SURFACING SOME IMPLICATIONS OF THE SHARING ECONOMY: A NEW ZEALAND PERSPECTIVE

BY

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Abstract

This thesis highlights major influences and effects that the sharing economy appears to be having on New Zealand businesses. The sharing economy is "a socio-economic ecosystem built around the sharing of human and physical resources" (Matofska, 2014). It has enabled consumers to borrow and/or lease resources owned by other businesses and even individuals within a nation's economy as a whole. The purpose of this study is to uncover insights into whether New Zealand businesses are preparing or have prepared to counter the effects of the shifting market landscape, in the form of the sharing economy, and how have these reactions manifested. The distinctiveness of this particular study is the focus on primary information collection and emphasis on cross-industry and organisation empirical research. A comprehensive literature review has been undertaken to capture the nature of previous studies in this subject area and frame the direction that this research will take. Subsequent to the literature review, it was decided that qualitative in-depth interviews with ten business managers from New Zealand companies would provide the best scope in identifying the key reactions and effects of managers to emergence of the sharing economy.

The results demonstrate that a majority of the participants have re-considered their operational strategy, with many moving into niche areas of their industry to deliver value that cannot be matched by sharing platforms. Resource allocation and worker conditions have also adjusted to better suit the dynamics of a market environment that has been influenced by the sharing economy. A number of issues in adaptation to the sharing economy have also been unearthed. Regulatory disputes and market suitability to sharing processes have been the major causes for concern, but through collaboration with a variety of stakeholders, those who have adjusted have found success in creating what they indicate are prosperous environments. Some incumbents have been unyielding as their industry experiences disruption from the sharing economy, and the results of this thesis demonstrate that this is done at their own detriment. Incumbent firms must be wary of the growing levels of sophistication of sharing platforms and whether their adaptions thus far are sustainable in the long term.

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1. Introduction

1.1 Background

This thesis highlights the influence and effects that the sharing economy appears to be having on New Zealand businesses. This particular topic was chosen as many firms are competing in an unpredictable and constantly evolving market space, with increasing pressure from disruptive technologies and developments such as the sharing economy (Capgemini Consulting, 2015). Trends such as these have facilitated the generation of a uniquely contestable market space and the opportunity to exploit a new type of value. In order to capture this recently created value and new-found cost efficiencies, established companies must likely adapt their current processes using their own unique advantages to comply with the demands of the sharing economy (Cusumano, 2015).

The sharing economy has been defined as "a socio-economic ecosystem built around the sharing of human and physical resources" (Matofska, 2014). It has enabled consumers to borrow and/or lease resources owned by other businesses and even individuals within a nation's economy as a whole. The Internet has been a key component to its growth, connecting those who wish to engage in sharing activity and as a result, "traditional" consumption patterns have been reformed (Olmstead & Smith, 2016). Many sharing economy functions are reliant on an activity named collaborative consumption. This is the process of obtaining or giving access to goods and/or services on a peer-to-peer basis, largely directed through community-based online platforms (Hamari, Sjöklint, & Ukkonen, 2015). Many sharing platforms have enabled greater access to collaborative consumption, and as a consequence it has encouraged an increasing proportion of the public to be involved in such market activities (Botsman & Rogers, 2011). Discovering the ways in which established affected firms have or intend to manage these market changes has sparked the interest for this research topic. There is much speculation over the disruptive qualities that the World Wide Web possesses and the likely structure of future industries as a consequence (Laurell & Sandström, 2016) (James, 2014). This has further provoked interest for this subject area, as online platforms are increasingly becoming necessary tools for companies across all industries (Matzler, Veider, & Kathan, 2015). This topic also holds specific relevance from a sustainability standpoint. The sharing economy is unique in its ability to optimise efficiency and the use of declining resources (Nica & Potcovaru, 2015). With increased pressure on corporations to act sustainably (Baumgartner & Rauter, 2017), an assessment of the local sharing economy can also unearth businesses' aptitude toward fulfilling corporate social responsibilities and obligations.

The impact of the sharing economy has been acknowledged as significant by many economic commentators, such as Cusumano, Zervas and Nica, with "collaborative consumption and shared ownership, one of the top ten trends tipped to change the future" (Moore, 2013). As the phenomenon has such a large potential to alter how businesses operate (French, 2015), it is appropriate to explore the ways in which firms plan to manage the changes they experience.

Even though some uncertainty remains about the exact influence that the sharing economy holds for the future of business, the effects of the trend are already being felt. This has been exhibited across a variety of economic sectors and activities such as "rental (Airbnb), for-profit service provision (Uber), and gifting (Freecycle)" (Martin, 2016). It is an activity in which consumers are currently participating and the consequences for traditional markets and companies demand exploration now, rather than dismissing the sharing economy as a future consideration (Given, 2015). "Whether borrowing goods, renting homes, or serving up micro-skills in exchange for access or money, consumers are showing a robust appetite for the sharing-based economy" (PwC, 2015). The consequences that these market activities hold furthers the argument for a detailed analysis of New Zealand examples and how exactly the environment has reacted as a result.

The sharing economy has also empowered consumers to better apply their unused assets in a productive manner and subsequently, three major themes have been promoted: "disintermediation, efficiency enhancement and significant service quality improvements" (Julius Baer, 2015). While these notions have not been completely disregarded by incumbents in the past, firms are now faced with competition that embody these values and increase their popularity in the market by doing so. The sharing economy has brought to light a number of demands from consumers, such as immediacy of service and greater openness/cooperation (Schor, 2016), for which were not previously catered. The challenge for established incumbent firms is to determine an effective response.

The sense of community and the good faith of others that the sharing economy relies upon to function successfully, are congruent with espoused values in New Zealand society, and has been an important factor for its local success if Anthony Cabraal is to be believed (Sykes, 2015). Additionally, the fact that there tends to be an open and progressive culture in New Zealand has assisted the widespread local acceptance of the sharing economy. Cabraal references TradeMe as an example of the early signs that the people of New Zealand are well positioned to welcome such technology and embrace a collaborative culture. New Zealand has a relatively long history of embracing collaborative consumption, e.g. Bookabach was founded in 2000 and is a platform for connecting holiday home owners with those who wish to vacation. Peter Mills, founder of Bookabach, has said that global giants and local start-ups have entered the New Zealand sharing space after witnessing the success of early platforms (O'Neill, 2016). Another New Zealand sharing entrepreneur suggests that the local development of the sharing economy is a result of the technology empowering consumers to make simple decisions in what are usually complex scenarios (Sykes, 2015). The option to share for New Zealand consumers has seen a preference to avoid the big traditional incumbent firms and opt for a more personal and direct relationship with the party on the other side of the transaction (O'Neill, 2016).

1.2 Study Rationale

The purpose of this study is to uncover insights into whether New Zealand businesses are preparing to counter the effects of the shifting market landscape, in the form of the sharing economy and how have these reactions manifested. The research will also look to discover if particular business models have been established primarily for the purposes of exploiting this trend.

Prior research into the sharing economy within New Zealand is lacking; hence there is a need to establish and determine the role that this trend plays locally. This study will examine the New Zealand context and will firstly offer an assessment of the impact of the sharing economy within our own borders. The study is motivated by deficit with respect to how modern companies are dealing with the sharing economy within the New Zealand context and also worldwide to a great extent. The significance of the sharing economy has already been described and the lack of evidence regarding the trend in a domestic context acts as a motivation to gain a more detailed understanding as to how businesses in New Zealand are interacting with it. Furthermore, the need for the study is reasoned by an objective of helping business managers better understand and prepare for such industry disruptions. The findings will assist in highlighting the shifting landscape of corporate New Zealand across various sectors and their orientation to the sharing economy.

The distinctiveness of this particular study is the focus on primary information collection and emphasis on empirical research from the perspective of the firm's potentially disrupted by the sharing economy. Much of the previous literature concerning the sharing economy is centered on expert opinion and detailed case analysis of firms exploiting this trend drawing on an external perspective. In contrast, this project will approach managers that have or are being influenced by the growing phenomenon, uncovering knowledge and insight through interviews. Traditionally, it has been thought that the incumbents of the transport and accommodation industries bear the primary burden associated with increasing collaborative consumption. Instead, this research looks to also explore how wide the consequences have spanned across a variety of sectors. Previous literature has hinted at the ability of the sharing economy to transform the economy as a whole, yet actual study of this disruptive shift has been limited principally to only the aforementioned industries. Widening the participant base beyond that of these stereotypes provides an additional point of uniqueness for the thesis.

1.3 Thesis Outline

This thesis has been written with the objective of gathering a clearer understanding of the sharing economy and the relevance it has in a New Zealand context. The term, sharing economy, has grown to represent an array of non-ownership forms of consumption activities, including but not limited to renting, trading, exchanging and swapping (Habibi, Davidson, & Laroche, 2017). The sharing economy is growing in both popularity and value, as the wealth it generates for the "micro-entrepreneurs" that participate expands rapidly (Frenken & Schor, 2017). As it increases in scale, the sharing economy demands further exploration into the impact it poses for current markets and business managers. The findings of this thesis should prove to be significant as they provide insight as to how New Zealand businesses are responding to environmental and market shifts caused by the sharing economy, an area of study that has, up to this point in time, received minimal attention. These results have potential to be of value to business managers both locally and abroad, as they give an understanding into how exactly the sharing economy is manifesting itself, and the wider consequences it holds for established companies.

An initial background description to the topic heads this research study, alongside the rationale for the study and the questions that have guided the process.

A comprehensive literature review has been completed to capture the nature of previous studies in this subject area and frame the direction that this study will take. Upon analysis of existing academic works, a number of themes became apparent. The identification of these themes has led to the creation of the sections that are included in the literature review. They are identified as Definition and Development of the Sharing Economy, Sustainability of the Sharing Economy, Company Responses, the Rise of New Business Models and Regulatory Implications.

Subsequent to the literature review, the methodology for the project is described and supported. The decision for pursuing a qualitative approach is justified following the assessment of existing studies and identification of the areas that have been neglected. The methodology section of this report also outlines the adopted approach of analysis, using a thematic scheme to identify a number of consistent topics across the sample of responses. The report then continues to present the research findings, and subsequently a discussion concerning the relevance and consequences of the sharing economy is offered.

This thesis should assist by providing a snapshot of the current situation for local business managers and determine how they are prepared to cope with digital disruption and the increasing popularity of the sharing economy.

2. Literature Review

2.1 Definition and Development of the Sharing Economy

The concept of the sharing economy has been explored broadly throughout literature from the last decade. While there is a lack of one, widely approved description, there have been many attempts to define the trend (Sprague, Matzler, Cusumano, 2015) are comprised of very similar attributes.

Defining the Sharing Economy

In an interview with Arun Sundararajan (Gerald, 2016, pp. 1-5), a professor from New York University, a number of characteristics that are typically associated with the sharing economy were identified;

(1) It is market that is digitally enabled for the exchange of goods and services. Transactions rarely occur in physical environments and the need for brick-and-mortar facilities is declining.

(2) Resources are utilized closer to full capacity than that of traditional markets. The functions of the sharing economy encourage more sustainable usage of existing assets and as a result, a greater amount of efficiency is gained.

(3) Peer-to-Peer networks compete alongside centralised firms. Traditional businesses are often contesting against consumer-powered platforms that are not limited by restrictions that often confront standard organisations.

(4) As a result of these networks being monetized, there is a lack of distinction between personal/professional relationships and transactions.

(5) There is further distortion over the difference between casual labour and a fully employed workforce (Gerald, 2016).

These themes of the sharing economy are consistent with observations from a number of other experts. The sharing economy is a movement that has gathered traction as technology becomes increasingly significant in and across economies. It is a worldwide phenomenon with 18% of US adults in 2015 having partaken as a consumer in some form within the sharing economy, while 7% of adults in the US have acted as a provider of goods/services in this sphere (PwC, 2015). Similar reports have indicated that this trend is only increasing (Capgemini Consulting, 2015), with a rising number of "micro-entrepreneurs" taking advantage of the diverse opportunities that are available to share with fellow consumers (Biswas & Pahwa, 2015). The phenomenon is manifesting across the world, its prevalence does not only reside in developed countries, but also in emerging economies (Heinrichs, 2013). Due to the digital functionalities, primarily the ease in which technology can disseminate across borders, the sharing economy has had few challenges in being established as a global fashion.

The sharing economy spans many different forms of economic activity. According to Juliet Shor (2014) these activities can be grouped under a number of broad categories; exchange of services, sharing of productive assets, recirculation of goods or increased utilization of durable assets. There is a lack of established criteria for classifying if certain activity is within the sharing economy, and the transactions that take place appear diverse. While the sharing economy is often referred to as a peer-to-peer network, Shor argues that the type of relationship can also include business-to-peer, evidenced by the platform Zipcar (2014). The orientations of the platforms within the sharing economy are not homogenous either. Most firms that are affiliated with the sharing economy are classified as for-profits; however there is growing popularity for non-profits to adopt this business structure, as seen by the generation of Makerspaces and Time Banks which provide as technology incubators and platforms to 'trade' good deeds respectively.

The literature on the sharing economy often uses the term "traditional firms" to describe incumbents in the market who are now competing against new sharing firms. This thesis will also refer to these businesses as traditional firms and compare and contrast the way in which they operate with new sharing platforms. Cusumano (2015) uses the term to group companies that interact with their customers by selling goods/services directly to them. This one-way relationship between seller and buyer has been a dominant and normalized form of commerce, but we are now seeing advances in technology that unlock new capacities for which consumers can gain what they want (Leismann, Schmitt, Rohn, & Baedeker, 2013). The requirement to interact with traditional companies and their way of operation is becoming less relevant as sharing platforms offer new methods to participate in the market.

Value Creation

The sharing economy has shown to bear consequences for both consumers and producers. Value from this market trend is created in a number of ways; It facilitates increased utility of “dead capital”/underutilized assets. Dead capital refers to the consequences of market imperfections, where assets sit idle, and there are claims that the sharing economy has looked to overcome these deficiencies (Koopman, Mitchell, & Thierer, 2015). The increased connectivity that is generated increases the competitiveness of both the demand and supply side of the markets. The improved connectivity of both sides of the market has forced transaction costs lower whilst expanding the scope of trade (Koopman, Thierer, & Mitchell, 2015). The sharing economy has also been labeled as a new way of “organizing economic activity” (Chandler, 2016), rather than actually being a marketplace of its own, as is suggested by many definitions that are associated with the trend (Gerald, 2016). This is due to the diverse way in which firms cast under the umbrella within which the sharing economy operates. While they all seem to use a digital platform, the amount of similarities beyond this feature can be quite sparse. Sharing firms should not be classed with traditional organisations (Chandler, 2016), but it is difficult to categorise all firms in the sharing economy in one group due to their varying functionalities.

Barry Ritholtz has declared that participation in sharing networks is an effort in increasing productivity, whereby new technologies have allowed efficiency gains to be made (Ritholtz, 2016). He notes that some industries such as manufacturing are likely to benefit from using typically idle assets under the scheme of the sharing economy, while other sectors such as retail have the potential to suffer. Insights into consumer motivations in participating in this market structure have also been explored (PwC, 2015). To forgo the traditional transactional relationship with a company, a customer must believe they can acquire at least an equivalent level of utility by opting to be served via sharing networks. A number of motivating factors have been identified as “reduced costs, enriched benefits, enhanced ecological results and improved convenience for consumers" (Matzler, Veider, & Kathan, 2015). The development of the sharing economy would not have progressed without these augmented benefits.

Value generated through shared consumption is a relatively novel concept (Winterhalter, Wecht, & Krieg, 2015), starting in traditional markets have failed to provide the offerings that are available in peer-to-peer exchanges. While cheaper costs and environmental benefits are widely accepted as key motivators across existing literature (Hamari, Sjöklint, & Ukkonen, The sharing economy: Why people participate in collaborative consumption, 2015), however these are not always agreed upon. Commitment to social transformation has been paid little attention compared to that of the aforementioned mainstream motivations for engaging in the sharing economy, but Rifkin (2014) has acknowledged its importance. These social transformations are efforts by market participants to alter the way in which current economies function due to the belief that current systems are not effective (Schor J. , Debating the sharing economy, 2016). Some sharing participants are "highly critical of capitalism, the operation of the market, and the business-as-usual economy" (Shor, 2014), and are using platforms for collaborative consumption as a means of changing a status quo they are no longer content with. The attractiveness for the sharing economy has grown as consumers are exposed to previously untapped or underprovided value.

