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**NON-MARKET STRATEGIES AND BUILDING DIGITAL TRUST IN SHARING  
ECONOMY PLATFORMS**

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## **Abstract**

Although research on non-market strategies and the sharing economy (SE) have grown exponentially, there remains limited insight on how actors in the sharing economy ecosystem engage in non-market activities to achieve their goals. In this paper, we develop and present digital trust building as a crucial building block of a successful sharing economy ecosystem. We develop a conceptual framework to highlight the different non-market strategies that sharing economy platform providers (SEPPs) cultivate and leverage trust for enhanced performance among stakeholders in the sharing economy.

**Keywords:** digital technology; non-market strategies; sharing economy; trust; digital trust.

## 1. Introduction

Firms are increasingly recognizing that in addition to well-espoused economic strengths, they need to leverage specialized strategies that allow them to favorably compete and navigate environments replete with the activities and influences of social and political actors (Bach and Allen, 2010; Mellahi, K., Frynas, Sun, Siegel, 2016). These strategies, often in the form of non-market strategies (N-MS) could include engagement in corporate social responsibility (CSR) and corporate political activities (CPA), such as lobbying, political contributions and politically motivated donations (Lux et al., 2011; Mellahi et al., 2016). N-MS differ from market strategies, which rely on economic approaches, such as pricing, quality of products and branding, to increase firm performance (Holburn and Vanden Bergh, 2014; Mellahi et al., 2016; Funk and Hirschman, 2017). Although the latter are more commonly referred to in various literature emphasizing approaches to business performance (Brege and Kindström, 2020), research seems to suggest that in some contexts, it is N-MS, which could ensure firm success (for a detailed review and overview see Mellahi et al., 2016; Leidong et al., 2015).

In the currently burgeoning arena of sharing economy platforms, N-MS are important for two main reasons. First, these platforms by their nature, bring together activities and functions of multiple players, including governments, individuals, communities, profit and non-for-profit organizations. The relationships between these different actors, complex as a result of divergent interests and goals (Cheng, 2016; Köbis, Soraperra, and Shalvi, 2021), pose a unique challenge to platform providers who must act to gain support from these different actors. Here, deliberate strategies to cordially relate with these institutions and users, in a way that serve their multiple interests, are essential to achieving goals. Clearly, N-MS, due to their ability to build positive reputations, social capital (Bai et al., 2019), and exhume positive emotions across different stakeholders appear more relevant in establishing the sort of relationships needed to with multiple actors, than MS. Second, N-MS could be indispensable for building trust – “the disposition to engage in social exchanges that involve uncertainty and vulnerability, but are also potentially rewarding” (Bicchieri et al., 2004, p. 286), which is now the fulcrum of firm competitive advantage in modern technological platforms of communicating and doing

business (Cheng et al., 2019). Specifically, due to the absence of corporeal interactions, and insufficient information held on other actors to inform decision-making, building and maintaining trust in the sharing economy is a unique challenge. In fact, transacting in the sharing economy could be akin to a marketplace of strangers, where unfamiliarity is compounded by the ease of mobility, and hence difficulty of tracking buyers and sellers. Here, N-MS may provide a 'human face' to interactions, and be used by providers to build credibility, assurance and trust among various actors (Bai et al., 2019).

Trust is crucial for the success of all sharing economy platforms. However, context seems to play an important role in the extent of deliberate strategies platform providers need to put in place to build and sustain it, as well as where such strategies should be initiated. First, for platforms operating only in emerging country contexts, there seems to be a higher need to initiate actions that deliberately develop trust in their platforms (Yin and Zhang, 2012). This is because, in most of these economies, digitization begins after industrialization and strong regulatory and legal foundations, relevant for building trust and reducing information asymmetry among actors, is usually missing or lagging behind activities in the sharing economy. The weak legal and regulatory framework become a fertile ground for a fragmented business terrain where firms offering sub-standard products and services face little to no consequences. Consequently, gaining the trust of buyers, institutions and even competing providers poses a unique challenge to sharing economy platform providers compared to counterparts in developed nations (Chen and Wang, 2019).

Second, the lack of regulatory controls may offer an advantage to platforms based in emerging country contexts to influence and shape the sort of policies and legislations that are drawn in response to their activities (Uzunka et al., 2018). In this way, their legitimacy and trust-building efforts could be best pursued by forming relationships with local policy makers and institutions (Rodgers et al., 2019). However, in cases where platform providers in emerging country contexts have headquarters in developed countries, they may need to rely on their headquarters to leverage on the high regulatory and institutionalization policies that naturally support trust-building in their platforms. In a similar way, platforms developed in developed countries may need to rely on the proximity of their subsidiaries in

developing countries to build trust. In all of these scenarios, well-considered N-MS may offer outstanding benefits, by improving providers' legitimacy and helping them gain trust from all stakeholders, particularly buyers and users. While convincing, these remain mere assumptions, which we are keen to further explore and offer strong hypotheses to guide future research.

Still on the important theme of trust, researchers have suggested the need to focus specifically on digital trust, which is the extent to which customers perceive the platform provider business to be reliable and the digital platform to hold credible standing among relevant validating organizations (Sundararajan, 2019). While there are clear advances on this concept, conceptualization is still at its infancy. In fact, till date, we know very little of the dimensions of digital trust and how organizations operating in various digital platforms can successfully build such trust. The literature on N-MS seems to offer promising avenues to aid in such efforts, however, no clear attempts have been made to explore areas of convergence in the two streams of literature. In sum, notwithstanding the growing literature on both sharing economy (Cheng, 2016; Köbis et al., 2021) and N-MS (Mellahi et al., 2016), there is as yet, little research done to examine the different forms of N-MS that are used in sharing economy platform providers (SEPPs), and how these may relate to building digital trust in such platforms. Generally, and notwithstanding the growing streams of research on the SE (see Gerwe and Silva, 2020; Gerwe et al., 2020), the issue of instilling trust via firms' non-market actions remains an overlooked issue.

The purpose of our study is to develop a dynamic model for incorporating trust in sharing economy platforms via the adoption of various N-MS. This contributes to current understanding of trust in the sharing economy. At a conceptual level, our study helps to bridge theoretical gaps in the relationship between trust and the SE literature, which as noted by Gu et al. (2021), is a gap that has received woefully inadequate research attention. To develop an understanding of trust that is sensitive to the unique nature of the sharing economy, we focus specifically on building digital trust (Kozhevnikov, 2018). By this, the insights we share also further enhances the literature on softer, but indispensable, elements of the digital transformation agenda. In practice, we emphasize specific N-MS strategies that can be fruitfully leveraged to build and sustain trust-laden relationships in relating with stakeholders

of SE platforms. As Chen and Wang (2019) argue, when it comes to emerging country contexts, there is a unique problem for providers in building trust in their platforms. In relation to this, we highlight the unique relevance of N-MS for trust building in emerging economies. Indeed, while our focus is on trust building within the sharing economy, the insights we develop are broadly relevant for businesses operating in various emerging country contexts, given the pervasive absence of institutional and legal controls that support trust building (Chen and Wang, 2019). Specifically, we shed light on how political capabilities and market competitiveness could be leveraged on to address limitations of information asymmetry that usually plague trust-building efforts in these contexts. Additionally, we build on the digital transformation (DT) literature (Suchman, 1995), as well as the literature on digital trust and sharing economy platforms (Sundararajan, 2019) to develop a new model that provides a useful guide for deeper understanding of the subject.

The rest of the article is organized in the following manner. The first section presents a review of N-MS and SE literature. In the next section, we present our conceptual model describing the features and how they are interconnected. We then present the implications of the findings and directions for new research in this domain.

