver harass their passengers, and sometimes passengers harass drivers, you know, depending on the person's personality. Consequently, they placed some panic buttons on their application. So they will be challenged from this site. Another big issue for ride-hailing is that in all countries, there are complaints about driver rights. Yeah, even in the United States, drivers say. They can only earn a living if they work ten 11 hours. So they say Uber is always changing their share and and they are complaining because they don't have rights. You know. They are not employees. They are called contractors. Some court cases challenged Uber and Lyft in the states as far as I know. But still, regulation issues are not solved.

00:21:02

*Zirngibl:* Yeah.

00:21:03

*Prf. Ozbal:* I also talk in France with Uber drivers. Sometimes I take Uber. I didn't hear the same problems from my drivers. No, the one that I met, I didn't hear. But what they say is just for information. After COVID-19, the business stopped and they say after Covid they they could not return to the same conditions. Till the businesses under pre-COVID times. And these brands could consider this issue.

00:21:48

*Zirngibl:* It is also interesting because I lived in Lisbon for a year and their Uber is the very normal way of transportation for you. Yeah. Also for everyday means. And I hear drivers there saying you earn more than in many other jobs and your conditions are way better. So it's such a difference from country to country. Um, yeah. So, yeah, you can compare even within Europe. Um, yeah.

00:22:19

*Prf. Ozbal:* YouTube is full of complaining drivers, you know. It is. Yeah. There's a rule in, in marketing that says 333 rule. When people like something they say, they say it three times. But when they have a complaint, they say it 33 times. So it is normal. From this psychological aspect, we talk more our complaints. But you wouldn't open a YouTube channel if your problems are huge, you know?

00:23:00

*Zirngibl:* Yeah.

00:23:01

*Prf. Ozbal:* And still I am studying these brands for six, seven years. Believe me, I didn't see real good implementation of Uber or Lyft or any other ride hailing brand to these complaints. They seems like they don't care.

00:23:20

*Zirngibl:* Okay.

00:23:22

*Prf. Ozbal:* I think they believe that if if they need this income, they will work.

00:23:29

*Zirngibl:* If they don't, yeah.

00:23:31

*Prf. Ozbal:* If they don't they if they have an alternative. So so that means you know, alternatively they want to work with people who feels miserable.

00:23:43

*Zirngibl:* And.

00:23:44

*Prf. Ozbal:* Ready to drive for 11 hours.

00:23:47

*Zirngibl:* Yeah.

00:23:48

*Prf. Ozbal:* But but this you know, how to call this modern time slavery.

00:23:55

*Zirngibl:* But yeah, it's the dependency. But I think it's yeah, it's it's from both sides. Uber is also dependent on the drivers. Right. So probably at some point they are gonna have a yeah problem.

00:24:08

*Prf. Ozbal:* Yeah. Yeah they have a they have good driver base and they, they, they trust that, you know somehow we have we have people will work for us. They they believe it. They trust that. And because it's comparable with other jobs, it is easier to do. I mean, if you like driving car and if you don't mind driving for hours, you know. Yeah, with your car you can you can earn and make money immediately, immediately. And whenever you feel tired and you don't want to work, you can just offline and get relax for two. Hours, you know, to meet your friends, have a coffee, spend time as you want. So this is this is the advantage of Uber or sharing economy brands. Even it could be an Airbnb when they don't want to. Welcome us. Yeah. Rent your property. You can make it offline, and you can stay yourself. Or you can welcome your relatives, you know?

00:25:35

*Zirngibl:* Yeah.

00:25:36

*Prf. Ozbal:* So it is very democratic, actually. But the people somehow find ways to erode the very good business models, you know. Um, and yeah, this bias rating, driver complaint, and harassment problems. I can say the big issues to be solved.

00:26:08

*Zirngibl:* Okay.

00:26:10

*Prf. Ozbal:* I think that's all for, for for years I as I see there's no real solution.

00:26:17

*Zirngibl:* Yeah. It stays exciting. Yeah. Exciting. And, unforeseen. Yeah, yeah. Economy, I guess so. I'm also very curious when your paper is published about the India Cherian. Right, right.

00:26:37

*Prf. Ozbal:* I just completed my part and.

00:26:42

*Zirngibl:* Right.

