

# BEHAVIOURAL INTENTION OF SERVICE PROVIDERS: ANALYSIS OF AIRBNB AND GRABCAR IN MALAYSIA

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## ABSTRACT

*Sharing economy, a relatively new type of business has become very popular with the rise of technology and where businesses are willing to share their assets and services in the current travel and accommodation sphere. Using the Social Exchange Theory to understand the behavioural intention of service providers, this study tries to examine whether exchange factors such as economic benefits, moral motives, social-Hedonic motives, sustainability and sharing attitudes influence the service provider's motives to participate in Airbnb, Uber and Grabcar services in Malaysia. Using a questionnaire, a survey was done among 100 service providers in Malaysia who provide Grabcar, Uber and Airbnb services. Bivariate analysis was used. Findings show that all the exchange factors have a positive correlation with the behavioural intention. Even though the sharing economy might pose a challenge to the regular taxi drivers and hotels, government regulation should look at a win-win situation that can benefit all stakeholders. As we move on to IR 4.0 and the digital economy, these businesses will be the call of the future.*

**Keywords:** Airbnb, Grabcar, Sharing Economy, Uber, Social Exchange Theory.

## INTRODUCTION

Using advanced information technologies, the sharing economy has become an emerging trend in the digital society and the business world today. Sharing economy is defined as “*ICT-enabled platforms for exchanges of goods and services drawing on non-market logics such as sharing, lending, gifting and swapping as well as market logics such as renting and selling*” (Laurell & Sandström, 2017). These sharing economy business models do not own any commodity but by using innovative platforms, they have developed a connection between providers and users of services.

Uber (which has since discontinued its services in Malaysia since April 2018) started operations in Malaysia in 2014, followed by Grabcar and Airbnb in 2016. While the success of sharing economic services is very challenging and depends a lot on the quality of the service platforms, the providers are well aware of the perceived risks and perceived benefits (Kim et al., 2015). Amidst claims that the sharing economy platforms seem to deliver a better economic deal compared to traditional services due to intermediation cost reduction, Airbnb and Grabcar providers are still facing challenges (Dillahunt et al., 2016). Hence it will be interesting to

examine what motivates the service providers to continue to participate in such sharing services (Sutherland & Jarrahi, 2018).

Using the Social Exchange Theory, this study attempts to examine the factors which influence the service provider's motives to participate in Airbnb, Uber and Grabcar services in Malaysia. This will provide some understanding on the behavioural intention of service providers in the transport and accommodation sector in Malaysia.

## LITERATURE REVIEW

### Social Exchange Theory

The social exchange theory is a social psychological and sociological perspective theory that explains the behaviour of an exchange of goods among the members that consist of four bodies of theory: behavioural psychology, economics, propositions about the dynamics of influence, and proposition about the structure of small group (Homans, 1958). Cropanzano & Mitchell (2005) state that the social exchange theory is one of the most famous conceptual paradigms in organizations and it involves in a series of interactions that create obligations where it can explain the motive of action of another person. The social exchange theory really plays an important role that influences the individual's knowledge-sharing behavior. They suggested that the social interaction and trust from the social exchange theory moderated by information technology can be used to predict an individual's knowledge-sharing behaviour.

Behavioural Intention and Variables.

Fang & Neufeld (2009), in the early stage of the participation, found that one cannot predict how long will an individual's intention to participate in any activity be. The key intention to identify the behavioural intention is not by gaining access to someone's possession but to help make human connection better. So, the intention of participants is the critical element to determine the sharing activity.

Binninger et al. (2015) found that the desire to response regarding the financial expectation is bigger than humanitarian value and ecological concerns on what is the service provider's motivation on joining the sharing economy activities. In addition, monetary motivations can influence the sharing attitudes (Bucher et al., 2016).

Bucher et al. (2016), found that moral, social-hedonic and monetary motives can influence the sharing attitudes of the respondents. But Piscicelli et al. (2015) analyse individual values common among this sample of sharers and found that it may also contribute to the subjective importance of social or community as well as to moral or sustainability motives among sharers.

Basically, social-hedonic motive refers to the factors that influence an individual's pleasure to decide on their action. Bucher et al. (2016) found that social-hedonic motives are shown to have the strongest effect on positive attitudes. However, Binninger et al. (2015), claim that the collaborative consumption is basically related to the desire to develop social interaction or social equality and not for ecological motive.

Sharing economy can give the benefits of ownership to the people which will reduce the cost, burden and lower the environmental impact. The sharing economy gives the benefits to the consumer where it enables them for example, for car sharing, to try different models of car where they can avoid the ownership process and have more freedom and flexible lifestyle (Binninger et al., 2015).

Hamari & Koivisto (2015) found that the “*use rather than own*” scheme depends on the attitudes and degree of awareness of the participants who are willing to join the scheme. Hence this study examines whether the constructs discussed above from social exchange theory impact the behavioural intention of sharing economy service providers’ motive to continue to participate in their business.

## METHODOLOGY

Based on the Social Exchange Theory (SET) by Homans (1958), five independent variables for this study were identified, namely economic benefits, moral motive, social-hedonic motive, sustainability and sharing attitudes. While the dependent variable or the variable to be tested was the behavioural intention. This explanatory study used a survey approach by using a questionnaire to examine the factors which influence the service provider’s motives to continue to participate in the sharing economy services in Malaysia.

First, a pre-test was done to check the questionnaire comprehension among Airbnb and Grabcar service providers and to correct any ambiguity. Target population of this study was any service provider who was providing any of the above mentioned three services. The three service providers were identified based on the popularity in late 2017, where majority were concentrated in Airbnb, Uber and Grabcar services. Using non-probability sampling method of purposive sampling, 100 questionnaires were distributed throughout Malaysia via social media and personally by hand. This was only possible by joining the Uber Malaysia, Grabcar Malaysia and Airbnb group in Facebook. However at the end of two months, only 67 usable questionnaires were received. The respondents were assured anonymity and confidentiality. A seven section questionnaire was prepared based on adaptation from (Hamari et al., 2015) and (Bucher et al., 2016).

## RESULTS & DISCUSSION

The respondents who were providing Airbnb, Grabcar and Uber services were from throughout Malaysia. Majority (91%) of the respondents were Gen Y and young coming from the age group of 20 to 39 years old. Majority (65%) were males and 67 percent of the respondents were Malays. A major (61%) portion of them were doing the business part-time, who constituted employees (34%) who were working elsewhere, students (22%), freelance (15%).

The objective of this study is to examine the relationship between economic benefits, moral motives, social-hedonic motive, sustainability, sharing attitudes and behavioural intention to participate in sharing economy. Table 1 displays the bivariate correlation results between the variables.

As displayed in the Table 1, all the five independent variables, economic benefits, moral motives, Social-hedonic motives, sustainability and sharing attitudes have a significant effect on the behavioural intention of the service provides. Pearson correlation results between behavioural intention ( $M=4.20$ ) and economic benefits ( $M=4.14$ ),  $r(67) = 0.636$ ,  $p < 0.01$  indicates that there is a positive and strong relationship between the two variables. These results conforms to studies done by Bucher et al. (2016). Brekke et al. (2003) also found that the economic incentives have an effect on the morally ideal behaviour.

Secondly, Pearson correlation results between behavioural intention and moral motives ( $M=3.97$ ),  $r(67) = 0.391$ ,  $p < 0.01$  indicates that there is a positive and medium relationship between these two variables. These results also conform to studies done by Bucher et al. (2016).

**Table 1**  
**BIVARIATE CORRELATION OF BEHAVIOURAL INTENTION, ECONOMIC BENEFITS, MORAL MOTIVES, SOCIAL-HEDONIC MOTIVES, SUSTAINABILITY AND SHARING ATTITUDES**

Construct	Behavioural Intention	Economic Benefits	Moral Motives	Social-Hedonic Motives	Sustainability	Sharing Attitudes
Behavioural Intention	-					
Economic Benefits	0.636*** (0.000)	-				
Moral Motives	0.391*** (0.000)	0.543*** (0.000)	-			
Social-Hedonic Motives	0.390*** (0.000)	0.477*** (0.000)	0.470*** (0.000)	-		
Sustainability	0.363*** (0.001)	0.459*** (0.000)	0.287*** (0.000)	0.311*** (0.010)	-	
Sharing Attitudes	0.697*** (0.001)	0.734*** (0.000)	0.551*** (0.000)	0.461*** (0.000)	0.555*** (0.000)	-

Note: \*\*\*Significance at 1% significance level

Thirdly, Pearson correlation results between behavioural intention and social-hedonic motive ( $M=3.96$ ),  $r(67) = 0.390$ ,  $p < 0.01$  indicates that there is a positive and medium relationship. These results conform to studies done by Mannak et al., (2003). (Pebrianti, 2016) also found that the social-hedonic person is more oriented on online buying decision.

Fourthly, Pearson correlation results between behavioural intention and sustainability ( $M=4.11$ ),  $r(67) = 0.363$ ,  $p < 0.01$  indicates that there is a positive and medium relationship and the results conform with Binninger et al., (2015) Pomarici et al. (2015) state that economic benefits gives significant effect on sustainable practices.

Lastly, Pearson correlation between behavioural intention and sharing attitudes ( $M=4.26$ ),  $r(67) = 0.697$ ,  $p < 0.01$  indicates that there is a positive and strong relationship which conforms to studies done by Hamari et al., (2015). Brekke et al. (2003) also found positive attitudes have a significant effect on the citizens' behaviour to exchanging belongings.

The Pearson correlation analysis was conducted to test individual relationship among independent variables in this research. As a conclusion, it shows that there is a significant result between each of the variables between the dependent variable, behavioural intention and the independent variables, economic benefits, moral motive, social-hedonic, sustainability and sharing attitudes. There is also a significant result between each of the independent variables.

## CONCLUSION AND POLICY IMPLICATIONS

Broadly speaking, this explanatory study shows that the Social Exchange Theory explains the behavioural intentions of service providers of sharing economy services in Malaysia.

Firstly, economic benefits and sharing attitudes have a strong relationship with the behavioural intention. The service providers felt that finding extra income really motivates the service providers to continue to participate in the sharing economy. Secondly, the service providers were very motivated and expressed positive sharing attitudes which are important

characteristics for a sharing economy service provider. Finally, and very interestingly, in terms of social hedonic motive, the service providers found that their services allowed them to improve their network, meet new people and increase their confidence level in terms of communication and engagement with others.

From a theoretical perspective, firstly, this study extends the understanding of the literature on sharing economy. There are limited studies done on Grabcar and Airbnb in the Malaysian context. Secondly, this study enriches the literature on social exchange theory by exploring the behavioural intention of service providers of Grabcar and Airbnb despite the numerous challenges in a sharing economy. It has been found that sharing attitudes, economic benefits, moral motive, social-hedonic motive and sustainability have positive and significant correlations with Grabcar and Airbnb providers' intention to provide these services. Sharing attitude and economic benefits outweighed all other factors.

Although this study has several notable contributions in explaining the behavioral intentions of sharing economy service providers, there are some limitations where several issues need to be investigated further. Firstly, the sample size could be increased. Secondly, as this study focused only on three main service providers, further studies could investigate more recent and new service providers in the food and retail sector. Thirdly, a comparative study can be carried out to cover the other countries in this region.

As the world moves towards IR 4.0 and the era of digitalization, sharing economy will be the way forward. However, there is a controversial issue in Malaysia surrounding Airbnb and Grabcar's impact on existing businesses. The question which arises is: Is there a real threat of being substituted by the disruption that the sharing economy brings into our society or is it merely being overestimated? The government needs to conduct a win-win solution to all the participants in the sharing economy. The regulation needs to bring benefits not only to some services but to all sharing economy activities. While Airbnb can affect the hotel sector, and Grabcar can affect the conventional taxi drivers' sustainability, policies which can earn revenue and regulate the sharing economy will be crucial to be implemented.

## ACKNOWLEDGEMENT

The authors would like to thank Universiti Teknologi MARA for the financial assistance in the research and publication of this article.

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