

# **Does It Make a Difference? Business and Private Customers in the Sharing Economy**

*Completed Research Paper*

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## **Abstract**

*The sharing economy is continuously changing the hospitality industry while competing with incumbent businesses over the available market share. This study examines the peer-to-peer hospitality platform Airbnb. In particular, we investigate how social motives, trust, and perceived risk of private and business customers, alter the accommodation providers' intentions to accept a booking request. Understanding the different perception of private and business customers is key – not only for platform providers, but also for researchers investigating the sharing economy. Our study employs survey data ( $n = 179$ ) and covariance-based structural equation modeling (CB-SEM). We find that social motives have a distinct impact on the accommodation providers' intentions to accept a private customer. Consistent with the predictions of related literature, trust and perceived risk is identified to affect the accommodation providers' intentions in the sharing economy. Academic and practical implications and future research directions are discussed.*

**Keywords:** Airbnb, Private Customers, Business Customers, Trust, Risk, Social Motives, Sharing Economy.

## **Introduction**

Attitudes towards consumption have shifted in recent times (Belk 2014). While B2C e-commerce platforms were predominant in the last decade, we now encounter a variety of C2C platforms that enable individuals to disintermediate traditional commercial channels and to share privately owned excess capacity with each other effectively (Hawlitsek, Teubner, and Weinhardt 2016). These C2C platforms function as online marketplaces for private individuals. While preventing unsustainable resource consumption, they claim to be a more social, diverse, convenient, anti-capitalistic, and inexpensive alternative to common means of consumption (Hamari et al. 2015). Supported by ICT, this phenomenon is often referred to as ‘Sharing Economy’. In this regard, Internet-based platforms and mobile applications are often seen as the enablers of contemporary sharing economy services (Hamari et al. 2015).

As the sharing economy empowers strangers to form temporary C2C relationships, existing literature identifies trust and perceived risk as a key factors that influence interactions between individuals in the online environment (Kim et al. 2008; Mittendorf 2016; Pavlou and Gefen 2004). In this regard, Gefen and Straub (2004) confirm that the existence of trust and social presence are particularly important for one-time business transactions between two parties in the online environment. Furthermore, sharing economy researchers, e.g., Bucher et al. (2016), Hawlitsek et al. (2016), and Mittendorf and Ostermann (2017), identify social motives as a key driver to participate in the sharing economy. Based on previous research, we have good reasons to believe that trust, perceived risk, and social motives play an important role in the sharing economy business model. In particular, Mittendorf and Ostermann (2017) formulate a research call to assess trust, perceived risk, and social motives on the intention to accept a booking request from both private and business customers in the sharing economy. In this regard, they motivate the assessment of business and private customer using the phenomenon consumerization. Consumerization is described as the diffusion of consumer technology into the workplace (Harris et al. 2012). Together with mobile devices and social media applications, not only private but also business customers use sharing economy services to fulfill certain business related tasks, such as booking an accommodation for a work trip via Airbnb or requesting a ride to their local airport via Uber. So far, a comparative examination of the implications of trust, perceived risk, and social motives of business respectively private customers on provider intentions in the sharing economy remains an open question. Therefore, our research questions are:

**RQ1:** Does trust respectively perceived risk of private and business customers alter the accommodation providers’ intentions to accept a certain type of customer on Airbnb?

**RQ2:** Do social motives influence the accommodation providers’ intentions to accept a certain type of customer on Airbnb?

We extend the pretest of Mittendorf and Ostermann 2017, which is based on the research model by Nicolaou and McKnight (2006), which investigates the effects on risk, trust, and intention to use in the e-commerce industry. In this regard, we derive their findings from the sharing economy and establish a research model that seeks to explain the difference in perception of business and private customers, including social motives. By doing so, we contribute to the field of IS by complementing the theory of trust and risk-based decision-making on online platforms (Kim et al. 2008). We further, contribute to the sharing economy research by revealing possible differences in the perception of business and private customers on Airbnb.

The remainder of this paper is structured as follows. In Section 2, we review the theoretical background of the sharing economy, including the relevant literature on trust, perceived risk, social motives, and user intentions. In Section 3, we propose a research model and introduce our research hypotheses. In Section 4 and 5, we demonstrate our research methodology and present our survey results. In Section 6, we conclude our research paper by discussing the implications of our findings, limitations, and directions for future research.

## **Theoretical Background**

### ***The Sharing Economy***

Contemporary sharing practices are appealing to a variety of customers, as they often realize economic, cultural, organizational, and social benefits that could not be achieved with traditional ownership practices (Belk 2014). Hereinafter, we focus on the sharing economy, a two-sided market model that allows private individuals to share privately owned excess capacity on dedicated online

platforms (Hamari et al. 2015). In particular, we focus on sharing in the hospitality industry while taking a closer look at Airbnb. Airbnb is an online platform that enables its users to share, find, and request private accommodations and allows them to indicate a customer type – business or private customers (Mittendorf 2016; Tussyadiah 2015).