The benefits for consumers in participating in the sharing economy have been well documented in existing literature, whilst in comparison the drawbacks have been overlooked. However, there are a small number of articles that have outlined the potential disadvantages for those that partake in collaborative consumption behaviours (Lee, Chan, Balaji, & Chong, 2016). A key shortcoming is the privacy risks that users face. The nature of the sharing economy requires users to reveal detailed personal material and this can act as a major deterrent for users who fear that this information may be abused in some form (Dillahunt & Malone, 2015). This can discourage participation within sharing communities. The threat to privacy is intensified when sharing firms act "opportunistically" and exploit the personal information of their user base for economic gains (Son & Kim, 2008). An additional associated risk is that of security and the related hazard to personal and/or network resources. Not only is the risk of damage to property/goods a consideration for participants but there is also a looming danger for personal safety. “For instance, there have been notable cases of rape, vandalism, and theft as a result of participation in accommodation-sharing services through a popular platform, Airbnb” (Lee, Chan, Balaji, & Chong, 2016). As a result, the potential for the security of participants to be endangered can act as a chief deterrent for those looking to enter into sharing communities. For all of the perceived benefits that are distributed to participants, 57% of consumers that have tried the sharing economy are intrigued about the companies that are involved, but have demonstrated a number of concerns towards them (PwC, 2015). The risks that are involved in engaging in transactions in the sharing economy have proven to be a contentious facet that firms must manage effectively.

Growth of the Sharing Economy

Explanation for the growing popularity of the sharing economy and demand for the platforms that exist have also been investigated (Blättel-Mink, 2014). Rising usage levels of digital technology and the growth of trust infrastructures within collaborative exchanges have empowered the evolution of the sharing economy (Kane, 2016). Since the introduction of sharing platforms, consumers have grown much more comfortable with the concept of acting cooperatively with counterparts whom they have never met before. The sharing economy has managed to exploit the maturing of trust infrastructures in the peer-to-peer exchanges that take place (Kane, 2016). Consumers are also now expecting immediacy (Given, 2015) for fulfillment of demand and the businesses that manipulate the sharing economy successfully have managed to provide value in such a way to satisfy this craving. Established firms have struggled to meet this particular demand from consumers due to the lack of scale and mobility that is imparted with a traditional organizational mode of operation (Cusumano, 2015). Technologies that enable the sharing economy have “dramatically reduced transaction costs” (Kanhai, 2015). As a result, sharing economy has used reputation systems to drive growth (e.g. reviews on service providers and user experience ratings). As prices have reduced, consumers are opting away from using price as the deciding factor in transaction decisions and instead shifting to commonly used star ratings and feedback placed by other users. This has simplified coordination in the market and supported trust systems between strangers. These elements are relatively widespread with the sharing economy and are key instigators in its growth.

Research from PwC shows that a mere 29% of consumers are more trusting of strangers today than they were in the past, a statistic which is contradictory to the growth of a market system that is based on placing faith in strangers and dealing with them in transactions (Badger, 2015). This revelation demonstrates that the popularity of the sharing economy may not be consequential of a more trusting society but rather a greater belief in the aggregate population (Badger, 2015). Badger claims that participants of the sharing economy are willing to be involved as they place belief in the "4.9-star average rating of all the people who've been in your car before. Maybe I don't have all that much trust in one woman renting her home on Airbnb, but I do trust the aggregated input of the 24 people who've given her high marks". Rating systems are prominent across a majority of platforms within the sharing economy and have demonstrated their usefulness in convincing users to contribute in the collaborative societies where the transactions occur (Talat, Azar, & Yousaf, 2013).

The sharing economy has also altered the interactions and relationships that many individuals hold with commodities. Kassan and Orsi (2012) acknowledge that prior to the increased popularity of sharing platforms, consumers typically built their wealth and financial security around investments in commodities and assets. However, the sharing economy has promoted a use of these assets that is socially and environmentally beneficial, not merely for the most marketable gain. The traditional relationship has shifted and Kassan & Orsi predict that the influence of the sharing economy will further drive down the costs of commodities (e.g. real estate or power tools) that can be shared, as sustainable structures around the consumption of these goods are built.

The sharing economy has not escaped disapproval since its origination. There are those who are cynical towards the concept, announcing that many "sharing firms" do not actually share at all (Mims, 2015). For example, the purchase of a property with the sole intention to list it on AirBnb as opposed to being an owner-occupier who occasionally shares. Mimes claims that the sharing economy is merely a trend where goods are purchased for the purpose of sharing them, instead of leasing under-utilized resources. Furthermore, sharing firms that provide services are slated as being far from a novel trend as nothing is physically "shared". "TaskRabbit, doesn't involve "sharing" anything other than labor. If TaskRabbit is part of the sharing economy, then so is every other worker in America" (Mims, 2015, p. 30). Complementary to this point of the view are the sometimes-questionable motivations of participants within the sharing economy. Adam Berk, founder of sharing platform Neighborrow, claims "most people do not want to share. They want convenience" (Clifford, 2016). Therefore, the success of a business within this market structure is not attributed to its ability to enable sharing as many advocates believe, but instead whether the end product is more convenient for the consumer as it previously once was. In other words, sharing will only occur if it provides a certain level of convenience to both parties. Clifford continues to dispel the assertions from participants that they are motivated by a desire to share and the environmental benefits that the sharing economy possesses. Instead, Clifford argues that this trend is appealing to a habitual "laziness" of consumers and a desire to save money, the latter being widely accepted as a key influencer by enthusiasts and cynics alike. Jane Wells argues that the term sharing economy is a ruse to convince millennials that they are participating in a "gentler way of commerce" (Wells, 2016). It is declared that nothing is actually being shared as transactions involving money are still transpiring and these transactions are in fact almost identical to traditional interactions between companies and consumers. It is, though, conceded by a number of those who object to the sharing economy that, due to exclusion of a several regulatory and bureaucratic obstacles, customers gain access to cheaper services/goods while providers receive good margins.

Existing Literature on the Sharing Economy

Amongst researchers, there is a consistent trend of focusing on a limited number of industries to examine the effects of the sharing economy closely. A majority of published reports feature similar sectors, typically transportation, accommodation and media. Gerald (2016) raises the argument that digital disruption is no longer limited to these stereotypes, as the functionality of the sharing economy far surpasses this handful of industries. All business sectors can be influenced by this trend. Even though the product may not be able to be digitised, the method in which it is delivered and distributed to the market can be (Given, 2015). Peer-to-peer networks have developed to the extent that they are effectively replacing the relationship that was once reserved only for company and consumer (Sashi, 2012). Collaboration between consumers has meant that businesses may be deemed redundant in a number of scenarios, and the sharing economy is responsible for supporting a consumer alliance.

Previous literature has seen an emphasis on the benefits of the sharing economy for consumers in the form of reduced costs and increased convenience. However, there is indication that there may also be drawbacks for the participants of the sharing economy. As consumers can typically decide whom they interact and share with through the various platforms, character bias can become a common blight on a trend that relies on the faith of a community (Malhotra & Van Alstyne, 2014). Repeat business within the sharing economy is contingent on the reviews placed by members and the good faith of those involved in the networks. Some situations have transpired where unfounded complaints have been issued and providers are punished for their alleged wrongdoings, resulting "In some cases, providers will have to fight back to save their reputations" (Malhotra & Van Alstyne, 2014, pp. 24-27).

2.2 The Ecology of the Sharing Economy

Corporate Responsibilities

Corporate social responsibility as an isolated topic is one that has experienced growing interest in academic literature as pressure for companies to better moderate their resource consumption increases. Many academics have revealed that the sharing economy can contribute positively to sustainability measures. “Within its framework, business patterns (in the sharing economy) can now aim to solve market deficiencies” (Nica & Potcovaru, 2015, pp. 69-75). Wastage of resources is uncommon within the sharing economy as users are encouraged to promote the availability of idle assets (Leismann, Schmitt, Rohn, & Baedeker, 2013).

As traditional firms develop, they require a greater number of inputs that places further strain on already finite resource supplies. However, some reports claim that features of the sharing economy may remedy this relationship (Nica & Potcovaru, The Social Sustainability of the Sharing Economy, 2015). Individuals are important economic actors in this context, contrasted to the “medium-scale multipolarity” of cities and large companies that are central economic forces (Bonciu & Bâlgar, 2016). Due to the necessity of consumers having something of value to share or exchange, the sharing economy promotes the re-use of existing resources. Bonciu & Bâlgar (2016) argue that the sharing economy increases living standards while also fostering less energy intensive values that contribute to sustainable economic growth. As an increasing number of people enter the middle-class, it is probable that a greater number of goods will only be partially used, which will further increase the demand for the sharing economy (Marchi & Parekh, 2016).

Sustainability of the Sharing Economy

As the popularity of the sharing economy grows, there has been a change of attitude in society, with a “loss in symbolic strength of ownership” (Leismann, Schmitt, Rohn, & Baedeker, 2013, pp. 184-203). This further encourages the mantra of “use rather than own” and promotes more sustainable resource consumption (Ritholtz, 2016). The potential for "resource saving" is heightened as there is less pressure on finite supplies with greater levels of sharing. While Leismann et al. (2013) acknowledge that the impact of the collaborative consumption is unlikely to deliver the reductions in resource consumptions that are required for large-scale sustainable movements, there is an opportunity for an "economically relevant contribution". The benefits that the sharing economy poses for sustainability have been identified and environmental incentives to participate in this type of economic activity are extensive.

There are also claims that the sharing economy and collaborative consumption can be used as an intermediary to enhance new and innovative sustainability measures for businesses (Heinrichs, Sharing economy: A potential new pathway to sustainability, 2013). Increased market intelligence is a by-product of the sharing economy and it can be used to promote a more collaborative and sustainable society. Heinrichs foresees that the sharing economy will be pivotal in "helping to understand and guide new inventions and the institutionalization of new economic practices, roles and interactions of societal actors" (2013, p. 228). By employing the rising amounts of market data that the sharing economy provides, a range of alternative approaches for sustainable development can be better positioned for approval in the mainstream. Discovering sustainable business process that most appeal to the wider market can assist the direction for firms, as pressure for eco-consciousness rises.

As the role of the consumer is evolving under the new constructs of the sharing economy, their ability to contribute towards sustainable business operations has also developed (Ferrari, 2016). Consumers are increasingly becoming critical to the sustainable efforts of all companies and their involvement must be well organised to deliver sustainable results (Blättel-Mink, 2014). The social motivations of individual consumes must be catered for, and the sharing economy allows firms to embrace "co-innovation" for further assimilation of their social endeavours (Blättel-Mink, 2014). Co-innovation and co-production are the use of networks spanning both geographical and organizational boundaries to enable content creation (Abhari & Davidson, 2016).

As interest grows in delivering socially sustainable outcomes, entrepreneurs have started to design sharing platforms to meet societal objectives, not just the needs of consumers. Studies from the United Kingdom have demonstrated nearly 25% of the population is eager to participate on platforms that "deliver real social impact" (Alois, 2016). A greater desire to support public services and achieve objectives that are not profit-driven has been evident through the recent development of a number of sharing platforms.

There have been counter-arguments to the alleged contributions the sharing economy has made towards sustainability. Research has shown that while the popularity for sharing platforms has grown, so has consumption of the services they provide (PwC, 2015). "That means the platforms result in higher carbon emissions, because their services use energy. The companies can't have it both ways—creating new economic activity and reducing carbon emissions—because the two are closely linked" (Shor, 2014, p. 2). Businesses within the sharing economy now face growing criticism as to whether they are actually providing the environmental benefits that they claim (Wells, 2016).

The nature of collaborative consumption encourages sustainable business models (Binninger, Ourahmoune, & Robert, 2015). Collaborative consumption is "product sharing among consumers on a massive scale" has altered perceptions of asset ownership from a materialistic standpoint towards a neighbourly act (Jiang & Tian, 2016). Social links are furthered under this market structure. There are elements of consumer resistance to traditional consumption patterns as a much more flexible approach to assets is adopted. The social vision of a firm must be reflected in the way they manage these sharing relationships with the market.

2.3 Regulatory Implications

An area of the sharing economy that has sparked much debate is the dispute concerning the regulation of this emerging market-space, or rather, the lack of regulation (Elliott, 2016). There is a high level of ambiguity relating to the role that policy makers should have as new-look businesses are starting to compete with traditional firms that are obliged to comply with several regulatory forces. A consequence of the minimal restrictions for sharing platforms is the associated lower costs, and as a result, competition has intensified (Malhotra & Van Alstyne, 2014).

Worker Relations

A central issue that academics have highlighted as cause for concern is the nature of employment relationships under this new market structure. Sprague questions what protections are required for the "micro-entrepreneurs" that operate within the sharing economy (Sprague, 2015, p. 53). Conditions that were previously controlled by systems such as minimum wage laws and unemployment compensation schemes now have less relevance as there is greater ambiguity concerning those who use the online platforms to gain access to work (Given, 2015). Typically, businesses within the sharing sphere require workers to operate as contractors to nullify a number of business-related risks but this has been problematic, as there have been accusations that this is a misclassification of the nature of the work (Harris & Krueger, 2016). It is efficient for these companies to manage workers in this fashion, as "contractor competencies are needed for a limited duration" (Sprague, 2015). This dynamic has seen a number of court cases against firms such as Uber and Lyft. With workers titled as self employed, there are claims that there is a "creeping erosion of employment rights as companies misclassify their workers" (Osbourne , 2016). These disputes typify the infancy of these platforms, as they seek to solve these legal tribulations with minimal precedent.

A contrasting argument to those who call for greater regulatory procedures has also arisen. Nica & Potcovaru claim that as the sharing economy broadens decision alternatives and market information for consumers, there is a subsequent elimination for regulatory demand (2015). Market information is now more accessible to consumers who are empowered to make educated decisions and thus, require less governance.

Worker independence has also contributed to the scalability of operations for sharing platforms. "The sharing economy links individual workers ("suppliers") and companies in an "employment" relationship" (Acevedo, 2016). Without commitment to a workforce, the ability for businesses within the sharing economy sphere to grow is enhanced. However, due to a backlash from workers claiming their employment rights have been infringed upon, authors such as Acevedo have acknowledged that significant amendments are needed to the employee-employer relationship (2016, p. 33). The balance of protecting workers in a manner that still allows for the high rates of growth has been difficult to execute. Acevedo suggests that a new framework for conceptualizing employment is necessary. The current laws and perceptions of a typical working relationship is growing ever irreverent, many individuals earn money from a number of platforms, forgoing contracts and the safeguards/job security they provide (Kane, 2016). Regulators are faced with the problematic task of re-configuring what it means to be a worker in this modern economic activity and ensuring that those who are involved are well protected (Osbourne , 2016).

Peter Ryan announced that a critical challenge for sharing platforms to overcome is to make sure that "workplace flexibility is not perceived as worker exploitation" (2016). These shifting working conditions are not only limited to firms within the sharing sphere, but rather it is a trend that is being popularized widely across the economy. Ryan continues to explain that current businesses need new governance structures to ensure that the welfare of their employees is promoted. Reform within the workplace is a necessary future direction if businesses are to remain relevant and operate within legal parameters (Choudary & Narayanan, 2017).

There is a high level of legal ambiguity concerning the actual operations of many sharing platforms, and not just employment issues. Brustein has predicted that the relationships between regulators and sharing platforms are likely to become more "poisoned", as it is tough to enforce controls on the platforms and determine the particular areas of illegality that have been breached (2016). These dilemmas also mean that it could be difficult for existing firms to shift their operations to either imitate or even to counteract and compete against these practices fully.