## **2. Chronology of the sharing economy**

Sharing, be it of tangible possessions such as food, land and clothes, or intangible possessions, such as time, with friends, family and neighbors, has existed for a long period of time and in various forms across cultures (Conrad, 2014). Usually organized informally, these enduring sharing practices have been driven by a variety of different reasons. For instance, Stack (1974) found that, in centuries past, Black Americans engaged in various sharing practices as a way to survive distressing situations they lived under. In Ghana, farmers have had a long-standing practice of coming together to provide farm-labor support to one another on a rotational basis across the year (White and Dzor, 2019). Such sharing of farmers' time and labor, built on trust, communality and reciprocity, is aimed at circumventing the high cost of labor and farm machinery, which would otherwise be borne by

individual farmers during planting seasons (White and Dzor, 2019). In their study of the practice of sharing home-grown food in Czech, Petr and Petr (2017), found that sharers and receivers were motivated by non-market reasons, such as having access to healthy and fresh farm products, the joy of pleasing others and the satisfaction sharers receive from giving out food of their abundance. While objectives vary, the bulk of existing sharing practices seem to have social and communal, rather than commercially driven motives.

In recent times, a new form of sharing, driven largely by advances in internet adoption, has emerged. This form of sharing, as Schor and Fitzmaurice (2015) explain, is unique from what has previously existed among kin and close-knit communities, in its ability to bring complete strangers together. In addition, it is highly regarded for its potential to reduce the hegemony of capitalist actors who have traditionally been at the center of the exchange of goods and services, at the expense of the masses (Stack, 2011). In other words, current forms of sharing that the internet has made possible – the so-called SE – could support livelihoods for individuals and groups at the bottom of the pyramid, by reducing the role of profit-motivated corporate organizations, who impose huge costs on buyers and sellers, from the equation of daily transactions. Closely linked to this is the anticipation that this form of sharing will bring back social cohesion in a world where individualism is predominant. It is also expected to enhance sustainability and reduce carbon footprints by maximizing the use of redundant resources, while reducing consumerism (Hamari et al., 2015). In essence, these reasons – offering alternative and better economic value for both sellers and buyers, reducing ecological impacts and increasing social connectedness – are the main motivations researchers have found behind participation in the SE (Schor and Fitzmaurice, 2015).

Debates on the extent to which SE can achieve these goals have arisen (Schor, 2016). According to McLaren and Agyemang (2015), in addition to the more communal intentions that originally drove participation and progress in the SE, commercially driven motivations and intentions have become a common feature of today's SE. The latter is led by for-profit companies who establish and run 'sharing' platforms for commercial and personal gains. These have begun to undermine the expectations many



hold, with some scholars advocating that the “real” SE clearly distinguishes itself, by excluding the activities of profit-motivated companies whose activities only revitalize capitalism under the guise of facilitating the SE (Schor, 2016). Clearly, the ability of organizational actors to build trust that enforces non-exploitative motives, and benefits for stakeholders, is important. We suggest in this paper that N-MS could be useful to build such trust as they align more closely with the ingenuous motives that are expected to guide the sharing economy. In what follows, we shift our attention to the nature of N-MS, focusing first on common theoretical approaches that have offered useful perspectives for a deeper understanding.

### **3. N-MS and the sharing economy: A theoretical review and conceptualization**

#### ***3.1. Non-market strategies: Theoretical perspectives***

The non-market environment of sharing economy platforms includes different kinds of external stakeholder activities across social, political, legal, and cultural circles (Doh et al., 2012). To excel in this environment, firms often forge closer and deeper relationships with key actors, in the hope of influencing them to the focal firms’ advantage (Baron, 1995; Henisz and Zelner 2016; Bai et al., 2019). According to researchers, firms can—and do—leverage their financial, human, and network resources to support their N-MS (Mellahi et al., 2016; Funk and Hirschman, 2017; Bai et al., 2019). By non-market capital, we are referring to “the ability of firms to influence political and social actors and agendas using reputation, relationships, expertise, and finance” (Doh et al., 2012: 32). In what follows, we summarize three main perspectives that have added to current understanding of N-MS.

First, N-MS are evident in the work of resource-based view theorists. Here, researchers, particularly those espousing the resource dependence theory (Mellahi et al., 2016) explain how close relationships with political actors provide organizations’ access to specialized resources that they would otherwise not be able to access. In addition, engagement in CSR activities. A N-MS can garner reward for businesses seen as adhering to rules and staying alert to social demands (Bai et al., 2019). McWilliams et al. (2002) extended the resource-based perspective of the firm and demonstrated that

N-MS can raise rival costs by thwarting the use of substitute resources. Oliver and Holzinger (2008) used the N-MS perspective in tandem with the resource-based perspective to examine the capacity of firms to utilize skills and political resources to shape the public policy process in their favor. Resource-based theorists also propose N-MS as a buffer for firms operating in high uncertainty environments, such as political or regulatory uncertainties (Kingsley et al., 2012; White et al., 2015). Researchers argue that firms are more likely to rely on contingencies that help to manage uncertainties (Hillman et al., 2009; Liedong et al., 2020). Firms across the developing world, in particular, have long recognized that N-MS, in the form of establishing political ties, are key to securing legal support and indeed, in ensuring long-term survival (Amankwah-Amoah and Debrah, 2017). This is achieved by tapping into relationships with relevant stakeholders to secure the flow of important resources controlled by the latter (Mellahi et al., 2016). Such relationships also help firms to increase their perceived legitimacy – “endorsement of an organization” (Deephouse, 1996, p. 1025) by relevant actors of organizations. In their study, Liedong et al. (2017), for instance, found the efficacy of political ties and corporate social responsibility for reducing institutional risks in emerging countries.

Second, the institutional theory has been widely applied to support arguments on N-MS. This perspective concerns how firms’ institutional environments are intricately linked to that of stakeholders (Mellahi et al., 2016). To navigate these environments, firms use N-MS, such as building political ties (firm connection to political actors) (Baron, 1995) through contributing to political campaigning activities, building coalitions, lobbying legislators, and engaging in CSR activities (Bai et al., 2019). It is important for firms to gain and expand networks or non-market capital from political and social systems. These interactions with governmental officials can offer firms with unique information about governmental processes that are often difficult and expensive to obtain (Doh et al., 2012). According to Shaffer and Hillman (2000), the first step for firms to generate non-market capital is to form ties with elected political officials. Here, firms should decide whether it is strategically advantageous to form a weak or a strong tie. In non-market environments, developing strong ties with the elected

officials can be reflected in political benefits encompassing political sponsorship and access to congressional hearings.

Barron et al. (2017) investigated how boundary spanners, specifically termed “government affairs managers”, respond by designing and acting upon their organizational structure design, and how this in turn affects the political performance of the organization. These boundary spanners need to be well connected with the internal environment to achieve meaningful external relationships with policy actors with available technical expertise (Barron et al., 2017). In line with this, by combining social capital theory and institutional theory, Liedong et al. (2017) discuss the notion that the micro ties that top executives/managers possess with prominent politicians enable their firms to “gain access to private information, influence government policy and reduce exposure to institutional risk” (Liedong et al., 2017, p. 610). In international contexts, Schnyder and Sallai (2020) address the predicament facing subsidiaries of multinational enterprises (MNEs) in host countries and urge them to develop dual “fit” and effectively execute CPA by leveraging political capabilities in dealing with volatile political environments of host countries.