### ***Trust, Perceived Risk, and Social Motives***

Researchers argue that trust is one of the most complex, contradictory, and confusing concepts (Shapiro 1987). In our paper, we follow the approach of Lewis and Weigert (1985) and understand trust as a collective attribute that originates from relying on actions of another individual that take place in the future. Consecutive research demonstrates that the need for trust is particularly high in socially distant relationships, such as in the online environment, due to a higher transaction complexity (Jarvenpaa et al. 1999). Moreover, research states that the need for trust is always present whenever interpersonal or commercial transactions involve risk, uncertainty, or interdependencies (Schoorman et al. 2007). Contemporary research in the sharing economy, such as Hawlitschek, Teubner, and Weinhardt (2016), Mittendorf (2016), (2017) highlight the importance of trust in two-sided markets.

Perceived risk is generally defined as the extent to which one believes uncertainty exists about whether desirable outcomes will occur (Nicolaou and McKnight 2006). We follow previous research and understand perceived risk as a provider's belief about the potential negative outcomes from online and offline interactions with customers. Perceived risk is an important barrier for online property providers who are considering whether to offer their private accommodation. In general, with regard to the e-commerce industry, where goods are sold permanently for money, property in the sharing economy needs to be returned to its owner after a predefined period of usage and condition (Belk 2014). Hence, there is high risk of misconduct of potential customers in the sharing economy (Weber 2014).

In addition to trust and perceived risk, sharing economy researchers argue that social motives are a key driver for sharing intentions (Bucher et al. 2016; Teubner et al. 2016). For example, Albinsson and Perera (2012) find a sense of community to be a distinct driver of participation in sharing activities. Belk (2014) and Bucher et al. (2016) note that sharing goes hand in hand with trust and bonding. Following this logic, Hawlitschek et al. (2016) identify social experience as a motivational factor for customers and providers to participate in the sharing economy. Similarly, Bucher et al. (2016) find that social motives positively influence sharing attitudes. A recent pretest of Mittendorf and Ostermann (2017) further formulates a call to elaborate on social motives in sharing encounters.

### ***Private and Business Customer***

Harris et al. (2012) and Köffer et al. (2014) show that an increasing number of employees use private ICT for work purposes which also holds true for software and online services, such as Airbnb and Uber, that are successively adopted and used in the business environment. Following this logic, temporarily formed C2C relationships in the sharing economy may not exclusively be between private individuals. In fact, there is an increasing number of business travelers using Airbnb for conferences, meetings, or team off-sites. In this regard, 'business travel ready' listings usually possess predefined business amenities, such as 24-hour check-in, keyless entry, WiFi, and laptop-friendly workspaces. Besides, business customers can easily expense or charge work trips to their company. The online sharing economy platform, Airbnb, is suitable to assess differences in perception of private and business customers, as customer can identify a reservation as a business trip by selecting business travel on checkout, as well as communicating to the accommodation providers that they are traveling for work. This information helps the accommodation providers to understand the customers' travel intention, their specific needs, and expectations.

### ***Hypothesis Development and Research Model***

We develop a research model that allows us to analyze the implications of disposition to trust on trust in business and private customers. We further assess the influence of trust on perceived risk of business and private customers, as well as the influence of the respective trust construct on the provider's intention to accept a business and a private customer. Finally, we assess the effect of social motives on the provider's intention to accept a specific type of customer.

In our study, we focus on Airbnb, a well-known hospitality platform, which was among the pioneers of the sharing economy. We take the perspective of an accommodation provider respectively a potential

host on Airbnb. Sharing an accommodation or a room with strangers on Airbnb implies high levels of risk and trust (Botsman and Rogers 2011). In this paper, we follow the understanding that disposition to trust can build trust by detracting the likelihood of individuals and intermediaries engaging in undesirable future actions (Gefen 2000). In addition, we separate trust in respectively perceived risk of business customers and trust in respectively perceived risk of private customers from each other. With the separation of business and private customers, we are able to observe perceived differences of specific customer types, as well as their implicit implication on the provider's intention. In this regard, we examine the acceptance of business and private customers by an accommodation provider on Airbnb. Moreover, we evaluate the direct effect of social motives on the providers' intentions.

| <b>Construct</b>                     | <b>Description</b>  | <b>Reference</b>   |
|--------------------------------------|---|--|
| Disposition to trust                 | General faith in humanity and belief that other people are in general well-meaning and reliable.      | (Gefen 2000; Kim et al. 2008; McKnight and Chervany 2001)                  |
| Trust in business customers          | Confidence that business customers will behave in a favorable way.                                    | (Mittendorf 2016; Mittendorf and Ostermann 2017)                           |
| Trust in private customers           | Confidence that private customers will behave in a favorable way.                                     |  |
| Perceived risk of business customers | Belief about uncertain negative outcomes from interactions with business customers.                   | (Kim et al. 2008; Mittendorf and Ostermann 2017)                           |
| Perceived risk of private customers  | Belief about uncertain negative outcomes from interactions with private customers.                    |  |
| Accept a business customer           | Intention of accepting an accommodation request from a business customer.                             | (Davis et al. 1989; Pavlou 2001; Schoorman et al. 2007)                    |
| Accept a private customer            | Intention of accepting an accommodation request from a private customer.                              |  |
| Social motives                       | The aspiration to be part of a group, find like-minded people, and interact with other sharing users. | (Bucher et al. 2016; Hawlitschek, Teubner, and Gimpel 2016; Möhlmann 2015) |

**Table 1. Key Constructs**

Trust in customers on the sharing economy platform is among other things determined by a general trusting disposition (Gefen et al. 2011). Whereas humans have a natural disposition to trust and ability to judge trustworthiness, existing literature argues that disposition to trust is the tendency to believe in the integrity of other people (McKnight and Chervany 2001). While the effect is dependent on the environment (McKnight et al. 2002), in general, people of high disposition to trust are more inclined to frame positive initial interactions with unfamiliar counterparts. In our research model the antecedent, disposition to trust, directly affects the two trust constructs.

