Trust Building in the Sharing Economy

How Companies Build Trust between Peers and towards the Platform
Abstract

Purpose
With trust being an essential component in the sharing economy, this paper aims to understand how trust is established in practice and which relationships between consumer, supplier and platform specific tools and processes serve.

Problem
Previous research has acknowledged the importance of trust but solely investigated single trust-building tools. Instead of presenting a trust construct composed of mechanisms describing their interplay between the three parties involved in the sharing economy, previous scholars have focused their research on the specificities of single tools and processes. With the sharing economy as a recent phenomenon, companies have an interest in investigating the implementation of different mechanisms and their effectiveness.

Method and Methodology
This paper adopts a qualitative research approach in which content analysis was applied to group tools and processes and link them to one of the six trust streams between consumer, supplier and the platform. Moreover, the research deductively builds on existing literature by using present theory as a foundation and inductively analyses findings based on collected data.

Findings
The findings of this paper reveal a broad spectrum of different trust-building tools and processes. Linking these to one of the specific relationship between the three parties in the sharing economy, this paper concludes that companies emphasize on gaining the consuming peer’s trust both towards the platforms and the supplying peers.
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1 Introduction

This chapter introduces the Sharing Economy in regards to its relevance, history and the importance of trust. It is followed by the problem formulation and the purpose of this paper.

1.1 Background

With steady increases in market size accompanied by an increasing number of customers, the sharing economy is rapidly becoming an important part of the global economy. By reshaping the way goods and services are consumed and utilized, it is the largest shift of how people think about ownership since the industrial revolution (Möhlmann, 2015). Technology companies like Uber and Airbnb are disrupting industries by connecting private owners of idle assets (e.g. cars or apartments) with peers who are looking for a cheap cab alternative or a low-cost accommodation option when travelling (Wallenstein & Shelat, 2017). The concept referred to as Sharing Economy, Collaborative Consumption or Gig Economy is based on the idea in which idle assets are exploited by multiple consumers and therefore, increase economic gains by offering a cheaper alternative for consumers and generate a side-income for the asset providers (Sundararajan, 2016). Taking into account that the average car in the US and western Europe is in use only 8% of its lifetime (Sacks, 2011), researchers praise the sharing economy as being sustainable and expect great potential in reducing greenhouse emissions (Forno & Garibaldi, 2015). A PWC (2014) report estimates continuous growth from 14 billion US Dollars in 2014 to approximately 335 billion US Dollars in 2025 in terms of market size. In 2014, statistics indicate that 12% of the working-age population have already worked in the sharing economy and 24% were trying to find employment in the sector in Sweden (Vaughan & Daverio, 2016).

Due to its technological novelty, the sharing economy phenomenon is particularly popular among the young population. According to Smith (2016), the average age of ride-hailing apps users in the United States is 33 years; further, people in the age spectrum of 18-29 are seven times likelier to use ride-hailing apps than people over 65 years old. Experts explain the higher popularity for collaborative consumption among millennials with their shift in preference from buying to sharing (Wallenstein & Shelat, 2017).
Sharing assets or services between two strangers demands high levels of trust. Oftentimes, this becomes clear when the established trust is violated or transactions fail. In 2011, HiGear, a peer-to-peer based platform specializing in luxury cars, was targeted by a criminal gang which bypassed HiGear’s verification process with identity theft and stolen credit cards and managed to steal four cars worth USD 350’000 (Perez, 2012). After evaluating higher security measures, HiGear decided to close its operations due to its current security level being not high enough to cover for thefts of the assets of this price class; furthermore, higher security measures would turn the business unprofitable (Perez, 2012). Another incident occurred in San Francisco in 2011, when an Airbnb host returned to her apartment, realizing her furniture to be damaged by the guests (Ngak, 2012). This incident caused Airbnb to introduce an insurance policy which covers for damages on the hosts’ property for up to USD 1 million (Ngak, 2012). The two cases of HiGear and Airbnb illustrate issues for sharing platforms as to what extent supplying peers can entrust their assets to stranger peers. It is therefore crucial for sharing platforms to implement tools, which ensure trust amongst peers and towards the platform and thus their willingness to interact on the platform.

1.2 Problem Formulation

The shift from owning assets to sharing resources, often between strangers, demands higher levels of trust as seen in the examples of HiGear and Airbnb. Specifically, sharing economy platforms need to establish trust to attract both providing peers and consumers in a peer-to-peer context. Even though peer-to-peer transactions have existed in several forms both online and offline, Ert, Fleischer and Magen (2016) argue that in “sharing economy platforms, facilitating trust among parties is even more critical for the operation than it is in earlier types of peer-to-peer platforms” (p. 63). With Zucker (1986) explaining that “trust is a commodity [...] that is manufactured by individuals, firms and even entire industries” (p. 18), sharing economy companies can apply mechanisms to build trust.
However, previous literature has vastly focused on the issue why trust is important rather than how it is established in practice. The lack of research imposes problems for new sharing economy companies as well as established platforms which are dependent on trust-building measurements.

1.3 Purpose

This paper will contribute to the present research literature on the sharing economy by investigating trust tools or processes in the sharing economy. They refer to the practical actions an individual or a company can take to build trust. While tools or mechanisms are particular instruments with direct outcomes, processes pass through multiple stages and develop over time. In this paper, tools and processes are investigated by combining existing literature about the sharing economy with previous research on trust in the fields of institutional and interpersonal trust. Through expert interviews with companies operating sharing economy services, underlying theories from the literature is examined to introduce a model displaying the different relationships between peers and the platform. The model is then applied in practice to present concrete tools and processes how companies can build trust in the sharing economy. The purpose of this paper is to link the present state of research with concrete ways how sharing economy companies establish or improve trust building in their services. To connect research with practice, data from literature and interviews on trust tools and processes will be collected, reviewed and analyzed. As a result, this paper will contribute to existing literature with a multi-dimensional trust model illustrating trust relationships and the corresponding mechanisms which apply in each dimension. Hence, this thesis intends to answer the following research question:

*How do Sharing Economy companies build trust between peers and towards the platform?*

Answering the research question entails a deeper understanding of how trust tools and processes are established in practice and which relationship between platform, supplier and consumer they serve.
2 Literature Review

In this chapter sharing economy will be defined and a general overview of its different perspectives will be given. Further, literature from the field of trust is presented in the context of e-commerce and the sharing economy.

2.1 Sharing Economy

2.1.1 Sharing Economy Definition
While the sharing economy is a recent phenomenon, there is a significant body of literature on sharing and collaborative ways of doing business for several decades. With new technologies, the term has evolved over time and, up to date, there is no consensus on a single definition. While various scholars stress the importance of monetary compensation (Belk, 2014), others solely consider peer-to-peer interaction as sharing economy activity (Felson & Speath, 1978). Early research from Felson and Speath (1978) confirms the academic awareness by defining collaborative consumption as an interaction between multiple persons in which the utilization of goods and services contribute to participating in joint activities with other peers. The frequently cited research conducted by Botsman and Rogers (2010) provides a more specific definition by including both monetary and non-monetary transactions which in most cases are carried out by strangers. Within the research field, there is also a debate on how the product or service is provided. Piscicelli, Cooper and Fisher (2014) define sharing economy companies as either companies providing access or usage to a resource but also a business between peers with privately owned assets. For this paper, a combination of Piscicelli et al.’s (2014) definition and Botsman and Rogers (2010) is selected. Thus, covering a broad spectrum with both companies and peers providing the service or product. Besides, non-profit organizations are included as well and will serve the purpose of this research.

2.1.2 Sharing Economy Perspectives
Reviewing previous literature, scholars have focused on economic-, sustainability-, social- and legal perspectives of the sharing economy. By presenting these, a broad overview of the sharing economy will be given, which will serve as background knowledge throughout this paper. Within the sharing economy literature, the economic factors have been the main topics of interest for scholars. Since sharing economy
businesses provide cheaper alternatives for consumers and offer a way for suppliers to earn an extra income, the economic impact is of particular interest (Narasimhan, Papatla & Ravula, 2016). In regards to lower prices provided by sharing economy services, Cohen, Hahn, Hall, Levitt and Metcalfe (2016) conducted a quantitative study in major US cities to investigate consumer surplus. In 2015, Uber created a surplus of 2.9 billion USD in the four cities, amounting to 6.8 billion USD on a national level (Cohen et al., 2016). Ranchordas (2015) extends this view by not only assuming greater surpluses for customers, but also a possibility for firms to increase profits. In one of the most influential studies on the hospitality industry, Zervas, Proserpio and Byers (2017) investigate the impact of Airbnb on the hotel market. Most notably, the introduction of Airbnb has resulted in budget and low cost hotels being the most vulnerable to Airbnb, whereas the chains like Marriott and Hilton are less affected (Zervas et. al, 2017). Moreover, Guda and Subramanian (2017) highlight the efficiency of sharing platforms from an employment perspective. Since labor in the sharing economy is highly flexible, the economic gains can be leveraged and poverty reduced (Hamari, Sjöklint and Ukkonen, 2015). Besides, sharing economy companies are highly digitized, giving them a competitive advantage by profiting from surge pricing which adapts the prices instantly based on demand and supply conditions and thus allocate resources accordingly (Guda & Subramian, 2017).