Another relevant theoretical lens is the new institutional economics perspective, which contends that firms' strategies encompass considerations of not only industry-based conditions such as demand and market entry barriers and firms-specific resources such as brand names, financial resources, and digital and big data capabilities (Sheng et al., 2017, 2020, 2021), but also the formal and informal “rules of the game” such as cultural traditions and norms, and political systems (North, 1990; Peng et al., 2009; Skiti, 2020). Accordingly, the institutional environment plays a crucial role in determining firms' strategy as well as their ability to achieve market success (Peng et al., 2009). Alternatively put, firms' ability to achieve successes might be predicated on market advantage anchored in a deeper understanding and insight of the legal and regulatory environment that govern firm behaviors (Oliver and Holzinger, 2008; Martin, 2014). This is important given that the institutional framework may not only govern, but also prescribe the nature of lobbying, advocacy and political activities permitted by a country.

The industrial organization view has also offered insights to our understanding of N-MS. Here, studies examine the economic model of N-MS to synthesize strategic choice processes amidst political uncertainties. Specifically, studies suggest various forms of N-MS firms apply, including lobbying and making contributions to political campaigns to increase immunity against political uncertainties and the liabilities associated with specific industries in the political and regulatory environment (Baron, 1997; Doh et al., 2012).

The various theoretical perspectives discussed unanimously support the usefulness of N-MS in helping firms to achieve goals of gaining trust from a host of internal and external stakeholders of the focal organization (Shirodkar et al., 2020). Importantly, two main non-market approaches are common to the discussions: CSR and CPA. We provide a discussion of the two in the discussions that follow.

### ***3.2. Approaches to N-MS – Corporate Social Responsibilities and Corporate Political Activities***

CSR activities incorporate social characteristics into a firm's offerings and development processes. They include strategies linked with adopting progressive human resource management practices, pursuing higher levels of environmental performance, and working towards goals of community development (McWilliams et al., 2006). CSR activities could be used by firms to enhance reputation, as well as their economic, social and environmental performance. Importantly, firms expect CSR activities to help them gain social legitimacy and political approval (Suchman, 1995; Kim et al., 2018; Du et al., 2019). To effectively conduct CSR activities, firm's decision makers focus more on inward strategic development that can help make social impact (Aguinis and Glavas, 2012).

In recent times, significant numbers of firms are involved with CSR to develop an identity as a societal actor (Aguinis and Glavas, 2012). However, other reasons may motivate firms' engagement in CSR activities. At the institutional level, firms may engage in CSR because of institutional pressures from stakeholders, including shareholders, consumers, the media, the local community and interest groups (Aguinis and Glavas, 2012). Aguilera et al., (2007) suggest three motives specifically arising

from institutional pressures – i.e., instrumental (self-interest driven), relational (based on a concern with relationships among group members), and moral (based on a concern with ethical standards and moral principles). In addition, regulations and standards can also influence firms to take CSR actions (Fineman and Clark, 1996; Christmann and Taylor 2006).

Based on the resource-based view, a second non-market approach in sharing economies can be identified, CPA. It is concerned with how corporate organizations influence political actors in ways favorable to them (Hillman et al., 2004; Mellahi et al., 2016). At the institutional level, Lux et al. (2011), borrowing from a political economy perspective, view firms as policy demanders and politicians and government officials as policy suppliers (Hillman and Keim, 1995). According to Lux et al. (2011), antecedents of firms' likelihood of obtaining desired policies, include (1) politician incumbency, (2) ideology, (3) political competition, (4) government regulation, (5) government sales, and (6) dependent politicians in their meta-analysis. CPA may be transactional or relational in nature, depending on how firms respond to public policies. With a transactional approach, firms' political strategies are short-term focused, and often sporadic in nature. This means that firms only react when public policies considered salient to their operations are developed. There is no long-term resource and strategy planning to respond to future issues that may similarly arise from changing public policies. In contrast, firms adopting relational approaches take a more strategic and proactive approach to issues that may arise in public policy decisions. Here, they build longer-lasting strategies and a resource base, from which they draw to respond to immediate and future relevant public policies (Hillman and Hitt, 1999).

Hillman and Hitt (1999) suggest that three factors, which include (1) a firm's perception on government regulation, (2) a firm's degree of product diversification, and (3) a country's degree of corporatism/pluralism (an institutional or country specific variable) would influence a firm's CPA approach. In terms of perceptions of government regulations, a firm may be more inclined to take a transactional CPA approach when it operates in a relatively unregulated environment. In addition, a firm's degree of product diversification, whether related or unrelated, would also affect the approach

firms choose for the CPA. Hillman and Hitt (1999) posit that unrelated-product-diversified firms are more likely to apply a transactional CPA approach on certain politically important events, including the election of critical decision makers. This is because they are not able to develop long relationships in all of the policy domains of interest or to invest in specialized knowledge across diverse policies. Regarding institutional levels, a country's degree of corporatism/pluralism, which represents a continuum of political systems, whether limited to only institutionalized participation or certain interests, allow a wider variety of interest groups to influence the public policy process (Murtha and Lenway, 1994; Schmidt, 2009).

According to Hillman and Hitt (1999), firms operating in more corporatist countries are likely to adopt a relational approach since corporatist countries emphasize cultural traits of cooperation and consensus (Wilson, 1990). Given that opportunities to affect public policy occur in more peculiar ways in pluralist countries (Hillman and Keim, 1995), firms here are more likely to engage in a transactional CPA approach. Therefore, CPA may be more outward focused, for firms to achieve a good relationship with policy makers and other government officers. In other words, the main purpose of a CPA approach is to establish “opportunities for specialized political capital (defined as relationships with decision makers, in depth information on particular policy domains, and so on)” (Hillman and Hitt, 1999: 829). In reality, firms implement both CSR and CPA as their non-market strategy, either separately at different times (i.e., at different times), or simultaneously (den Hond et al., 2014; Du et al., 2019). According to den Hond et al. (2014), although its role and contexts are different, configurations of CSR and CPA need to be aligned with an organization’s goal and vision, which will in turn contribute to synergies for enhancing firms’ reputation.

A key question that arises is how SEPPs execute these N-MS in their bid to establish strong and amiable relationships with external actors. Such relationships are crucial in instilling or earning digital trust, where the customer perceives the business to be reliable and the digital platform to hold credible standing among relevant external validating organizations (Sundararajan, 2019). We, thus,

intend to address the question of how firms operationalize N-MS by considering how these may enhance digital trust.