**H1:** The stronger the providers' disposition to trust is, the more they will trust in business customers.

**H2:** The stronger the providers' disposition to trust is, the more they will trust in private customers.

Based on previous research, we conclude that high degrees of trust decrease the perception of related risk (Pavlou and Gefen 2004). In this regard, we follow the findings of Pavlou and Gefen (2004) who identified trust as a reduction method of perceived seller risk in online marketplaces (Pavlou and Gefen 2004). Hence, we assume that trust in business customers decreases the perceived risk of business customers engaging in unfavorable activities. Accordingly, we assume that trust in private customers decreases the perceived risk of private customers engaging in unfavorable activities.

**H3:** Increased degrees of trust in business customers will decrease the providers' perceived risk of business customers.

**H4:** Increased degrees of trust in private customers will decrease the providers' perceived risk of private customers.

Moreover, research argues that trust can be a positive direct and indirect antecedent, acting through risk perceptions, of intention to transact (Pavlou and Gefen 2004). Therefore, we assume that trust influences the provider's intention to accept customers on Airbnb (Pavlou 2001). In practice, accommodation providers have the possibility to accept and reject accommodation requests from customers on Airbnb. Given this context, we hypothesize that the providers' intentions to accept accommodation requests rise with increased degrees of trust (Chen et al. 2009).

**H5:** Increased degrees of trust in business customers will increase the providers' intentions to accept business customers.

**H6:** Increased degrees of trust in private customers will increase the providers' intentions to accept private customers.

Following related work, perceived risk, on the other hand, decreases the intention of individuals to transact (Pavlou and Gefen 2004). Therefore, we assume that perceived risk is a negative antecedent of the provider's intention to accept customers on Airbnb (Gefen 2000; Pavlou 2001). We hypothesize that the providers' intentions to accept business respectively private customers decreases with increased degrees of perceived risk (Chen et al. 2009).

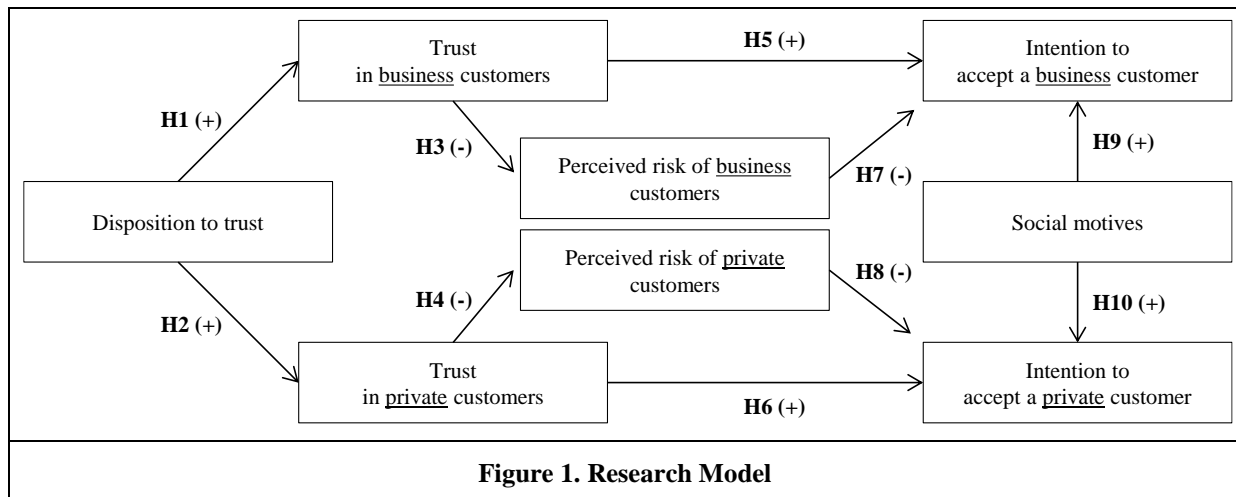
**H7:** Increased degrees of perceived risk of business customers will decrease the providers' intentions to accept business customers.

**H8:** Increased degrees of perceived risk of private customers will decrease the providers' intentions to accept private customers.

Researchers identified social motives, as a key factor to participate in the sharing economy (Bucher et al. 2016). In this context, Hawlitschek et al. (2016) argue that sharing enables social experiences, whereas Bucher et al. (2016) find that social motives lead to more positive and strong sharing attitudes. Based on this reasoning, we expect that social motives have an influence on the provider's intention to accept a respective type of customer. In particular, we expect that the implications of social motives have a greater influence on private customers compared to business customers.