By reducing the consumption of resources, sharing economy also contributes to reduce greenhouse emissions (Rong et. al, 2017). Hamari et al. (2015) conclude anticipated sustainability to have increased the reputation of collaborative consumption. Statistically, if the sharing economy concept is utilized to its maximum, the average household could save up to 7% of its budget and 20% in waste (Demailly and Novel, 2014). However, there is also a disagreement on whether the sharing economy can indeed reduce CO2 emission. Another perspective on the sharing economy is its reinforcement on hyper-consumption in the society (Martin, 2016). Moreover, the sustainability aspect in the sharing economy can cause a rebound effect also known as Jevons’ Paradox, which explains how consumption increases caused by cost reduction (Acquier, Daudigeos & Pinkse, 2017). Acquier et al. (2017) fear an increase of cheaper car-sharing options, because they may lead to more people using car-sharing services as a substitute to public transport.
Scholars have different views on whether the sharing economy has a positive or negative impact on social factors. Supporters praise the positive outcome of the concept to include people from all social classes to participate (Fraiberger & Sundararajan, 2015; Schor, 2016). Similarly, fundamental research by Belk (2010) has investigated the social aspect of sharing from a community perspective, highlighting its encouragement of feelings of solidarity and bonding. On a local scale, these factors let consumers rediscover neighborhoods (Piscicelli et al., 2014). Further, Schor and Fitzmaurice (2015) stress the opportunity for people from all social classes to increase their incomes when participating in the sharing economy. On the contrary, scholars have criticized the sharing economy concept and highlighted social issues. In urban areas, the new business model of renting private apartments imposes new problems in the housing market. Edelman and Geradin (2015) consider Airbnb as a safety threat and elaborate on the consequences for long term residents who are forced to move out. This process ultimately leads to housing shortages and gentrification. However, with loose regulations and the casualization of labor, Schor and Fitzmaurice (2015) highlight the issues for the employees who are not yet subject to social security coverage. As the jobs and micro-tasks are not entirely recognized as work, unclear labor rights impose major problems for the providing peers (De Stefano, 2015). In contrast to many advocates, De Stefano (2015) acknowledges gig economy tasks to be considered as regular jobs to solve this problem. Thus, the scholar does not see the introduction of a new job category which transforms gig-economy work into a hybrid model with features from regular- and self-employment as a solution.

With politics and regulations being one of the main hinders to successfully implement sharing economy platforms, scholars investigate the sharing economy from a juridical perspective (De Stefano, 2015; Koopman, Mitchell & Thierer, 2014; Ranchordas, 2015; Rauch & Schleicher, 2015). Since most of the sharing economy services are based on peer-to-peer interaction, Ranchordas (2015) highlights the need for consumer protection as they face fraud and the threat of unskilled service providers. Thus, there is a need for specific but limited regulation for consumer rights (Ranchordas, 2015). This is in line with Rauch and Schleicher (2015) who criticize the overall lack of regulations being equally problematic for consumers and companies in peer-to-peer transactions. Koopman et al. (2014) agree with Rauch and Schleicher (2015) to the point where some companies
exploit the legislative situation. By investigating sharing in the hospitality industry, Cheng (2016) concludes that companies can “bypass government regulations and overhead costs that will have a series of impacts on consumer rights, safety and quality as well as disability compliance” (p. 61).

One success factor of sharing platforms is the fast development of the internet and smartphone technology (Möhlmann, 2015), which have reduced transaction costs and increased mobility (Slee, 2013). Herein, mobile apps, cashless transactions, reciprocal rating systems and the possibility for companies to apply dynamic pricing have had a great impact (Narasimhan et al., 2017). Sundararajan (2013) identifies the cost-efficient structure of sharing as an initial step towards perceiving collaborative consumption as a viable substitute to the ownership of assets. Further, the scholar discovered a decrease in trust threshold among smartphone users as consumers become familiar with commercial transactions in the internet; thus, interactions with other peers are facilitated through technological progress.

2.2 Trust

2.2.1 Trust Background

The research on trust is a broad topic discussed in various fields of science like sociology, psychology, business or economics (Mayer, Davis & Schoorman, 1995). Even though the subjects commonly focus on building social relations, all of the fields cover the topic from different perspectives. Notwithstanding that trust is a fundamental aspect for the sharing economy, it has not been investigated in depth. Consequently, there are no existing models being applicable in regards to trust within the sharing economy. However, with Möhlmann (2015) and Slee (2013) conducting research on online transactions and the significance of technology for the sharing economy, this section will start by presenting trust in e-commerce followed by peer trust in online interactions and finally research on trust in the sharing economy. These perspectives serve as a foundation to support the theoretical framework.

In early research, scholars unanimously define trust as a social construct which forms the willingness to rely on a party without being able to forecast the outcome (Mayer, et al.,
1995; Moorman, Deshpandé & Zaltman, 1993; Morgan & Hunt, 1994). Whilst Moorman et al. (1993) stress the importance of a trustor’s confidence in the trustee, Morgan and Hunt (1994) regard the trustor’s perception of the trustee’s reliability to be of higher relevance. The degree of trust which one party has in another does further depend on several assessments: i) the harm which is at stake ii) the amount of goodwill which the other party has towards someone and iii) if the possibility of harm lies within the relationship of the two parties or could be caused by external factors (Friedman, Khan & Howe, 2000). In their frequently cited work, Mayer et al. (1995) define trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action which is important to the trustor, irrespective of the ability to monitor or control that other party” (p. 712). Further, Mayer et al. (1995) connect the vulnerability component to the willingness to lose something important for the trustor. Thus, trust is the readiness to expose oneself to risk. For the purpose of this research, Mayer et al.’s (1995) definition is chosen due to its inclusion of the risk factor which is essential in an online transaction when an individual is exposed to risk.

2.2.2 Trust in E-commerce

The conditions in an e-commerce environment differ from conventional businesses. In particular, existing literature identifies three major impediments to trust building. First, the physical assessment of a product has an impact on whether the consumer decides to buy (Hsiao, 2009). The impossibility of physical product evaluations amplifies the issue of trust in online interactions. Second, Tan and Sutherland (2004) observe a positive correlation between the needed level of trust and the tangibility of the product, gradually demanding more trust if the offering becomes a service. Lastly, the larger physical distance between consumer and supplier strengthens the importance of trust (Chang et al. 2013).

Even though Friedman et al. (2000) argue that people trust people and not technology, scholars have investigated several trust building tools in e-commerce which have increased trust in online platforms. Chang et al.’s (2013) research concludes institution-based methods, third party certification in particular, to be most effective in building trust among consumers. Research conducted by Miyazaki and Krishnamurthy (2002) confirms
the finding. Their results indicate a positive impact on the consumer’s perception of security and privacy and an increase in the online platform’s trustworthiness, when it displays third party certifications. As a result, a positive correlation was found between third party certification on online platforms and the customer’s openness to provide personal data such as name, email and mailing address (Aiken & Boush, 2006). Thus, the findings indicate consumers to be willing to expose themselves to risk and trust the online business when certifications of third parties exist.

In the field of e-commerce, Chang et al. (2013) elaborated on the Social Exchange Theory, which discusses issues of trust in online peer-to-peer transactions. The theory discusses humans’ engagement in interactions with other individuals with the “hope to gain return such as money, goods, or social attention” (Chang et al., 2013, p. 439). To avoid a disruption, the relationship between the two individuals must be reciprocal and continuous; consequently, an ongoing exchange between individuals builds trust (Cropanzano & Mitchell, 2005). Individuals develop trust iteratively with every interaction as they become familiarized with each other in terms of integrity and ability (Chang et al., 2013). However, Chang et al. (2013) draw attention to the implications which occur for the first time interaction between two individuals due to the lack of previous experience. In an online environment, this illustrates a major challenge due to the absence of face to face interaction. Therefore, trust building tools are crucial for online platforms which match stranger peers who have not had common prior contact.

2.2.3 Peer Trust in Online Interaction

Scholars have acknowledged feedback systems to be an essential mechanism helping people to rely on other parties in an online context. Xiong and Liu (2004) evaluate in detail how the trustworthiness of an individual can be measured based on various factors related to reviews. With its depth and specificity, the theory is essential to evaluate how accurate the implemented feedback systems are in the sharing economy. In this context, reviews are the common feedback tool adopted by companies and entails both written feedback as well as quantitative ratings. Xiong and Liu (2004) define trustworthiness of a peer as “evaluation of the peer [which] it receives in providing services to other peers in the past” (p. 844). Hence, the reputation reflects the degree of trust a peer has based on
previous interactions. To assess a peer’s trustworthiness, Xiong and Liu (2004) identified five factors:

1. **The feedback a peer obtains from other peers**
2. **The feedback scope, such as the total number of transactions that a peer has with other peers**
3. **The credibility factor for the feedback source**
4. **The transaction context factor for discriminating mission-critical transactions from less or noncritical ones**
5. **The community context factor for addressing community-related characteristics and vulnerabilities**

Xiong & Liu (2004, p. 844)

Xiong and Liu (2004) predict the sole consideration of the first factor to result in an inaccurate evaluation due to the lack of quantitative features. For example, a peer who cheats in every fourth transaction but has 50 reviews, has a higher reputation and is considered more trustworthy than an honest peer with only five feedbacks (Xiong & Liu, 2004). Hence, a quantitative factor is required to obtain precise results. However, an individual may exploit an increasing number of transactions “to hide the fact that it frequently misbehaves at a certain rate” (Xiong & Liu, 2004, p. 845). Therefore, the scholars suggest rationalizing quantifying ratings such as average satisfaction ratings to be more accurate than simple aggregated methods of feedback collection. The transaction context factor groups similar interactions to provide more accurate feedback based on comparable transaction schemes to prevent biased feedbacks received from interactions in different contexts. Ignoring the transaction context factor may be a problem for people offering several different services in a sharing economy context. For instance, the supplying peer may be an expert for IT tasks, whereas he constantly receives low ratings for gardening activities. Thus, consumers determined to book his service for IT tasks might reconsider the decision since the peer has a bad average score due to bad ratings for gardening. Similarly, the community context factor categorizes feedbacks into subgroups with different needs in establishing qualitative feedbacks. Temporal differences occur when one community is focused on recent feedbacks from a limited time span e.g. in communities which are trend oriented; or a business-oriented community that relies on feedbacks from a long time span to evaluate the peer’s credit history and
trustworthiness (Xiong & Liu, 2004). Even though the peer trust model is specific and might not apply to all industries, it presents a detailed overview of how diverse, yet value adding feedback systems can be if applied the correct way.