### ***3.3. Thematic areas from non-market strategy literature***

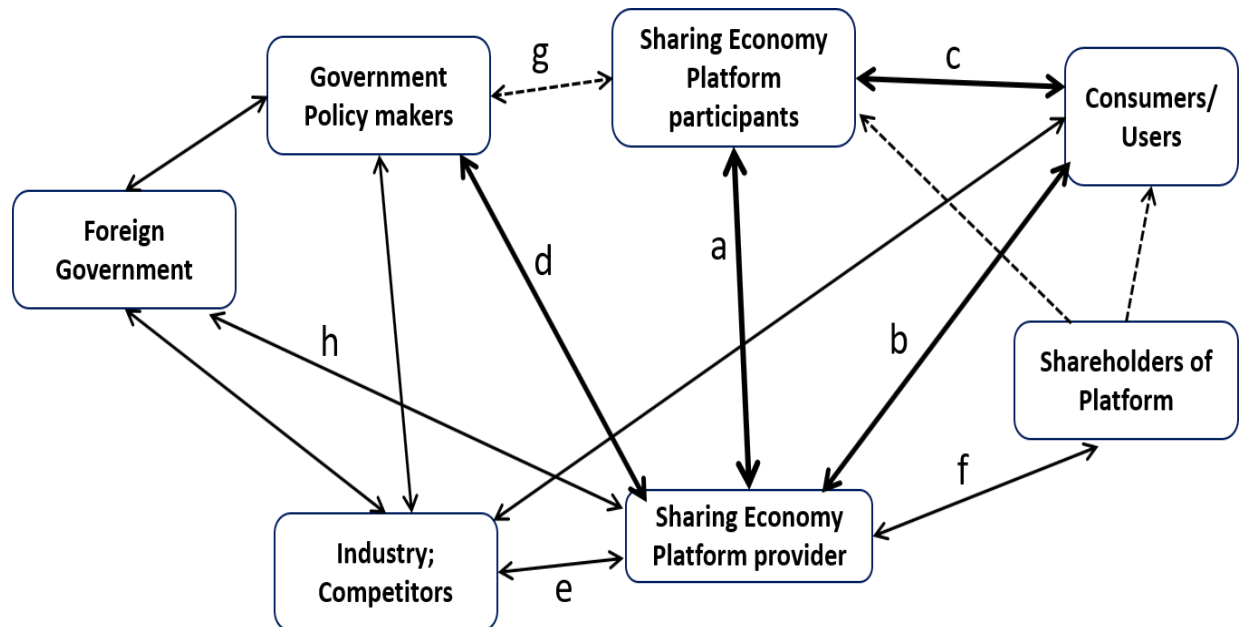
In addition to the two approaches organizations may adopt as part of their N-MS, we also identified three thematic areas from prior literature (see Doh et al., 2012; Dorobantu et al., 2016; Mellahi et al., 2017; Du et al., 2019) that we consider important for our discussions on N-MS and digital trust-building; (1) actors, (2) context (contextualization) and (3) performance of non-market strategy and SE ecosystem perspective. We discuss these here, paying attention to insights that link to the aims of our paper.

#### ***3.3.1. Actors (key stakeholders)***

Stakeholders in the SE ecosystem include both market and non-market actors (Uzunca et al., 2018) – consumers, governments, investors, and municipalities (Ceccagnoli et al., 2012). In conceptualizing digital trust in the sharing economy, we draw special attention to the group of actors who set up and manage SEPPs because their activities influence and are influenced by all other actors. SEPPs rely on advancement in Information Technologies to provide digital platforms that help liaise between participants who provide offerings, and customers who purchase and use the offerings through the provision of SEPPs (Parente et al., 2018). These firms operate and must carefully manage relationships with a complex dynamic of different participants, including suppliers, consumers, competitors and local and international governments (d, g, h in Figure 1). Most platform providers (e.g. AirBnB and Uber headquarter) are for profit firms, and thus, regularly report their performance to their shareholders (f in Figure 1). Given their ability to leverage on modern technologies, SEPPs often take radical approaches that enable them to grow fast, often resulting in resistance by established, more traditional, competitors. Here, central or local governments may get involved in the conflict between the platform and established firms, suppliers or employees, to inform new policy development (d, e, g, h in Figure 1). For example, the South Korean government was involved in the negotiation process between Kakao Mobility and cab drivers in taxi unions on the platform's car sharing service operation

to make a deal (Reuters, 2019) (a, d, g in Figure 1). Similarly, Uber needs to draw on both market and N-MS to build trust and legitimacy needed for entering the local market government in the US and other foreign markets (Uzunca et al., 2018; Garud et al., 2020) (d, h in Figure 1).

**Figure 1. Mapping sharing economy ecosystem in non-market environments**



As a result of the complex networks these firms operate in, gaining competitive advantage can be a unique challenge. Specifically, an action that benefits one actor in the ecosystem may disadvantage another. The ability to gain the trust of multiple stakeholders, while actioning complex decisions, can thus become an important tool for success. Suggestions have emerged on how N-MS can influence success here. Geissinger et al. (2020) focusing on an emerging actor, Foodora, suggests that platforms should consider non-market logics in facilitating growth and evolution in the complex SE ecosystem. Another group of literature, adopting the institutional perspective, examines how platforms can use N-MS to make and develop and sustain relationships with actors within SE ecosystems (e.g., Uzunca et al., 2018; Paik et al., 2019; Curchod et al., 2020). There is also work done by researchers that suggest that the specific locations of institutions may influence the uptake of different institutional N-MS (Curchod et al., 2020).



### **3.3.2. *The Contexts of N-MS***

Characteristics of SEPPs take on different complexities in certain contexts (Eckhardt et al., 2019; Etter et al., 2019). Research has also emphasized how N-MS may differ across developing countries and developed countries (e.g., Paik et al., 2019; Curchod et al., 2020; Garud et al., 2020). For example, Uzunca et al. (2018), examined how SEPPs' (Uber) approach to N-MS is dependent on the degree of institutionalization present in a country, which is often linked to the extent of development. The authors found that the lower the degree of institutionalization present in a country (e.g., Egypt), the more opportunities there are for organizations to influence and transform their institutional environments by responding to grand societal challenges such as harassment, safety and quality. Organizations operating in countries with higher degrees of institutionalization benefit from longer term legitimacy gains, as a result of relational and additive strategies (Uzunca et al., 2018). Similarly, Paik et al. (2019) explore political competition and its influences on the possibilities of banning ride-sharing platforms, and shed light on demographics of cities (population, employment rate) and their association with political competition. Furthermore, in e-commerce platforms, Kwak et al. (2019) specifically theorize how MNE subsidiaries of sharing economy platforms engage in defensive and proactive self-categorization – firm activities that “describe and prescribe perceptions, attitudes, feelings and behaviors (Hogg and Terry, 2000, p. 124)” – to create their non-market strategic fit.

### **3.3.3. *Non-market performance: Reputation, legitimacy, sustainable competitive advantage, and CPA success.***

Within this theme, researchers use different measures to evaluate and differentiate between market and non-market performance outcomes. Four main constructs of non-market strategy performance that can be considered are (1) reputation, (2) legitimacy, (3) sustainable competitive advantage, and (4) CPA success (Bonardi et al., 2006; Mellahi et al., 2016; Dorobantu et al., 2017). Firstly, reputation, which refers to the perceptual representation of a firm's past and prospective behavior (Brammer and Pavelin, 2006), is often used as an outcome variable of CSR (Turban and

Greening, 1997; Aguinis and Glavas, 2012). It would be meaningful that SEPPs pursue efforts to build a good reputation toward government or policy makers using non-market strategy. Yet, very little research has included it as a non-market performance. Figure 1 demonstrates the SE ecosystem and influences of governments.

Secondly, legitimacy is used as one measure of non-market strategy performance, mainly considered as a key determinant of venture performance (Aldrich and Fiol, 1994). It is social acceptance of a firm owing to generalized perception stakeholders hold it as appropriate and in right standing given existing norms and laws (Aldrich and Fiol, 1994; Kwak et al., 2019; Garud et al., 2020). As previously noted, SE platform business models are developed with multi-sided actors/stakeholders from the beginning, thereby it is important to identify stakeholders early on and consider how to connect and build relevant relationships (Kwak et al., 2019). In addition, sustainable competitive advantage can be considered as a key outcome of N-MS of a SE platform in the long-term focused measure. The process of measuring sustainable competitive advantage is an internal firm focused approach, where interest lies in reducing costs of their input in CSR (McWilliams and Siegl, 2011).

Moreover, CPA success depends on both financial and non-financial elements (Liedong et al., 2020). Non-market strategy scholars have investigated the financial impact of N-MS (Hillman and Keim, 2001; Rajwani and Liedong, 2015). One way of measuring CPA success is to use stock change as a proxy of their CPA influence in the market (Hillman and Keim, 2001). Non-market strategy research also includes non-market performance outcome measures, such as policy influence (Liedong et al., 2020). For a successful CPA, the platform would need to have up to date, precise, and insightful political information (Figueiredo, 2002; Lawton et al., 2014). Table 2 provides a summary of insights from studies on N-MS in the SE.