**H9:** Increased degrees of social motives will increase the providers' intentions to accept business customers.

**H10:** Increased degrees of social motives will increase the providers' intentions to accept private customers.



## Research Method

### *Instrument Development and Data Collection*

We designed the questionnaire explicitly to measure the different perception of trust in customers and perceived risk of customers, as well as their implications on the providers' intentions on Airbnb. We chose the survey method because it is best adapted to obtaining personal beliefs and attitudes, as well as it enjoys the merit of enhancing the generalizability of research findings (Fang et al. 2014). Our questionnaire contained 49 questions, covering demographic data and eight constructs. The response format was standardized using a 7-point Likert scale. The final item catalogue, including the constructs, the corresponding item codes, and the loadings, is listed in Table A1 in the Appendix.

We conducted the entire survey in early 2016. By the due date, we received a total of 191 valid responses. The data was gathered targeting experienced Airbnb users via suitable social media channels, such as Facebook community groups for Airbnb hosts and Airbnb guests. In this regard, we aimed for young individuals of the millennials generation, as the main user group of contemporary sharing economy services. 12 respondents who did not have experience with Airbnb were dropped from the dataset. Table 2 reports the demographic data of the 179 remaining respondents, including gender, age, marital status, education, profession, and income.

| <b>N=179</b>  | <b>Count</b> | <b>%</b> |                                   | <b>Count</b> | <b>%</b> |
|---|--------------|----------|-----------------------------------|--------------|----------|
| <b>Age</b>  |              |          | <b>Gender</b>                     |              |          |
| under 18 years  | 1            | 1%       | Female                            | 94           | 53%      |
| 18 to 24 years  | 86           | 48%      | Male                              | 85           | 47%      |
| 25 to 34 years  | 72           | 40%      | <b>Profession</b>                 |              |          |
| 35 to 44 years  | 11           | 6%       | Student                           | 123          | 69%      |
| 45 to 54 years  | 3            | 2%       | Employed for wages                | 46           | 26%      |
| 55 to 64 years  | 5            | 3%       | Self-employed                     | 5            | 3%       |
| Age 65 or older   | 1            | 1%       | Out of work                       | 2            | 1%       |
| <b>Marital status</b>   |              |          | Retired                           | 3            | 2%       |
| Single  | 158          | 88%      | <b>Income</b>                     |              |          |
| Married   | 15           | 8%       | less than US\$20,000              | 99           | 55%      |
| Separated   | 1            | 1%       | between US\$20,000 and US\$29,999 | 17           | 9%       |
| Widowed   | 1            | 1%       | between US\$30,000 and US\$39,999 | 10           | 6%       |
| Divorced  | 4            | 2%       | between US\$40,000 and US\$49,999 | 17           | 9%       |
| <b>Education</b>  |              |          | between US\$50,000 and US\$59,999 | 11           | 6%       |
| High school graduate  | 30           | 17%      | between US\$60,000 and US\$69,999 | 8            | 4%       |
| Associate degree  | 17           | 9%       | between US\$70,000 and US\$79,999 | 1            | 1%       |
| Bachelor's degree   | 96           | 54%      | between US\$80,000 and US\$89,999 | 0            | 0%       |
| Master's degree   | 34           | 19%      | between US\$90,000 and US\$99,999 | 1            | 1%       |
| Doctorate degree  | 2            | 1%       | above US\$100,000                 | 15           | 8%       |
| Note: Required minimum sample size for each survey according to a priori power analysis (Faul et al. 2007):<br>Minimum sample size to detect effect: N = 121; Minimum sample size for model structure: N = 91<br>(Anticipated effect size 0.35; Desired statistical power level 0.8; Probability level: 0.05) |              |          |                                   |              |          |

**Table 2. Sample Characteristics**

We included specific control variables in our model that may affect the intention to engage in transactions on the Internet (Fang et al. 2014). We particularly identified the following control variables as relevant: First, we included personality-orientated attributes, such as education and gender to control for the possible effect of the extent of diversification (Rose and Lamberton 2012). Second, we included the age of the participants on the grounds that platform usage might depend upon experience-based characteristics (Kim et al. 2008). Third, we included the marital status in order to cope with biases regarding social motives (Rose and Lamberton 2012). Finally, we included yearly income and profession to control for financial intentions (Bucher et al. 2016).

## Data Analysis and Results

### Measurement Model

As our sample size is sufficiently large and we only employ reflective constructs, we chose to use covariance-based structural equation modeling (CB-SEM) techniques over partial least squares path modeling techniques in order to evaluate consistent parameter estimates for our research model. To test the reliability of the measurement model we conducted a CFA and determined the factor structure of our dataset. The corresponding loadings and cross-loadings (with 179 data points) did not show any outliers. In this regard, we controlled for multicollinearity, skewness and kurtosis issues. Furthermore, we controlled for common method bias (CMB). In addition, we assessed validity and reliability of our survey constructs.

