KEY CHALLENGES TO SHARING ECONOMY IN SOUTH ASIA

A Pakistani motorbike case

MASTER THESIS

Zarish Zafar
Student no. 105351

Supervisor:

Qiqi Jiang

Cand. Merc. International Marketing and Management (IMM)

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CBS COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

ABSTRACT

Culture plays an important role in innovation performance and economic creativity of a society. Considering that sharing economy is a product of innovation, culture becomes an inherited force capable of advancing or deterring behavior towards innovation. Therefore, the aim of this study is to explore the effect of cultural dimensions and their impact on the establishment and growth of sharing economy industry in South Asian countries: firstly, by identifying the barriers to a shared economy startup in this geographical region; and secondly, using the Pakistani metropolitan context to evaluate the feasibility of starting a shared economy motor bike business. In order to answer these two research questions, this paper takes an exploratory approach to research using both primary and secondary data, and makes use of the findings of Hofstede's cultural dimensions theory in order to find out the deterrents of sharing economy as a result of cultural variation between the developed and developing countries, and of the PEST model analysis in the optics of Pakistan in order to evaluate the feasibility of a motorbike-based sharing economy venture, inspired by the business model of Chinese *mobike*.

The findings of the paper show that the *lack of resources* from both market and supplier side in collectivist South Asian society and the *lack of trust* due to high uncertainty avoidance, high terrorism, high corruption etc. were ascribed to be the primary two restraining factors behind the struggling sharing economy industry in these developing countries. Thus, the relationship between the dimension of collectivism-individualism and uncertainty avoidance were found to be most directly associated with entrepreneurship, economic development and innovation. The findings of this paper also demonstrate that besides the strong correlation between economic creativity and the cultural dimensions identified by Hofstede, there are other factors, such as a country's research and development budget, which may override the impact of culture and promote innovation.

In the later section, the feasibility of the motorbike-based sharing economy shows that the metropolitan cities of Pakistan have reached the point enabling this business concept to thrive and grow, starting out with piloting this service in Karachi instead of Lahore as initially anticipated. Moreover, for the business to succeed in Pakistan, the Chinese inspired *mobike* business model is not practical. Instead, the model should develop closer to that of Uber due to risk of theft and vandalism. The paper also discusses the user profile for the service, identifying that as early adopters, the male groups will dominate, but female users would be onboard as later adopters as soon as cultural (social) challenges are overcome in a foreseeable time span of months to years boosted thanks to the efforts of Careem WOW (Women on wheels).

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1. INTRODUCTION

This paper seeks to explore the dynamics and feasibility of sharing economy business in the developing third world countries, as opposed to the current expansion of the shared economy in the Western World, in the highly developed states. The introduction section will take the reader through the emergence of shared economy business, followed by the digital acceleration providing an augmented and disruptive growth in the late 1990's, leading to the growth and size of the shared economy business today. In the second section of introduction, the paper presents the research questions for this paper, followed by the motivation behind this study.

1.1. Emergence of peer-to-peer economy

This section explains how the sharing economy started, how it transformed in the last two decades and in what form and size it operates today in the developed countries, leading to the motivation of this paper.

Sharing has been one of the most preliminary forms of economic distribution for thousands of years and it has taken the shape of a powerful force for solidarity between the communities (Price, 1975). It is one of the most common daily practices across the world (Wittel, 2011); from families sharing the edibles or domestic stuff to a community having a shared access to a water supply etc. So, the idea of sharing economy is in practice formally as well as informally.

In the last two to three decades, digitalization of economy has transformed the basis of sharing by providing access to the internet-based platforms for resource sharing (Belk, 2014). According to some scholars, the emergence of these digitally mediated forms may just be another advancement and progress in the form of sharing (Ibid), however, according to scholars such as Botsman and Rogers (2010), who strongly advocate the internet based shared economy, consider this as *disruptive*. According to Botsman and Rogers (2010) the foundations of a digitally mediated sharing economy began in the late 1990's and early-mid 2000s. During this period, the online platforms provided individuals a basis to establish the peer-to-peer relationships. Some prominent examples of companies that originated in that time frame include

platforms such as Ebay, Craigslist, Freecycle and Couchsurfing etc. Since then, sharing economy or the peer-to-peer economy has taken the form of an industry and grown at an unprecedented scale.

1.2. Size of the sharing economy

Shared economy has seen enormous growth in the last ten to fifteen years, and the trend is expected to continue. According to a report published by PWC in 2014, globally, the revenue generation by shared economy businesses in only five sectors (automotive, hospitality, finance, staffing, and media streaming) summed up to $15 billion, and it was projected to grow to $335 billion in 2025 (PWC, 2014). The report also stated that almost one in every five U.S consumers are engaged in some kind of sharing economy activity.

Similarly, in 2015, in order to find out the volume of Shared economy businesses in the EU, a study was conducted on the orders of European commission. According to the report, the volume of transactions in the EU across the five main sectors (sales of goods, accommodation rentals, goods sharing, odd jobs and ridesharing) totaled $31.8 billion (European Commission, 2017).

In China, the national sharing economy figures doubled in 2016 (103 percent), resulting in $500 million in transaction volume. According to the China's State Information Center, this growth is further expected to see a rise of 40% annually over the next few years. In 2016, around 600 million people were involved in the sharing economy business, which is 100 million more than the previous year (State Council of the People's Republic of China, 2017).

According to the Russian Association of Electronic Communications, in 2018, the sharing economy business in Russia has shown a 30% increase over the eight key verticals (C2C sales, odd jobs, car sharing, carpooling, accommodation rentals, shared offices, crowdfunding and goods sharing) and concluded at $7.8 billion (RAEC, 2018).

Although the exact volume of shared economy business globally as of 2018, could not be found, several indicators represent the overall growth in this sector globally. Parameters such as the number of growing users, the growth of shared economy business in certain sectors across the number of years, the size and volume of shared economy based transactions in different countries as stated above, collectively indicate that the concept has grown enormously over the last few years, and is projected to grow further. (PWC, 2014).

All the growth figures mentioned above are from the developed and well-off economies. Most of the literature available also covers sharing economy in highly developed countries. The author tried to

research for the data in context of the South Asian developing countries, like Pakistan, India, Bangladesh etc, however, there was not substantial data available from official and reliable data sources on the statistics of the *annual sharing economy business turnover* in these developing countries.

Nonetheless, the benefits associated with sharing economy proposition cannot be denied for the struggling economies, as it could potentially mean giving access to individuals belonging to the lower or middle-income households, who would otherwise not have been able to afford the service. In this way users can avoid the cost of ownership while still having the access on basis of need. While this value proposition may have its own associated costs, it can be an important contributor to the sustainable development in these circumstances (Retamal, M., Dominish, E., 2017). This led the researcher to investigate the major challenges for the sharing economy businesses in a different context, leading to the motivation of this paper.

From here onwards, these countries (Pakistan, India, Bangladesh etc.) will be addressed as "South Asia" or "developing countries", unless stated otherwise.

1.3. Motivation of the paper

During the research on shared economy, the author identified a striking gap on the research done on shared economy between the developed countries and the third world developing countries. Moreover, while most of the examples of the highly successful sharing economy businesses comes from the developed countries, there are only a handful of successful sharing economy companies from South Asia. This led to the motivation for doing a further research to find out the reasons behind the slow growth of this industry in some parts of the world as compared to others.

The reason for doing research on South Asia is that it is one of the most densely populated parts of the world with 1.891 billion inhabitants. Around one quarter of the world's population (24%) lives in these eight countries which include Pakistan, Afghanistan, India, Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, comprising the South Asia (South Asia, 2019). India has the largest and fastest growing economy in the region with the estimated size of US$2.957 trillion, followed by Pakistan, which has the second largest economy estimated to be worth US$304.3 billion as of 2014-2015 (IMF, 2018). The huge scale of these economies prompted the researcher to probe the volume of shared economy in the context of this region.

Upon investigation, the author assumes, this part of the world lacks a substantial growth in the context of shared economy. There are no official sources claiming the total turnover coming through the shared economy business in these countries through governments or through research agencies, readily available

to the general public. Moreover, there is far less literature available on the subject covering the third world countries in comparison to the material and articles available regarding and from the Western countries. It is this gap in the research and the interest of the author in sharing economy which led the motivation to find out reasoning behind the lack of growth in shared economy industry in the South Asia.

The paper is divided into two sections. In the first section, the paper attempts to identify the most prominent challenges in South Asia that could be a reason of slow growth of sharing economy industry. The findings of the first section may identify the areas which require attention by the governments of the countries in this region in order to promote the shared economy businesses.

The subsequent section narrows down the scope of this paper to one country and involves doing a feasibility of starting a shared economy venture in Pakistan. This section can be treated as a case study and the findings obtained can be critically extended to the rest of countries in the region by proxy. Moreover, the author of this paper is a Pakistani national and hence the researcher chose to perform this research on Pakistan's market as a consequence of personal interest and source availability (e.g. personal network) etc.

The paper serves a multifold purpose and can be of use for several implications as stated below.

➢ The paper would help the academicians and students as a basis to carry out their further research in this domain

➢ The paper can be used by Government of Pakistan, research agencies in order to help them find out which areas need the support and require attention by Government in order to promote the sharing economy industry

➢ This may help the researcher open up a sharing economy venture in Pakistan

➢ National / Multinational organizations which are interested to invest in the shared economy business in Pakistan/South Asia can use this to gain insights

1.4. Research Questions

In light of the growing state of the sharing economy in developed countries, and the lack of growth touched upon for the developing countries, this paper aims to take a deeper dig at the challenges in the way of sharing economy in South Asia. Considering the nature of challenges is different from country to country and depend a lot on the socio-economic condition of a certain part of the world, the aim of this

paper is to first analyze the scope of shared economy industry in a different geographic and economic context. The later part of the paper involves doing a feasibility study regarding opening of a shared economy business in a metropolitan city of Pakistan.

Hence, the following two research questions would be investigated upon,

What are the key challenges to a shared economy business startup in the context of the South Asian developing countries?

Narrowing down to the feasibility assessment of shared economy venture in a highly metropolitan city in the context of these countries, the second research question would be,

What is the feasibility of starting a shared economy motor bike business in a highly metropolitan city, Lahore, in Pakistan?

Section 3.3. in the "*Background*" entails why the researcher chose to carry out the feasibility analysis involving motorbikes related business for Pakistan's market. Moreover, the PEST framework (section 2.2, 5.2) further entails why the author chose the city of Lahore to carry out the feasibility analysis.

The paper concludes with a summary of findings of the research, i.e. answers to the research questions, along with recommendations.

2. STRATEGIC FRAMEWORKS

The term "sharing economy" is generally associated with innovative environments and technologies, such as online markets and social media platforms, that make it possible to find new ways of producing, buying, selling, and consuming goods (Vătămănescu & Pînzaru, 2018). According to several studies, ***innovation requires certain preconditions (innovative milieu), and culture is considered one important determinant of innovation*** (Ulijn and Weggeman 2001, Westwood and Low 2003). Culture of a nation consists of the underlying value systems that are specific to a group or society and motivate individuals to behave in certain ways (Hofstede, 1998), such as *starting a business*.

The paper makes use of two models, (1) Hofstede's model in order to evaluate the macro level challenges in South Asia and the (2) PEST analysis to perform feasibility assessment of sharing economy startup in Pakistan. The insights from Hofstede's cultural dimensions theory would be studied across cultures to find out the answer to the first research question, followed by PEST model analysis to shed light on the second research question.

2.1. Hofstede's cultural dimensions theory

Culture is considered to be an important determinant of innovation (Ulijn & Weggeman 2001; Westwood & Low 2003). Realizing the critical role of culture in promoting innovation at any place, this paper attempts to find out the challenges that may result as bottlenecks in the growth of sharing economy industry in South Asian economies by making use of the most widely used cultural model, i.e. Hofstede's cultural dimension theory (Ghemawat & Reiche, 2011).

The Hofstede model basically consists of six dimensions, which Hofstede selected after extensive research, and used to define the culture of a place. According to Professor Geert, culture is defined as *"the collective programming of the mind distinguishing the members of one group or category of people from others"* (Hofstede,1991). Therefore, one business model of paramount success in one country may not fit well for

another country, considering every place has its own challenges and barriers since the environmental factors vary considerably in terms of their relevance.

The figure below shows the six cultural dimensions identified by Hofstede over the time (from 1960's to 2010). Hofstede's original theory believed that the following four dimensions capture the main cultural difference: power distance, uncertainty avoidance, individualism-collectivism and masculinity femininity. Two more dimensions were added to it subsequently in the later years: long term orientation and indulgence versus self-restraint. The research in this paper, however, limits itself to these three original dimensions, i.e. individualism/collectivism, uncertainty avoidance and masculinity/femininity (Hofstede's cultural dimensions theory, 2020) due to their high degree of perceived relevance to this study.

Figure 1: *Hofstede's cultural Dimensions*
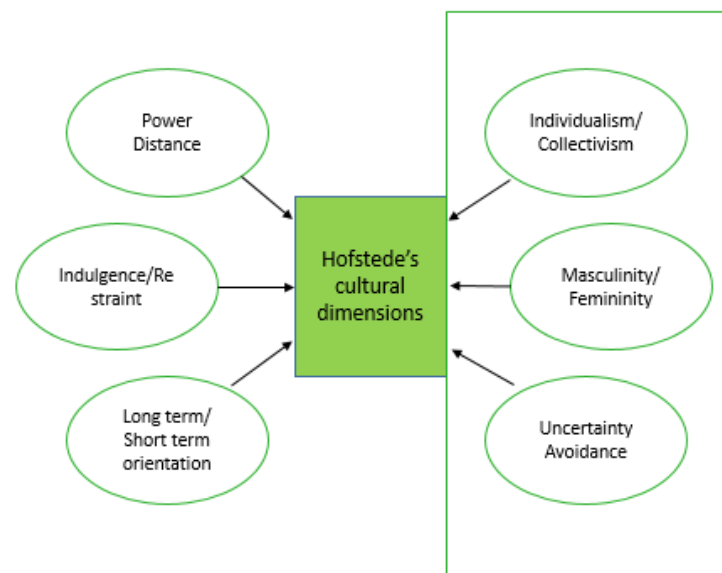
Source: Own creation - (Derived from Hofstede's cultural dimensional theory)

The three dimensions on the right of this figure were considered more relevant as they are directly linked to the degree of innovation, economic performance, and development in a society, as explained below. Considering this paper intends to investigate the issues in developing vs developed countries, the following description states why the three chosen dimensions were deemed to be of higher significance than the others.

1. **Individualism/Collectivism** is the most investigated and discussed dimension in cross cultural studies (Hofstede, 1980; Hui and Triandis, 1986; Triandis, 1973) and hence could not be discarded due to its high degree of relevance for this study. Hofstede (2007) cited the dimension of

Individualism versus Collectivism as the most significant difference between Asian and Western cultures in his paper, Asian management in the 21st century. Considering this study revolves around a business model which is successful in the Western and developed countries, and still establishing in the South Asian countries, this dimension is presumed to provide great insight to the research at hand.

2. The extent of openness towards new experiences and ideas varies in different cultures, but innovations are associated with some kind of change and uncertainty. Williams and McGuire (2005) showed that **uncertainty avoidance** had a negative effect on the economic creativity of a country. Cultures with strong uncertainty avoidance can be more resistant to innovations (Shane 1993; Waarts & van Everdingen 2005) and vice versa. Similarly, Kaasa and Vadi (2010) found a negative relationship between uncertainty avoidance and patenting intensity. While Pakistan and India are considered one of the most dangerous countries in the world (Foster,2018) with Pakistan having a high score on uncertainty avoidance, such countries adopt rules to minimize ambiguity (Hofstede, 2011). Rules and reliance, in turn, may constrain the opportunities to develop new solutions (Kaasa, 2016). Considering the objective of this study is to find out the challenges in such societies as a result of cultural variation, this prompted researcher's interest to further investigate the link between the barriers as a result of high UA and its connection to the success of sharing economy in these countries.

3. The dimension of **Maculinity/Femininity** is found to be directly linked to the economic performance of a society (Kaasa, 2013). It is correlated to the innovation performance of a country (Kaasa, Vadi (2010), Kaasa (2013), Khan, Cox (2017), where Masculinity is found to have a negative correlation to the innovation performance of the society and vice versa (Kaasa, Vadi (2010), Kaasa (2013), Khan, Cox (2017). Considering sharing economy, or peer to peer platforms is a product of innovation (Schwalbe, 2017), and the paper aims to find out the possible barriers in the way of innovation led sharing economy setups, the researcher intends to probe the issues arising in South Asian societies due to this cultural dimension.

Lastly, this dimension overlaps some of the aspects of the original four (from 1970's IBM study) dimensions of the Hofstede's model, which makes it quite elaborate in its perspective (Hofstede, 2011) making it an important dimension to study in order to get a holistic picture of the cultural impact on sharing economy.

Following, there is a brief explanation of each dimension which would be investigated upon in this paper.

2.1.1. Individualism-Collectivism

The roots of individualism/collectivism date back to Ancient Greek times when collectivistic themes were presented in Plato's Republic and Individualistic values in Sophists teaching. The concept has been evolving over time and has gained immense popularity in business context after the publication of Hofstede's cultural dimensional theory. The topic has been researched a lot since then, (Berry, Poortinga & Pandey, 1997) and it certainly is one of the most investigated and discussed variable by theorists in cross cultural studies (e.g. Hofstede, 1980; Hui and Triandis, 1986; Triandis, 1973).

According to Hofstede (2011), "individualism" is not an individual characteristic, rather it is the degree to which people in a country prefer to act as individuals rather than as members of groups. "Collectivism", on the other hand is defined as the degree to which people in a society are integrated into groups (Hofstede, G. 2011). In individualist cultures, ties between individuals are loose, and everyone is expected to only take care of themselves and their immediate family. In collectivist societies, from birth onwards, people are integrated into strong, cohesive groups that include the immediate and extended family. Members of the same group are expected to be loyal to each other, protect other members of their group against other groups etc (ibid).

A major reason behind the widespread popularity of this variable is the *perceived link between the degree of Individualism/collectivism in a region to the economic development* in that area. Hofstede (1980) showed that a positive correlation existed between Individualism (at the cultural level) and the growth of national economic development in a country. This means that the individualist societies are more successful and developed economically, in comparison to the countries promoting and holding on the collectivist culture.

In another study, Hofstede et al. (2010) listed the Individualism Index scores for 76 countries, where it can be seen that indeed, individualism is a trait of the more developed and Western countries, which is explained in detail in section 5.0 of the paper. Collectivism is more prevalent in less developed and Eastern countries (Hofstede, Hofstede & Minkov, 2010). Moreover, this finding is also in line with the views upheld by other scholars with regards to the limitations of the collectivistic cultures and how it impacts the economic development (Marsella & Choi, 1994). This finding could be of significant importance in this study, because as of today, the shared economy business is a characteristic of the more developed nations.

2.1.2. Uncertainty avoidance

Uncertainty avoidance, as the name indicates is the tolerance of a society towards uncertain and ambiguous situations. As a society it indicates how the members of a society are trained or programmed to handle the "unstructured" situations that may arise. By unstructured, here it refers to how unusual, unexpected, and surprising the situation is from the normal circumstances that the people are used to (Hofstede, 2011).

Cultures that prevent uncertainty, or in other words societies with high uncertainty avoidance try to minimize the possibility of such situations from occurring by establishing the laws, rules and regulations, behavioral codes and defining absolute truth and absolute disapproval of nonstandard opinions, such as, in Japan. In societies with high uncertainty avoidance, level of stress, emotionality and anxiety is high. Health and wellbeing may not be of prime importance in day to day life. Religious and philosophical rules are established and believed as the absolute truth, which should be held by the society as a whole. Due to being highly risk averse, people in such societies tend to stay in same jobs even if they dislike the employment to get a feeling of financial security (Country Comparison - Hofstede Insights, n.d.).

On the other end, in cultures with low uncertainty avoidance, uncertainty is an inherent part of life and each day is taken as it comes. Society is built on ease, health and wellbeing of its people and focus is on keeping the anxiety levels down. Establishing hard and fast rules is not encouraged, rather disliked. People are tolerant towards others holding different views and ideas. Moreover, philosophy and religion are a relative concept and are based on empiricism (ibid).

Hofstede et al. (2010) mentions the Uncertainty Avoidance Index scores for 76 countries. As a general trend, English speaking and Nordic countries have a lower uncertainty avoidance score whereas the Eastern and Central European countries have the higher scores.

2.1.3 Masculinity-Femininity

Upon reading the term masculinity femininity, the first thing that comes to the mind is the differentiation of gender roles. However, it demonstrates a lot more than only gender roles, including competitiveness in a society, definition of success and failure, care for others and quality of life etc. The model describes certain qualities associated with the masculine and feminine cultures. The masculinity or femininity is

decided by what motivates the people living in that culture, whether they would like to associate themselves more to the masculine traits or the feminine qualities as described in the model (Country Comparison - Hofstede Insights, n.d.).

Masculinity represents the preference or appreciation in a society for achievement, heroism and material rewards for success. There is also a social role differentiation between the genders. Work gets preference over the family, affecting the work-life balance and in turn the quality of life. By large, the society is competitive. Instead of sympathy for the weaker, there is admiration towards the stronger. Religion is focused on teachings and obedience towards God. (ibid).

Femininity on the other hand means the society is more inclined towards the values such as cooperation, modesty, care and concern for the underprivileged, and towards the improved quality of life meaning balance between family and work. There is a minimal social role differentiation between the genders. Religious focus is on values of humanity and care for fellow human beings. To a great extent, society is based on consensus (ibid).

Another important factor differentiating the masculine societies from the feminine societies is the *society's response to failure and success*. In high masculine cultures, failing is considered as a disaster and a tragedy. Sympathies lie with the stronger and successful in the society. Values such as competitiveness and high performance is instilled in kids from the elementary school level. In contrast, in the more feminine cultures, failing is considered as just a minor accident and the sympathies are for the weaker in the society (Hofstede, 1997). Focus is on people's wellbeing and therefore the socio-emotional support helps individuals to cope with the uncertainty related to the new ideas (Nakata & Sivakumar 1996).

2.2. PEST Framework

There are several ways through which scholars try to gauge the parameters that may affect an industry. PEST framework is one such tool that categorizes the environmental influences as political, economic, social and technological forces (Byars, 1991; Cooper, 2000). This paper makes use of the PEST framework to find the feasibility analysis for Pakistan, and Lahore (city), in order to derive findings for the second research question of this paper.

Considering the environmental factors vary considerably in terms of their relevance and importance for companies across different industries, several modifications of the original PEST framework were formulated by replacing or adding variables for a more tailored approach to research at hand (Kotler,

1998), for example, PESTEL, SLEPT or STEPE etc. PESTEL for example, has two more added factors, environmental and legal (Byars, 1991; Cooper, 2000). PEST, however is the most general version of all the variations and other components are considered just an extension of the same PEST factors (Jurevicius, 2013). Therefore, this paper limits itself only to the original PEST framework.

PEST framework basically examines the effect of these factors (Political, economic, socio-cultural and technological) on each other as well as their impact on a business or an industry. The findings of this model can be used to take advantage of the identified potential opportunities and to perform contingency planning for potential threats when preparing business and strategic plans (Byars, 1991; Cooper, 2000). PEST framework serves as a dynamic tool which is found to be an essential stepstone when trying to gain a closer understanding of "market growth or decline, business position, potential and direction for operations" (Oraman, 2014, p.1031).

PEST analysis of Pakistan would be discussed in detail in the subsequent sections of this paper to provide the macro level analysis of the country and at the end of each dimension, some relevant data would be provided for Lahore in order to provide micro level analysis of the stated market. This is considered important by the researcher because the national analysis represents the average nationwide situation, however, in a country with a scale as huge as Pakistan's, it is imperative to do the local analysis of the city for which the study is being carried out, because, the situation of one city in terms of economy, safety, technology can be completely different from another city. For example, according to World Crime Index, while Karachi (Provincial capital of Sindh), stands among one of the most dangerous cities in the world with a ranking of 71, Lahore (Provincial capital of Punjab) ranks 201, beating London, Washington and New York in terms of safety, whereas Islamabad (Federal capital of Pakistan) is the safest city in Pakistan with a ranking of 244 on a list of 328 cities across the world (The News, 2019).

2.3. Limitations of the Strategic Frameworks

2.3.1. Limitations of Hofstede's cultural dimensions theory

The most widely used framework for categorizing national cultures, i.e. Hofstede's cultural dimensional theory does not come without limitations (Ghemawat & Reiche, 2011).

In huge countries like Pakistan, India or China, which are home to some of the world's major megacities covering huge geographical locations, there are several micro cultures present in one country. The national score of such a country on one dimension may not be a representative of the city score of the

most metropolitan or the most underdeveloped cities of the country due to huge variation. The scores may hold valid for medium to small scale countries, such as Denmark, however, in the business context, ignoring the scale of these massively populated countries and planning on the basis of the national scores can provide misleading results which may deviate strongly from the actual situation in one of the cities. For example, the two biggest cities in Pakistan, Karachi and Lahore are home to 14.91 million and 11.13 million residents (Pakistan Bureau of Statistics, 2017) respectively, which shows Karachi has more than double the population of Denmark, and Lahore as a city has almost double the population of Denmark. Further, the empirical data gained through observation also reinforces that several cultures and striking disparities prevail even within the different parts of one mega city which creates challenges in order to do market segmentation (Interview 2: Ahmed Ayub). In order to effectively gauge the situation on any dimension, there is a need for further scrutinization. Therefore, one of the major limitations of the Hofstede's model is that it neglects the mass scale of highly populated countries, ignores microcultures and provides one national score on each dimension for countries of all sizes.

Another limitation observed is the passage of time since the original research was carried out. Geert Hofstede developed this model in the 1960's and 1970's, a time where globalization and fast changing dynamics favored by increasing internet penetration and rapidly developing technology were unforeseeable. The world has undergone several major changes since the 1980's on technological, developmental and cultural fronts. Although more dimensions were added to the model to keep up with changes over time, it still misses on some crucial aspects such as the huge impact on culture and globalization driven by research and development, technological advancement etc.

Lastly, the researcher observed that the description of a cultural dimension, for example Uncertainty avoidance, explained in Hofstede's may not completely match the real situation in the country as explained by the Hofstede's country comparison tool.

2.3.2. Limitations of PEST

In its application, the model is limited and the information gained through PEST analysis alone may not be sufficient to perform effective decision making. Data is required through other sources, such as interviews and observation etc. to gain adequate grasp of the situation. In addition, as the anticipation of the future developments of macro-economic factors is largely based on the expectations, it is important to point out the risk of potential discrepancies between the results of a PEST analysis and reality outcomes.

Finally, this PEST is a snapshot analysis of Pakistan and most of the research was conducted before the outbreak of corona virus in the country. As a consequence, the analysis doesn't take the impact of Corona on the market in consideration. The consumer behavior would be different in current circumstances which is not taken into account.

3. BACKGROUND

3.1. Defining sharing economy

The concept of shared economy got popularity and hype in the last one decade owing to the enormous growth of companies like Uber and Airbnb. In 2013, The Economist announced "the rise of sharing economy", and since 2012-2013 onwards, scholars and economists have tried to describe the concept of "shared economy" by using expressions such as the collaborative consumption, the collaborative economy, access economy, the gig economy or the mesh etc. Although these terms have been used to explain the same concept, it is extremely challenging to define the "shared economy" in one unique way (Schor, 2014). The primary difference or disagreement in each term is the conflicting meaning of the term "sharing" (Belk, 2014). Even the authors have been critical of each other in the way other authors use or define the term, for example, Steven Greenhouse (2016) says, Arun Sundararajan, the author of the book called the "sharing economy" is not exactly sure of what sharing economy is as a term. According to Greenhouse, Arun chose the title of his book "because so many people use it", even though he himself prefers the term "crowd-based capitalism". Among the other definitions, Arun Sundararajan's "crowd based capitalism" is one of the most thorough definitions of the shared economy and addresses how the companies like Uber and Airbnb fill the gaps between the needs of the crowd, through the resources owned by the crowd, making a cut in each transaction (Gobble, 2017).

Similarly, in Botsman and Rogers book "What is mine is yours: how collaborative consumption is changing the world" published in 2010, which proved as a fundamental success in the field of shared economy, they used the term "collaborative consumption" to explain the phenomena of shared economy. The book played a pivotal role in helping establish many online platforms in performing peer-to-peer economic transactions as a field of innovation. However, as opposed to assets belonging to the crowd, in explaining collaborative consumption, authors focus on the *distribution* of *cost* and *usage* of capital assets, such as hotels, cars, and designer gowns (through renting, for example Rent the Runway) etc. It also covers the

reuse of the assets through platforms like Ebay and thredUP (a market for selling used designer clothes). Although the term collaborative consumption gained huge popularity, evidence from references collected from newspaper articles specially from 2010 to 2014, revealed that the term shared economy surpassed greatly the term "collaborative consumption" in the paper publications, resulting in proving, "shared economy" as the more predominant concept (Appendix 1), (Martin, 2016). It is noteworthy to mention that the term collaborative consumption was introduced in the year 2010 after the publication of Botsman and Rogers book, and therefore the mention in newspaper articles is also from 2010 onwards.

Therefore, it can be argued that there is not one unique definition of the shared economy, rather it is a term used for businesses that qualify for certain qualities. Sharing economy can be described as a business model for companies that know how to *capture the value* (Gobble, 2017).

In 2015, the term was also added to the Oxford English dictionary (Gobble, 2017), which shows that although there may not be a consensus among the scholars to define the term shared economy, but as Botsman pointed out, "the sharing economy as an idea is here to stay".

3.2. Why is there a need for sharing economy - Creating shared value

This part emphasizes why the concept of sharing economy is gaining importance and why it requires attention in countries where the concept sharing economy is still struggling. It further explains how the importance of creating a shared value is important for the sustainable growth of a society.

For a long time, Capitalism has been credited as a source of economic growth and it has also resulted in contributing largely in the form of creating opportunities and jobs, wealth creation and fulfilling human needs. In the recent years however, the concept is getting unpopular due to the conservative or considered "selfish" approach of carrying out businesses by the firms (Porter and Kramer, 2011). The attitudes towards consumption have shifted due to public awareness and changes in the demands of a society and thus, there is a larger focus on societal, ecological and developmental impact (Hamari, Sjöklint and Ukkonen, 2015)

While striving to maximize the benefit for the firm, businesses have ignored the long-term benefits of the society. This approach has received strong criticism in the recent years and the companies are perceived to grow at the expense of larger benefit of the society. The concept of "Capitalism" is being viewed as a source of greater problems where the negatives associated with capitalism outweigh the benefits

associated with it. Businesses are being considered as a major source of social, economic and environmental issues prevailing in the society (Porter et al. 2011).

Famous economists such as Porter and others believe there is a need to redefine the concept of operating corporations by creating a shared value, where the focus should not only be on the profit maximization of the firm but for the larger good of the society. It is time to reinvent Capitalism through innovation. The way of carrying out businesses need to be altered by creating a shared value, where the society's betterment needs to be at the core of the business (Ibid).

Apart from the criticism on businesses from the economists, there is a significant amount of evidence available from the industrialized countries, which backs this criticism in favor of the shared economy industry. Businesses enabling a shared access to goods have a significant potential to positively impact the environmental impact of consumption by increasing the utility of existing products thereby reducing the need for further manufacturing (and purchasing) (Retamal et al., 2017). For example, car sharing has effectively reduced the number of cars on roads (Martin, Shaheen, & Lidicker, 2010) which reduces environmental hazards associated with cars, decreased the traffic congestion and greenhouse gas emissions by around 50% (Shaheen & Cohen, 2013). Similarly, the shared laundry services have estimated to reduce the resource consumption by 30-90% as compared to owning and domestically using a washing machine. (Haapala, Brown, & Sutherland, 2008; Komoto, Tomiyama, Nagel, Silvester, & Brezet, 2005). Likewise, the tool rental service has estimated to reduce the material consumption by 90% (Behrendt & Behr, 2000; BMBF, 1998).

Other services related to shared economy are also expected to impact positively on the environmental benefits, but the scale of impact needs further investigation. For example, delivery services offered by restaurants and other goods could help reduce the number of trips, cost associated with travelling resulting in overall reduced traffic. Platforms enabling the sale and purchase of second hand items also help environmentally by increasing the material productivity. Therefore, it implies that there are many potential benefits of the sharing economy industry environmentally and socially, (Demailly & Novel, 2014; Heiskanen & Jalas, 2003; Tukker, Tischner, & Verkuijl, 2006), which leads to the need for shared economy in a different context, i.e. developing countries.

3.3. Reasoning for doing a feasibility on motorbike related sharing economy business

This part explains why the author chose to do a feasibility study on motorbikes related business in the second research question. Among ride hailing alternatives, the author had the choice to pick from the option of cars, motorbike and bikes.

The car related sharing economy business is already flourishing very well in Pakistan. Uber and Careem are showing enormous growth and according to Uber's Chief Executive Officer (CEO) Dara Khosrowshahi (2019) *"(…) now Pakistan is one of our fastest growing markets in the world (…)".* The success and potential of growth observed by Uber was so huge, that Uber acquired Careem as well in 2019 and the acquisition is likely to be complete in the first quarter of 2020, although the companies plan to operate independently (CNBC, 2019). Therefore, the market for car-based sharing economy exists and is growing very well.

Apart from that, Pakistan has seen a significant hike in the prices of cars in last one year as a result of government's policies, devaluation of Pakistani rupee against the US dollar and added import taxes on cars. This has resulted in a drop in car sales in Pakistan in 2019 reaching up to 56% drop in sales in the month of November 2019 on the year-on-year basis. According to the data released by Pakistan Automotive manufacturers association (PAMA), number of auto sales recorded in October 2019 was 10,583 as compared to 24,850 units in October 2018 (The Express Tribune, 2019a). Due to a fall in demand, major players such as Honda, Suzuki and IMC (Indus Motors Company) which makes Toyota vehicles kept their plants shut down for several days to weeks due to unsold inventory in the second half of 2019 (Pakwheels, 2019). Therefore, considering there is a need for transportation, the rise in car prices followed by a drop in vehicle sales can result in people looking for other options to commute. It was also validated during primary data collection by one of the regular female users of Uber and Careem, that due to high prices of cars, ownership of car has become very expensive and *unaffordable* due to which she uses Uber (Interview 4: Laraib Fatima). **While there is an economic downturn in the country, there is also an opportunity to create a business model supporting the need of commuters which is a cost-effective means of transportation.**

In addition to this, motorbikes are heavily used as a means of transportation in Pakistan. Over half of all the households in Pakistan own a motorbike. According to the Federal bureau of Statistics, motorcycle ownership has jumped from 41% of households in 2015 to 53% in 2018. In 2018, Pakistan was reported as globally the fifth largest motorcycle market in the world after China, India, Indonesia and Vietnam. It is also noteworthy that until 2018, Pakistan has been the *fastest growing market* for motorbikes with 1.9

million units (+6.6% from the previous year) recorded in 2018 while the country had just overtaken 1 million units in 2015. However, in 2019 the motorbike market also got its share of downfall as a result of the recent economic recession in the country coupled with the rise in inflation, and is down by roughly 11%, but it is still among the largest markets of motorbikes worldwide (World Motorcycles Market, 2019).

According to primary data conducted in form of interviews, in Pakistan, there is officially one major motorbike related sharing economy business, Bykea. Bykea was established in December 2016 in Karachi by a Pakistani entrepreneur, Muneeb Maayr and the company now operates in three Pakistani cities, Karachi, Lahore and Islamabad. Bykea also follows the same business model as Uber and Careem where the owner of the motorbike is partnering with Bykea and acting as the driver when people order the ride service or delivery (Bykea, 2019).

The author didn't choose to proceed with bikes (non motor) because of multiple reasons, some of which include huge sizes of the cities resulting in long travelling distances, harsh weather conditions (Climate of Pakistan, 2020), lack of infrastructure with no separate roads for bikers, and above all, bike being considered as a travel option for the poor and underprivileged. It was also validated in the primary data that even motorbike or bus travel was associated with low status. Although an interesting finding from primary research revealed that there are many small scale retailers operating in suburban and lower middle class areas of the country who rent bikes to locals in their vicinity by keeping a small amount of advance money or by keeping a copy of the tenant's CNIC (National Identity card), however they operate on a very small scale and the profit margins are very low.

This shows that the concept of ride hailing sharing economy does exist in Pakistan in form of Uber and Careem, Bykea and other small scale retailers who are doing it informally. However, there is only one national level motorbike related business, Bykea, and that too is in its early years of inception (launched in Dec 2016). The researcher believes there is a lot of room for motorbike related business opportunities in the country which need to be explored and tapped in an appropriate way. This led the researcher to carry out the study around motorbike related business.
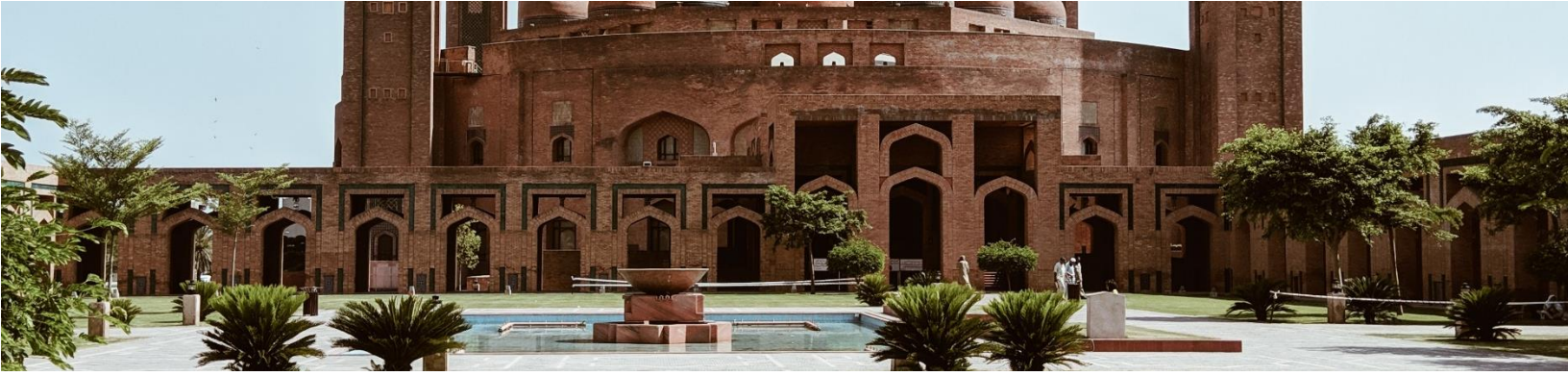
4. RESEARCH APPROACH

4.1. Philosophy of Science

This section outlines the chosen paradigm for this paper and its implications on the adopted epistemology and ontology. Research paradigm explains how theory is understood, what research methods were chosen and why these legitimate this paper (Ingemann, 2014).

A paradigm offers a foundational view of knowledge (Darmer & Nygaard, 2005; Eriksson & Kovalainen, 2008; Kuhn, 1962; Malhotra, Nunan & Birks, 2017), and can in its most generic way be defined as *"a basic set of beliefs that guide action, whether of the everyday garden variety or action taken in connection with a disciplinary inquiry" (Guba, 1990: 17).* It is a bundle of assumptions about the nature of reality, the status of human knowledge, and the kinds of methods that can be used to answer the research questions. (Macleod, 2009). A paradigm comprises of an ontology and epistemology (Figure 2). Ontology refers to the nature of being and reality and how the latter is constituted (McKechnie, 1977). Epistemology investigates upon how knowledge about that reality can be acquired (Audi, 1995). Thus, epistemology is the second level of paradigm and is deduced from ontology and both provide the bases for a paradigm or, vice versa. It can also be assumed therefore; that every researcher has an ontology and epistemology they follow to solve a specific research problem.

Figure 2: *Research paradigm*

(Source: Own creation, adapted from Research paradigms, 2017).

The figure below provides a simplistic view of the research paradigm. It also shows how the different parts in the process, such as theory and methodology are interconnected (Kyro, 2002). In light of this hierarchical approach, the process, methodological choices and methods for this research would be explained step wise in the following parts of this section.

Figure 3: *Hierarchical approach to a paradigm*
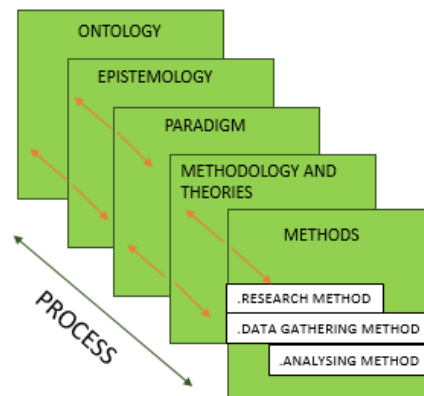
(Source: Own creation, Adapted from Kyrö, 2002).

The most commonly followed paradigms in qualitative research are positivism and constructivism. The central belief of the positivist view is that the study of consumers and marketing phenomena should be *scientific*. This entails that the research problem is solved through the establishments of causal relationships supported by facts, thus focusing on objectivity, rigor and measurement (Malhotra et al.,

2017). This view is not compatible with the research questions at hand, which involve investigating the barriers and finding feasibility in a certain context.

On the other hand, the primary characteristic features of social constructivism paradigm that differentiates it from positivist paradigm are that it is subjectivist, humanistic, phenomenological and revolutionist (Malhotra et al., 2017). Due to its characteristics, this thesis, has been anchored in the paradigm of constructivism. In a social constructivist paradigm, reality is "subjective" and is constructed through human interaction. Hence, the ontology of this study is subjectivism. Moreover, as the name explains, in subjectivism everyone constructs their definition of reality in accordance with their own social interactions. (The Research Paradigms: Social Constructivism, 2016), as Guba states, *"(…) Realities are multiple, and they exist in people mind" (Guba, 1990: 26).* In this way, the epistemology followed by this paper reinforces the ontology that one has to consider the subjective view of the world, i.e. views held by people are subjective, and there is no definite answer. The epistemology also made more sense for this paper as it explains the cultural variations due to human experiences and views at a similar point in time, but in different parts of the world, which further demonstrates the subjectivity of human reality. Another important consideration of social constructivism is that these views are not constant, and rather subject to change with time and situations (Ingemann, 2014).

4.2. Methodology

This section explains the subsequent part of the research paradigm, i.e. Methodology followed in this thesis paper, outlining the choice of its **exploratory** and **qualitative** research design, and the "**inductive**" approach to research from the constructivist standpoint.

4.2.1. Research Design

A research design is of critical importance as it determines how the research would be carried out and how data collection would take place. It can be categorized as the framework, which covers the "practical" aspects for conducting the research. For example, it entails the details of the procedures involved in obtaining the necessary information to solve the research problem (Malhotra et al., 2017).

Research design can be broadly classified into two major categories, i.e. exploratory or conclusive. The exploratory design is useful when having to understand and investigate a marketing phenomenon,

whereas the conclusive design is used to test and measure either a hypotheses or specific relationships (Malhotra et al., 2017). Due to the characteristics of conclusive research design, it was discarded and the research design this study follows, falls under the exploratory research. The reason for this choice is embedded in the fact that it is an explorative study, based on the *early* stage of research in this context of shared economy in South Asia. In exploratory research*, "Primary objective (…) of exploratory research is to provide insights into an understanding of marketing phenomena. It is used in instances where the subject of study cannot be measured in a quantitative manner, or where the process of measurement cannot realistically represent particular realities"* (Malhotra, 2017, p. 69)*.* Moreover, exploratory research embraces flexibility in the way the research process is undertaken as research protocols and procedures are not employed. The research process is flexible and unstructured in exploratory research. In addition, the exploratory design is drawn upon the constructivist view, which perceives reality as dynamic and dependent on how each individual interacts with the world and with each other (Ingemann, 2014). Therefore, the nature of the exploratory research design is ascribed to be the best in answering the research question.

Exploratory research can be further classified as qualitative or quantitative. Sample size in qualitative design are comparably smaller than the quantitative ones. The participants have to fulfill a certain criterion, but their selection is rather subjective when compared with the quantitative design that has to abide by i.e. to gender and age quotas. Another benefit of qualitative data is that it offers a way to explore issues that cannot be expressed by numbers. Instead, information is obtained through words, sentences and narratives (Blumberg, Cooper & Schindler, 2011). This characteristic of qualitative design is deemed to maximize the generalization and diversification of the collected insights (Malhotra et al., 2017).

According to the selected research design, the chosen data collection methods include observation (i.e. observing road traffic dynamics in the area of research), screening of online/offline material (articles, research papers, websites and news sites mentioned in detail in the subsequent part) and interviews (industry experts/entrepreneur in sharing industry/potential users) etc.

4.2.2. Research Approach

The two most common approaches to research are inductive and deductive approaches. This study follows the inductive approach to research due to the selected research methodology and due to the below mentioned reasons.

Deductive approach is best when the research begins with a general statement or hypothesis and evaluates the different possibilities to reach to a conclusion. As the name suggests, in deductive approach, "deduction" is the scientific method used to carry out the research and test the hypothesis (Bradford, 2017).

Inductive approach is the opposite of deductive approach. Instead of starting with hypothesis or a statement, a hypothesis or "conclusion" is drawn through specific observations and data collection. It is a stepwise approach, which begins with formulation of specific research question(s). The research is carried out by making observations, discerning patterns, generalizing and finally inferring an explanation or theory from the research (ibid). Moreover, generally, inductive approach is considered more relevant for qualitative research and deductive approach is perceived to be better for the quantitative research (Dudovskiy, 2019).

Since this study begins with clearly defined research problems, it includes thorough research through articles, journals, online material, observations and interviews for data collection to reach the conclusion, as opposed to starting a research to verify a hypothesis in the deductive approach. Therefore, this research methodology follows the inductive approach to research.

4.3. Research Method

The paper uses both primary as well as secondary data, offline and online sources in order to answer the research questions. The reason for this choice is embedded in the fact that sharing economy is a relatively understudied field of innovation (Martin and Upham, 2015), specifically the data for the developing countries is very limited, and hence the theoretical research and resources available are restricted from the respective context. In order to overcome the resulting gaps, the researcher employed the use of interviews from the respective market, in order to gain a more practical and realistic insight on the situation.

4.3.1. Secondary data collection

This thesis makes extensive use of secondary data to set the direction of the paper and to feed the strategic models applied. Secondary data comprehends information summarized from data sources developed for other purposes than the research problem of this paper (Creswell, 2013). The paper uses

both offline and online data sources including books (e.g. Hofstede et al. 2010, Malhotra et al., 2017), academic papers, governmental publications and websites (PTA (Pakistan Telecommunication Authority), PBS (Pakistan Bureau of Statistics), market reports (PWC, 2014; McKinsey, 2019), credible blogs (Hofstede), global ranking reports (e.g. UNDP world happiness report, World Bank *Doing Business* 2020 report, UNDP human development report, Global Information Technology Report 2016, rule of law index etc), research publications (e.g. Moody's 2019) journals, news articles, news and information related sites such as CNN, Bloomberg, Gulf News, Forbes, Business Insider etc as the secondary data sources. The secondary data is used to form the basis to answer the research questions, and to analyze the strategic models used in this study.

The disadvantages of using secondary data are that the data are not collected for the purpose of this study which means the researchers have no real control over the data quality, validity and reliability of the secondary data sources, being limited to what is available and published by the authors of these sources (Saunders, Lewis and Thornhill, 2009). However, for all the chosen secondary data, a thorough investigation of the data sources was conducted to make sure that the information needed was consistent with the data from the sources and by this, ensuring validity. For instance, secondary data sources were selected not only for the relevance of its content, but also in relation to the reliability of its source, including the number of citations and rating/credibility of its publishers.

4.3.2. Primary data collection

4.3.2.1. Qualitative Methods of Research

This section first sheds light on the need for primary research, and then the primary data collection methods.

In-depth interviews were selected as primary data collection method for three main reasons. Firstly, it was observed that there is a limited material available on the subject from the market in context. Most of the secondary data sources used were from the United States, or other developed Western countries which could potentially result in a deviation from the ground reality. In-depth interviews were conducted in an attempt to cover the gaps between literature and the factual situation.

Secondly, a major advantage in this method of data collection lies in its informal and flexible style, building a comfortable atmosphere that supports the elaboration of qualitative content where the emphasis is to understand the meaning of participant's experiences and life worlds. The researcher can tap into these

experiences through in-depth interviews by creating a social and interpersonal interaction (Malhotra et al., 2017, p.209). Additionally, in-depth interviews enable to probe for further information by allowing to ask follow-up questions in a conversational style to gain more detailed insights (ibid) which is helpful in exploratory study

4.3.2.2. Choice of Interview Participants

Data collected through interviews is the main source of primary data and therefore a lot of emphasize was placed in selection of the most reliable and useful "respondents" in relation to the study. Three kind of respondents were picked for interviews: 1) potential users, 2) Industry expert, 3) Entrepreneur in sharing economy, who has started a ride hailing venture recently in Pakistan.

Interviewing the potential service *users* was considered important to understand the kind of reaction they may have to the proposed business idea. It was considered further important to interview potential female users due to the cultural and social dynamics of the market under study where females are not driving motorbikes on roads regularly.

Regarding the selection of industry expert, researcher defines an expert as a person *with significant industry and local experience and valuable knowledge on a particular research area.* Hasaan Khawar, interviewed as the industry expert, holds extensive knowledge with regards to projects undertaken in South Asia. He has worked as an International Development Consultant on more than 100 projects, one of which includes providing a consultancy to one of the sharing economy multinational companies for launching their services in Pakistan (name of the company cannot be disclosed due to privacy agreement beween Mr.Khawar and the company). Besides, Khawar acts as the Lead Advisor for Planning Commission's flagship program in Pakistan, has worked with the World Bank, Government of Nepal, Government of Pakistan and several private national and multinational companies as a consultant. He is also a leading journalist and his articles cover national issues such as economic and political situation in the country. Khawar also works as a visiting professor at some of the best universities in Pakistan. He is associated with the government of Pakistan from around two decades, firstly as a bureaucrat, and in the last few years as a consultant. He is Member of Board of Directors of certain government projects such as Punjab thermal power (Pvt.) Ltd. and Punjab energy holdings (Pvt.) Ltd. Khawar is soon to publish a writeup on sharing economy and how it can benefit the business landscape in Pakistan. The article, however, is still in writing due to which the link could not be provided in this paper.

The third interviewer was an entrepreneur in sharing economy, Mr.Ahmed Ayub. There are only two Pakistan based sharing economy ride hailing businesses operating nationwide in the country, Bykea and Airlift (www.rideairlift.com). Ahmed Ayub, a software engineer by education, is the co-founder of Airlift, which started in 2019. Airlift is a decentralized urban mass transit startup that allows customers to book fixed rate rides on buses and vans in their network. Besides Airlift, Ahmed is founder of another IT company, EXPERIA and has held several leadership positions in his professional life spanning over 20 years. He was considered the most relevant resource with the firsthand experience in starting a ride hailing sharing economy venture and hence the most suitable candidate for the interview in order to find out the challenges, barriers and the feasibility of *mobike* inspired business idea in Pakistan.

4.3.2.3. Interview Guide

In order to gather necessary data, the researcher had to select the procedures of data collection to ensure that the objectives of the data gathering process are met. According to Malhotra et al. (2017) there is not a defined way or universal tactic to conduct the in-depth interviews, however, it is recommended to follow an unstructured question guide to conduct in-depth interviews. This approach is generally defined by an informal, flexible and spontaneous questionnaire of open-ended questions (Rogers, 1945). One of the main advantages of the unstructured guide lies in fostering an informal and flexible dialogue with the respondent. In addition, open-ended questions allow participants to answer freely without limiting their responses. Both these advantages taken together are considered to construct a highly effective method in generating qualitative content (Malhotra et al., 2017). In contrast, Analoui (1999) criticizes that the lack of structure in the unstructured interview process can adversely impact the degree of control researchers have and therefore makes it challenging to ensure if the objectives of data collection process have been met. Following Analoui's (1999) argument, tailored, semi structured interview-guides were designed prior to all interviews in an attempt to keep part of the flexibility and informativity while trading it partially for the purpose of ensuring the coverage of all important questions (Andersen, 2010). This document contained a set of questions deemed to be sufficient in meeting the data collection objectives, as well as a guide to the researcher during the course of the interview, especially by helping to follow specific question sequences (Cohen & Crabtree, 2006). Moreover, it was deliberately kept semi structured as too much prior structuring has the possibility to blind important features emphasized by the experts or cause misreading of the informant's perceptions (Andersen, 2010; Dubois & Gadde, 2002). Lastly, tailored

interview guides were prepared according to the individual knowledge set of each respondent and in light of the desired objectives and outcome from each interviewer.

4.3.2.4. Data Analysis

This section explains the stages of qualitative data analysis of the in-depth interviews. The data analysis process unfolds through a four-stage process, starting with data-assembly and ending with the evaluation of respective findings in retrospectivity of the research problem.

The first stage of the process is *Data Assembly* and involves the actual collection of data through in-depth interviews (Malhotra et al., 2017) with the potential users of the business, industry expert and entrepreneur in the field of sharing economy. At this stage, the researcher makes use of semi-structured interview guides to help administer the interviews and perform data gathering by recording the interviews with the consent of interviewers. This allows the researcher to review the data at a later stage if the need arises. The second stage, *Data Reduction*, involves the organizing and structuring of the gathered data. In the first step of this stage, called decoding, the researcher goes through the collected data in order to filter the most relevant content for the study at hand. After that the data is translated into English and transcribed carefully. Transcriptions were considered an important primary data source in this qualitative data analysis (ibid). For reader's review, all the interview transcriptions are available in the Appendices section. The third stage, *Data Display*, involves summarizing and presenting the data in a logical manner to enable the comprehension and compilation of the findings into a single structure. It is the coding process in which data is reorganized in an easily readable manner. In the fourth and last stage, *Data Verification*, researcher comprehends the verification of the contributions/findings extracted from the in-depth interviews, which also increase the validity of the study (ibid).

Figure 4: *Stages of data analysis*
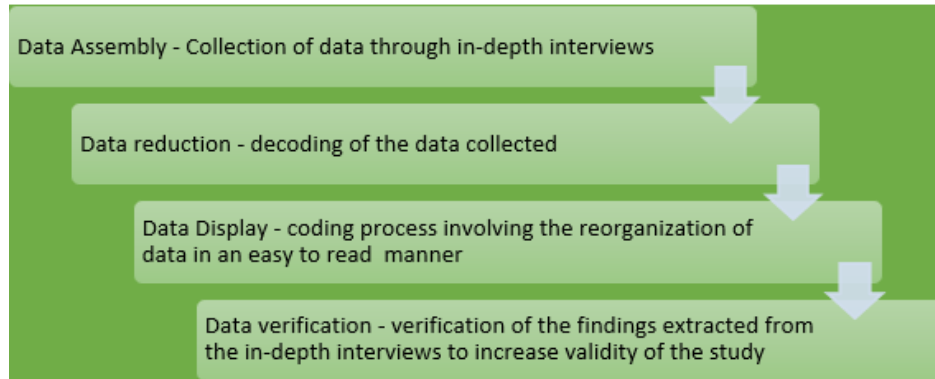
Source: Own creation, data taken from Malhotra et al. (2017)

4.4. Limitations of Methodology

This section highlights some of the limitations of the chosen methodology and research methods.

Firstly, as identified before in the section stating motivation for this study, there is lack of substantial data on the sharing economy from the respective market. As a result, most of the data available online and offline, used in this paper, comes from the highly developed countries where research is available in form of government studies, articles and blogs etc. Therefore, the literature used in the background is also mostly from the developed countries and the author attempts to make use of this data to reflect upon the issues in the developing countries. Hence, it is plausible to state that this approach may be exposed to bias from the researcher.

Secondly, the first section of this paper makes extensive use of the Hofstede insights country comparison tool (Country Comparison - Hofstede Insights, n.d.) to find out how the scores of countries on different dimensions could relate to the innovation performance of that country. It allows us to see the scores of Hofstede's dimensions for many countries globally, on which Hofstede conducted the research, along with the explanation from the context of the respective country. However, data was not available on all the dimensions in all the South Asian countries due to lack of research performed in these countries. Therefore, considering enough research and explanation was available from India and Pakistan, the analysis also generalized most of the findings from these two countries to the entire South Asian region. It was, however, considered a realistic generalization by the researcher considering almost 82% of the

South Asian population lives in India-Pakistan according to a 2019 population estimate. India alone is the homeland for over 71% of entire South Asian population (Worldometers, 2019).

Thirdly, the data collection process, particularly the primary data, was limited by the geographical, and to some extent, time constraint. Primary data was conducted in form of in-depth interviews conducted over Skype or WhatsApp calls in a limited time setting. It may have affected the value of findings gathered over the interviews.

Moreover, since interview is a face to face communication (instead of anonymity), it may have resulted in reluctance to share some details and the given information may not be reflective of 100% of the interviewer's actual opinions.

5. DATA ANALYSIS

5.1. Hofstede's cultural dimensional analysis

This section analyzes the scores of South Asian countries on the three Hofstede's cultural dimensions under investigation, and compares it to the scores of developed countries, some of which are advance in the sharing economy. The purpose of this analysis is to find out the biggest challenges in way of innovation and sharing economy which may result from the difference in culture.

The findings from this section along with the insights gained from primary data will be used to answer the first research question in section 6.0 of the paper i.e. findings.

5.1.1. Individualism/collectivism in South Asia

Among the Individualism Index Values (IDV) presented for 76 countries by Hofstede et al. (2010), the IDV scores for South Asian countries, i.e. India, Pakistan, Nepal and Bangladesh were also presented, stated in the figure below. Among these, India scores the highest on Individualism index with an IDV score of 48 and Pakistan scores the lowest, with an IDV score of 14. The index confirms that almost all well off, developed countries scored high on the IDV, and nearly all developing or poor nations scored low on the IDV (Hofstede, Hofstede & Minkov, 2010).

Figure 5: *Individualism Index Values*

IDV VALUES
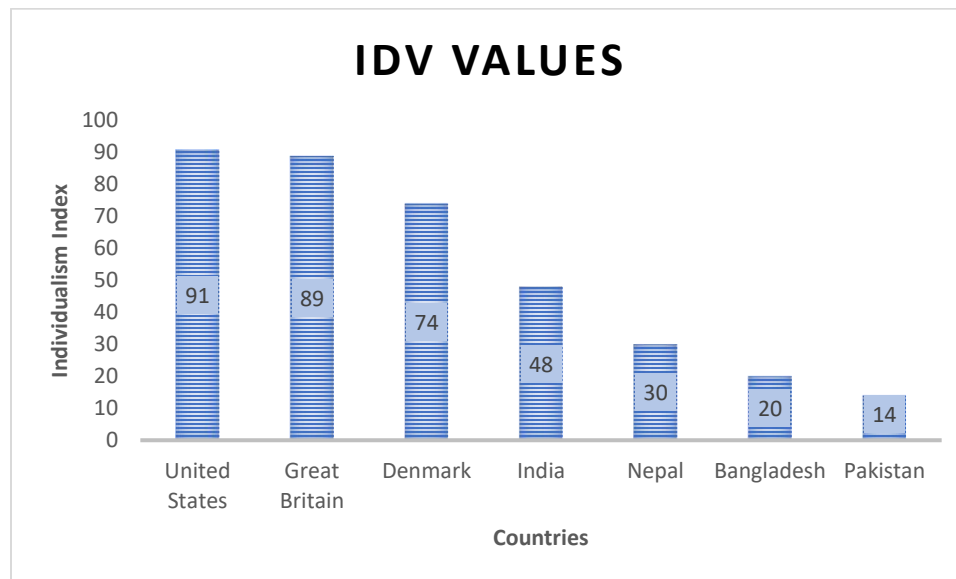
Source: Own creation, Data from Hofstede et al. (2010)

The scores reinforce that there exists a strong correlation between the degree of Individualism in a society and the development, wealth and progression of that country (ibid). The United States ranks highest on the Individualism index and is also the birthplace to most of the well-known shared economy companies such as Uber, Airbnb or Lyft. These companies are considered the greatest success stories of recent times and have overturned the entire sectors due to their "creative disruption" (PWC, 2015).

India, with the highest score on the IDV index among South Asian countries has an intermediate score of 48 which shows that Individualism and collectivism coexist in the Indian society (Kagitcibasi, 1990). According to scholars, even in highly collectivistic societies, individualistic characteristics start taking dominance as the society moves towards growth and affluence, a highly urbanized middle class (Hofstede, 2001) and introduction of modern technologies (Triandis, 1973). India is the best performing economy in terms of GDP (Investopedia, 2020) and the most advanced nation among the South Asian countries (Appendix 2), which also depicts in its relatively lower collectivist score, than the rest of countries. *All the other South Asian exhibit a score lower than India's which demonstrates that South Asia is largely collectivist.*

In order to shed light on the South Asian culture on this dimension, the paper first discusses the degree of collectivism/individualism in India, followed by a brief discussion on the subject about Pakistan. India,

being largest country in terms of economy, population, geography also represents some of the cultural attributes of the neighboring countries, as India and Pakistan remained one country until 1947 (Partition of India, 2019).

With respect to Indian culture, it is found to be more inclined towards the collectivist end than towards the individualistic (Jha & Singh, 2011). Indians are personalized in their relationships, are status conscious, power oriented and emotional which are some of the attributes weighed heavily in a collectivist society (Sinha, 1990). However, there is a different perspective to it as well. Tripathi (1988) argues that the Indian culture is unique in its own way, by being collectivistic and yet having a strong streak of individualism. This was later also reinforced by other scholars (Sinha and Tripathi, 1994) who reported that the Indian culture is a blend of both individualistic and collectivistic attributes in a very complex way. With a population of 1.38 billion people, India is the second largest country in terms of population, after China (Worldometers, 2020), and in a country with such a huge scale it is likely that many micro cultures can also be present (Society and Culture, 2016) (Appendix 3). Demographic variables have a bearing on the kind of culture possessed by a city or region, and the inhabitants of that area adapt the cultural values of the area they live in (Bachrach, 2013). Especially, the level of affluence and urbanization are the key determinants of the culture prevailing in an area and may lead to the development of micro cultures in a country. According to Mishra (1994), lesser level of education and urbanization in an area tend to foster the collectivist culture. Other findings strongly suggest that the more developed and urbanized places in such a setting (collectivist) tend to have a mix of individualism and collectivism (Sinha, Sinha, Verma, & Sinha, 2001).

Pakistan, the neighboring country to India, holds a score of 14 on the IDV, which makes it a highly collectivist society. In a collectivist society like Pakistan for example, members of the family or group have a long-term commitment to their families and extended family members. Loyalty is the most important element considered in the society and it drives most of the values held by the members of a group, even overriding societal rules and regulations (Hofstede et al. 2010). The developing condition of Pakistan further reinforces the relationship between Pakistan's high collectivism and its subsequent struggling economy.

However, it is noteworthy to mention that India and Pakistan may score mediocre to low on the IDV index, these scores represent the national average scores of these countries. There are some cities/parts of India-Pakistan which are highly urbanized, well off and exposed to mass media, as opposed to many others which are strictly underdeveloped.

5.1.2. Uncertainty avoidance in South Asia

The graph below represents uncertainty avoidance scores for different countries from Hofstede et al. (2010). It exhibits the UA score for Japan, which has the highest score globally, and US, which is considered as one of the most developed country for sharing economy, along with the scores of the South Asian countries.

Figure 6: *Uncertainty avoidance scores*
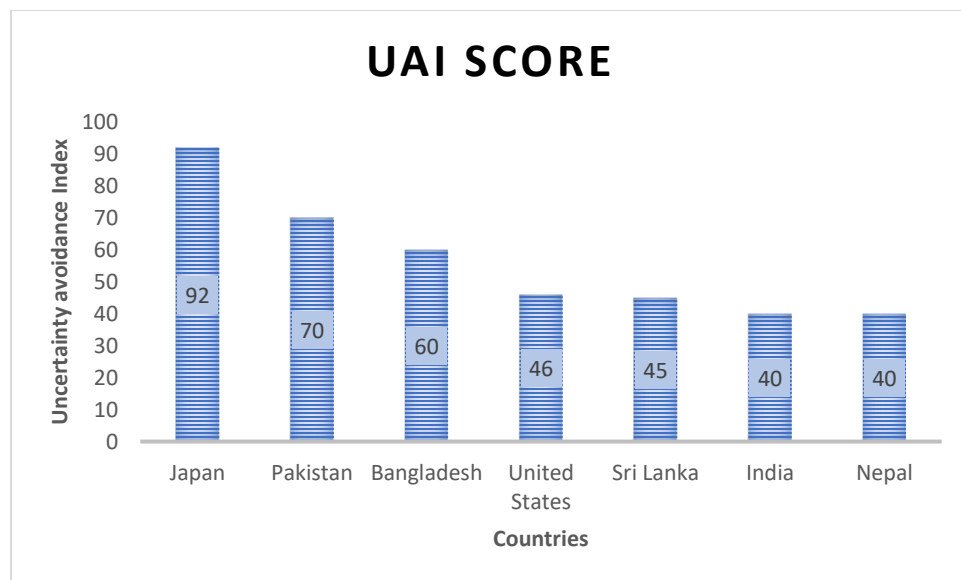
This figure demonstrates that even within South Asia, the UAI scores vary a lot from country to country, ranging from medium to high.

Countries have a rationale and a cultural reasoning behind adapting to the high or low uncertainty avoidance. In case of Japan for example, the very high uncertainty avoidance may be attributed to the fact that Japan is constantly threatened by natural disasters such as the earthquakes, tsunamis and volcano eruptions. Due to these occurrences, Japanese have learned to prepare themselves against the disastrous situations of any kind (ibid).

In context of South Asia, India and Nepal, both have a score of 40 that shows a medium to low preference for avoiding uncertainty. Countries with this level of uncertainty avoidance score have certain traits as a society which become a part of the culture. For example, people do not expect perfection in everything or expect things to be precisely as per the schedule, thus giving a room for error in the activities promoting a rather flexible way of life. Rules are not meant to be strictly followed in all the situations; rather people rely on smart ways to bypass the system. The word "adjust" is commonly used among people in India, which may mean a variety of things, ranging from ignoring the rules, following rules only if required to finding a unique solution to a seemingly insurmountable problem (Country Comparison - Hofstede Insights, n.d.).

Moving to the other two South Asian countries, Pakistan and Bangladesh, respectively have the Uncertainty avoidance scores of 70 and 60, which is considered on the higher end. In countries with high UA, there is a code of conduct and people are expected to follow the conventional methods in their day to day life with no encouragement towards the unorthodox behavior or creativity in ideas. Rules are supposed to be followed instead of general freedom in every aspect of life. In other words, this could also imply that creativity leading to *innovative behavior is not supported*. In such societies, people have an urge to stay busy, work hard, and time is considered as money. In general, precision and punctuation are the cultural norms and personal security is the primary driver behind individual motivation (ibid).

Countries with lower UA scores, such as United States, have a fair degree of acceptance for new ideas, innovative products and willingness to try something new, whether it pertains to something on a larger scale such as business, Information technology, or something as basic as food. Americans do not require a lot of rules in day to day life, freedom of expression is important, and people are tolerant towards the ideas and opinions coming from different groups, sects, classes (ibid).

These findings from Hofstede's analysis also reflect in **The human freedom index**, which presents the ranking of 162 countries, measuring the degree of personal, civil and economic freedom. It covers a broad range of areas including religion, expression and information, regulation of credit, labor and business, rule of law, safety and security etc, and is one of the most comprehensive

The Human Freedom Index, 2019	
Country	**Ranking**
Denmark	5
United States	15
India	94
Sri Lanka	110
Bangladesh	138
Pakistan	140

freedom index globally. From 162 countries on the list, none of the South Asian states enjoys a high degree of freedom. Pakistan has one of the lowest human freedom in the world with a ranking of 140. The report further shows that the degree of freedom is linked to the economic prosperity of a nation. Countries

falling in the top quartile of the report enjoy a significantly higher average per capita income ($ 40,171), than the other three quartiles. The average per capita income for the last (least freedom) quartile is $15,721 (CATO, 2020).

5.1.3. Masculinity – Femininity in South Asia

The purpose of studying this variable is to gain insights regarding how the masculinity vs femininity of the culture, parameters such as associating heroism for success or considering failure as a stigma, social roles of genders in a society etc may result in increasing or decreasing the barriers to a shared economy startup from the perspective of the society.

In Hofstede et al. (2010) Masculinity versus femininity index, after Slovakia, Japan has the highest score on Masculinity i.e. 95, globally. Among the South Asian countries, India ranks the highest on the index with a score of 56, and Sri Lanka has the lowest score of 10. Sri Lanka's score is not only lowest in South Asia, but also globally, making it a highly feminine society.

Figure 7: *Masculinity scores*
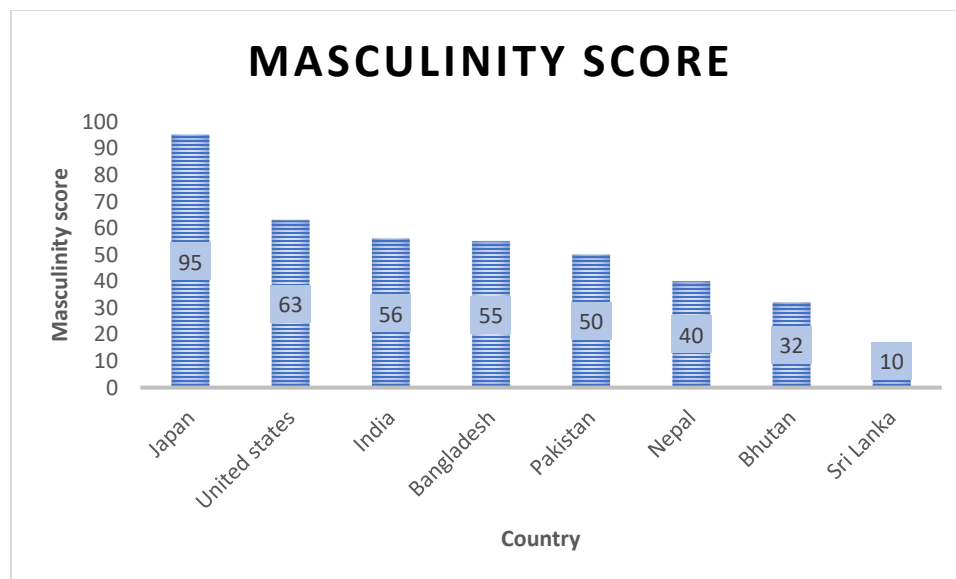
Source: Own creation, Data from Hofstede et al. (2010)

India, with the highest score on masculinity in the region demonstrates some highly masculine traits. In such societies, the visual display of success, massive display of wealth, using expensive products such as

designer label brands etc, are considered as means of getting respect, recognition and power in the society. Success is defined by being best in the field and the general approach of life is "winner takes it all". This value system starts from elementary school level and goes throughout the professional life. Work is the center of life for people living in such societies and visible symbols of success in the workplace are very important. However, the Indo-Pak region also has very strong roots in spiritualism and philosophy which teach modesty and humbleness. India, being an ancient country, has one of the longest surviving cultures, with several religious philosophies still in practice. This leads to deep rooted religious and philosophical values teaching moderation in the way of living. This part of the culture often limits the individuals from their extraordinary display of masculine traits in which money and power is the validation of success. It results in maintaining a balance of values in the society (Country Comparison - Hofstede Insights, n.d.).

Pakistan has a masculinity score of 50 which is the exact intermediary score on the index. Due to this intermediary score, the country does not classify as either masculine or feminine, and shows a balance of both sides in moderation. Nepal, with a score of 40, shows the country is dominated by more feminist values, and where the quality of life is taken as a gauge to measure the success. The focus in such countries is on "working in order to live", and not to adopt a busy schedule as a way of life. Managers tend to seek consensus in decision-making and society is built on equality and solidarity where the focus is on the wellbeing of people. Conflicts are resolved through compromise and negotiation (ibid).

The masculinity score results for South Asian countries reveal that these countries vary a lot in terms of their scores on the index, ranging from high to medium to low with none of the countries showing a "very high" score on the index. Therefore, the way South Asia can be classified as largely collectivist on the basis of the national Individualism/collectivism scores of all South Asian countries, the scores on this dimension do not prove it largely masculine or largely feminine.

Similarly, the paper further discussed in the Individualism-collectivism section that while the Indian society is largely collectivist, it also displays a strong degree of individualism in certain aspects. Likewise, in this case, while India is high on masculinity, there is a balance on this dimension which could be attributed to presence of several microcultures which result in creating a balance in the society.

To evaluate each country's challenges in the way of sharing economy, country specific data needs to be analyzed. Moreover, it further demonstrates that with India having the highest score of 56 (in South Asia) on the index, the overall masculinity is not too high in the region.

5.2. PEST Analysis of Pakistan (Lahore)

This section aims to assess the feasibility of a sharing economy startup by carrying out the environmental analysis of Pakistan, and Lahore, a highly metropolitan city of Pakistan in view of PEST (Political, economic, socio-cultural and technological) framework to derive the answer to the second research question of this paper i.e. *the feasibility of starting a sharing economy motor bike business in a highly metropolitan city, Lahore, in Pakistan.* Apart from national level analysis, some relevant data is provided for Lahore at the end of each dimension which would give reader the idea why the author chose the city of Lahore to carry out the feasibility study.

5.2.1. Political Factors

According to Porter (1998), a nation's political situation is one of the most critical determinants of the industry's performance. Political stability plays a key role in the economic development of a country and an unstable political system could potentially hinder the growth of any nation (Asteriou & Price, 2001). Moreover, a more facilitative institutional and regulatory environment is instrumental in attracting both domestic and foreign investment (Doing Business 2020, 2019).

This section first explains the political standing of Pakistan internationally, followed by a brief overview of historical political developments and their effect on the economic performance of the country over the years, leading to a detailed account of current political situation and its impact on the country's stability and economy. In the end, some relevant information is provided pertaining to Lahore, to explain its political significance.

Pakistan is the 42nd largest economy in terms of nominal GDP and 23rd largest (purchasing) economic power. It has the 6th largest military in the world, with a defense budget of US $11.4 billion (2018), which is 4% of its GDP (SIPRI, 2019). Pakistan is the second largest Muslim country in terms of population, and the only Muslim nation that enjoys the status of being a nuclear power, which plays a critical role in its International standing. Pakistan is also an active member of the United Nations. In its 72-year history, more than 35 regimes have changed, in which Pakistan has been ruled off and on by the Military (Husain, 2009).

Among its neighboring nations, Pakistan has difficult relations with India, and long-standing close ties with the People's Republic of China. Pakistan was among the first countries to recognize the People's Republic of China (PRC regime) on Mainland China, and since then both the countries consider each other close

strategic allies. China has provided Pakistan economic, military, and technical assistance and has become Pakistan's largest supplier of arms and third largest trading partner (China–Pakistan relations, n.d.). Regarding relation with India, the two countries have shared a hostile relation due to a number of historical and political events over the years. Apart from many small scale wars and military stand offs, Pakistan and India have been involved in four major wars since 1965 due to the Kashmir issue and across border terrorism from both sides (India–Pakistan relations, n.d.). Transitions from one political regime to another, and war situations have resulted in uncertainty and short-term reductions in the speed of economic growth. For example, Pakistan faced severe downturn in economic growth, in 1970s when the country faced political instability in aftershocks of 1971 war. During the war, Pakistan lost a major share of its financial and human resources. However, in the latter half of 1970's, Pakistan enjoyed a sustainable growth rate till the year 1988, because of consistent and sustained economic policies. After 1988, the political instability and inconsistent economic policies resulted in a downturn in the country's economic growth, but since 2000, mostly an upward trend has been observed in the economic growth. Therefore, it can be inferred that the short-term losses caused by political instability were not big enough to offset the positive long-term secular economic movement (Husain, 2009).

In 2018, Imran Khan got elected as the new Prime Minister of Pakistan. When Khan took charge, the country faced several macro and micro level challenges (ITA, 2019). To combat those challenges, Government of Pakistan has developed an ambitious reform strategy, setting up a National secretariat along with Prime Minister's reform steering committee to ensure progress on municipal and provincial levels. As a consequence of the efforts by federal government, in a recent report published by the world bank on ease of doing business, Pakistan has emerged as one of the leading improvers in the ease of doing business report Index, jumping up 28 places securing the 108th position in 2019, as compared to 136th spot in 2018 (World Bank, 2019a). The World Bank publishes Doing Business report every year to assess the business environment in 190 countries. Since the launch of DB report in 2002, it is the first time that Pakistan has jumped 28 points in one year (Ahmed, 2019). The report also measures which economies improved the most in their ease of doing business, and Pakistan secured the 6th position in countries that improved the most in last one year (World Bank, 2019a) (Appendix 4).

Among other reforms, Pakistan's ranking improved primarily due to its improvement in six areas. The first area in which Pakistan improved was starting a new business, which was achieved by "expanding procedures available through the online one-stop shop." This reform applies to both Lahore, provincial capital of Punjab, and Karachi, the provincial capital of Sindh and the largest city of Pakistan. Furthermore,

Pakistan (Lahore), also abolished the Labor Department's registration fee. The detail of the other six indicators can also be seen in Appendix 5 (ibid).

According to the World Bank country Director for Pakistan, Illango Patchamuthu, this significant rise is a result of the collective efforts of Pakistan's Federal government and the provincial governments of Sindh and Punjab. He also mentioned, *"The accelerated reform agenda has many noteworthy features to improve quality of regulations, reduce time and streamline processes…"* (Doing Business 2020, 2019).

According to the DB report, Pakistan also continues to perform best on the protecting minority investors indicator. Pakistan has earned the highest possible score on the extent of ownership and control index. This measures the governance safeguards which protect the shareholders from undue board control. Globally, Pakistan is among the top 30 economies on this measure (ibid).

Moreover, in Dec 2019, Moody's investor service raised Pakistan's credit rating outlook to stable from negative, primarily citing the IMF program due to which the nation posted first current account surplus in over four years. According to Moody's, the ongoing fiscal reforms with the help of IMF program and the support of other countries will continue to the narrowing of fiscal deficit, thus, mitigating the debt sustainability and government liquidity risks. Pakistan's benchmark KSE-100 rose 2.1% to close at the highest level in more than nine months. The key index has surged 40%, after a low in August 2019 (in less than four months) and that makes it a top performer globally (Bloomberg, 2019).

Pakistan is also making ambitious efforts to raise the domestic revenue and reduce compliance costs. It is investing $400 million in Pakistan Raises Revenue Project, funded by the world bank, to support the FBR (Federal Board of Revenue) in creating a sustainable increase in domestic tax revenue. The main aim of the project is to make the FBR technologically more advanced by investing in digital infrastructure (Worldbank, 2019c). In order to widen the tax net, the government has eliminated a number of tax exemptions and lowered the minimum threshold for personal income taxes. In addition, authorities are introducing the automated income tax filing to minimize the tax evasion and to apply the sales tax to a wider group of businesses (World Bank, 2019a).

Among the four provinces in Pakistan i.e. Punjab, Sindh, NWFP and Baluchistan, Punjab is the most populous, most developed and home to over half the country's population. Punjab is considered one of South Asia's most urbanized regions with approximately 40% of people living in urban areas. *Lahore* is the provincial capital of Punjab and is considered the cultural, historic, economic and cosmopolitan center of Pakistan. Lahore is Pakistan's top educational center with most of country's top universities placed in

the city. The Head offices of several national and multinational companies operating in Pakistan are also based in Lahore (Punjab, Pakistan, n.d.).

5.2.2. Economic Factors

Pakistan is the fifth largest country in the world (Pakistan, n.d.) with a population of around 207 million and GDP close to $305 billion making it the 40th largest economy globally. Pakistan ranks as the seventh-largest market in the Middle East, African, and South Asian regions, as measured in Purchasing Power Parity (PPP). Pakistan has a growing middle class, with English as the primary business language. In addition, the services sector in the country is highly advanced and contributes to 67 percent of country's GDP. (ITA, 2019).

In the last three years, Pakistan has made significant improvement in regaining its macroeconomic stability (World Bank, 2019b) and the country saw a GDP growth of more than 4% each year since 2015 (ibid). However, when the new government took charge in 2018, it took several aggressive stabilization measures to address the country's Current Account Deficit (CAD) and Fiscal Deficit. As a result, the country faced a difficult economic FY19 and the national GDP growth slowed to 3.3%, a 2.2% decline as compared to 2018. It is projected to further decelerate to 2.4% in FY2020, as the government plans to tighten the fiscal and monetary policies. Exchange rate was allowed to depreciate with a cumulative depreciation of over 25%, development budget was cut and the energy prices were raised. As a result, there was a decline in the private consumption from 6.8% in in FY18 to 4.1% in FY19. On the supply side, industrial sector growth slowed down to 1.4% in FY19, where it was 4.9% in FY18. Services sector grew at 4.7%, with a decline of 1.5% in growth rate as compared to FY18. Moreover, the average inflation increased to 7.3% in FY19, as compared to 3.9% in FY18, primarily due to a decline in exchange rate (World Bank, 2019b).

At the same time while the country has seen a tough economic year, the governments stringent policies have helped the economy on other fronts. Current Account Deficit (CAD) declined to $13.5b (4.8% of GDP) in FY19, compared to $19.9b (6.3% of GDP) in FY18. Remittances grew by 9.7% year-on-year in FY19, due to higher inflows from GCC countries, Malaysia and the USA, which also supported the CAD. The narrowing of CAD continued in FY20 (FY in Pakistan runs from 1st July to 30th June) as the CAD declined to $1.3b in July-August FY20, as compared to $2.9b in Jul-Aug FY19 (ibid).

Imports declined by 23.4% year-on-year in Jul-Aug FY20, while the exports recorded a marginal recovery of 1.4% year-on-year. International reserves have started to recover with the help of IMF, bilateral and

multilateral inflows from China, UAE and Saudi Arabia resulting in a significant increase in central bank deposits. In July 2019, after the approval of IMF extended fund facility coupled with the continuation of multilateral budget support, international reserves reached to $9.4 billion in Sep 2019, where it stood at $7.6 billion in Jan 2019 (ibid).

Fiscal deficit increased from 6.4% in FY18 to 8.8% of GDP in FY19. The increase in deficit resulted primarily due to revenue underperformance and higher interest payments. First, tax revenue, both on federal as well as provincial level, remained almost the same as last year (FY18). Secondly, non-tax revenues declined by 44%, mainly due to the exchange rate depreciation, thus reducing the profits of the State bank of Pakistan. Consequently, overall revenues contracted by 6.3%. However, the total expenditures rose by 11.5% year-on-year in FY19 as current expenditures increased by 21% due to almost 40% increase in interest expenditures, year-on-year (ibid). Development spent was curtailed by 25%, as the government tried to adjust the fiscal balances.

There was an increase in public debt during FY19, majorly as a result of exchange rate depreciation. Public debt stood at 86.5% of GDP at end-June19, which is 13.5 percentage points higher than end-June18. This was also primarily due to the depreciation of Pakistani rupee (currency) against the US dollar in FY19.

The decisions and policies made by the government entail a rebalancing from domestic to external demand. Net exports are expected to increase gradually and GDP growth is expected to recover to 3.0% in FY21 as the external demand picks up, country's macroeconomic conditions stabilize and package of structural reforms in fiscal management take effect. Inflation is also projected to decline gradually (World Bank, 2019b).

Government is taking several measures to increase the domestic revenue, such as the "**Pakistan Raises Revenue Program"**, explained in detail in the previous part. The project targets at raising the tax to GDP ratio to 17% by financial year 2023-2024 and by expanding the tax network from current 1.2 million tax payers to 3.5 million active taxpayers. According to **Illango Patchamuthu, World Bank Country Director for Pakistan,** *"Creating fiscal space through revenue mobilization is critical to reduce the country's budget deficit, enabling people of Pakistan to benefit from better public investments and services,"* (World bank, 2019c).

However, despite the ongoing macroeconomic concerns, Pakistan is considered an attractive market due to its favorable demographics, English language skills, low labor costs, and natural resources (US State Department, 2019). A recent report by the IMF stated Pakistan among one of the 20 countries that will drive the global growth in the next five years, i.e. by 2024 (Business Insider, 2019). In another report on Pakistan's startup

ecosystem by McKinsey & Co (2019), it stated Pakistan as one of the fastest growing Asian economies. Moreover, in Dec 2019 Moody's upgraded Pakistan's outlook from negative to stable. In the research publication issued on 2nd Dec 2019, Moody's stated, *"The rating affirmation reflects Pakistan's relatively large economy and robust long-term growth potential, coupled with ongoing institutional enhancements that raise policy credibility and effectiveness, albeit from a low starting point"*, (Moody's 2019).

Among all the provinces of Pakistan, Punjab is considered economically most prosperous and has lowest poverty rate. Punjab has the largest economy, highest pool of skilled/educated professionals and a highly developed service and agriculture sector. In 2010, Punjab contributed to 59% of national GDP (Punjab, Pakistan, n.d.). In 2014-2015, when Pakistan had the annual average GDP growth rate of 3.9%, the growth rate in Punjab was 5%, and the GDP growth rate of Punjab's capital city Lahore was 6.7% (The Express Tribune, 2017).

Lahore is Pakistan's largest hardware and software production center. The city has always been a center for publications where 80% of Pakistan's books are published. Most of the country's cinema and fashion industry is based in Lahore. The city also remains a major tourist destination as it is home to some of UNESCO's World heritage sites such as the walled city of Lahore and Shalimar Gardens etc. Lahore contributes to 11.5% of the national economy. It is projected that Lahore's GDP would be around $102 billion by the year 2025, with a growth rate of 5.6% per annum, slightly higher as compared to the growth rate of Karachi i.e. 5.5%, which is currently called the economic hub of Pakistan (PWC, 2009).

5.2.3. Social Factors

"Happiness is increasingly considered the proper measure of social progress and the goal of public policy" (Helliwell, Layard & Sachs, 2017, p.3). In the World Happiness Report 2019, Pakistan ranks the highest among the South Asian countries, holding the 67th position globally in over 150 countries. The report published by UN every year evaluates the countries with respect to their performance on six particular variables, i.e. GDP per capita, social support, healthy life expectancy, freedom to make your own life choices, generosity of general population and lastly, perceptions of internal and external corruption levels (Helliwell, J., Layard, R., & Sachs, J. 2019). Pakistan is not the only the happiest country among its neighboring countries (Gulf news, 2019), but also stands among the top 20 gainers in happiness ranking in last one year. Pakistan's ranking jumped up from 75th in 2018 to 67th in 2019, whereas the neighboring country India's ranking dropped by seven positions and stands at the 140th place (The Express tribune,

2019b). Other South Asian countries, i.e. Bhutan, Nepal, Bangladesh, Sri Lanka and Afghanistan stand at a ranking of 95, 100, 125, 130 and 154 respectively (Helliwell et al., 2019).

The happiest country in South Asia, however, lacks performance on other indicators such as the HDI (Human Development Index), which is used to gauge human development in a country. UNDP publishes the Human Development report every year with countries ranked on the HDI scores. HDI is a composite statistic of life expectancy, education, and income per capita. A higher HDI score for any country reflects longer life expectancy at birth, longer period of education and a higher income per capita and vice versa (Human Development report, 2019).

Figure 8: *Dimensions of the Human Development Index*

Human Development Index		
Life	Education	Income
- Life expectancy at birth	- Expected years of schooling - Mean years of schooling	- Gross National income per capita

Source: Own creation

As of 2019, Pakistan ranks 152 out of 189 countries on the human development report, with an HDI value of 0.56 where 1 is the maximum value (ibid). Among the three dimensions of HDI, Pakistan performs well on *per capita income basis* and with a **Gross National Income** (GNI) of US$ 5,311 per capita, Pakistan is only slightly behind India (17.87%), and ahead of all the other South Asian countries. This progress, however, gets affected by the down performance on the social indicators, i.e. life expectancy at birth and education, which together bring the country's global ranking down on the HDI index (UNDP, 2019a).

In *life expectancy at birth*, Pakistan significantly underperforms, holding a rank of 143 in the list of ranking of 189 countries by life expectancy at birth. Life expectancy in Pakistan for a female is 68.1 years and for a male it is 66.2 years, with an overall life expectancy of 67.17 years. Moreover, according to the human development report 2018, life expectancy in Pakistan is below the average life expectancy of other South Asian countries, which can be observed in the following chart,

Figure 9: *Life expectancy at birth in South Asia*

Life Expectancy at Birth in South Asian countries

Year	Pakistan	Bangladesh	Nepal	India
2017	66,60	72,80	70,60	68,80
2015	66,40	72,00	70,00	68,30
2010	67,20	66,90	67,50	64,40
2005	63,00	62,80	61,60	63,30
2000	60,00	59,40	58,60	63,30
1995	61,50	61,90	58,50	60,40
1990	60,10	58,40	54,30	57,90
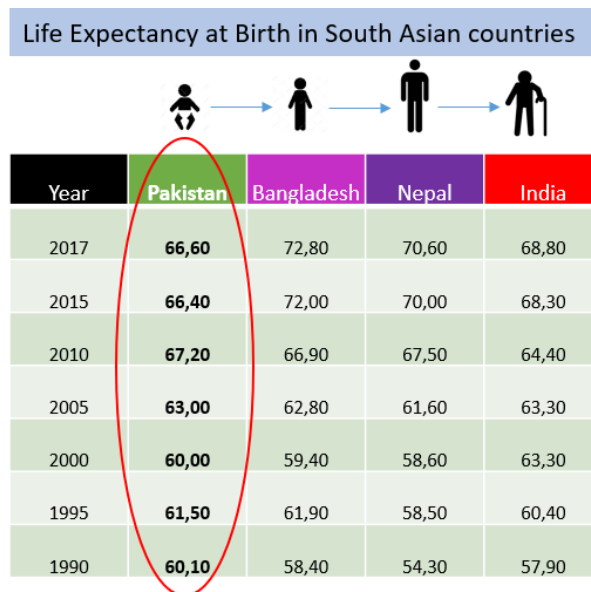
Source : Own creation, data from UNDP (2019a)

Pakistan's public expenditure on education (third dimension of HDI) was only 2.4% of GDP in FY18-19, which is the lowest in the region (Business Recorder, 2019). According to UNESCO, the average value of public spending on education in Pakistan from 1971 to 2017, has been 2.36% of GDP, with a maximum value of 3.02% in 1997 (The Global Economy, 2019) (Appendix 6). The low spend also reflects in the second dimension of HDI, i.e. expected years of schooling in Pakistan, which is 8.6 years. This is quite low when compared to Pakistan's neighboring South Asian countries. In India, for example, the expected years of schooling is 12.3 years, 12.2 years in Nepal, and 11.4 years for Bangladesh (Human Development report, 2019).

In addition to this, there are also sharp inequalities in human development indicators for men and women, where women lag behind men in almost all dimensions of human development. Pakistan has a **gender inequality index** value of 0.541 due to which the country loses 3.73% of HDI value. Gender disparity can be observed in all three dimensions of human development due to which Pakistan is only ahead of Afghanistan (in South Asia) on Gender Inequality Index. The expected years of schooling for women are 7.8 years against 9.4 years for men. Similarly, the access to health facilities is lower for women than for men. The labor force participation is only 24.9% for women, as compared to 82.7% for men. **For a country like Pakistan, where women constitute 49% of the total population, this huge gender inequality has serious economic and social implication for the country** (ibid)**.**

Although Pakistan underperforms on social indicators of HDI, there is an improvement in human development over the years which can be seen in the HDI scores increasing from 0.404 in 1990 to 0.560 in 2017 (Appendix 7). The pace of progress, however, is slower than other South Asian countries. Bangladesh, which was behind Pakistan in the early 1990s, has overtaken Pakistan by 17 places and ranks at 135 compared to Pakistan's ranking of 152. Similarly, India has moved 23 places ahead of Pakistan and has taken the 129th position in the HDI country rankings. Nepal has also overtaken Pakistan, jumping to the 147th place. Therefore, except Afghanistan, Pakistan has the slowest growth in human development in the region (ibid).

In terms of population growth rate, where the average is 1.0-1.5% in South Asia, Pakistan has a population growth rate of 2.4%. Since the country's first post-independence census, population has increased by almost six-fold. Realizing the serious socioeconomic concerns associated with this massive growth, Federal government constituted a task force on population and family planning to develop a strategy for controlling the population growth rate (UNDP, 2019b). However, it is noteworthy that 64% of Pakistani population is below 30 years of age and 29% of population falls between the ages 15 and 29 (UNDP, 2019c). So, while there are challenges, primary data reveals that this population also has its strong pros for conducting a business in countries like India and Pakistan. As Hassan Khawar pointed out, *"(…) the real dividend is the population, huge population which can be served. So the opportunity is very bright (…)"* (Interview 1: Hasaan Khawar). Similarly, upon answering a question related to the population, Ahmed replied, *"(…) you know our real strength is the huge population in this country for any business (…)"* (Interview 2: Ahmed Ayub).

Lahore (11.3 million) ranks as the second most populous city in Pakistan (PBS, 2018), after Karachi, however, Lahore ranks first in population growth rate. From 1998 to 2017, the percentage change in population was +116.32% and Lahore grew to the size of a megacity (population of more than 10 million) well before the 2030 projection by the UN (United Nations) (2015). Moreover, Lahore enjoys the highest level of Human development in the country with an HDI of 0.877 (UNDP, 2017) followed by the Federal capital, Islamabad (0.875) (Appendix 8). In January 2020, Lahore ranked 230th on the world crime index, on a list of global 374. Lahore was declared safer than many other prominent cities including Paris, London, Washington, Beijing, Las Vegas, San Francisco, Manchester, Jerusalem and Rome etc. The values are constantly on an increasing trend from last five years (Daily Times, 2020).

5.2.4. Technological Factors

Technology does not only affect how businesses perform, but also impacts how economies function and prepare for the future (IMD, 2019). In The Global Information Technology Report 2016**,** Pakistan was ranked 110 out of 139 countries in terms of overall networked readiness. The **Networked Readiness Index** assesses the factors, policies and institutions that enable a country to fully leverage information and communication technologies (ICTs) for increased competitiveness and well-being (World Economic Forum, 2016). Pakistan does not only underperform globally, but also performs below average in South Asian countries. The NRI value for Pakistan is 3.4, where the global average of NRI is 4.83, and the average among the South Asian countries is 3.6. The table below shows the NRI values of Pakistan relative to other South Asian countries. Report does not provide data for Afghanistan.

Figure 10: *NRI values for South Asian countries*

Country	Ranking	NRI value
Sri Lanka	63	4,2
India	91	3,8
Pakistan	110	3,4
Bangladesh	112	3,3
Nepal	118	3,2

Source: Own creation *(Data from Global IT report (World Economic Forum), 2016)*

Moreover, **GII (Global Innovation index)** is a ranking of world economies on the basis of their innovation capabilities and success. The GII attempts to capture the multi-dimensional facets of innovation on the basis of 80 indicators, grouped as innovation inputs and outputs. On GII 2019, Pakistan ranked 105th among the total 129 economies studied, 18th among the 26 economies under the lower middle-class category and 7th among the 9 economies in Central and Southern Asia (Appendix 9). Although Pakistan's position has improved in the last three years, the country still lags behind globally in innovation capabilities and success (WIPO, 2019a).

With regards to the *Internet penetration rate* in the country, according to PTA's (Pakistan Telecommunication Authority) latest update in November 2019, there are 74 million 3G/4G subscribers in the country with a penetration of 35.21% (PTA, 2019) (Appendix 10). Connectivity or low internet penetration in Pakistan (South Asia) was also emphasized by both the industry expert and entrepreneur,

as Ahmed stated (...) "*We are way too behind in technology acquisition and "connectivity" is one huge part of technology adaptation.*" (Interview 2: Ahmed Ayub). However, while the internet penetration may appear low by international standards (Frontier post, 2018), the *growth rate* of increase in the number of internet subscriptions is quite impressive with an increase of 25.8% from January 2018 to January 2019 (ibid). According to a recent report published by McKinsey (April 2019), since 2010, cellular subscriptions in Pakistan are growing at an approximately five percent CAGR (Compound Annual growth rate), while the 3G/4G users have grown four times in the past three years (McKinsey & Company, 2019). To have a more detailed look on the growth of cellular and 3G/4G subscriptions from 2010 to 2018, refer to appendix 11. Digital consumption is also on rise driven by the improvement in the connectivity. According to McKinsey's report (2019), Pakistan's increasing digital consumption can be illustrated by the example of Careem, a regional ride hailing company operating in 14 countries in MENA. Since its launch in 2015, Pakistan has become Careem's second highest source of rides and the third largest source of revenue. Moreover, e-commerce is also showing a record growth and has crossed US$ 1 billion mark in 2018, ahead of analysts' predictions (ibid).

The ICT Development Index (IDI) is another index published by the United Nations International Telecommunications Union (ITU). ICT is based on 11 Internationally agreed (information and communication technologies) indicators grouped into three clusters: access, use and skills and is used by third parties such as governments, operators and researchers etc. to measure the ICT performance within a country and to compare it across countries to find the digital divide among nations (ITU, 2014). On the ICT Development Index 2017, Pakistan ranks 148 among 176 countries, with an IDI value of 2.42 (ITU, 2017).

It is now in the agenda of the Government of Pakistan to move the country towards digitization under the *Digital Pakistan* campaign, inaugurated by the Prime Minister himself in December 2019. The initiative is expected to increase the connectivity and IT infrastructure in Pakistan by targeting improvements in five major domains, i.e. access and connectivity, Digital infrastructure, E-governance, Digital skills and literacy, and Innovation and Entrepreneurship (Interview 1: Hasaan Khawar) (Techjuice, 2019).

6. FINDINGS

6.1. Key challenges to a shared economy business startup in the South Asian developing countries

Drawing from the insights gained through the Hofstede's cultural dimensions theory and primary data collected in the form of interviews and observation, this section aims to provide an answer to the first research question of this paper. Each element of Hofstede's model used in this paper is evaluated and the National scores for countries are compared to analyze the potential problems for a shared economy business setup in South Asian countries, as opposed to the developed countries, which already have exhibited a fairly good progress in the domain.

According to the findings, *financial barriers (resource), connectivity barriers, digital literacy, Information barriers,* and *trust factor* were identified as the primary five areas due to which South Asia is behind the rest of the developed world in growth of sharing economy. The former four challenges (*financial barriers (resource), connectivity barriers, digital literacy, Information barriers*) primarily result from lack of development in these collectivist economies. The fifth and last major issue identified as the *trust factor* is associated with the uncertainty avoidance and therefore explained later in this section. Below is a snapshot of the findings.

Figure 11: *Major barriers in the growth of sharing economy ecosystem in South Asia*

Major issues in Sharing economy ecosystem in South Asia			
Supply side		Resource *(Financial, other)*	> Rare availability of Seed funding options > Lack of resources with the startups > High interest payments on loans > Extremely limited population qualifies to get a credit card through banks
		Connectivity	> Limited Penetration of 3G/4G in comparison to the developed countries > Mobile phone service does not cover the entire Pakistan > Telcos Licensing issues with government on payment dispute
		Trust	> Rule of law enforcement > High terrorism > Contract enforcement
Demand side		Digital Literacy	> Lack of awareness to use digital tools and technology to access, interact, transact, manage and analyze > Only 20% population in Pakistan has bank accounts > Lack of Mobile payment services, less familiarity with smartphones and technology
		Information barriers	> Lack of information about the available services > Lack of knowledge about sharing economy

(Source: own creation)

In the startup phase of any business, it requires some forms of resources to establish the most basic foundations of the new venture, such as investment, skills, human resource etc. While studying **individualism/collectivism**, it was identified that the more individualist societies do have better economies, are richer in resources and more developed in comparison to the collectivist societies which are underdeveloped, poorer, and still have the struggling economies (Hofstede & Minkov, 2010). In South Asian countries, India has the highest IDV score of 40, followed by Sri Lanka, Nepal, Pakistan etc with the scores of 35, 30 and 14 respectively. This shows that the ***South Asia is largely collectivist.*** It also explains the poverty and the underdeveloped state of these economies in line with the findings of Hofstede et al.'s (2010) study that almost all of the collectivist societies are underdeveloped.

Therefore, one of the key challenges identified in order to start a shared economy venture in the collectivist South Asian economy is the *"lack of resources"* in these developing countries. By resource, here it refers to the assets and funds required for the startup from both market's and the supplier's side.

Figure 12: *Lack of resources from market's and supplier's side*
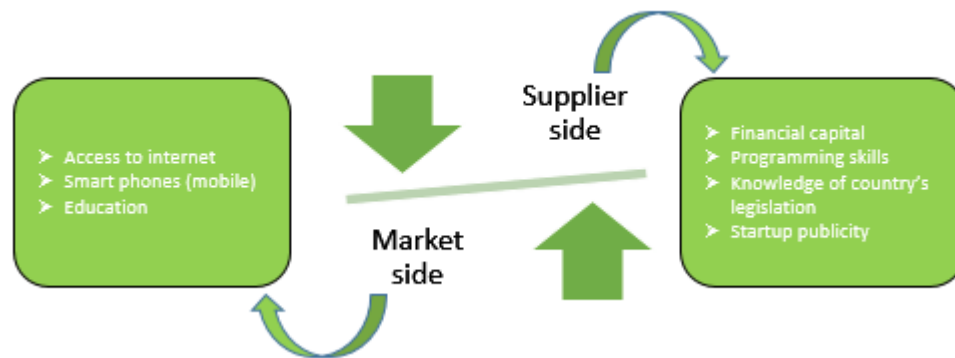
First from supply side of the country, a primary challenge for the entrepreneurs may be to be able to collect enough funds to start a venture. Even if started from a very small scale with minimal fixed costs, shared economy companies do require financial capital, programming skills, knowledge of legal regulations, and may as well some publicity in the beginning (Hira, 2017).

From the market's side, it is required for the people to have access to the internet, smartphone, a developed mobile payment system and some level of literacy in order to be able to use the functionality of the business (ibid). These factors, because of lack of development, affluence and lack of education can present significant challenges for the sharing economy businesses startups in South Asia.

With regards to the access to internet or "Connectivity", India, which is the second largest online market in the world with over 560 million internet users, ranking only behind China, had an internet penetration rate of only 34%, as of 2017 (Statista, 2020). According to a further recent report published by the Internet and Mobile Association of India (IAMAI) in 2019, there is only 36% internet penetration rate in the country by the end of financial year 2019. The report further stated that the urban India has a considerably higher penetration level as compared to the rural India where a sizeable portion does not even have access to internet (The Economic Times, 2019).

Similarly, Pakistan has an internet penetration of 35.21% (PTA, 2019) only, as of 2019 which clearly shows that there is still a lot to improve on the connectivity side of the country. There is also a huge disparity in rural and urban Pakistan as well in terms of internet penetration (Interview 2: Ahmed Ayub). Ahmed states, (...) *the connectivity is really good in big cities, and the penetration is now getting better in tier 2 cities as well such as Faisalabad, Gujranwala, Sialkot etc.*" Due to lack of availability of internet in some

of the tier two and most of tier three cities, along with the lack of affordability of mobile internet makes connectivity a huge constraint in the growth of sharing economy businesses (ibid).

Most of the population living in these developing countries lacks the information and education about the digital services. Addressing this need for digital transformation, recently the "Digital Pakistan" head, stated in one of her interviews (December 2019) that only under 20% of Pakistan's population has bank accounts. The situation was more or less similar in India around five years ago, but then the Indian government emphasized on the importance of Fintech due to which now around 80% of Indian population has bank accounts (The Express Tribune, 2019c). This also shows that the change is just reaching in India, and India is only five to six years ahead of Pakistan in the development phase. Furthermore, the business model of most of the sharing economy companies is designed to function through digital payment systems. In a country where 80% of the population doesn't have bank accounts, it becomes a huge barrier for sharing economy companies like Airbnb to enter and operate (Interview 2: Ahmed Ayub). Ahmed stated,

> *"I can make an account on Airbnb, but I don't have a bank account for example. How*
> *many people do you think in a small district like Muridkey will have a bank account?*
> *You know none of the population living in these small towns have their bank accounts."*

Moreover, there is an even more limited credit card userbase. The total number of credit card users in Pakistan is 400,000 which is only 0.2% of the country's population (Interview 2: Ahmed Ayub). Most of the population in Pakistan does not even qualify for the issuance of credit card by bank**.** This makes it almost impossible for any company to operate which doesn't keep the option of cash as its mode of payment. Uber realized this technological gap in consideration while launching their services in Pakistan (Interview 1: Hasaan Khawar). Realizing that Pakistan is a "cash economy" (Interview 2: Ahmed Ayub), Pakistan was the first country where Uber launched with the cash option (Interview 1: Hasaan Khawar).

> *"Uber world-wide did not accept cash, but when they came to Pakistan they realized*
> *that they will not be able to function if they do not accept cash, so if you look at Uber*
> *in Pakistan you will find out that most of the people pay cash" (Interview 1: Hasaan*
> *Khawar).*

Therefore, there is a substantial evidence that due to a very limited population with bank accounts, low internet penetration as opposed to the developing countries like USA or Denmark which have the internet penetrations rate of over 87% (Statista, 2019a) and 94% (Statista, 2019b) respectively, limited smartphone penetration, user's own limited literacy and awareness about using the digital products and how to

benefit from the services resulting due to lack of education and exposure in these developing countries are some of the primary reasons limiting the growth of sharing economy to its full scale.

South Asia, a largely collectivist part of the world has several issues on both market's (financial issues, connectivity barriers) and supplier's side (digital literacy and information barriers) due to lack of resources in these underdeveloped countries which result in the slow growth of sharing economy industry in these economies.

The next dimension, **uncertainty avoidance**, covers how a country with a higher or lower uncertainty avoidance score could be affected in terms of the practicalities related to the way of performing businesses. According to Hofstede insights (2019), countries with the high uncertainty avoidance, such as Pakistan, have an established way of life and people follow a code of conduct in pursuing day-to-day tasks. In countries with low uncertainty avoidance, adherence to rules is flexible and people are comfortable with ambiguity to a certain degree.

The world justice project presents a portrait of the rule of law in 126 countries and provides scores and ranking on basis of eight factors which are: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice. According to the World Justice Project (WJP) Rule of law index 2019, while the Nordic countries rate the highest globally with Denmark, Finland, Norway and Sweden holding the top four positions respectively, the first country from South Asia is India which holds 68th position with a score of 0.51, followed by Bangladesh with a score of 0.4 and lastly Pakistan with the score of 0.39. The scores on the list (index) range from 0 to 1 where 1 indicates the strongest adherence to rule of law. *According to the rule of law report, the country even with the highest value from South Asia, i.e. India, falls in the range of countries with weaker adherence to rule of law (Appendix 12) (World Justice Project, 2019).*

The report further states that the importance of trust or security cannot be denied as it is considered a critical determinant for fostering a thriving business environment at any place. Uneven enforcement of regulation, corruption, insecure property rights, and ineffective means to settle disputes do not only deter the domestic and foreign investments, but also undermine the success of legitimate business in any country (ibid). Accordingly, countries have a reasoning behind the high or low uncertainty avoidance culture in order to prepare themselves against any such situation (Hofstede, 2010).

In context of South Asia, there are numerous factors which need to be kept in mind while analyzing the relevance of uncertainty scores. First, security is a major concern in these countries. India, despite having the lowest UA score among the South Asian countries, has one of the highest reported number of rapes

in the world. The capital city of India, Delhi, is often metaphorically called the "Rape capital of India". India is struggling hard to counter this perception and to combat the rising number of rapes by launching safety apps, by giving gender lessons to taxis and rickshaw drivers and by initiating women only taxi services in the country. However, until 2016, there were 2155 recorded cases of rape reported in the city of Delhi only, which shows a 67% rise from the recorded rape cases in 2012 (Revesz, 2016). Some of the most horrifying rape stories from India are related to commute services, such as the Nirbhaya's 2012 Delhi case which sparked a national outrage and extreme pressure on the government took place in a moving bus.

Moreover, the largest two South Asian countries, India and Pakistan are reported among the top most dangerous countries in the world according to several reports. According to a report published by business Insider on globally top 20 most dangerous countries in terms of organized crime, terrorism, homicide and reliability of police forces, Pakistan ranks number 11 and India ranks number 20 on the list (Foster, 2018). This makes these countries highly volatile and also explains the high uncertainty score of Pakistan i.e.70.

Such factors shape up the conduct of members of any society in their everyday life, how they respond and act to ideas, other people around them, incidents etc., by questioning the trustworthiness and element of reliability in attempting to reduce the uncertainty associated. As stated by Hassan Khawar,

> *"Pakistan and south Asia in general is not where the rest of the world is in sharing economy. There are some big factors that can account for that; firstly, the security and trust. The issue of trust is that you do not know what you are getting into like the rule of law, weak contract enforcement and terrorist threats, all these areas prevent this sharing economy model from going where it can really go."* (Interview 1: Hasaan Khawar).

People are careful in every step because they don't know what they are getting themselves into. **As a result, one of the major reasons identified behind the slow growth of sharing economy in South Asia is lack of trust.**

In countries with high uncertainty avoidance, innovation is not encouraged as it deviates from the routine. This limits the people from starting the new entrepreneurial ventures led by creativity and innovation as it involves risk and high uncertainty. Therefore, culture plays a major role in shaping the individual's entrepreneurial behavior right from the beginning of their lives (Ozgen, 2012). The overall challenges in society result in preceding high **UA (uncertainty avoidance)** scores of these countries impacting the life of their citizens in almost every way. For example, in countries with high UA score like Pakistan, people rely on salaries as the monthly household income, as they feel a financial security with a steady stream of

income. Even if a business venture may have a lot of attraction with expected higher income, people's mindsets are trained to be highly risk averse. Having a startup with perfection and a guaranteed income is not possible, and thus to avoid the uncertainty, people keep following the herd mentality and regular way of doing things. One of the findings of Hofstede et al. (2010) is that people in high UA cultures keep staying in same jobs for years even if they are unsatisfied, as they feel more job security without changing the status quo. In countries where even changing jobs is considered risky, starting new businesses, led by innovation is too far from reality for most of the population.

Countries with low uncertainty avoidance are more encouraging towards innovative behavior which leads to the emergence of entrepreneurs in a society (Shinnar, Giacomin and Janssen, 2012). This could also be further analyzed by evaluating the UA scores of the countries that are the birthplace to some of the largest sharing economy companies. For example, Uber, Airbnb and Lyft, which are some of the most successful and the highest funded (Index, 2019) sharing economy businesses, were founded in the United States, which has the UA score of 46. This is considered a below average score reflecting there is a degree of acceptance for new ideas (Country Comparison - Hofstede Insights, n.d.). Likewise, Grab and Didi Chuxing were founded in Singapore and China, respectively. Singapore and China have the UA scores of 8 and 30 accordingly, which indicates that most of the successful innovation led ventures were founded in countries with low UA scores.

Therefore, the avoidance to risk (covered as lack of trust) is identified as one of the biggest challenges in the way of innovation and sharing economy in South Asia. Moreover, it resides on both entrepreneur's (Supplier's) side as well as the market's side.

Regarding the third dimension, **masculinity-femininity**, Kaasa, Vadi (2010), Kaasa (2013), Khan, Cox (2017), argue that masculinity has a negative correlation to the innovation performance of a society, however, according to Williams and McGuire (2005), masculinity has no significant effect on economic creativity. This paper tried to probe into the relevance of this dimension to the innovation performance of South Asian countries.

In a society, masculinity is described as the degree to which the masculine traits as defined by Hofstede, exist in a society, such as orientation towards achievement and success, assertiveness and competitiveness as opposed to the feminine values such as modesty and good relationships, care and solidarity etc. Moreover, the *society's response to failure and success* varies in masculine-feminine cultures. In high masculine cultures, failing is considered as a disaster and a tragedy as opposed to feminine societies where failing is considered as just a minor accident and sympathy lies with the weaker.

During the primary data collection, both the industry expert Hasaan Khawar and the entrepreneur Ahmed Ayub, supported that masculinity has "some" impact on the innovation capacity of a country. However, in both the interviews, the masculinity factor was reinforced only upon questioning the interviewers if they considered the fear of failure as a result of high masculinity to be a reason behind the slow growth of sharing economy. Responding to an aided question, both the interviewers agreed that it was important to some extent. However, to what extent it matters remained questionable due to several reasons. Firstly, literature (secondary data) provides conflicting evidence regarding the degree of importance of masculinity/femininity and its connection to the economic development and innovation of a country. For example, the United States has a higher masculinity than India or Pakistan and is home to world's most successful sharing economy companies such as Uber and Airbnb, which are at the forefront of this disruptive innovation. This challenges the finding of Kaasa (2013), Kaasa, Vadi (2010), Khan, Cox (2017), making the dimension of masculinity and its correlation to economic creativity questionable (Williams and McGuire, 2005). Secondly, it was not mentioned by the interviewers themselves upon questioning the *biggest challenges in way of sharing economy* in South Asia, as mentioned above.

Nevertheless, there are some possible influences that have to be taken into account. Upon digging further, the author found out that other factors, including the research expenditure of a country, plays a prominent role in promoting innovative behavior (Desjardins, 2018). It is noteworthy that both USA and China have high masculine scores of 62 and 66 respectively, while both the countries are at the forefront of innovation and sharing economy. Therefore, it may be implied that, although the negative link exists between masculinity and innovation performance of a society (Kaasa (2013), Kaasa, Vadi (2010), Khan, Cox (2017)), there is a complex interplay of other factors which results in shaping up people's approach to innovation and the society's attitude towards new ideas (Moonen, 2017). In the case of United States for example, which is one of the most individualist society (91) in the world, the typical behavior is shaped by both the high masculinity drive together with the most individualist drive in the world. Moreover, according to the data from UNESCO Institute for Statistics, both USA and China spend the highest amounts globally on Research and development (Appendix 13). The United States spends a whopping $476.5 billion per year on research and development, which is 26.4% of the total global R&D spend, followed by China, with an annual R&D spend of $370.6 billion which is 20.6% of the total global spend. Collectively, the United States and China spend 47% of the total global R&D expenditure. Among the South Asian countries, only **India** makes it to the list of the top 10 countries in the highest spent on R&D expenditure, with USD 48.1 billion, i.e. 2.7% of the global R&D expenditure standing at 7th position globally (Desjardins, 2018), (Appendix 14).

Despite the masculinity score of USA (62), China (66) and India (56) are relatively towards the higher end, these countries are at the forefront of innovation in their respective regions, ranking number 3, 14 and 52 respectively on the Global innovation index, 2019. In the quality of innovation metrics, USA stands number one in high income economies, whereas China and India acquire the top two positions in the middle income economies (WIPO, 2019b).

Therefore, considering the high investment in R&D, although India has the highest masculinity in the region, it has the highest likelihood of innovation as well among the South Asian countries, leading to the shared economy startups. Considering the fair balance of masculinity and femininity in Pakistan, and high femininity in the countries such as Nepal and Sri Lanka, the dimension alone does not create a social barrier in way of innovation and creative thinking in the region. However, with other factors combined, such as lack of research, poverty, high uncertainty avoidance etc, it may create potential barriers in the way of innovation which is an area of further research.

According to the findings of this paper, Masculinity/femininity did not prove to be among the top barriers in way of sharing economy, and therefore, this paper's outcome is more inclined towards the findings of Williams and McGuire (2005).

Other factors

There are other challenges for sharing economy startups stemming from high degree of masculinity-femininity in a society. For example, one challenge is to select the nature of the startup/business idea, which would be a success considering the cultural norms of this region. The challenge is to design a business model that is functional and acceptable from the point of view of the culture, for males as well as females. For example, a country may have neutral scores on masculinity, but there is no culture of women driving cabs or autos in Pakistan. In Pakistan, women driving bikes/motorbikes is also not common. There are few exceptions, but it is not the norm that women drive motorbikes or cabs. Moreover, as discussed before regarding the security situation in these countries, ride-hailing services like Uber and Careem have been banned more than once due to security reasons in some parts of Pakistan. In a reported event, a girl jumped out of the Uber fearing a security threat from the driver, in Karachi, which is the largest city of Pakistan (Dawn, 2018) leading to strict policies for these companies.

To summarize the Hofstede's cultural dimensional analysis on South Asian countries with respect to sharing economy, the study for the three dimensions show several variations in terms of culture between the developing and the developed countries. The below figure presents the crux of the findings from secondary data and primary data to answer the first research question,

What are the key challenges to a shared economy business startup in the context of South Asian developing countries?

Figure 13: *Key challenges to a sharing economy start up in South Asian countries*
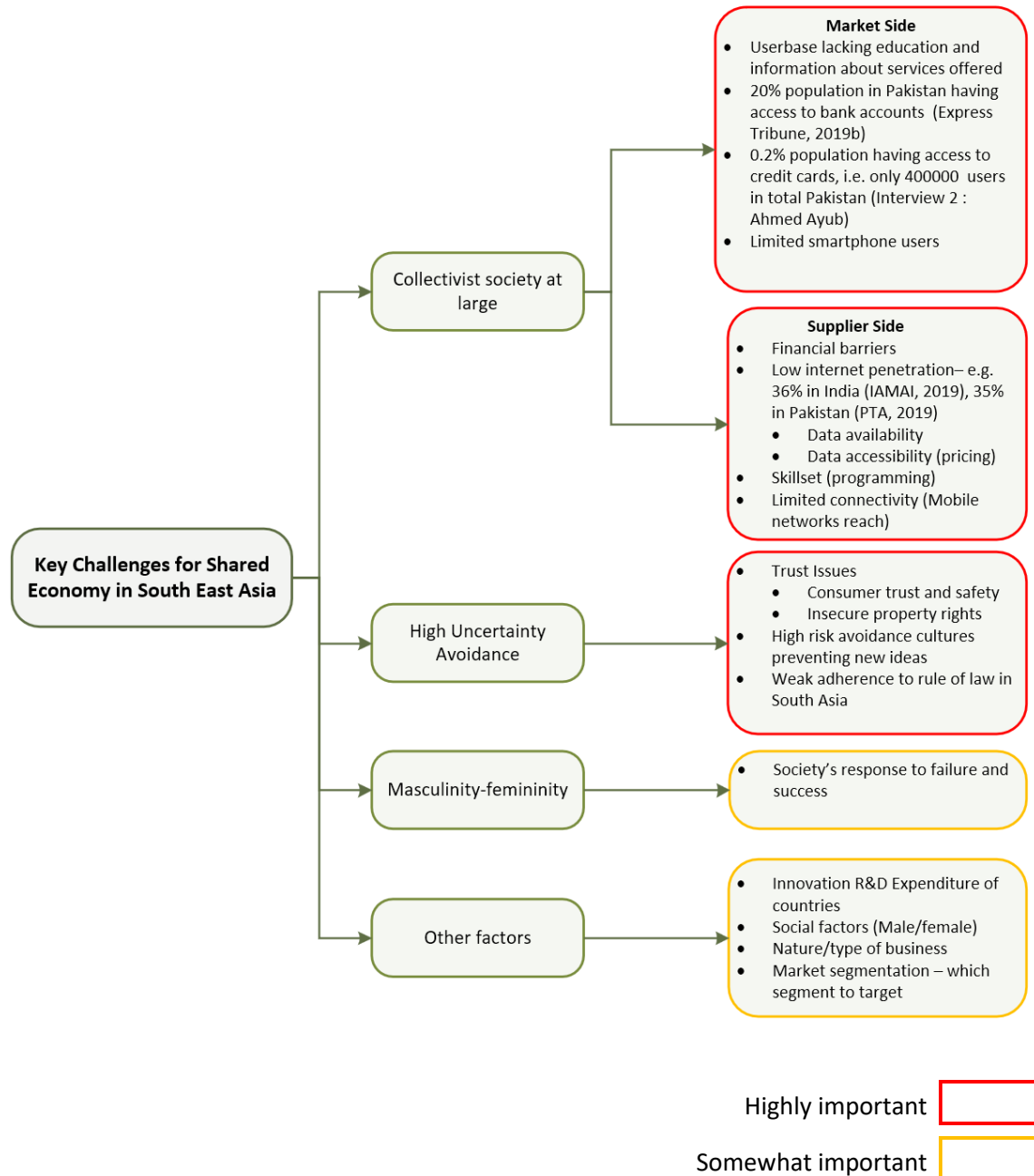
6.2. Feasibility of starting a sharing economy motorbike venture in Pakistan

Drawing from the findings obtained through Hofstede's cultural dimension theory, PEST analysis and primary data collected in form of interviews, this section targets to provide an answer to the second research question of this paper. Among several factors which appeared favorable in the scope of the business, there were also several constraints identified during the research. This section will first take the reader through the parameters in favor of the idea, followed by the unfavorable ones which lead the answer to the second research question.

The **political** situation of Pakistan is stable and getting more favorable progressively where it is in the government's agenda to support the small and medium scale enterprises, make Pakistan digitally more equipped and encourage the entrepreneurial ventures, which reflects in the recent substantial gain in ranking of ease of doing business (Doing Business 2020, 2019). Government of Pakistan is also closely working to improve the country's political standing and increase bilateral ties with other countries. In January 2020, the government of UAE allocated $200 million to support small and medium-sized enterprises in Pakistan (Arabian business, 2020) which is aimed to support the innovation projects and to support entrepreneurship to help Pakistan achieve a sustainable development. Federal government is taking several measures to facilitate the new startups by streamlining the registration processes and making it less time taking. With all the political ups and downs, the country is considered an attractive market to start the business with huge growth potential.

Moreover, while conducting the primary research, the Co-Founder of Airlift, one of the highly successful Pakistan based sharing economy startup, Ahmed Ayub mentioned in the interview that the global investors are viewing Pakistan's market very optimistically ever since Uber's CEO mentioned Pakistan as one of Uber's fastest growing markets while acquiring Uber's only competitor Careem in the region. According to Ahmed, this helped Airlift substantially in raising funds from global and national venture capitalist firms. The VC firm, First Round Capital, which invested in Uber in its seed fundings, made its largest investment outside the United States and biggest investment after Uber in Airlift Pakistan. According to Ahmed,

"We got funding from First Round Capital (…) This is an American investment firm which has never invested outside U.S, before Airlift , and it never invested this much amount in any company which is this young (…) It was only 13 days in between our first meeting with First Round and their committed funding to arrive in our banks. That was the actual surprise for me" (Interview 2: Ahmed Ayub).

Ahmed further mentioned that the comment made by Uber's CEO's Dara Khosrowshahi (2019) about Pakistan stating *"(…) now Pakistan is one of our fastest growing markets in the world (…)"* just days before the meeting between the management of First Round and Airlift made things much easier for Airlift in acquiring funds.

"That statement alone made a huge impact and changed the direction of all search engines. The investors started focusing that this small country next to India is quite important (…) So due to Uber, Airlift came under the radar of major investors" (Interview 2: Ahmed Ayub).

Moreover, another leader from LinkedIn US, Atif Awan, VP, Growth and Internationalization (until March 2018), and few other leading national investors approached Airlift's management in desire to invest in the firm as the global investors had started viewing Pakistan based tech startups very keenly. Airlift has been able to raise funds much faster, easier and much larger in amount than the initial expectation of the founders. Therefore, the Primary data reinforces that the political standing of Pakistan is optimistic.

The political outlook of Pakistan appears positive and supports the idea of starting the sharing economy business.

Economically, Pakistan is facing a tough year due to several reasons stated in the economic section of PEST. However, the nature of this motorbike-based sharing economy business idea is such that a downturn in economy, further leading to a drop in car sales, may result as an opportunity for this business. There is a huge population in Karachi and Lahore that commutes to work or college/university on daily basis. Public transport services are available, but they are not enough to support the number of daily commuters, which is why according to a survey in 2010 around 40% people in Lahore commuted to work by foot despite the unavailability of proper infrastructure in some areas i.e. properly made footpaths (Appendix 15) (Malik, Majid & Vyborny, 2018). If there is a motorbike-based service available in the city, it has the potential to help many people specially those belonging to the lower to middle class.

Moreover, the economic condition of Pakistan is expected to start getting better from 2021 onwards (World Bank, 2019b) as explained in the PEST. The economic indicators are directing in a positive direction in the long run which is why the country is expected to be among the top 20 global drivers of economy by 2024, according to IMF (Business Insider, 2019). Primary data also supports that people are looking for an economical solution to their everyday commute, primarily the middle class in these metropolitan cities.

Despite the economic downturn, due to the nature of business and high demand to commute, economic situation favors the motorbike-based sharing economy business idea.

Among **social factors**, primary data has been the most crucial determinant due to the city's culture and due to practical insights gained by the interviewers. Socially, the metropolitan cities are ready for sharing economy which is evident by the growth of Uber and Careem etc. The challenge, however, resides in the nature of business (motorbike, instead of car) and its suitability for male and female userbase due to cultural reasons, as well as the choice of the most suitable city to launch the business.

Response of potential female users: According to primary data, while motorbike related business appears to have huge potential to grow, however, the idea may not attract the female target market in the beginning. In Pakistani culture, females ride a motorbike when accompanied by a male driver. Females rarely drive motorbikes in Pakistan due to which the idea may lack acceptability by the larger female segment due to reasons such as feeling awkward socially and due to fear of harassment. According to a regular user of Careem and Uber in Lahore, Azka, she would never use a motorbike to commute in Lahore as she expects harassment from other bikers during her ride, and especially when the bike stops on road signal where many other bikers also line up closely side by side. She was not comfortable with the idea of riding the bike herself such as mobike users or even if accompanied by a male or female driver. Azka stated "(…) *if you stop somewhere and they see a woman riding a bike, let's assume the driver is a female in this scenario so there are going to be chances of harassment even then because now there are two women on the bike. That's quite a sight for Pakistanis*".

Similarly, the other female user Laraib Fatima answered to a question related to using motorbikes as, *"I just think that it is unsafe and I would be a laughing stock for people travelling by (…) it happened twice to me that I was touched inappropriately while simply walking on road with my friends. A person going on motorbike just slowed the bike, hit me with hand and went away. See. It can also happen to me if I am travelling on a bike openly. You know the problem even bigger than the driver is the other male travelers on the road. I would feel very exposed and vulnerable in this heavy traffic of Lahore among other male bikers and car drivers."*

Despite these interviewers belonged to highly modern, educated and liberal family backgrounds, they were not comfortable driving the bike themselves, or riding a bike with a male or a female driver.

Moreover, this was validated by the industry expert that bringing the female segment onboard may require some further analysis. However, while stating that, Khawar further mentioned that the business still has huge potential to succeed even with only male customers due to limited commuting options available, huge male user base and a huge population ready to use the motorbike as means of income.

The Cofounder of Airlift, Ahmed Ayub validated that the idea has a lot of potential even if females are not using it in the beginning. He mentioned that Careem identified the social issue and the business potential associated with women motor bikers and in order to address this, Careem has started a new campaign in January 2020 by the name of **"Careem WoW"** (*Careem Women on Wheels)*, in which both the captains and customers would be women (Interview 2: Ahmed Ayub). Careem is training women how to drive motorbikes in Karachi, Sindh and program is set to expand its reach to other parts of the province (Dawn, 2020). In a question regarding women fearing harassment travelling on motorbike, Ahmed pointed, *"(…) Harassment would happen to women bikers, but for how long, one month, two months, when the number of women bikers would increase, then you will stop looking unique. For the first time when a woman would have wore jeans in Lahore, the same might have had happened to her too but now it's a norm. So it's for companies to figure out how to make it possible (…).*

Therefore, it is plausible to state that currently while there is a social taboo associated with women driving motorbikes, it is expected to fade away soon as a result of efforts by Careem and when people become used to of seeing the women driving the bikes.

<u>Choice of Karachi (instead of Lahore) as the launching city:</u> Regarding the feasibility of starting the business in Lahore, according to both the industry expert, Hasaan Khawar and the Cofounder of Airlift, Ahmed Ayub, Karachi appears be a better market in order to launch the motorbike-based business followed by an expansion to Lahore in the next step, due to the following reasons.

Firstly, people from Karachi are less status conscious than people from Lahore and using a rented bike to commute would not be an issue of prestige as it may be for people belonging to Lahore (Interview 1: Hasaan Khawar). Ayub mentioned that in Lahore people think it is **"(…)** *associated with a lower status to ride or travel in a bus. People are ashamed of travelling in a bus."* (Interview 2: Ahmed Ayub).

Secondly, Karachi has a much larger population base (14.91 million) than Lahore's (11.3 million) (PBS, 2017) which means a larger market with greater business potential, however, Ahmed stated, *"(…) there is only 11% of population in Karachi that is using the public transport. Rest everyone is using their own car or motorbike or finding some other personal arrangement."* Third*,* Karachi is huge geographically with extremely dispersed population spread miles apart, distances are large and therefore the need to travel is even higher in Karachi than Lahore. Finally, Lahore is much better than Karachi in terms of infrastructure development and in terms of availability of travel options, in comparison to the availability of these services in Karachi, and therefore the demand for travel related services is much higher in Karachi than Lahore. Emphasizing upon the importance and need for the travel-based services in Karachi, Ayub

mentioned, *"we started Airlift in Lahore. But in all honesty, if we had planned things better, it should have started first in Karachi. It was actually, somewhat a mistake to start from Lahore"*.

These factors make Karachi as the best option to launch the setup, and the services can be expanded to Lahore in the second step, like Uber did (Interview 1: Hasaan Khawar, Interview 2: Ahmed Ayub).

Socially and culturally, the idea of motorbike-based sharing economy business has great potential of success, even if the female segment is not onboard from the start. Moreover, the setup should be launched first in Karachi and services should be expanded to Lahore.

In terms of **technology** related global rankings, Pakistan may appear behind most of the developed nations, however, the profound success of Uber and Careem are evident that in certain geographical clusters, technological situation is much advanced than the rest of the country. Pakistan is one of the fastest growing markets for Uber, and one of the highest revenue generation markets for Careem as stated in PEST. Moreover, when Careem launched in Pakistan in 2015, they launched their services simultaneously in Karachi and Lahore with quick expansion to other parts of the country and is now present in 15 cities. Similarly, when Uber launched its services in Pakistan in 2016, it picked Lahore as the first city to enter with plans to increase its services to Karachi and Islamabad within one year of launch (CNN, 2016). Both the companies, now owned by Uber, are growing at a very promising pace in Pakistan which reflects that the technology required for such a setup to operate, i.e. primarily the mobile phone ownership, cellular subscriptions, 3G/4G subscriptions is already in place, in the metropolitan cities. Moreover, nationwide, there is a four times growth in the number of 3G/4G subscriptions in the last three years and around 5 times CAGR increase in number of cellular subscriptions since 2010. The researcher further tried to probe for data pertaining to Lahore specifically, however, the information could not be found. Nonetheless, the available examples and information demonstrates that the large cities of Pakistan are well equipped technologically, and users are well versed to start using a ride hailing service.

Regarding **mobike based business model**, the technological issue identified which makes the model questionable is the user's lack of traceability in Pakistan. According to Khawar, the accompanying driver is mandatory requirement for any such business due to the fear of theft. Unless there is a captain (another human involved), Pakistan is not ready to for mobike based driverless model *(due to lack of trust)*. There is a huge market in Lahore named "Bilal Ganj" where the stolen autos, or their spare parts are sold and repurchased by other walk in customers at a much cheaper price (Interview 1: Hasaan Khawar).

In case of "mobike" or "Drive Now", the users themselves are the drivers. Firms like Drive now first attain access to the user's credit card information, a mandatory requirement for making a user account, in order

to be able to use the service. The cars are either insured or the user pays for the amount required on top of insurance amount in case of accidents. In Pakistan, there is a high risk of theft if the bike is left on the disposal of users. In addition, there are hardly 2% people in the country who use credit cards (Interview 1: Hasaan Khawar, Interview 2: Ahmed Ayub). Even the insurance firms are reluctant to provide insurance in that case, as stated by Khawar *(…) an insurance provider will come when he knows that the person is traceable and he has kind of grip on his financials which in other words turns out to be a credit card. Now in Pakistan you know the kind of financial equations that are present, credit card penetration is very less. So, without credit cards even if you trace that person you are not sure of recovery, even if you take their CNIC and the person turns out to be poor, what are you going to do then?"*

As mentioned before, when Uber was launching in Pakistan, realizing that it is a cash economy, Uber had to include the option of payment by cash (Fortune, 2016). Most of the transactions to Uber, Careem and other ecommerce companies take place through cash upon completion of user's journey, or in the latter case, at the arrival of order. There are several COD (Cash on Delivery) firms now operating in Pakistan which keep a certain fraction of transaction as the share and act as the delivery service between the online retailers and the buyers. COD is the most commonly used medium of payment even for the orders placed online, as most of the customers lack credit card ownership, and even the customers who have a credit card are hesitant sharing the information online due to fear of hacking, or by fear of making the advance payment and not receiving the service or product for which they have already paid. **Therefore, in a country where the credit card ownership (usage) is highly limited, making traceability of users a huge issue, the idea of driver less business model, such as mobike, will not be suitable.** For any such idea to function successfully, a custodian is required in the form of a driver who takes care of the motorbike and ensures safety of the equipment from the service user. In other words, the business model has potential to succeed if it follows the model of Uber or *Bykea*, where the owners of the bike act as the captains, but the driverless ride hailing business is a big no for Pakistan in the current circumstances (Interview 1: Hasaan Khawar).

Technological condition of Pakistan supports partial aspects of the business idea. Metropolitan cities of Pakistan are technologically advanced and ready for sharing economy, but the business model of mobike is not possible due to lack of user's traceability and lack of digital payment systems. Considering Pakistan is largely a cash economy, the idea needs to be altered by keeping cash payment option, following the business model of Uber where the driver (partner) is the guardian of the vehicle.
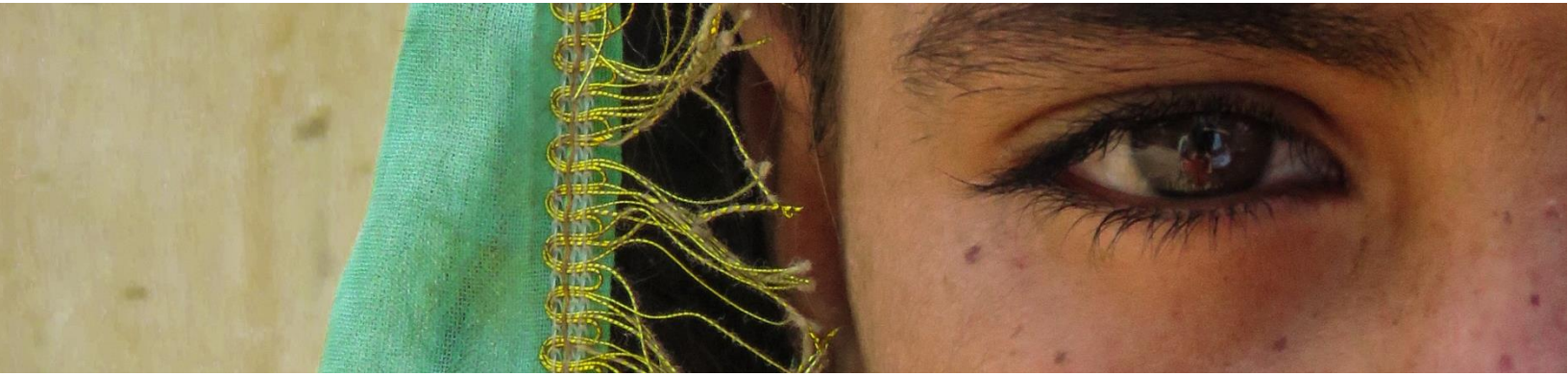
7. PERSPECTIVES

This section presents the perspectives made upon the knowledge created by this study and how its conclusion could relate and benefit to other areas, besides answering the two research questions of this study. In addition, this section looks at the study with a critical mindset, highlighting some of its shortcomings, providing recommendations for the managers, proposing future research paths to increase the reliability and validity of the findings of this study, and proposes how the government could play its role.

To remind the reader, the paper is divided in two parts, in the first section, the cultural dynamics of South Asia are evaluated to investigate the biggest barriers behind the slow growth of sharing economy industry. In the second section, the paper aims to find out the practical limitations and possibility for setting up a sharing economy ride hailing business in Lahore, Pakistan. The perspectives laid below follow the same sequence in terms of the observations raised during the course of the study.

#1   Complex interplay of non-cultural variables limiting the impact of culture

The paper starts with the idea that culture has a very critical role in shaping up innovative behavior in people belonging to any society. While it holds true, there are other forces which come into play, such as the extent of digitalization, the research budget of a country, the intricate interplay between different elements of a society, etc, which collectively shape up the behavior towards creativity and new ideas. Such factors coexist and interplay with Hofstede's cultural dimensions, which may alter the importance of a certain cultural dimension by advancing or deterring the behavior towards innovation. It is, therefore relevant to take a more holistic approach and/or take a different angle to the study of shared economies in South Asian markets considering, for example, some of the aforementioned non-cultural factors in future research to understand which dimensions appear to promote or limit the growth of sharing economy. Still, Hofstede's cultural dimensions provide an overview of the impact of culture, which is an important aspect for the dynamic of shared economies, but may be insufficient to cover the topic entirely, which makes the application of the results from this paper limited. For example,

China, despite being high on masculinity with a score of 66, and being low on individualism with a score of 20 (making it highly collectivist) (Country Comparison - Hofstede Insights, n.d.), has one of the most rapidly growing sharing economy industry in world, projected to grow 40% on annual basis (State Council of the People's Republic of China, 2017).

It is, therefore required to carry out the research on a larger scale employing a more open-ended approach, however, the author believes that the complexity of dynamics impacting these attitudes is so comprehensive that no one model or framework is enough to conceptualize all the factors.

#2 Infeasibility of mobike based business model

One of the core motivations behind this paper resided in the author's avid interest in the successful case of mobike, and how to leverage by replicating the idea to other countries.

The research unfolded that while sharing economy and travelling based services have huge potential, the mobike inspired business model would be infeasible for Pakistan due to many factors, some of which include law and order state of the country, fear of theft and vandalism of property (entire motorbike or even the spare parts) and lack of traceability of users resulting from lack of credit cards etc.

There are specialized huge markets which operate in buying and selling of spare parts of stolen/accidental/scrapped automobiles. The idea of attaching trackers to locate the positioning of bikes in order to avoid theft may be farfetched at this stage, and even cars or bikes with trackers are prone to stealing or damage. Besides, due to high traffic and carelessness of users, there are chances of accidents resulting in damage to the vehicle. Charging these damages to the customer is not practical, firstly, due to the userbase lacking the credit cards, which makes it difficult to trace them. Secondly, even if there is a possibility of creating user accounts enabling the company to have their information in form of address, professional details etc, the customers may not have the money to pay the damage, making it impossible to recover the money from them (Interview 1: Hasaan Khawar). Moreover, purchasing bikes for the startup would be financially a very heavy cost, and may not be practical when finding resources for startups is already an issue. South Asian countries need a representative in form of a driver or captain of the bike, who is there to provide the services on motorbike to the user, instead of consumers taking the bike on their own. **Therefore, the business model followed by Bykea or Uber, in which the bike owners' partner with the company to provide service and act as Captains for the users, is feasible and has higher growth potential.**

#3 **Choice of Karachi as the *most appropriate* city to launch the setup**

The second section of the paper evaluated the feasibility of starting a ride hailing business in Lahore due to several features making Lahore a highly relevant South Asian city for this nature of business. The findings of this paper reveal that while Lahore appears to be a very attractive market and while it is absolutely feasible to start the sharing economy led ride hailing motorbike business, still, it may not be the most appropriate place from the aspect of launching the business in Pakistan.

The researcher chose Lahore due to its several unique features stated in the PEST analysis of the paper. Moreover, when Uber launched its operations in Pakistan, it chose Lahore as the first city to start its services in the country (CNN, 2016). Similarly, when Careem started its services in Pakistan, it started in Lahore and Karachi simultaneously (McKinsey, 2019). When Airlift started its operations, it first started in Lahore, and expanded the services to Karachi. However, these are all the examples of car-based ride hailing services.

In motorbike-based services, Bykea (the only motorbike-based service in Pakistan) launched first in Karachi and extended its operations to Lahore and Islamabad (Bykea, 2019). Similarly, Careem has started its Careem WOW campaign only in Karachi, as of now (January 2020), and the management intends to extend it to other parts of the country (Dawn, 2020).

In addition, the findings from primary data reveal that while the business can be launched in Lahore, it may be more suitable to first start in Karachi and then expand to Lahore. **The detailed reasoning for altering the choice of launching city is explained in the previous section, i.e. 6.2.** Therefore, in the next step of this study, the researcher proposes a pilot study to be conducted in Karachi to test the feasibility, response of locals (potential users) and competition (Bykea), and to assess the other market dynamics which may impact the business. It is noteworthy that Bykea's head office is also based in Karachi.

#4 **Adapting sharing economy/e-commerce to the market in context**

"The key to success will be with those companies that know how to combine local relevance with global presence" (Ernst & Young, 2011).

An important insight gained from this paper is regarding how to succeed in the sharing economy/e-commerce related business in a context where the market is still in its development stage, lacking many features which are considered a mandatory prerequisite to conduct an e-commerce business in the developed countries.

Due to high uncertainty, lack of trust and limited resources of people etc, there are a lot of regulations on credit cards in the developing countries, and most of the Pakistani/South Asian population does not even qualify to get a credit card. There is less than 2% of Pakistani population which holds credit cards (Interview 2: Ahmed Ayub) (Fortune, 2016) and only 20% of population with bank accounts as stated in the analysis section (The Express Tribune, 2019c). Although the government of Pakistan claims that it is in the agenda of state to increasing the number of bank accounts and to improve the country's e-commerce policy by ruling out COD payment option by digitizing everything, but the time frame associated with the implementation of this remains indefinite (Interview 1: Hasaan Khawar).

Therefore, for sharing economy or e-commerce-based companies to enter in Pakistan, there is a need to follow a different approach. If sharing economy has to work in Pakistan it has to be customized according to the Pakistani context, by offering features such as the cash payment option (like Uber). Otherwise, if sharing economy-based companies or online retailers keep focusing on credit cards, bank accounts or digital payments etc, then it might take very long for sharing economy to achieve its full scale and firms would be late to enter and capture the market (Interview 1: Hasaan Khawar). Today, e-commerce is growing in Pakistan (McKinsey, 2019), but it was only made possible after the online retailers started the option of cash on delivery (Interview 2: Ahmed Ayub). In massively populated countries like Pakistan, where population is the real dividend, companies can fully leverage on the growing e-commerce and sharing economy industry only by providing the customized solutions.

#5 Need for action to educate on safe sitting position while riding a motorbike

The culture of women driving motorbikes is gaining popularity gradually, but it still needs some time to be widely accepted in the Pakistani market. For years, women commute on motorbike as passengers, sitting behind their male driver companion who could be a brother, husband or father etc. While taking the behind seat, the culture is that women sit by keeping both their legs on the same side (Appendix 16) which is a very high-risk posture. This trend of both legs on one side continues from that old time when the British ladies (in pre-partition India) used to sit with both their legs on one side because they were wearing a frock. Since then, it is considered indecent to sit cross legged on the bike, especially in the urban areas of Pakistan*. According to the entrepreneur in sharing economy, (…) is a lethal posture to sit on the bike. A bike falls in an accident and the girl just dies because her head hits the road from behind (…).* Consequently, in case of accidents, it results in severe injuries or even death if the bike falls or gets hit by another vehicle on the road (Interview 2: Ahmed Ayub).

Therefore, the author identified that there is a need from the government's side to educate how dangerous it is to sit in this posture. The hazards associated with sitting in this sideways position should be informed to the female riders. There was a time when governments realized the importance of wearing seat belts, and governments ran campaigns to emphasize on the importance of wearing seat belts. Now it is illegal to drive without a seat belt in some parts of the world. In Pakistan, it is compulsory to drive wearing a seatbelt only on the motorways.

In a similar way, the researcher has identified a strong need for education on safe and right posture to sit while taking the passenger seat on a motorbike. Government needs to promote on school level, in colleges and universities, as to why sitting with both legs on one side is an extremely risky posture for women. Starting with education in the first step, the government should make policies stricter with time, by putting a fine on those who don't follow the safety precautions and do not sit cross legged on bikes/motorbikes.

#6   Role of government in promoting females to bike/motorbike

As mentioned in the paper, the culture of female motor bikers is still not widely accepted in Pakistan. Moreover, it has been reiterated that Pakistan lacks the infrastructure and services required to meet the travelling needs of the growing population, which was also one of the reasons the author chose to perform this research on the ride hailing business. The primary data reveals that women are very eagerly looking forward to some safe and reliable service to commute, and 30-35% of Airlift's regular customers are females. These are women who are extremely hesitant in using public transport due to its inferior quality of service and due to fear of harassment etc (Interview 2: Ahmed Ayub). Identifying this huge need and the gap in the available options, private companies like Careem are investing in training and promoting women motor bikers (Careem WOW).

As stated before, women constitute 49% of Pakistan's total population (Human Development report, 2019), and therefore, the author believes there is a strong push required from the government's side to promote the female segment to drive motorbikes. It may need a campaign in the beginning, which could require some resources in attempting to encourage the female bikers to drive, such as making groups of women bikers who driver together on the roads etc. This would familiarize people with the idea of women driving the bikes, encourage other fellow women, while at the same time make them feel less uncomfortable from the fellow men on the roads as they would be travelling in groups.

In order to reduce the significant gap in services available as compared to the need for travelling, it is an essential requirement that women in Pakistan must start driving the motorbikes now. In the time of

growing population and more women entering the workforce, resulting in greater need for travelling, it is critical from several aspects. It would help in reducing the dependence on men and in utilizing the available resources (female drivers) instead of depending on one gender. Most importantly, it will allow the women from underprivileged families to have their own vehicle, which, for now is only considered a luxury.

8. LIMITATIONS OF THE PAPER

In order to ensure a sufficient level of quality of the research conducted, some limitations and deselections were required to be made. This is mostly due to limited resources during the course of this thesis, among others, time and restriction on the number of pages being particularly prominent restraining factors. This section aims to shed light on those limitations.

Hofstede's cultural dimensional theory makes use of six cultural variables identified by Hofstede to determine the culture at any place. This paper limits itself to the three variables considered most relevant for the research at hand. The reasoning for the perceived higher relevance of the studied three dimensions has been explained in section 2.1.

Moreover, there are contradictory views upheld by scholars regarding the link of Masculinity-femininity to the economic performance of a society. While Kaasa (2013) advocates the strong association between economic performance and masculinity-femininity, according to Williams and McGuire (2005), masculinity has no significant impact on economic creativity. This dimension was chosen as one of the three dimensions under investigation, due to its perceived importance in relation to patenting intensity and innovation performance (Kaasa (2013), Kaasa, Vadi (2010), Khan, Cox (2017)). In addition, this dimension covers some of the aspects of the other four (from 1970's IBM study) dimensions which makes it quite elaborate (Hofstede, 2011). The findings of this paper, however, reveal that it didn't result in creating the biggest challenges in the growth of sharing economy in South Asia (Shane 1993; Williams & McGuire 2005).

To address the second research objective of this paper, which questions the feasibility of a shared economy motor bike business in a Pakistani highly metropolitan city, this study delimits itself as a starting point to the city of Lahore. As a researcher, the author realizes the limitations associated with not having an open-ended question in what concerns the choice of Pakistan metropole(s), however the author proceeded with this approach as it delimited the scope and allowed for a narrower and more dedicated focus in the research. The motivation for this choice is in part because Pakistan is a large country and

Lahore being among the most economically developed cities (including among the highest in terms of safety, booming economy, best infrastructures in the country etc.) and in part because the author of this study was unsure as to the knowledge of the interviewed group would enable to equally assess all cities in Pakistan in respect to the question at hand. Taking Lahore as a starting point may have weakened the adopted approach by freeing the research from exploring the topic of which city gathers the best conditions and feasibility, which the author deems to be the most accurate method. However, the taken approach asks instead to validate Lahore, but doing so in contrast to foregone alternatives not necessarily excluded from consideration.

Moreover, while Lahore stands positive for the feasibility of sharing economy, upon assessing this city as the pilot to launch the business, primary data did not validate this. In fact, primary data suggests Karachi as the more appropriate choice to launch and suggested to expand to Lahore in the next step. While Karachi was discarded by the researcher as the first choice due to extremely corrupt government of Sindh, low maintenance of law and order, high crime and lack of infrastructure, some of these concerns, such as lack of infrastructure actually turned out to be in the favor of Karachi as the launching market.

9. CONCLUSION

This section concludes the paper by stating summarized answers to the two research questions with respect to the findings obtained through interviews, literature review, insights obtained from Hofstede's cultural dimensional analysis and the PEST analysis of Pakistan.

Considering sharing economy is a product of innovation, this paper makes use of the world's most widely used cultural model, i.e. Hofstede's cultural dimensional theory, in order to explore the influence of cultural dimensions in shaping up the innovative The paper limits itself to three (individualism/collectivism, uncertainty avoidance and masculinity/femininity) of the six Hofstede's cultural dimensions deemed most relevant by the researcher in the context of this study. The first research question entails, *"What are the key challenges to a shared economy business startup in the context of South Asian developing countries?".* Upon critically evaluating the Hofstede's dimensions, the findings suggest that the dimensions of collectivism-individualism and uncertainty avoidance are the most critical in promoting or constraining the growth of innovation, whereas masculinity-femininity does not fall among the most significant factors.

Most of the key challenges in the way of sharing economy stem from the lack of development in these *collectivist countries*. Five primary areas were identified through which the biggest challenges emerge on supplier's or/and the consumer side. The major issues on the supplier's (entrepreneur) end include **resource** (financial etc) and **connectivity** issue (3G/4G penetration, mobile network penetration), and from the market's side (consumers), **digital literacy** of the potential users (smart phone penetration, level of education) and **information barriers** (lack of information about services) were identified as the biggest barriers. Moreover, due to *high uncertainty avoidance* in Pakistan, high number of rape incidents in India, high corruption (Transparency International, 2019), high terrorism and medium to low adherence to rule of law in India and Pakistan, **trust issue** becomes an extremely significant element in all aspects of life and was identified as a highly crucial factor *for both supplier and the potential user*. With regards to the *masculinity femininity*, it may have its impact and can act as a catalyst or deterrent by providing a more cordial or hostile environment to openness for new ideas, thus impacting the economic creativity.

Nonetheless, it is not the cultural dimension which itself creates the biggest challenges in the growth of sharing economy industry.

Moreover, while it is established that there exists a reliable link between culture and national innovation, the relationship is not straightforward and the impact of cultural dimensions can be altered by other factors in play, such as the extent of digitalization in a country, the country's research budget and the complex interplay of other factors in a society.

The **second research question** entails, "***What is the feasibility of starting a shared economy motor bike business in a highly metropolitan city, Lahore, in Pakistan?***". The analysis provides mixed findings. First, despite South Asia is largely collectivist, the scale of India and Pakistan is so huge that some cities are extremely metropolitan and well developed, where it is feasible to start the sharing economy business. Regarding the most optimal **location**, while it is completely feasible to start the business in Lahore, Karachi appears to be a better market to launch, followed by extension to Lahore, due to several reasons stated in section 6.2.

Politically, economically and technologically, market supports the business idea. From *social* perspective, there appears to be a challenge to bring the female population onboard in the start of the business. However, despite that, the business demonstrates great growth potential primarily due to two reasons. First, there is a huge male population with motorbikes that would be ready to join as partners, and there is a huge male consumer base ready to use the service right from its launch. The male market is developed, need for such services exists due to infrastructure issues, lack of public transport opportunities, massive population with fewer commute options available. Secondly, Careem is investing in market development of the female consumer base in its campaign Careem WOW (Women on wheels). Although rarely, but females are seen driving the motorbikes, and the new wave of women bikers through Careem WOW is expected to help bring the change. Hence, it is highly likely that in the next few years the idea of females driving motorbikes would gain wider acceptance, resulting in an even larger target market.

The research further shows that the **mobike based business model would be impractical for Pakistan's market.** The chosen **business model would be closer to the model of Uber**, where the excess resources such as motorbikes along with pool of excess labor can be made into use to create economic value by simultaneously co-creating the societal value.

To summarize, the metropolitan cities of Pakistan support the sharing economy ride hailing businesses. However, for the firms to fully leverage on potential gains from the huge population living in these cities, businesses may require to be adapted according to the local market, such as providing COD (cash on

delivery) payment options or by ensuring the protection of property by a custodian in form of a captain/driver. Upon rightly tapping these markets, there are great potential benefits associated due to the huge market size and enormous growth possibilities.

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11. APPENDICES

Appendix 1

Source: Martin, 2016
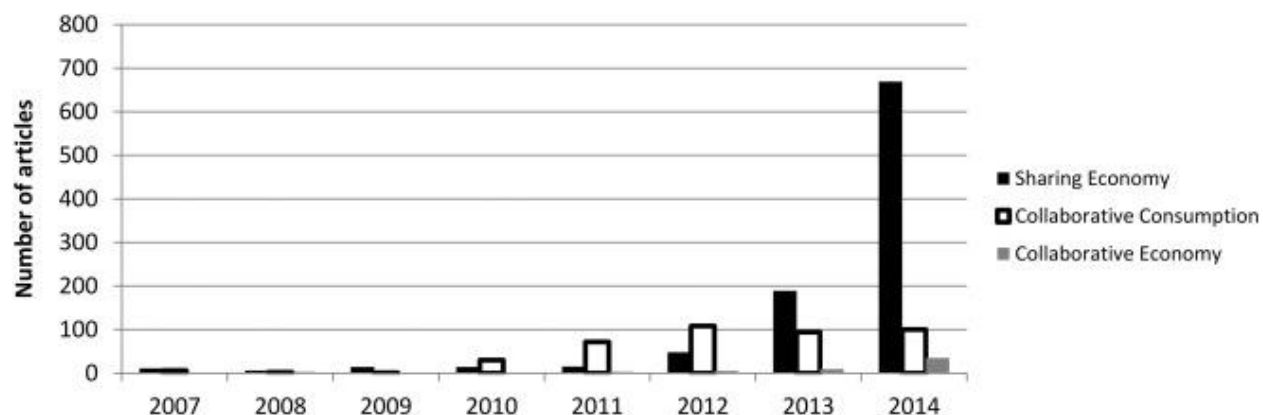
Number of newspaper articles referring to the 'Sharing Economy','Collaborative Consumption' and the 'Collaborative Economy' by year.Results obtained from searches of the Lexis Nexis database of newspaper articles.

Appendix 2,

Source: Investopedia, 2020

South Asia: Real GDP

Percent change from previous year

COUNTRY/REGION	2015	2016	2017E	2018F	2019F	2020F
South Asia	**7.1**	**7.5**	**6.6**	**6.9**	**7.1**	**7.2**
India*	8.2	7.1	6.7	7.3	7.5	7.5
Pakistan**	4.1	4.6	5.4	5.8	5.0	5.4
Bangladesh**	6.6	7.1	7.3	6.5	6.7	7.0

*The column labeled 2016 refers to FY2016/17. **GDP growth values are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. Pakistan's growth rates are based on GDP at factor cost. The column labeled 2017 refers to FY2016/17.

Source: World Bank Group · Get the data

Appendix 3

Source: Society and Culture, 2016

FIGURE 3.2 Cultures at Various Levels in the Social World
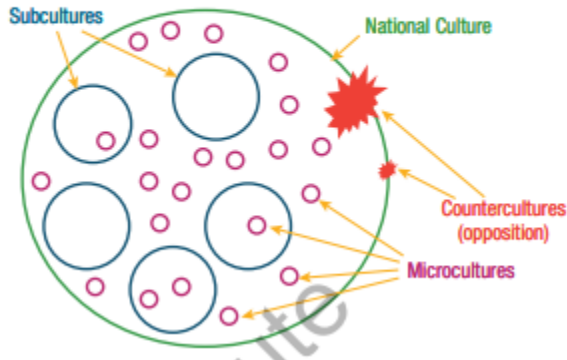
Appendix 4,

Source: Doing Business, 2020

Economy	Ease of doing business rank	Change in ease of doing business score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Saudi Arabia	62	7.7	✔	✔	✔		✔	✔		✔	✔	✔
Jordan	75	7.6					✔		✔			✔
Togo	97	7.0	✔	✔	✔	✔	✔					
Bahrain	43	5.9		✔	✔	✔	✔	✔	✔	✔	✔	✔
Tajikistan	106	5.7	✔				✔			✔		
Pakistan	108	5.6	✔	✔	✔	✔			✔	✔		
Kuwait	83	4.7	✔	✔	✔	✔	✔	✔		✔		
China	31	4.0	✔	✔	✔			✔	✔	✔	✔	✔
India	63	3.5	✔	✔						✔		✔
Nigeria	131	3.4	✔	✔	✔	✔				✔	✔	

TABLE O.2 The 10 economies improving the most across three or more areas measured by *Doing Business* in 2018–19

Source: *Doing Business* database.

Appendix 5

Source: Doing Business 2020

- Pakistan's ranking improved in six indicators as mentioned below.

Indicator	Jumped	DB20 Rank	DB19 Rank
Overall – out of 190	28	108	136
Starting a business (reform)	58	72	130
Dealing with Construction Permits	54	112	166
Getting Electricity (reform)	44	123	167
Registering Property	10	151	161
Paying Taxes	12	161	173
Trading Across Borders	31	111	142
Getting Credit	(7)	119	112
Protecting Minority Investors	(5)	28	26
Enforcing Contracts	0	156	156
Resolving Insolvency (Negative Data Correction)	(5)	58	53

Appendix 6

Source: The Global Economy, 2019 (Data from UNESCO)

Pakistan - Education spending, percent of GDP
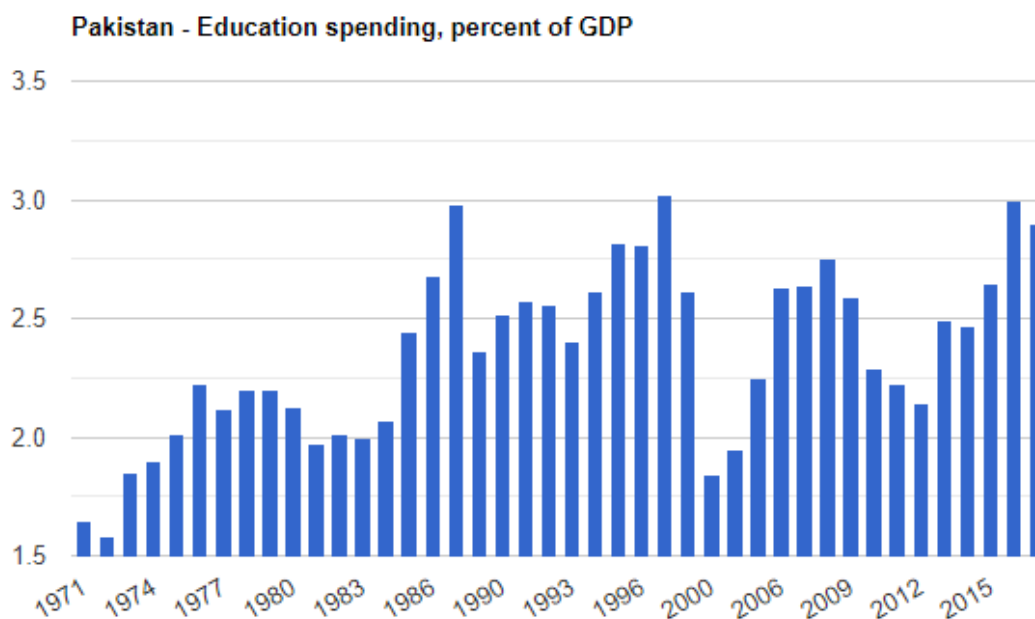
Appendix 7

Source: UNDP (Human Development in Pakistan), 2019

Pakistan's HDR trends based on consistent Time Series Data and new goalposts

	Life Expectancy at Birth	Expected years of Schooling	Mean years of Schooling	GNI per capita (2011 PPP$)	HDI Value
1990	60.1	4.6	2.3	3,195	0.404
1995	61.4	5.0	2.8	3,387	0.428
2000	62.7	5.4	3.3	3,451	0.450
2005	63.8	6.5	4.5	4,101	0.500
2010	65.1	7.5	4.7	4,447	0.526
2015	66.3	8.2	5.1	4,978	0.551
2016	66.5	8.6	5.2	5,155	0.560
2017	66.6	8.6	5.2	5,311	0.562

Trends in Pakistan's HDI component indices 1990-2017

Appendix 8

Source: UNDP, (2017)
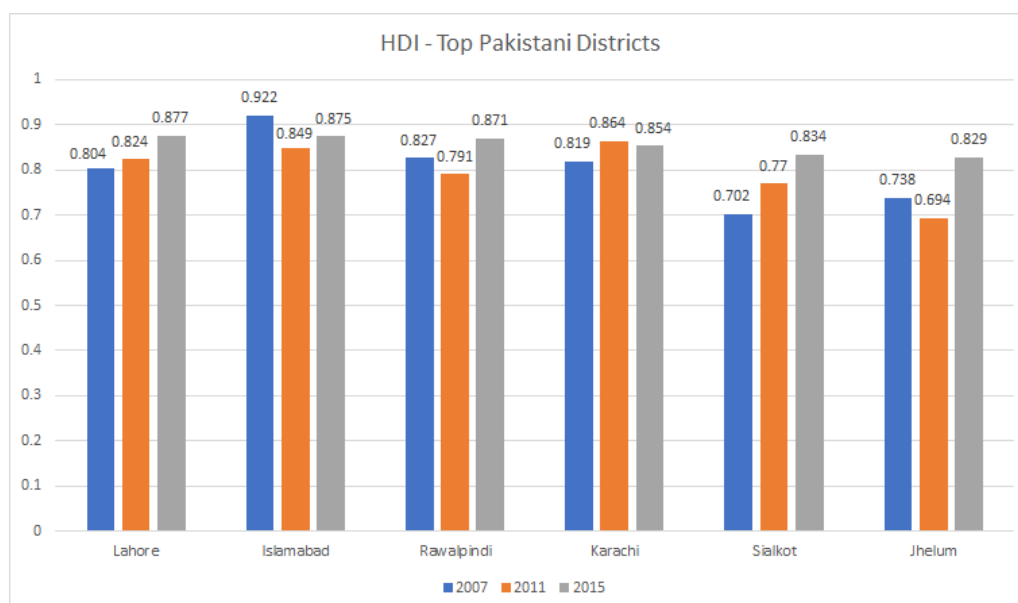
Appendix 9

Pakistan's scores in the seven GII pillars

—Pakistan —Lower middle-income —Central and Southern Asia —Top 10

Appendix 10

164 Million
Cellular Subscribers
77.69%
Teledensity

74 Million
3G/4G Subscribers
35.21%
Penetration

3 Million
Basic Telephony Subscribers
1.16%
Teledensity

76 Million
Broadband Subscribers
36.18%
Penetration
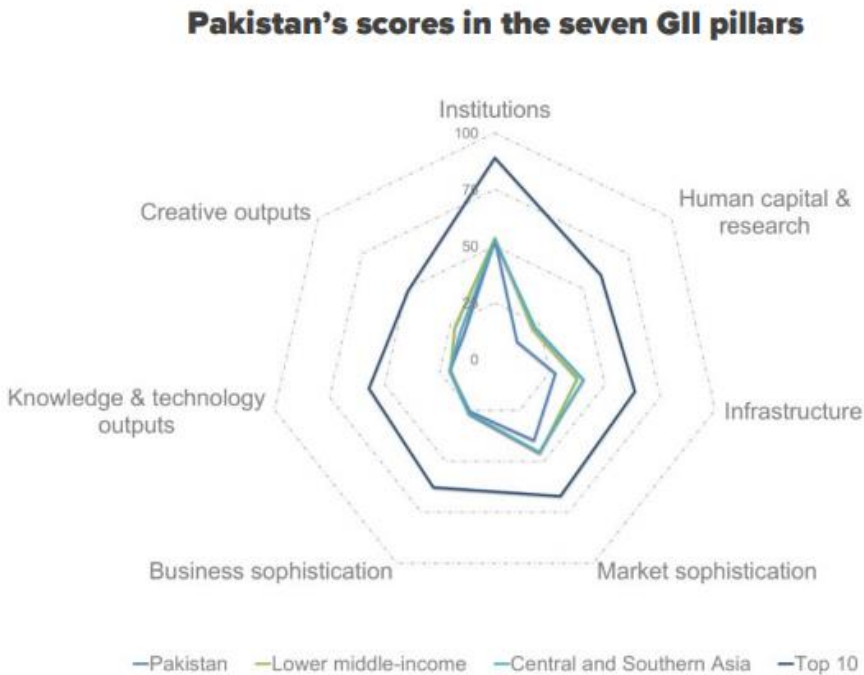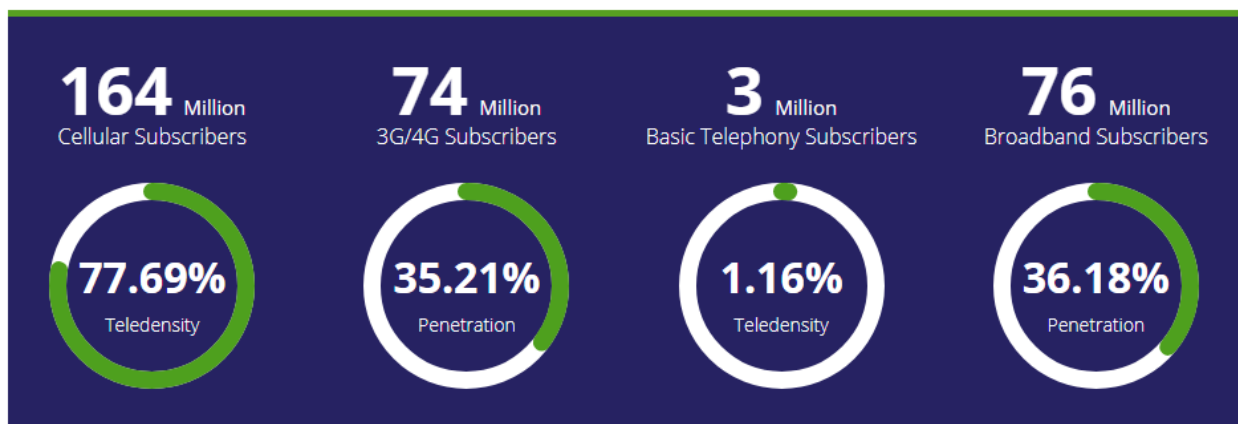
* Figures are updated as on November 2019

Appendix 11

Growth in cellular and 3G/4G subscriptions

Cellular subscriptions are growing at 5% CAGR in Pakistan while 3G/4G users have grown 4x in the last three years

Cellular subscribers, Millions
000s

■ Other subscribers
■ 3G/4G subscribers

+5% p.a.

Year		
2010	99 (99)	
15	133 (120 + 14)	
2018	152 (92 + 60)	

Cellular subscribers in Pakistan are growing at ~5% CAGR since 2010

4x Growth in the number of 3G/4G subscribers in the last 3 years
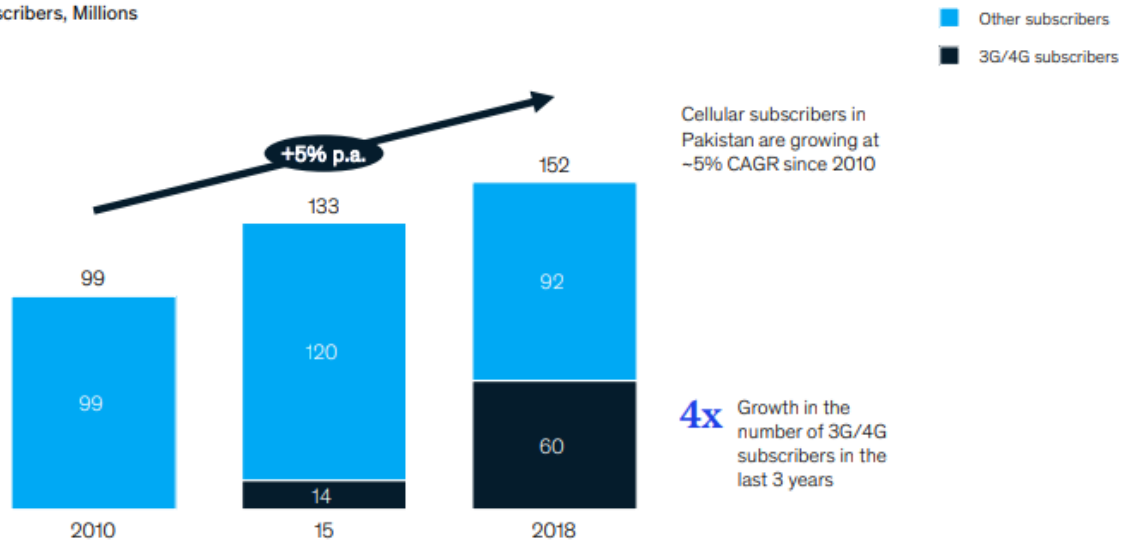
Rule of Law Around the World

	.40 & Below	.41 – .50	.51 – .60	.61 – .70	.71 – .80	.81 & Above
	weaker adherence to the rule of law				stronger adherence to the rule of law	
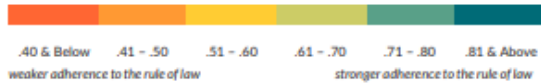
Country/Jurisdiction	Overall Score*	Global Rank
Denmark	0.90	1
Norway	0.89	2
Finland	0.87	3
Sweden	0.85	4
Netherlands	0.84	5
Germany	0.84	6
Austria	0.82	7
New Zealand	0.82	8
Canada	0.81	9
Estonia	0.81	10
Australia	0.80	11
United Kingdom	0.80	12
Singapore	0.80	13
Belgium	0.79	14
Japan	0.78	15
Hong Kong SAR, China	0.77	16
France	0.73	17
Republic of Korea	0.73	18
Czech Republic	0.73	19
United States	0.71	20
Spain	0.71	21
Portugal	0.71	22
Uruguay	0.71	23
Costa Rica	0.69	24
Chile	0.68	25
Slovenia	0.67	26
Poland	0.66	27
Italy	0.65	28
Barbados	0.65	29
St. Kitts & Nevis	0.65	30
Romania	0.64	31
United Arab Emirates	0.64	32
Antigua & Barbuda	0.63	33
Namibia	0.62	34
St. Vincent & the Grenadines	0.62	35
Greece	0.62	36
Mauritius	0.61	37
St. Lucia	0.61	38
Bahamas	0.61	39
Rwanda	0.61	40
Georgia	0.61	41

Country/Jurisdiction	Overall Score*	Global Rank
Croatia	0.61	42
Grenada	0.60	43
Botswana	0.59	44
Dominica	0.59	45
Argentina	0.58	46
South Africa	0.58	47
Ghana	0.58	48
Jordan	0.57	49
Jamaica	0.56	50
Malaysia	0.55	51
Senegal	0.55	52
Mongolia	0.55	53
Bulgaria	0.54	54
Trinidad & Tobago	0.54	55
Macedonia, FYR	0.54	56
Hungary	0.53	57
Brazil	0.53	58
Nepal	0.53	59
Bosnia & Herzegovina	0.53	60
Tunisia	0.53	61
Indonesia	0.52	62
Sri Lanka	0.52	63
Panama	0.52	64
Kazakhstan	0.52	65
Belarus	0.52	66
Malawi	0.51	67
India	0.51	68
Suriname	0.51	69

Country/Jurisdiction	Overall Score*	Global Rank
Peru	0.51	70
Albania	0.51	71
Algeria	0.51	72
Burkina Faso	0.50	73
Morocco	0.50	74
Guyana	0.50	75
Thailand	0.50	76
Ukraine	0.50	77
Serbia	0.50	78
Benin	0.50	79
Colombia	0.50	80
Vietnam	0.49	81
China	0.49	82
Moldova	0.49	83
El Salvador	0.48	84
Kyrgyzstan	0.48	85
Belize	0.48	86
Ecuador	0.48	87
Russia	0.47	88
Lebanon	0.47	89
Philippines	0.47	90
Tanzania	0.47	91
Zambia	0.47	92
Cote d'Ivoire	0.46	93
Uzbekistan	0.46	94
Dominican Republic	0.46	95
Guatemala	0.46	96
Liberia	0.46	97

Country/Jurisdiction	Overall Score*	Global Rank
Sierra Leone	0.45	98
Mexico	0.45	99
Togo	0.45	100
Kenya	0.45	101
Iran	0.45	102
Mali	0.45	103
Niger	0.44	104
Guinea	0.44	105
Nigeria	0.43	106
Madagascar	0.43	107
Mozambique	0.43	108
Turkey	0.42	109
Myanmar	0.42	110
Angola	0.41	111
Bangladesh	0.41	112
Uganda	0.40	113
Nicaragua	0.40	114
Honduras	0.40	115
Zimbabwe	0.40	116
Pakistan	0.39	117
Ethiopia	0.39	118
Bolivia	0.38	119
Cameroon	0.37	120
Egypt	0.36	121
Mauritania	0.35	122
Afghanistan	0.35	123
Congo, Dem. Rep.	0.33	124
Cambodia	0.32	125
Venezuela	0.28	126

Appendix 13
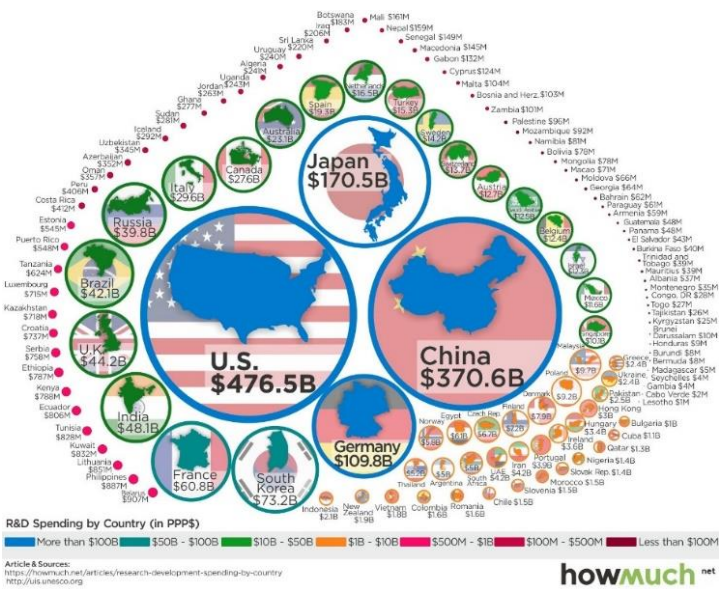
Appendix 14

Rank	Country	R&D Spending (PPP)	Global share (%)
#1	United States	$476.5 billion	26.4%
#2	China	$370.6 billion	20.6%
#3	Japan	$170.5 billion	9.5%
#4	Germany	$109.8 billion	6.1%
#5	South Korea	$73.2 billion	4.1%
#6	France	$60.8 billion	3.4%
#7	India	$48.1 billion	2.7%
#8	United Kingdom	$44.2 billion	2.5%
#9	Brazil	$42.1 billion	2.3%
#10	Russia	$39.8 billion	2.2%
#11	Italy	$29.6 billion	1.6%
#12	Canada	$27.6 billion	1.5%
#13	Australia	$23.1 billion	1.3%
#14	Spain	$19.3 billion	1.1%
#15	Netherlands	$16.5 billion	0.9%
	All other countries	$249.8 billion	13.9%

Appendix 15

Commuting on public and private transport before mass transit — 2010 HIS survey
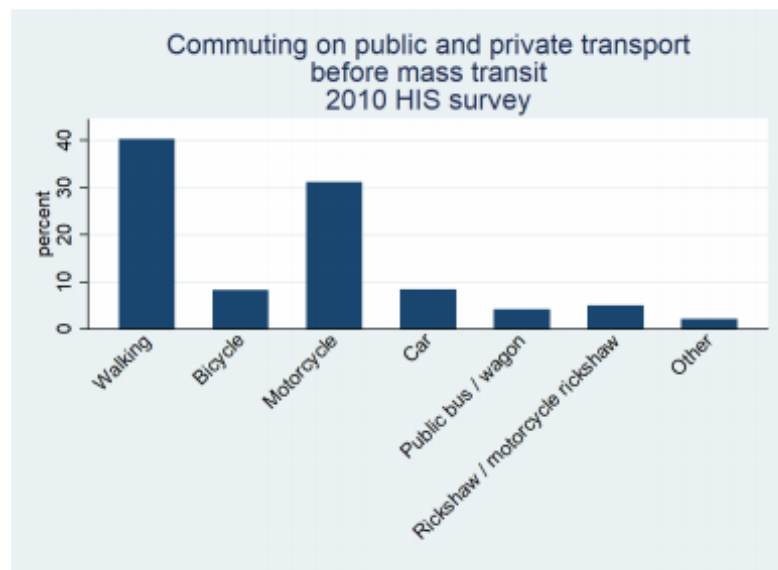
Appendix 16

How families travel on motorbikes in Pakistan, India

Appendix 17: Recorded and Documented files

1. Interview 1: Hasaan Khawar (Industry expert): International Development Consultant, Journalist, Professor, Consultant for Government of Pakistan, Government of Nepal, World Bank, Multinational corporations etc.

   Conducted Skype Interview on the 20th of January 2020. Duration, 1 hour 15 mins (in documented file)

2. Interview 2: Ahmed Ayub (Entrepreneur in sharing economy in Pakistan): Cofounder of Airlift. Founder/CEO at Experia.

   Interview conducted via WhatsApp call on the 24th of February 2020, Duration, 1 hour 5 mins (in documented file)

3. Interview 3: Azka Saif (potential service user): Regular female user of Uber and Careem.

   Interview conducted via WhatsApp call on the 9th of February 2018, Duration, 25mins (in documented file)

4. Interview 4: Laraib Fatima: Regular female user of Uber and Careem. Conducted face to face on the 11th November 2019, (in documented file)

Appendix 18

Questionnaire 1,

Hasaan Khawar – Industry expert

Hi Sir,

Thank you very much for agreeing to be a part of this research and making yourself available for the interview. The purpose of the interview is to gain maximum insight regarding the sharing economy industry in South Asia and its feasibility in Pakistan. The findings would be used for academic reasons.

<u>Interview questions</u>

1. Why do you think the concept of sharing economy is still struggling in South Asian countries like Pakistan, where it has reached to a saturation in some developed economies of the world?

2. In your point of view, how many years it would take for the South Asian countries to embrace the idea of sharing economy? I realize India might be ahead of other countries, so I am not looking for one specific answer, but in general how many years would it take to be accepted by South Asian countries?

3. Considering Pakistan is not ranking very well on the global innovation and technology related indexes, such as GII, ICT, NRI values, in that case, in how many years Pakistan will have the infrastructure and technology (Digital payment system, credit card usage, traceability of users etc) ready to start the sharing economy ventures for shared bikes and motorbikes etc? Just like China's mobike?

4. Considering the current circumstances of the country, in which industry (Accommodation, travel, odd jobs, staffing, media streaming etc.), in your opinion, sharing economy has the maximum chances of acceptance by the users?

5. Do you think the fear of failure is one reason behind slow growth of sharing economy in South Asia?

6. Do you think a Pakistan owned sharing economy setup such as Uber and Airbnb would be a success in a metropolitan city of Pakistan?

    a. If yes, how and why do you think that?

    b. If no, what do you think is the reasoning? Network externality matters

7. Which city would be the best place to start the setup? And why?

8. In your opinion, what would be the three biggest barriers in starting a ride hailing business in Lahore?

9. Let us assume, a sharing economy ride hailing startup is established in selected areas of Lahore. In your opinion, would people trust the International firms more or the locally established firm more?

10. Should the local company charge equal, higher or lesser than Uber/Careem in order to stay competitive and gain market share?

11. Do you think it would be promoted in the government's digital Pakistan initiative for people to start their e-ventures?

12. What are the chances of success for the motorbike startup like mobike, in Lahore Cantt and Defence vicinity?

13. What are the chances of females riding rental motorbikes (Cantt and Defence only)?

14. Considering Pakistan has a huge youth population, if the idea is marketed properly, with attaching a cool image of "independence", would it sell to the youth population in the modern and educated areas like Cantt and Defence?

15. Considering the chances of theft, stealing, accidents and irresponsible consumers, would Insurance firms be willing cover the costs and agree to provide insurance?

16. Currently, the form of sharing economy prevailing in Pakistan is basically in form of Uber and Careem. Do you think the sharing economy business model involving motorbikes/bikes where people would drive the bikes themselves instead of a driver picking up would be a successful idea?

17. Do you think the high car prices leading to drop of the car sales in 2019 could result in people moving to more bikes? Also for sharing economy?

Appendix 19

Interview 1 (Hasaan Khawar)

Interviewer: Zarish Zafar

Interviewee: Hasaan Khawar (Industry expert)

Zarish: Hi

Khawar: Hey Zarish! How are you?

Zarish: I am fine sir, how are you?

Khawar: All well, how is everything?

Zarish: Everything is great, how about your side?

Khawar: It's all good, sorry for the delay, I was saying my prayer.

Zarish: It's absolutely fine sir, no problem.

Khawar: In the meanwhile I am trying to open my email so that your questions are in front of me. What's up with you?

Zarish: Nothing much sir it's a small world; we are meeting again in a different context, different setting and I am again seeking help from you.

Khawar: It's a pleasure absolutely.

Zarish: Okay sir let me give you a little introduction first; I am doing my Master's from CBS and my degree is in International Marketing and Management. During my degree there were a few courses which inspired me towards the sharing economy and I have studied sharing economy a bit more than an average person would. We had Chinese instructors and they made us study Chinese case studies as well. During all this time I was wondering that in developed countries like China, Russia, UK etc. there are so many sources of literature review, articles, and case studies on sharing economy; probably the model of sharing economy has already reached its saturation level in some of these countries. However, as opposed to South Asia this model is relatively much less popular, it's still advancing in India but in Pakistan the concept of sharing economy still seems to be struggling and obviously that has its own reasons and challenges too. This is what inspired me to do my thesis on sharing economy in South Asia and Pakistan. There are two research questions in my thesis paper and the first one is that what are the key challenges to a shared economy business startup in the context of South Asia and developing countries, my second research question is on the feasibility of starting a sharing economy in Lahore.

Khawar: Let me tell you a few things. Firstly, sharing economy has recently reached Pakistan. There were some people who came on a visit to Pakistan from Europe back then in 2011. They were living with some people in a house and they had found this house through xyz platform. I was really amazed and this is something that happened 9 years ago. Now if you look for houses in Islamabad, Lahore or other places you will find accommodation through such platforms, then Careem is here, Uber is here and even bike economy is operational in Pakistan. Look up for Bykea, it spells b-y-k-e-a and it's quite big here. Having said that, I agree with you that Pakistan and south Asia in general is not where the rest of the world is in sharing economy. There are some big factors that can account for that; firstly the security and trust. The issue of trust is that you do not know what you are getting into like the rule of law, contract enforcement and terrorist threats, all these areas prevent this sharing economy model from going where it can really go. In trust barriers there is rule of law, if you go in the rule of law index you can record some data out of

there. Second of course is the information barrier, people are not really aware, they are not completely unaware but few segments have more know-how than others. Digital literacy is also a problem because you are living in a country where there is less smart phone penetration, you can check those statistic from the website of PTA.

Zarish: Sir I found those statistics, I quoted those statistics in my paper.

Khawar: Perfect! Then you have connectivity barriers, some areas do not have proper 4G/3G coverage, there are gaps at certain locations, there are licensing issues; telecommunication networks are investing into this problem. Then again there are financial barriers, in Pakistan you get balance-sheet financing when you collateralize and virtual businesses have less fixed assets so they have to rely on other sources of finances like KBC funds; they are in Pakistan but they are very few. So I think these are the 5 big barriers-trust, information, capacity, connectivity and finances. I think these are 5 very big barriers that would differentiate a developing country from a developed economy. Having said that, I think that there are a few things very positive about that and I have them on top of my head because I am writing a paper on it which would be published soon. Firstly these sectors are labor intensive, for example you talked about Mobike so in that you need everything bla bla so this suits you in big countries like Pakistan which has a lot of excess labor.

Zarish: Sir sorry I am cutting you but the idea of Mobike doesn't involve labor. It's just people, its them who ride the bikes and park the bikes and a certain amount is probably deducted from their accounts. I have also been using sharing economy here, I have used BMW's Drive Now here.

Khawar: Oh sorry, I was actually talking about Bykea not Mobike. So Bykea is an Uber model, do you understand? Because for models like Mobike there are again trust issues and contract enforcement issues in Pakistan, you never know if they take your bike and on the way they sell its spare parts.

Zarish: That's absolutely right, this is exactly what I wanted to talk to you about in reference to insurance policy also, though that is something that I will address in my later questions. it was about the feasibility of this model that how much is it probable in Pakistan.

Khawar: See that has a very big relevance with the credit card, for example I am willing to put my money into a business provided that I get some insurance. An insurance provided will come when he knows what the person is traceable and he has kind of a trim on his financials which in other words turns to a credit card. Now in Pakistan you know the kind of financial equations that are present, credit card penetration

is very less. So without credit cards even if you trace that person you are not sure of recovery, even if you take their CNIC and the person turns out to be poor, what are you going to do then?

Zarish: Sir when I was in Pakistan back then 6/7 years ago, even I was hesitant using credit cards. My sister is a banker, my elder sister uses it but I always had doubts that they might charge me extra or would do something. I was a student as well as at the early stage of my career but I don't know is it still associated to status or considered as a status symbol kind of a thing? Or can every person have it?

Khawar: No no not every person can have it. There are a lot of regulations on credit card. See you were a part of a small segment, in a way that you weren't willing to get the credit card even when they were offering it to you. In Pakistan a lot of people don't qualify for it unless they have an established business or work with a reasonably good firm where they count your salary and everything then you can probably get a credit card. But even in that there are different limits, for example with a salary holder of PKR 35,000 they might give a limit of PKR 50,000 or PKR 100,000 and how much they can hold within it or not, that's also an issue.

Zarish: Okay over here even the students have them but in Pakistan because of the traceability, credit card is also a key challenge, that's what I understand from your communication.

Khawar: You see till date in Pakistan even the vending machines have not been a hit. Reason being vandalism, so in my opinion sharing economy in Pakistan will take its own shape. Let me give you an example, so Uber world-wide did not accept cash, but when they came to Pakistan they realized that they will not be able to function if they do not accept cash, so if you look at Uber in Pakistan you will find out that most of the people pay cash. Just like that we thought e-commerce would not be able to make an impact in Pakistan but they have overcome that through cash on delivery. There are big COD firms and delivery firms who collect the cash for you and keep their share. Now in the government, the e-commerce policy that you can check from the ministry of the e-commerce website, they have already stated that they will gradually rule off the policy of COD and digitalize everything but we never know how and when will that happen. In my opinion if sharing economy has to work in Pakistan it has to be customized to Pakistani context otherwise you will not be able to achieve that scale. If you will keep focusing on credit cards and other things then it will be long while till we can achieve that scale. Because in developing more with relevance to Pakistan, the real dividend is the population, huge population which can be served. So the opportunity is very bright, I don't know very frankly, if I were that entrepreneur and I would be running that firm, but even for models like Mobike, they will have to dig through with some kind of direction where

they will have to overcome the trust barriers and bringing that enforcement that their property (car/bike) will not be vandalized.

Zarish: Sir in your own point of view, would there be a venture capitalist ready to kind of make an investment or share of investment if we are doing it for example, if we think of doing this in the whole of Pakistan; there are a lot of micro cultures in Pakistan with respect to so many different cities so I cannot take it as one entity. I will treat it as a separate entity as in I will not even take Lahore as a single entity. I will deal Defence separately, Cantt separately and Gulberg separately. If I do this, keeping my business model for these three areas would people be willing to invest? If we present the idea to Government about this business that a lot of work is being done on this project, do you think there would be any support from the Government authorities or the VC?

Khawar: Look, are you talking about the sharing economy in general or with respect to the model of Mobike?

Zarish: For now, I am talking about Mobike.

Khawar: Okay let me tell you, the Government despite all the claims, I have been working with the government for almost 20 years now in various capacities. Government claims to support but government never supports. Government support doesn't mean anything. Actually if government doesn't bother you in a country like Pakistan then it's a blessing of its own. About VC's and other investors Zarish **, I would be willing to invest provided there is a workable model, and the workable model is that how'd you overcome that trust barrier. Now what you're proposing is, that trust barrier could probably be overcome in posh areas or high income areas.** So one way to manage that is to kind of provide the service and keep it limited to specific geographies. My point is that maybe the vandalism could be reduced to a certain limit but see even those people can avail the facility who can be troublesome. So I think in Pakistan right now, there is a lot of appetite to finance not as much as in Silicon Valley of course but there is still a lot of appetite to finance technology startups. But I think the actual thing is the details of the business model. So if someone can work-up a model which can run in Pakistan I think investment can incur, but the issue lies in the details. In order to give a solution what you can say is or you can quote an example where there are local reforms that have been financed. For example, if you look at zameen.com, there are a lot of such examples of sharing economies nevertheless they are tech start-ups. A lot of tech start-ups in Pakistan have had rounds of financing from International VCs as well as national firms, but the model should be workable. You may not have the solution right now in your research but you can identify it that

whoever breaks or resolves this trust issue can actually disrupt this market in Pakistan. How can one do that I don't have the answer but you can throw ideas that may right now kind of tell you why it won't work but I don't want to sound like a critic, are you understanding me? **Someone has to bring in that insurance to the investor that your business model may get risked but your property will be safe and then there are no issues.** But I agree with what you say because you know that the market of rental cars at the moment is also very speedily growing market, and that is because they give you a driver with a car; if someone can work this model out, it can work on bicycles, it can work on bikes, it can work on cars even and it can work on many other things. There are many other equipments it can work on, I don't know, anything.

Zarish: So you believe sir that one person along with the property is kind of compulsory at this stage? Driver who is actually the custodian of the property, who is taking care of the property, he is the mandatory figure in order to run something like that?

Khawar: Right now in Pakistan you see there are drivers involved. As in you see if there is a man with a car his monthly income would approximately be about PKR 20,000/ PKR 25,000 and if you look at the revenue stream in comparison to the investment or property they have which is their car, then it is very attractive. So that's not really a big of a thing in making that happen that's why you see these companies like Uber, Careem and Bykea are working. Now you see in context of foreign countries, as in I am a big user of Airbnb and I use it all over the world, and most of the countries that I have gone to I have checked in without any door interaction, they tell you about the key and sometimes it's beneath the mat.

Zarish: Absolutely sir, I know, I myself have used Airbnb.

Khawar: Exactly, **but in Pakistan you know without human interaction generally, it's not really easy.** You know there is a representative who comes and then sees, you know I have asked people in Pakistan why don't you use Airbnb and they say because of perverts in Pakistan what if there are secret cameras or any other thing. I'll tell you myself, for example I was travelling with my family...

Zarish: Sir I am sorry I am cutting you, who did you ask this question from?

Khawar: I had asked it generally from my friends that if you're going to Karachi or somewhere then why you won't use Airbnb. So they said that if you're going individually then maybe it's not really a problem, but if you are going with family then there is a fear of the cameras.

Zarish: That's absolutely right sir, there was this try room scandal that caught a lot of attention a couple of years ago of GulAhmed clothing store, so I agree this happens and this threat exists in Pakistan. It prevails more in India/Pakistan and the sub-continent.

Khawar: Yes there are more perverts but secondly people can still get used to that model when crowd sourcing is done more, people will have setbacks, all those things will come so it works. So if you go to it, there is I think the tragedy making controls, but when you go to legal sharing with a driver, I think that's from where it comes. I know people who have disposed off one of their cars because they are using Uber or Careem, so in that way the sharing economy is doing well. Also there are these two transport companies that have arrived; Airlift and SWVL or something, I haven't seen their models but I think they are also sharing economy type.

Zarish: Yes sir, I have also heard about Airlift, don't exactly know about the other one but about Airlift I have also heard that it's on sharing economy.

Khawar: Its some difficult kind of name; don't know how do you pronounce it, it spells something like S-W-V-L. You can google it and you will know, so those are also the models.

Zarish: Alright sir. So in South Asia, particularly keeping in view India and Pakistan since that accounts for the most of the South Asian population; in your opinion speaking of liberal figures how long do you think would it take for people to embrace the idea?

Khawar: See I am telling you that there are certain areas where it depends what is the benchmark of your success. Let me tell you about a missing thing, so it's been about a 100 or 150 years since the cars came into existence. Now I was recently in Toronto and in Toronto if you are driving in rush hours from one end to another, it can even take you three hours and it has happened to me that if it's a 40 minute distance it took three hours due to the traffic. Now Toronto's population is roughly 3.5 million and Lahore's population is 11 million, and Lahore's traffic is not even a fraction of Toronto's traffic, why? Because over there everyone has a car but in Lahore if you look at per capita, if you look at a house from defence you may get to see 2/3 cars but with a household of 5 family members and 8 servants, so 13 people are using 3 cars in the best of the best areas. So if you are keeping the benchmark vehicle wise with the developed countries then we never know how long would it take but if you are looking for a wider acceptance to the society I think there are some models which are fairly acceptable even right now. I think there are 3 types of models; some ideas which are becoming rapidly popular and I think they can get mature very quickly and we are talking about companies like Uber and Bykea. There are some models when you look at

accommodation sharing, there are some models which are taking a while, so for example Airbnb I don't know may take several years to become more mainstream but even in rather than opening up because there is a cultural factor you know, we don't want strangers being at our homes. So in Pakistan we have cultural issues for example, if you have a vacant room you will not even think twice to rent it abroad.

Zarish: Sir actually that is the thing, we have a vacant room, we have a two bedroom apartment and we are using one room. Although I have seen so many people availing this concept, for example my class fellows here even when go for a fifteen days vacations they will still utilize the idea of renting their rooms for that time period. Despite claiming to have the same mentality we lack the courage to participate in a practice like that, although we have thought about it and we have talked about it.

Khawar: Its reason, now look, you are carrying the south Asian insecurities.

Zarish: That's absolutely right Sir.

Khawar: The society that we belong to, it takes time for us to develop trust as we have seen the possibilities and we have seen the ugly side of these things so that's the reason. However there is this third model which I think has not been disrupted yet; it is the one that you are talking of, Mobike or shared ownerships, which I think is it. There is another model by the way which I think is not very popular, I have seen it in northern areas, apartments and accommodations. They place an advertisement which you can buy on fractional ownership. So I have seen such models before that for instance there is this apartment being constructed and you buy it for ten days in a year, so things like these are present in the market, they are not very popular but nevertheless they are still there. So I think you have to kind of look at sharing economy, like you have to go a level bigger. So what you can say is I think you will have to kind of bundle the sharing economy models; there are some models which are more successful right now, there are some which are meeting end roads, there are some which are yet to be disrupted and these are the barriers that kind of impede them.

Zarish: Alright sir, I am getting your idea, I will elaborate on it. So considering that we are not doing technologically really well in Pakistan with reference to global comparison but despite that if we are planning to do something in Lahore or Karachi, do you think the technological barrier and very having low ranking in indexes such as Global Innovation index and ICT and NRI that makes a difference? Or in your point of view that is an aggregate average value of the total country which doesn't represent Karachi or Lahore?

Khawar: I think that is what it is. You know what the reason is, see, to disrupt this industry you need two or three bits of the system. Number 1 being a good network coverage and I think when you go to Lahore or Karachi, they have decent network coverage. Secondly you need decent smart phone penetration, in big cities I think there is a room for improvement but yet I think there are many people who are smartphone users. Third is the payment gateway or the payment model, so if there is such a model which has a digital system of payment then that will remain a barrier but that will not be reflected in these innovation indexes, those will be reflected more in financial inclusion indices; so in my opinion if you look up in ICT or other government reports, I don't think the indicators from big cities like Karachi, Lahore and Islamabad reflect the real situation on ground for sharing economy startups. I think they have a fairly decent eco system, technology eco systems in these cities.

Zarish: Alright Sir you have mentioned some of the business verticals in this sharing economy, if we talk about the success; which area do you think is more successful if we are investing in this business, which vertical would be slightly more successful among the others?

Khawar: So basically travel right now is the most successful and some verticals are such that are a little struggling but still I think the business models are there which are quite successful in Pakistan, like accommodation and odd jobs for instance if people have to send a parcel or they have to get the food delivered, although I am not sure whether food delivery would strictly follow the sharing economy, you know what there are other jobs where people are sharing their part time but when it comes to media streaming type sharing economy, I am not sure if it exists in Pakistan or whether it will work here or not. So travel might be the most promising in that stage followed by the accommodation.

Zarish: This was my own idea as well but obviously I have limited exposure and experience than you. Sir do you think people would prefer a multinational considering Uber and Careem although the co-founder of Careem is Pakistani but still it's a middle east based company and Uber is a US based company; so do you think that having a US stamp or coming from the middle east and having an international reputation would matter to people and consumers and they would prefer this company over a national company if a company is launched in Pakistan? If I launch and I am a Pakistani, even Gourmet cola's concept is be Pakistani buy Pakistani but they all eventually end up in failures; do you think this would be a success or not?

Khawar: I would have thought that these international companies probably would have added advantage; because what I have seen is, when you talk about Careem, though I agree it's a Middle East company but

in Pakistan it was not perceived as an International company. People thought it's a Pakistani company but section of the people knew how many countries it operates within. So generally people still preferred Careem over Uber not because it was a Pakistani company and Uber was an international company but because Careem dealt the Market better and Careem killed it with that. Uber came in with a very struggling structure as in they didn't have any call center, people here like to inform and communicate. On the other hand Careem's customer service was much better and that's why, Uber by the way was a bit cheaper than Careem in many cases but people still preferred Careem because it understood the market well and it did not try to impose international charges. People said fine so for example let me tell you Airbnb yes its very incredible so I would not want to put in my credit card details on a very new startup but as the startup becomes bigger and there are more people using it, as long as I know that the people reviewing it are all reasonable and I would think that's what matters to me whether its Airbnb or whether it's a credible local company.

Zarish: Sir but then it's linked to the age of the company like you said; however for a new startup you will probably hesitate...

Khawar: See more than age what matters is its network externality, if I look up for my accommodation in Airbnb within Pakistan and there are 6 to 7 reviews for a single property so I might not consider it credible since 5 to 7 reviews can even be managed single handedly by my friends and family, but if there is another website where there are 100 reviews I just need to make sure that this website is working and hence no issues. If you look at E-commerce websites of Pakistan, so there are many websites which are kind of very popular like Daraz and few of the technological ones so I think when you speak about Cola companies, taste preference is more important but generally in technological and service related it doesn't matter. People have become smart they really want to have the right quality.

Zarish: Quality would matter more or the pricing would matter more here?

Khawar: hmmmm, It depends what service is being offered and how much price sensitive are the people. I don't think there is a simple answer to it but then again in transport, my thought would have been different as I come from a different background. I would have thought that in Pakistan for probably a small ride pricing would have mattered more. But as I said Careem was marginally more expensive but it had better quality; people were using Careem so much so that Uber had to buy Careem because they thought they couldn't get into the market unless they buy Careem. So it depends, I think pricing is very important

but quality is also, and more than quality I think its connectivity. Airbnb for instance can have all sorts of qualities and pricing but I think it's more connect-ability that is ought to be communicated.

Zarish: Sir maybe we are not mature as a market that we can be left on our own; we need somebody to talk to like you said we need a driver, a custodian of the vehicle or whatever entity we are using. Likewise if we are having a problem so instead of making an email or something like that you rather need to make a call and somebody should be there to respond to you effectively with respect to any conversation, complaint or a problem. You should have someone to talk to and that's what matters more to us.

Khawar: Absolutely!

Zarish: With respect to your stance on customer service of Careem, my finding from your conversation is that we are not ready to be left on our own in the market; we need somebody to address our complaints and problems. I often read about the complaints from girl users of Uber related to the driver but I am just realizing I haven't read about much complaints of Careem users. I have heard of more issues from Uber.

Khawar: Yes and people are working on it. So I was talking to the country head of Uber and now they are trying on different solutions for example, they say that we can't guarantee but we will try to link more women drivers with women passengers. Now you know international in some areas they have installed the cameras and other things. So as they are experimenting with the models, they are trying to be kind of more user responsive.

Zarish: Sir do you have an idea on the number of women driving Uber?

Khawar: Uhh no, I don't. There are a few, not many but there are.

Zarish: I have heard that there are a few in Karachi, I don't have an idea of Lahore though but that's an important thing to dig further.

Khawar: I have heard that there are in Pindi and Lahore, however I have not seen them myself.

Zarish: Alright

Khawar: I have not seen it myself but In fact this was also told to me by Uber's GM that there are few registrations of female drivers

Zarish: That means there are registration of female drivers, that's why he mentioned and even in bike driving maybe not now but 10 years down the line there is a feasibility of this

Khawar: Yes it could be.

Zarish: Sir if we are starting a bike setup maybe on the business model Bykea, I buy your point that Mobike is not feasible right now, if it's a business model of Bykea where drivers are being provided I know myself I would never be comfortable and I know of girls who would never be comfortable then don't you think it would only be a male driven model whose population and target market would be male oriented only?

Khawar: Yes it would be primarily male, even otherwise you don't see girls driving bike, so actually this is not due to the sharing economy business model, in Pakistan there is hardly a female bike driver otherwise as well.

Zarish: Alright Sir, and if you start such a setup so what do you think in Karachi and Lahore, I was reading that Uber entered in Karachi first, it was my opinion that Lahore also has a very good market, and might be infrastructure of Lahore is better than Karachi although people in Karachi are more adaptable in using taxis and autos for their commute

Khawar: People in Karachi are less status conscious

Zarish: No sir my friends who are IBA graduate told me that there is no problem for them even using public bus transport, but in Lahore it's a very weird thing for me I have never used bus as my transport but Karachi friends told me that it's not an issue for them to use public bus as a transport, so I got that idea from there, but in your opinion which city is the best for ride hailing business?

Khawar: Karachi followed by Lahore

Zarish: Karachi followed by Lahore despite you realize the security situation in Karachi is worse than Lahore and the infrastructure in Lahore is much better than Karachi and few other factors including police I think traffic police and other is better in Lahore than Karachi, rule of law you have talked earlier, if I don't get Pakistan's index but may get index of Lahore and Karachi, you think Karachi is the better market to start?

Khawar: Yes, Karachi is a bigger market but both markets are good

Zarish: I was making feasibility of Lahore but it's good that empirical data suggests that Karachi is a better market, I got it, fine, alright Sir, if we now start ride hailing business I would quote initial five points you told in the beginning, what are 3 biggest barriers in Lahore pop up in your mind related to this business

Khawar: For ride hailing business, the biggest barrier is to compete in the industry which has already taken a market share, the problem is how to compete with these established networks. So in my opinion their problem is how to compete with the pace in already established market share in industry.

Zarish: Alright Sir, that would be the first problem?

Khawar: Yes you see it's like the chicken and egg situation, the drivers would only get themselves registered if there are users.

Zarish: Sir there are bigger fish in the industry, they have already taken the first-mover advantage in the industry so I absolutely understand. I did not have this point in my mind like that, you are right.

Khawar: Yes it is like that, this issue is existent but I still think there is a lot of room in the market and let me tell you that there are examples in the world, their companies have come here and they have kind of disrupted and slashed away market share from big companies. For example, if you go to the US, so Waves competed with Uber, Lyft competed with Uber so there are examples and I am not surprised but someone would have to come and would have to figure out whether to compete on price or anything else. I think price margins are already very thin so with the given business model, I think reducing the cost is not a single model of getting the market share. I think the best way would be to add more value and how to add more value, I cant say but I am sure there could be ways to add more value.

Zarish: There could be ways, you can find a lot of material from developing countries on this. Do you have any other barriers in your mind apart from this with first being the competition and the other five points that I could correlate for this? Any other barrier in your mind for a new entrant in this business model?

Khawar: Ummm no, because its an established business so people are already doing it. Technology and everything else is already set up, so if they are doing it then now everyone can.

Zarish: Then the challenges would be business model related; having it with or without a driver, then those dynamics are different but as an entry to the model this is the primary one. Do you think that if we make a bike feasibility in areas like Defence, Gulberg or Cantt, would that be a good idea? The background of this question is that in these areas there is slightly less chances of theft, there are better roads, your clientele might be more trust worthy, there might be less issues associated with consumer credit cards and traceability but as you mentioned earlier that every house is likely to have two cars so do you think this idea would be successful in these areas? Or is it like that despite the consumer base being ideal, they are also the ones who are less likely to be dependent on these services so could that be a hindrance?

Khawar: So you are saying with a driver or without a driver?

Zarish: Sir initially I was working on without a driver.

Khawar: so you see without a driver the problem is that by making it geography limited, your will not be limited. If your risk can be overcome somehow then its possible.

Zarish: Sir do you know about DriveNow?

Khawar: No

Zarish: Sir DriveNow was initially launched by an entrepreneur and he later made a deal with BMW. I have personally used it and it only has BMW cars and they have fixed spots for parking and you make an account and then they have you enter your credit card details and it became such a success hat now it operates in probably 7/8 countries and BMW has purchased the remaining shares as well. The market share and capitalization is quite good of this company. They probably started off in Germany, then they came to Denmark and then I think expanded to the neighboring countries. But my point being I was reading about that course on Mobike, as well as was using DriveNow so I was like inspired by this if you have particular spots the way DriveNow has, at the same time DriveNow's backbone is BMW so I was thinking similarly would Honda/Eagle or any company of this sort would be willing to come up when you have fixed spots for parking?

Khawar: When you get cars from platforms like these then there is this long database of your financial history, like your credit history, your driving history. You know the license regime in our country is quite inefficient; at times someone's history is missing, driver's insurance is missing and so on and so forth, there has been credit card issues and financial security problems, so these are things that are not in developed countries. Our insurance models are suboptimal and now they are developing insurance for rental cars but it is not very good. What you talked is a luxury of a developed country. There is a need and the model is very good but we need to first overcome the other factors such as the financial history, record, driver's driving record etc.

Zarish: Sir, do you think it is a really big challenge?

Khawar: Yes it's a very big challenge reason being its not only business related, it is the problem in the economy, the challenge is a bigger than a business , if it would have been only business related that can be overcome. I think it would have to be bypassed somehow if companies want to enjoy the business in Pakistan. How It would happen, I am not sure. Maybe there is a way.

Zarish: Sir I have my own feeling a part from this discussion, car prices have been increased too much and because of that we may see a sharp decline in car sales and they have to shut their plants for some time like Honda etc, I have a feeling we might move to bikes very soon, it wouldn't be practical for women and students to drive and we have complex issues like status symbol association

Khawar: if you google women on wheels, people have started such initiatives to encourage women to drive bikes you come across occasional women to driving bikes of course that's going to change but how rapidly it will change we can't say anything about it but I am sure it will change

Zarish: But it might takes some time for now its not in near future

Khawar; Yes it might take some time but I am hopeful in 4 to 5 years' time as law and order is better now so we should hope that it will be changed

Zarish: Thank you so much for your time, it's a big help. I would not take further time from you for now.

Khawar : No problem and best of luck

Zarish: Sir, may I reach out again if there is a question?

Khawar: Sure Zarish. Just message me first on Whatsapp, and we can speak on call

Zarish: Thank you so much for your time and support. Take care, bye

Khawar: You too Zarish take care, bye

Appendix 20

Questionnaire 2,

Ahmed Ayub – Entrepreneur, Cofounder Airlift

Hi Ahmed,

Thank you very much for agreeing to be a part of this research and making yourself available for the interview. The purpose of the interview is to gain maximum insights from you that you got through your firsthand experience as one of the very few successful sharing economy experts in Pakistan. The questions

cover different aspects from Pakistan as well as South Asia to some extent and the findings from this interview would be used as insights for my academic project,

1. So, how and when did you think of starting Airlift? What prompted you to start this business idea?

2. Airlift has gained impressive funding amount of 12 million dollars from American VC firm FIRST ROUND CAPITAL right in the first year of its launch. How did you make it possible when the country is facing an economic downturn? Any special persuading factors which helped you get the venture capitalists onboard?

3. What were the top three hurdles or challenges you encountered in bringing airlift to execution, i.e. a running business?

4. Did you start the company operations simultaneously in Lahore and Karachi?

5. How many buses do you have operational in Lahore? Are all of these owned by Airlift? And are these vehicles covered by insurance?

6. Are you taking any special measures to ensure the safety of passengers in your vans, i.e. to avoid any kind of sexual harassment etc? any insurances that cover any accidents of this kind?

7. Though Airlift is still in the infancy stage, can you already say Airlift is growing successfully? By that it could mean, is it achieving the monthly targets set by the company's management at the start? How is the market responding to the new idea?

8. Are some of the users regular ones?

9. Do you have enough female passengers as well using this service?

10.

Some questions aside from Airlift

11. Why do you think the concept of sharing economy is still struggling in South Asian countries like Pakistan, where it has reached to a saturation in some developed economies of the world?

12. Do you think the fear of failure is one reason behind slow growth of sharing economy in South Asia?

13. Have you heard of mobike? And Did you ever consider starting a motorbike related sharing economy venture?

14. In your opinion, what would be the three biggest barriers in starting a ride hailing *motorbike* business in Lahore following the business model of Chinese *mobike*?

15. In your point of view, considering the chances of theft, stealing, accidents and irresponsible consumers, would Insurance firms be willing to cover the costs and agree to provide insurance in case of motorbike based ride hailing service?

16. Do you think it is in the agenda of the new PTI led government to promote and support such business models? Or sharing economy in general

17. What are the chances of success for the motorbike startup like mobike, in Lahore Cantt and Defence vicinity?

18. What percentage of female users would use such a service?

<u>Thank you</u>

Appendix 21

<u>Interview 2 (Ahmed Ayub)</u>

Interviewer: Zarish Zafar

Interviewee: Ahmed Ayub – Co-founder of Airlift, a Pakistan based sharing economy setup

Airlift was launched in March 2019 by a Pakistan based entrepreneur along with some other founding members.

Zarish Zafar: Hi Ahmed, thank you very much for taking your time out and being a part of my academic research. As a student I am doing my thesis on Pakistani economy. During my studies I realized sharing economy is very popular in China and in America and other developed countries.. This inspired me to do a business feasibility of the same sort in Pakistan and I kept that as my masters thesis. I consider myself very lucky to get in touch with you because the practical insight I can gain from your valuable feedback would be extremely relevant for my academic research.

Ahmed Ayub: I hope so

Zarish Zafar: I hope so as well, and now I would start the interview to get the maximum in this interview time.

Could you tell me why and how you started Airlift? Although the information is available on the internet but I don't know how credible it is, and hence I would like to ask this from you.

Ahmed Ayub: I am not much aware of the information available online, but the core idea was on and around…. There is this complete chaos of public transport in Pakistan. Public is increasing, and the overall mass transport is just not catching up. We really see that there is this very advance mass transport in Europe, somewhat in America, and a bit of it is in Canada as well, but Europe is much better in that, and.. what we see is that this underground train transport system, wherever it has established, it is not easy to expand these. It requires massive expansion projects, massive budgets, and if we have to bring these ideas in the third world, then it cannot be underground, it can be on the surface only. That is where the road network comes in. The road network is not expanding as quickly either, so the only other option is to reduce traffic. To reduce the traffic, you have to car pool and for car pool it is best that you bring a mid sized vehicle in which 20 to 25 people can sit. We believe it is a very ideal solution for Pakistan because the transport need in Pakistan is way too much and there is only 11% of population in Karachi that is using the public transport. Rest everyone is using their own car or motorbike or finding some other personal arrangement. For a city of more than 20 million it is crazy that only 10 to 11% people use the public transport.

Zarish Zafar : Sorry to interrupt in between, but when you mention the lack of road infrastructure, do you also mean Lahore or you are referring to Karachi only?

Ahmed Ayub: no no, it is everywhere. Although there is still a lot of expansion in Lahore but that too, unfortunately comes with a very heavy cost. The roads constructed in Lahore have been made after cutting the city's green belts, the planning around expansion is costing environment big time. If you see the green patch comparisons of Lahore 20 years ago and Lahore today it is a completely transformed city. So thar is another big problem there.. and even with the huge upgrade Lahore has seen, I do not see Lahore's traffic going anywhere. People need to start thinking in a completely different way, and that is what this new wave of ride hailing would bring. People need to start thinking, that is not associated with a lower status to ride or travel in a bus. People are ashamed of travelling in a bus.

Zarish Zafar : yes, this is our Pakistani mindset, absolutely

Ahmed Ayub :This is not the case in Europe. All the executives, senior people travel in bus without any problem. Yes there is this weather factor as well, and therefore we are providing only airconditioned buses. So my personal idea around this was, that I have an 18 year old daughter, if she can use Airlift and go to her school or college conveniently without any problem, where I do not have to worry, then Airlift is successful. That is my litmus test for Airlift.

Zarish Zafar : Absolutely, starts from home.

Another question now, have you considered a bike based ride hailing business? Motorbike based?

Ahmed Ayub : Umm…not right now, because that kind of challenges our current business model because with bikes there are two major associated problems. First of all, there is already a very big motorbike based service already..

Zarish Zafar : You mean Bykea?

Ahmed Ayub : Yes! Bykea. There are two issues in that. It is a little complicated due to two primary reasons. First it's a door to door service. In door to door service you are providing an exclusive service from home to the destimation, whereas ours is a route based service in which one bus would travel everyday on a specific route. You can plan your week around that... you can plan your month around that. You can use it at 8am everyday and 6pm every day and schedule your things around it. In Bykea or Careem or other ride hailing services, you find out about the availability of the vehicle at the time of requesting it.

Zarish Zafar : So you mean your business model is altogether different and you have not thought of starting bike based model right now?

Ahmed Ayub : No, not right now. I think it can work as a last mile for example the weather is so harsh in Lahore Karachi.. I would start sweating badly if I walk 15mins so I might use that service as a last resort only.

Zarish Zafar: and what is the second major issue with motorbike based business?

Ahmed Ayub: The other issue is, when you say bike, you reduce 30 to 40% of customers, i.e. women who wont sit with a man on the bike. For that, Careem is now training women to drive bike. The great thing is, now many women are being trained these days by Careem under the Careem Wow project. It is a new project which means Careem Women on Wheels and they are working on it.

Zarish Zafar: Is it a project led by the government or Careem itself is investing in it?

Ahmed Ayub : no, government is not doing it. Careem is working on it.

Zarish Zafar : Alright. Careem is investing to create its own market of women motorbike users?

Ahmed Ayub : Well, yes, it is an untapped area and females might feel comfortable only with female captains.

Zarish Zafar: Actually, I did some of the interviews of females who are regular users of Careem and Uber and they were not comfortable travelling on a bike. My interviewees further stated that they don't use Airlift because at times Airlift gets late and is not completely reliable in terms of timings. Let me also provide this information to you as an insight for Airlift. Moreover, when I questioned if they will be comfortable with a female captain, they said, not at all due to fear of harassment. So let us see how the idea goes.

Ahmed Ayub : Zarish, my last one year's experience says that if you are relentlessly working to improve something, you certainly can. The timing issue with our Airlift buses was actually quiet a lot, and we have been able to resolve it by 50 to 60 %. Within one year, today is the first anniversary of Airlift as we speak, and we are doing 35000 rides everyday now. 35000 rides a day means, there are atleast this number of people who trust this mode of transportation. What we can do right now is and we are relentlessly working on making it more reliable, we are utilizing google maps, we are bringing a complete AI (Artificial Intelligence) engine to improvise things. As far as harassment is concerned, let me tell you, I have two daughters myself, and its time that our country needs to come out of this shell. Harassment would happen to women bikers, but for how long, one month, two months, when the number of women bikers would increase, then you will stop looking unique. For the first time when a woman would have wore jeans in Lahore, the same might have had happened to her too but now it's a norm. So its for companies to figure out how to make it possible, you have to stand up for yourself and it is very important to design a way around it. In the start for example you can travel in batches, move in groups of two to three bikes, and it would not only be possible by only men working to change it, I believe the women themselves have to now come out of this shell now. It must happen now, if you feel environment is unsafe, then maybe cover up a bit extra. It also depends on the attire of women here, if you want to stay safe from harassment and want to take an initiative as well then you have to come up with such ideas in the beginning. It does not happen in Thailand, when you stop on a signal in Thailand, you see more than half the women bikers on roads, they are also wearing skirts. There is no problem in women driving.

Zarish Zafar : So you mean Thailand has passed that initial stage?

Ahmed Ayub : Yes, phases will come and pass, and it must start now. There is a need to promote it very openly that it is a nonsense taboo for nothing. Another problem is, sorry for using this word but for some stupid old reason women in our country ride the bike with both their legs on one side.. which is a lethal posture to sit on the bike. A bike falls in an accident and the girl just dies because her head hits the road from behind. So, we need to figure out why are scooties (scooters) exist, sitting cross leg does not make

any difference. This trend of both legs on one side continues from that old time when the British ladies used to sit with both legs on one side because they used to wear a frock. If you go to the rural country sides, villages, inner Punjab, women over there sit like men do, cross legged, but somehow no one sits because it looks indecent.

Zarish : So there is definitely a need to educate in that case and it could be on the agenda of the government too..

Ahmed Ayub : Yes, there is a need

Zarish Zafar: During the launch and bringing the first of its own kind of business, Airlift, in Pakistan, I am sure you must have had tons of issues and several bottlenecks. Among all the problems could you please mention what were the top three hurdles or challenges you encountered which were extremely difficult to conquer in bringing airlift to a running business?

Ahmed Ayub : First of all the biggest issue was market segmentation. If I target people who live in Defense and have two to three cars in their houses it would be very insulting for them to use a bus service to travel

Zarish Zafar : You mean there are status issues right

Ahmed Ayub : exactly, status problem. Then we went to Samanabad side which is completely a low end and a bit underdeveloped side of Lahore and we saw the response there. Eventually we found out, that it is neither the upper segment nor the lower class, but the middle tier of the society. We distributed pamphlets in different areas of Lahore, different areas of Karachi and tried to explore people from which area would be our market. You know there are people at every place who have a big car and they have a reserved parking place in the office. Then there are people who just come in a small car to the office and keep looking for a parking place for half an hour where to park the car, and then there is a segment which comes to work on Bike, and by the time they reach to office they are in an exhausted state, when they take their helmet off they are sweating badly.

Zarish Zafar: So your target among all of these would be the middle class that comes on smaller cars and look for parking for some time (Smiling, lighter tone question)?

Ahmed Ayub : Yes, those as well as those who come to work on motorbike but still want to look presentable. They have to wear pent, coat, tie. In females, these are the women who want to look nice when they arrive at work, even if it is receptionist, she doesn't want to look repulsive. If she has applied makeup, she should look fine. You know Zarish the state of weather in Lahore!

Zarish Zafar: Yes I do, it exhausts you on public commute.

Ahmed Ayub : So initially we planned to start it from Samanabad which is a low end areas but later we realized we were getting the maximum feedback from gated communities, like Askari 10, Askari 11, Bahria town,

Zarish Zafar : I understand Ahmed, I have lived 25 years in Lahore, My parents live in Askari as well, and while planning making feasibility I was myself targeting the areas of Cantt and Defence. You have also observed the middle class segment is living in these areas more right

Ahmed Ayub : Exactly. And our Airlift's first bus that we started was from Askari 10 and we got very positive feedback from it, reason is, that in the boundary of Askaries if you are waiting for the arrival of bus, you don't feel odd.

Zarish Zafar : Because there is security

Ahmed Ayub : Yes, there is secure environment and then a fairly reasonable bus comes which is airconditioned and there is silence inside, you know you will get a seat, and the passengers would be only as much as are the number of seats in the bus, people like that!

Zarish Zafar : So it is a benefit for customers that they are travelling with like minded fellow passangers

Ahmed Ayub : Absolutely. So Askari 10 was the first area where we started, then we increased the number of buses in Askari, in the next stage we contacted colleges and offices. We observed even from within Askari most of the people using our service were students, so we made bus routes such that they touch Kinnaird college, Lahore college. **We noted that we were getting a lot of female customers, you can say around <u>30 to 35 percent customers are females</u> and we realized that females were very uneasy travelling in public buses and they preferred our service, so we decided to take this segment moving further.** Then we brought Lahore college, Kinnaird college, Home Economics college on our routes, then we extended to LUMS university, Punjab university, comsats, bahria university area around Thokar we brought all those areas on our routes and then it became a trend. Many people started contacting us, factories and offices approached us. Then managements from gated communities such as Askari 10, 11, Park Avenue, Bahria town contacted us, and now we even have many buses on routes of Defence Lahore. **<u>So first and biggest challenge was finding the right segment to target.</u>**

Zarish Zafar: Did you get any research done by some company in this regard? In order to find the right target market? Or it was learning by doing?

Ahmed Ayub : Actually we hired around 4 graduates of LUMS and then we conducted the entire activity our self. We realized no one had collected this kind of data in Pakistan that we were looking for. The kind of information we were looking for, and the kind of details we wanted to know, we knew we had to do it our self, we did all activity, including distributing brochures, talking to people, we had to invest a lot of energy and time in it but we did it inhouse.

The second biggest challenge was how to take the government onboard. They used to shut down our buses. When our buses increased to 10 to 12, police started stopping our buses every where and started fining us a lot. There was a time we had 40 buses on roads, and government stopped all forty of them.

Zarish Zafar : What was the reason?

Ahmed Ayub : The reason was that every bus needs a route permit in order to travel on a certain route, and we didn't have those permits. So, in a way the police was fining us right, we actually lacked certain legal formalities. Later, with Lahore transport corporate we had many challenges back and forth, there was a lot of red taping. We had to find some sources and connections in the new PTI government… **bureaucracy was not at all supportive** unfortunately. They can't see public benefit; they just want something for their own benefit.

Zarish Zafar: Was it because they were asking for bribe or something of the sort?

Ahmed Ayub: We didn't have to bride thankfully!

Zarish Zafar: I mean, did they expect something of the sort?

Ahmed Ayub: People are very intelligent today. They wouldn't ask for it directly

Zarish Zafar: Yes, I understand that, did they ask indirectly?

Ahmed Ayub: Yes people make a very intelligent channel for asking such things, for example, by saying "Why don't you include 10 buses of ours as well in your network?" or something like that. We might think they are trying to do a business, but we later realize they are asking us for favor. They are actually testing the waters, by trying to know who is behind our business, if it is Pakistan Army or someone influential behind. Specially Sindh's government which is known for its corruption. However, on lower level, constable level they asked us for money a lot. They stopped our cars, asked us for small amount of money such as PKR 50 or 100.

Zarish Zafar: In that case one cannot say it is on institution level or bureaucracy level. It is their personal small income which the lower staff is asking as a habit. Have you overcome that or you still pay them small amount of money to keep your vehicles moving?

Ahmed Ayub: To answer that, our learning from this experience was that we developed a very strong public sector team… a very strong team of lawyers. This was not in our initial plan to have a department like that when we were launching, but I realized we had to do it to keep running. Then we hired someone from Pakistan Army, a senior official of Brigadier rank, a very good set of lawyers, some people who had strong links within the government so that they could dedicatedly handle the public sector. Our purpose was by no means to break the rules, we are trying to fully comply with them. All we want is, please do not stop our vehicles from moving. we are bringing a disruption in the country, whenever we will bring disruption in country, status quo would break.

Zarish Zafar: and whenever status quo breaks, in Pakistan or anywhere in the world, it causes a lot of problem!

Ahmed Ayub: Yes absolutely. So while we fully wanted to comply with law, please give us a stay order. We want to keep business moving with the help of stay order and putting efforts to conform to the legalities as well, but if we are short somewhere, do not stop our business. Let us keep operational while we fulfil the legal formalities. God has been very very kind… Airlift has become a divine journey. We are now on stay order, and we are out of a lot of issues, and for some a legislation is being done, some new rules are being made, some laws are being created for the first time. So the second biggest issue was, handling the government.

Zarish Zafar: Perfect, the biggest problem was market segmentation, second was government and what is the third biggest problem you encountered?

Ahmed Ayub: Third is supply! Where to get the buses. The buses that you need, transporters are already using those buses. And the people from whom we want to take the buses, they are the part of that mafia which we are trying to break. For example, Zarish you have lived in Lahore, for a home function if you need four buses you will call one of the typical transporters, right?

Zarish Zafar: Yes

Ahmed Ayub: So if I need four hundred buses what do I do then? I will go to the same people to ask for buses against whom I am trying to compete in the market!

Zarish Zafar: So in that way you are borrowing buses from your competitors. Oh that also means the buses in your network are not owned by Airlift?

Ahmed Ayub: No no no! buses cannot be owned by Airlift. Buses are so so expensive that if we get our self into the buying of buses, there would be no fund left to do anything else. Buses belong to the labour transporters and from some we take 50 buses, from some 100, 200 and alike. And this is how it works.

Zarish Zafar: and now they are willing to give you the buses you have overcome that too?

Ahmed Ayub: Yes. We have formed a very effective model and in that we have sort of taken them onboard as partners. We formed a new system in which we asked them to drive their buses using our platform, you have the buses you have the drivers, we have the platform, we will give you monthly rental. So, they also kind of found a polished solution to it.

Zarish Zafar: but are they complying and providing the same level of service you would like to provide? Although its your platform but since its their people and their vehicle, isn't that a problem?

Ahmed Ayub: Drivers are trained by us, buses are completely evaluated and inspected by us, rules are completely made by us, we put penalties for late comings, we put penalties for dirty buses and unmaintained buses… everything

Zarish Zafar: now they are part of the business so they are okay with it?

Ahmed Ayub: yes, in this entire sector there is a lot of ethnicity prevailing as well. There is a lot of divide as well, so there would be a Siraiki group and Raja group and etc, so you make one of the groups your stakeholders and it works

Zarish Zafar: Okay Ahmed, please tell me one more thing considering you said there is a huge segment of female customers, and you have male drivers from transporters, in case if any accident happens, or harassment issue takes place, is there any insurance you have that covers it? What is the insurance policy?

Ahmed Ayub: Actually, there are two kinds of problems in that. First is, any kinds of accidents or something happens to the driver or the passengers such as car accident, or robbery etc, we are working on an insurance policy for that. We are in talks with two to three large insurance firms in Pakistan and hopefully we will be able to close it within a month.

Second is, cases related to harassment or sexual harassment. We are very particular in training our drivers on it and we try our utmost that the drivers understand the sensitivity of what it means to have a woman

on bus. Regardless of all the training of the drivers, there are still around 5 cases where girls felt uncomfortable at some level while travelling. These cases are not of a severe nature. For example, in one case girls complained about the kind of music being played during journey. In another case, we got a complain where the last female passenger's stop was initially missed, and driver dropped her a few minutes late. Although the girl was late by few minutes but for me it's a kidnapping of three minutes.

Zarish Zafar: Exactly. This is kind of a kidnapping.

Ahmed Ayub: So, we took these cases very seriously. We are establishing an SOS mechanism in our app so customer can report any harassment cases. Secondly, we terminated all the buses and drivers involved in these cases. Primary reason for strictness is that any hesitation or delay on our part will result in establishing a trend of such activities. Additionally, we warned the contractors of more aggressive penalties in case we received complains on any of their vehicle or driver. For example, we warned them that we will cancel their 20 vehicles on each single complain. Sole purpose of this was to ensure that contractor should also emphasize on this aspect.

Unfortunately, harassment problem doesn't have a real solution worldwide.

Zarish Zafar: Yes, you cannot 100 percent avoid these issues. All you can do it to take strict measures, provide insurances and take actions without compromise to avoid as much as possible.

Ahmed Ayub: We have an absolute zero tolerance in the cases of harassment, on any level. There are couple of cases where our customer support leaked the cell phone numbers of girls and they were called privately.

Zarish Zafar: Calls, as a threat?

Ahmed Ayub: I mean that girls called the customer support from the cell phones and few days later, girls started receiving calls on behalf of AirLift with questionable language. You know what sort of language and contents are used in such calls.

Zarish Zafar: Yes. I understand completely.

Ahmed Ayub: We are under investigation on those cases. We involved the consumer protection court first to find the correct way to resolve such cases. In nutshell, we are taking such cases very seriously. There are other cases as well which are exactly not harassment, but complaints of other kind. For example, a

person came to us with the claim that Airlift vehicle has intentionally hit my car. This is unfortunate that we as nation lacks honesty.

Zarish Zafar: Yes. You are right, we do lack honesty in general.

Ahmed Ayub: So, when we get cases like this, and someone claims a loss because of Airlift, we try to verify these cases from some independent channels which are available to us. If we find slightest of a hint that there is any mistake on our part, we reimburse the incurred losses. We try our best to take the case to conclude the case in best possible way. For the cases where female harassment complains are involved, we, the higher level management of Airlift are personally involved to address and investigate such issues. We even give our personal numbers in case if the complainants have any concerns or further issues about the service. Such measures to achieve customer satisfaction might work at the earlier stages of establishing a business, but model is not scalable and sustainable. It must be fixed around policies and laws.

Zarish Zafar: I agree with you. Under the early stages of your project, you might use such ad hoc measures but once you are at stable stage, such ad hoc processes will not work. You need to deploy a sustainable approach to handling these issues. You need to take different kind of measures when the business has stabilized and is mature.

Would you like to shed some light on what sort of issues and challenges you faced **while raising funds** for this project? I read a news couple of days back that in a recent round, AirLift managed to raise an impressive amount of funding. I also read on Wikipedia that in an earlier round, you raised 12 million US dollars and that the same investment firm which funded Uber in Pakistan is funding AirLift as well. I was quite impressed to be honest and felt proud being a Pakistani that we are doing something of this kind too and making a progress. I am sure you know better how authentic such news are, but I would like to know how difficult was this process?

Ahmed Ayub: I generally say that there are many things which are not in your control as such. At times, based upon on the circumstances and your actions at times, things resolve very quickly. We got funding from First Round Capital. First Round Capital is the company which provided initial funding to Uber. This is an American investment firm which has never invested outside U.S, before AirLift , and it never invested this much amount in any company which is this young. Primary reason for winning the funding from First Round Capital was that the data and documentation that we provided during the funding process was complete and addressed all the questions they have had.

Now you would ask, how we reached to First Round Capital in the first place. You know, fund raising is quite a difficult task. We launched last year February. Couple of weeks before our launch, Uber announced acquisition of Careem in Pakistan. During the announcement, CEO of Uber said that Pakistan is there one of fastest growing market.

Zarish Zafar: Yes, I have also read that announcement and that Pakistan is Uber's fastest growing market.

Ahmed Ayub: That statement alone made a huge impact and changed the direction of all search engines. The investors started focusing that this small country next to India is quite important. So, a result of the social media trends of #Pakistan, #Uber, #Careem and #Transport. So due to Uber, Airlift came under the radar of major investors.

Zarish Zafar: One can say that luck was also by your side in that case. It was quite fortunate for AirLift that such statement comes couple of weeks before your presentation to first round.

Ahmed Ayub: I was exactly pointing this out when I started the answer to your question that not all the things in the equation are in your control and circumstances play a major role. So it turned out very positively for us. There is a trend in tech investors, they subscribe to news. For example you go to Bloomberg and subscribe to "Pakistan Transport" etc. So now whatever is happening is going to the inbox of some of those, who are actually the decision makers. One of them was the VP of growth at Linkedin. He is a Pakistani guy, Atif. He contacted us and he met me and Salman (the other founder of Airlift) and showed his interest in investing in Airlift. Atif Awan was the first guy who committed USD 400000 in the first two months. As soon as Atif committed to invest, many other people came on board to make the investment. The reason is, Atif has opened up a VC fund along with a few other people, including Fatima Ventures, Sehgol Group and Mian Mansha etc. They all started contacting us. As a result, at seed level, we had roughly two million dollar funding with us, and that is within four months of launch of this setup, i.e. by June.

Zarish Zafar: Was it according to the expectations? Or did it come as a surprise to you also?

Ahmed Ayub: We had thought that around $900000 to $1000000 was a good amount to start with. When we were able to collect by around $2000000, we had a very good platform to grow. We knew there is an Egyptian firm SWVL which had planned to launch in July..and when you know there is competition coming up, with better funds you can speed things up. With more funding we started very aggressively, we got more buses..

Zarish Zafar: so you changed the scale of operations when you got extra funds

Ahmed Ayub: Exactly. We launched in Karachi because in Karachi expansion needs to come really fast. Then we got funding from First round. It was only 13 days in between our first meeting with First Round and their committed funding to arrive in our banks. That was the actual surprise for me. We were told by people that getting the seed funding by these firms is not an easy task..it requires a lot of documentation, a lot of presentation rounds etc etc.. and as of today, one of the senior executives of First Round, Ben, is right here in our Lahore office. I was extremely happy that BEN sent me a picture from a stop of Airlift on MM ALAM road. He said it's the first time I am here in Pakistan and people had scared me a lot before I was coming to Pakistan, but it is so pleasant, there are restaurants etc. I requested him then being a Pakistani, if you can please put this up as a status on your LinkedIn, it would be really great

Zarish Zafar: Ofcourse, It is promotion of Pakistan

Ahmed Ayub: Yes absolutely. Then First Round introduced us to one of its portals. In that portal it has all the companies that work for First Round, their management, executives etc. So an Arabi asked them for all the details regarding our company. He asked which hashtag do you use. So we use, #PakistankaAirlift, and we gave the same to him and we intentionally gave it to him so that it goes to every capital market investor promoting Pakistan.

Zarish Zafar: Oh yes it is promotion of Pakistan as well. It reaches out to all investors with the mention of Pakistan in it.

Okay Ahmed, one of my questions from you in a broader context is, considering you have worked internationally, you have studied abroad so you have an international exposure of things. My question to you is now on a relatively broader level. If we compare South Asia with the developed markets, you see that sharing economy, Uber, Careem, Airbnb and other firms have reached to a point of maturity and they are in a stable state. At times it has been stated in papers that it has reached to a maturity or saturation point already, why in your opinion, the concept of sharing economy is still struggling in South Asian countries? Why it is still in the acceptance stage in the third world countries? Specially Pakistan. I see that the situation is still better in India than Pakistan, but still there is a lot of room for growth which can be tapped and achieved. Through your experience, education and learning, what do you think are barriers due to which the sharing economy industry is still struggling in South Asian countries?

Ahmed Ayub: The answer is very simple Zarish. In year 2000, I visited Holland. I had to get my bus ticket made near Amsterdam (central station). The guy took my pic, made me preview the picture on the camera

and asked me, "do you think it is fine or you want me to take another picture?".. that was the first time I saw a digital camera. I never knew digital cameras also existed and without taking a picture in printing he can make me preview my own pic. Although now digital cameras are present everywhere, in Pakistan too, but when we go to get our CNIC made, our driving licenses made, they still don't make us preview the pictures. See Zarish, there is a mindset about how quickly technology is being adapted. **We are way too behind in technology acquisition and "connectivity" is one huge part of technology adaptation.** Wherever mobile phone connectivity is reaching, awareness is coming gradually. If you see, 15 or 10 years back, there was no online store of Khaadi, Gul Ahmed, Alkaram Studio, there was none of them. It just seems like a story of yesterday. In last 10 years things have transformed and changed very fast. Now all of these companies have their websites on which e-commerce activity takes place. There was no daraz.pk, there was no Airlift, no Careem no Uber any of it in Pakistan. So things are changing very very fast in Pakistan. If you will visit Pakistan now, you will realize that when it comes to eating from outside, you will order food three out of four times at home because there are food ordering services now. Everyone talks of mobile phone apps. **So this all depends on mobile phone penetration. Now the connectivity is really good in big cities, and the penetration is getting better in tier 2 cities as well such as Faisalabad, Gujranwala, Sialkot etc**. Now it has started reaching in the tier 3 cities as well. We expect that it would penetrate further more in third tier cities as well such as the cities which are not in touch with the digital world yet. After that, when everyone has a mobile phone, data is available and connected, which means data is this low priced that everyone can access it, then..after that if you provide these sharing economy related offerings, they will have a much better scope.

The second big issue is payment. So when you cannot make digital payment, you are on a cash economy. We are a cash economy, and Airbnb doesn't work on a cash economy, and to use Airbnb you need a credit card. Then when you talk about credit card, the total number of credit cards in Pakistan is 400,000, and that is where these microfinance banks are jumping in, for example Jazz cash, easy paisa. This is new surge of payments. **So to conclude the answer to your question, the top issues due to which South Asia is behind is connectivity, payment issue and limited smart phone penetration in tier two or three cities.**

Once these issues are addressed, a lot will start happening. India is five to six years ahead of Pakistan in these issues, you can say, not more than that. Europe may is ten to fifteen years ahead. That's how far these things are in South Asia. There are so many people who are running their investments, for example

bakeries, using Facebook in Pakistan now. So it is happening, but so far only in the three, four major urban centers of the country, but very fastly it will expand now to the other parts of the country too.

Zarish Zafar: You are so right Ahmed. I now realize this thing, that the Urban centers of Pakistan if you say Lahore for example, the market of Lahore is twice the size of entire Denmark. Denmark has a population of 5.6 million approximately, and I live in the capital, Copenhagen, So considering Lahore's population has crossed 11.5 million population mark, our market is so huge compared to the smaller countries. Maybe that is why it takes longer duration to reach to the inner areas (cities) of the country? Maybe that is a reason as well?

Ahmed Ayub: Yes ofcourse, you know our real strength is the huge population in this country for any business

Zarish Zafar: Absolutely. Okay one more question, do you have any support from the government? Do you think the PTI led government is supporting you?

Ahmed Ayub: PTI's Federal government is supportive and the people sitting there have a brain. They listen to you and they support you. But the problem is, that the infrastructure and hierarchy that is already in place is such that people who are sitting on a position are doing that role for years. Being in the government job for them means to stop the things by asking, get the photocopy of that document, bring two photocopies of father's CNIC etc etc. They know how to stop the flow of things and for them it is the administration of matters. The real challenge is fighting that mindset. For example, the Head of Lahore transport corporation, Mariam, she was an IVY league graduate, probably she was from Harvard. She was such an amazing person to talk to that when we left the meeting room we would assume; oh, All the problems are solved now. And to our surprise, later she would bring such stupid requirements that we were amazed.

Zarish Zafar: yes, they will study at IVY league and when join bureaucracy in country, they would start acting like others..

Ahmed Ayub: Yes Zarish. Our Chief Minister Sindh is a graduate of Stanford University. I have started having doubts on Stanford's quality after meeting him.. so yes the problem is there in a way. But Zarish, the best we can do for our country is.. that we need to keep believing, and please don't take any offence of this, people need to come back to Pakistan. This is the time when Pakistan needs us the most

Zarish Zafar: You are absolutely right. I and my husband also keep deciding that we should move back to Pakistan. To be very honest, I would also use this myself for promoting Pakistan, "#PakistankaAirlift". For me it is a moment of pride when I say that.

Ahmed Ayub: Yes it is very important. You know what changed India in the past few years? The non-resident Indians returning from abroad brought the ideas and thinking that it changed India from what it was few years ago. Atif Awan, the investor in Airlift that I told you about, he is the VP of growth at Linkedin, he often says, Pakistan would be changed by Wapistanis.

Zarish Zafar: Absoluetly. I have another question, would you ever start a motorbike based business? Have you heard of Chinese mobike and their business model?

Ahmed Ayub: Umm..no I am not very familiar with their business model

Zarish Zafar: Okay, there business is such that they have the bikes, they have certain spots, the riders or users have their accounts, they use the bike and part the bikes at mobike's designated parting areas. Do you think such a business model would work in Pakistan?

Ahmed Ayub: I think, it may work. Careem was also not in Pakistan until few years back. First I would say it is a very fantastic idea, the product would have a huge market. It is kind of having a mix of having your own bike and sharing a bike with your friend. Careem by the way just for your information has launched this model in Dubai. You have to get a card made, you pick a bike and drop it at some place, but this model failed miserably in Europe once. In year 2000 when I went to Amsterdam, the city government started the white bike plan. The bikes, their parts started disappearing, and this was happening in a very mature market of bike riders. So if it can happen in such a mature market, then it is must that you have to come up with a very strong model to do it. Bikes have to be very traceable, they should have alarms etc, and if it can be made workable somehow, it is a fantastic model in itself.

However, you must know that motorbikes is still workable, but the weather in Pakistan doesn't support travelling on bikes. The weather would not allow.

Zarish Zafar: what about motorbike?

Ahmed Ayub: Motorbike may still work, from station to station, for example you take the motorbike from Askari, and drop it to the next station at mall road..

Zarish Zafar: Yes this is what the model is all about, station to station and rider himself would be the user

Ahmed Ayub: I think it would be a very good business model even for us and I would consider it too, but with certain conditions

Zarish Zafar: So you believe its workable in Pakistan?

Ahmed Ayub: My belief in last one year is, that everything is workable. You have to decide things wisely. There are two kinds of people in this world, people who plan and people who execute. The ones who are the implementers would just execute the plan. The rest would keep planning. I met roughly twenty to twenty five people, student, businessmen etc who came to me and said, we were planning the exactly similar business. For us, we decided this business, and we just executed it in one to two months. This is not how I am by nature.. but for that one specific moment, I felt that was the right decision. once we executed it, my concept of execution has just changed altogether.

Zarish Zafar: Okay Ahmed, my second last question to you, if you are starting this business of motorbikes, where would you start it in Lahore?

Ahmed Ayub: The reason we started Airlift in Lahore was, because our initial discussion with regards to research was being done with the graduates of LUMS. So, we started Airlift in Lahore. But in all honesty, if we had planned things better, it should have started first in Karachi. It was actually, somewhat a mistake to start from Lahore, but thankfully now we have overcome that and we covered it up very quickly and started in Karachi as well.

Zarish Zafar: So where to start in Lahore is secondary. the first thing is that such businesses should first start in Karachi instead of Lahore. That is what you mean to say?

Ahmed Ayub: Yes

Zarish Zafar: May I please ask you why you believe so? What is the reasoning for considering Karachi a better market to launch when you can launch in Lahore too?

Ahmed Ayub: **So basically, when you launch a certain thing in any market, the first step is identification of the right market, which sector, which area fits best for your product.** You have to figure out with the help of conducting market surveys, assessing where the needs are etc. In this case, first, **Karachi, as compared to Lahore, if not double the population, it is almost 1.6, 1.7x more people. Secondly, the infrastructure in Karachi is way way behind the infrastructure of Lahore. There is no development on this area for a long time. Even Sindh government has not done any project on this, therefore, the void in public transport is much bigger compared to Lahore. Thirdly, distances in Karachi are much bigger**

than distances in Lahore. Karachi is huge geographically so the requirement itself is accordingly. So, there is not one but multiple reasons to start it first in Karachi. Moreover, there is an increasing trend of growing outskirts in Karachi, but nevertheless that is also in Lahore… so that we cannot say is unique to Karachi. Generally, I would say it is the huge population and lack of infrastructure in Karachi which makes it a very good market to start the operations.

Zarish Zafar: Alright Ahmed, thank you very much for your time and your detailed insightful answers. No one would have been able to provide me the practical information on these issue, the way you provided learnings gained through your first hand experience. I am extremely grateful to you for your feedback and the time you took out for this interview. It has been a pleasure talking to you. If you ever happen to visit Copenhagen, kindly do let me know.

Ahmed Ayub: You are very welcome Zarish. I am glad to help.

Zarish Zafar : Take care, bye

Ahmed Ayub : Bye

Appendix 22

Questionnaire 3, (Female users)

Interview questions

Hi , thank you for taking your time out for the interview. Considering you use Uber and Careem on almost daily basis,

1. How frequently do you use ride hailing services?
2. Which company do you use most often? And why?
3. In reference to your answer in the previous question, for what reason do you use these services? By that I mean, is it less costly? Or easier? Or safe? If any other reason please specify.
4. Have you ever used Bykea?
   a. If yes, for what service?
5. Do you think a sharing economy setup such as Uber and Airbnb would be a success in metropolitan cities of Pakistan if it is led by a Pakistani company?
   If yes, why, and if no, why?

6. In your opinion, how would people of the area respond to a shared economy motor bike business in Lahore Cantt, Pakistan?

7. As a female, would you be willing to ride a bike/motorbike in Lahore?

   a. With driver service

   b. Without driver service

8. In your opinion, what would be the three most major barriers in starting a ride hailing business in Lahore? (females not knowing how to drive a bike may be a major issue)

9. What can the Punjab government do to facilitate the sharing economy/bike business?

10. What factors would you consider before using a bike/motorbike owned by a shared economy platform?

11. Would you trust a Pakistani company more for using a sharing economy service or would you trust an International firm's service in Pakistan, for example already in market Uber, Careem or a Pakistan based company?

Appendix 23

<u>Interview 3 (Azka Saif)</u>

Interviewer: Zarish Zafar

Interviewee: Azka Saif – Emerging model/actress in Pakistani media industry

Zarish Zafar: Hi Azka, thank you for agreeing to be my interviewee and let me add that this is only for academic purpose and its usage is for nothing else.

Azka Saif: No problem

Zarish Zafar: What is your age around Azka?

Azka Saif: I am 26

Zarish Zafar: And you're still trying to settle professionally in media and marketing?

Azka Saif: Well I'd not say that I have been struggling professionally, I have been working professionally but I haven't really thrived in a sense that I have not had a breakthrough yet.

Zarish Zafar: Absolutely fine. How often do you use sharing economy services like Uber and Careem?

Azka Saif: I pretty much use them everyday

Zarish Zafar: Everyday both ways for going and coming?

Azka Saif: Yes

Zarish Zafar: How many companies are you familiar with in this context?

Azka Saif: I guess Uber, there's Careem, there's SWL, there's Airlift.

Zarish Zafar: How many of these do you use?

Azka Saif: I just use Uber and Careem.

Zarish Zafar: And you use more often Careem or Uber?

Azka Saif: I use Careem more often because I forgot the password to my Uber account.

Zarish Zafar: Apart from the password is there any other reason that you feel more comfortable using Careem or is there any specific reason you prefer Careem over Uber?

Azka Saif: Not really, I think both of them have their own perks and Uber's perk is that usually it isn't that expensive; they don't have a very high rate going on. Careem always has peak factors as compared to Uber so Uber is more reliable in this sense that you know there will be a consistent price throughout.

Zarish Zafar: You think Careem is pricier?

Azka Saif: Yes I think its pricier because it has unpredictable peak factors at least in my area but it has bonus points which you can use to pay for your Careem ride. I just use them alternatively.

Zarish Zafar: So basically you use both of them and you are equally comfortable in both of them as well?

Azka Saif: Yeah I am.

Zarish Zafar: Alright! When you use these services, what do you think is the reason? Do you find them easier, safer, and more economical? What could be any of the major reasons?

Azka Saif: I use these services because I don't know how to drive properly. I think I cannot drive in traffic so I have to use these services. Although I feel like these services are very exploiting, especially the kind of rates that they have is mind-boggling. I would say Airlift and SWL ae definitely more economical but the comfort and time definitely gets compromised as compared to Uber and Careem. But then again I have been through a lot of Careem and Uber breakdowns, sometimes they send a really bad car,

sometimes they have to get the tire fixed and all. I will say that its just a need, not something that I would prefer.

Zarish Zafar: have you considered purchasing your own car?

Azka Saif: Well I do have an extra car at home but it is manual and I don't know how to drive a manual car. If anyone else is at home then that's great, they can drop me off otherwise I use Careem and Uber as I don't have any other option.

Zarish Zafar: So what I understand from your conversation is that your primary problem is driving and traffic congestion so use these services for ease and convenience?

Azka Saif: Yes

Zarish Zafar: Do you think that using Uber and Careem is more expensive than using your own car?

Azka Saif: Yes I think that they are more expensive but they are readily available.

Zarish Zafar: Azka have you considered using Bykea or have you heard of it?

Azka Saif: No I have never heard of Bykea. What's that?

Zarish Zafar: Bykea is a ride sharing motorbike service.

Azka Saif: No I have never used that.

Zarish Zafar: I was reading about Bykea and they launched this service in 016 and its been three years that the company is in practice. It's a Karachi based company; on the website they have stated that they are operating in Islamabad and Lahore as well although I haven't seen them very much in Lahore.

Azka Saif: I haven't seen them either, I think the bike users must know better about them. Probably it's the men using Bykea, not women.

Zarish Zafar: Do you know how to ride a motorbike?

Azka Saif: No I don't know how to ride a motorbike.

Zarish Zafar: Okay if you get to know that like Uber and Careem there is a new motorbike sharing company that has opened up and they are providing a good service, would you be willing to use it?

Azka Saif: No I would not be willing to go on a bike sharing experience.

Zarish Zafar: And what would be the reason for that?

Azka Saif: I wouldn't be comfortable with a rider, in Pakistan at least.

Zarish Zafar: You wouldn't be comfortable with a male rider?

Azka Saif: Yes I think even with a female driver there are always chances of harassment on a motorbike so I wouldn't go for that. Cars are safer than motorbikes.

Zarish Zafar: Harassment by other people on the road or harassment by the driver?

Azka Saif: Harassment by the people on the road obviously; I mean if you stop somewhere and they see a woman riding a bike, let's assume the driver is a female in this scenario so there are going to be chances of harassment even then because now there are two women on the bike. That's quite a sight for Pakistanis.

Zarish Zafar: have you heard of Mobike? It's a Chinese company and their business model is such that it's a bike sharing economy bike business and they have particular spots where people come at and park their bikes, they can track you through your credit cards while your profile is maintained with the company. You ride them and park them at particular spots, would you then be willing to ride a bike?

Azka Saif: No, I would probably ride my own motor bike if I know the area is safe but I would not take a motorbike ride at all here in Pakistan and I wouldn't recommend it.

Zarish Zafar: You will not recommend it to anyone?

Azka saif: I will recommend it to men, not women. I feel like Pakistan is not ready for that, I wish it was but it needs time.

Zarish Zafar: And do you think you won't be driving in the entire Lahore or if there is a certain area which is elitist and posh like Defence, Gulberg or selected areas of Cantt; would you still be having a problem riding a bike?

Azka Saif: I think I'll still have an issue, I wouldn't want to go on a bike I think, at all. I am so sorry.

Zarish Zafar: No no it's absolutely fine, it's actually very helpful; it is your opinion.

Azka Saif: Okay, thanks.

Zarish Zafar: So in a car based service, what do you prefer more? Pricing or Customer Service?

Azka Saif: I would go for a company with better customer service for sure. I have spent too much monthly on Uber and Careem to know what's better; definitely comfort and better customer service in comparison to price.

Zarish Zafar: Alright so if you get to know that there is this new company being launched in Pakistan that is a car service economy led and owned by a Pakistani entrepreneur; would you prefer it over multinationals like Uber and Careem or will you be indifferent?

Azka Saif: I would prefer Pakistani company, I like to support Pakistani companies but provided their service is good and equal. I will take the service in account first before making the choice.

Zarish Zafar: I see

Azka Saif: I am sorry I talk a lot

Zarish Zafar: No it's actually good that you talk a lot, its more helpful as I can have more data. You talk a lot so I don't have to extract more information out of you.

Azka Saif: Great (Laughing)

Zarish Zafar: Do you use other sharing economy services as well apart from Uber and Careem like Airbnb or any other?

Azka Saif: I have used Airbnb once in Pakistan and I had a great experience.

Zarish Zafar: You were happy with this experience?

Azka Saif: I had a very good experience. I and my friends went to Islamabad and we rented an Airbnb and it was very nice.

Zarish Zafar: Alright and which year was this?

Azka Saif: It was a year back and everything was pretty straight forward as in the whole process so I was actually wondering why that is not a big thing in Pakistan?

Zarish Zafar: People maybe have security concerns or something. Have you ever had a security concern with Uber or Careem driver?

Azka Saif: Oh yes! Yes I've had that.

Zarish Zafar: Is it possible for you to narrate it?

Azka Saif: Not recently but initially when I started using Careem and perhaps Uber as well there were a few instances in which I felt uncomfortable. They would start talking like they want to know you, asking you questions that they don't have any right to ask like about your family, what do you do and blah blah blah. They will try to strike a conversation with you and it is weird that they were so consistent. I remember that there was a Careem driver and he was crazy and I was thinking that who let him come? Then there was another Careem driver too, I've had a couple of bad experiences with Careem. I am not a very big fan of Careem by the way, Uber has better experience.

Zarish Zafar: Did you raise it to the Careem management? Did you talk to their customer service?

Azka Saif: I did and it a horrible process and I hate Careem for their absolutely pathetic customer service. I don't know what your study is being used for but if it has anything to do with Careem then I would love to let them know that their service is horrible and the customers have to go through a lot of inconvenience just to reach customer care.

Zarish Zafar: Is it the same with Uber as well? Have you tried to reach their customer service?

Azka Saif: I feel like Uber has a number on which you can call. Careem has a hierarchy when it comes to customer service. For instance if your points are a little lower and you're not a gold member or a platinum member I don't know what their memberships are but silver, gold and platinum; let's just assume its these three. So silver members cannot call the customer service they can only email them. Sometimes you have to call the customer service immediately when there is an emergency but there is no such number that you can reach out at. And with Uber as well as with Careem, you can only call with the number that you have used for the registration of your account and I think that is also a lot of inconvenience; I can't get to the customer care right away. Especially when you are with the driver and you are having a disagreement or something about the price or anything, it's really hard to access the customer care. So, pathetic.

Zarish Zafar: So when you had the bad experience did you just let them go?

Azka Saif: No no I called them up and sent an email. The first bad experience was when I didn't know much about Careem so I just let it go, I was furious but I didn't do anything. Next time I did call Careem up, oh infact I didn't call Careem up instead the guy had called Careem up and complained about me when he was at fault and I cleared it up and registered an email which they did nothing about. Basically he kind of conned me into giving him more money and it was the Careem people and I did not get reimbursed for it either. I feel like Careem has a very bad method of catering to their customers and it has a lot of loopholes too.

Zarish Zafar: So we agree that despite Careem and Uber being the market leaders and you being their frequent user you are still not a very happy customer but you have to stick to them because there is no other such competitor?

Azka Saif: Yeah

Zarish Zafar: And if you ever decide to switch to a competitor in the future then it will always be a car based service provider, not a bike or motorbike one?

Azka Saif: No No, I feel like even in cars it isn't safe for women to go alone at certain hours. Basically what I am saying is that the safety is even questionable in cars so in case of motorbike it's definitely questionable. In cars at least you have a little sense of security. I also want to add that I even deleted Uber and Careem from my phone a couple of times because I was so dissatisfied with their customer service and that furious, but you got to do what you got to do.

Zarish Zafar: But then you reinstalled them and started using them again because they are the only ones in the market?

Azka Saif: When you don't have any other choice you have got to order a Careem or an Uber you know.

Zarish Zafar: Have you ever used SWL or Airlift?

Azka Saif: I just hate wasting my time and I feel like with SWL and Airlift you waste a lot of time. If you have to get to place that is thirty minutes away, you will have to spend two hours travelling which I think doesn't make sense.

Zarish Zafar: So you have never tried them?

Azka Saif: No, I think it's interesting that they are so cheap and their timings are so accurate and they have their buses coming every five minutes after the next and I really appreciate that. However for a person who has a lot of things to do and values his or her time, these services won't really work out for them.

Zarish Zafar: Alright I get your point; your time is more important than the money and, service as well as ease matters more so it's better that you don't use them and you don't plan on using them in the near future as well.

Azka Saif: Yes, I am so sorry.

Zarish Zafar: No its fine, it's absolutely fine. It's actually very enlightening to know your answers.

Azka Saif: (chuckles)

Zarish Zafar: Azka for now I think I am done with my questions. Can I reach out to you on a short call or a text message if there is another question popping in my head?

Azka Saif: Sure, I am always a text away. You can always call me in my free time or I will call you in your free time, I will be available throughout.

Zarish Zafar: Thank you, thank you very much.

Azka Saif: You are always welcome, thank you, it was a pleasure talking to you.

Zarish Zafar: Likewise, it was really nice talking to you and I have heard you before on the TV as well and it was great talking to you in person as well.

Azka Saif: Likewise, thank you so much and take care.

Zarish Zafar: Take care

Appendix 24

Interview 4 (Laraib Fatima)

Interviewer: Zarish Zafar

Interviewee: Laraib Fatima – Marketer by profession – Early in career

Zarish Zafar: Hi Laraib, thank you for agreeing to be my interviewee. On a side note, just let me tell you that this interview would only be used for academic research I am conducting for the master thesis.

Laraib Fatima: That is not a problem. You are welcome to use it otherwise as well.

Zarish Zafar: Okay Laraib, what's your age

Laraib Fatima: I am 28.

Zarish Zafar: What is your profession?

Laraib Fatima: I work as marketing manager in an event management firm. Basically, I do marketing.

Zarish Zafar: Great. So, let us formally start the topic specific questions now.

Laraib Fatima : yes sure

Zarish Zafar: How often do you use sharing economy services like Uber and Careem?

Laraib Fatima: Umm.. almost on daily basis

Zarish Zafar: Which company do you use most often?

Laraib Fatima: I use Uber more. Careem too..at times.

Zarish Zafar: and why is that? I mean why you use Uber more than Careem.

Laraib Fatima: It is more economical…and I am somehow more comfortable with Uber, over Careem.

Zarish Zafar: How many other such firms are you familiar of other than Uber and Careem?

Laraib Fatima: Umm.. Not many, I only know of Uber and Careem and use only these two

Zarish Zafar: May I ask where do you commute to? I mean any specific places? Please answer the question only if you are comfortable or you may skip this.

Laraib Fatima: No, no, I don't have any problems answering that. Basically, you can say..I use it to commute to my office, or to visit my friends, or at times shopping etc. You can say Uber is my primary way to commute to pretty much everywhere.

Zarish Zafar: Why do you use these services? By that I mean, is it less costly? Or easier? Or safe? If any other reason please specify.

Laraib Fatima: Well, I don't have a car, because to be honest I cannot afford to buy one at this stage.. and I also don't know how to drive. And the reason for using Careem or Uber is that, first, it looks more respectable than auto rickshaws or other taxi/cab services..it is a decent car in which you are given the service along with a driver.. secondly, I have never used public transport, and I don't plan to use it either. You know the situation of public buses here Zarish. It is unsafe and unreliable. So I am left with only this choice..and I am quiet comfortable with it. Yes it is not always smooth. There are problems at times..but given the circumstances, it is the best available solution.

Zarish Zafar: Okay great, have you ever used Bykea services?

Laraib Fatima: No.. I have not

Zarish Zafar: Are you aware of what Bykea is?

Laraib Fatima: I am not sure but I think it is a bike based delivery service.

Zarish Zafar: Yes, true, and besides delivery services they also offer travelling services on motorbikes, just like Uber and Careem. The difference is that this one is only motorbikes. It doesn't involve cars.

Laraib Fatima: Okay.

Zarish Zafar: So Laraib, like you use Uber and Careem, would you consider using Bykea? Which is a motorbike based service?

Laraib Fatima: You mean to travel? (Hahaha)

Zarish Zafar: Yes yes (haha).. to go to work or shopping?

Laraib Fatima: No. Not at all. It sounds funny to me even thinking travelling with a random person on a motorbike. I would not myself.. plus neither my family would allow me to travel on bike with someone like that. No.. I would not.

Zarish Zafar: Why Laraib? What is the reason? You fear travelling on motorbike or you think its awkward sitting with a male driver? Or what is your main reasoning for clearly refusing this option of travelling?

Laraib Fatima: It is odd from so many different angles. First, I have never used motorbike before. Secondly sitting on backseat in a car with a driver is far different than sitting behind a motorbike driver so closely. I think it is culturally wrong and I would not be comfortable myself too. You never know who the other person is.. its unsafe and it is just not normal. We have never seen it happening.

Zarish Zafar: Okay Laraib, what if the service is being given by another female driver who drives the motorbikes for you?

Laraib Fatima: Zarish, I can only think of doing this adventure if I am in mood of having some fun with my friends.. but not as a means of commute on daily basis. We don't have women driving motorbikes in Pakistan just like men do.

Zarish Zafar: What if it is very economical? And much lighter on your pocket?

Laraib Fatima: I will still not use it

Zarish Zafar: may I know why? If it is being driven by a female, and its cheaper, even then you say you wouldn't. What is the reasoning?

Laraib Fatima: I just think that it is unsafe and I would be a laughing stock for people travelling by. I have had really bad experiences with the drivers of Uber and Careem as well, but it is still okay because one can be almost sure that it would stay to verbal extent only. And at least you are safe from other people travelling on road. Let me tell you another incident, it happened twice to me that I was touched inappropriately while simply walking on road with my friends. A person going on motorbike just slowed the bike, hit me with hand and went away. See. It can also happen to me if I am travelling on a bike openly. You know the problem even bigger than the driver is the other male travelers on the road. I would feel very exposed and vulnerable in this heavy traffic of Lahore among other male bikers and car drivers.

Zarish Zafar: Alright. I understand. Do you know how to drive a motorbike?

Laraib Fatima: No. I don't. I only know how to drive a bicycle.

Zarish Zafar: So even if you learn to drive a motorbike, considering your actual fear is the fellow travelers and the potential harassment you can be victim of.. you would still not drive a motorbike?

Laraib Fatima: Not in Pakistan at least. See Zarish when you see a woman driving motorbike everyone turns their neck towards them and they do get noted. Although now we get to see women driving bikes and motorbikes on roads once in a while, but everyone does note them and they appear different from rest of the travelers on the road. Somehow.. we don't note every male driving a motorbike. It is not the same in case of women.

Zarish Zafar: Okay let us say, you have to use the service only in a certain location. For example, from your home in Gulberg to your office in Cantt.. or to DHA. These locations are relatively more posh and upper class. I understand the residents of these locations are also modern, educated and more open minded. Would you still have problem driving a motorbike in these areas?

Laraib Fatima: Yes. I would not be willing to travel on a bike even in these areas. The reason is, you still stand out. People start remembering you as "*oh the girl who bikes*".. then they start following you to your house. It has happened to me even in these areas, which I agree with you, are safer and more upper class than the rest of Lahore.

Zarish Zafar: Okay Laraib have you heard of Careem WOW? It is a service in which females are being trained by Careem as drivers and this campaign is only for women. Women passengers would be driven by women drivers.

Laraib Fatima: Yes that is great. I read the news online. Didn't get into details but I came across this news. It is interesting.

Zarish Zafar: Careem is launching Careem WOW in Karachi only at the moment. If the idea gets acceptability, they would expand it to Lahore too I think, at least that is what their own management says. What do you think of this service?

Laraib Fatima: I think it is really good that Careem is taking this initiative. I believe females need a cost effective solution for their day to day commute much more than the men. The reason is that the travel options for males are much more than us, females. I don't know how much open Lahoris would be to the idea of females driving motorbikes, but if it gets hit, I might start using as well. There is a need for it for sure. How effectively Careem would be able to implement this, I am not sure of that.

You know what Zarish.. its very expensive to use Uber twice every day. I spend probably half my salary on commuting only. The fact is, I don't have any other option. I would like to have a cost effective option provided It is respectable and safe. If there are other women driving bikes, and they are seen in abundance on the roads, which I still doubt if Careem would be able to implement, but if it happens, I would use it too. I don't want to spend nearly half my earning on commuting only.

Zarish Zafar: So what I get from your answer is, that you would use a motorbike service if there are other women using this service and travelling on the road frequently? You just don't want to feel awkward being a single one driving a bike?

Laraib Fatima: umm.. I am not sure.. but.. if there are other too.. then yes I might. Not regularly still..but once in a while yes maybe. Like I told you, using Uber and Careem is very expensive. I cannot just go and purchase a car right now. Therefore, I have to spend around on average 1500-2000 rupees every day. That makes it around 10k per week on average you can say. Can you believe I spend more than half of my salary on my commute monthly?

Zarish Zafar: Yes Laraib. I have an idea that the available services are not a good enough solution in relation to the need of these services. This is the reason why I am working on this project, to find out more feasible and workable commuting options for people.

Laraib Fatima: It is so ironic that for men there are so many more options to travel. They don't fear harassment from women on roads. They use motorbikes and can reach everywhere effectively in low cost. But for females the options are much lesser. So in the end we have only Uber and Careem left.

Zarish Zafar: Would you trust a Pakistani company more for using a sharing economy service or would you trust an International firm's service in Pakistan, for example if we say Bykea that is Pakistan's firm or Uber based motorbike service?

Laraib Fatima: I will use any service which has a better customer service. Ofcourse other factors matter. Price is very important to me. One that has a reasonable service and is not too expensive. Pakistani or non Pakistani is secondary, to be honest. The whole package of price and the quality of service in that price is what matters to me.

Zarish Zafar: Perfect Laraib. On a side note, are you a fan of sharing economy? Besides Uber and Careem? Would you use it in other industry and services? For example, accommodation and others?

Laraib Fatima: I have not used many services; I like the concept. I like the idea of utilizing resources like that..but whether I will use it or not, it largely depends on the nature of service. Travelling is fine and secure. You are on the road, and if there is one person driving the car, you are one person taking the service. It is not a risky service. But when it comes to accommodation like you said, I would never use it in Pakistan. I don't know who the other person is and what they can do to me. I will never jump randomly into something like that. For me, it is very important that I feel safe and I am, if not sure, than almost sure, that I am safe and not landing myself into a trouble. I wouldn't trust anyone and use there service just to save few bucks. I like the idea of course, but there are a lot of factors which count and which I would consider before using a service. Using a car and staying at a house is not the same thing Zarish. I will evaluate a lot of things before I proceed with using a service.

Zarish Zafar: What do you do if you have a bad experience with Uber and Careem?

Laraib Fatima: I ignore if its something small. Once or twice it happened that the driver misbehaved with me. In such cases I do report it to Uber or Careem's management. I have not had a very satisfactory response from their customer service teams..but I still report it and give a bad ranking to the drivers. That is all I can do.

Zarish Zafar: Is it possible for you to narrate it?

Laraib Fatima: Yes once I asked a driver to pick me from the house. He was unable to find the house probably or something, he started misbehaving with me, and misbehaved a lot, calling me names. I didn't take his car ride, but ofcourse then It came at an expense of not being able to attend a meeting.

Then once it happened that one of the drivers started asking me personal questions and I was not comfortable answering. He got the idea that I was not liking it, but he still kept talking. I couldn't do much because I was in his car, but thank God the journey wasn't too long and soon my home arrived.

Zarish Zafar: Did you raise it to Uber or Careem management? Which ever service you were using at that time?

Laraib Fatima: I did.. and I think they both have a shitty customer service. Please pardon me for using this term. I don't think it helps a lot. They are not really proactive in dealing any customer queries. I think if there is another third company which comes with a better customer service, where I can report if I have an issue, I would pick them anytime.

Zarish Zafar: And that third company has to be a car based service provider, not a bike or motorbike one?

Zarish Zafar: Alright Laraib. Thank you very much for your time and answers. It was really helpful. If I have to ask something important later again, I will reach you out. Is that fine? For now I think I am done with the questions.

Laraib Fatima: Sure. Just message me.

Zarish Zafar: Thank you very much. It was nice talking to you.

Laraib Fatima: You are always welcome, and it has been a pleasure speaking to you too. Take care.

Zarish Zafar: Take care. Bye