Collaborative Approaches to Policy

Rather than searching for loopholes and ambiguous rules to operate under, several academics advise that the best way forward for players in the sharing economy is to collaborate with governments and assist the evolution of regulatory frameworks (Marchi & Parekh, 2016) (Koopman, Thierer, & Mitchell, 2015). The current standard response to regulatory pressures (either reactionary measures in courtrooms or education of stakeholders) is fatiguing according to Marchi and Parekh (2016). These authors highlight that the relationship should look to communicate the societal benefits of the sharing economy and to "identify common ground and build alliances" (2016, p. 30). Rather than the typical advantages for employment, it is advised that firms must convey the other contributions they are enabled to make for the improved welfare of their communities. A more effectual process has been recommended and it involves a much more active engagement between the parties where openness to the perspective of the other party is stressed (Lathrop & Ruma, 2010). External engagement needs to be broadened beyond traditional stakeholders to assist long-term solutions to the regulatory problems they face, and this will allow regulatory frameworks to be molded rather than dictated (Ranchordas, 2015). A general consensus is that looking to help policy makers will provide the most value.

Many of the legal challenges that have blemished the sharing economy can be attributed to the fact that current laws did not foresee collaborative relationships and consumption patterns (Kassan & Orsi, 2012). Many of the relationships that the sharing economy relies upon to operate lack many of the distinct power dynamics that were present in older market structures (Schor J. , 2016). As a result, it has become troublesome when determining whether existing regulations are relevant, as they were typically designed to protect defenseless parties against those who held power. But as economical relations are growing more horizontal, current legislation can become "unduly burdensome" (Kassan & Orsi, 2012).

There have been several papers published that outline suitable courses of action for sharing platforms to follow as regulation is identified as the most significant barrier to future growth for sharing economy firms (Cannon & Summers, 2014). A common proposal is for businesses to act "offensively" when engaging with policy makers, rather than consistently being reactionary to new barriers that are enforced (Marchi & Parekh, 2016). "It is likely in your interest to reach out to the regulators to explain your business and work with them early on to classify your business under the city's existing regulatory infrastructure rather than having them come to you" (Cannon & Summers, 2014). A number of the businesses within the sharing economy have shied away from legal accountability as they attempt to project the image that they are effectively intermediaries and not traditional firms (Brustein, 2016). These efforts to distance themselves from legal obligations have generated tension (Osbourne , 2016). Cooperative relationships with governments are likely to be critical for the future successes of the sharing economy, so increased efforts to improve the rapport between them is necessary. Cannon and Summers (2014) suggest that the best way to do this is to share data. Increasing transparency will ease the apprehensions displayed by regulators and is likely to minimize the requirements and hindrances placed upon the platforms. While this research provides advice for new firms operating via the sharing economy, the best responses for existing firms are less clear although it is possible that more proactive stakeholder engagement will have benefits for them as well.

Legislating in the Future

Despite the sheer volume of regulatory issues that sharing platforms have faced to date, there is argument that consumers would benefit from decreased levels of regulation (Sundararajan, 2012). "The growth of the Internet and information technology markets opens up the possibility that consumer welfare can better be served by innovation and competition than by regulation" (Koopman, Thierer, & Mitchell, 2015). Too often governments are hasty in their actions to solve consumer problems, while much of the literature in this area recommends that ongoing innovation and competition can be successful in fixing inefficiencies.

Self-regulation has also been argued as the best possible mode of managing the sharing economy, “set your own standards. Set those standards really high and start running ahead of the regulators because if you wait for the regulators to define it, you'll be waiting too long and someone will work it out before you” (McLean, 2016). This is not to be confused with a complete lack of regulation, but instead, allowing the players in this market space to create a framework of rules that will best represent the needs of those involved. Cohen & Sundararajan (2015) claim that if self-regulation is to be effective in this arena, the costs of negative behaviour must outweigh the benefits of misconduct. Those with influence and experience within the networks, not an external body, hold the sufficient insight to make such a judgment (NSW Business Chamber, 2015). Cohen & Sundararajan also note that this path of action is also likely to solve market efficiencies that may arise if regulation is controlled by an external force (2015). This is due to the various entities in a sharing economy having to act as partners in a self-regulated environment. This in turn may hold longer-term benefits, if sharing platforms can “gain legitimacy as partners in regulation, they can then be called on to help invent self-regulatory solutions to societal issues that are especially difficult to address by centralized governmental intervention” (Cohen & Sundararajan, 2015).

The sharing economy has forced governments around the world to reconsider their own legislation. They are faced with the balancing act of encouraging innovation and also satisfying the demands of established companies who often seek regulatory assistance to remain competitive with their sharing counterparts (Balaram, 2016). A number of subject experts claim that regulators should stray away from protecting old market structures (Elliott, 2016). Protectionism has driven much of the regulatory matter in the current frameworks around the globe, but Elliott argues that policy makers must rebuild their legal frameworks to support technology and innovation. Some nations such as France and Germany have conducted significant legal efforts to hinder the growth of sharing platforms to appease those in existing industries (Davies, 2016), and experts such as Elliott assert that such behaviour is to their own detriment. It acts as a signal to potential foreign investors that the governments in these nations are less accommodating of new technologies and innovative thinking compared to other countries. Subsequently, a hostile environment for disruptive innovation is depicted and this can hold negative consequences for these nations in the future.

2.4 The Rise of New Business Models

New Opportunities

Market spaces that did not previously exist have now been unlocked by the creation of the sharing economy and the new businesses that have been generated as a result span across several industries (Jiang & Tian, 2016). For example, DogVacay connects dog sitters with owners who are planning travel, while Spinlister provides as a platform for adventure sport enthusiasts to borrow and lease expensive sport-specific equipment.

The creation of new markets can be attributed to the extreme decreases in transaction costs facilitated by internet platforms (Henten & Windekilde, 2016). However, the authors highlight that these new markets are effectively substitutes for existing industries and they are capable of replacing old practices. The growth in popularity of the sharing economy and fresh business models appears to have come at the expense of current market structures. "The degree of substitution is subject to the type of industry" (Henten & Windekilde, 2016), but it is stressed that there is a potential for sharing platforms to replace many established companies, typically by competing on lower costs and improved value propositions. The sharing economy has allowed new businesses to undermine the typical trends that are seen in a capitalist market, that is smaller businesses are competitive, if not more competitive, than larger firms (Ramdev, 2016).

The sharing economy also empowers a wider range of people to become "entrepreneurs" (Kassan & Orsi, 2012). Since the development of the sharing economy, new firms have been created for the sole purpose of exploiting the functionalities of the trend, e.g. Uber and AirBnB (PwC, 2015). With many new businesses being generated as a result of the opportunities that are presented under this market structure, the perception of what it means to be entrepreneurial has shifted (Belk, You are what you can access: Sharing and collaborative consumption online, 2013). The success of a new business in the sharing economy is not necessarily dependent on how well entrepreneurs can compete against those around them but rather there is greater significance on the relationships an entrepreneur is capable of building (Codagnone &

Martens, 2016). These authors suggest that new companies in the sharing economy have succeeded by embracing a perspective that focuses on establishing allies, not enemies. Under a market structure that prioritizes sharing compatibilities and aptitude to develop rapports with other community members, the critical success factors within the sharing economy contrast the characteristics that were necessary to survive in a capitalist driven environment (Kassan & Orsi, 2012). Consequently, alongside the rise of new business models, a new brand of entrepreneur is also becoming normalized. This trend again may have implications for how existing businesses choose to compete.

The Characteristics of Sharing Businesses

It can be difficult to identify the key functions of sharing platforms that make them successful as they span a wide range of industries and are incredibly diverse in their nature. However, Matzler, et al. has prescribed a short summary of the features that are common across a range of successful sharing businesses (2015, p. 72). Firstly, there is an emphasis within these firms to stimulate the use of goods/services, and not the particular brand itself. Due to collaborative consumption being a relatively recent trend, the demand for peer-to-peer exchange in some sectors must first be established. Behaviour change is a common objective of sharing firms before the platform is heavily promoted. Consequently, new entrants are actually creating demand in market spaces that did not exist previously. Additionally, successful businesses in this space also support customers in their attempts to resell. A characteristic of the sharing economy is the recycling of resources from one consumer to the next. Instead of trying to thrust a new product/service towards the customer, firms that actually facilitate these exchanges of 'used' goods have benefited. Matzler et al. describe that by assisting the attempts by consumers to resell or share, reputation can be enhanced. This subsequently results in access to new communities and market spaces.

The practices of businesses within the sharing economy often "oscillate between the border of personal and commercial activities" (Ranchordas, 2015, p. 413). Not only has the nature of sharing operations muddied regulatory boundaries but they have also disordered the way in which services are delivered to the market. Evidence suggests that consumer values can occasionally actually act as a barrier to the diffusion of new sharing business models (Piscicelli, Cooper, & Fisher, 2015). It is assumed that consumers are open to the social practices that enable the sharing economy to operate. However Piscicelli, Cooper and Fisher (2015, p. 21) argue that there is an underlying "breadth and complexity of factors" that also drive consumer motivations to participate. The relationship between particular consumer values and the types of behaviour required to interact in the sharing economy has a large influence over whether certain new sharing business models are accepted and adopted in the wider market.

There has been contention in the literature as to what is the best method of operation for sharing firms. Ben Tarnoff, a technology journalist from Silicon Valley, has witnessed the decreasing influence that humans have in the actual operations of business models that utilise sharing practices He has stated that since its origination, the major weakness of the sharing economy has been the presence of humans (Tarnoff, 2016). However, Stephen Ufford argues that interaction between consumers and the establishment of trust in the online communities is essential for any future growth (2015). Ufford continues to stress the importance of successful human interaction in fruitful endeavours by sharing companies despite conceding that business models that experienced success in the sharing sphere are demonstrating greater automation and subsequently, reducing the cost of each transaction involved. Additional to this, Tarnoff also highlights the high susceptibility of security for sharing firms. New business models have been forced to prioritize the safekeeping of data and other propriety information more so than their traditional counterparts (2016). This is due to the heavy reliance on the internet, an environment that is vulnerable to external threats and human error.

As an increasing number of sharing platforms enter the market space, the understanding of the difference between a successful and unsuccessful sharing business has also developed. Determinants of success in the sharing sphere have been sought as Mareike Möhlmann attempted to unearth what factors were important for new sharing business models to embody if they wanted repeat transactions from consumers (2015). It is of little surprise that cost-savings, familiarity in the environment and utility of service were found to be significant for success. However, a number of other factors were also discovered, such as "trust building measures being implemented and communicated to respective stakeholders. In particular, the results indicate that managers (sharing) services should market service quality aspects and seek to build a sense of community belonging, as such might increase the likelihood of users to choose a sharing option again" (Möhlmann, 2015, p. 193). Erik Zambrano suggests that the scalability advantages of sharing platforms have played a critical role in their successes (2015). A lack of reliance on physical capital enables these new businesses to meet market demand much more effectively than their traditional counterparts. The nature of the resources that sharing businesses are able to scale has also meant that wastage of assets pales in comparison to traditional firms (Zambrano, 2015). These features are a trademark of sharing firms and they have played a role in their achievements. Their implications for how existing businesses would most effectively compete are not fully apparent.

Expansion Beyond Commodity Industries

Expensive assets that sit idle for prolonged periods of time, such as cars and property, have been prototypical as exemplars of the sharing economy. But more recently, other product categories are realizing that they too can benefit from allowing collaborative consumption of items that are having low usage rates (Biswas & Pahwa, 2015). Helena Pike (2016) describes the changing nature of the fashion industry, where the consumption of clothes is starting to focus increasingly more on access rather than ownership. New businesses and platforms are arising that allow customers to borrow clothing items for set periods of time, typically at around 10-20% of the original item cost (Pike, 2016). In this context, the sharing economy has allowed consumers to interact and "have access to aspirational brands they couldn't usually afford" (Pike, 2016, p. 2). New platforms such as "Rent the Runway", has meant that the utility of the sharing economy has shifted. While this form of rental service is targeted at luxury and designer clothing, it is evident that the sharing economy is having growing relevance across a number of sectors and not just transportation or accommodation (Ferrari, 2016).

A leading expert on the sharing economy, Rachel Botsman, has credited the rise of collaborative business models to changes in consumer behaviour (Capgemini Consulting, The Power of Sharing: How Collaborative Business Models are Shaping a

New Economy, 2015). Millennials are the biggest contributors to the sharing economy (PwC, 2015), and they commonly have an attitude that embraces the culture of sharing, enabling new collaborative means of business to thrive (Kane, 2016). This has empowered the growth of the sharing economy to grow beyond commodity-intensive industries. An important feature of a number of new sharing companies is their ability to utilize mobile platforms, and the way in which millennials rely on their mobiles to access “on-need instant gratification” has allowed these firms to thrive (Capgemini Consulting, The Power of Sharing: How Collaborative Business Models are Shaping a New Economy, 2015). The habitual nature of this demographic to access services through mobile technology has been critical in the success of the sharing economy in a wider selection of sectors.

2.5 Company Responses

Traditional firms are having to compete with rivals from the sharing economy that have higher returns to scale, as they have far greater mobility where growth is only limited by the extent of power held within their network (Cusumano , How Traditional Firms Must Compete in the Sharing Economy, 2015). They have seen their market share carved away by those that are enabled by online platforms with reduced barriers to growth as they can often provide services cheaper and in a more timely manner. Boesler (2013) has identified that the biggest changes that established companies can expect to experience are the decrease in volume of goods purchased due to collaborative consumption and additionally, shared ownership/short-term rental becoming a popular alternative to individual ownership of products.

Differentiating their Product and/or Service

Cusumano (2015) holds the view that simply mimicking these newcomers is un-wise. Alternatively, in the long run, established firms can look to provide a level of service that cannot be imitated by the sharing economy start-ups. Cusumano has suggested that companies with traditional business models re-organise operations, to deliver a more dependable, consistent and safer service. Promoting these elements will help to negate some of the advantages that flexible online platforms hold. Peer-to-peer networks struggle in standardizing their offering and traditional firms should focus on delivering value in areas such as these where sharing platforms fall short.

In a study completed in the hotel industry in the United States, researchers uncovered the impact of one particular sharing platform (Airbnb) on players in the short-term accommodation market. When concentrating on the industry in Austin, Texas, evidence demonstrated that consumption patterns have significantly shifted in recent years and a response from hotel operators is required (Zervas, Proserpio, & Byers, 2016). The results from their study illustrate that the service provided by Airbnb is differentiated to that of hotel providers. A benefit is the diversity of accommodation is vaster than what is currently being offered, and supply can be expanded on a greater scale due to its ability of leveraging existing housing. Hotel chains are no longer competing against rivals with similar market constraints to them, but instead incumbent firms face a competitor(s) with unprecedented advantage in serving a greater number of customers with a wider offering. These authors recommend that the hotel firms impacted by new entrants from the sharing economy must respond swiftly (Zervas, Proserpio, & Byers, 2016). Adaptations to investment portfolios, market entry/exit strategies or perhaps "re-positioning to provide more personalized Airbnb-like services" (page ??) are prospects to be considered. These recommendations are somewhat contrasting to those made by Cusumano. There are varying beliefs that traditional firms must, to some extent, mimic the operations of sharing platforms. This demonstrates that while a number of industry experts have identified that some change is needed to remain competitive, the ideal course of action for traditional firms is still uncertain.

Emphasizing Mobility and Openness to Change

Flexibility in structure has also been pinpointed as a necessary combative tool for established firms. It is imperative for traditional firms to prevent customers from simply exploiting their physical product (Winterhalter, Wecht, & Krieg, 2015). To solve this problem, established business models may look to adapt to a "usage-based system". Winterhalter et al. (2015) describe this as an alignment of the increasing customer preference for forgoing initial investments for products with company offering. Additionally, discovering areas within operations that can be digitised will also prove beneficial (Puschmann & Alt, 2016). As discussed earlier in this literature review, the sharing economy is reliant on connectivity online, and Pushmann and Alt claim that firms can look to profit from this trend if they are able to manipulate their operations so that the ability to share through digital technologies is enhanced and social networks are exploited (2016, pp. 93-99).