2.2.4 Trust in the Sharing Economy
As discussed in existing literature on the sharing economy, the trust tools have been investigated from a narrow perspective focusing on single trust mechanisms instead of introducing an overall collection of trust building tools and processes. To obtain a clearer overview, this paper has grouped the current identified mechanisms within the sharing economy into three main tools and processes: Feedback, Verification and Humanization.

2.2.4.1 Feedback System
Most scholars consider feedback systems to be the most effective measurement in building trust in peer-to-peer transactions (Browning, So & Sparks, 2013; Theurl, Hauccap, Demary, Priddat & Paech, 2015). While quantitative methods such as ratings in form of stars or scores are useful to evaluate different categories of a product (e.g. cleanliness, accuracy of information, communication with host etc.), qualitative measures such as written reviews give the opportunity to describe one’s experience in detail (Browning et al., 2013). According to Theurl et al. (2015), feedback systems are most effective in trust building when reviews are given reciprocally. The scholars see accessible reviews on consuming peers as a helpful mechanism for other supplying peers to judge to whom they entrust their assets or services. Consequently, consuming peers are motivated to receive good reviews/ratings to be able to continue booking services on platforms (Theurl et al., 2015).

2.2.4.2 Identity Verification
Further, scholars stress the importance of verification systems implemented by the sharing platforms (Repschläger, Zarnekow, Meinhardt, Röder & Pröhla, 2015; Theurl et al., 2015). According to Repsschläger et al. (2015), it is important for profiles and any relevant experiences and qualifications (e.g. driver’s license on car sharing platforms) to have verification by the platform. Most commonly, sharing platforms verify users by linking their social media profile (Theurl et al., 2015). Nonetheless, users consider other
peers more trustworthy when their profiles are verified with government issued identification due to the fear of dealing with fake accounts on social media platforms (Repschläger et al., 2015). From a general perspective, Uslaner (1999) observes people to act morally when they could harm a definable individual instead of an institution and know exactly who is held accountable. In a sharing economy context, this implies a decrease in anonymity to be a key to increasing trust and good will.

2.2.4.3 Humanization

Multiple scholars discuss the influence of humanization approaches on trust building (Ert et al., 2016; Tussyadiah & Park, 2018; Repschläger et al., 2015). One of these tools is the publication of profile pictures (Ert et al., 2016). Hassanein and Head (2007) observe photos of humans to generate a sense of sociability and warmth on online platforms. This is linked to people’s tendency to change their behavior in front of others when strangers are easily identified and can be held accountable for their actions (Zajonc & Sales, 1966). Further, Theurl et al. (2015) stress the importance of a reliable customer support contributing to the trustworthiness of a platform since the presence of a human representative affects the trustworthiness of a platform positively. From their qualitative research, Repschläger et al. (2015) conclude transparent contact information to contribute to trust building, because a direct link to the providing peer is established instead of being directed to a corporate entity. They come to the conclusion that the presence of transparent contact data is even more effective in trust building when the geographical distance between the two peers is low. Having investigated the different elements of an Airbnb profile, a multi-stage study from Tussyadiah and Park (2018) found a positive correlation between the profile description and trustworthiness. Concretely, when supplying peers portray themselves as well-traveled or possessing a certain profession, trust towards other peers may be increased. To conclude, humanization consists of diverse aspects having an impact on the establishment of trust.
3 Theoretical Framework

In this chapter, the three dimensions from Tan and Sutherland’s (2004) model will be elaborated. Taking these dimensions into account and combining them with the stakeholder relationships within the sharing economy, this chapter will result in a multi-dimensional trust model which will guide the analysis.

3.1 Trust Dimensions

With Tan and Sutherland (2004) investigating consumer trust in e-commerce, they present dispositional-, institutional- and interpersonal trust as three dimensions of trust which have an impact on the intention to trust. Thus, the following research in the field of trust will be delimited to these three aspects by investigating previous literature about dispositional-, institutional- and interpersonal trust. Dispositional trust affects a person’s stance to institutional and interpersonal trust and is characterized by the individual’s personality. Since the sharing economy is most commonly based on peer-to-peer interactions on a platform, interpersonal trust, with a high relevance in social sciences, is a suitable approach to explain trust in the context of the sharing economy. The third trust perspective will be institutional trust as the platform is an intermediary which facilitates sharing between two individuals by building high level levels of trust in the institution. The research field of institutional trust has been the main focus of business and economic sciences. With the sharing economy encompassing both peer-to-peer interactions and the economic perspective, there is an interplay of trust from a social science perspective as well as from an economic perspective. The final part constitutes a summarized trust model combining interpersonal and institutional trust from Tan and Sutherland’s (2004) framework with the trust relationships in the sharing economy. The framework is adjusted from Tan and Sutherland’s multi-dimensional trust model by excluding online purchase behavior as this paper focuses on the intention of trust and not its outcome per se.
Behnia (2008) identifies dispositional-based trust as a major approach to interpersonal and institutional trust development. He explains how this approach assumes a high connectivity of trust to personality traits and therefore evokes two types of trustors: The high trustors and the low trustors. Behnia (2008) describes high trustors as having almost naive trust with the tendency to accept strangers easily, assume salespersons to be transparent and honest, and approve contracts without reading the content, whereas low trustors tend to show abnormal levels of distrust in similar situations. A person’s willingness to build trust with another peer develops from previous experience (Behnia, 2008). Accordingly, Erikson’s (1963) fundamental theory *Stages of Psychosocial Development* explains how trust is already developed in infancy and how it forms a child’s attachment type. Growing up in a childhood with a positive environment e.g. caring parents, teachers who kept promises, or other peers who generally were honest and showing good intent evoke an optimistic attitude towards others (Behnia, 2008). The presence of a positive mind-set and optimistic stance “makes one more likely to take risks and to initiate a trusting relationship with others” (Behnia, 2008, p. 1428). On the other hand, Behnia (2008) observes individuals with a rather pessimistic mentality due to negative experiences in the past to be more likely to distrust strangers. As illustrated in figure 1., an individual’s disposition to trust is a variable unlikely to change a person’s attitude towards trusting others. Thus, it is a constant which cannot be influenced by the platforms through tools since the disposition to trust is deeply enrooted in the individual’s
personality. Therefore, dispositional trust is not a factor of investigation for further analysis in this paper.

3.1.2 Institutional Trust

In his fundamental work, Zucker (1986) characterizes institution-based trust as security provided by legal or regulatory structures, safety nets and guarantees. The scholar distinguishes between formal indicators which appear in the form of an insurance and informal trust indicators which includes e.g. a membership in a professional association. Specifically, institutionalization is a process in which trust-building acts are transmitted to an external partner (Zucker, 1986). This implies that trust tools and processes provided by an external party can foster peer-to-peer trust. However, Zucker (1986) treats the topic from a broad perspective and describes the production of institutional trust as highly subjective with few general mechanisms.

McKnight and Chervany (2014) break down Zucker’s (1986) institutional trust into two subcategories: structural assurance and situational normality. According to the scholars, structural assurance encompasses protective mechanisms such as contracts, guarantees, regulations and processes amongst other. On the contrary, situational normality refers to the attitude towards a specific situation. If the situation is perceived to be normal, it facilitates trust building. With the newness of the sharing economy, situational normality implies the establishment of tools and processes in the sharing economy to portray itself as a conventional online business to appeal to broad masses. McKnight and Chervany (2014) present five mechanisms which e-vendors can adopt to increase institutional trust online and influence the purchasing decision. First, privacy policies ensure an ethical approach to how data is handled. Besides, customer interaction in an online environment transmits the image of a benevolent, competent and honest vendor. Further, McKnight and Chervany (2014) identify reputation building, links to other credible sites and guarantees or other seals as main interventions which increase institutional trust. To ease the interaction in the sharing economy, institutional trust is considered to be fundamental to build interpersonal trust. This is in line with figure 1. which shows how institutional trust does not only influence the intention to trust, but also interpersonal trust. However,
interpersonal trust has no impact on institutional trust. In practice, a platform with high institutional trust affects the trust relationship between two peers positively.