|   | <b>DisTr</b> | <b>TrBC</b> | <b>TrPC</b> | <b>PRBC</b> | <b>PRPC</b> | <b>AcBC</b> | <b>AcPC</b> | <b>SoMo</b> |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Cronbach's Alpha</b>   | 0.897        | 0.919       | 0.931       | 0.927       | 0.933       | 0.913       | 0.912       | 0.934       |
| <b>Composite Reliability</b>  | 0.898        | 0.921       | 0.933       | 0.928       | 0.934       | 0.916       | 0.917       | 0.935       |
| <b>Mean</b>   | 4.584        | 4.789       | 4.358       | 2.694       | 3.473       | 5.257       | 4.734       | 4.885       |
| <b>Standard Deviation</b>   | 1.305        | 1.225       | 1.178       | 1.191       | 1.275       | 1.236       | 1.281       | 1.326       |
| Note: DisTr = Disposition to Trust, TrBC = Trust in Business Customers, TrPC = Trust in Private Customers, PRBC = Perceived Risk of Business Customers, PRPC = Perceived Risk of Private Customers, AcBC = Intention to Accept Business Customer, AcPC = Intention to Accept Private Customer, SoMo = Social Motives. |              |             |             |             |             |             |             |             |

**Table 3. Descriptive Statistics and Reliability Indices for Constructs**

We measured internal consistency by following the recommendations from Straub et al. (2004) and Hair et al. (2010). In order to indicate sufficient reliability, Cronbach's alpha and Composite Reliability need to be greater than 0.70 (Bagozzi and Yi 1988; Fornell and Larcker 1981). Table 3 shows that our constructs achieved Cronbach's alpha and Composite Reliability scores above the recommended threshold; suggesting good reliability.

|              | <b><u>AVE</u></b> | <b><u>SoMo</u></b> | <b><u>TrBC</u></b> | <b><u>TrPC</u></b> | <b><u>PRBC</u></b> | <b><u>PRPC</u></b> | <b><u>DisTr</u></b> | <b><u>AcPC</u></b> | <b><u>AcBC</u></b> |
|--------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| <b>SoMo</b>  | 0.673             | 0.820              |                    |                    |                    |                    |                     |                    |                    |
| <b>TrBC</b>  | 0.745             | 0.325              | 0.863              |                    |                    |                    |                     |                    |                    |
| <b>TrPC</b>  | 0.776             | 0.279              | 0.214              | 0.881              |                    |                    |                     |                    |                    |
| <b>PRBC</b>  | 0.765             | -0.087             | -0.507             | 0.009              | 0.875              |                    |                     |                    |                    |
| <b>PRPC</b>  | 0.779             | -0.218             | 0.069              | -0.380             | 0.291              | 0.883              |                     |                    |                    |
| <b>DisTr</b> | 0.639             | 0.432              | 0.248              | 0.464              | -0.208             | -0.284             | 0.799               |                    |                    |
| <b>AcPC</b>  | 0.786             | 0.342              | 0.135              | 0.350              | -0.196             | -0.462             | 0.344               | 0.886              |                    |
| <b>AcBC</b>  | 0.788             | 0.207              | 0.480              | 0.166              | -0.573             | -0.106             | 0.342               | 0.484              | 0.888              |

Note: AVE = Average Variance Extracted. Diagonal elements of the last eight columns represent the square root of the AVE. Off diagonal elements are the correlations among latent constructs.

**Table 4. Convergent and Discriminant Validity Coefficients**

We assessed construct validity by evaluating convergent validity and discriminant validity (O'Leary-Kelly and Vokurka 1998). Researchers consider discriminant validity acceptable when the square roots of the AVE are superior to the correlations among the constructs; thus supporting the Fornell-Larcker criterion. Table 4 shows that there are no discriminant validity concerns. Following this logic, the variance explained by each construct is larger than the measurement error variance (Pavlou and Dimoka 2006). On the other hand, researchers consider convergent validity acceptable when the Average Variance Extracted (AVE) is above the threshold of 0.50 for all constructs (Fornell and Larcker 1981). All our applied constructs reached the recommended threshold. In summary, the results of our study indicate that there is strong evidence of construct validity in our data. Data distribution is an important factor in selecting the estimation method when working with CB-SEM, as the default maximum likelihood method assumes conditional multivariate normality (Gefen et al. 2011). Although the CB-SEM approach is argued to be robust against mild violations of this assumption, we investigated the distribution of our data by controlling for skewness and kurtosis. While applying the thresholds  $\pm 1$  for skewness and  $\pm 2$  for kurtosis (Sposito et al. 1983), we could not identify any skewness or kurtosis issues in our dataset. According to our normality test, the data of our survey is sufficiently normal distributed across all our construct items.

As there are correlations among our latent constructs, we tested for multicollinearity problems in order to identify biases in our CB-SEM analysis (Grewal et al. 2004). It is recommended that constructs in regression analysis should not correlate highly with each other (Graham 2003). Potential multicollinearity issues were examined with SPSS collinearity diagnosis techniques using VIF (Variance Inflation Factors) and Tolerance values as suggested by Hair et al. (2010). Tolerance values should be greater than 0.1 and VIF values should be less than 10 to accept the premise of no multicollinearity problems for reflective constructs (Hair et al. 2010). The result of our multicollinearity analysis of the dependent variable testing with the respective independent variables is shown in Table 5. The results demonstrate that all VIF values are less than 3 and all Tolerances are greater than 0.1. These test results demonstrate that multicollinearity is not an issue in our data.