It is important for traditional firms to avoid the perception that digital technology as a challenge to negotiate but instead, a transformation opportunity to be embraced (Westerman & Bonnet, 2015). These authors argue that to pivot successfully and remain competitive, managers must adopt a new mindset. Westerman and Bonnet (2015) have outlined the changes that traditional firms must acknowledge, the first being that customers value human interaction. The sharing economy successes have demonstrated that digital technology can be employed to give a personalized and unique experience; physical interfaces are no longer a pre-requisite. Also, managers must realise that operational processes can be further automated. Greater levels of digital technology integration enhance standardization across service levels, and as a consequence the company can actually becoming more agile (Hirt & Willmott, 2014). Standard sharing platforms are nimble in adjusting to their local environments, and Hurt and Willmott recognize that this an ability that traditional centralized firms struggle to replicate. Westerman and Bonnet (2015) recommend that traditional firms look to integrate digital technologies where possible but it is critical to ensure that business models are not merely replications of how they operated in the physical environment.

Russell Belk has published numerous well-respected articles regarding the influence of disruptive technology for traditional firms, and he has suggested a number of potential strategies that companies can take when adjusting to the sharing economy (2013). One of these proposals is the suggestion that companies should look to offer and provide content free of charge and look for other avenues in which to earn revenue (Belk, You are what you can access: Sharing and collaborative consumption online, 2013, pp. 1595–1600). This would follow in the path of a number of new firms that compete in the sharing economy, where revenue is largely earned through advertising and collection of consumer behaviour data (Berkman, 2012). This would directly challenge the numerous platforms that have significantly lowered costs for consumers. An additional strategy for incumbents as proposed by Belk is to look to acquire the firms that pose the greatest disruptive risk. As almost all industries will experience the consequences of the "digital revolution", firms would be poorly positioned if they were to ignore the evolving environment (Stewart, Schatz, & Khare, 2017). Belk advocates that through acquisition of disruptive businesses, incumbents can decrease the market risk they face (2013). This could be a prudent move, due to the growing presence of sharing firms actually expanding the market, rather than contracting it (PwC, 2015). Under these proposals, the number of alternatives that consumers face are increasing through the market structure of the sharing economy, and established businesses can look to capitalize upon this opportunity. However, the rapidly global scale of some competitors may make acquiring them impossible.

The prolific entrepreneur Peter Thiel outlines an important consideration for businesses that are looking to adjust effectively in the wake of the sharing economy. Technology should not be feared as something that will replace the firm, but instead it should be viewed as a tool that will allow them to do even more (Thiel, 2014, p. 148). He suggests that too many companies are wary of the disruptive power that technology holds, rather than focusing on the complementary potential it poses. Thiel outlines that appropriate responses from incumbents look to harness technology that is available, not to fight against it. This school of thought is aligned closely to the recommendations made by Belk.

Appeals to Lawmakers

An additional common reaction by incumbents to the rise of the sharing economy are to appeal to regulatory forces, looking to restrict rivals and shut down their operations by claiming that they are not compliant with legislature (Koopman, Thierer, & Mitchell, 2015). This is seen in a New Zealand context, with several hospitality providers claiming that the 30,000 plus AirBnb options in the country are operating with an unfair advantage (Cropp, 2016). In addition to this, a number of other incumbents have participated in protests to demonstrate their resentment to the entry of sharing platforms (Radio New Zealand, 2016). Major NZ cities have seen disruption to normal services as businesses spend time in urging regulators to take a stronger stand against new entrants that are alleged of wrong doing.

Participants of the sharing economy in this industry are accused of failing to observe the same health, safety, fire and numerous other compliance costs that their traditional corporate counterparts are obligated to fulfill (Elliott, 2016). Despite their outcry, the increased pressure on regulatory forces to legislate against “freeloaders” has not managed to stem the loss of market share to sharing platforms, and as Amanda Cropp identifies, a response that focuses on action rather than appeal is necessary (2016).

2.6 Summary

After evaluating the literature, there are signs that the sharing economy is an area of growing interest to researchers (PwC, 2015). The results of collaborative consumption and new business models are being realised and this has triggered the curiosity of academics who aim to evaluate the consequences of the market shift (Biswas & Pahwa, 2015). Nevertheless, there are areas that have remained comparatively overlooked by prior studies and this has guided the identification of a direction for this thesis.

Relative to the other themes discussed in the literature review, the responses from incumbent firms have not featured as prominently. Additional results stemming from this area of study are believed to provide the most benefit to potential users of the findings of this thesis, as it can provide insight as to the various ways in which the sharing economy bears influence. The requirement for firms to adjust if they wish to survive in the long-term is well documented (Reeves & Deimler, 2011), and the sharing economy is an example of a market shift that requires consideration from established companies. The literature review has suggested that the influences of the sharing economy and digital technologies can be broad in their reach of industries (Given, 2015) (Kane, 2016). Yet, a large majority of the detailed studies completed focus on a select group of sectors, mainly transportation and accommodation (Brustein, 2016) (Davies, 2016) and they fail to describe the effects on sectors beyond these. Due to this, there has been a growing necessity to explore the extent of the sharing economy across a number of industries that have not been previously investigated. The sectors that have been assessed in the past are characteristically commodity-based (Ritholtz, 2016). This has showcased a scarcity of research into the impact of the sharing economy in knowledge and skill-based industries. Consequently, this thesis will comprise companies from these areas in order to comprehend the breadth of impact that the sharing economy holds. Exploration of the reactive measures of companies is deficient amongst the current literature. This means the findings are likely to be of value to future users of this thesis who can measure the effectiveness of the responses at a later point, particularly in sectors that are not considered the most at-risk to this disruption.

An additional feature of prior literature is the minimal collection of cross-organisation empirical data and lack of primary research gathering. The majority of existing academic works are represented disproportionately by examples of secondary research or primary data at a macro-industry level. Previous literature is lacking in qualitative insight from the businesses that are actually experiencing the disruptions caused by the sharing economy and this provides an area on which this thesis can focus. By exposing the manner in which business managers have or are preparing to adjust, if at all, this research demonstrates substantial novelty.

Furthermore, investigations into the consequences of the sharing economy at a domestic level in New Zealand have not been widely studied. Discovering whether established firms in New Zealand are either aware or prepared to cope with new agile opponents in the sharing space means a local context will be given to the results. This will provide domestic relevance to the sharing economy market landscape in New Zealand as no research has really established the role that it plays in our nation. By approaching the thesis in this manner, the results can be used as a benchmark in the future, to gauge the level of readiness of New Zealand firms to manage in a developing market.

To summarise, upon review of the literature, the space that presents the largest gap for new knowledge creation is the assessment of reactive measures and responses by established companies to the sharing economy. The role that the sharing economy plays domestically will also be of focus as many of the studies that have evaluated the influence of the sharing economy in the past have taken place in overseas markets. The range of industries that will contribute to the sample of businesses that partake in the thesis will also be broadened from the typical sectors that have been surveyed in previous studies.

Following this assessment of the literature, the following research questions have been devised in an effort to guide the thesis and capture insight where prior research has fallen short.

- At present, what impact has the sharing economy had on the operations and strategy of market incumbents?

- If the sharing economy is to have an ongoing influence, how are industries likely to be configured in the future?

- If strategic changes are required by incumbent firms, what impact will this have for their resources and capabilities?

3. Methodology

3.1 Epistemologies and Research Paradigms

The literature review included in this report has given a broad overview of the studies previously completed in this field to date. It has also led to the following research questions being devised:

- At present, what impact has the sharing economy had on the operations and strategy of market incumbents?
- If the sharing economy is to have an ongoing influence, how are industries likely to be configured in the future?
- If strategic changes are required by incumbent firms, what impact will this have for their resources and capabilities?

From this review, it is possible to decide on the most appropriate method of research for this study. The review of literature has demonstrated minimal use of empirical data and primary data gathering. The existing academic works predominately feature systematic expert opinions and case analysis from an external perspective providing judgment on the sharing economy.

The previous literature has failed to include primary information collected from the perspective of business managers and leaders. Instead, it features a significant amount of secondary research or primary data at a macro-industry level. Insights from an insider perspective may allow new discoveries previously given little attention. Consequently, this study will aim to collect primary data from business managers actually faced with competing in the sharing economy. This has meant that in-depth interviews will be used as the research tool to gather qualitative information. This will encompass an interpretivist approach, as the perceptions and views from the participating business managers will guide the research. There is a need in this subject area for novel insights on the importance of the shifting environment and how businesses are beginning to orientate themselves towards a contemporary market environment.

As there are very few empirical investigations of the sharing economy, prior studies in this subject area have limited usefulness when designing the research process for this thesis. For this research, a qualitative approach will be adopted. This methodology is justified by examining research projects that display features of an interpretivist attitude with similar objectives to the goals for this project. Braun et al. (2012) discuss the usefulness of their approach when closely reviewing the effectiveness of mission statements in organisations. Whilst this theme of study is not directly related to that of this thesis, there are distinct similarities. At a broad level, studies that look to observe potential trends at an intimate level promote in-depth interviews as their primary data-gathering tool. In-depth interviews were similarly used in another study conducted by Schor et al. that looked to define the level of openness in the sharing economy (2016). By engaging in detailed conversation with participants, quality insights into numerous functions of the sharing economy were gained. This thesis can also use in-depth interviews to allow for valuable concentration on the sharing economy in New Zealand and allow the opportunity to probe and unearth managerial insights that would be inaccessible through other research designs.

3.2 Data Collection

In-depth interviews with key decision makers at the managerial level of Kiwi businesses will best suit the objectives of this research. The qualitative nature of the results will provide an initial understanding as to how the threats and opportunities of the sharing economy are perceived and how participants plan to acclimatise. A semi-structured style of interviewing will also accommodate for flexible questioning, allowing insights of interest to be explored further when necessary. A conversational approach to the interviews will be taken due to its appropriateness in gauging business managers' perceptions on the influence of the sharing economy. The business landscape of New Zealand has been shown no attention with previous discussions concerning the sharing economy. This methodology will provide a narrower regional scope than that of prior research, by gauging the domestic economy and how business providers look to manage a global trend in New Zealand.

The literature review also features a dominance of the hospitality and commuting industries when showcasing the impact of the sharing economy. Whilst it should be acknowledged that these sectors have been early adopters of the peer-to-peer networks that facilitate this phenomenon, this thesis will look to investigate other areas of the economy also. There has been neglect shown of a wider range of industries that may be affected and this thesis will seek to address this.

The sampling scheme for this thesis is particularly important as it aims to achieve external validity of results. The population for this study is all New Zealand businesses, as prior literature has indicated that the sharing economy can impact all sectors. From the outset of this research, it was intended that a range of industries were to be used in the study to better gauge how the economy as a whole was prepared and reacting to the trend of the sharing economy. As previously mentioned, a majority of prior research regarding the sharing economy is narrow in scope, focusing mainly on either the taxi or hotel industry as has been the norm when studying the effects of the sharing economy. Whilst transportation and accommodation incumbents were targeted to form a small portion of the sample for this research, each business that was contacted within these industries declined to accept the invitation to participate in the study.

The fact that a number of firms from the same industries did refuse to partake also changed the scope of the sample for the thesis. The sample developed to a focus on perspectives from knowledge-based sectors as opposed to manufacturing or commodity-intensive industries. While this has potentially shifted the nature of the insights that would have been gained, it has furthered the novelty of this particular study. Much of the previous literature has little emphasis from the viewpoint of those in knowledge-based areas.

When conducting any interview-based study, there are important ethical considerations. This involves ensuring questions do not infringe on participants' rights. Additionally, responses will be kept confidential. The industry within which the business operates will be of use when evaluating results, but all other identifying information will be excluded from any reports and records of results. Approval from the Human Ethics Committee has been acquired before data collection commenced.

When planning the thesis, it was originally thought that a total of 20 interviews with managers would be a pertinent amount of participants to provide effective results. However, after trialing the interview process and reviewing the resource constraints that were present, the sample size was amended to 10 individual interviews. It was concluded that that 20 interviews would be too time-consuming for the level of depth that was targeted from each interview conducted. A total of ten interviews were deemed more appropriate given the parameters of the thesis. This quantity of interviews will facilitate a high level of depth to be pursued whilst gaining a wide range of perspectives across different sectors, therefore 10 interviews was deemed sufficient. Participants were recruited through individual selection of accessible enterprises in the Wellington region. Due to the nature of the research, there are clear geographical constraints, as interviews will be conducted in person. Whilst this presents a set of challenges, a careful selection of participants will guarantee suitability to the study and ensure that responses are representative of the population whilst being of value when looking to satisfy the research objectives.

3.3 Data Analysis

The in-depth interviews were audio-recorded on a device and stored to a hard-drive that was only accessible to the interviewer, in order to ensure confidentiality of responses. Following this, transcripts of each interview were completed and generated with pseudonyms to protect the identity of participants. Through this method, the coding of responses was facilitated, as these transcripts provided a visual platform to identify key insights.

After reviewing the most effective methods of analysing qualitative evidence through previous literature, interviews that represent similar themes can be grouped and subsequently compared or contrasted (Cavana, Delahaye, & Sekaran, 2001). By grouping common and contrasting themes, conclusions about sharing economy responses from Kiwi companies can be drawn. As major themes have been identified throughout the analysis process, direct quotes and comments from participants relating to any given theme have been included to substantiate the claims that are made. This “quote-research” technique (Folkestad, 2008) delivers credibility when describing the data that is collected from the interviews. It also provides as a consistent platform to evaluate the insights gained (Miles & Huberman, 1994) and facilitates the process of making generalisations across the data set. One of the main goals of the analysis process is to compare the interview data and locate patterns and trends across responses. Using a coding system for the qualitative interviews, the “comparability of the data is enhanced” (Folkestad, 2008) and the validity of the data and conclusions drawn from them is increased.

4. Findings

The following results have been gathered from in-depth interviews with 10 individual employees from businesses hailing from a broad range of industries. A majority of the industries that feature can be classified as "knowledge-based", where use of information and reliance on intellectual expertise is essential (Ceptureanu, 2014). These sectors span architecture, consultancy, recruitment, internet provision, law, property development, journalism and also government/public services. Additionally, new sharing firms that operate in a relatively more commodity-driven market have also provided some insight. These firms operate in the ride-sharing industry and their responses have supplemented the perspectives from the incumbents who feature extensively.

A number of businesses declined to participate in this study. These firms were all from sectors that the literature has identified as the most at-risk from disruption caused by the sharing economy. Therefore, there are no findings from incumbent firms from industries such as hotels, taxi services or restaurants and the significance of this is discussed later in the thesis.

The sizes of the firms that have been included vary from small enterprises to medium-sized companies. Some participants operate as individual freelancers while the largest company that was involved employed a staff of 25. One commonality across the participant base was that each response was cast from a position of managerial power. Participants were either a senior manager or CEO/owner at their respective company. This ensured that each participant was aware of the strategic direction of the business they worked for, and that they held influence regarding the strategic decisions made within the firm. The interviews with the ten participants have been analysed through a thematic lens. Transcripts from each engagement were generated to allow broad comparisons between responses to be drawn. The key themes that were apparent throughout a majority of the interviews are identified below. To demonstrate the widespread evidence for these commonalities, important excerpts have been extracted from the interviews. Unique aspects from a number of responses have also been included.

4.1 Issues Under a New Market Structure

Sharing firms and incumbents that have successfully adapted are often competing under market structures that were designed prior to the conception of the sharing economy and consequently, there have been several legislative and financing issues to deal with.

"We have had to work with the council while they created policy. So they wrote a whole car sharing policy to allow the market to develop".

With the increasing creation of new market spaces through the sharing economy, regulation has become a controversial issue that has featured prominently throughout previous literature.

A participant, who managed their own sharing platform in Wellington, explained their approach to entering a market that was underprepared for businesses that operated under a sharing framework. They had to fashion the market themselves and introduce new behaviours to the target audience, similarly to other sharing platforms, such as Uber. "In helping to create an innovative new market — the sharing economy — Uber spent a fortune training, recruiting and subsidising drivers, giving away free rides so consumers would get hooked on the service. This set up a global system of local and regional offices as well as hiring lawyers to deal with lawsuits and regulators" (Wharton University of Pennsylvania, 2017). Nevertheless, this participant described that their company had learnt from the shortcomings of early entrants on the global scale. As they were the first entrants on the domestic scene in this space, they emphasised working with regulators, rather than having to nullify them, a much more costly exercise. "From day one we worked really hard to align both ourselves and the council, vying for more EV charging stations around the city is one example. There are a lot of things that we are doing that don't make traditional business sense but they are more vision orientated". The participant continued to explain that the absence of legal constructs for a business such as theirs meant they had to be patient when launching the firm. "It was a long process working with the council, both parties just wanted to ensure that when we were operational we weren't stepping on each other's feet". However, the participant stressed that the time spent forging a relationship with regulators was much more valuable than a future of tension and disputes with local authorities.