**Table 2: Recent Literature of Non-market Strategy in Sharing Economy**

Authors	Theory/perspectives	Data source	Key Findings
Garud, Kumaraswamy, Roberts, and Xu (2020)	Network perspective. Proposing a sociological perspective of platform dynamics.	Document of Uber's entry into four U.S. cities, 2008-2018.	Authors offer the process model of liminal movement in case of platform-based SE ventures, and suggest the contextual deployment of market and nonmarket strategies and its interactions as well as the continual adjustment to reduce the gap between new business models and existing regulations.
Curchod, Patriotta, and Wright (2020)	Institution-based view (institution theory)	eBay in France: interview and historiographic approach, 2004-2010.	MNE subsidiaries engage in either defensive or proactive self-categorization to create their nonmarket strategic fit between a global strategy and local institutional contingencies.
Geissinger, Laurell, Oberg, Sandstrom, Sick, and Suseno (2020)	Stakeholder perspective	A case of Foodora, 3,250 user-generated contents.	Based on analysis, in the market domain, while Foodora manages its status as an online delivery platform and provider well, it struggles with its position in the non-market domain, implying that the firm is weak to regulatory change.
Karanović, Berends, and Engel (2020)	Resource dependence theory	Case study: from Uber workers, data collected from Uber driver forum from major cities worldwide and analyzed by topic modeling	Platform workers actively oppose or supplement organizing solutions. Importantly, their responses vary with the local regulatory structure based on the mutual dependency and balance of power between platforms and workers.
Uzunca, Rigtering, and Ozcan (2018)	Institutional perspective (Dorobantu et al.'s 2017 typology)	A comparative case study with interviews in SE firms (Airbnb and Uber) in the Netherlands, UK and Egypt.	In countries with lower degrees of institutionalization, SE firms can gain the power to shape government regulations when addressing grand societal challenges. In highly institutionalized nations, firms that employ disruptive and transformative strategies (e.g. Uber) can deliver rapid but short-term gains, while firms with more relational and additive strategies such as Airbnb are more likely to achieve sustainable legitimacy gains. When a government plays a proactive role regarding the regulation of the new offerings, the platform's active CPA could be advantageous to gain legitimacy and influence regulation (or vice versa).
Paik et al. (2019)	Political competition	Ridesharing in various U.S. cities, 2011–2015 period and semi structured interviews	Less political competition leads to higher probability of banning rides-haring platforms, and the effect is weakened in cities with larger populations and higher unemployment rate.
Laurell, and Sandström, (2017)	Institutional change	999 user-generated posts from social media platforms.	The SE in Sweden should be considered as practices of integration of both market and non-market logics.

## 4. Conceptualizing Digital Trust in Sharing Economy

### 4.1. Digital Transformation – Towards a framework of Digital Trust

To further advance our efforts towards conceptualizing digital trust through actionable N-MS, we focus this section on DT, the trend that has necessitated trust in digital spaces. DT is demonstrated in significant changes in information, computing and connectivity technologies that benefit organizations (Vial, 2019). However, as a strategy, it goes beyond the transformation observed, to include how organizations allow these technologies to shape and inform processes towards defining their value propositions (Matt et al., 2015; Ross, 2019; Vial, 2019). In this regard, it includes four building blocks: (1) technologies utilization, (2) changes in value creation, (3) structural changes and (4) financial considerations (Matt et al., 2015). In line with Matt et al. (2015) and Vial (2019), our study distinguishes two manifestations of DT, digitization and digitalization. Digitization is a technical process that transforms analog signals in specific systems into digital forms (Amankwah-Amoah, Khan, Wood & Knight, 2021; Tilson et al., 2010; Legner et al., 2017). Specifically, it focuses on streamlining existing processes, such as ERP-systems into a standardized digital process with a predictable outcome (Ross, 2019; Ritter and Pedersen, 2020). Digitization capabilities include skills in data, permissions and analytics (Ritter and Pedersen, 2020). In relation to N-MS, digitization enables firms to communicate effectively and efficiently to build stronger relationships (Ritter and Pedersen 2020).

Digitalization deals with the application of digital technologies to increase adoption and use of technologies in individual, organizational, and social contexts (Amankwah-Amoah et al., 2021; Matt et al., 2015). In contrast to the emphasis on specific technical processes in digitization, digitalization manifests in a more social way, is holistic and often results in what Ritter and Pedersen (2020) ‘data-enabled growth’. It is also often distinguished from digitization through its emphasis on a visionary digital value proposition (Ross et al., 2019). Particularly, this value proposition requires closer examination of how digital technologies and information are utilized to enrich firms’ existing assets and capabilities. Paying particular attention to digital communication, digitalization captures the

centrality of digital technologies to multiple aspects of life (Brennen and Kreiss, 2016). In sum, digitalization is characterized by its ability to enhance value creation within its ecosystem (Ritter and Pedersen, 2020), has a long-term focus, a broader impact (Matt et al., 2017), and restructuring (Ross et al., 2019).

For example, Uber's digitization efforts can be seen in how they analyze data collected through their app, while their digitalization is reflected in developing various algorithms for addressing problems across the organization's services. Specifically, regarding the latter, it set up a "surging price", to monitor traffic conditions and implement predictive modelling to estimate demand in real time. This is aimed at estimating fair compensations for drivers during peak periods (Pattnaik, 2021; Uber, 2019). To illustrate its social dimensions, Ravenelle (2020) gives the example of how digitalization makes it possible to attenuate the effects of regulatory requirements for short-term rentals, and in the case of AirBnB makes it possible for hosts to make listings devoid of usual hotel regulations. Both digitization and digitalization may be reflected in trust building efforts on digital platforms, such as SEPPs.

#### ***4.2.Trust in the sharing economy***

Now that we have considered the two main forms of digital trends, we move to discuss trust in the SE and in particular consider how research conversations here can inform a model that conceptualizes digital trust. At the individual level, trust refers to "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al., 1998: 395). This can be extended to interorganizational relationships in exchanges or transactions based on expectations between two parties (Zaheer et al., 1998).

Research on trust in the sharing economy has focused on three main areas, (1) institution-based trust i.e., trust in the website, the platform, and recognition of a platform by a third party, (2) trusting beliefs, i.e., trust towards the platform, buyer, seller and community, and (3) trusting behaviors, i.e. behaviors by individuals that lead to trust (ter Huurne et al., 2017). In their conceptual model, Hawlitschek et al. (2016) identified three different, but important targets of trust in the SE – trust

towards peers, the platform, and the product. According to Wu and Shen (2018), who also identified a similar classification of trust targets, the three work synchronously, and thus, should all be approached with the necessary attention. Notwithstanding, emphasis in research has mainly been on trust from the perspective of customers, perhaps, because the effects of trust on engagement in SEPPs are stronger for the demand side (customers), compared to the supply side (providers) (van der Crujisen et al., 2019).

Our paper focuses on how SEPPs gain digital trust. Broadly, researchers find that organizations in the SE take measures to increase trust in the platform and in other users. Across the literature, Räsänen et al. (2021) found as many as 28 documented ways by which technology was used to increase such trust, including background checks, big data analytics, credit-scoring system for users' self-regulation, tracking feature and reputation systems. Of these, reputation systems are considered one of the most important because of their ability to increase trust among dissimilar people (Abraham et al., 2017). Ert and Fleischer (2019) found that objective measures to build trust in SE platforms are an increasingly preferred approach by organizations such as AirBnB, compared to subjective measures.

