

Disruptive Innovation in Low-Income Countries: The Role of the Sharing Economy in Shaping the People Transportation Market in Nigeria

Authors : D. Tappi

Abstract : In the past decades, the idea of innovation moved from being considered the result of development to being seen as its means. Innovation and its diffusion are indeed keys to the development and economic catch-up of a country. However, the process of diffusing existing innovation in low income countries has demonstrated dependent on inadequate infrastructures and institutions. The paper examines the role of disruptive innovation in bridging the technology gap between high- and low-income countries, overcoming the lack in infrastructures and institutions. In particular, the focus of this paper goes to the role of disruptive innovation in people transportation in Nigeria. Uber, Taxify, and Smartcab are covering a small and interesting market that was underserved, between the high-end private driver markets, the personal car owners and the low-priced traditional cab and the Keke (tricycle). Indeed the small Nigerian middle class and international community have found in the sharing people transportation market a safe, reasonably priced means of transportation in Nigerian big cities. This study uses mainly qualitative data collection methods in the form of semi-structured interviews with major players and users and quantitative data analysis in the form of a survey among users in order to assess the role of these new transportation modes in shaping the market and even creating a new niche. This paper shows how the new sharing economy in people transportation is creating new solutions to old problems as well as creating new challenges for both the existing market players and institutions. By doing so, the paper shows how disruptive innovations applied to low income countries, not only can overcome the lacking infrastructure problem but could also help bridge the technology gap between those and high income countries. This contribution proves that it is indeed exactly because the market presents these obstacles that disruptive innovations can succeed in countries such as Nigeria.

Keywords : development, disruptive innovation, sharing economy, technology gap

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