This is similar to the responses from a participant that was an incumbent from the law industry who realised there was a necessity to realign operations. When proposing their concept for standardising a number of processes that previously earned solicitors a large proportion of revenue, it became clear that a behavior shift was required. “Our relationships are stretching beyond the initial contact period as it can be difficult for some to grasp that a lot of the work they were previously doing is obsolete when our systems are implemented. So perhaps the level of readiness of firms to fully embrace digital technology is not what I predicted, but I think this has meant that we are clearly a first mover in this space”. Some participants have found that whilst they have secured the digital technology to unlock efficiencies, the market is not equipped to the same extent in accepting such changes. Consequently, market regulations are also not as prepared to deal with such novel business activity, “there were no current laws that covered the sort of business we were doing, we were the first on the scene”. Participants who had deployed new sharing platforms shared the same experiences in having to interact heavily with their market to communicate the benefits that their service can offer. “If we can demonstrate that there is something in it for them, regulators are much more open to allowing us work how we want”.

When discussing the significance of working with regulators, it is important to include the perspective of the policy creators. A participant who has insight from a government standpoint described the problems they had encountered when applying the law to sharing firms and incumbents who had realigned their operations. Despite the evidence provided by earlier participants who claimed they worked in conjunction with regulators, there were still a number of new businesses that failed to adopt the same approach. “I’m uncomfortable with the general approach to labour issues and their aggressive tactics when it comes to confronting regulation”. This participant who had been involved in countering the illegitimate practices of some sharing platforms described the evolution of a hostile environment between the government and the platforms. When questioned about the response from regulatory officials and the tension between the parties, “I don’t think ‘fight back’ by the government is the right way to describe it. I think it's more that the government is enforcing the rule of law. The government has even made some changes to accommodate the entrance of these firms, but they have chosen to engage in a really unconstructive and dodgy way. I think we'll eventually see an outcome where the government cuts regulation as far as it's willing to go, and won't go any further, and the sharing sites will still be unhappy".

When firms enter the market without consultation with policy makers, relationships fray. The participant acknowledged that while they had not been involved directly with efforts that included both government and business input, they agreed it would be a much more effective activity, as opposed to attempting to resolve issues after the firm is operational. However, it was conceded that despite the struggles sharing businesses experience when entering new markets, they did hold value for the community they serve, specifically environmental benefits. "Fundamentally if we can avoid *buying* more things and instead *share* what we already have, less stuff needs to be produced."

There were also indications that incumbents who are struggling to effectively compete were attempting to use the application of legislature as a tactic to quash new sharing firms. The ambiguity that clouds judgments on whether a number of sharing practices are lawful has gifted a strategy to some incumbents that have failed to ascertain an effective response to the sharing economy. "We know for a fact that some stalwarts in the industry are appealing to higher powers to punish us for breaking the rules. Unfortunately for them, there's nothing in the rule book that says what we are doing is wrong". The lack of legal structures to monitor sharing firms has led to traditional firms believing that their new competition are not complying with the same sort of policies they were obligated to meet. While this has gained various amounts of traction worldwide as a means to halt sharing firms, participants in this study described that it had taken minimal toll on their growth. One respondent whose business targeted large-scale disruption of recruitment traditional processes explained, "We are just changing up the industry, some laws just don't apply to us the same way that it does for the industry giants, and now they accuse us of cheating the system". According to several participants, demonstrations of outcry from the traditional companies was merely a representation of how under-prepared they are to effectively respond to the new market developments. "We've just continued to work with the councils to make sure we are operating fairly, and it's been fine". Once again, a collaborative approach with officials was described as an effective method of market entry and it negated the protests from non-sharing counterparts.

4.2 The Need for Greater Specialisation

A number of incumbent firms with a heavy orientation to knowledge-based skills are being pushed into niches, as the sharing economy has allowed the basic functions of each industry to be either completed by unqualified consumers or automated.

"That's where (business models) have gone towards, that more specialised model".

A majority of participants identified that there was widespread demand from clients and the wider market for decreased costs across almost all operation fronts. "We've been forced to change our service up as a lot of the stuff we were doing previously can be done on the cheap online". The sharing economy is acting as a tool that has intensified price competition across a wide range of markets. "A lot of the online platforms don't have the same overheads as we do, and consumers flock to that".

The increasing presence of digital platforms has allowed many consumers to forgo traditional transactions with businesses. The sharing economy has simplified a number of tasks to the extent that industry stalwarts are less involved in the generic activities. This is exhibited by the comments of a recruiter professional that found his company being pushed into a niche area of the market after digital technology enabled the wider population to participate in completing recruiting activities themselves.
"There has been more of a sense of 'let's do this ourselves', and more tools at their disposal to do so. The large generalist recruitment agencies/ big corporates, seemed to have struggled with this, compared to smaller more specialized, kiwi owned agencies. Rather than going to those big name recruiters, businesses will either try it themselves or go for more specialized recruiters". Consequently, the demand for specialized services has risen as well. Within this particular industry, it was identified that technology such as LinkedIn and other social media sites are the main disruptors for recruiters that had provided more generalised services. However, it was acknowledged that other progressions in digital technology and sharing expertise have actually benefited those who have adjusted into niche areas. The participant indicated that developments in the sharing economy have meant that there is a rise in the "tools that

recruiters are better at utilising and manipulating to their needs and requirements. (Some elements of the sharing economy) have just become tools for recruiters to have in their arsenal to use to find jobseekers and candidates". The changes in technology that encouraged the move into niche areas have also helped to protect firms once they have shifted into these areas as they are best positioned to use the technology for these alternative purposes according to the participant.

A similar theme was reflected among services provided by solicitors who were relatively progressive in their operations. One participant from this sector identified that there was a growing trend of standardizing tasks through sharing economy platforms. Prior to the widespread integration of digital technology, lawyers would commonly bill clients for jobs that were extremely similar to tasks completed for previous clients. However, the introduction of sharing platforms has also shifted the expectation of lawyers to focus on a specialized skillset. "By decreasing the amount of time spent doing these mundane tasks, it enables us to have time for the real value enhancing activities -the ones that rely on building and maintaining relationships with clients- something that can't really be done through digital platforms". Lawyers can no longer rely on charging clients for generic legal services as they can be provided through global platforms. Instead, niches within the industry are being encouraged as the participants in the market attempt to find a unique area where they can create value. Automation of tasks is steadily increasing as sharing platforms grow in sophistication and the participant described an environment where several established law firms were scrambling to find niche areas in which they could provide a competitive advantage. "The general and basic services aren't cutting it anymore and some other law firms are finding out the hard way. Some are asking about the sort of work we are doing while others are experimenting down other paths to try differentiate themselves".

One participant who hails from a property development background credited digital technology and the sharing economy as enhancing connectivity and the transfer of information, particularly for their clients. When using the sharing economy, clients have greater access to knowledge that previously would only be possessed by industry professionals. Due to this, a number of the generic services that the property management company provided are gradually becoming obsolete. As a consequence, the company has shifted focus to a relationship-based service. “Our business success is very reliant upon the personal relationships that our employees have with their customers. We are in the relationship business and property is just what we do.”

Nevertheless, there were certain functions that are at risk of disruption from trends such as the sharing economy. This participant who deals directly with the market and closely manages the properties owned by the business, highlighted that developers who acted merely as commercial real estate agents could easily be replaced. “They are overpaid for the value they bring. I see this as being ripe for some form of major disruption by technology.” This further reinforces the need to specialize within the industry and provide augmented services that technology or consumers cannot provide themselves, hence the emphasis this particular manager placed on client relationships.

A freelance consultant spoke of their experience, witnessing the changes in the structure of their industry. It is “simpler for companies and individuals to tailor their consulting needs around individual consultants’ strengths rather than having to go to consulting companies to meet their needs”. According to this participant, the sharing economy has facilitated the shift of consultants into niche areas. Smaller players in the market become more attractive as they are well positioned to benefit from the advantages associated with the sharing economy. The greater levels of connectivity that the sharing economy has provided has meant that freelance consultants, such as this particular participant, must contest against a much larger workforce than what was available previously. In an effort to further distinguish themselves and gain a unique selling position against other consultants, they must become specialists in chosen areas, demonstrating that they can provide superior service in their chosen field, rather than attempting to excel as generalists.

However, an imperative point that was evident across almost all interviews was that there was little concern for the sharing economy to further disrupt businesses once they had moved into the niche space. In most cases, the specialized markets that firms were forcibly pushed towards only permitted experienced and qualified professionals to deliver real value. This was reflected by comments made by a manager involved in the sector of internet provision. “The augmented services that we now provide, you need specialist skills for sure to do what we do, so (for these services) we haven't perceived the sharing economy as a major threat. There's a market for these type of services, and not many of the general population have the ability to provide that". A similar response was given by a recruitment professional when asked whether the tools that allowed businesses to undertake their own human resource functions could potentially replace the specialized services that they provided. "There are some tools that recruiters are better at utilising and manipulating to their needs and requirements. They haven't really disrupted our place in the industry, they have become tools for recruiters to have in their arsenal". Both these participants described the early shifts into specialized areas they had experienced as an effect of developing digital technology but were comfortable in the position they now found themselves as it was safeguarded. There was a perceived ceiling level of service that the sharing economy could provide and they had now specialized to a particular level that commanded protection against further disruption.

Conversely, it should be noted that not all participants had experienced such significant shifts into niche areas. One participant from the architectural sector explained that the industry was extremely reliant on a high level of expertise, and such skills were difficult for customers to access through a digital platform. "Our industry is regulated heavily and is subject to location specific compliance which makes it very hard create a 'one size fits all' model. This means that architecture remains a largely bespoke product, more susceptible to standardization over (pre) fabrication". This passage demonstrates that it is problematic to try synchronise a service with an online platform that requires a high level of consistency across the service in order to operate effectively.
However, this should not be mistaken as lacking a presence of digital technology in this sector, as the participant described, "Collaboration (between architects) within the construction industry is becoming more and more important as technology becomes more prevalent". An industry that was once specifically tailored to each client is now experiencing slight increases in uniformity of the base product.

Similarly, the participant who manages a firm that distributes web services made comments that bucked the trend of all firms needing to move into specific niche areas. Due to the monopolistic nature of the industry (all bandwidth is acquired through Chorus in New Zealand) and the high regulatory barriers, peer-to-peer networks have struggled to infiltrate to the same extent as they have done in other sectors. “It is quite difficult for brands to compete solely on price. So customer service and add-ons are the selling points that position each brand in the market. The biggest evolutions I’ve seen are how these customer service elements have changed over time. There hasn’t really been any entrance of peer-to-peer platforms as the industry isn’t particularly well suited to that, compared to a number of other areas like transport”. Despite this, the advancement of the sharing economy has meant that established firms in the web-provider industry have still benefited. As technology develops, the expected standard of skills to participate in the market has risen. “Everything is getting more and more complex. Over time, there will be less and less that people can actually do themselves, I believe. Five years ago, it was as simple as plugging in a router and away you go. It’s not like that anymore with several channels of internet, there are more layers of complexity”. Consequently, the industry as a whole has become more specialized rather than just the firms that compete within it, a contrasting trend to that of a majority of the participants in this study.

A professional from an architectural and design background describes a parallel trend of holistic industry sophistication. Rather than individual firms moving into niche areas, all firms are being challenged to up skill and keep ahead of technology advancements that have been spurred by trends such as the sharing economy. “Prefabrication/factory built housing will play a major role in the future of housing (in particular), we will see houses built more like cars. We are somewhat behind the world leaders when it comes to this”. Again, this industry does not lend itself well to peer-to-peer platforms due to the high level of customisation and expertise required from one job to the next, but the increase in collaborative consumption and transparency that the sharing economy has encouraged has changed the landscape of the industry, as described by this participant.

4.3 Adaptions to Employment

Particularly in knowledge-based industries, the rise of the sharing economy has modified the nature of work for employees.

"Flexibility around what firms and jobseekers wanted was becoming apparent. Project type work, autonomous work and increasing popularity for flexible arrangements kick started our changes".

A majority of the respondents that indicated they had made conscious efforts to adjust to sharing trends, also described how their working environment was influenced as a consequence. The traditional relationship between a business and its employees has been forced to modify to cater for a variety of consumer demands. One of these driving forces is the need for an immediate presence and consistent availability. One participant who owns and operates a consultancy practice highlighted the necessary changes they had made. "I am in the process of scaling my business by taking on remote on-demand consultants. With a greater focus on online 'products', there is greater scalability". The growth in popularity of the sharing economy has meant that the expectation of 'work' has altered. The participant suggested that the stereotypical working day and environment were now positioned to align with the demands of the consumers. This is due to the growing influence of the sharing economy on customer expectations as expectation for immediacy had developed.

When reflecting on how digital technology has modified the nature of their work, one participant described how in industries such as recruitment and HR where processes have been long established, traditions are being broken down. "For recruiters like us, it no longer matters where they are located. Digital tech and cloud based stuff has meant that the style (agile and specialised services) we have adopted is possible. It's not so much that we have processes in place that will help to adjust in the future but rather a culture that allows mobility". As the market increasingly desires for services to be available when it most conveniences them, the way in which a number of participants conduct their work has been adjusted.

However, these changes in work dynamics have had varying consequences across different industries. Where freelancing and casual work is prevalent, the global connectedness that the sharing economy promotes has meant the earning potential for some workers has been reduced. During an interview with a freelance journalist, a number of fears were expressed for the future economic viability of her work "The platform is putting those who demand content in touch with more authors than ever before. As a consequence, the price charged for a one-off article is forcibly reduced. I could effectively be competing to write an article with someone who is willing to work for $5 an hour, there are many writers who write for a lot less than I do so I think that is a potential way forward for the industry". However, one business manager did not believe that all sharing platforms would change the nature of work through the need to cut costs. This participant who hails from a financial and banking background forecasts that while the sharing economy can influence the employer/employee relationship in this sector, the nature of the transactions that occur do not allow for much operational savings to be made but instead appeal to customers on a basis of convenience. "Peer-to-peer lending is different. I don't foresee a race to the bottom there. The service provided there I believe will remain constant in terms of price". This was in part due to the perceived risks that were present in the industry. Initial investment to join these services is much higher in comparison to other sharing platforms and the participant explained that those who opted to partake in the sharing activity acknowledged that the lowest price option was not necessarily the correct choice.

Based on some comments made by a participant in this study, the sharing economy has also held consequences for working conditions amongst lawyers. Platforms that make up the sharing economy have popularized one-off working arrangements and altered other employee-client engagements that traditionally have been relatively structured. The participant, who has been working to revolutionalise the conventions of solicitor engagements, noted: "It's also the nature of the work that is shifting. Customers aren't too keen to pay the hourly wage anymore; there is a big preference for deciding the cost beforehand and it being explicit. We are seeing a lot more contract-type negotiations arise, rather than the traditional billing per hour". This participant acknowledged that businesses within the industry were forced to adjust to the demands of the market and that the status quo client engagement no longer met the desired standard.

4.4 Reconsidering Asset Ownership

Incumbents have adapted their allocation of resources in their attempts to adapt to the sharing economy

"Investment into physical capital is no longer a top priority, having a presence online and being accessible online is much more important, and we've made changes to meet that".

Within the context of the property development sector, a clear shift in working conditions for clients has meant that developers have had to adapt their own offering to match the contemporary demands of prospective tenants. "Customers (tenants) now operate their businesses, particularly in offices, far differently than they did 20 years ago. They now require smaller more flexible spaces per employee, that are Wi-Fi connected and allow various users (employees) to share spaces that previously would have been assigned to just one." The outcomes of the growing popularity of the sharing economy have had flow-on effects for those looking to service new-age businesses. As the structure of work is modified to fit new business models, the participant explained that business relationships have also changed. As a result, this particular participant identified that their own nature of work had been modified to align with client demands. Through the adoption of digital technologies in their own operations, the participant explained that they are better positioned to cater for clients, who themselves employ sharing practices. "Shared documents stored on the cloud, email correspondence replacing letter writing, and the ability for the company to use its own legal documents rather than relying on solicitors" are all examples of the nature of work being influenced with the growing popularity of the sharing economy.