3.1.3 Interpersonal Trust

Interpersonal trust is the trust which is established towards another individual (Tan & Sutherland, 2004). In the process of forming interpersonal trust, Tan and Sutherland (2004) identify competence, predictability, benevolence and integrity as the most essential attributes. In a business context, Behnia (2008) highlights the importance of providing professionals to gain the client’s trust. He argues that the client, as the vulnerable party, has to be willing to share intimate information with a person he/she is not familiar with, whereas the professional needs to be empathetic and appear professionally. Further, Behnia (2008) assumes clients to collect information about a service provider prior to consultation to evaluate his/her trustworthiness. As a result, he determines three parameters a client considers before trusting a professional: i) the self-concept, ii) one’s perceived self, iii) and the professional’s identity. Behnia (2008) elaborates on the behavior of the client who intends to find out whether the professional is competent in his/her field, able to present realistic solutions and perceives the client positively. Therefore, it is crucial from a service providing perspective to build trust through attributes like competency, reliability and empathy (Behnia, 2008).

Interpersonal trust in a social context as described by Messick and Kramer (2001) implies a privileged treatment among members of the same group. According to the scholars, an individual is more likely to trust group members only. Therefore, the group-based trust building tools may explain why people have historically delimited the sharing of goods and services to their social network where trust is the strongest (Schor, 2016). Hence, community building processes could serve as a main method to build trust. Similarly, Freitag and Traunmüller (2009) identify two different forms of interpersonal trust: particularized and generalized trust. According to the scholars, particularized trust focuses on personal experiences, which translates to the people an individual already knows being the only ones who can be trusted. On the contrary, generalized trust supports the idea of anyone being trustworthy (Freitag & Traunmüller, 2009). In the context of the sharing economy, a generalized trust condition facilitates the interaction between two strangers when sharing goods or services.
3.2 Summarizing Model

To present an integrated model which illustrates the trust construct in a sharing economy environment, this paper combines Tan and Sutherland’s (2004) framework with the relationships between the two peers and the platform present in the sharing economy (see model 1.). According to Hawlitschek, Teubner and Weinhardt (2016), the platforms are responsible to ensure trust towards peers, the platform and the product which constitute the three P’s and frame a multi-dimensional trust construct. In model 1., these three parties are referred to as Platform (P), Consuming Peer (C) and Supplying Peer (S) and represent its cornerstones. While institutional trust is displayed as arrow 1. and 2. in red, and stems from the level of trust the consuming and supplying peers have in the platform, interpersonal trust is illustrated as arrow 3. and 4. in blue, and is a reciprocal relationship between the consuming and supplying peers. As previously stated, interpersonal trust describes the trust relationship between two individuals, whereas institutional trust defines the trust in an institution. Hence, the trust building mechanisms on arrow 5. and 6. colored in black do not categorize as any of the trust dimensions investigated by Tan and Sutherland (2004) since they move from an institution towards an individual.

All tools and processes, regardless of which relationship they serve, are installed by the platform. For instance, by implementing a reciprocal feedback system, the platform is providing the infrastructure for interpersonal trust building without affecting the trust a supplier or consumer has in the platform. Further, the trust relationship model (model 1.) serves as a basis for the empirical analysis by linking the different trust tools and processes to their corresponding dimension. Finally, the analysis section includes a complimentary section which displays on which trust relationships the companies emphasize on.
Model 1. Trust Relationship Model in the Sharing Economy
4 Methodology & Method

This chapter firstly discusses the methodology including the purpose, philosophy and approach of this research. Secondly, the method section contains research design, data collection of literature, sampling, interview design, data analysis and credibility of research. Finally, this section clarifies the ethics of the research.

4.1 Methodology

4.1.1 Research Purpose
Taking previous research into account, this paper extends present knowledge through an exploratory research. As acknowledged, the importance of trust has been investigated by previous scholars. However, there is little research on how trust is established in business practices through tools and processes. Therefore, this paper builds upon existing research and thus, functions as an extension to previous findings. Moreover, a link between literature about trust within the sharing economy and trust in the context of peer-to-peer activities is established through the development of an integrative framework. Literature has debated on why trust is important in the sharing economy rather than investigating how trust is assured towards the consuming and supplying peers. The primary data was collected through semi-structured interviews with companies operating in the field of the sharing economy to explore how trust is established between the three parties.

4.1.2 Research Philosophy
The research philosophy can be divided into an interpretivist and positivist paradigm (Collis & Hussey, 2014). The latter of the two stems from natural sciences and assumes social reality to be objective and singular; hence, reality is not affected by the investigation itself. Having its roots in the realist philosophy, the approach uses an explanatory theory to understand social phenomena. However, this approach has been questioned with critiques pointing on reality and humans being too complex to generalize. Thus, research presented the interpretivist approach to explain the social phenomenon (Bryman, 2012). Instead of assuming objective reality, it emphasizes on subjectivity; thus, research is influenced by social circumstances.
This research paper does not acknowledge single reality or truth, since the study is shaped by individuals or groups. By aiming to broaden the understanding and interpretation of existing theories within the sharing economy, this paper followed an interpretivist paradigm. Further, with diverse products and services provided by the interviewed companies, they all have different perceptions of the sharing economy; making an interpretivist paradigm the most suitable with these subjective evidences. Thus, this paper grasped the complexity of the trust issue and its background in the sharing economy by gaining an interpretive understanding of the underlying tools.

4.1.3 Research Approach

The research approach for scientific work can either be inductive, deductive or abductive (Saunders, Lewis & Thornhill, 2012). The starting point of the deductive approach is present theory, moving on to its specific application. It is characterized by either challenging or confirming a hypothesis by testing it with quantitative data, after collecting information from existing literature. In contrast, inductive reasoning uses a specific observation or the collection of data as a foundation to proceed to a general conclusion by building a theoretical framework based on own findings. Thirdly, the abductive approach combines the deductive and inductive approach. An abductive approach is commonly applied when unforeseen facts are discovered either prior to the study or whilst conducting the research. These facts are then elaborated by plausible theories of how they might have occurred (Saunders et al., 2012).

This paper encompasses features from both deductive and inductive approach. A deductive approach was applied in the data collection process and adopted to structure the theoretical framework. By linking previous research about the sharing economy with research conducted in the field of trust/trust building in the context of sharing economy/e-commerce, this theory sets the basis of research and thus fulfilled the characteristics of deductive reasoning (Bryman, 2012). Inductively, Tan and Sutherland’s (2004) framework was applied to conditions which encompass the three different stakeholders in the sharing economy: i) consuming- ii) supplying peers and iii) the platform. This constitutes a new developed trust relationship model according to an inductive reasoning approach. By exploring different tools and processes which companies implement to
build trust towards their peers, this study aims to find out how sharing economy operators manage to build trust in practice rather than why trust is an essential component. Thus, previous research focusing on the importance of why trust is essential constituted the underlying theory to introduce a practical view on the topic.

By linking existing theories within the sharing economy and the research field of trust, this paper applied an exploratory research approach. Given the limited amount of research encompassing both fields, it was essential to acquire new insights by applying an exploratory approach. Through this approach, the research aims to group opinions and categorize patterns as suggested by Collis and Hussey (2014). In contrast to conclusive research, this paper presented several options to establish trust instead of identifying one valid solution and thus laid groundwork for future studies.

4.2 Method

4.2.1 Research Design
To display the research design, an overview (see figure 2.) was set up to graphically illustrate how the research was conducted chronologically. Starting with the deductive part of this paper, the literature search and its review served as a basis by providing a general overview of trust research and perspectives within the sharing economy. Tan and Sutherland’s (2004) theory comprises the basis for the framework which was combined with the three stakeholder relationships present in the sharing economy. Together with the qualitative data collection in form of semi-structured interviews, information from the literature review was extracted as inputs in the analysis. Subsequently, the theoretical framework structured and guided the analysis.

Figure 2. Research Design
4.2.2 Data Collection of Literature

A literature review was conducted to grasp the extensive and growing body of research on the sharing economy. Peer-reviewed articles were examined in the context of sharing economy and in the field of trust. To filter the most relevant articles about the sharing economy, Google Scholar, Primo and ProQuest were the main databases. In the sharing economy context i.e. part 2.1 and 2.2.4., “Sharing economy”, “Sharing economy motivation”, “Collaborative consumption” “Gig economy” were the keywords which were further linked with “Trust” through advanced search options. After the literature about sharing economy was analyzed, the subjects were divided into “Motivational factors” with the subcategories “Economic”, “Social”, “Sustainability” following “Regulations” and “Technology”. In the trust parts of the literature review, i.e. 2.2.2., 2.2.3. And 2.2.4. ProQuest and PsycINFO were the main databases. Herein, “trust” was the main keyword which was linked with “theory”, “psychology”, “peer-to-peer”, “online” and “e-commerce” by using advanced search options.

To ensure credibility, articles with a higher number of citations were weighted heavier. However, as the field of sharing economy is a recent topic of scholarly interest, most of research has been published after 2014 with a great number of articles from 2016 and 2017. As these are not frequently cited yet, the number of citations was not considered as a criteria to exclude them. The advantage of new articles is their tendency to describe the development of the sharing economy more precisely due to its rapid development in recent years. In the field of trust building, the frequency of citations was of higher importance since it has been investigated for decades, and the number of citations indicate the article’s importance.