#### ***4.3 Calculative vs Relational Trust: Towards a bi-dimensional perspective of digital trust***

Our research, following Poppo et al. (2016) and Lewicki et al. (2006), borrows on two common views of trust. The first, with roots in behavioral economics (Lewicki et al., 2006), is often referred to as calculative trust. Calculative trust sees the relationship between two parties as transactional and focuses on costs or benefits that could emerge from one or both actors' approach to such relationships (Poppo et al., 2016). Specifically, such trust is able to ensure long-standing and positive relationships as actors on the one hand, recognize how their negative behaviors can terminate value-laden relationships, while positive behaviors will be rewarded with unique relationship benefits. This kind of trust, by its self-checking nature, reduces opportunistic behaviors (Parkhe, 1993; Williamson, 1993).

SEPPs could develop calculative trust by making efforts to address expectations stakeholders have (Poppo et al., 2016). It could also be built by strengthening the system, which liaises between sellers (owners, drivers) and buyers (consumers, users), using techniques such as, structural assurance,

third-party seals, seller verification, and enhancement in data security (ter Huurne et al., 2017). As in the case of AirBnB or Uber, firms can establish a reputation score system, which is regularly updated, on the online site (i.e. the application) so that actors (both sellers and consumers) can easily navigate the system when they use the platform. Platforms must also undertake proper verification of sellers, including their security information, criminal background checks and verification of bank accounts (Kang et al., 2016).

A second emphasis in trust research, relational trust emerges from psychology perspectives (Lewicki et al., 2006). This focuses on building the social relationship between two or more parties based on the goodwill, honesty, and good faith efforts of others. The aim is to mitigate risks by aligning core values (Ring, 1996; Zaheer and Harris, 2005; Bromiley and Harris, 2006). When two parties have ongoing interactions, they accumulate experiences and form expectations of each other, which enable them to develop shared values and ways of working together (Macneil, 1980; Bercovitz et al., 2006). Thus, relational trust arises from social relations, which evolve to a state in which one associate can expect to act according to the other's preferences (Saparito et al., 2004; Lewicki et al., 2006). By developing a deeper understanding of the expectations of partners and shared identities, partners foster trust and thereby reduce the risk of market opportunism (Lewicki and Bunker, 1996; Poppo et al., 2016).

Given that SE is based on a P2P system, it is important to understand the relationship dynamics among actors. This relationship is enhanced through interactions between actors, necessitating relational trust. For example, Kamal and Chen (2006) advised on the use of online chatting prior to a transaction as a way of enhancing trust from consumers. In addition, SEPPs may pay attention to evaluating the genuineness of feedback received from customers for themselves and acting on such feedback to influence trust (Li et al., 2016). Familiarity is another factor related to building trust between buyers and sellers (e.g., Lu et al., 2010). In relational trust, psychological mechanisms such as homophily, present when buyers and sellers share common characteristics, play an important role (ter Huurne et al., 2017). Despite its relevance, little research has been done focusing on developing

relational trust by SEPPs. Interestingly, in their study, Uzunca et al. (2018) observed that even at national levels, countries such as the Netherlands and the United Kingdom, governmental departments take initiatives by leveraging on relational trust approaches to build trust between buyers and sellers.

In what follows, we move further to examine links between these two dimensions of trust and the two main approaches of N-MS. Given that calculative trust relates to transactions and forward-looking expectations to make decisions to cooperate, SEPPs build reputations that appeal to governments in favor of regulations on their side. To do this, CSR N-MS might be more suitable, given its goal to improve firms' financial performance and reputation. Thus, while CSR activities have been normally investigated in line with financial performance, economic cost and benefit analysis, or reputation from stakeholders (e.g., Barnett, 2007; Hillenbrand et al., 2013), under non-market environments, CSR activities are mostly adopted by well-established firms who draw on their abundant resources to enhance their reputation. In doing so, firms also gain positive reactions/attitudes from governments (Porter and Kramer, 2002; De Roeck and Delobbe, 2012).



**Table 3. Calculative trust vs relational trust**

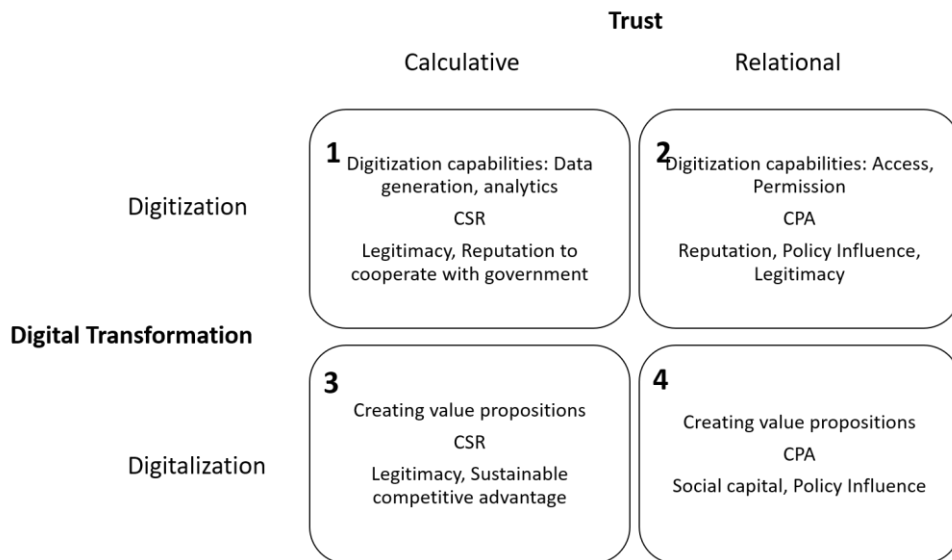
	Calculative trust	Relational trust
Definition	Calculus-based trust pinpoints both cost and benefit attributes of meeting or failing to meet expectations (Lewicki and Bunker, 1996). The upsides of collaboration outweigh potential downsides including self-interested and opportunistic behavior (Parkhe, 1993; Williamson, 1993).	Affect-based or identification based (McAllister, 1995; Lewicki and Bunker, 1996) trust motivated social-psychological bonds (Rousseau et al., 1998).
Decision rules	Relies on a forward-looking decision rule.	Anchored in the past, arising from repeated interaction.
Logic	Deliberate processing and accuracy.	Functions as a heuristic, a shortcut that avoids conscious deliberation.
Base theories	Transaction cost economics (Axelrod, 1984; Williamson, 1996).	Business relationships (Granovetter, 1985; Gulati, 1995).
Linkage with non-market strategy (environment)	Related to transactional economy (institutional theory) to focus on regulations (policy focus) etc. between platform institutions and governments to reduce future expected costs/CSR.	Related to relationship ties between platform provider and policy makers, or platform provider and participants regarding its own terms and conditions.
Linkage with SE context	Focusing on system building on the platform operation side, which will bring confidence from both platform participants and users(consumers).	Focusing on managing dynamics between platform participants and consumers, or platform providers and participants.
On market performance	Supplier performance (Poppo et al. 2016). Sustainable competitive advantage.	(Sustainable) competitive advantage (Oliver and Holzinger, 2008). Stock influence (Leidong et al., 2020)
On non-market performance	Reputation and legitimacy.	Legitimacy and policy influence.

CPA involves tactics such as lobbying, political directorships and political action committee (PAC) contributions (Doh et al., 2012). Since it targets elected officials and politicians (Hillman and Hitt, 1999), CPA can be more advantageous to building relational trust. Furthermore, considering it in the sharing economy context, with the relational trust, relationship ties between platform provider and policy makers, or platform provider and participants regarding its own terms and conditions. Particularly, we suggest CPA can be adapted to raise the relational trust. Table 3 represents the key features of calculative trust vs relational trust.