Many participants acknowledged that they were aware of the shifting trend of consumers preferring temporary access as opposed to ownership. One participant demonstrates this, (a founder of a digital startup in the car sharing industry) by making a conscious effort to limit the amount of resources and capital infrastructure they actually own. This participant places an emphasis on the ability to pivot operations depending on their needs. When asked about their investment in capital, their ethos was clear, "We are able to scale our operations much more effectively as a result. Why would we purchase cars ourselves? It's the exact thing we are looking to discourage from our market base so it wouldn't make sense for us to invest in a full fleet of vehicles. We've built it to grow like a software company. It's all about scalability. Similarly, we don't own an office either; we work out of a shared space, it fits with our vision". Flexibility in working conditions and also business operations was highlighted as a key outcome for this firm as they attempt to dominate a domestic segment of the sharing economy.

The private sector has not been isolated in experiencing the changes the sharing economy has inflicted on work structure. One participant speaking from a political background described the effect that the trend has on government operations and other public sector entities. The participant explained the strong links between the sharing economy and activities such as Open Sourcing, with market participants collaborating when undertaking transactions. "They've expanded their guidelines so that if the public service creates software, they're encouraged to license it with an open source software license".

Due to the influences of the sharing economy and the increased transparency in information that has resulted, high levels of collaboration between different bodies has become commonplace. This has consequently shifted the nature of work. "They recognise that it's in their self interest to contribute resources to a common pool". In alignment with the values of the sharing economy, cooperation is prioritized over competition according to this participant and the way in which businesses conduct their operations has been altered to be in accordance with these values. This has been most evident is areas that require highly specialized knowledge and where having information is key for success. However, the practice of open sourcing has not been applied without drawbacks in both the public and private sector. "Open source software licensing can create quite difficult legal questions". Similarly with the sharing economy, there have been issues surrounding ownership of resources and accountability of a number of practices.

4.5 Stagnant Incumbents

Despite a majority of the participants in this study indicating they had been successful in acclimatizing to the sharing economy, they had witnessed counter-parts struggle in adjustment. This was primarily due to lack of ability and/or lack of willingness.

"A lot of traditional firms just have their head down and are busy working away at the job/task in front of them. They aren't using their resources to adapt or predict future changes in the market"

One business manager identified that the size of the company impacted on the ability to adapt to evolving market conditions. Despite the fact that larger firms with more resourcing power could better capitalise upon digital technology, being a small player was an advantage. "It's easy for us to get stuff to market, but it's a big deal for the likes of Spark (direct competitor). If they get something wrong, they will get crucified in the press. If we get something wrong, we can get away with it". Following this was a description of the increased nimbleness of smaller companies. Demand conditions such as convenience and immediacy, often associated with the sharing economy, were able to be met by this manager of an internet company as their small stature allowed quicker response times compared to their better resourced counterparts. The participant noted that it was a common misconception that larger firms had greater ability to change operations with speed and precision. In his experience, he appreciated that being large in scale was actually an inhibitor.

A new startup that has embraced the sharing economy principles within the car sharing space recognized that their incumbent rivals are reluctant to adapt due to the strain that would result on their current operations. "They don't have the time to keep an eye on global trends as they are so focused on delivering to their immediate customers. So that has allowed opportunities for us I think". This particular participant had presented their business model to a number of industry leaders when their firm was only in the development phase. At the time, the incumbents were impressed with the innovation and integration of digital technology but failed to acknowledge them as a proper competitor, according to the participant. “Everyone was quite supportive, but no one really took us seriously. And that’s fine as it opens the door for us to take market share”. The participant claims that since their entry to the market, they have witnessed consumer behaviour alter, with a significant number of regional customers signing up for the car-sharing service which in turn provides a disincentive to both use other means of collective transport (taxi, bus, etc.) but also car ownership. “The key barrier is that the market didn’t exist before we entered,” explains the founder of the sharing startup. Incumbents struggled when preparing to counter a rival that was operating in a completely new space. A lack of ability and willingness to change on behalf of the larger firms was apparent to the participant. They described that they had witnessed the industry incumbents fail to grasp how the market would evolve and lagged in their response, which invited the opportunity to enter the market for the participant.

Participants that hailed from sectors with long-established processes were particularly certain that a large proportion of their direct rivals were reluctant and indisposed to adapt to the new market environment. One key statement of interest from a participant who was a practicing lawyer identified that the temptation of maintaining processes that attracted revenue in the present was too great. “Some other law firms have seen what we are doing and have realised that as a market driven exercise they need to adjust. But a majority are still wanting to use the old systems that currently bring them a lot of money.” This type of behaviour from incumbents is mirrored in the comments from participants across several different industries. “They realize the changes that are happening at the consumer end, but are mostly unwilling to change their practices as they earn a lot of money through what they do now. If they maintain that sort of attitude, I’m sure they will get left behind and suffer in the long run.” This particular extract contrasts to an earlier statement that identified incumbent inactivity stemmed from a lack of resources. Instead, this piece of evidence suggests established businesses do not deem participation in the sharing economy as viable enough to forgo present operations. They may in fact have the attributes and expertise to successfully align operations with new market activity such as the sharing economy but opt in favour of persisting with current practices.

When interviewing a participant with expertise in finance and the influence that the sharing economy held in this sector, they were skeptical of motivations of new platforms. “There has been growing popularity of peer-to-peer lending, rather than acquiring loans through established financial establishments. But a lot of these platforms seem to solely want to exploit a new way to make revenue, rather than the objective of increasing convenience for the investors”. She suggested that the reason some financial institutions were hesitant to adapt current operations to align with the sharing economy were the perceived economic viability issues. Complementary to the previous comments from participants, it seems as though the profit potential of adjusting to the sharing economy is not as great as present revenue streams. The participant discussed her distrust of the original motivations for participating in the sharing economy. These motivations are typically identified as the provision of benefits to a community and the convenience advantages it offers to consumers (Belk, 2013). Yet this participant identified that many firms failed to adjust due to the perception that sharing services were unprofitable, a factor that should not necessarily play a large role in the decision to adjust according to the participant. This was followed by cynicism that sharing platforms already operating in this space were not acting under the intentions that personified the essence of the sharing economy.

5. Discussion

The themes that have been identified in the Findings section of this report have signaled the current level of preparedness for a sample of knowledge-based firms in the face of the sharing economy. These reflections will look to answer the research questions that were posed at the commencement of the study. This discussion will expand upon the themes listed below and review the implications they hold.

The first theme to be addressed is the number of issues that have arisen as firms compete in a relatively new market space, one where rules are ambiguous and structures require collaboration to be built effectively. The significance of established firms moving into niche areas will be considered. The realisation that incumbents are moving into differentiated spaces is comparable to the results published by Koopman, Thierer & Mitchell (2015) where a higher degree of specialization was present in new markets. The sharing economy was also found to have an effect on employment and the way in which work is now completed. There was a similar effect found for resource allocation within businesses, with a shift away from investment in physical assets. This shift reflects a similar conclusion made by Erik Zambrano who identified the businesses that embraced the scalability of the sharing platforms were advantaged in decreasing wastage and spreading the risk of rapid growth far more effectively than those who failed to adjust (Zambrano, 2015). The final theme explores the behaviour of companies that have failed to effectively adapt to the sharing economy and the implications for these firms will be discussed.

5.1 Legislative Issues

The findings indicated that it was necessary for a number of new-age sharing firms to create market a space before they could then compete in it, and this consequently raised a host of legal concerns. Responses from participants exhibited the difficulties that are occasionally present in legislating business activity that is comparatively novel and unproven. Whilst the complications with regulating the sharing economy were discussed in detail, a point that was evident is that working with regulators to create structures that permit and enable new businesses appears the best protocol.

The evidence revealed that participants who incorporated sharing attributes in their businesses were successful in their entry to the market when their services were positioned and marketed to demonstrate how it could best advantage legislators. Cooperation with authorities seems much more likely to achieve a desired result, as collective advantage can be drawn from the situation. This contrasts with several examples in previous cases included in the literature (Brustein, 2016) (Cropp, 2016) where sharing firms enter countries without consulting legislators and as a result tensions between the parties occur and expand.

The novelty and ambiguity surrounding the operations of sharing firms has created some misunderstanding around what activities should be permitted and what worth they offer wider society. Based on the results of the sample from this report, the most effective pathway for new firms undoubtedly is to build a relationship with regulators before entry into the market to ensure they are deemed legitimate. Many firms within the sharing economy do offer broad benefits across environmental, social and community-driven fields and it becomes a matter of communicating these effectively. Due to the infancy and unfamiliarity with the technology and market structure, many governments do not have the structures in place to properly oversee the sharing economy. As many participants have done, the key to success in this domain is likely an emphasis on proactiveness. There seems a greater chance of a fruitful endeavour when sharing businesses work in tandem with relevant stakeholders to build the appropriate structures. It demonstrates to lawmakers that there are inherent benefits in permitting such activities in their communities. A number of sharing practices are built upon community and environmental benefit, and regulators must be convinced that they have an important role to play in its delivery. From analysing the responses from participants, resistance from governments stems from a lack of understanding and also pressure from incumbents who feel as though they cannot compete effectively against new sharing firms. Through education and collaboration with policy creators, these threats can probably be nullified.

The evidence offered by participants that demonstrated significant effort invested into educating both regulatory officials and consumer bases has shown that the benefits of the sharing economy may not be as widely known as first thought. The value in ensuring that important stakeholders are fully aware of the nature of the sharing economy and how it may affect them was shown to be of extreme worth. If firms are to capitalize upon the sharing movement to the fullest extent, they must be proactive in their outreach and relations with relevant parties. Based on the evidence gathered in this research, there is an onus on the company to ensure the environment, particularly the legal space, is sufficiently prepared for sharing operations. An open-minded, collaborative approach seems to allow a much smoother transition for this relatively novel way of operation. Participants were adamant that the effort spent in building a relationship paved the path to success in the new market space. Disputes regarding the legality of several sharing platforms have plagued the sharing economy narrative as portrayed in the literature review. However, the results of this study suggest that this may be less of a problem on a New Zealand domestic level, as a majority of respondents described how prosperous their preemptive liaisons with stakeholders had been.

5.2 The Transfer into Specialised Areas

Participants indicated that their move into niche areas is a direct effect of the sharing economy enabling community members to participate and complete tasks that were once only completed by specialised industry professionals. From the responses, it can be concluded that many players in the market are identifying novel areas for improvement across a wide range of operational activities. Digital technology is being applied to make processes much more efficient than they once were. The literature and previous research identified that this was common amongst commodity-intensive sectors (Ritholtz, 2016) (Gerald, 2016). However, the findings in this thesis suggest this is also present in knowledge-based industries. The review of literature in this thesis identified that information on knowledge-based industries was somewhat lacking but this finding highlights that the sharing economy has indeed influenced these sectors. There are a number of elements within the operations of knowledge-driven companies that can be automated or completed by technology. Demand from consumers for a more immediate service and value-added end product has resulted in the pioneers of the industries searching for novel ways to remove slack in operations. By reducing time spent on mundane activities that offer lower added value, a greater focus can be spent on meeting the evolving and customised needs of consumers.

There is a sense that companies must now try harder to prove to consumers that they can be of value. The sharing economy has directly increased accessibility of services to the public, with far more providers ready to deliver a cheaper and more immediate offering than what incumbents were previously capable of (Given, 2015). The anecdotal evidence gathered in the study, indicating a significant shift from incumbent businesses into more specialized areas, signals a survival response. If traditional businesses want to continue to exist, it is crucial that they offer something that cannot be matched easily through a sharing platform. Based on the results of this study, disruption from the sharing economy is rampant across a multitude of industries. There is a race within these industries, between existing companies, to best demonstrate who can be deemed indispensable in an environment where sharing platforms are replacing a host of ordinary operational activities that these firms used to monetize. The race is to occupy a space in the market that is less affected from an increasing digital presence and requires a level of skill or expertise that cannot be replicated easily by community members through a sharing platform.

A majority of participants also acknowledged that following their shift to providing specialized services, they now feel safeguarded in their market positions. The pressure of sharing platforms has pushed participants into a new market space but once they have established themselves as a niche player, there is a greater sense of comfort. A majority of the responses implied that they did not feel endangered from further disruption by sharing technology and new entrants, as these other firms could not effectively compete in this new market space. This has stressed the necessity for firms to act early to find a niche operational area that digital platforms cannot compete in. But firms that currently neglect the need to change may find that when sharing platforms manage to become even more sophisticated, and traditional companies are forced to adapt or become obsolete, it could be too late to effectively cope. Firms that adjust early, as many of the interview participants have done, can gain a foothold in the niche areas before the greater population of firms realise the importance of adjusting.

One important finding that should be considered is that not all participants expressed the suitability of their industry to disruption by sharing platforms. Whilst a majority of participants were centered in knowledge-driven sectors, it was explained that some activities are too reliant on expert knowledge and qualified skills for a sharing platform to standardize operations. Those that believed their industry contained high barriers of skill and expertise for sharing platforms to enter did not see themselves as already operating in a niche area. They simply trusted that the value they currently provide could not be replicated by a sharing platform.

Nevertheless, all the responses gathered demonstrated in some form that their industries had been influenced by the new set of market norms that have been introduced through trends such as the sharing economy. A new set of values for both customers and businesses has been instilled through the emergence of sharing platforms and it seems that they have become commonplace in sectors that may not have experienced physical entry by platforms themselves. These values include collaboration emphasized over competition, immediacy in fulfilling customer demand,

and technology enhancing connectivity (Matzler, Veider, & Kathan, 2015). These are values that typify, and have been largely tied to, the sharing economy (Piscicelli, Cooper, & Fisher, 2015) and they have been transferred to a wide range of sectors. A large proportion of participants highlighted that their own businesses were in the process of, or had already fully adopted these values, despite whether there was a sharing platform threatening their market share or not. According to the responses from this research, technology has driven advancement in what consumers expect and demand from business organisatons as their exposure to immediate and convenient services grows in all the industries in which they interact. A large number of markets have evolved to where these are the new standards of the industry, and they have been normalized through experience and interaction with sharing firms. So despite the fact that sharing platforms may not be a direct threat to some firms, the influence of the sharing economy is apparent regardless.

5.3 Changes to Worker Relations

A key trend that was apparent amongst the findings is that the structure and manner of work being completed by firms and their employees is evolving. This includes the relationship between employee and employer. From analysing the responses given by participants, the definition of a 'working relationship' has become muddied since the rise of sharing platforms and associated consumer expectations. It has shifted the established norms, as employment is no longer confined to the office from 9am to 5pm. The sharing economy has re-enforced the idea that income can be earned from a much broader range of activities with far less structure than what has traditionally been the case. Incumbent firms that have successfully adapted to new market arrangements have adopted the values that epitomize the sharing economy. Work can now be completed anywhere and at any time, and it is vital that connectivity is at the forefront of operations. Flexibility in working arrangements has been a necessary dynamic for those firms that have adjusted to the new environment. This finding reflects similar ideas to the verdicts reached by Osbourne (2016) and also Choudary and Narayanan (2017). The interaction between an employee and their work has shifted as exhibited by the outcomes of their studies in the US and India respectively. The results in this thesis demonstrate that a similar trend is occurring in industries that have not been typically considered at risk from disruption from the sharing economy (Ritholtz, 2016) and also in a local context. Yet there are consequences for workers as the expectations for how they complete work is being moulded.

Whilst the way in which work is completed has seemingly changed, the responses collected also demonstrated that the actual work has been altered by the influences of the sharing economy and improved integration of digital technology. A point that was introduced by one participant was the increasing reliance on open sourcing as a tool for employees to utilise when completing work. This is a movement that has emerged within the sharing economy phenomenon, exploiting the collaborative efforts of community members to generate and develop material and intellectual property (Belk, You are what you can access: Sharing and collaborative consumption online, 2014). Without sharing practices and suitable technology, open sourcing would be non-existent (Jetzek, Avital, & Bjørn-Andersen, 2014). This process within the sharing economy sphere has altered the method in which employees can carry out their jobs. Participants that incorporated aspects of sharing in their processes indicated that collaborative methods of work are prominent, with the belief that a combined effort from community members can help to provide a better product/service for the market.