4.2.3 Semi-Structured Interviews

According to Saunders et al. (2012) the difference between qualitative and quantitative research stems from the data collection process. Specifically, in quantitative studies, research methods include the systematic collection of numeric data in contrast to a non-numerical data collection process which is applied in qualitative studies (Saunders et al., 2012). Qualitative studies aim to find thoughts and opinions to extend existing theories, in which the data is retrieved from several channels (Saunders et al., 2012). Most
commonly, it is collected through focus groups, and unstructured or semi-structured interviews. Considering the research question for this paper “How do companies build trust between peers and towards the platform?” a qualitative method was required to collect primary data to obtain first hand insights and explore how trust is established between the different parties in the sharing economy.

To gain insights provided by experts, focus groups and interviews are the most common approaches. Collis and Hussey, (2014) suggest focus groups to foster open discussion where participants influence each other’s opinions. For the purpose of this study, interviews rather than focus groups were conducted for two major reasons. Having gathered direct competitors in the same place may have hindered the flow of information. Reversely, participants are more likely to share essential information in a closed environment which is ensured through conventional interviews. Secondly, the eliminated risk of participants influencing each other was a further factor for the selected approach. Concretely, an argument proposed by one party might not have been clear to other participants before. However, once mentioned, they may agree with others and thus change the perception of how important a trust tool or processes is in practice. Consequently, there was a risk of consensus on several issues which, in return, would not allow to accurately evaluate a mechanism’s importance. Thus, interviews were chosen as an approach to gather primary data.

According to Collis and Hussey (2014), researchers can choose between semi-structured and unstructured interviews when following an interpretivist approach. Applying an unstructured interview approach, the interviewer does not have any pre-arranged questions resulting in conversation-like discussion (Collis & Hussey, 2014). Instead of questions, solely the topic is set in advance. In contrast, semi-structured interviews provide prearranged question in advance, whilst allowing spontaneous adoption and follow-up questions. To avoid drifting away from the topic trust building within the sharing economy, the semi-structured approach was selected.

In-depth interviews bring the possibility to conduct the interviews in the company’s environments, facilitating to grasp the feelings and emotions (Collis & Hussey, 2014). Further, individual interviews allow a deeper understanding of the investigated problems.
Using the interpretivist approach serves the purpose to understand their attitudes, opinions, and analyze to what extent the parties are similar and how they differ (Collis & Hussey, 2014). Specifically, Collis and Hussey (2014) suggest three ways how to conduct interviews: i) face-to-face, ii) telephone- or iii) online- interviews. The main limitations of the latter two is the lack of personal contact which could hinder individual interpretation. Moreover, face-to-face communication may motivate interviewees to share sensitive information (Collis & Hussey, 2014). Thus, it was preferred to conduct the interviews on site at the company’s offices which was accomplished in five of six interviews.

4.2.4 Sampling
To collect data and gain first hand insights into a company’s operations, in-depth interviews with sharing economy companies were conducted. Even though Collis and Hussey (2014) do not consider sampling as a requirement in an interpretivist study, this paper applied sampling to delimit the population of sharing economy companies. According to Luborsky and Rubinstein (1995) there are four approaches: i) purposeful-, ii) convenience-, iii) quota-, and iv) snowball sampling. By adopting two main criterion for companies, “subjects [were] intentionally selected to represent some explicit predefined traits or condition” (Luborsky & Rubenstein, 1995, p. 10); thus, pursuing a purposeful sampling method. The only sample criterion are i) having offered sharing services for at least one year and ii) to have active operations in Sweden. Previous research conducted by Krockow, Colman and Pulford (2018) identified cross-cultural differences in the trust building process. Therefore, the sample was scaled down to one country since cultural factors may affect the disposition to trust and hence, could influence the results when including other countries. A study among various geographical locations can distort the results as findings might be rooted in cultural aspects affecting local trust building processes (Krockow et al., 2018). As a result, consumers may have a distinct attitude towards sharing and companies approach trust building through different tools and processes based on their cultural norms. According to a publication by the European Commission (2016), Sweden with its fast broadband network enhancing technology adoption and an environmental conscious population offers an ideal infrastructure for sharing economy companies. Given these conditions, the sample was limited to Sweden.
The sample size criteria of a minimum between 5-25 semi-structured interviews according to Saunders et al. (2012) was fulfilled by conducting six interviews with sharing economy operators. As stated in 4.2.3., it was preferred to conduct the interviews on-site through face-to-face interviews which was achieved in five of six cases. As it can be retrieved from figure 3., the spectrum is composed of both peer-to-peer solutions, business-to-consumer operations and non-profit actors. Regarding peer-to-peer solutions, companies/platforms focusing on tool- (Hygglo), car- (SnappCar) and service-sharing (Techbuddy, Yepstr) were interviewed. In the car-sharing industry a business-to-consumer (B2C) interview was conducted with the BMW operated service DriveNow and the peer-to-peer service of the non-profit organization Sambil. With the diversity of respondents, both in terms of their business model and the industry they operate in (P2P vs. B2C), the sample was composed through a heterogeneous approach (Saunders et al., 2012).

Since the sharing economy is a recent phenomenon with a limited number of established players, the authors of this paper did not choose to scale the sample down to a specific industry such as financing, housing, or transportation. Besides practical reasons, working with a diverse sample offered the advantage to obtain a general conclusion.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Company</th>
<th>Product/Service</th>
<th>Specifics</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Co-Founder &amp; Product Development</td>
<td>Hygglo</td>
<td>Gadgets</td>
<td>P2P</td>
</tr>
<tr>
<td>B: Co-Founder &amp; CEO</td>
<td>Techbuddy</td>
<td>Servicesharing</td>
<td>P2P</td>
</tr>
<tr>
<td>C: Community Manager</td>
<td>Yepstr</td>
<td>Servicesharing</td>
<td>P2P</td>
</tr>
<tr>
<td>D: Community Support Manager</td>
<td>SnappCar</td>
<td>Carsharing</td>
<td>P2P</td>
</tr>
<tr>
<td>E: Country Manager Sweden</td>
<td>SnappCar</td>
<td>Carsharing</td>
<td>P2P</td>
</tr>
<tr>
<td>F: Country Manager Sweden</td>
<td>DriveNow</td>
<td>Carsharing</td>
<td>B2C</td>
</tr>
<tr>
<td>G: Board Member</td>
<td>Sambil</td>
<td>Carsharing</td>
<td>P2P - non-profit</td>
</tr>
</tbody>
</table>

Figure 3. Identification of Interviewed Sharing Economy Companies
### 4.2.5 Interview Design

The interview design was composed by following the guidelines provided by Collis and Hussey (2014). The questions move from a broad perspective at the beginning to the specific issues towards the end of the interviews. The semi-structured interviews consisted of open-, closed- and probing questions. Pursuing the semi-structured interview approach, the preparation of pre-selected questions about main topics encouraged a debate which enables further questions emerging from the interview (Collis & Hussey, 2014). Open questions were asked to obtain long, developed answers to gather broad information. For instance, at the beginning of each interview the interviewee was asked to provide information on the company’s operation and business model. In the interview process, more specific issues were discussed by asking for instance: “What are the most common issues between supplying and consuming peer?”. Factual information was obtained by asking closed questions such as “Is it essential to have a well-known insurance?” or “do you advertise the insurance company on the website?”. To gain deeper insights on the mentioned issues and their related tools, probing questions were of importance. Frequently used probing questions were “Why do you think it is the most important?” or “Can you elaborate on how it works in practice?”. Towards the end of the interview process, summarizing questions and statements about the tools assisted to validate and clarify information. It was ensured throughout the interview that no mechanism was suggested to the interviewee directly. Instead, the tools were expected to be named during the interview as a response to previously mentioned trust issues which exist between the platform, consumer and supplier. This fostered a deeper elaboration about the issues and how specific mechanisms act as solutions.

### 4.2.6 Data Analysis

To analyze the collected data, categorization was adopted as the main approach. Categorization is applied by labelling words or phrases, converting them into examples of a particular issue. This is consistent with Collis and Hussey (2014) who determine the main benefit of categorization to be the possibility to group data and consequently provide a link between the collected data and the researcher’s interpretation of it. Hereby, the six different trust relationships from model 1. served as main categories. Through the use of categorization, the different tools and processes retrieved from the interviews were linked
to the corresponding relationships suggested in model 1. Thus, the categories were constructed by using the theoretical framework. With six interviews, it was manageable to manually categorize the data and no software was required.

In part 5.3, a complementary section summarizes the analysis and displays which trust relationships the companies emphasize on. Even though the data is represented in a quantitative way, the data was interpreted in a qualitative approach because of its simplicity and the low number of interviews. Including the information retrieved from the interviews, it becomes evident whether one or more arrows from model 1. are of higher relevance. Since Drive Now’s business model is solely applicable in the dimension between the consumer and the platform, the frequency of the mentioned mechanisms between the consuming peer and the platform has a maximum of six, whereas the four other trust streams have a total frequency of five.

### 4.2.7 Credibility of Research

Regarding the credibility of research, reliability and validity are the main aspects to consider (Collis & Hussey, 2014). According to Collis and Hussey, data reliability refers to the accuracy of the collected data. Concretely, Saunders et al. (2009) define four flaws in this context: i) participant error, ii) participant bias, iii) observer error, and iv) observer bias. Participant error implies a consistency of answers if the study was repeated several times, regardless of the setting where the data is collected. This risk was minimized by solely interviewing industry experts who actively work within the sharing economy and follow its development. The issue of participation bias stems from the risk of interviewees answering the questions inaccurately. This can be traced to the tendency where participants try to respond accordingly to the interviewer’s expected answers or present factors influenced by the management. This threat was diminished by starting the interview with questions about the existing problems between the three parties in the sharing economy and by avoiding to name any tools or processes without elaborating on problems beforehand. Further, if the interviewees perceived any answers to impose confidentiality issues, they were given the opportunity to remain anonymous.