|                  | <b><u>DisTr</u></b> | <b><u>PRBC</u></b> | <b><u>PRPC</u></b> | <b><u>TrBC</u></b> | <b><u>TrPC</u></b> | <b><u>AcPC</u></b> |
|------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Tolerance</b> | 0.752               | 0.618              | 0.625              | 0.635              | 0.657              | 0.749              |
| <b>VIF</b>       | 1.330               | 1.619              | 1.601              | 1.576              | 1.522              | 1.335              |

Note: Dependent Variable = AcBC

**Table 5. Collinearity Statistics**

In our survey, we collected self-reported data from individuals at one point in time, hence common method bias (CMB) could be a potential concern (Podsakoff et al. 2003). CMB could inflate estimates of structural parameters in each of our research models and therefore result in erroneous conclusions (Gefen et al. 2011). Since addressing CMB is not an integral part of CB-SEM (Gefen et al. 2011), we carried out appropriate auxiliary analysis to assess it. In general, common method bias occurs when a significant amount of covariance shared among variables is attributable to the data collection method.

We controlled for CMB, performing the Harman's single factor test. The results of the Harman's single factor test confirmed that no single component explains more than 50% of total variance shared by all items (Podsakoff et al. 2003). In other words, we got a Harman's test result of 29.01%, hence indicating that CMB is unlikely to be a serious concern in our study.

### Structural Model Assessment

The major goal of this study was to understand the implications of social motives on the providers' intentions to accept a respective type of customer. Therefore, after we confirmed the factor structure of our dataset in the CFA, we performed CB-SEM to analyze both measurement and structural relationships for our research model (Gefen et al. 2011). We calculated Absolute Fit Indices ( $\chi^2$ , RMSEA, SRMR) to directly measure of how well our model reproduces the observed data, Incremental Fit Indices (CFI) to assess how well our estimated model fits relative to an alternative baseline model, as well as Parsimony Fit Indices (AGFI) to provide information about which model among a set of competing models is best, considering its fit relative to its complexity (Hair et al. 2010). The given items share only little residual variance, indicate unidimensionality, and show good fit indexes of the SEM approach (Hu and Bentler 1999).

| <u><math>\chi^2</math></u> | <u>DF</u> | <u><math>\chi^2/df</math></u> | <u>RMSEA</u> | <u>PCLOSE</u> | <u>SRMR</u> | <u>CFI</u> | <u>AGFI</u> |
|----------------------------|-----------|-------------------------------|--------------|---------------|-------------|------------|-------------|
| 1019.1                     | 703       | 1.450                         | 0.050        | 0.468         | 0.797       | 0.943      | 0.746       |

**Table 6. Model Fit Indices**

In addition, the coefficient of determination values ( $R^2$ ) of the respective constructs reflect that our structural model provides sufficient explanations of the variance. The results of the SEM is presented in Table 7. The explanatory power of our research model was assessed by examining the significance levels of the corresponding path coefficients.

The results show support for eight hypotheses. Disposition to trust affects both trust in business private customers, supporting H1 and H2. In addition, H3 and H4 are supported, demonstrating that trust in business customers has a significant negative effect on perceived risk of business customers, respectively trust in private customers has a significant negative effect on perceived risk of private customers. As postulated in H5 and H7, trust in business customers and perceived risk of business customers have a significant effect on the intention to accept a business customer. In this regard, we identified a partial mediation effect. As postulated in H8, perceived risk of private customers has a significant effect on the intention to accept a private customer, whereas trust in private customers (H6) has no significant effect on the provider's intention to accept a private customer. In this regard, we identified a full mediation effect. Furthermore, we find that H9 is not supported, hence social motives do not have a significant effect on accepting business customers. In contrast, H10 is supported, thus demonstrating a significant effect of social motives to accept private customers.

| <u>Hypothesis</u> | <u>Path</u>    | <u>Path coefficient</u> | <u>Standard error</u> | <u>t-value</u> | <u>p-value</u> |
|-------------------|----------------|-------------------------|-----------------------|----------------|----------------|
| H1                | DisTr --> TrBC | 0.279                   | 0.077                 | 3.465          | ***            |
| H2                | DisTr --> TrPC | 0.469                   | 0.062                 | 5.908          | ***            |
| H3                | TrBC --> PRBC  | -0.558                  | 0.071                 | -8.417         | ***            |
| H4                | TrPC --> PRPC  | -0.431                  | 0.093                 | -5.999         | ***            |
| H5                | TrBC --> AcBC  | 0.239                   | 0.079                 | 3.222          | **             |
| H6                | TrPC --> AcPC  | 0.108                   | 0.094                 | 1.502          | 0.133          |
| H7                | PRBC --> AcBC  | -0.430                  | 0.075                 | -5.662         | ***            |
| H8                | PRPC --> AcPC  | -0.378                  | 0.079                 | -4.870         | ***            |
| H9                | SoMo --> AcBC  | 0.097                   | 0.084                 | 1.408          | 0.159          |
| H10               | SoMo --> AcPC  | 0.228                   | 0.093                 | 3.030          | **             |

Note: \* significant at a .05 level, \*\* significant at a .01 level, \*\*\* significant at a .001 level

| <u>Construct</u> | <u>TrBC</u> | <u>TrPC</u> | <u>PRBC</u> | <u>PRPC</u> | <u>AcBC</u> | <u>AcPC</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| R-squared        | 0.078       | 0.220       | 0.312       | 0.186       | 0.407       | 0.291       |