A participant from a public sector background noted several benefits that it possessed. However, the responses that were given highlighted several issues an open sourcing model. If open sourcing is to be adopted effectively throughout all sectors of the economy, it complicates the profitability of firms. As participants collaborate to provide an enhanced service for the public good, it reduces competitiveness in the market. Business models and the economic viability of open sourcing as a primary method of operation is still developing. There appears to be a need to find a balance between staying afloat financially and offering work the public good. When combined with the issues around laying claim to intellectual property in an open sourcing environment, it is evident that similarly to the sharing economy, open sourcing is far from having reached maturity. The responses have demonstrated profound benefits for participants who explained their efforts in incorporating sharing values yet there was little concern expressed for the long-term sustainability of the activity.

5.4 Altering Resource Allocation

Prior literature, such as the report from Boesler (2013), has illustrated that the sharing economy is built upon the notion of "access over ownership" (Pike, 2016). Using resources as they are needed and encouraging efficiency of assets are fundamental to sharing behaviours (Jiang & Tian, 2016). The responses in this study supported these claims, with the participants largely agreeing that they are conscious of avoiding under-utlisation of their resources. To achieve this, business managers were hesitant to invest heavily in physical capital in comparison to what they may have done in the past. The way in which work is carried out has been modified due to the emphasis on making full use of resources available without wastage. By limiting the amount of resources actually owned, businesses are enabling greater potential for growth in the future. Scalability was of high importance to participants, demonstrating their eagerness to be less constrained on physical capabilities. This provides evidence as to one of the number of reasons for the growth dominance of sharing firms compared to incumbents. Traditional firms are invested significantly in their capital with little or less ability to pivot if demand levels fluctuate. As participants indicated, this was a scenario they were keen to avoid. By using digital technology, namely the internet, as a means of providing their service, new firms are well positioned to meet any changes in market demand. This behaviour epitomizes the true essence of the sharing economy; being able to shift resources flexibly and in a manner that supports growth, only requiring the resources when they are needed. This further reinforces the argument that the way in which workers and businesses operate is changing and will likely continue to do so.

Some participants reasoned that the sharing of technology would be difficult to implement in their industry. This was justified in a number of ways, including the need for highly skilled workers or a strong emphasis on industry-specific knowledge. While it can be conceded that the sharing economy may not physically manifest in some of these sectors (e.g. architecture or property development), the interview responses from these business managers signaled an intrinsic effect was still taking place. The timeworn benchmarks of industry practice have been substituted by standards that better suit the demands of the consumer. One-off contract work, flexible arrangements and enhanced connectivity are now crucial elements of the services offered in nearly all of the industries that were involved in the interviews. These are the dynamics of the sharing economy and they have crept into the operations of well-prepared incumbents. Despite that these particular business managers did not perceive the entry of sharing platforms as a realistic future scenario, they were actually adapting their working situations to align with these new standards that were being normalized by trends such as the sharing economy. This suggests that the role of the sharing economy may be much greater than first perceived. Even firms that are not well suited to sharing protocols are adjusting some form of operational activity, whether it is the actual offering or just the way in which they deliver it to the market. This is important for incumbents to consider, regardless of whether they are positioned to implement a sharing platform, as it reveals that the larger environment is shifting and it requires some form of response to remain relevant.

5.5 Failure to Successfully Adapt

The findings from this study demonstrated that there are still a number of incumbents who appear either ill prepared to adjust to trends such as the sharing economy or refuse to acknowledge the necessity in adapting their processes. So why have some firms managed to acclimatize successfully and why have others failed? The responses from participants have detailed the major barriers they have faced but more importantly they have described what struggles other incumbents have had to deal with as they fall short.

Participants described the growing role that digital technology is playing across a wide range of industries, and the fact that several of their counter-parts had not made the similar developments was to their own detriment. From this, it can be deduced that there is still opportunity for several established players to be disrupted. Due to a seeming lack of focus on future planning and preparation from such rivals, participants indicated that their efforts to adjust had largely been successful as there was little competition to move into a new space. This finding resembles the conclusions made by Teece, Peteraf and Leih, that organisations that fail to match organisational agility to their dynamic capabilities in times of uncertainty (such as the sharing economy) will likely struggle (2016).

Several other academics that focus on organisational change research, such as Schoemaker (2015) and Godet (2000), have also discussed the significance of mobility and openness to innovative market developments. The results from this thesis have exposed that being nimble to the sharing economy and the opportunities it offers have been vital for success. And while some have reaped the benefits of being swift in their responses, a number of companies that have made the decision to preserve current operations despite developing market conditions are facing numerous consequences.

One way of looking at this development may be that it is not simply that traditional companies cannot adapt due to their internal functions and culture (Birkinshaw, 2013), but perhaps they fail to predict the nature of changing market demands and consumer behaviour. Despite a majority of those who were interviewed describing success in adapting processes, it was clear that there were a number of early struggles to do so, and these continue to affect other incumbents. Some traditional firms seem unwilling to recognize that the structure of their environment is likely to be reconfigured in the near future. There is difficulty in realizing that conditions that are currently lucrative may not be as viable in the future and it requires immediate modification of strategy and implementation for benefits to be attained in the future. Participants discussed this to some extent, as they portrayed a scenario where it was evident that there was a lack of sustainability in activity that did not involve sharing or collaboration, despite it bearing benefits in the present environment. Incumbents that are unyielding and stubborn in their position have faced hardship once they realise the market conditions have shifted and that their operations are no longer appropriate. In analysing the findings, a proactive attitude in facing the sharing economy is likely the most effective response. Those who have behaved as laggards in favour of continuing to collect low hanging fruit in the form of immediate compensation have already displayed signs that they are struggling to satisfy the evolving market demands.

A number of participants also explained that it was necessary to shape and develop the market space they now competed in themselves. Some industries do not have current sharing functionalities and some participants described their experience as a first mover and the benefits that were realised by pioneering sharing situations in their sector. This also introduces a new reason as to why some incumbents fail to adjust. How can traditional market players be expected to prepare for industry conditions that are yet to be developed? This seems related to the notions promoted by Christensen and Overdorf (2000) that established companies struggle to effectively cope with innovation and adapting to disruptive change due to a lack of foresight into the future. Christensen and Overdorf explain that managers in established firms lack the ability to match the organisation's capabilities with future scenarios effectively. The results of this thesis have displayed that those who have scoped out opportunities that do not yet exist have been rewarded through their niche offering and specialized skill, and subsequently matching these to opportunities within the sharing economy that are presented to them. Participants have described their counter-parts falling behind, as they are too late in aligning their functions to the sharing economy. In many cases of new sharing startups, the market for the service is non-existent before a new entrant popularizes new behaviour. The responses have showcased that the transition to being a firm with sharing functionalities requires innovative thinking and a level of willingness to be a disruptor in your own industry. Participants that described their success in shifting to a sharing mantra spoke of the risk of moving away from what currently works. Some incumbents are unable to see the potential of a market that does not yet exist and this has hampered their ability to adapt effectively when it is required of them to do so.

Even if incumbents do realise the potential for converting towards sharing functionalities, they may not perceive the commitment to be worthwhile. Due to the fact that some markets rely on an entrant to popularize sharing platforms in that area, some participants that had introduced their own sharing programs revealed the effort that is involved in being effective as a sharing player. They spoke of having to spend considerable time with their target audience to introduce behaviour change. Success was realised once the benefits of digital technology were observable to consumers. This may be a deterrent for incumbents who are reluctant to spend the energy and other capital costs to evolve as a new-age firm. As mentioned previously, participants have described their experiences as they witness their counter parts allow their current successes to distract them from future planning. This can be likened to the Icarus Paradox (Miller, 1992), where firms accredit their triumphs to superior business strategy and lack the forethought that they may need to alter their tactics as time goes on and their environment evolves. Miller describes how the mentality of “tried and true strategies, and galvanised corporate cultures”, can bring about the demise of established companies. Current successes lead firms into complacency and a false sense of confidence and Miller emphasizes the danger that these pose. The results from this thesis suggest that a number of incumbents may opt to not re-configure their offering, as they do not believe it bears the same prospects as they are presently receiving with the status quo.

Adding further to the inability of some incumbents to positively adjust to a new market environment is that sharing firms appear to operate differently to the standard business models of established firms. While cost effectiveness is still important, it is not prioritised to the same extent. The findings in this study have suggested that rather than profit motivations, a number of new entrants appear to also work towards a social objective. This has in turn complicated the response by incumbents. It is difficult to compete against rivals in a new space that encourage a social good and still earn the same levels of revenue that they previously did. This is demonstrated by the comments made by a participant working at a new sharing start-up, "We are providing incentives for the behaviour change towards more sustainable transportation options and they aren't necessarily commercially beneficial. It's about creating a world we want to live in, and we believe the people that want to get involved with move to us". The sharing economy offers businesses an opportunity to increase connectivity with those who share similar values, and as a consequence commercial transactions are enabled. As mentioned earlier, incumbents that have successfully adapted have been pushed into niche and specialized areas to cater for varying goals within the communities of consumers.

However, the social good that so many sharing platforms promote was challenged by some of the responses gathered in the study. There were those who expressed their cynicism of a number of firms within the sharing economy, questioning their intentions for entering this new market sphere. This showcased further motivation as to why some established firms are unenthusiastic in being involved. One participant conveyed this skepticism regarding the intentions of firms entering this market space. So often the drive for empowering communities and bringing convenience/immediacy to consumers is marketed as principal value for these companies. But as sharing platforms start to gain a larger foothold in the market it is likely that profit incentives can play an enticing role as well. The participant claimed that money-hungry businesses were beginning to dominate sharing spaces, and it countered the typical narrative that they so often sponsored. This could be perceived as one of the many reasons as to why incumbents shy away from operating in this new territory. However, to refute this critique of sharing firms, there is evidence produced in these findings and also prior literature (Gerald, 2016) (Shor, 2014) that supports true belief for the pursuit of social and public prosperity. A number of other participants have confirmed their community-driven operations are at the forefront of their business decisions. But it must be conceded that sharing firms and businesses looking to adjust to digital disruption must find a balance in how they operate. The reason that the sharing economy has managed to gain so much traction is because it provides consumers with a larger range of choice for companies in which they wish to engage with. Previous to this, stereotypical profit-seeking corporations dominated the market space, but the social commitment of firms within the sharing economy is something that appeals largely to a millennial audience, according to the literature (Rifkin, 2014). But as they expand and grow, and reflect characteristics that are similar of traditional businesses, sharing firms must be cautious in preserving their endearing qualities that have brought them their original successes.

6. Conclusions

As mentioned beforehand, prior literature indicated that there was a distinct stereotype for the nature of the sectors where the sharing economy held influence (Ritholtz, 2016) (Gerald, 2016). But this thesis has validated that the effects of this trend are far more encompassing of several areas economy-wide. A significant number of the business managers interviewed described their awareness of consumer demand for access to convenience and immediacy had spread further than just commodity-intensive industries. The findings have confirmed that these incentives are relevant in an array of transactions and therefore, a broader range of sectors are at risk of disruption from the sharing economy.

Upon examination of the findings and the subsequent discussion, the following concluding statements can be made. They directly relate to the original research questions that guided the thesis.

- The rise in popularity of the sharing economy has meant that a number of established companies have relocated into niche market spaces to further differentiate themselves from sharing platforms. This has consequently altered the structure of the industries in which the incumbents are competing.

The ability of sharing platforms to complete basic tasks at a far lower price point, relative to what incumbent firms charge, has necessitated a transition in strategy for the incumbents to create value that cannot be replicated by a sharing platform. On several occasions, participants described a repositioning of their company, as customers opted for an alternative service that offered more benefits than what was offered by the incumbent firm. This search for differentiated value has meant that the industries in which incumbents compete are becoming diverse, as specialisation becomes a requirement.

If this trend continues, it is likely that consumers will have an extremely varied range of consumption possibilities. As incumbents look to further distinguish themselves as a specialist in one particular area of their industry, a greater range of options for services/products will be available to the market. Business managers must consider how their dynamic capabilities can allow them to take advantage of a selected niche space in the market. It is clear from the results that being a generalist will no longer enable survival, as sharing services can complete common duties in a more timely and cost-effective manner. Several participants accredited their successful adjustment to the sharing economy by effectively pinpointing organisational strengths and aligning them with a novel niche offering.

Participants also discussed the role they played in developing the structure of the industry they now compete in. As the influences of the sharing economy broaden their reach across sectors, incumbent firms are attempting to craft a market space that allows them to effectively function after modifying operations. The nature of industries is evolving, as collaboration to build market structures between firms, consumers and regulators is common practice. A number of participants spoke of expending considerable time with their target audience and government officials to introduce and encourage behaviour change. Success was realised once the benefits of digital technology and sharing practices were apparent to all parties involved.

The findings from this thesis also imply that subsequent to specialisation from incumbents, there is a mutual sense of safety that the sharing economy can no longer disrupt or further reduce their stake in the market. Participants claimed that while sharing platforms were effective in providing consumers with the basic services in any given industry, they failed to reach a level of sophistication that allows them to match the niche offering that those that have adapted now offer. This suggests suggested that while the use of sharing platforms develops as an even more habitual option for consumers, industries will likely be configured in a way that a working relationship between incumbents and new sharing businesses are reached. This has extended to the point where traditional firms now provide a specialised service that is tough to match elsewhere, while sharing platforms provide consumers with the fundamental services that they require.

- The sharing economy has influenced the way in which a number of incumbents strategically plan and carry out operational activities. Yet some traditional firms have not adjusted their functions to account for changing consumption behaviour.

Participants have reflected on how their newly specialized operations differ from the incumbents that have been stubborn and unchanging in the face of the sharing economy. The results have demonstrated that as incumbents have looked to adapt, the sharing economy has held substantial influence over business strategy. Strategy has transformed to involve a number of values that are closely linked to the ethos of the sharing economy. As well as a transitioning of market position to niche pockets within industries, businesses have looked to incorporate principles such as collaboration, immediacy in delivery and flexibility, to better align with the sharing economy. New sharing firms have challenged incumbents to match a new set of standards that have been normalized since the entry of sharing platforms. Sharing services have shifted consumer expectations, and incumbents have had to adapt their own operations to meet these.

While a majority of the sample from this thesis indicated that they had intentionally made shifts to effectively respond to the sharing economy, they did acknowledge that several counter-parts had not altered to better align themselves. The responses from participants implied that this was due to an array of potential reasons. Firstly, it was identified that some firms failed to adjust due to a lack of focus on future planning and preparation. Some incumbents are simply deficient in predicting changing market demands and consumer behaviour. The anecdotal evidence from participants that had effectively adjusted described the benefits of being nimble to the sharing economy and the opportunities it offers. To be successful in the wake of disruptive trends such as the sharing economy, a proactive attitude is vital.

Another contributing factor to the inability of some to adapt was the tendency to collect low hanging fruit. Current operations for incumbents can be superficially rewarding, as the effects of the sharing economy may not yet be fully realised in some industries. It can be challenging to make alterations to strategy when the existing methods have been prosperous in the past. This can be likened to the Icarus Paradox (Miller, 1992). Complacency can embed itself within traditional firms due to former success, and the results from this thesis have shown that this mentality is a current issue for firms that have not adapted.

- New sharing-firms and incumbents that have successfully adapted have experienced a number of issues; these have primarily been concerned with legislation and the creation of markets in which to compete.

A significant issue with the rise of the sharing economy is the growing complications surrounding the regulation and legality of new-sharing firms.
A number of established firms have pleaded to regulatory officials to condemn such activities but it is clear that as more sharing firms work with regulators to construct environments that allow this type of business activity, traditional firms cannot rely on the legal system to protect them any longer. Instead they must look for new methods of effective response if they are to have any hope in competing successfully in the market.