When it comes to the collection and analysis of data, observer errors and biases are critical issues. To counteract against observer errors and misinterpretation of the interviews, all
three authors of this paper were present at every interview to reduce this risk. Moreover, the interviews were analyzed individually by the three authors of this paper before using their interpretations to find a general result.

Collis and Hussey (2014) define data validity as to what extent findings from research correspond to the investigated phenomenon. The authors of this paper classified the collected data from interviews to be of high validity since all respondents are industry experts. Further, no time constraints were imposed by the interviewers and enough time was allocated for the interviewees to thoroughly elaborate on issues related to trust.

4.2.8 Research Ethics

Research ethics is essential when individuals are involved as participants (Whalton, 2018). According to Whalton (2018), ethics within research is divided into three subcategories: i) the protection of individual participants, ii) that the research is conducted by serving the individual’s interests, iii) and taking confidentiality and privacy issues into regards. Since this paper has interviews as a primary source of data, these issues are of high relevance. To comply with these constraints, all interviews took place at the desired place of the interviewee which was their offices in four of six cases. Besides, consent from all interviewees was received to name their role as well as company.
5 Findings & Analysis

In this section, the empirical findings which are derived from the interviews are presented and analyzed. The content is structured following the different dimensions from model 1, and linked to the theoretical framework. This chapter is concluded by an analysis of the trust building streams in regards to their importance.

5.1 Institutional Trust Building Tools and Processes

5.1.1 Trust Building from Consuming Peer to Platform

The most frequently emphasized trust building mechanism for institutional trust from the consuming peer in the platform is insurance. With all interviewed companies naming insurance as a key trust building tool, it is in line with Zucker (1986) who listed insurance as one of the most essential components to establish institutional trust.

According to the respondents, insurance is crucial since consumers often express their concern for potential accidents, damages on the asset or injuries. A quote from SnappCar’s Sweden Manager illustrates the importance of insurance, and why it is of necessity for running a sharing economy business:

“*In the end of the day, what we’re offering is the trust part, that’s something we can create through processes, to make people even get to a point to share, but then insurance is what matters. In a sense, our product is insuring our customers*”

- E (SnappCar)

According to the interviewees, there is a correlation between the insurance’s reputation and the sharing platform’s trustworthiness. Half of the interviewed companies trace back increased trustworthiness to the usage of a well-known insurance company which customers already trust. In these cases, IF which is one of the leading insurance companies in Scandinavia is preferred. DriveNow does not promote the affiliation with IF publicly but acknowledges the importance of a well-known insurance company:

“If we had a small insurance company, maybe equally good or bad, it would still be more difficult for customers to say «Oh, then I feel really secure» - So it’s easier to do business with one of the big ones” - F (DriveNow)
The fact that DriveNow does not actively promote their IF insurance, albeit its perception as a more trustworthy insurer, might be related to DriveNow’s well established brand in the European market. In contrast, the less known services from Yepstr and SnappCar may benefit to a greater extent when promoting the IF insurance, which is acknowledged by SnappCar:

“If swedes need more confirmation on the question «is this trustworthy, do you have a big insurance company?» We have IF insurance which is a really famous insurance partner. If we had something unknown instead, they (customers) would be more doubtful” - D (SnappCar)

The interviews further suggest personal involvement from the company towards the peers to be important to build institutional trust in the platform. To different extents, this is mentioned by four of six interviewed companies. The personal factor ranges from meeting customers in person to giving the company a human aspect by welcoming new customers with a personal telephone call. The latter was introduced by SnappCar and has been proven to be an efficient way of familiarizing customers with the service. This is consistent with Theurl et al. (2015) who consider human impact on a platform to increase its trustworthiness. Further, these measurements may be linked to the newness of the sharing economy. Thus, there is a need to educate and minimize the fear of first time customers, probably to a greater extent than it is necessary in the case of conventional business-to-consumer relationships. The community support manager of SnappCar stresses the importance of personal involvement in times of digitization:

“Never underestimate the time spent with people, they need personal contact, it’s not just about making things digital, instead it is more important to have face-to-face interaction” - D (SnappCar)

According to the interviewees, a frequently asked question by customers is about the consequences of smaller damages on a car, other assets or injuries on a service provider. As mentioned above, insurance is a valuable ground to create trust. However, there is also a benevolent part when minor incidents occur, and it is not clear who had caused it. As this composes a major concern for many users, DriveNow puts great effort to be perceived as a partner instead of being portrayed as a business only:
"We have questionnaires, invite them (customers) to discussions. I have had lunch with some of the early adopters to listen what they think about the company. [...] Of course we are a commercial offering but we also should feel as a partner, friend; not too strict"

- F (DriveNow)

Since the vast majority of interviewed sharing platforms are situated in an early stage and has not established significant credibility or reputation yet, it is a common tool to rely on external partners who accredit their service. This is in accordance with Zucker (1986) who defined institutionalization as the process to transfer trust building acts to an external partner. In their recent study, Chang et al. (2013) acknowledge third party certification to be one of the most effective trust building mechanism in an online environment. Techbuddy directly links its trustworthiness to the reputation of its partners:

“...we work with big partners and we feel that since we work with them the threshold is lower because they (customers) know that if Telia, Apple, Media Markt trust in us they can do the same” - B (Techbuddy)

As a minor trust building process, McKnight and Chervany’s (2014) situational normality is evident. This refers to business situations being characterized by having regular procedures. Only one company gave a statement which is linked to this aspect. However, since it is not directly linked to a process, it will not be taken into account for further analysis:

“...we have to be more of a regular company in Sweden - not just a couple of start-up people” - D (SnappCar)

5.1.2 Trust Building from Supplying Peer to Platform

Similarly to the consuming peer to platform trust relationship, insurance is the most important trust tool adopted by the platform to build trust among supplying peers. As it is in the case of the consuming peer to platform relationship, all interviewees recognize insurance as a mechanism to build trust in the supplying peer to platform relationship as well. However, the perception of being insured differs among consuming and supplying peers. While consumers avoid being held accountable for financial damage when
incidents with shared products occur, suppliers need assurances that their products are protected and they can avoid conflicts with the consuming peer in case assets are returned damaged. Therefore, the platform must be aware of its role as an intermediary and insurance provider.

In peer-to-peer environments, insurances are financially important for supplying peers in particular, since their assets or services are shared with stranger peers. These insurances are structured in different ways. Hygglo insures the assets of its suppliers with an all risk insurance policy which covers damages for up to SEK 30 000 without deductibles for any party, while Yepstr provides its supplying peers with coverage for injuries for up to SEK 10 million with a deductible of SEK 1500. For the users of non-profit organization Sambil, the individual’s insurance is valid in case of an accident; however, a mutual fund ensures the reduction of deductibles to SEK 500. SnappCar on the other hand, has an insurance covering damages up to SEK 850 000 with a flexible deductible depending on the car’s value. Hygglo describes some of the supplying peer’s major concerns on insurance and its importance:

“Some vendors (supplying peers) are very concerned about insurance and they’re very specific. They ask «What if this or this happens?» or «This is a scratch, and we don’t know if it was there before, will the insurance cover this?» So insurance really is important for both vendors and the person renting” - A (Hygglo)

*Personal involvement* which is considered as any voluntary action by the company is another important trust building process. It stems from the company and is a service or contact which is neither directly requested by one of the peers nor is the company obliged to conduct this service. Thus, a service hotline is not defined as personal involvement, as it is the customer who contacts the business. The level of personal involvement can almost reach benevolent magnitude as shown in the case of Hygglo. After a customer had not returned the borrowed product long after the return was due, Hygglo paid a Taxi for the product to be returned to the supplying peer. Even though this cannot be considered as a process per se, it is worth noting since it exemplifies the level of involvement of the company and how far it will go to gain trust from its supplying peer. However, not only Hygglo recognizes the need for personal involvement with its supplying peers. SnappCar
increased its level of personal contact with its car owners after interactions with them had mainly been through online communication.

“Before, no one had really talked to the customer at all. It was more e-mail contact and when they called us for support, we would answer the call. But now all the new car owners get a welcome call and that way we can make sure they feel safer”
- D (SnappCar)

5.2 Interpersonal Trust Building Tools and Processes

5.2.1 Trust Building from Consuming to Supplying Peer

As previous scholars (Browning et al., 2013; Theurl et al., 2015) have acknowledged, feedback systems are a cornerstone of the sharing economy to build trust from consuming in supplying peers and vice versa. In the consumer to supplier relationship, four of five companies (DriveNow does not serve this relationship as seen in 4.2.6.) offer consumers the possibility to rate their supplying peer. These four companies provide the infrastructure to publish ratings both with quantitative (scores or stars) and qualitative measures (reviews) to describe experiences in depth. Yepstr’s community manager stresses the importance of feedbacks especially between strangers who have no previous common experience:

“We try to build trust through feedbacks. All the youth gets ratings from their customers so new customers who do not know the youth can see that it’s actually a good person and they do their job” - C (Yepstr)

Evidently, the respondents stick to simple rating tools when looking at the different rating aspects mentioned by Xiong and Liu (2004) in the peer trust model. The interviewees acknowledge feedbacks to be an essential mechanism to screen the trustworthiness and the track record of the other party; however, only two of the five factors proposed by Xiong and Liu (2004) are followed: i) feedback eases trust, and ii) an increased feedback scope adds to legitimacy. Interestingly, none of the five companies rank the credibility of the feedback source, nor do they emphasize on mission critical feedback as suggested by Xiong and Liu (2004). However, since the interviewed companies are specialized in an
industry such as car-sharing or tech support, there is no possibility to distinguish between mission critical reviews and reviews given for diverse tasks. Thus, the peer trust model in an online context can only partly be applied to the sharing economy.