**Table 7. Results of Path Coefficients and Coefficient of Determination Values**



The data analysis successfully answered our research question. We could show that disposition to trust has a significant effect on both private and business customers. In addition, we are in line with previous literature identifying a mediating effect of perceived risk and trust on the provider's intention in the online environment. Moreover, we could show a positive effect of social motives on the provider's intention to accept private customers. Table 8 shows a summary of the study results.

| <b>Hypothesis</b> | <b>H1</b> | <b>H2</b> | <b>H3</b> | <b>H4</b> | <b>H5</b> | <b>H6</b> | <b>H7</b> | <b>H8</b> | <b>H9</b> | <b>H10</b> |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Supported?        | Yes       | Yes       | Yes       | Yes       | Yes       | No        | Yes       | Yes       | No        | Yes        |

**Table 8. Results of Hypothesis Testing**

## Discussion and Implications

Our research attempts to understand the different perception of business and private customers in the hospitality industry. We analyzed whether social motives, trust, and perceived risk influence the providers' intentions to accept a specific type of customer on Airbnb. Past research has recognized that interactions in the sharing economy are inherently risky, and therefore trust may be an important factor in giving customers and providers the confidence they need to engage in sharing activities (Weber 2014). Yet many researchers have not systematically explored how trust and perceived risk may operate in combination to influence sharing decisions. Building on that, there is no research approach differentiating between private and business customers in the sharing economy. In this paper, based on the research model from Nicolaou and McKnight (2006) and extending the pretest of Mittendorf and Ostermann (2017), we developed a trust-based provider decision-making model for the sharing economy that recognizes that trust, perceived risk, and social motives may influence the users' intentions and sharing decisions. Our model and results are likely to have important practical implications for sharing economy platforms that aim on enhancing the matching process of potential customers and property providers.

Although trust in the sharing economy is not new to the sharing economy literature, prior related research has only broadly examined the general role of trust on sharing intentions. To the best of our knowledge, existing literature has not incorporated and evaluated both perceived risk and trust in the sharing economy, despite Mayer et al.'s (1995) call that perceived risk is necessary to make prediction of the influence of trust on behavioral intentions. Hence, we incorporated related literature, especially research of e-commerce intermediary frameworks (Fang et al. 2014; Gefen et al. 2003; Pavlou and Gefen 2004) that assess the connection of trust and perceived risk in more detail. In a successive step, we incorporated social motives as an influential factor on the providers' intentions to accept a specific type of customer. Accordingly, our study contributes to research in several ways: First and foremost, we show how trust, perceived risk, social motives, and provider intentions are interconnected. Therefore, the present study confirms the mediation effect of perceived risk and trust in the context of the sharing economy. In particular, we identified a full mediation effect between trust in private customers and the providers' intentions to accept private customers through the mediator perceived risk of private customers, and a partial mediation effect between trust in business customers and the providers' intentions to accept business customers through the mediator perceived risk of business customers. Thus, in the case of a business customer trust is still important and accounts for some of the relationship between the independent variable and dependent variable in contradiction to trust in the private customer which is fully explained by perceived risk of the latter.

### Theoretical and Practical Implications

These results add to the sharing economy literature by addressing the call by Kim et al. (2008) and Weber (2014) to evaluate perceived risk and trust in the sharing economy respectively different online environments. Second, by extending the pretest by Mittendorf and Ostermann (2017), we further advance the understanding of social motives in the context of the sharing economy. Various researchers identified social interactions with potential customers as a motivational factor to offer their accommodation respectively accept booking requests on Airbnb. In particular, Bucher et al. (2016), Hawlitschek et al. (2016), and Möhlmann (2015) have shown that social motives are key drivers for participating in peer-to-peer rental services, whereas we first empirically show that social motives can affect the providers' intentions on Airbnb. Our findings suggest that social motives might not be as universally influential as previous research suggests. In other words, we find that the impact of social motives is dependent on the type of customer requesting a sharing service. Whereas social motives do influence the providers' intention in case of accepting a private customer (who might have the intention to connect to locals and make friends) in contradiction to accepting a business customer

(who might not have the intention to connect to locals on his/her business trip and just favors a cheap accommodation and good location). Third, our study is the first to assess the impact of social motives on private and business customers in the sharing economy. With this new insight, we find that social motives could compensate for missing trust and perceived risk of private customers; thus assuming that private customers are more likely to engage in social activities with accommodation providers than business customers. Our study is among the first to address this theoretical gap by incorporating two distinct types of customers, private and business customers, in an empirical analysis to evaluate the providers' intentions in the sharing economy.

Our study has managerial implications for both sharing economy platforms and property providers. First, our study recommends the online platform that while it remains important for them to focus on building trust with customers; they should more strategically allocate their trust-building resources to emphasize the type of customers that are engaging in the sharing economy. Therefore, we recommend sharing economy platforms to introduce separate request forms for business and private customers. Besides, providers that aim at social interactions could be attracted to private customers, hence elaborating the differences between business and private customers could be a prime concern for future research in online markets. In other words, we recommend sharing economy platforms to focus on trust-building measures that particularly generate trust and reduces perceived risk for the specific type of customer customers. Moreover, we recommend sharing economy platforms to feature the social aspect when connecting two private individuals. Additionally, we recommend property providers to highlight their preferred type of customer in their online offer in order to avoid surprises and bad experiences. In the long run, actively differentiating between private and business customers could therefore lead to higher satisfaction for both customers and accommodation providers by strategically matching preferred sharing partners.