Due to the relative infancy of the sharing economy, regulators have struggled to determine what practices are deemed legal and this has been a key issue for firms that are incorporating sharing activities into their operations. However, the responses from participants signaled that this confrontation could be reduced through the formation of a reciprocal relationship with officials. Working with regulators to create frameworks that permit and enable new businesses is best procedure, as collective advantage can be communicated and delivered. It was clear that while government was apparently willing to find a solution to the legality issues, it is the responsibility of the company to ensure the environment, particularly the legal space, is sufficiently prepared for sharing operations.

It was also found that several firms had to create a suitable environment in which to compete and also encourage new behaviour patterns amongst consumers. In industries that have not yet been prepared for sharing activities, first-movers in sharing operations found that they had to invest time and effort in creating awareness. Encouraging behaviour change is one of the top priorities for those that are first-movers in introducing sharing operations to their industry. The challenge to normalise sharing practices in sectors that have previously not adopted collaborative methods of consumption can be overcome according to participants in this thesis.

- The nature of work and resource allocation within companies has altered, presenting a host of benefits that are associated when operating as a sharing firm.

Firms that incorporate elements of sharing practices within their functions are well positioned to advantage from the value that this approach to operation offers. Firstly, the sharing economy has re-enforced the idea that income can be earned from a much broader range of activities than what was previously available. This has stimulated flexibility in working arrangements, and versatility in delivering a service to the market has become a necessary trait for businesses to showcase. The sharing economy has fashioned an expectation, even among incumbent firms, that businesses should meet demand immediately. The nature of work has been altered for those who have adjusted, as digital technology enhances connectivity across operational areas and also with the market. The objective is to increase accessibility of services to the public and deliver it in a convenient manner. An area where the nature of work has visibly been altered is the emphasis on collaborative efforts of community members to generate and develop material. Responses from the thesis have demonstrated that the pressure of competition is a relatively less important consideration compared to that of traditional markets. Instead, collective work within a company's network partners is preferred, with the goal of providing societal and community benefits.

Firms within the sharing economy use the internet to deliver their service. Due to this, there have been transformations in the investment of resources by these companies. The notion of "access over ownership" (Pike, 2016) is prevalent when assessing the growth strategy that is embraced by most sharing firms and incumbents who have adjusted. Business managers are far more cautious to invest heavily in physical capital in comparison to what they may have done in the past. There are distinct benefits for companies that have implemented changes to their resource allocations. They are enabling greater potential for growth in the future. For companies that have sharing operations, scalability is of high importance. Participants demonstrated their eagerness to be less constrained by physical capabilities, as efficiency of assets is essential for successful sharing ventures. An alteration to resource distribution of this nature means that firms are able to shift resources flexibly and in a manner that supports growth, only requiring the resources when they are needed. Sharing firms are well positioned to meet any changes in market demand

Reflecting on the conclusions that have been identified, it is fitting to claim that the original research questions have been satisfied.

7. Future Research Implications

This thesis has provided a snapshot of the current level of preparedness of New Zealand firms to the disruptive effects of the sharing economy. While a majority of the participants described the ways in which they had adjusted or planned to adjust in the future, these results also revealed that reactions have been varied across all businesses in New Zealand.

The sharing economy is still a relatively novel market trend, and the long-term consequences for established firms are yet to be genuinely comprehended. Therefore, it is proposed that forthcoming research can use the findings of this thesis to measure the future efficacy and value of the responses that participants have described. Currently, the adjustments that incumbents have made allow them to continue operating in their industry, albeit in a more specialised space. Future research can look to see whether these adjustments are sufficient or whether the sophistication of sharing platforms continues to develop to the point where they can disrupt even the firms who consider themselves niche players, and untouchable by sharing firms.

In order to build upon the results established in this thesis, an additional future research direction may be the exploration of the deeper consequences for shifting resource allocations. One of the key findings from this thesis is the discovery that a number of firms are reducing investment in physical assets and relieving the strain on finite resources. Whilst the significance of this behaviour was discussed in relation to company growth and mobility, the wider societal benefits that can be attained were not examined to the same extent. Prior research has suggested that sharing practices are favourable for sustainability practices and the environment as a whole (Bonciu & Bâlgar, 2016), but greater focus into this facet of the sharing economy in New Zealand could uncover valuable evidence as to whether this is a reality domestically.

The findings in this thesis have looked to establish a benchmark for how sharing activities are manifested in New Zealand. There is now potential for research in the future to gauge whether these practices develop over time or if perhaps they are ineffective. Realistically, insufficient time has passed since the implementation of sharing behaviour by incumbents to effectively assess if they are adequate to enable long-term survival in a rapidly evolving market. Future research has an important role in assessing whether the adjustments that have been described are sustainable and can facilitate success in the long run.

8. Managerial Implications

It is clear from the conclusions presented in this thesis that several knowledge-based sectors are being influenced by the sharing economy, and that the potential scope for disruption as a result of the sharing economy is considerable.
It is important that managers from an assortment of business types use the results of this research as an example of how a number of forward-thinking and agile companies are behaving. Also, managers should be mindful of the characteristics that have been identified in laggards that are struggling to cope.

As made clear by the responses from participants, there is great need for businesses to pivot swiftly if necessary. Managers should examine their current business models and carefully decide whether they are currently positioned to cope with disruption from the sharing platforms that can perform the basic industry tasks. A manager of an incumbent firm has a responsibility to assist the longevity of their firm, and assess if they genuinely offer value that is inimitable by a sharing platform. A realistic evaluation is necessary for business managers to undertake, as findings from this thesis suggest that consumers will opt for a more cost-effective, convenient and immediate service. The delivered value from an incumbent firm cannot be parallel or below the offering of a sharing platform if they wish to survive.

A potential avenue for increased value creation for incumbents was evident across the responses in this thesis, and it provides business leaders with a manageable option to take. Specialisation is rampant from firms that have adjusted to the sharing trend. Managers must look to match their capabilities with a niche space in their offering, and avoid provision of mere basic services that sharing platforms can match. Customisation of the offering is difficult to reproduce through sharing forums, and business managers searching to create distinctive value must consider how their service can be delivered differently for consumers to receive high value.

The imminent threat of disruption is present for all industries. There are consequences for managers across all sectors and the threat that the sharing economy poses needs to be considered seriously. The inability of a number of incumbents to adjust has been described. Typically, a failure to create a nimble internal environment has been a shortcoming for firms who have been captivated by their own previous successes. Managers must make a conscious effort to adopt a proactive attitude. Despite the difficulty in making changes to strategy, even after existing methods have proven to be prosperous in the past, the sharing economy has disrupted companies that have been comfortable in their old ways. The sharing economy demands managers to be adaptive in nature if they desire success in the long-term.

The power of collaboration has also been stressed and managers must actively seek out partners of worth. The influence that a solid network of partners and allies provides is instrumental for success in the sharing economy. Managers must shift emphasis towards establishing valuable partnerships as the results have demonstrated that competition is less of a critical success factor as compared to old market structures. Instead, a focus on relationships is a key element for business operations. The selection of who to collaborate with is crucial, and when creating value in the sharing economy, managers must be careful to acknowledge the considerations of a variety of stakeholders. Working with policy makers, regulators, consumers and competitors are all potential pathways for mangers to approach when looking to establish a market space that will facilitate a new business activity. An additional implication for managers is the necessity to consider the potential effort that may be required in creating a market space. Participants spoke extensively of having to instigate widespread behaviour change themselves. By encouraging collaboration across a broad scope of parties, incumbent managers can generate an environment that allows fruitful integration of sharing operations.

In order to align with the sharing economy and avoid vulnerability to disruption, reconsideration of the allocation of resources is crucial. Firms can bring about their own downfall if scalability is inhibited due to poor decision-making in regard to investment in assets. The results have shown the role that the internet plays in a company's success, and managers need to ensure that their resource distribution is reflective of how they wish to grow and their desired level of agility to market change. The results of this thesis have demonstrated the advantages of being a responsive player, and positioning the company in a way that allows swift action to disruptive forces. The sharing economy presents numerous consequences for business managers to deal with, and those that can respond in a timely fashion and continue to deliver value despite the growing prominence of sharing platforms will reap the rewards.

9. Limitations

As with other research studies, this thesis has experienced a number of constraints. The following limitations are, though, not believed to have significantly diminished the validity of the results that have been reported.

As stated earlier, an objective of this thesis was to gather a comprehensive understanding of how managers are responding to the sharing economy. In order to achieve in-depth insight from each participant, every interview was designed to gather ample information. Consequently, the time spent conducting extensive discussions with participants meant that the sample size was relatively small. Given the time constraints and the nature of the research in this thesis, it was decided that a small sample size of ten business managers allowed greater depth to be gained from each participant as well as providing a breadth and diversity of sectors being covered. The quality of each interview and interaction with a participant was emphasized over an alternatively wider sampling scheme, one that would have been unlikely to gain as exhaustive insights. However this has meant that the study could be improved by increasing the sample base in order to gain a more varied perspective, given that the same level of depth for each interview could be maintained. Despite effort being made to involve respondents from a wide variety of sectors, a greater diversity could be gained by increasing the number of participants that contributed to the study.

Similarly to a majority of qualitative studies, the evidence used to draw conclusions in this thesis is perceptual and anecdotal. Each response that was given was either a tales of individual adjustments or the potentially idiosyncratic perceptions from the participant in question. Much detail was given on how that particular respondent perceived their environment. At times throughout this study, this has made it harder to generalise some of the responses that were collected and claim that they represent broad trends. Responses appeared occasionally quite circumstantial and only relevant to that individual business manager. However, the major themes that have been presented in this thesis are those that were consistent across participants.

As mentioned in the Methodology of this report, one of the objectives of the study was to gauge the influence of the sharing economy across a wide variety of sectors. While several varieties of industry were examined, it has primarily centered on knowledge-based sectors. This is in part due to the added novelty in research that is gained when inspecting these types of firms when compared to previous literature, but it is also a result of the reluctance demonstrated by a number of companies. The literature review revealed the industries that are most at risk of disruption from the sharing economy, chiefly accommodation and transportation (Ritholtz, 2016) (Gerald, 2016). When looking to secure participants for this study, several firms from these industries were invited to share their thoughts on the impact the sharing economy posed to them specifically. However, all businesses that hailed from these highlighted at-risk sectors, such as hotels, taxi services or restaurants, declined to participate in the research. This raises the question, are they threatened by disruption to a point where they do not want to discuss what the future holds?

The fact that a pattern of non-response across these similar business types is present, demonstrates that there may be an entrenched ignorance to new market developments. The findings here suggest that avoiding the acknowledgement that they are vulnerable to digital disruption in the form of the sharing economy may only further fuel their own susceptibility. This was a trend present across all incumbents that displayed the characteristics of being at risk as per the prior literature. Not a single at-risk firm gave permission to be interviewed and this illustrates the environment that new sharing firms face. Particularly in transportation and accommodation, established counterparts may be neglecting the threats that are posed and are unwilling to discuss their planned responses. Whilst this meant greater focus was given to knowledge-based businesses in this thesis, an area of research that has been relatively untouched in previous studies, it has meant that there is a notable absence from these particular incumbents. There is still a need for domestic research into the sectors that have been classed the most 'at-risk' in prior literature, but this thesis has been unable to supply extensive insight in those sectors.

10. Closing remarks

It has been demonstrated that the sharing economy has a broad influence on numerous businesses in New Zealand. The effects appear not only limited to those who operate in commodity-intensive sectors, as prior research has suggested (Ritholtz, 2016) (Gerald, 2016), but the influences of the trend are evident in skill and knowledge-based industries also.

There is clear indication that the disruptive powers of the sharing economy are currently forcing some business managers to re-think their strategy and their market position. Many incumbent firms have moved into niche areas of their industry to deliver value that cannot be matched by sharing platforms. However, the firms that have adjusted are also incorporating characteristics into their own strategies that are prominent amongst sharing businesses. These have been identified as immediacy in delivery, flexibility and connectivity. Resource allocation and worker conditions have also shifted to better suit a market environment that has been influenced by the sharing economy. There is a tendency to reduce investment in physical capacity and instead focus on the benefits that the internet offers in regard to scalability for growth and mobility to alterations in the market.

Some incumbents have been unyielding as their industry experiences disruption from the sharing economy, and the results of this thesis demonstrate that this is done at their own detriment. The failures to adopt a proactive attitude to market change and a willingness to collaborate to create market structures have been major shortcomings for incumbents who have been unable to effectively adjust. The responses that have been described by participants have enabled a successful adaptation to the sharing economy thus far, but incumbent firms must be wary of the growing levels of sophistication of sharing platforms and whether their adaptations remain sustainable in the long-term.

11. Appendices

Appendix 1 – In-depth Interview question template

Note: These are a broad indication as to the questions that were actually asked. For each participant, the questions were adapted to account for the industry, context and personal relevance to the respondent.

1. Please begin with a brief description of (company name) and the market conditions in which you compete.

2. Before (company name) have you had any prior experience working in the Sharing Economy?

3. Using your experience in the industry, what have you perceived to be the most influential changes/evolutions?
    a. How has the internet/digital technology played a role?

4. To what extent is your business currently positioned to utilise digital technology and how does this compare to your competitors?

5. What do you perceive to be the biggest threat/disruptive force currently in the industry in which you compete?
    a. How well do you believe you are positioned to cope with this disruption?

6. Prior to this interview, what level of awareness did you have of the Sharing Economy, and in which ways do you believe it has the potential to influence the market in which you compete?

7. Have you, or your business, taken any steps in the past to adjust to trends such as the Sharing Economy?

8. What predictions do you hold regarding the nature/structure of your industry in the future?
    a. Are there any potential benefits for your business as the influence of digital tech/SE grows?

Appendix 2 – Participant Information Letter

The Implications of the Sharing Economy: A New Zealand perspective

INFORMATION SHEET FOR PARTICIPANTS

Thank you for your interest in this project. Please read this information before deciding whether or not to take part. If you decide to participate, thank you. If you decide not to take part, thank you for considering my request.

My name is Caleb Dunn and I am a Masters student in the School of Management at Victoria University of Wellington. This research project is work towards my thesis. This project looks to explore the potential implications of the "Sharing Economy" on business models within a New Zealand context. The Sharing Economy is a market trend associated with the rising importance of online platforms, as they facilitate an increasing demand from consumers who are favouring temporary access to goods/services rather then acquiring ownership. As the consumption of digital technology increases and trust infrastructures mature, there are now many more peer-to-peer exchanges as opposed to traditional consumption where private enterprises deliver goods/services.

If you agree to take part in this interview, you will be helping to provide insight as to how you/firms like yours have managed responses to the Sharing Economy. This interview will last approximately 45-60 minutes. It will be digitally recorded. You can withdraw from the study by contacting me at any point before 30th January 2017. If you withdraw, the information you provided will be destroyed or returned to you.

This research is confidential. This means that the researchers named below will be aware of your identity but the research data will be reported in an aggregated way and your identity/company name will not be disclosed in any reports, presentations, or public documentation. The industry in which your business operates will, however, be acknowledged in the findings of the report, as this will provide key insights when assessing business response to this market trend. Only my supervisor and I will review the interview. The interview transcripts, summaries and any recordings will be kept securely and destroyed 2 years after the research ends in order to allow any academic publications to be pursued. The information from this research will, though, be used firstly in my Masters thesis. This research has been approved by the Victoria University of Wellington Human Ethics Committee [approval number].

You do not have to accept this invitation if you don't want to. If you do decide to participate, you have the right to:

- Choose not to answer any question;

- Ask for the recorder to be turned off at any time during the interview;
- Withdraw from the study before 30th January 2017;
- Ask any questions about the study at any time;
- Receive a copy of your interview recording;
- Review and comment on direct quotations from your interview;
- Access to any reports of this research by emailing the researcher to request a copy.

If you have any questions, either now or in the future, please feel free to contact either:

Student:
Caleb Dunn
dunncale@vuw.ac.nz

Supervisor:
Urs Daellenbach
School of Management, Victoria University of Wellington
04 463 **5732**
urs.daellenbach@vuw.ac.nz

If you have any concerns about the ethical conduct of the research you may contact the Victoria University HEC Convener: Associate Professor Susan Corbett. Email susan.corbett@vuw.ac.nz or telephone +64-4-463 5480.

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