The Sharing Economy Globalization Phenomenon: A Research Agenda

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ABSTRACT

Sharing economy firms have been able to achieve global levels of success at an unprecedented pace. In this study, we focus specifically on internet-based firms that allow rent appropriation from temporary utilization of underutilized assets. By looking at these firms' main characteristics and the current dynamics revolving around their internationalization process, we develop a framework to guide future research drawing from a business ecosystems perspective. The business ecosystem approach is a promising theoretical lens to assess this phenomenon due to its more holistic view of multisided network effects and multiple stakeholders' participation that can vary across nations. We note that the sharing economy phenomenon has spurred worldwide adoption of platform businesses which, in turn, creates a great opportunity for future research to extend current theories by exploring why, when, and how these firms expand into new countries. We argue that further research on sharing economy firms and its interactions with different national ecosystem configurations can provide important insights to theory as well as relevant information to managers and policymakers.

1. Introduction

The sharing economy phenomenon proved to be more than just a frail and temporary trend and has been capable of overturning competition across the globe. Within the wide variety of organizations that have flourished based on the concept of “sharing” underutilized assets, a group of internet-based platform businesses have been thriving in many different industry sectors and internationally (Belk, 2014; Möhlmann, 2015). A great deal of attention has been drawn to not only their capacity to raise large amounts of funding, but also to their impressive international expansion. Relying on a virtual platform to conveniently connect users and providers, these firms have achieved instant global adoption, which has resulted in clashes with local competition and regulators. Considering the particular way in which internet-based firms create and capture value (Alcácer et al., 2016; Amit and Zott, 2001; Brouthers et al., 2016; Gawer and Cusumano, 2014), questions on how sharing economy firms formulate and implement internationalization strategies—specifically with regard to local adaptation, internalization, and competitive dynamics—still need to be addressed by the literature. In this study, we depict the nature and internationalization process of these firms, contrasting it with current international business (IB) theoretical propositions and pointing out opportunities for future research drawing from the business ecosystems approach.

The popularized “sharing economy” term has been used frequently to describe different organizations that connect users/renters...
and owner/providers through consumer-to-consumer (C2C) (e.g., Uber, Airbnb) or business-to-consumer (B2C) platforms, allowing rentals in more flexible, social interactive terms (e.g., Zipcar, WeWork). Other terms such as “gig economy,” “collaborative consumption” (Botsman and Rogers, 2010), and “access-based economy” (Bardhi and Eckhardt, 2012) have also been used to characterize these for- and nonprofit organizations. Noticing that most firms and providers in the sharing economy charge for their services, Eckhardt and Bardhi (2015) argue that the term “sharing” should be changed to “access.” In this context, given the lack of consensus regarding the sharing economy terminology, we explain in the following section our choice of focusing only on internet-based, social interactive platforms targeting rent appropriation from transactions involving temporary access to underutilized assets.

Considering the particular business model, internationalization process, and competitive dynamics of sharing economy firms, we acknowledge that future research on their global strategy implementation and interactions with countries’ product/market regulatory environments could benefit both theoretical and public policy developments. The “asset-lite” nature of internet platforms and their instant global adoption pose challenges to current “asset-based” internationalization theoretical lenses drawing from transaction costs theory, such as the ownership, location, internalization (OLI) paradigm, the sequential notion of internationalization, and other “resource-based” perspectives (Bartlett and Ghoshal, 2002; Dunning, 2003; Johanson and Vahlne, 1977; Knight and Cavusgil, 2004). In this study, we address the sharing economy phenomenon from an international business standpoint, focusing on how their internationalization significantly challenges current theoretical assumptions, how existing theories could be extended from it, and proposing new avenues for future research. We also provide evidence that sharing economy firms engage in an ecosystem-based form of international expansion that is novel and needs further research to be explained. Ecosystems are seen as a community of stakeholders including firms, governments, and other players that are mutually dependent for their effectiveness and survival (Rong and Shi 2014; Autio and Thomas, 2014; Iansiti and Levien, 2004; Moore, 1993, 2006). In this context, the process of entering new international ecosystems comprises the co-evolving interaction of the focal firm with a multitude of relevant local players (Rong et al., 2015).

We explore particularly how sharing economy firms have been able to create and appropriate value both at home and abroad and deal with international competitors, complementors, customers, and regulators. We highlight that since internet platforms have reduced transaction costs toward tangible assets management due to traded assets not being internalized, they are able to internationalize at a greater speed by relying on local providers for business adaptation and focusing on efficient operational integration. We explore also how organizations and regulations within the sharing economy context influence (and are influenced by) internationalization. Moreover, we provide a framework with the purpose of serving as a starting point for future research to expand current IB theories using the sharing economy phenomenon.

In contrast to traditional B2C models, sharing economy firms can take the form of a multisided platform business (Eisenmann et al., 2011; Iansiti and Levien, 2004; Normann and Ramirez, 1993) that relies on information technology as a springboard to allow different providers to rent their assets and users to find substitute alternatives to ownership. Therefore, sharing economy platforms go beyond the sequential notion of value chains (Porter, 1985). It involves collaborative arrangements among suppliers, complementors, and users as the roles of suppliers and customers become blurred and an economic ecosystem is created based on users’ networks formed in marketplaces around the globe. Sharing economy firms have expanded internationally through an aggressive market-seeking approach not bounded by cultural or economic discrepancies. These firms have relied on the social support and involvement achieved by the sharing economy phenomenon, embracing a myriad of global users and expanding internationally at unprecedented speed. However, despite the global adoption of these platforms, sharing economy firms have faced fierce competitive responses from established business and emerging local sharing economy firms. These tensions and competitive dynamics provide an exceptional setting for new theoretical developments from an international business standpoint.

We first provide a view on the nature of sharing economy firms and how they differ from other business models. Second, we show how current international business theories help us understand (and fall short in explaining) this phenomenon, contrasting these theories with sharing economy firms’ internationalization process and pointing out how current IB theories could be expanded by the investigation of these firms. Finally, we propose a set of future research avenues that should be explored in order to further understand the relevance of the sharing economy phenomenon to IB literature.

2. A global perspective on the sharing economy phenomenon

Customers are increasingly demanding complex, sustainable, and integrated solutions rather than standardized and homogeneous products and services. In addition, a confluence of important events spurred the rapid development and adoption of the so-called “sharing economy.” Factors such as the ubiquity of the internet and mobile devices, the abundance of goods in idle capacity, growing consumer awareness regarding environmental sustainability, and the economic recession leading to higher unemployment rates have attracted consumers to transactions that allow them to more conveniently access and profit from underutilized assets. Global sharing economy firms, such as Uber, Airbnb, Lyft, and WeWork, have achieved impressive results both locally and internationally. These are for-profit organizations that have been undertaking aggressive competitive moves in order to gain market share both in the home country and abroad. Sharing economy firms can be seen as examples of platform capitalism, which consists of intermediary firms relying on data analytics and market coordination to appropriate rent from transactions (Langley and Leyshon, in press; Sundararajan, 2016). Customers also do not engage with sharing economy firms just to experience a new social interaction, but mainly to avoid ownership liabilities and take advantage of lower costs (Eckhardt and Bardhi, 2015).

Despite ongoing debate around the sharing economy term, a definition of it was added to the Oxford English Dictionary in 2015 as follows: “an economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet.” This definition highlights two important features we use in this study to characterize sharing economy firms:
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