### **Limitations and Future Research**

Additional research can take this study further by addressing several limitations of our study. First, our sample was drawn from a selected Internet population. While the participants all belonged to the millennials generation and were experienced sharing economy users, future research could draw research subjects from a more diverse population. Second, the sample size is fairly small. Whereas a sample size of 179 is generally acceptable for our CB-SEM, a larger sample would be desirable to test for cross-cultural effects. Finally, this study exclusively focuses on the general perception of perceived risk and trust in business and private customers on Airbnb, hence, our study is context-dependent and it is unclear whether our findings can be generalized to other sharing services, such as Couchsurfing or Uber. Therefore, we recommend fellow research to evaluate our findings for other sharing economy platforms.

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## Appendix

| Construct                               | Code   | Item   | Loading | Reference  |
|---|--------|--|---------|--|
| Disposition to trust                    | DisTr1 | I generally trust other people.  | 0.855   | Items adapted and modified from Gefen (2000), McKnight et al. (2002)                             |
|   | DisTr2 | I generally have faith in humanity.  | 0.819   |  |
|   | DisTr3 | I generally trust other people unless they give me reason not to.            | 0.772   |  |
|   | DisTr4 | I feel that people are generally reliable.                                   | 0.771   |  |
|   | DisTr5 | I tend to count upon other people.   | 0.776   |  |
| Trust in business customers             | TrBC1  | I feel that business customers are honest.                                   | 0.805   | Items adapted and modified from Gefen (2000), Pavlou and Gefen (2004)                            |
|   | TrBC2  | I feel that business customers are trustworthy.                              | 0.945   |  |
|   | TrBC3  | I feel business customers are reliable.                                      | 0.834   |  |
|   | TrBC4  | I trust business customers.  | 0.862   |  |
| Trust in private customers              | TrPC1  | I feel that private customers are honest.                                    | 0.856   | Items adapted and modified from Gefen (2000), Pavlou and Gefen (2004)                            |
|   | TrPC2  | I feel private customers are reliable.                                       | 0.848   |  |
|   | TrPC3  | I feel that the private customers are trustworthy.                           | 0.929   |  |
|   | TrPC4  | I trust private customers.   | 0.888   |  |
| Perceived risk of business customers    | PRBC1  | I think it is risky to accept a business customer.                           | 0.914   | Items adapted and modified from (Mittendorf and Ostermann (2017), Pavlou and Gefen (2004)        |
|   | PRBC2  | I hesitate to accept a business customer.                                    | 0.897   |  |
|   | PRBC3  | Accepting a business customer is unsafe.                                     | 0.917   |  |
|   | PRBC4  | It is likely that a business customer will fail to meet my requirements.     | 0.762   |  |
| Perceived risk of private customers     | PRPC1  | I think it is risky to accept a private customer.                            | 0.889   | Items adapted and modified from Davis et al. (1989), Gefen, et al. (2003), Pavlou, (2001)        |
|   | PRPC2  | I hesitate to accept a private customer.                                     | 0.908   |  |
|   | PRPC3  | Accepting a private customer is unsafe.                                      | 0.890   |  |
|   | PRPC4  | It is likely that a private customer will fail to meet my requirements.      | 0.843   |  |
| Intention to accept a business customer | AcBC1  | I would feel comfortable accepting a business customer on Airbnb.            | 0.929   | Items adapted and modified from Bucher et al. (2016), Hawlitschek et al. (2016), Möhlmann (2015) |
|   | AcBC2  | I am very likely to accept a business customer on Airbnb.                    | 0.943   |  |
|   | AcBC3  | If it benefits me, I would accept a business customer on Airbnb.             | 0.778   |  |
| Intention to accept a private customer  | AcPC1  | I would feel comfortable accepting a private customer on Airbnb.             | 0.946   | Items adapted and modified from Bucher et al. (2016), Hawlitschek et al. (2016), Möhlmann (2015) |
|   | AcPC2  | I am very likely to accept a private customer on Airbnb.                     | 0.922   |  |
|   | AcPC3  | If it benefits me, I would accept a private customer on Airbnb.              | 0.787   |  |
| Social motives                          | SoMo1  | Sharing is a good way to meet new people.                                    | 0.770   | Items adapted and modified from Bucher et al. (2016), Hawlitschek et al. (2016), Möhlmann (2015) |
|   | SoMo2  | Through sharing, there is a good chance that I will meet like-minded people. | 0.812   |  |
|   | SoMo3  | Sharing makes me feel part of a community.                                   | 0.746   |  |
|   | SoMo4  | Sharing is a good way to find company.                                       | 0.868   |  |
|   | SoMo5  | Through sharing, I can make nice acquaintances.                              | 0.827   |  |
|   | SoMo6  | Sharing allows me to belong to a group of people with similar interests.     | 0.875   |  |
|   | SoMo7  | I value the social exchange with other sharing users.                        | 0.836   |  |

**Table A1: Overview of Items after the Content Validity Assessment**