## 5. Mapping out digital trust and N-MS

Digital trust is a comprehensive concept of integrating DT with a holistic view of trust. Based on our discussion from previous sections, we present a 2 x 2 matrix that links effective N-MS with each of our proposed segments of digital trust. We then present propositions from each segment of the framework. First, based on our categorization, we suggest which N-MS – CSR or CPA – might be more suitable to gain the kind of digital trust in each segment. Second, we propose how contexts might influence how N-MS are used to gain digital trust.

**Fig. 2. Conceptual model of digital trust**



### 5.1. Digitization\*Calculative trust

N-MS appropriate for this first segment relate to CSR activities, especially those focused on building SEPP's image and reputation (ter Huurne et al., 2017). This can be done in a number of ways. First, firms may develop calculative trust by transitioning their operating systems into digital friendly platforms and integrating digital technologies into their business processes. Second, since calculative trust relates to trust toward a platform (ter Huurne et al., 2017), SEPPs can also focus on establishing reputation score systems, which can aid in enhancing perceptions of digitization capabilities (Ritter and Pedersen, 2020). Third, the SEPPs might also consider building operational systems for generating

and storing data. Data related activities are mostly associated with the market environment; however, we consider that firms will benefit from incorporating high-functioning digitized infrastructure into their operating systems as a non-market strategy. This enables them to initiate building relationships with governments and other stakeholders. These practices – i.e. demonstrating an accountable operation system and digitization capability – are important as they could be a ‘soft’ requirement by governments to provide permissions or relax certain regulations in favor of the SEPPs. For example, platforms may need cooperation from governments to provide access to criminal databases to set up a criminal background check system (Kang et al., 2016).

In terms of contexts, we propose that digital trust in this segment will be best actioned by SEPP headquarters based in developed countries, rather than by local subsidiaries, as the former tends to have relatively low political uncertainties. Uzunca et al. (2018) suggest that platforms headquartered in developed countries usually do not have interference to their activities by social challenges typical of developing and emerging contexts, and hence mainly focus on building their legitimacy through working closely with governments. Moreover, the institutionalization present naturally evokes a level of trust in their activities (Curchod et al., 2020). Accordingly, it would be better for the headquarters of platforms in developed countries to focus on establishing calculative trust based on their digitization capability. This will enable them to collaborate/influence government regulations in their favor. Based on these, we develop propositions for SEPPs in this segment as follows:

**Proposition 1:** SEPPs are more likely to design and develop CSR activities to develop calculative trust with digitization.

**Proposition 2:** This type of trust/calculative trust is more likely to be suited in SEPPs with headquarters in developed countries, given the typically low institutional economic and political uncertainties.

## ***5.2.Digitization\*Relational trust***

In this segment of our conceptualization, we combine digitization and relational trust. As previously mentioned, the focus of relational trust is to have a connection with other stakeholders, and

for potential trustees to be willing to trust firms based on previous experiences. That is, relational trust builds on relationship dynamics and interdependence of two or more stakeholders. In building relational trust, activities relating to seeking permissions that help improve digitization capabilities are crucial (Ritter and Petersen, 2020). SEPPs may benefit more from good relationships with governments. This could help them gain permission for using data of various kinds (Ritter and Petersen 2020), and in turn, help develop trust toward counter parties, including users and other providers (ter Huurne et al., 2017).

In addition, SEPPs may be more proactive in negotiating with partners to gain access and use of certain data (Liedong et al., 2020). Here, we suggest that CPA is more related to building relational trust because it builds on past experiences and interactions (Poppo et al., 2016). Specifically, we posit that transactional CPA would be suitable for digitization in SEPPs since their responses to government regulations can be addressed on a fairly short-term and issue-by-issue basis (Hillman and Hitt, 1999).

Furthermore, transactional CPA is signaled by their dependence on “formal market exchanges based on codified knowledge-assets” (Schnyder and Sallai, 2020: 7). Hence, in transactional CPA, both parties (especially for SEPPs including) are able to keep track of their transactions (knowledge exchange) into formal documents. On the other hand, making codifiable knowledge based on transactional CPA is related to the “digitization” process (Ritter and Pedersen, 2020), considering digitization is involved with transition (conversion) of codified knowledge as well as codifying knowledge. Therefore, they increase salience of the knowledge they get from the relationship as well as contribute to build the trust based on the relationship (Schnyder and Sallai, 2020). Drawing a “triangulated transacting” system here again, after AirBnB installs and applies the system, they operate the system and accumulate newly incoming transactions. Particularly, they advise Airbnb hosts to be familiar with the laws in their jurisdiction, “and the service will not pay fines or assist hosts if they are threatened with eviction or other legal actions” since they disavow any responsibility (Ravenelle, 2020: 157). In doing so, their relationship with the regulatory body might be able to avoid any potential conflict.

In terms of contexts, we propose that the digital trust in this segment will be best pursued by SEPP local offices in developing or emerging countries, where political uncertainties are high. This is because formal regulations are underdeveloped in emerging markets, which makes direct communicating and building relations with local regulators important for building trust (Uzunca et al., 2018; Chen and Wang, 2019; Rodgers et al., 2019). Specifically, SEPPs will benefit from adopting relational strategies, which involve networking efforts to develop and leverage dependent relationships with important stakeholder groups, including politicians (Marquis and Raynard, 2015). With this, we develop propositions for SEPPs in this segment as follows.

**Proposition 3:** To develop relational trust with digitization, SEPPs are more likely to engage with and actively implement CPA to develop relationships with regulatory bodies.

**Proposition 4:** This type of relational trust is more likely suited to SEPPs with subsidiary offices in emerging countries, which have high uncertainties in a non-market environment.

### ***5.3.Digitalization\*Calculative trust***

Digitalization and calculative trust are the main constructs in this segment. Digitalization is concerned with creating new value for stakeholders (Ross et al. 2019; Ritter and Petersen, 2020), and specifically, includes developing business models to provide digital offerings that enhance customer engagement (Ross et al., 2019). In developing calculative trust, SEPPs need to design digital offerings or implement their customer engagement strategy in a way that projects them as ‘good citizens’ that are concerned with social causes (Aguinis and Glavas 2012; Liedong et al., 2015). These are best achieved by engaging in CSR activities and are powerful ways to gain support from government officials who stipulate what digitalization efforts are in accordance with national or local regulations.

For example, Uber has been criticized for sidelining consumers who do not have credit cards, as the platform can only be used with this form of payment. In this case, taking action to increase accessibility to everyone could help Uber demonstrate social impact as a ‘good citizen’. On the other hand, BlaBlaCar launched BlaBlaHelp, to encourage the BlaBlaCar community to support each other with grocery shopping during COVID-19 with free of charge (BlaBlaCar Blog, 2020). In France alone,

17 million people used the app to support others during the Pandemic. In this case, what the BlaBlaCar have done is to make extra efforts to present themselves as a ‘good citizen’, delivering social impact. Given that it added a new app functionality, BlaBlaCar can be said to have created new value, thus further contributing to improving this segment of digital trust.