00:26:43

*Prf. Ozbal:* I'm I'm the first author. I send it to my co-author yesterday, so he will read and then we'll discuss once more, and then we will send it to a conference.

00:27:00

*Zirngibl:* Yeah.

00:27:01

*Prf. Ozbal:* Exciting.

00:27:02

*Zirngibl:* Yeah, I'm looking forward to read it.

00:27:06

*Prf. Ozbal:* Yeah, sure. But, you know, it takes time. Publishing is is not a quick operation. It takes one year or two years. Depends.

00:27:16

*Zirngibl:* You know. Yeah. No.

00:27:17

*Zirngibl:* Of course. Yeah. Um, that question was was it from my side? I think I got a great, yeah. Great overview

00:27:28

*Prf. Ozbal:* I hope so.

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*Zirngibl:* If you have nothing else to add, I think.

00:27:33

*Prf. Ozbal:* Yeah.

00:27:34

*Zirngibl:* I mean, what I could say. Sustainability is another issue. It wasn't an important issue as now. Ten years ago when this brand's sharing economy started. We weren't discussing too much about sustainability.

00:28:00

*Prf. Ozbal:* But sharing was actually is, is based on sustainable mind. But it didn't continue as. As it. Thought. In in this emerging markets these brands can favor sustainable approach. How it could be currently. They started actually in India. Ola, they built their own electric vehicle, factories and one of the biggest EV products. Ola Bruns. It was a ride hailing brand. Now they are selling electric cars, electric scooters, electric bikes, electric rickshaws. And they say by 2035. If I'm not wrong, they will be fully electric. I mean.

00:29:04

*Zirngibl:* Yeah.

00:29:05

*Prf. Ozbal:* So in the States Uber implements. They work with Tesla. Drivers can rent or lease Tesla cars. Electric cars. And then to be, you know, sustainable, sustainable brand. So they're encouraging drivers to change their vehicle to electric. Yeah. In Europe, I can say in London, for example, in Paris, if you in Strasbourg, if you don't drive, maybe in Amsterdam, I believe as well. If you don't, if driver is not driving an electric or hybrid car, they cannot drive a taxi or Uber or free now or, you know, bolt bolt. They are also both similarly working similarly. So I think in future this issue should be in the front, for retailing or for hosting services. Yeah, sustainability should be priority. One more change. Let me finish with one more thing.

00:30:32

*Zirngibl:* Yeah.

00:30:33

*Prf. Ozbal:* If these autonomous cars, start to operate, I believe maybe after the emergence of it. Perhaps we can see drivers, driverless cars on a street. Maybe the these ride hailing brands can operate without any drivers.

00:31:02

*Zirngibl:* Yeah.

00:31:03

*Prf. Ozbal:* Maybe not everywhere. But with the cities that good infrastructure. Maybe in five years we'll see more cars on a street with without any driver. And then I heard that Tesla is working on that. Tesla wants to build their own ride hailing platform. They will let Tesla. Owners. To, you know, use their cars as retailing operators, and they will make money when they are sitting at home with their Tesla cars. Yeah. Yeah. This is a I think in five years perhaps we can see that.

00:31:49

*Zirngibl:* I think if that's the case, then the entire trust building issue is going to change completely.

00:31:56

*Prf. Ozbal:* Because. There are no human humans the driving. Yeah. The trust system then you trust to Tesla or you trust to Uber which one is implementing autonomous cars better.

00:32:10

*Prf. Ozbal:* Yeah, the trust will shift towards the technology perhaps.

00:32:15

*Prf. Ozbal:* Yeah.

00:32:16

*Zirngibl:* That's that's where yeah I think interesting thought for. Yeah. Okay. Thank you so much for for taking time. And I think it was a great conversation and I hope you maybe you also got something out of it. Let's hope. And of course, of course.

00:32:37

*Prf. Ozbal:* You know, being a teacher, being a professor is a rewarding thing because I like having discussions and discussions actually growing the knowledge, you know. Yeah, because we discuss we share, you know, back and forth. And it really helps, you know, to to set your mind around certain topics. And I'll be happy if it helps.

00:33:10

*Zirngibl:* Yeah, definitely. That was great. And then I hope you have a nice weekend.

00:33:17

*Prf. Ozbal:* Thank you the same okay.

Overview of Interviewees: