Quality Management in the Service Industry

A comparative study between sharing economy companies and traditional companies

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Abstract

The biggest barrier for expansion and adoption in the field of sharing economy is risk and fear regarding safety. This new company form has resulted in higher competition in the service industry, resulting in increased focus on high quality. Since sharing economy is a new phenomenon a comparison with traditional companies has been made in order to see how the different forms of companies work with quality management.

The purpose of this thesis is to investigate how sharing economy companies within ridesharing and on demand rides, compared to traditional taxi companies, work with quality management. The thesis answers three subordinate questions: 1) How do companies work with quality assurance during the recruitment process? 2) How do companies work with continuous quality control and evaluation? 3) Is there a difference between the investigated industries within sharing economy and traditional taxi companies?

Based on theories from management control and service quality management a theoretical framework was designed which provides guidance as to how researchers and managers can work with quality management in the service industry. A qualitative study was further performed through semi-structured interviews, where the gathered empirical material was presented through the theoretical framework.

One conclusion that can be made in this thesis is that sharing economy companies have automated their services, as well as big parts of their quality management. Traditional companies seem to move more towards automating their services, as well as some parts of their quality control, but many parts are still handled manually. Another conclusion is that both types of companies have differences that lie in the nature of being a traditional company versus being a sharing economy company, and at the same time they have some fundamental similarities.

Key words: Sharing economy, collaborative consumption, taxi industry, quality management, management control, service companies.
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1. Introduction

The rise of the Internet and new technologies, in combination with growing environmental consciousness and the recession of 2008, has enabled the progress and development of the sharing economy, also sometimes referred to as collaborative consumption (Belk, 2014; Botsman & Rogers, 2010; Cohen & Kietzmann, 2014; Gansky, 2010). The sharing economy is a growing field with at least a $110 billion market, 80 million US adults took part in it during the year of 2014 and it has gotten much press attention with over 4 000 articles being written about it during the year of 2013 (Botsman & Rogers, 2010; Leo Burnett, 2014). The difference between a traditional company and a company present in sharing economy is that:

1) Due to the technological development individuals can now connect and share services and products with each other.
2) It allows individuals to earn the most of their private assets, it also allow for people to be environmentally conscious.
3) It takes place in a person-to-person marketplace with individuals, which means that companies do not hire people to perform services (Botsman & Rogers, 2011). Companies that are successful in sharing economy are likely to impact more traditional companies, resulting in less buying and more sharing and short-term rental (Boesler, 2013; Cohen & Kietzmann, 2014; Sundararajan, 2013).

Both sharing economy and collaborative consumption use temporary access non-ownership models for services and consumer goods, they also rely on the Internet in order to work (Belk, 2014). But there is a distinction between collaborative consumption and sharing economy. Collaborative consumption can be defined as “people coordinating the acquisition and distribution of a resource for a fee or other compensation.” (Belk, 2014 s.1597). This means that it is not specified to underutilized assets, it can take place through business-to-consumer, business-to-business and peer-to-peer. It also includes trading, swapping and sharing which enables access over ownership, where for example a community can share cars or lawnmowers with each other. Sharing economy lies within the concept of collaborative consumption (Botsman, 2013). Belk (2007, s. 127) explains sharing as either “the act and process of distributing what is ours to others for their use as well as the act and process of receiving something from others for our use.”. Sharing economy can further be defined as “an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits” (Botsman, 2013, s.8). This means that a person who has for example a lot of leisure time on their hands can use their car to drive other people to...
destinations for monetary compensation. Furthermore sharing economy often takes place in a peer economy, were resources are owned and exchanged person-to-person. Though there is a difference between sharing economy and collaborative consumption, they overlap each other and they share the ideas of distributed power from centralized companies to networks of individuals, they share values and drivers, how to think about asset utilization and how to match people’s supplies and demands (Botsman, 2013). Since sharing economy lies within the concept of collaborative consumption, some theories from collaborative consumption will be used in order to establish certain fundamental principles that apply to both. This thesis will further focus on companies within ridesharing and on demand rides. In this thesis ridesharing has been defined as companies who enable for individuals to offer and accept rides to a common destination, and on demand rides has been defined as companies who enable on demand rides for individuals through mobile geolocation technology.

1.1 Challenges Within the Sharing Economy

Even though sharing economy can lead to positive effects on the environment, nurture the feeling of community, personal health, private economy and create new jobs (Belk, 2007; Glotz-Richter, 2012; Leo Burnett, 2014; The Economist, 2015), it can also have negative effects. Challenges have emerged around insurance and legal liability, and some services are failing to follow industry-specific regulations. Furthermore there has occurred incidents, one example is a host who rented out her apartment and when she came back found it trashed and her valuables stolen (The Economist, 2013). Another example is a rape case that is now current in the U.S press, where a woman accuses a driver within a sharing economy company of raping her during a ride (BBC, 2015; Levine, 2015). Studies have shown that trust issues and risk are the most common reasons for not using or adopting to sharing economy (Botsman & Rogers, 2011; Leo Burnett, 2014; Shaheen et.al., 2012). According to a study conducted by Shaheen et.al. (2012) the two biggest barriers to expansion and adoption are (1) insurance coverage and (2) the fear of sharing a personal vehicle. Furthermore Leo Burnett, one of the world’s largest agency networks, conducted the study “The Sharing Economy: Where We Go From Here”. The study consisted out of three quantitative surveys with a total of over 4 000 U.S. participants aged 18-69. One of the discoveries was that 47 percent of the participants were holding back on participating in sharing economy due to risk – the uncertainty about safety and hygienic conditions. Further they found that the barriers to sharing, in this case risk, frequently outweighed motives such as connectivity, collaboration and belonging (Leo Burnett, 2014).
1.2 The Importance of Quality Management

Companies of today experience high competition, both international and domestic. A result of this has been increased demands from customers and an increased focus on high quality within companies in order to meet the increased demands (Oakland, 2005). Furthermore many of the peer-to-peer activities performed in sharing economy, such as ridesharing, are services (Botsman & Rogers, 2011). A comparison between sharing economy companies and traditional companies within equivalent industries have been performed in order to gain deeper knowledge and understanding for how service companies work with quality management. Most sharing economy companies within the investigated industries were founded during the last decade, while traditional taxi companies have been around for considerably longer (Belk, 2014; Botsman & Rogers, 2010; Hodges, 2007), this makes them interesting to compare. Being a sharing economy company is still seen as a new and unsafe company form (Leo Burnett, 2014; Shaheen et.al. 2012; The Economist, 2013), but how different are sharing economy companies from traditional companies when it comes to quality management?

What further needs to be considered is that quality management of services is harder than in manufacturing (Haywood-Farmer, 1988). Quality management is complicated since services are intangible and individuals have different attitudes towards a service. Services are also heterogeneous in the sense that individual preferences and circumstances will affect how a service is perceived (Dotchin & Oakland, 1994; Ghobadian et.al., 1994). In terms of quality it is important to think about the quality of the product, the process, the delivery and the general values that pervade the company as a whole. Quality includes a company’s pricing, safety, planning strategy, business management and human relations. Within a service company it is important to focus on hard figures such as performance measurements, quality control and technical quality specifications. It is also important to focus on social innovation which means that the company and its employees strive towards finding new strategies, ideas and concepts that meet higher quality standards than before. This in order to get a sense of quality throughout the whole company (Normann, 2000).

Even though sharing economy is growing at great speed around the world, and it seems that it is the next stage in the evolution of how economies work, there is a lack of research on the subject. Management scholars have barely started to explore the surface of the field and the
implications these business models have on other companies, the environment and cities (Cohen & Kietzmann, 2014). Furthermore I have not been able to find any research on the subject of quality management within sharing economy, a field that is of much relevance to the problems and challenges that are present regarding trust issues and risk. I believe a study dedicated to quality management within sharing economy companies compared to traditional companies within equivalent industries would be interesting and useful. Both for currently operating companies in service industries, for future companies within sharing economy and also for individuals connected to these operating companies. As I am going to study peer-to-peer companies and traditional companies that provide and receive services, I have chosen to focus the literature review on service management and service quality, as well as management control and sharing economy.

1.3 Purpose

The purpose and main question of this master’s thesis is to investigate how sharing economy companies within ridesharing and on demand rides, compared to traditional taxi companies, work with quality management. This thesis will investigate three subordinate questions in order to answer the main question. The subordinate questions are 1) How do companies work with quality assurance during the recruitment process? 2) How do companies work with continuous quality control and evaluation? 3) Is there a difference between the investigated industries within sharing economy and traditional taxi companies?

1.4 Outline

This thesis will start with a background section to gain further knowledge about what sharing economy is. This is followed by a literature review which includes prior research that is of importance to the thesis’ subject, it also contains a theoretical framework that lays the ground for the gathering of empirical material and the analysis of the empirical material. Following this is a methodology section where I describe how the thesis has been carried out. Then follows a review of the results obtained in the empirical study. The theoretical discussion and the empirical study will then be linked together in a subsequent analysis section. The thesis will end with a conclusion and a summarizing discussion.
2. Sharing Economy

The field of sharing economy is a relatively new one, because of that not a lot of research has been performed and documented about it (Cohen & Kietzmann, 2014). However, one of the most cited books available right now is *What’s mine is yours: how collaborative consumption is changing the way we live* written by Rachel Botsman and Roo Rogers (2011). It is therefore a central part of this literature review of sharing economy. As formerly stated sharing economy is an economic model where people can share underutilized products and services to other people for monetary or non-monetary compensation (Botsman, 2013). In this economic model there are both peer providers and peer users involved. The peer provider is the person making assets available for sharing, and the peer user is the person consuming the available asset. A person can also choose to do both, and will then be both a peer provider and a peer user (Botsman & Rogers, 2011).

2.1 Four Principles of Sharing Economy

Companies within sharing economy and collaborative consumption have four fundamental principles in common. These are critical mass, idling capacity, common beliefs and trust. 1) Critical mass is the first one, and means that in order for individuals or sharing companies to succeed there has to be a certain amount of people involved or willing to get involved in the sharing activities. Especially a certain amount on the supply side is of importance. Customers want to feel the satisfaction of choice, regardless of if the situation is about different clothing items or the length between different locations for renting stands for bicycles. 2) Idling capacity is the second principle and means that the products or services that are used in sharing economy are owned by someone, but not used a lot. This applies to everything from tools, to cars to spare rooms in apartments. 3) Common beliefs is the third principle and means “to believe in something in common”. In sharing economy peer users and peer providers create a community of shared interest, where they create value for other people when they take part in the activities, even if it was not the intention. 4) Trust is the fourth principle and means that in sharing economy everyone to a certain degree must trust in strangers. If a peer user decides to carpool with a peer provider the user needs to trust that the provider will do what is agreed upon. These four principles are equally important and central to sharing economy and it is not possible to get by without having all of them fulfilled. In some situations one of the principles might be more at the heart of the situation, but in other situations another principle will be central, therefore they all need to be included (Botsman & Rogers, 2011).
If applying Botsman and Rogers (2011) principles on the ridesharing and on demand rides industries it would look like this; 1) there are enough individuals willing to drive other individuals, as well as enough individuals willing to take a ride or share a ride with these drivers. Enough in this section means that there should be enough drivers to pick up and drop off passengers at different locations according to the passengers’ choice. When this is achieved the critical mass is reached. 2) The individuals who become drivers should own a car that is not used as much as it could be used – it then has idling capacity. 3) Common belief in ridesharing and on demand rides means that both the driver and passenger create value for each other. The driver creates value for the passenger who gets to go from A to B in a pleasant way and for an affordable price. The passenger creates value for the driver who gets pleasant company and a monetary contribution for the ride. 4) This would not work if the driver and the passenger did not trust each other and did not deliver what has been promised.
3. Literature Review

This section contains a literature review from the fields of service quality, service management, as well as management control. These are fields that are of importance in order to gain a deeper understanding for the thesis’ subject as a whole, and also in order to later understand the empirical findings. Included are the main models of management control and service quality that will be used when analyzing the empirical material. These are summarized at the end of this overall section through a theoretical framework.

3.1 Management Control in Service Companies

Service management is a way to understand and manage a company present in the service industry (Grönroos, 2007). It can be defined as “a total organizational approach that makes quality of service as perceived by the customer, the number one driving force for the operation of the business” (Grönroos, 2007 s. 224). The fact that a customer cannot experience a service in advance makes it important for a service company to try to live up to the expected quality standards from the beginning (Dotchin & Oakland, 1994; Ghobadian et.al., 1994; Haywood-Farmer, 1988). Before looking more into management control in service companies it is important to know some of the difficulties that comes with investigating services oppose to manufacturing regarding management of quality (Haywood-Farmer, 1988). All services are intangible and it is therefore not possible for a customer to look at a service and say if it is of good or bad quality (Dotchin & Oakland, 1994; Ghobadian et.al., 1994; Haywood-Farmer, 1988). When it comes to evaluating service quality, the tangible evidence is limited to a service provider’s employees, physical facilities and equipment (Parasuraman et.al., 1985). Furthermore a customer will always have an attitude towards a service. If a service is connected to a tangible good such as a car, the customer will be able to look at the car and see if it fulfills the promised or expected quality standard. This will affect how the service is perceived. If the service is perceived as bad, it will be difficult to convince a customer otherwise (Dotchin & Oakland, 1994; Ghobadian et.al., 1994; Haywood-Farmer, 1988).

Individual preferences will affect how a service is perceived which means that services are heterogeneous. It is not possible to store a service, and since different employees perform services they will most likely be performed in different ways. Furthermore customers will have different needs and expectations, which makes it important for the employees to be able
to take the right action in different situations. In some services the customer must or wants to participate in creating the service, an example of this would be a bus ride. If someone on the bus behaves badly, this will effect how the service is perceived (Dotchin & Oakland, 1994; Ghobadian et.al., 1994; Haywood-Farmer, 1988). Furthermore service management includes four general shifts of focus in management. There is a shift from product focus to focus on customer relationship, a shift from short to long term relationship, a shift from core product quality to a customers perceived quality and lastly there is a shift from the production of technical quality to development and management of total quality (Grönroos, 1990; Grönroos, 1994). Furthermore what Grönroos (2007) does not include in his definition of service management is the perspective of management accounting and control, in other words managers are not given a lot of guidance when it comes to planning and controlling services (Modell, 1996).

Furthermore it can be argued that quality management can be seen as a control system as it seeks to control companies’ processes and improve and change processes if needed. Therefore a model from the management control field is suited to use as a complement to the section of quality management (van Iwaarden et.al., 2006). Service quality can be defined as “to the extent services meet customers’ needs and requirements and how well they match or exceed customer expectations”, which means that an important part of service quality is how customers perceive performed services (Mukherjee, 2003, s. 329). This is a widely accepted definition (Behara & Gundersen, 2001; Edvardsson, 1998; Grönroos, 1984; Lewis, 1993). Since the customer is both the judge and the receiver of a service, it is not enough to have established specifications met in order to attain quality if the customers’ perception has been negative (Edvardsson, 1998). If a company succeeds in achieving high quality, there are four requirements in order to attain that quality level. These requirements are: 1) Market and customer focus. In order to prevent problems the company should focus on the customer’s needs and expectations and build their policies around those. 2) Empowerment of frontline employees. If the frontline employees are allowed to make important decisions this usually enhances the service quality. 3) Well-trained and motivated employees. Trained employees are able to perform their tasks more effectively which is also often noticed by the customer who will then have a better quality perception about the service. In order to keep the frontline employees motivated and supported it is of importance to have an appropriate and a clear career ladder, rewards, a measurement system and evaluation procedures. 4) A clear service quality vision. If the employees do not get this from the company they will have their own
interpretation of what service quality is. This could lead to inconsistency amongst the employees and thereby also affect the customers’ perception of the service (Ghobadian et al., 1994).

Modell (1996) also points out the importance of researching service companies more holistically, and not only to look at a service departments hard figures such as costs but also to look at more soft aspects such as the behavioral aspect of a company (ibid). In order for managers to achieve goals and strategies they need to use certain performance measurements and control system tools. A model that has been suggested by Robert Simons is Levers of Control. This model integrate four levers that will give managers control of business strategy, which are; belief systems, boundary systems, diagnostic control systems and interactive control systems (Simons, 1995; Simons et al., 2000; van Iwaarden et al., 2006). The levers can also be seen as informal and formal controls that are being relatively balanced towards each other (Modell, 1996), since Simons’ (1995) levers need to be balanced towards each other in order to work efficiently. Formal controls include for instance performance measurements, planning, reward systems and evaluating operations. Informal controls focuses on social and human processes that the company uses in order to achieve its goals (Modell, 1996). Furthermore both formal and informal controls are needed in a service company, and all of Simons (1995) levers need to exist in order to balance each other.

The levers in Simons’ (1995) Levers of Control complement each other and interplay with each other. Two of the levers are seen as positive systems and create intrinsic motivation amongst employees and motivate them to explore and search creatively. It encourages sharing and learning in a company. The two positive systems are belief systems and interactive control systems. The belief systems of the company inspire employees to strive towards feeling that they belong and contribute to fulfilling the overall goals of the company. It is a form of culture or values within a company. An example of this would be a CEO or a manager sharing their vision with the employees. Interactive control systems are information systems that managers can use in order to look into the subordinates decision processes, especially during uncertainties. Interactive control systems force dialogue and focus attention within the company, which enables managers to make sure that subordinates focus on the right data and information and that new initiatives and strategies emerge from this. An example of this would be an intelligence system or a profit planning system. Modell’s (1996) informal controls show similarities to Simons’ (1995) belief systems, since they both focus
on human and social processes, how to get employees motivated and to get employees to behave in line with the overall company.

The other two levers are seen as negative systems and are used to constrain search and use extrinsic motivation such as explicit goals and rewards and puts up limits to how creative an employee can be. The two negative systems are diagnostic control systems and boundary systems. Diagnostic control systems transform intended strategies into realized strategies. They make it possible for managers to measure the performance of individuals in order to make sure that the results match the performance goals and profit plans. In other words to see if the intended strategies are being achieved or not. An example of this would be metrics from a CRM system or budgets. Boundary systems are control systems that makes sure that the activities and the strategies that are being realized falls within an acceptable activity domain. In other words boundary systems provide general rules for what is allowed and not allowed to do in a company, for example regarding risks that are being taken in defined product markets. This system makes sure that the creative behavior in the positive systems does not affect the resources of the company in a negative way. Each of these four systems are being used differently to maximize return on management and leverage management attention. In order to achieve strategic control a manager must reach a high degree of learning and a high degree of control in the company (Simons, 1995; Simons et.al., 2000). Modell’s (1996) formal controls show similarities to Simons’ (1995) diagnostic control systems since they both focus on measurements and control. Simons’ (1995) boundary systems also has similarities to Modell’s (1996) formal controls since it is a rule system in how to behave in a company and which risks that are acceptable seen from organizational strategies. The behavioral aspect could be argued to show similarities to informal controls, but since a boundary system provides quite hard rules I have come to the conclusion that it belongs within Modell’s (1996) formal controls. Simons’ (1995) interactive control systems can be seen both as informal and formal controls since it on the one side is a way of communication between managers and subordinates as in Modell’s (1996) formal controls, but it is also a way of interacting with one another and focus attention, thereby also directing the behavior of employees, which lies more in line with Modell’s (1996) informal controls (See Figure 1).
3.1.1 Levers of Control in a Different Setting

Levers of control has been used in other studies of quality management (van Iwaarden et.al., 2006). By using the levers of control framework van Iwaarden et.al. (2006) was able to identify how companies work with quality management and also some predictions about its future. One of the conclusions that van Iwaarden et.al. (2006) had was that the number of levers a manager uses in a company shows the quality maturity of that company. A company can be seen as more quality mature if it has quality management systems in all four levers, than if they have systems in less than four levers (ibid). However, the study of van Iwaarden et.al. (2006) was made in a manufacturing setting and not in a service setting. In order to use Simons (1995) Levers of Control in a service management setting it is important to think about the differences between a service company and a manufacturing company as mentioned earlier in this section. The differences of intangibility, attitude and heterogeneity will have to be taken into account when using Simons’ (1995) Levers of Control in a service setting. By combining Simons’ (1995) Levers of Control with Grönroos’ (1984) Service Quality Model these aspects will have been taken into account since Grönroos’ (1984) model focuses on services and their characteristics. The Service Quality Model will be demonstrated.
in section 3.2 and the two models will be combined in section 3.3 where the theoretical framework for this thesis will be demonstrated.

When it comes to similarities between quality management and management theory Dean and Bowen (1994) have performed a study with the purpose of developing the theory of total quality. As a result they found that there are a number of areas where total quality and management theory are close to identical. These are, as they stated, “top management leadership and human resources practices such as employee involvement, the use of teams, training needs analysis and evaluation, and career management” (Dean & Bowen, 1994, s. 410). Since Simons (1995) Levers of Control is aimed towards managers and origin from management theory it should be possible to use this model in quality management as well.

3.1.2 Levers of Control Critique
Simons (1995) Levers of Control is a well cited framework. It has however, from what I have found through my research, never been used in a service management study. It is further a general framework which does not provide a lot of specific guidance as to what is seen as good and what is seen as bad management within the different levers. Because of this I have chosen to combine Simons (1995) framework with other well known researchers such as Modell (1996) from the service management area.

3.2 Service Quality Model
Previous section was about management control in service companies, but in order to gain a holistic view on quality management, it is also important to bring in the aspect of how to measure service quality. There are two main models for measuring service quality, Parasuraman’s et.al. (1985) The SERVQUAL Model which is the American perspective and Grönroos’ (1984) The Service Quality Model which is the European perspective. The SERVQUAL Model mainly focuses on service delivery, and goes into detail of the functional perspective of a service through its Service Quality Determinants. The Service Quality Model focuses on service delivery, the technical aspect of services and also the corporate image of a company. The corporate image is of much importance since it affects the way a customer will perceive the overall quality of a service, an aspect that The SERVQUAL Model does not take into account. In this thesis both Grönroos’ (1984) The Service Quality Model with its three quality dimensions, and Parasuraman’s et.al. (1985) Service Quality Determinants with its
details of the functional perspective of a service, will be used (Kang & James, 2004). The two models complement each other and have therefore been merged together in this section.

3.2.1 Three Quality Dimensions

Grönroos’ (1984) model consists out of three quality dimensions, these are the technical dimension, the functional dimension and corporate image. These three add up to the total service quality of a company. The technical dimension is the technical solution and thereby the foundation of the company’s services. This dimension answers the question of what the customer receives as a result when the service process has been executed. This could for example be the car used by a taxi company, the check-in desks at an airport or a co-passenger in a car, bus or a plane. The technical quality dimension is a result of how good technical solutions a company has. The more the technical quality is increased in general, the less impact it will have on the companies’ competitiveness since other companies will be able to meet the same technical quality standard. To just transport a person from A to B is not enough to be competitive. This can be objectively measured as any technical dimension of a product (Grönroos, 1984; Grönroos, 1990; Grönroos, 1996; Lehtinen & Lehtinen, 1991).

The costumer will also be influenced by the way the technical quality is transferred, and thereby the interaction and meeting between a seller and a buyer. This is called the functional quality dimension, meaning the performance of a service. This answers the question of how a customer receives the service. This dimension cannot be as objectively evaluated as the technical dimension, since the functional dimension is subjectively perceived. An acceptable functional quality is demanded in order for customers to be satisfied, and the service personnel are often of much importance in order to keep the functional quality high. Furthermore the functional dimension is of more importance to how a service is perceived than the technical dimension, as long as the technical dimension is of a satisfactory level. This is of especial importance when it comes to service companies where the technical dimension is similar to other service companies in the same marketplace (Grönroos, 1984). Parasuraman et.al. (1985) describes the functional dimension in more detail through ten Service Quality Determinants, therefore some of his thoughts will be combined with Grönroos’ (1984) thoughts about the functional dimension. Parasuraman’s et.al. (1985) Service Quality Determinants was a result from focus groups where users from four different services participated. These determinants were identified as the key criteria as to how customers evaluate service quality.
The Service Quality Determinants are: 1) Access – the ease and possibility of getting in contact with a company. 2) Courtesy – that employees are polite, kind and respectful towards customers, and also that things are neat and clean. 3) Communication – that the customer is being informed of facts and events in an understandable way when it comes to the service itself, what the service will cost and that the service will be performed. 4) Responsiveness – the employee’s willingness and ability to serve. That employees show an immediate interest for the customer and can provide the customer with a quick response. 5) Competence – that the employees have the competence that is needed to perform the service, both when it comes to customer interactions and when it comes to support functions. It also means that there should be functional technology. 6) Credibility – honesty and confidence that depends on the corporate image, personal traits of the employees and the degree of aggressive sales while in contact with customers. 7) Reliability – the ability to function in a coherent manner. That the service is performed right the first time, that the billing is correct and that the company is keeping their promises regarding time. 8) Understanding – that the employees make an effort to understand the customers needs and wishes. Meaning that employees show personal and individual attention and recognize returning customers. 9) Security – When it comes to risk, doubt or danger. This includes a confidential working relationship, physical safety and financial safety. 10) Tangibles – the physical elements of the service, such as premises, dress code, work tools and providing a receipt for a performed service (Grönroos, 1996; Parasuraman et.al., 1985). Tangibles and Credibility are the only ones that can be known in advance by a customer while Competence and Security are two determinants that a customer might have a hard time evaluating even after the service has taken place. The customer evaluates the other determinants at the same time as the service takes place (Parasuraman et.al., 1985).

Grönroos’ (1984) third dimension in the Service Quality Model is the corporate image of a company, this is important since it will effect the expectations that a customer has on a service. This also means that the services are the most important part of a service company, since services are what a customer see and perceive. If a customer is dissatisfied with a service it will affect how the customer perceives the corporate image and also the future expectations on the company. This means that the technical quality dimension and the functional quality dimension affect how a customer perceives the corporate image. All and all when the expectation of a service is compared with the perception of a service, it equals the

<table>
<thead>
<tr>
<th>Service Quality Determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Access</td>
</tr>
<tr>
<td>2. Courtesy</td>
</tr>
<tr>
<td>3. Communication</td>
</tr>
<tr>
<td>4. Responsiveness</td>
</tr>
<tr>
<td>5. Competence</td>
</tr>
<tr>
<td>6. Credibility</td>
</tr>
<tr>
<td>7. Reliability</td>
</tr>
<tr>
<td>8. Understanding</td>
</tr>
<tr>
<td>9. Security</td>
</tr>
<tr>
<td>10. Tangibles</td>
</tr>
</tbody>
</table>

Figure 2. The Service Quality Model (Grönroos, 1984) combined with the Service Quality Determinants (Parasuraman et al., 1985).

3.2.2 Service Quality Model Critique

Both Grönroos’ (1984) Service Quality Model and Parasuraman’s et al. (1985) Service Quality Determinants are well cited in marketing journals and have been used in the marketing field as well as in the service management field. Further, the empirical material gathered in these studies often comes from managers within companies. However, both models are quite general and they only provide different labels where it is up to the researcher or manager to place content. If a researcher or a manager would want to evaluate the content from a study, the literature does not provide much guidance.

3.3 Theoretical Framework

This section provides a theoretical framework where the models from management control and service quality management have been combined in order to later on be applied to the empirical findings. The theoretical framework has been put together based on my thoughts as a hypothesis, since the theories themselves do not provide much guidance in how to manage services. Grönroos (1984), Parasuraman et al. (1985) and Simons (1995) contribute with perspectives that are all important for this thesis. Grönroos (1984) and Parasuraman et al. (1985) look at quality from how a customer perceive quality, without giving much guidance in how a manager should work in order to achieve and attain high quality. Simons (1995) provide a model that is more purely directed to the area of management control. By
combining these different perspectives and models a holistic approach to quality management in a service setting arises.

Simons’ (1995) Levers of Control is a management model that is used by managers within a company. By using and balancing the different levers a manager will be able to obtain his or her business strategy. In this thesis, Levers of Control has also been influenced by researchers such as Modell (1996) from the service management area in order to create a hypothesis for how managers within traditional and sharing economy service companies work with quality management. In order to get the quality dimensions into this framework the combination of Grönroos’ (1984) Service Quality Model and Parasuraman et.al. (1985) Service Quality Determinants are also included. This combined service quality model provides guidance as to what attributes to strive for in order to achieve high service quality. Before the presentation of the theoretical framework, I have decided to exclude the service quality determinants credibility and responsiveness. They cannot be answered in this study since I have not interviewed any drivers or passengers. Furthermore the overall functional quality dimension which stands for how a service is performed, will be represented through Parasuraman’s et.al. (1985) service quality determinants. The reason for this is that they are seen as the same category in this thesis, and to write about them as different categories would likely confuse the reader. The service quality determinants can be related and classified in different levers, which levers and how will be demonstrated below.

Simons’ (1995), Grönroos’ (1984) and Parasuraman’s et.al. (1985) perspectives have been integrated as following based on my hypothesis:

- **Belief systems:** The service quality determinants *courtesy* and *understanding* can both be considered as informal since how an employee acts towards a customer is rooted in a company’s values and culture. Measurement and assessment of these determinants can support management control through belief systems, since they provide an indication of how well the service provider embrace company core values.

- **Interactive control systems:** The service quality determinant *access* can be looked at in order to evaluate the information and decision processes a company looks at during uncertainties. A customer’s ability to get in contact with, and get feedback from, a company during uncertainties will affect his or her view of service quality.
Measurement and assessment of the determinant *access* can therefore support management control through interactive control systems.

- **Boundary systems**: The service quality determinants *competence, security* and *tangibles*, as well as the *technical quality dimension* can be considered when evaluating business rules. Measurement and assessment of these determinants can support management control through boundary systems, since they provide insight into how general rules (for instance rules on maintaining high security) affects service quality.

- **Diagnostic control systems** - The service quality determinants *reliability* and *communication* can be considered when measuring and evaluating the performance of employees or a company. Measurement and assessment of these determinants can provide insight into the performance of a service and the communication flow associated with a service.

- The quality dimension *corporate image* can be considered in all of the levers since everything - the values of a company, how the company acts during uncertainties, the rules of a company and how a company chooses to measure and evaluate performance - can affect a company’s corporate image.

<table>
<thead>
<tr>
<th>Levers of Control (Simons, 1995)</th>
<th>Quality Components (Grönroos, 1984; Parasuraman et.al., 1985)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belief Systems</td>
<td>Corporate Image</td>
</tr>
<tr>
<td></td>
<td>Courtesy</td>
</tr>
<tr>
<td></td>
<td>Understanding</td>
</tr>
<tr>
<td>Interactive Control Systems</td>
<td>Corporate Image</td>
</tr>
<tr>
<td></td>
<td>Access</td>
</tr>
<tr>
<td>Boundary Systems</td>
<td>Corporate Image</td>
</tr>
<tr>
<td></td>
<td>Technical Quality Dimension</td>
</tr>
<tr>
<td></td>
<td>Competence</td>
</tr>
<tr>
<td></td>
<td>Security</td>
</tr>
<tr>
<td></td>
<td>Tangibles</td>
</tr>
<tr>
<td>Diagnostic Control Systems</td>
<td>Corporate Image</td>
</tr>
<tr>
<td></td>
<td>Reliability</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
</tr>
</tbody>
</table>

*Table 1. Theoretical Framework.*
This theoretical framework is of significance to both the service industry and the peer-to-peer industry since I believe it provides a holistic view on quality management for researchers and managers. The framework is combining models from both the management control and the service quality field into one framework, something that I have not been able to find myself during my research for this study.
4. Methodology

This section presents how the methodology of this thesis has been carried out. It starts with a description of how the data has been gathered, followed by a description of the analytical process and a section about reliability and validity. The overall methodology section ends with a critical discussion.

4.1 Data Gathering

In order to answer this thesis purpose of investigating how sharing economy companies within ridesharing and on demand rides work with quality management compared to traditional taxi companies, I have performed a qualitative study. The purpose of performing a qualitative study is to gain a deeper understanding or knowledge of certain factors (Holme & Solvang, 1997). Furthermore Bryman and Bell (2005) recommend qualitative studies for handling a subject or area where not a lot of previous research has been performed. This is the case regarding the field of sharing economy and a qualitative methodology has therefore been considered to be the most appropriate one. The use of a qualitative methodology enables a deeper understanding as to how companies within sharing economy and traditional companies perform their quality work regarding individuals or drivers who perform services under their company brand. This is further a comparative study that will compare the investigated sharing economy companies with the investigated traditional companies.

The data gathering has consisted out of semi-structured interviews, as well as policy documents, video clips and information from the companies’ websites. The video clips and websites have provided background information to the different companies and some answers to questions that have come up during the empirical gathering. The policy documents allowed me to gain bigger insight in how the companies mediate guidelines to their employees and how strict these are. This is further visualized in Table 1. The semi-structured interviews were suitable since the phenomenon of sharing economy is new, especially when it comes to quality management. Before any data gathering took place I had a meeting with a venture capitalist who works for a large venture capitalist company in San Francisco. This person has experience from sharing economy companies. The meeting initially broadened my understanding of the field and it also gave me feedback as to what could be interesting and important to ask questions about. He also introduced me to one of the respondents that I later on conducted an interview with. Furthermore I also had an initial meeting with this
respondent to discuss even further how the daily work with quality in the company he works for is designed and what could be interesting angles to think about while conducting interviews. I do believe that this led to a greater understanding of this new subject from my end before I started to do more research. This could however have affected which angles I have investigated within sharing economy, but I do believe that it was the best way of gaining initial knowledge of the subject since not a lot of research has been conducted. The data gathering started during February 2015 and ended in April 2015.

4.1.1 Selection

I have performed a convenience selection in this study. In order get a hold of the respondents I e-mailed them through e-mail addresses stated on their websites, called them on phone numbers stated on their websites or contacted them through contacts who could guide me to the right person. According to Bryman & Bell (2005) it is important to make the respondents feel that they are spending their time on something important when participating in studies, I therefore informed the respondents of the purpose of the thesis and why I wanted to interview them in the sent out e-mails or in the phone calls. I also informed them that both the respondents and the companies that they represented would stay anonymous throughout the whole process, an important ethical aspect according to Bryman & Bell (2005). Therefore the respondents have been assigned fictitious names when presented. To initially inform respondents that they will be anonymous can also create an increased level of trust in the interview relationship. This is important since the respondents then gain a higher level of voluntariness (Holme & Solvang, 1997). The respondents were also informed that none of the empirical data gathered from them would be published without first being sent to them for the opportunity to make additional changes if necessary.

For sharing economy companies within ridesharing and on demand rides I tried to get in contact with as all of the companies that I could find. It was however difficult to gain access to these companies and in the end three companies participated in this study. The traditional taxi companies I made contact with were companies that were located in the nearby area where I could have the opportunity to meet the respondents. Only one of the respondents however had the possibility to meet with me in person, and the other two respondents participated in telephone interviews.
4.1.2 Semi-structured Interviews

Semi-structured interviews were conducted in order to gather data and get the respondents' opinions, experiences and views on quality management. A semi-structured interview was considered to be appropriate since Bryman and Bell (2005) states that the questions can be customized to the development of the conversation and do not have to take place in a predetermined order. An interview guide with questions derived from theoretical concepts was used as a support during the interviews in order to secure that relevant subjects to the thesis were treated. The interview guide also made room for follow up questions that could be of relevance in order to answer the purpose of the thesis. In order to ensure that the interview questions were understandable I asked an external person to read through the interview guide before the first interview was conducted. As a result of that, the formulation of the word “what” changed into “how” regarding one question, otherwise they stayed the same (See Appendix 1).

The interview questions were sent out to the respondents at least 24 hours before the interview was going to take place so that the respondents had the possibility to look through the questions before the interviews would start. Three of the interviews took place over Skype with video function on, two interviews were held both over telephone and through e-mail contact and one interview was held face-to-face. The reason that some interviews took place through Skype or telephone was that the respondents did not have the opportunity to meet face-to-face and some of the respondents were also working in companies outside of Sweden. It was therefore not economically possible to meet all of the respondents face-to-face. Video interviews made it possible to talk to and see the respondents’ facial expressions and reactions even though most of them were in different countries. By using Skype or telephone the respondents got to sit in their safe work environment and could answer the questions in a relaxed manner. This could however have affected the results since I was not able to see all of the body language and see the context in which the respondent was working in. During the telephone interviews it was not possible to see the respondent at all which means that the aspect of body language was lost. At the same time the respondents were in a safe environment and had voluntarily decided to take part in this study, suggesting that their answers were legitimate nonetheless. The face-to-face interview took place in the respondent’s office which also provided a safe environment and the influence of body language from both parts. When all of the interviews took place I clarified questions if needed in order to make sure that the right questions were answered. All of the interviews
were recorded both through QuickTime Player on a computer and the Voice Memos application on a phone to make sure that no data would disappear due to technical problems. I also took notes throughout the interviews in order to prevent the loss of any data.

I interviewed three people in total within sharing economy companies, all of which worked with quality management or had experience of the area through their positions and companies. The purpose of interviewing these people was to get an overall understanding of the companies as a whole and therefore also of sharing economy, and to get an understanding of how they work with quality management. One respondent is working within a ridesharing company and two respondents are working within on demand rides companies. Further I interviewed three people in total within traditional taxi companies, two of these people had experience of quality management within the company they work for. The other respondent forwarded additional information from people who worked with quality management within the investigated company. Out of the six respondents I interviewed, four were Swedes working in Sweden, one was an American working in The United States and one was British working in The United Kingdom. This may have affected the results due to cultural differences.

The table below summarizes all the respondents, the lengths of the interviews, when they took place and the fictitious names that the respondents have been assigned in this study. It further summarizes all the information I have had access to apart from the semi-structured interviews.

<table>
<thead>
<tr>
<th>Respondent Sharing Economy</th>
<th>Length of interview</th>
<th>Date</th>
<th>Fictitious name</th>
<th>Other Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>40:49</td>
<td>2015-02-03</td>
<td>Adam</td>
<td>Web page, Code of Conduct</td>
</tr>
<tr>
<td>Trust &amp; Safety Manager</td>
<td>31:29</td>
<td>2015-03-05</td>
<td>Bruce</td>
<td>Web page, Code of Conduct</td>
</tr>
<tr>
<td>Business Development</td>
<td>10:20 + email</td>
<td>2015-03-10</td>
<td>Carl</td>
<td>Web page, Terms &amp; Conditions, Code of Conduct, Video clips consisting of interviews with the CEO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent Traditional Company</th>
<th>Length of interview</th>
<th>Date</th>
<th>Fictitious name</th>
<th>Other Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Booking Service Manager</td>
<td>38:22</td>
<td>2015-03-26</td>
<td>Marcus</td>
<td>Web page</td>
</tr>
</tbody>
</table>
Table 2. Table of Empirical Material.

<table>
<thead>
<tr>
<th>Marketing Manager</th>
<th>43:58</th>
<th>2015-04-01</th>
<th>Neil</th>
<th>Web page, Policy, Code of Conduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicator</td>
<td>37:04 + email</td>
<td>2015-04-15</td>
<td>Olivia</td>
<td>Web page, Policy, Code of Conduct</td>
</tr>
</tbody>
</table>

4.2 Analytical Approach

This study has been based on theoretical concepts and models that have been assembled into a theoretical framework. This framework has shaped the approach to the research process and the analysis. The empirical material was presented through the theoretical framework, which was later analyzed, resulting in a conclusion and a discussion.

4.2.1 Managing Data

The gathered material from audio recordings and notes from the interviews had to be processed as a first step in order to analyze them, and in order to do so all of the conducted interviews were transcribed (Holme & Solvang, 1997). The conversations ended up between 3 and 11 pages long. I sent each respondent his or her transcription for approval before it was used any further. This was done in order to ensure that the gathered data was correct (Bryman & Bell, 2005). Four out of six respondents approved the material, one of which sent out minor feedback for changes. Two out of six respondents did not send back any feedback leaving me with the conclusion that they were ok with the material that was sent to them.

The next step of the process was to identify and reduce the material to meaningful parts, in order to ensure that this was being done correctly the material had to be processed a few times. First the material was entered in Excel, where all of the respondents and their answers were included. Similarities and patterns relevant for the study were identified in order to start and direct the data analysis. This was made by looking at key terms that could be linked to the theoretical framework previously stated in the thesis. When key terms from theory are connected to empirical data it is called thematic coding or concept-driven categorization. This means that the data was coded after predetermined themes. Data that could not be connected to these themes was disregarded, unless it was unexpected patterns or data that could be important for the analysis and should be further explored. The next step was taking the empirical material from Excel and present it in this thesis. The theoretical framework acted as a frame with categories, where these categories were filled with appropriate units of data. This helped me in order to see if there were any relationships between categories, what to select and what to reduce and to draw meaning from the material. It was also a way of testing
the adequacy of the theoretical framework. The third step was to take these categories and analyze the presented empirical findings through the theoretical framework and the literature review from section 2 about sharing economy. A few sources stated in the introduction also turned out to be of relevance to the analysis. After this a conclusion could be made as to how the investigated companies work with quality management (Saunders et.al., 2012).

4.2.2 Theoretical Framework

The literature review was the foundation to the interview guide that was used during the semi-structured interviews. The different theories and models that have been used have been selected after 1) research subjects, 2) research models, 3) the number of citations that the author and model has. While searching for articles I used the following search words; sharing economy, collaborative consumption, quality, quality management, management control, service quality and service management. These led to a result. I also used the following search words; virtual organization, dispersed organization, distributed economy, governance, taxi organization/company/business. These did not lead to a result. I started to search for literature within sharing economy in order to gain a deeper understanding of the phenomenon and also in order to see if I could find any literature that combines sharing economy with quality in general, or quality management. No such literature was found.

The main authors and models that are being used in this thesis complement each other and capture a holistic view of quality management within a company, where Simons’ (1995) Levers of Control captures the management control aspect. Grönroos’ (1984) Service Quality Model and Parasuraman’s et.al. (1985) Service Quality Determinants captures how a manager should think regarding how customers will perceive a service and thereby the quality, and also how different dimensions and factors will effect how quality is perceived. The literature review resulted in this thesis’ theoretical framework which captures important parts within the area of quality management.

4.3 Reliability and Validity

Reliability refers to if a performed study can be seen as reliable or not. Through this overall methodology section I have thoroughly tried to describe how this study has been carried out, which means that I have done my best in trying to achieve external reliability. It is however hard to achieve external reliability and replicate a qualitative study when the empirical material has been gathered by semi-structured interviews, due to social settings and
circumstances. In this study there has only been one person interviewing the respondents. Since the respondents are anonymous I have decided not to let other people read through the transcribed material, I have however let the respondents themselves read through the material which indicates that the gathered material is correct and that internal reliability has been achieved (Bryman & Bell, 2011). Validity refers to if a performed study can be seen as relevant or not in terms of the research question. Bryman and Bell (2011) states that internal validity is achieved if the researcher has a match between his or her gathered empirical material and the theoretical material presented. The empirical material in this thesis match the theoretical framework to a great extend, which indicates that some internal validity has been achieved. External validity is achieved if the results of the study can be generalized throughout social settings. This will not be possible in this study due to the small amount of interviews and number of respondents that have contributed to the empirical material. It can however be seen as a start on future research within sharing economy, other industries and how they work with quality management.

4.4 Critical Discussion

The respondents who participated in this study were all well understood with how their companies work with quality management. However, they are busy people and therefore during some of the interviews there was not room for follow up questions, especially regarding some of the sharing economy companies. These companies also have constraints as to what information they are allowed to share and not. This means that there is information that I could not take part of that could have been of use in this study. I am aware that this may have affected my results by not gaining access to all information. The information constraints might also have affected the number of respondents in this study. All though I was not granted a full access to these companies the respondents seemed willing to cooperate during interviews and they all agreed to answer follow up questions if needed. In five out of six interviews I believe I interviewed the best people possible, but in one case I believe the respondent was not in a managing position and had only been working at the company for a short while. This was also the shortest interview, which was then complemented with e-mail conversations with attached documents and video clips. I did however feel that the information I received and that the complemented information was good. As far as if I interviewed the best people possible I believe there could have been other people just as competent, and that it could have been positive to talk to more people at the same company, but there was no way for me to get access to more people. At least not regarding the sharing
economy companies.

It is not possible for one person to entirely ensure that an experience or gathered data from respondents is fully understood. There is always a risk of misunderstanding motives or signals sent out by respondents. I did try to prevent misunderstandings as much as possible by letting the respondents read through the transcribed interviews and approve it. When it comes to motives it is possible that the respondents have had motives or been biased, but by having this in mind and looking at the gathered material with a critical eye I believe that the risk for this has at least been reduced.
5. Empirical Material

The following section provides a review of the gathered empirical material. The empirical material from both sharing economy and traditional companies is presented together through the theoretical framework stated in section 3.4, where the levers in Levers of Control are the main headlines. Within these levers, the different aspects of service quality dimensions described in the literature review will be included. The section starts with a review of how a service is performed in the different investigated companies. This in order to gain more understanding as to what this type of service includes.

5.1 Performing a Service

The performance of a service is similar between two of the sharing economy companies, who both have a system through their app that match drivers and passengers with each other. The ridesharing company instead leaves it to a driver to offer a ride, or a passenger to find a ride through their web page. For the on demand rides companies a passenger book a ride through their app, the booking is sent to the closest free car and the driver then has a set amount of time to accept the booking. If the driver does not accept the ride, it will be sent to the next driver. Adam states that when a booking is accepted both the driver and the passenger get information about whom their co-rider is and you can see their ratings, name, picture and license plate number (if a driver). When this information is displayed they can decide whether or not to go through with the ride or not. If they both accept then the driver goes to the pickup place and the passenger can follow the driver and see when the driver is closing in on the location. If the passenger has not already put in the drop off location then the driver can enter their navigation and then the ride starts. A price estimation can also be made in advance. Adam further states that the passenger can share the cars location on a map with family and friends in real time during the ride. The passenger can also share the price with a fellow passenger through the app. At the pick off location the payment is made automatically from the passengers’ payment card through the app. The passenger gets a receipt sent to his or her e-mail with the travel route marked on a map, the amount, distance and time. As a last step they both rate each other. Bruce states that the passenger has 24 hours to donate for the ride and rate the driver. The driver then also has to rate the passenger and after this is done they will receive their next ride request.
The ridesharing company states through their website that a driver offer their ride online and states an itinerary, when the ride is going to take place and also the price per passenger. The company automatically suggests a price based on mileage. It is important that the price does not leave room for profit, since this is not the purpose of the service. The purpose is to lower the costs of owning and travelling with a car. The consequence of earning a profit would be that the insurance would not cover any damage, the insurance is only valid for non-profit rides.

“Everyone’s part of the community and it’s not for making a profit so there’s not really any customers, there’s drivers and passengers.” – Carl, Business Development.

When this is done interested passengers contact the driver by phone or private message to confirm the ride details. The driver and passenger can recognize each other through their profile pictures on the website, and the driver should add a picture of their car to their profile as well. When the ride has been performed the passenger will pay the driver the agreed upon amount for the journey. The payment is either cash or through debit or credit card depending on how long the ride is. If a passenger pays with a debit or credit card the payment goes through the company and is guaranteed to be transferred to the driver when the ride has been performed, the passenger is then sent an e-mail confirmation of the payment. After the travel they should both leave a rating on each other, as well as a comment about the experience, but both the rating and the comment is voluntary. The passenger can also leave an anonymous rating on the drivers driving skills.

When it comes to the traditional companies they state that the service is performed as following: a passenger calls in to book a taxi, employees at the booking service then puts the order into a system which is sent to a driver nearby. The driver then picks up the passenger. The destination is already filled in, and the driver takes the passenger to his or her drop off location. At the location the ride is paid for, either by credit or debit card, by cash or through an invoice. Neil further states that they also have an app where a passenger can fill in their booking, then the app sends out the order to a nearby driver and the same process is performed. Before the passenger completes the booking they will receive the price information for the ride. At the end of the ride the passenger is able to rate the driver, the car and the app itself. The app also sends out a receipt digitally. Through the website of the company Olivia works for it also appears that they have an app where passengers can rate
their driver, but it is not possible to pay through the app and receive a digital receipt. It is further also possible to book rides through all of the companies’ websites.

It is also important to perform a service in accordance to what needs and expectations a customer might have. When it comes to expectations there is a general statement within the sharing economy companies that passengers expect to get from A to B. Bruce states that customers also expect to do so safely and comfortably. Bruce further states that if passengers are getting from A to B safely and efficiently, they have achieved high quality. Adam states that a passenger expects a more shifting quality from their drivers since they are individuals. Some of their drivers are extremely service minded and others not as much, other than that they all obtain a high quality level. All traditional companies agree and state that there are some things that all passengers expect, those are that the driver is friendly, on time, drives to the location you want to go, finds the place, that the car is clean and that the ride is perceived as price worthy. But on top of that Olivia and Neil states that there are many different situations depending on who the passenger is and what prior experience that person has of the company and the brand.

5.2 Belief Systems

The feeling of community is something that all of the respondents from the sharing economy companies’ state is important. Through the website of Bruce’s company they state that they have discussion forums that drivers can join in order to discuss driver problems with other drivers in order to help and support each other, this is something that Carl’s company within ridesharing also provides for its members. Bruce also says that one thing they stress is that they are a friendly company and that everybody should be friendly, which is what service quality is to them.

The traditional companies also state that it is important that their drivers feel that they are a part of the company. Neil for instance state that they have a language course for non Swedish speaking drivers so that they can enter the labor market, they also work with diversity in the company. Other than that they try to be at the market places and meet drivers. They also meet drivers in different group contexts. Marcus states that the biggest part of making their drivers feel that they are a part of the company is their unified uniforms. When they are out on the job they see each other and also feel togetherness. Olivia states that they help their drivers during problems or liability questions and that they invite drivers to hand in suggestions for
improvement of the business operations. They also work a lot with their communication and have open information meetings where drivers are invited to meet people that work with areas related to their daily work and they are welcome to ask questions. Podcasts and videos are also sent out to drivers in order to inform them about relevant subjects to their positions.

“We give our drivers the opportunity to come up with improvement suggestions for our business based on what they think works well in their daily work.” – Olivia, Communicator.

Olivia further says that it is not possible to make a detailed list of every situation, and that it is therefore important to recruit people with the right profile; friendly and service minded people. This would mean that the drivers are fit handle extraordinary situations in a good way.

Another way for the companies to encourage that their employees behave in accordance with company values and culture is to have incentives for behaving and performing well. The companies have different approaches when it comes to this. From the sharing economy companies, Adam states that they used to have monetary incentives, but they do not anymore. The incentive for behaving and performing well today is to be praised and to get to continue to work with them. It should be considered a very good thing to partner with them. Bruce states that the general incentive is that their drivers want to keep their ratings up and the possibility of deactivation if they do not keep their rating up. Bruce further states that tipping is another incentive for performing well.

“There is the option for a passenger to tip, so just like in any customer service role, lets say like waiting tables. What incentives does a waiter have to be nice or courteous to the person they’re serving? Well there is the tip that comes at the end of the meal. So just as that there is the potential for a tip that comes at the end of the ride.” – Bruce, Trust & Safety Manager.

In Carl’s case the incentives for drivers to behave and perform well is the possibility to continue to use their platform and through that be able to offset high vehicle costs. Another incentive is that the driver is contributing to an environmentally friendly option.

In traditional companies Neil and Marcus states that the only incentive they have for behaving and performing well is that drivers get to keep on driving for their company.
“It is like a chain reaction, if a driver does not behave well then customers will complain, if a driver gets a lot of complaints then we got to evaluate if that driver is fit do drive with us.” – Marcus, Booking Service Manager.

Neil further states that if a driver does not behave well then they can immediately get suspended. Olivia states that their transportation carriers are responsible for incentives for drivers to behave and perform well, but that they do have a bonus system where drivers can collect points in order to receive more passengers. The more education a driver has in combination with driving during the right hours, will result in more rides being sent out to that particular driver, and the opposite if the driver receives serious complaints it will result in less driving opportunities. Their taxi drivers’ salaries are provision based.

5.3 Interactive Control Systems

Information systems used in order to look into information during uncertainties vary between the sharing economy companies and the traditional companies. One of the sharing economy companies, Adam’s, has a system that highlights incidents so that they can take action upon them. Adam further states that today customers can contact them through telephone and e-mail if something would happen. Bruce states that this is the main role of his team, to investigate any incident that is reported by contacting all parties involved, and take action once it has been investigated. Furthermore Bruce states that drivers and passengers can call their critical response line, which is open 24 hours per day. If there has been an incident the driver or passenger would be led through an incident report, which is then sent to the trust & safety team. Carl states that if a driver behaves badly they can be reported, flagged in their system or receive bad ratings from other members. A member can contact a member relations team through e-mail that is available every day for support and they usually provide answers within 24 hours. All respondents agree that bad behavior and bad performance can lead to deactivation, depending on the severity. Adam states that for instance if a driver has behaved threatening or racially they interrupt their cooperation and that the same rules apply to passengers.

All traditional companies use their complaints departments as a way of retrieving information during uncertainties about their drivers. Marcus states that if a driver misbehaves and gets a complaint, that driver gets a warning. If the driver repeats the misbehavior then he will be
banned from driving at their company. If one particular driver receives complaints then they will have an extra eye on that driver. Neil states that they call in a driver directly if they get a serious complaint, then they have a conversation about the situation with the driver. They also listen to the passengers’ side of the story. Thereafter they use all the information that is available through their systems such as location, time and payment in order to decide who they believe in. If the driver has misbehaved then they take measures, they can give a verbal warning, a written warning or immediately suspend the driver. Olivia states that if a driver would misbehave and receive a simpler form of complaint the employer receives information, which is then forwarded to the driver. If there is a serious form of complaint the driver has to go to a meeting to have a conversation about the complaint. If the situation is serious enough it will lead to suspension. Olivia states that they have an open dialogue with their customers and that they deliver what is promised. If for some reason they would not live up to a customer’s expectation they investigate the gap between expectation and delivery. Furthermore all of the traditional companies provide contact information through telephone and e-mail addresses to them on their webpages, so that customers can contact them if something would happen, if something were forgotten in a car, or just for feedback.

5.4 Boundary Systems
There are plenty of general rules that are being applied both within sharing economy companies and traditional companies. Starting with the recruitment process two of the sharing economy companies within on demand rides have similar recruitment processes while the third company has a different process. The two companies within on demand rides check that the applicant fulfill their basic requirements which are; to have a valid drivers license, be at least 21 years old, have had a drivers license for 1-3 years, a four door car that is newer than 10-12 years, a valid car insurance and clean criminal records. Adam states that the applicant also has to have a roadworthiness certificate, while Bruce states that the car has to have at least five seatbelts, as well as a valid license plate. Bruce’s company also have requirements when it comes to tires, windows, wipers, lights, horns, seat adjustment controls, the body of the car, tailpipe/mufflers and A/C and heat systems. Bruce also states that they run an initial and ongoing DMV (Department of Motor Vehicles) check.

In Carl’s case the recruitment process looks different. An applicant, or member as they call them, register on the webpage where they also have to accept their Terms & Conditions in order to confirm their membership. The Terms & Conditions state that a member have to
leave accurate information, not use the site for commercial activity, how to book and pay for a trip and comply with their code of conduct. A driving member further has to have a valid drivers license and a valid car insurance. The driver has the option of filling in car details where the make, model, comfort, number of seats, color and type can be filled in. The members’ phone number and e-mail address are then confirmed before any activity takes place. Members should also be able to identify themselves and should therefore be able to provide a passport or equivalent. The company that Carl works for does not take steps to verify the identity of their members.

The recruitment process itself is similar in all the traditional taxi companies. If a potential driver is interested they get in contact with the company, drivers are then checked for a valid drivers license and a valid taxi license. A taxi license is seen as a type of quality assurance since the holder of a license has been educated into becoming a professional driver. Neil further states that if a driver is convicted for a crime their taxi license will immediately be withdrawn. This further means that the driver will not from that time be able to drive a taxi.

In Neil’s and Olivia’s case they also look at an extract from the criminal records. Olivia further states that the applicants need to have experience, a good reputation, social competence, good references and be at least 21 years old. The cars that are used in traditional taxi companies have to meet a size requirement, it cannot be too big or too small. It also has to be an environmentally friendly car. Marcus and Olivia also state that the car cannot be older than a certain number of years.

“The transportation carriers are the ones who own the cars. We order an assignment, in other words the customers call us and we mediate that to the cars owned by the transportation carriers.” – Marcus, Booking Service Manager.

Within sharing economy companies Adam states that new drivers are trained in the following: service, what the customer perceives as good service, how the app works, how the system works and their policy stating what they accept and do not accept. The training takes place both face-to-face and virtually. They also tell their new drivers that they have a fully digital system that documents all the information, both regarding customers and drivers. They see it as a security, to have the possibility to provide authorities with information if something would happen. Bruce states that their drivers go on a so-called mentor ride where a mentor checks the applicants vehicle and personality. Mentors are top drivers which are
located over a certain rating level, as well as have performed a certain number of rides. This in order to make sure that the people giving advice are experienced. Apart from that there is also a piece on the website equipped with training material and FAQ.

“So basically the mentor ride that a new driver would take is their first ride and that’s where troubleshooting can be done.” – Bruce, Trust & Safety Manager.

The training that new drivers at the company Carl works for receive is available on their website consisting out of their FAQ and a code of conduct that the members has to comply with. The code of conduct states that the driver should leave accurate information, not undertake any risks while driving, be careful with what information to leave to another members since their identities have not been verified, provide reasonable information to a passenger before a ride, ask for a reasonable price, follow traffic regulations, be clean on a departure and form an agreement between members who ride together specifying price, departure time, permitted luggage, number of people travelling, smoking regulations, animal regulations, music regulations and pickup and drop off location.

“I mean there are several different pages, FAQ pages, the good chart pages and there’s an on boarding text when you download the app. We have around 50 people who work around the clock to moderate these as well.” – Carl, Business Development.

The traditional companies train their drivers face-to-face about their company’s policy, code of conducts which is further explained in the section below, service and the technical equipment such as taximeters. Neil also states that they teach drivers about special arrangements they have with some customers, how to work with people with disabilities and local knowledge.

When it comes to policies of ensuring quality of services it differs a bit between sharing economy and traditional companies. Within sharing economy companies, Adam states that their rating system is what is ensuring the quality of their services, while Bruce states that it is both their rating system and reporting system that is ensuring their quality levels. At Carl’s company the drivers and passengers have to obey the code of conduct mentioned earlier in this section. When it comes to continuous quality work Bruce states that it is also their rating system and reporting system and Adam states that it is also their rating system, that is their
decision support. In addition to that they work with clarifying guidelines and improving communication and information that is sent out to their drivers. The company Adam works for state in their code of conduct that they have a zero-tolerance towards discrimination, harassment and abuse. Drivers are not allowed to for example ask overly personal questions and a calm and clear communication is to be used. Mutual respect is important. Furthermore drivers have to follow traffic regulations. They also continuously educate their drivers in order to improve their performance as well. At Carl’s company, except for the rating system, they also have an international team that moderates the content that is published on their webpage to ensure that members’ interactions are respectful and responsible.

Within the sharing economy companies’ drivers are allowed to behave freely within certain frames. They can for instance choose what to talk about and which route to take, but if there would be an incident or an accident Adam states that the company wants to handle it. If there for instance would be a payment problem, they would never want the driver to step in. Adam further states that they have processes for all accidents and incidents and that they immediately act on information that they receive. Carl’s company has set up recommendations and suggestions for their members, they also have to behave within the frames of their code of conduct that was further explained earlier in this section, but apart from that they are allowed to do as they please. Bruce states that they would want their drivers to act in the most responsible way possible, that means that they should contact the police and their own insurance company if necessary.

“If an accident ever occurred on our platform we would require that they alert us of it. And that’s because of the insurance that we have set up, and the process that we go through in recording an accident and handling it and making sure that everyone is all right.” – Bruce, Trust & Safety Manager.

Within traditional companies and the company Olivia works for they use their code of conduct and their recruitment process as well as education for drivers in order to ensure the quality of services. Both Olivia and Neil have codes of conduct which in general terms states that drivers have to follow the law, not be corruptive, not discriminate, not use alcohol or narcotics, be environmentally conscious, not contribute to criminal activities in any way, not break their confidentiality agreement, follow their dress code and always try to exceed the customers expectations. The drivers also have obligations in how to act towards a passenger,
when it comes to payment, taxi orders, the car and to drive according to traffic regulations. Olivia states that they also use management systems for planning, follow up, execution, action and corrections if needed. All the documentation acts as support in order to meet customer and environmental requirements and to ensure quality of their services. Marcus and Neil states that they further look at the complaints that come in. Neil further states that they also use the rating system through their app.

“Taxi is a bit special, because if you take a car on the street to go home from a restaurant during the evening, we do not know why you have decided to go with us. [...] I cannot walk up to you and ask what you thought about the trip you made last week. [...] We do not know how the trip was perceived, of course we get a lot of praise and sometimes criticism in different ways, but there are still people who do not have the energy to contact us, or does not care. Therefore complaints and ratings through the app are the two ways we measure quality.” – Neil, Marketing Manager.

When it comes to creating trust amongst passengers Adam within sharing economy states that trust and safety is created through the app itself. The app enables knowledge about who a passenger is going to share a ride with, gives the option of sharing their journey with people of choice and the journey is fully documented. The app is creating a secure environment. The other part would be the team that communicates with users if something would happen. If someone forgets something in the car or if an incident would occur this team is quick to respond and take action. Bruce also states that they create trust and safety through their responsiveness, whether it be on social media, e-mail or the critical response line. Carl’s company states that they build trust through members who have complete profiles and social media where the user can connect their online identity with their real world identity. Traditional companies also state that their journeys are traceable and that this information can be used in order to ensure safety of customers and make sure that for instance forgotten items can be found and returned to the owner.

“If you call here and say that you went on a ride with our company last Saturday and that you think that you forgot your iPad in the car, or your gloves or something like that, then we can find that car, we can see who drove, we can contact that driver and ask if he has found any gloves. Something I believe creates both security and quality in a way.” – Neil, Marketing Manager.
Marcus further states that the transportation carriers are the ones responsible for example during accidents and that his company’s role is to take care of the customers, but he is not entirely sure about how to handle this part and says that it does not happen often. Neil also states that the transportation carriers are responsible for the cars and having a valid insurance, but that Neil’s company also has a liability insurance if something would happen in order to make sure that the passenger is safe. With that being said Neil states that they want drivers to tell them if something would happen in order to support them if they for example have been injured or threatened. Olivia states that regarding accidents drivers are allowed to solve problems with for instance parking accidents, which is something they are qualified to do as professional drivers. In the case of dissatisfied customers the drivers are encouraged to ask the customers to contact the company in order to try to make the customers happy. But there is no requirement that drivers should contact them in every type of situation.

5.5 Diagnostic Control Systems
The way of measuring the performance of drivers differs between sharing economy companies and traditional companies. The respondents from the sharing economy companies state that the rating system is a system for continuous quality control, and also the system for evaluating their drivers. Adam states that the passengers measure their drivers’ performance through the app and that they have to rate their driver in order to use the app again. Both Adam and Bruce states that the drivers have to stay above a certain average rating in order to continue to be a driver. Adam states that if a driver goes below that average, they try to help them to get on the right track, if the driver still does not succeed in staying above the average they will deactivate the driver from their platform. Bruce states that a general rating below 4.5 will result in deactivation, but that the rating system is more complex than one metric and cannot be reduced to only that rule. Bruce also states that the purpose of regularly using user ratings and feedback is to ensure that only drivers and passengers who engage in safe practices remain on the platform. Carl’s company also states that ratings are the way to evaluate drivers, but it is not mandatory to leave a rating in order to use their service again. Before a passenger goes on a ride with a driver it is possible to look through historic ratings in order to see what former passengers have thought of the driver and as a way of helping the traveller to choose a good driver.
When it comes to measuring and evaluating the drivers’ performance in traditional companies Marcus states that they measure how fast a driver receives a ride and manages the technicalities in the car. They have no way of evaluating a driver’s behavior towards a passenger apart from random checks every now and then. They have people who perform controls in different ways, one way is to look into how a driver has behaved towards a customer by calling the customer and asking. Another way is to have people on site who makes sure that drivers are wearing their uniforms and that the cars are clean in order to ensure quality. They also keep track of their drivers driving behavior in order to see if traffic regulations are being followed or not, if a driver behaves in a correct and safe manner then the work performance is good. Neil states that when a passenger orders a ride through their app the evaluation takes place when the ride is over and the passenger has the opportunity to rate the ride itself, the car and the driver. The passenger can also write an accompanying text. They also document and register all the complaints that drivers get and drivers are then evaluated through how many complaints they have gotten. They also make physical checks where the whole management team performs random checks continuously to see that the drivers are dressed the right way and that the cars are clean. Olivia states that it is the transportation carriers that are responsible for evaluating drivers since they are they ones who meet the drivers every day. Olivia further forwarded information from their quality manager who states that they work with routine descriptions and checklists amongst other in order to continuously ensure quality. She further states that they have some people who make controls on site and makes sure that the cars and drivers look good as well.
6. Discoveries

This section provides an analysis of the gathered empirical material in combination with literature from the theoretical framework. The material is analyzed under two different themes that have been derived from the subordinate questions in the purpose of this study. The two themes are quality assurance during recruitment and continuous quality control and evaluation. This overall section ends with an overall analysis of the theoretical framework presented in section 3.3.

6.1 Quality Assurance During Recruitment

The recruitment process at all of the investigated companies is based on Simons’ (1995) lever boundary systems, where the companies state general rules for how the recruitment process is designed. These rules can further be related to Grönroos’ (1984) technical quality dimension and Parasuraman’s et.al (1985) quality determinants competence, security and tangibles. Most of the quality assurance during the recruitment process at all of the investigated companies seems to be fulfilling specific requirements, both regarding the driver and their vehicle. The biggest difference between traditional taxi companies and sharing economy companies within ridesharing and on demand rides is that traditional companies require a driver to hold a taxi license and that they meet their drivers for interviews. The reason for this difference is likely that the sharing economy companies originates from a newer form of business type, which purpose is not to be a new form of taxi provider. According to Botsman and Rogers (2011) the sharing economy companies exists in order for people to be able to use and utilize cars that they own but not use to their full potential, or for people who does not own a car to be able to use someone else’s car instead of buying one. Respondents from sharing economy companies also state that the existing monetary purpose for drivers is to offset costs for owning a vehicle rather than making a profit. Therefore the taxi license is not a requirement for sharing economy companies. The taxi license is however an important quality assurance tool for traditional taxi companies in order to make sure that their drivers have the right education and do not have a criminal background. Sharing economy companies within on demand rides handles this through extracts from driver’s criminal records, while the ridesharing company does not take any measures to investigate a driver’s background further.
The fact that the sharing economy companies do not meet their drivers in person before giving someone access to their platform could be that they were born through the rise of the Internet and new technologies as stated by Botsman and Rogers (2010). Everything therefore seems to be mediated through technology; the service itself, the quality control, evaluation and the recruitment itself. One sharing economy company combine face-to-face and virtual training, one let more advance drivers train their new drivers while the ridesharing company only provide virtual training. Another reason for this rather than new technologies could be that community is seen as an important concept according to Botsman and Rogers’ (2011) principle of common beliefs, and that the feeling of community is expected of drivers if they successfully complete their training. All of the traditional companies meet their drivers during training. This could mean that the traditional companies during training have an easier way of assessing a driver’s behavior and in an early stage detect possible problems, something that can be related to Simons’ (1995) lever belief system.

Training and motivation is something that Ghobadian et.al. (1994) states is an important part in order to attain high service quality. All of the investigated companies work with training, but it differs whether the training is taking place face-to-face or virtually. Training according to Ghobadian et.al. (1994) helps drivers to faster perceive a customers needs and therefore also help reaching high quality standards seen from Mukherjee (2003) definition of service quality. Furthermore one of the respondents from sharing economy and two of the respondents from the traditional companies talks about the importance of having the right type of personality in order to become a good driver. This could increase the likelihood of drivers performing rides in a service minded and friendly way in different types of situations, without being controlled by codes of conduct or policies. Looking for the right kind of person can further be related to an employee fitting into a company’s values and thereby Simons’ (1995) lever belief systems. It can also be related to Grönroos (1984) who states that the service personnel are of much importance to keep the functional quality level high.

Botsman and Rogers (2011) also states that trust is an important component of sharing economy. Trust and safety are components that respondents in the traditional companies also state are of importance, also when it comes to what they think customers expect from a service. The expectations stated by the investigated companies can be related to both Parasuraman’s et.al. (1985) quality determinants courtesy and understanding, as well as Simons’ (1995) lever belief systems. The respondents of the investigated companies states
that it is a bit complicated to know what passengers expects apart from the fundamentals of going from A to B in a safe and efficient manner. This is similar to what Dotchin and Oakland (1994) states about services being complicated since different individuals have different attitudes and preferences towards a service. A conclusion could be that quality management, emphasizing the levers boundary systems and diagnostic control systems, is essential in order for passengers to trust both a company and associated drivers. The reason that diagnostic control systems is important when it comes to creating trust is that the metrics that the management uses when measuring performance helps the companies to keep track of their drivers, and the lever boundary systems provides rules for how to handle these metrics. It is therefore important for the management to work with these two levers in a way that to a great extent prevents risks related to drivers. Trust might be especially important to sharing economy companies since passengers probably have previous experience of professional taxi drivers and therefore might expect a certain quality standard since the investigated sharing economy companies resembles traditional taxi companies. Furthermore it has been stated in the literature (Botsman & Rogers, 2011; Leo Burnett, 2014; Shaheen et.al., 2012) that trust is an issue within sharing economy.

Another difference between sharing economy companies and traditional companies is that the traditional companies require their drivers to wear a uniform. Some respondents’ states that this is a way of making the drivers feel affiliation to the company, something that can be related to Simons’ (1995) lever belief system. To wear a uniform is also a way of showing the public that a driver holds professionalism, something that can enhance the level of trust and safety. This can be related to Parasuraman’s et.al. (1985) quality determinants competence, tangibles and security. The difference of having a dress code could depend on the different approaches these companies have towards customers, that traditional companies seem to value professionalism higher and the sharing economy companies once again seem to value the feeling of community higher. At the same time a passenger within sharing economy receives information about their drivers through an app beforehand, and can choose weather or not to go with this driver. This might compensate for not having a uniform and create a sense of safety.

There are also similarities between the sharing economy companies and the traditional companies. None of the companies hire their drivers directly. This might affect how their quality assurance is designed. The ridesharing company within sharing economy does not
take on responsibility if something would happen during a ride, but the rest of the investigated companies do. A reason for this might be that ridesharing seem to be more about getting in contact with people in order to plan longer trips which might not be regularly repeated, rather than providing a more frequent service as with on demand rides. This might be a reason as to why the ridesharing company leaves more freedom and responsibility to their drivers, and also states that they will not stand responsible if something would happen. Even though neither of the companies directly hires someone, and even if one of the sharing economy companies does not take on responsibility if something would happen, an incident of any kind could affect the companies’ image. Grönroos (1984) is stating in his service quality model that image is affected by the technical and functional quality dimension of a company, which can be argued to be almost everything connected to the performance of a service. Therefore, assuring that drivers under a company’s brand are performing and behaving according to standards should be of interest no matter what.

Another similarity between the investigated companies is the environmental approach. The traditional companies require all of their cars to be environmentally friendly, something that can be related to Parasuraman’s et.al. (1985) quality determinant tangibles and Grönroos’ (1984) technical quality dimension. The respondents from sharing economy have not expressed environmental precautions as a requirement. However, Botsman and Rogers (2011), as well as one respondent, states that sharing economy is a good option from an environmental perspective since resources can be used and shared rather than to encourage an increasing consumption. This applies to all sharing economy companies that have been investigated. The environmental approach can also be related to Simons’ (1995) lever belief systems, since it is a concept that seems to be integrated in the traditional companies core values, and it also seems to be an important value to the sharing economy companies since encouragement towards sharing instead of buying is a central aspect.

6.2 Continuous Quality Control and Evaluation

The continuous quality control and evaluation falls within a combination of three of Simons’ (1995) levers of control regarding all investigated companies. The rating systems, reporting systems and complaints departments are partly controlled by general rules and therefore a boundary system, it is also a way of measuring performance and therefore a diagnostic control system and they provide decision support during uncertainties which makes it an
interactive control system. These systems are however used in different ways in the sharing economy companies and the traditional companies.

The apps (and rating systems) of sharing economy companies are a way of ensuring that a service is being performed in the right way every time which indicates reliability according to Parasuraman et.al. (1985). The traditional companies instead use incoming complaints and ongoing documentation about a ride as a way of ensuring this. The rides are most likely not performed in the exact same way every time though, due to the intangibility and heterogeneity of a service as stated by Dotchin and Oakland (1994). All respondents have stated that a ride can look different depending on who the passenger is. The sharing economy drivers are also likely to perform their services a bit differently since they are individuals and not trained taxi drivers. But both types of companies further offer full traceability to their passengers through their different systems. This can be related to Parasuraman’s et.al. (1985) quality determinant security, as well as it provides information during uncertainties which relates to Simons’ (1995) lever interactive control system. Even though the rating system, reporting system and complaints department are different interactive control systems in the investigated companies, the way of investigating incidents is quite similar between the companies. This could be because of the fact that the security aspect is an important part of a service company and if a company lets a passenger down it will likely affect, as previously stated, the corporate image in a negative way (Grönroos, 1984). However, since two of the respondents from traditional companies state that much of the responsibility regarding accidents and evaluation of a driver’s behavior is the transportation carriers’, the answer of how these scenarios are handled is not known in detail.

Parasuraman’s et.al. (1985) quality determinant communication can further be connected to the sharing economy companies apps since it offers information about the service, the driver and the price to passengers. It is also possible for passengers within traditional companies to receive information about for instance the price beforehand, but passengers cannot access any information about their drivers. This is somewhat compensated for through the driver’s taxi license though, which in a way communicates that it is a safe driver. The rating system within sharing economy can further be related to Simons’ (1995) lever diagnostic control systems. The data collected by the rating system makes it easy for a company to directly follow up on drivers and evaluate their performance. It is also a way of providing the quality determinant security since a passenger can look at a driver’s historical ratings. Further the rating system is
a way for the management to know if they live up to their passengers’ expectations and thereby high quality according to Mukherjee (2003), since passengers leave input after every ride. This can also be connected to Edvardsson (1998) who states that the customer who receives a service will also judge the quality of it. The traditional companies have stated that it is not possible to know every customer’s thoughts on a ride and that some customers have no interest in reporting for instance a bad behavior. Some of the traditional companies have rating systems as well, but they can only use it if someone orders a taxi through their apps. Even if it was possible, it would likely be harder to introduce mandatory ratings in the taxi industry since it has been around for decades according to Hodges (2007), than it was for the sharing economy companies which previously stated have been technology based from the beginning.

Traditional companies use incoming complaints as a continuous way of measuring and ensuring quality of services, which can be related to Simons’ (1995) lever diagnostic control systems. Furthermore traditional companies use random inspections as a way of ensuring quality of services, something that the sharing economy companies do not. These random inspections often mean that people from the management department meet their drivers during their daily work. This means that they can control that existing boundary rules are being applied. The same way that sharing economy companies can use their rating systems to directly evaluate their drivers, traditional companies can use incoming complaints, or the lack of incoming complaints, as a way of measuring and evaluating their drivers. Some passengers might not file a complaint even though they are dissatisfied, but one could think that most passengers would if severely dissatisfied. This can also be related to Parasuraman’s et.al. (1984) quality determinant access. The traditional companies offer many different ways of contacting them if something would happen, which suggests that it is fairly easy for passengers to file a complaint. It is of course a difference from the majority of the sharing economy companies who only provide one way of contacting them apart from the app. But since the passengers can leave complaints in real time through the companies apps in an easy way, the ease of doing so might increase the customers’ willingness.

Codes of conduct and policies are also used in order to ensure quality among the investigated companies, something that belongs in Simons’ (1995) lever boundary systems. Ghobadian et.al. (1994) further states that in order to attain high customer service companies should build their policies around customers’ expectations. This is something that all of the
investigated companies seem to have done. The policies can also be interpreted as a quality visions according to Ghobadian et.al. (1994) since the companies state that they look at quality as keeping a high service level and safety, which are things that align with their stated customer expectations. The codes of conduct between the two types of companies mainly differ regarding dress code and the part of exceeding a customer’s expectation that traditional companies have stated. This is likely because of the differences of the two types of companies that were discussed during section 6.1.

Another way of ensuring high quality, according to Ghobadian et.al. (1994), is having incentives for drivers to perform and behave well. This could be rewards, measurement systems and evaluation procedures. Most of the investigated companies have stated that the opportunity to work under their company brand is enough in order to keep their drivers motivated, which can be related to Simons’ (1995) lever belief systems and a company’s values, as well as corporate image. Only one of the traditional companies have a reward system which allows drivers that have participated in all of their education levels to gain access to more passengers. If this system motivates their drivers it can enhance both the competence and the security level at the company, something that the rest of the investigated companies then might not get as easily. All of the sharing economy companies offer flexibility to their drivers, it is up to them to decide when to work and what to wear which might contribute to a feeling of empowerment according to Ghobadian et.al. (1994), which is also a part of attaining high service quality. Furthermore one of the traditional companies stated that they always value diversity and try to support their drivers, which can also be seen as a type of empowerment. One way of empowering the drivers in this case is offering language courses which make it easier for drivers to communicate and perform their work tasks.

6.3 Summarizing the Theoretical Framework

It turned out that the different levers within Simons’ (1995) levers of control overlap each other in certain situations. Overlap in this case means that the content in one lever, is also the content in another lever. The lever boundary systems provide rules on how to use a rating system or a complaint department, which is also a way of measuring performance and thereby a diagnostic control system. At the same time, the rating system and complaint department can be seen as an interactive control system since they provide information during uncertainties. Furthermore using codes of conduct can primarily be related to the lever
boundary systems, but it can also be seen as a way of communicating out company values and culture to drivers and therefore be a belief system. However, how the content is being used in the different levers differ and they can therefore not be seen as the same thing. At the same time some parts of Grönroos’ (1984) and Parasuraman’s et.al. (1985) concepts overlap in certain situations as well, meaning that the content is the same. Grönroos’ (1984) technical quality dimension and Parasuraman’s et.al. (1985) service quality determinant tangibles are located in the same lever (boundary systems) and contain the same aspects of “what” a customer will receive. Even though Grönroos’ (1984) technical quality dimension is a result of how good technical solutions a company has, it shows great similarities to Parasuraman’s et.al. (1985) determinant tangibles consisting out of premises, work tools and dress codes. These two could therefore in a new classification be stated as one and the same.

Even though some components overlap as stated above, the empirical findings show that some of the levers and components seem to be of more importance than other. The presentation of the empirical findings shows that most of a company’s quality management is located in the lever boundary systems, regarding both types of service companies. This may be due to the fact that it is harder to control service companies than manufacturing companies as stated by Haywood-Farmer (1988), and that this leads to rules being an important aspect throughout the whole service chain, from the recruitment till the performance of a service has been finished. This indicates a difference from Simons’ (1995) levers of control, which states that all of the levers are of equal importance. In a service and quality context Simons’ (1995) levers boundary systems and diagnostic control systems seem to be of most importance. This since the metrics provided through diagnostic control systems enables for management to evaluate their drivers, while the boundary systems provide general rules for how these metrics should be handled. The other levers are important as well, but without the levers boundary systems and diagnostic control systems a company’s quality management would likely suffer the most. At the same time Parasuraman’s et.al. (1984) service quality determinant security seems to be of most importance regarding the overall quality management at the investigated companies. This because the majority of the quality management work seems to have a purpose of making their business operations safe and secure. Grönroos’ (1984) corporate image dimension is also of great importance since the empirical findings indicate that failing to reach high quality levels will likely affect a company’s image. The other determinants and quality dimensions are of importance as well, and their relation to the empirical findings is demonstrated in Table 3. Even though some of
the components seem to be of more importance than other, the best service quality is likely obtained through the usage of all of the quality determinants, dimensions and levers. This goes in line with Grönroos (2007) who states the importance of looking at a company holistically and working with total quality in order to succeed with quality management.

The main findings and changes to the theoretical framework are stated below in Table 3. The result, as previously stated, is that the levers boundary systems and diagnostic control systems are the most important levers and security is the most important quality determinant, together with corporate image. The rest of the levers, quality determinants and dimensions are being seen as equally important since analysis of the empirical material through the theoretical framework did not entail a lever or component apart from the ones previously stated that stood out more than another.

<table>
<thead>
<tr>
<th>Levers of Control (Simons, 1995)</th>
<th>Quality Components (Grönroos, 1984; Parasuraman et.al., 1985)</th>
<th>Practical Implementation: Sharing Economy = S Traditional = T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boundary Systems</td>
<td>Security, Corporate Image, Technical Quality Dimension, Competence</td>
<td>Recruitment process (S, T) Code of conduct (S, T) Rating system (S) Reporting system (S) Complaints department (T) Random inspections (T)</td>
</tr>
<tr>
<td>Diagnostic Control Systems</td>
<td>Corporate Image, Reliability, Communication</td>
<td>Rating system (S) Complaints department (T) Random inspections (T)</td>
</tr>
<tr>
<td>Interactive Control Systems</td>
<td>Corporate Image, Access</td>
<td>Rating system (S) Reporting system (S) Complaints department (T)</td>
</tr>
<tr>
<td>Belief Systems</td>
<td>Corporate Image, Courtesy, Understanding</td>
<td>Code of conduct (S, T) Trust &amp; Safety (S, T) Environment (S, T) Community (S) Professionalism (T)</td>
</tr>
</tbody>
</table>

*Table 3. Main Findings.*

Modell’s (1996) formal and informal controls and their connection to Simons’ (1995) levers of control made in the literature review are still relevant and current. When different levers were being analyzed, Modell’s (1996) formal and informal controls were already included in
the levers and are therefore not mentioned on their own. This in order to prevent repetition. Lastly, it can be concluded that the majority of the investigated companies, regardless of type, hold a quite high degree of quality maturity and control in their companies according to van Iwaarden et.al. (2006) and Simons (1995).
7. Conclusion

The purpose of this thesis was to investigate how sharing economy companies within ridesharing and on demand rides, compared to traditional taxi companies, work with quality management. The conclusion will be presented after the first two subordinate questions, where the third question about differences between the investigated companies will be interlaced within the first two questions. But first of all, the found fundamental similarities will be presented. Both types of companies mediate rides, do not directly hire their drivers, neither one owns the vehicles that are being used and they use codes of conduct as a way of communicating out guidelines to their drivers. Furthermore the majority of the investigated companies do not have incentives for behaving and performing well except for the opportunity to keep working for them.

7.1 How Do Companies Work with Quality Assurance During the Recruitment Process?

During recruitment, Simons’ (1995) lever boundary systems is the most important one for both types of companies since all investigated companies’ recruitment processes seem to be based on general rules and requirements. The biggest differences in the recruitment process is that traditional taxi companies require that their drivers hold a taxi license, meet their applicants for interviews and training and that their drivers have to follow their dress code, something that sharing economy companies do not. The sharing economy companies within on demand rides instead extract criminal records, while the ridesharing company does not take any equivalent measures. Only one of the on demand rides companies meet their drivers for parts of their training, the rest of the training takes place in a virtual environment. Other than that the investigated companies do not meet their drivers in person. There is also a difference when it comes to dress code, where the traditional companies state that their drivers must comply with their dress code and the sharing economy companies state that these are requirements they cannot demand from individuals.

7.2 How Do Companies Work with Continuous Quality Control and Evaluation?

The majority of the investigated companies practice quite extensive quality management work, where the most work seems to be related to Simons’ (1995) levers boundary systems and diagnostic control systems. Creating trust and safety is essential for both types of companies, but it might be more essential to sharing economy companies due to the trust
barrier present in the industry according to Botsman and Rogers (2011), Leo Burnett (2014) and Shaheen et.al. (2012). The importance of creating trust and safety further indicates that Parasuraman’s et.al. (1985) service quality determinant security is the most important one for both types of companies.

The main quality tool that sharing economy companies use is their rating systems where passengers determines the quality level of a performed ride, an ongoing process that makes it easy for management to follow up and evaluate drivers. The sharing economy companies also have reporting systems where passengers can contact them if an incident would occur. There is further a difference between the on demand rides companies and the ridesharing company, where the latter is more decentralized and leave more responsibility to their drivers and passengers and therefore have less strict quality controls within the company. Traditional companies instead use taxi licenses as an ongoing quality control, since it is withdrawn if a driver is convicted for a crime. Traditional companies also use random inspections and have complaints departments as ongoing quality controls and evaluation. Within all investigated companies, failing to reach quality levels will likely affect the investigated companies corporate image. Furthermore, both types of companies also seem to be environmentally conscious, even though the traditional companies have stated specific environmental goals and the sharing economy companies instead work in a way to decrease consumption.

One conclusion that can be made is that sharing economy companies have automated their services, as well as big parts of their quality management. Traditional companies seem to move more towards automating their services, as well as some parts of their quality control, but many parts are still handled manually. Another conclusion is that both types of companies have differences that lie in the nature of being a traditional company versus being a sharing economy company, and at the same time they have some fundamental similarities as stated above. Regarding the theoretical framework the levers boundary systems and diagnostic control systems in combination with the service quality determinant security and corporate image seems to be of most importance to both investigated types of companies. It can therefore be concluded that the use of Simons’ (1995) levers of controls work differently in a service and quality context since all of the levers do not seem to be equally important within the investigated companies.
8. Discussion

As stated in the introduction, some of the biggest problems with the phenomenon of sharing economy are that people are not feeling safe with the company form, and that they pose a potential threat to traditional companies. The results shown from this study is that even though there are differences between the sharing economy companies and the traditional companies they both seem to reach similar results through their quality management. The results further indicate that it is as safe to travel with the majority of sharing economy companies as the majority of traditional companies. The investigated industries within sharing economy can be seen as a modern version of the investigated traditional companies, where new technologies have enabled a new way of performing and ensuring quality of services. These technologies have also found their way into the traditional companies, but they are not used as extensively, which is shown from the fact that only one of the respondents mentioned their app and rating system during the performed interview. This is likely because the traditional companies offer multiple ways of ordering a service, which makes the quality work more complicated and it is, like a respondent stated, not possible to always know who a passenger is. The sharing economy companies are niched into only picking up customers who use their app and they can therefore capture all of their customers’ input.

To implement a rating system as a quality evaluation tool might work in other service industries as well, such as public transportation carriers that are starting to use apps more and more. Then of course there can be challenges associated with having a rating system such as how to design it, how to interpret the results and decrease the risk of people not making truthful ratings. How common this is or how present companies are working to prevent this I do not know, but it could be an interesting topic for future research. It would also be interesting to study the rating system from a customer perspective. What attitude does customers have towards a rating system? Do they leave trustworthy ratings? Is there a cultural difference between countries?

Furthermore since the theoretical framework presented in this thesis have only been tested on a small group of respondents it would be interesting to see if it works as well in bigger groups of respondents, as well as in other industries in order to see if similar results emerge. Since I have not been able to find any research about quality management in sharing economy it
would also be interesting to see if the results shown in this study would be similar in other industries within sharing economy or if there are differences between industries. Another interesting aspect to investigate would be if the results would be similar if the study was performed on companies present in other countries. This study has been performed from a management perspective. It would therefore also be interesting to perform another study directed at ridesharing and on demand rides and then interview both drivers, passengers and employees at the companies in order to see if this is generally how quality management looks in these types of companies, and if the passengers’ views are in line with the overall company.
References


Appendix 1 – Interview Guide

Background
- What is your educational background?
- Have you worked in other companies before?
- What is your current position at the company?
- For how long have you had your current position?
- What would you say is the difference between your company and a traditional company/sharing economy company within the same industry?

Drivers
- How do you attract the best people to your company?
- Overall, how is your recruitment process designed?
- What criteria does the people you recruit have to meet?
- What criteria does the cars have to meet?
- How has this process developed over time?
- How are the drivers trained?
- Do you educate drivers in service quality?
- How do you make the drivers feel that they are a part of your company? (follow up for sharing economy)
- How do you communicate with your drivers? (follow up for sharing economy)

Process
- How does a driver perform a service?
- How do you measure and evaluate the performance of a driver?
- What incentives are there for drivers to perform and behave well?
- Are the drivers allowed to make their own decisions in general and situations such as an accident or a dissatisfied customer?
- What happens if a driver does not behave or perform the service well?
- How does customers get in contact with the organization for further information or during accidents?

Quality Control & Evaluation
- What policies do you have on how to ensure quality of the services?
- What do you think are the customer’s needs and expectations?
- How do you look at quality at your company? (What is quality to you?)
- How do you work with continuous quality control?
- How has this process developed over time?
- Do you have any additional services to build customer comfort and trust?
- What are the biggest challenges regarding quality?

Is there something I have not asked that you think I should have asked?