The interviews further suggest personal information in form of pictures to be a valuable tool to build trust from consuming to supplying peers. As Hassanein and Head (2007) state, pictures create sociability and warmth in online platforms and thus generate a human aspect. Further, research observes humans to pay more attention to goods being borrowed from a person than a company. Thus, maximizing personalization through profiles with pictures and descriptions may stimulate people to behave more morally as suggested by Uslaner (1999). This advice is pursued by four of five companies which offer the supplying peers the possibility to upload a picture, thus easing trust building from consumers to suppliers. In practice, the correlation between a personal profile with a photo and the peer’s trustworthiness is visible at SnappCar:

“We have reviews that you can write, we see a correlation with people not having a picture or description of themselves and not having any previous reviews, they are not trusted on the website and people that have the opposite have it easier to get requests”

- D (SnappCar)

With the internet enabling people to stay anonymous, it is essential to be easily identifiable in a sharing economy context where two peers conduct business with each other. Thus, companies adopt different verification processes which facilitate the process in which consumers build trust in suppliers. Interestingly, verification methods differ significantly depending on whether a service or a product is traded. The most basic verification mechanism implemented amongst the Swedish companies is BankID. As this is considered as a government approval which is discussed by Repschläger et al. (2015), this exemplifies an effective, yet simple approach for companies to build trust in Sweden. A strict verification and approval process is evident in the case of Techbuddy. As its service connects supplying with consuming peers in need of technical assistance, the service provider visits the customer at home and performs the task. Since this interaction demands high levels of trust and knowledge, Techbuddy relies on stricter

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1 BankID is “a citizen identification solution that allows companies, banks and government agencies to authenticate and conclude agreements with individuals over the internet.” (“BankID”, 2018)
verification processes than other interviewed companies specialized in tools or carsharing. Additionally, all visits from Techbuddies are recorded on tape. The interviews have thus provided evidence of Tan and Sutherland’s (2004) findings which assume a higher need of trust depending on the tangibility of the product with a maximum of trust needed if the offering becomes a service.

“[Becoming a Techbuddy] is a long process. You have to apply, and have certain qualifications to go to the next stage. Then, you have to do a test and have at least 80% right to go up to the next level, then you go to a personal interview and you have to show that you don’t have a criminal background. Then you sign a contract, get education and can start working” - B (TechBuddy)

As acknowledged previously, there is a social aspect for people to participate in the sharing economy. With this in mind, sharing economy companies are devoted to capitalize on this motivational factor and adopt it as a trust building tool. To some extent, all five respondents expect community building to have an impact on interpersonal trust between consuming and supplying peers. Especially for the non-profit car sharing platform Sambil, this is an essential part of what defines its business. Interestingly, this implies an increase in the community factor and thus interpersonal trust when removing the monetary aspect from the sharing of goods:

“The reason behind sharing a car may be of solely unselfish reasons and not at all economical. The community factor is the main driver why many of our users enjoy our service and trust in the other party. This is something we cannot lose now that we are doing changes on our service” - G (Sambil)

5.2.2 Trust Building from Supplying to Consuming Peer

Even though the trust relationship between supplying and consuming peers is suggested to be reciprocal by literature (Cropanzano & Mitchell, 2005; Theurl et al., 2015), two of the four platforms with feedback systems do not offer the possibility for suppliers to review or rate consumers after their interaction. Even with reciprocal rating systems, the rating possibilities differ between supplying and consuming peers. Thus, consumers can rate suppliers more precisely than vice versa. This is illustrated in the case of Techbuddy:
“Yes we have a rating system in stars, both ways. Techbuddies get rated on three things: on time, if they solved the problem and friendliness. Customers just get rated from 1-5” - B (Techbuddy)

Similar to the trust relationship from consumer to supplier, the characteristics from Xiong and Liu’s (2004) peer trust model are solely present to a small extent. As in the previous section, the peers can generally rely on feedback systems to ease trust and the fact that the feedback scope is displayed. However, none of the sophisticated feedback tools in form of filtering mission critical reviews or rating the credibility of the feedback source are applied.

Further, while four companies encourage their supplying peers to have profile pictures, SnappCar is the only one to have personal photos for both consuming and supplying peers. Techbuddy on the other hand, presents selected buddies with a picture and short biography on the website. Through these visuals, Techbuddy creates trust accordingly with Hassanein and Head (2007) who associate short profile descriptions and pictures with warmth and sociability.

Interviewees stress the importance of community building as a reciprocal process to establish trust between supplying and consuming peers who are equally involved in the process. Moreover, community building encourages consuming peers to handle the supplying peer’s assets with care.

“I think you need the community feeling otherwise people won’t behave like there are people behind the product” - D (SnappCar)

Similarly, the verification process is the same for both suppliers and consumers at four of the interviewed companies. This is due to the nature of their system in which users can simultaneously share and consume assets with the same profile. Thus, there is a standardized verification process to create a profile no matter the profile’s purpose.

To conclude, the trust building process from consuming to supplying peers is of higher priority than reverse, as this user is the one paying for a service and expecting value in
return. Accordingly, the interviews confirm this finding with the respondents implementing more trust mechanisms in the consuming to supplying peers trust stream.

5.3 Importance of Trust Relationship

Institutional trust represents the trust which consuming and supplying peers have in the platform and is displayed by arrow 1. and 2. in the trust relationship model (see model 1.). To illustrate the frequency of each mechanism and the dimension it is displayed in, figure 4. is created. Since Drive Now does not have a supplying peer, the frequency of arrow two (right half of figure 4.) is reduced to 5. Findings from interviews suggest insurances, personal involvement and external verification to be the main contributors to institutional trust, as the companies considered for this study have adopted respective tools and processes. Taking figure 4. into account, insurance is considered as a fundamental trust building mechanism, as it is implemented both towards the consuming and supplying peer. Interestingly, three out of six platforms collaborate with the well-known IF Insurance company because they expect the insurance’s strong brand reputation to affect their own trustworthiness. In peer-to-peer transactions, insurances cover the damage on shared assets for the providers and minimize the risk for the consumer to stand for the damage. Hence, insurance policies are of high relevance for both parties and are a crucial mechanism to ensure trust. On the contrary, personal involvement with supplying peers is not of high importance considering only two of five of the respondents to have adopted specific tools or processes. When applied towards the consuming peer, personal involvement is of higher priority with four of six companies serving this relationship. Lastly, five out of six platforms promote partnerships with reputable brands such as SEB or BMW towards potential consuming but not supplying peers. This exemplifies the promotion of third brand affiliation to be targeted towards potential customers and serves as a quality seal which advertises the platform’s ability to satisfy expectations.

The conclusions and the foundation for the revised model (model 2.) originate from the explorative research as stated above and are connected to theory. However, to illustrate the respondent’s high emphasis on trust building tools and processes which facilitate the consumer’s trust, the tables (figure 4. and 5.) on institutional and interpersonal trust tools complement the previous analysis.
Moreover, it is within the platforms’ responsibility to construct an infrastructure of trust building tools and processes which facilitate mutual trust between the two peers. Consequently, even though the mechanisms work between the two peers and establish interpersonal trust, the tools and processes are provided by the company.

The interpersonal trust relationship is created by a reciprocal interaction between the consuming and supplying peer. Taking Drive Now’s business model into consideration, there is no interpersonal relationship to be analyzed which reduces the sample size to five in this section. Literature suggests trust tools and processes to be most effective when implemented by the platform on a reciprocal basis between consumer and supplier. However, the findings indicate a contrasting tendency. Most notably, two mechanisms are not provided to the same extent for supplying and consuming peers. While feedback systems exist for consuming peers to review their counterpart in four out of five cases, the opposite option is only available on two of five platforms. The second tool which is not adopted reciprocally is the inclusion of profile picture in the corresponding profiles. A majority of four out of five companies interviewed provide this option for the supplying peers. In contrast, only one platform allows the consumer to upload a profile picture and thus create an equally extensive profile as the supplying peer. On the other hand, community building is practiced by all companies in both way, since this is considered a reciprocal process and relationship which needs equally strong ties from the consumer to the supplier and vice versa. Further, verification at the sign-up process played an important role in trust building for four of five companies in both directions.

<table>
<thead>
<tr>
<th>Type of trust</th>
<th>Institutional Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Direction</td>
<td>Consuming Peer to Platform (Arrow 1.)</td>
</tr>
<tr>
<td>Type of tool</td>
<td>Insurance</td>
</tr>
<tr>
<td>Frequency</td>
<td>6/6</td>
</tr>
</tbody>
</table>

Figure 4. Institutional Trust Tools
To conclude, both in regards to institutional- and interpersonal trust, the platforms tend to focus more on gaining trust from their consuming peers instead of their supplying peers (displayed in the left half of figure 5. and 6.). This implies a prioritization of trust from the consuming to the supplying peer as illustrated in Model 2. below. Thus, arrow 1. and 3. Are thicker in the adjusted model compared to the original version (model 1.).

None of the respondents recognized trust building tools to support arrow 5. and 6. which establishes trust from the platform towards the consuming and supplying peer. However, the respondents acknowledge the existence of a trust stream from the platforms to its peer to some extent. Specifically, the underlying mechanisms for the company to trust or verify its consumers or suppliers are of legal issues rather than trust building reasons as retrieved from the interviews. Thus, verifying tools such as driver’s license checks to gain the platform’s trust are not considered as trust building mechanisms in this paper. Compared to model 1., arrows 5. and 6. were removed due to a lack of relevance according to the interviewed companies and literature. Taking this into account, this paper does not acknowledge a significant need for the company itself to build trust towards consuming and supplying peers.

Figure 5. Interpersonal Trust Tools
Model 2. Revised Trust Relationship Model in the Sharing Economy with Focus on Consuming Peer
6 Conclusion

In this section, the key findings derived from the analysis part will be presented.

The main purpose of this thesis was to identify how companies in the sharing economy establish trust. The purpose is done by combining existing literature on trust processes and mechanisms in the context of sharing economy and e-commerce with insights from six in-depth expert interviews. In the interview process, several new tools were discovered which have neither been investigated nor mentioned by previous research.

The analysis further identifies seven main mechanisms how sharing economy companies build trust. With trust as an essential component for a sharing economy company, all tools and processes serve the purpose to foster transparency and minimize initial doubts on the new way of doing business by sharing. By combining Tan and Sutherland’s (2014) multidimensional trust model with the relationships present in the sharing economy, this paper introduces a framework in which different tools are matched to corresponding relationships. Thus, the mechanisms either contribute to institutional or interpersonal trust. Three of the tools and processes are institutional, while four of them are implemented to build interpersonal trust. Further, one mechanism and one process, which are applied by all sharing economy companies are identified: insurance as institutional trust building tool and community building as a process to establish interpersonal trust. Additionally, most of the companies highlight these two mechanisms as the most essential ones. When matching trust tools and processes with the different stakeholder relationships, results from the analysis indicate a bias towards the consuming peer. Even though the number of interviews is of limited scale, there are clear results on feedback systems revealing the bias in increasing the consuming peer’s trust. In particular, four of five platforms offer the consumer to rate the supplier whereas reversely, this possibility exists only on one of five platforms. The numerical bias implies a prioritization of gaining the consuming rather than the supplying peer’s trust even though the latter stands the risk by providing its assets.
7 Discussion

This section includes further findings which became evident in the process of analyzing the interviews. Thereafter, limitations, further research and contributions are discussed.

7.1 Further Findings

The analysis generated further findings which do not answer the research question, but have implications for further research on the topic. Specifically, the results indicate a varying adoption of trust building tools and processes depending on the platform’s business model.

With companies operating in a i) peer-to-peer as well as B2C context, ii) profit and non-profit driven, and iii) providing either services or products, several differences are evident. Strong trust building tools and processes vary depending on whether the product or service is provided by a private person (supplying peer) or an institution (platform). Given the nature of the business model in a B2C context, the absence of a supplying peer results in a unilateral trust relationship, similarly to a conventional business to consumer relationship. In this particular model, it is the platform’s responsibility to build institutional trust through third brand certifications which are BMW and Sixt in the case of DriveNow. Without a second peer, mechanisms such as feedback systems, profile pictures and community building become obsolete which indicates a lower level of trust required if the product is provided by a company instead of a peer. For the non-profit organization Sambil, the model without financial interests is based on fostering community feelings. Subsequently, promoting a sense of community where users know each other is the most crucial trust factor which is essential for Sambil’s operations. In this case, other trust building determinants are obsolete, allowing Sambil to solely focus on community building where people rely on each other.

On the contrary, sharing economy companies working in a peer-to-peer environment whilst being profit driven show vast similarities in their trust building tools. Being businesses operating in an early stage, the interviewed peer-to-peer platforms are perceived and considered as start-ups. In this condition, a common strategy for the interviewed companies is to build trust and reputation through third brand certifications
to create institutional trust. Findings from the interviews and literature indicate feedback systems to be an essential mechanism to tackle the issues of distrust in stranger peers. Moreover, humanizing applications such as profile pictures and descriptions reduce anonymity and subsequently, contribute to increasing trustworthiness. The differences in the business model with an additional shareholder (supplier) and strive for profits reveals a higher need for trust building tools and processes. Thus, the findings confirm a higher trust mechanism adoption rate for profit driven peer-to-peer platforms to attract customers.

Further, a distinction between tangible and intangible products must be made. While Hygglo, SnappCar, DriveNow and Sambil provide tangible assets to be shared, Yepstr and Techbuddy offer labor services. This contrast affects a platform’s practice to implement trust tools and is in accordance with Tan and Sutherland (2004) who consider the level of required trust to depend on the tangibility of a product. They elaborate on the higher level of trust needed when an offering becomes a service. Therefore, Chang et al. (2013) suggest third party certifications to create institutional trust. Accordingly, the service providing platforms Techbuddy and Yepstr both promote affiliated partners such as Media Markt, Telia and Apple or SEB. Further, service providers (supplying peers) have to be perceived as reliable and qualified by the consumer (Behnia, 2008). To tackle the issue of uncertainty in the supplying peer’s skills, Repschläger et al. (2015) propose the platforms to verify experiences and qualification. Both Techbuddy and Yepstr verify their supplying peer’s expertise either by screening their skills through a test before becoming a service provider (Techbuddy) or by providing a transparent CV with relevant experiences (Yepstr). Analyzing the amount of tools applied by each platform, Techbuddy and Yepstr stand out as platforms with most trust mechanisms adopted. Comparing the two service providers, Yepstr implements more tools and processes which is explained by Yepstr’s business model involving teenagers and minors providing labor services.
Limitations, Further Research and Contributions

While conducting the research, two limitations need to be taken into consideration. First, theories building the theoretical framework stem from the field of e-commerce. Since there is no research on whether the sharing economy can be classified as e-commerce business, this imposes limitations even though both types of business operate in a similar manner. Second, the sample of the study is limited to Sweden as previous research has found differences of the disposition to trust depending on the country. The geographical limitation may disclose where people tend to have a lower/higher trust threshold in different regions and its implications for suggested tools in other markets. Thus, the conclusion and revised model (model 2.) serve the Swedish market exclusively; however, further research may investigate whether they are universally applicable. Several market characteristics have been revealed in the interview process. For instance, SnappCar acknowledged its commitment to transparently communicate how its service works whilst coming closer to its customers in Sweden compared to its main market in the Netherlands. According to Collis and Hussey (2014), this type of limitation is related to the generalizability to a broader perspective. It implies a lack of generalizability of the findings towards other markets.

Further research could be conducted by applying an alternative approach in collecting and analyzing data. With a method of qualitative stance, the analysis solely accounts for the frequency of each process and tool. In contrast, if the data was retrieved from a larger sample size with a quantitative approach where respondents are given the possibility to rank the importance of each mechanism, the overall result may deviate. Thus, a quantitative method allows a more accurate understanding on the importance of each tool and process and verify or reject the adjusted model (model 2.). Additionally, further research could investigate trust building processes in the sharing economy by collecting the data from peers instead of platforms. This approach would highlight the perspectives from the individuals and conclude whether the implemented mechanisms are perceived as effective by the peers.

To conclude, this paper contributes with interesting insights in the field of trust building within the sharing economy and presents a wide range of trust building tools and processes. Moreover, these are classified as either institutional or interpersonal trust and
clarify which trust building process between consumer, supplier and platform they facilitate. These contributions serve as a foundation for future research and further broaden the understanding of how sharing economy companies ensure trust in practice. Most notably, these findings are highly valuable for sharing economy platforms striving to increase trust when establishing their business.
References


Appendix

Interview structure and questions

**General questions:**
“Can you give us a brief background of the company you work in?”
“What is your position and what are your responsibilities in the company?”
“What is your perception of the sharing economy?”

**Institutional Trust Relationships**

C to P relationship
“When customers contact you, what are their most frequent concerns?”
“How do you solve these concerns?”
“What other methods do you apply in order to ensure the Customer trust in your company?”

S to P relationship
“Do the supplying peers have any concerns how you as a company will help them if any issues occur?”
“How do you solve these concerns?”
“What methods do you use ensure the supplying peers trust in your company?”

**Interpersonal Trust Relationships:**
“What are the most common issues between supplying and consuming peer?”

C to S relationship
“How is the relationship between the supplying peer and the consuming peer? What are the different steps from booking until the product is returned or the service is conducted?”
“How do you make sure that the Customer trusts in the Supplying Peer?”
“What requirements do you have on your supplying peers?”

S to C relationship
“What do you believe are the reasons for a Supplying peer to share?”
“How do you comfort supplying peers who have doubts to trust strangers?”
“Do you feel obligated as a company to ensure the trust between the customer and the supplying peer?”

**Follow-up questions:**
“Why do you think it is the most important?”
“Can you elaborate on how it works in practice?”
“How does your insurance work?”
“Do you think it is important to collaborate with well-known brands?”