On a broader level, SEPPs could benefit from making their digitalization plans part of governments’ broader plans to assist digital technologies or support value created from their digitalization. For example, Germany has announced and implemented the German Federal Government’s Digital Agenda, which encourages companies to proactively engage in the agenda to gain trust and increase public reputation (Legner et al., 2017). Similarly, the South Korean Government announced a Digital New Deal in 2020, investing large amounts of money to develop digital infrastructure, and seeking for more and more opportunities to collaborate with firms (Stangarone, 2020). These proactive initiatives offer opportunities for SEPPs to be a part of CSR activities. Similar to proposition 2, we propose that the digital trust in this segment might be well pursued by SEPPs headquarters in developed countries, given their relatively low political uncertainties and availability of resources. Here, SEPPs focus more on internal transformation to set up trust, which could not only signal non-market external stakeholders, but also encourage their collaboration based on the trust developed. With this in mind, we develop propositions for SEPPs in this segment.

**Proposition 5:** To develop calculative trust with digitalization, SEPPs are more likely to design and implement CSR to create value and develop partnerships with their stakeholders in the long run.

**Proposition 6:** This type of/calculative trust is more likely suited to SEPPs with its headquarters in developed countries with available access to resources.

#### ***5.4.Digitalization\*Relational trust***

Similar to segment three, digitalization issues here link to value creation in the business model (Ross et al., 2019). In this segment of enhancing relational trust, there is a special focus on restructuring the platform by building up digital communication and media infrastructure (Brennen and Kreiss, 2016). In terms of digitalization, SEPPs can expand their touchpoints with policy makers in order to

influence policies. Essentially, when it comes to enhancing relational trust, which is oriented towards past experiences, digitalization requires platforms to take rather forward-looking perspectives for developing relationships with policy makers. In contrast to the second segment, digitalization will strengthen platform's non-market capabilities, which are embedded in enhancing direct communication between the SEPPs and government officials or politicians (Bonardi et al., 2006).

We argue that relational CPA could be suitable for this segment mainly because the objective of building relational trust is linked to the development of social capital that is embedded in a continued exchange relationship among actors (Nahapiet and Ghoshal, 1998). SEPPs are more likely to get involved in cooperative exchange with governments and other regulatory bodies, which, in turn, increases their social capital (Hillman and Hitt, 1999). For example, AirBnb's government relations' team in Washington, has recently announced that they have hired a former politician with special interest in rapidly emerging technology areas to help develop and implement their US federal regulatory, legislative and public policy initiatives (AirBnb, 2021). Hillman and Hitt (1999) argue that relational CPA, and the continuous enhancement of cooperative exchange it offers, is useful for enhancing social capital. Over time, the social capital that is developed can in turn facilitate the continuous exchange as parties become more trusting of each other.

Moreover, the SEPP's proactive approach in CPA enables/influences institutional norms and standards of public policy, especially when it combines with the platform's digitalization (Oliver and Holzinger, 2008). Therefore, in this case, it is expected to generate sustainable competitive advantage for the SEPP through the relational trust built (Oliver and Holzinger 2008).

In terms of contextualization and focusing on the long term, we propose that the digital trust in this segment could be achieved through collaboration between SEPP headquarters and local offices, particularly, in relation to activities in developing countries/in emerging countries. Since digitalization requires more resources and time (sometimes, requiring cultural transformation of the entire institution) it may be best to be organized by the headquarters. After digitalizing the platform processes through local offices, the subsidiary needs to take a transformative approach to connect with the non-market

environment in developing countries (Uzunca et al., 2018; Rodgers et al., 2019). In the long run, regulations will be formulated by the government, thereby affecting SEPP's expected revenues. For example, there are stricter regulations on Uber drivers in New York, compared to other states in the U.S. This also allows for conflicts to be more easily resolved in case of problems (Karanović et al., 2020). In developing/emerging nations such as India, the central government tries to formulate regulations (i.e., the proposed amendments to the Motor Vehicles Act) for local states so that SEPPs are less pressured to comply with local vehicle regulations (Kelly, 2018). In the long run, SEPPs could benefit as they accrue more knowledge on how to deal with regulations in different national contexts. We develop propositions for SEPPs in this segment as follows:

**Proposition 7:** To develop relational trust via digitalization, SEPPs are more likely to proactively apply CPA to develop and strengthen relationships with governments.

**Proposition 8:** This type of trust is more likely suited to SEPPs with headquarters in locations with relatively easy access to resources needed for incorporating DT into their restructured business model. In this way, they will be able to assist their subsidiaries in emerging markets to approach the local government.

## 6. Discussion and implications

Although research on N-MS (Baron, 2009; Mellahi et al., 2016) and the SE (Gerwe and Silva, 2020; Gerwe et al., 2020; see also Chen and Wang, 2019; Gu et al. 2020) have grown exponentially, there remains limited insight on how actors in the SE ecosystem engage in non-market activities to achieve their goals. In this paper, we develop a conceptual framework to highlight the different dimensions of cultivating and leveraging trust among stakeholders in the SE. We develop and present digital trust building as a crucial building block of a successful SE ecosystem. Based on the conceptual model developed and analysis presented, we demonstrate that political resources can be better accrued via N-MS. The study also demonstrates that political capabilities rooted in N-MS are essential as many SEPPs strive to secure wider societal and global legitimacy. Although sharing economy platforms may bind autonomous firms/actors together (e.g., Gerwe et al. 2020), studies have thus far offered limited



insights on how they cultivate trust. Our study demonstrates that digital trust building is an effective mechanism for acquiring legitimacy and thereby helping improve the participants' standing and competitiveness. Thus, legitimacy is likely to be predicated on users, governments and other external evaluating audiences' assessment of the focal organization (Suchman, 1995). Specifically, we shed light on calculative trust building which relates to transactions and the forward-looking expectations. As participants in the SE ecosystem gain legitimacy, their platform leverages the benefits to be able to attain critical mass over time.

From our analysis, it can be deduced that effective N-MS is partly rooted in vital firm-level resources and capabilities that equip organizations to engage with social actors whilst concurrently addressing their concerns and building relationships to gain legitimacy and enhance a firm's overall reputation. By engaging in activities such as giving campaign contributions, lobbying and public relations, firms on SEPPs build ties and trust with political actors which can be utilized in influencing their activities and potential regulations whilst also securing political support and legitimacy in the public policy arena. Accordingly, they are better able to develop and leverage institutional trust (Liedong et al., 2015, Poppo et al., 2016) that exist between the SEPPs and government to underpin their activities.

From a practical standpoint, legitimacy building of sharing economy firms is very difficult to achieve, especially for firms operating in a weak institutional environment where legal enforcement is weak, and governments lack the technical acumen to police online platforms and protect online transactions. Firms situated in developed countries are likely to have the institutional structures and governments' support that provide protection and a baseline for cultivating digital trust. Firms based in developing countries could seek close collaborations with reputable institutions, such as major banks, payment platforms and technology firms as a means to provide greater assurance to their customers and clients. In addition, our analysis also suggests that digital trust building requires both technical acumen and financial resources to develop firm level verification and trust embedded in routines and processes to provide assurance to users.

Our paper, which offers a conceptual framework and propositions for further study is not without limitations. First, although the conceptualization undertaken here is useful in elevating our understanding of SE and non-market approaches, empirical validation is required for a more confident appreciation of the insights we have proposed. Second, the SEPP is relatively new in terms of underlying technologies. Thus, future research might need to examine the potential and emerging risk ransom and cyberattacks pose to them, and the attendant need for particular markets and N-MS to sustain trust of stakeholders in the platforms. Another direction for future research would be to examine patterns, if any, trust building and legitimacy seeking efforts on online platforms among SMEs and larger firms. Studies can also examine this in the context of organizations in developing countries alongside those in developed nations to shed light on the extent to which approaches adopted are a reflection of the quality of institutions in the domestic market. Besides these, future studies can also consider the effects of digital trust on information sharing tendencies of developing country-firms. The propositions outlined above also provide a basis for a more robust analysis and empirical testing.

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