Capturing the dynamics of the sharing economy: Institutional research on the plural forms and practices of sharing economy organizations

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ABSTRACT
To date, management research has paid little attention to dynamics of the sharing economy: how markets for sharing resources emerge and change, and the intended and unintended consequences of resource sharing. We propose a definition of the sharing economy that brings the role of organizations as infrastructure providers to the fore and helps us to assess the culturally rooted pluralism of forms and practices in these organizations. We introduce two perspectives in research on organizational institutionalism that focus on culture and pluralism – institutional complexity and institutional work – and argue that unpacking the pluralism of organizational forms and practices is critical to examine the dynamics of the sharing economy. We propose an agenda for research to capture the dynamics of the sharing economy at the organizational, field, and inter-field level. Such an agenda helps to document and analyze how the sharing economy manifests and evolves across various economic systems and has the potential to refine and recast existing management theory.

1. Introduction
The sharing economy has attracted considerable public and scholarly attention. Current debates underscore that it has set economic and socially relevant dynamics in motion, altering existing markets. For example, the ride-sharing market, led by Uber and Lyft, has changed the taxi market. The sharing economy may also lead to new markets, such as the home-sharing market that Airbnb pioneered (Belk, 2014; Matzler et al., 2015; Sundararajan, 2016). Besides producing possible positive effects (Kostakis and Bauwens, 2014), the sharing economy calls into question established ways of organizing labor and commercializes personal life (Martin, 2016). Analytically, these dynamics involve processes of market change (Meyer et al., 2005) and of market emergence (Fligstein, 2013), as well as intended and unintended consequences (Merton, 1936). In particular, the unintended consequences are drawing increasing interest from policy makers.

So far, empirical studies have not addressed these dynamics of the sharing economy explicitly. They have instead focused on aspects such as the antecedents of sharing and motivations for it (Bucher et al., 2016; Hellwig et al., 2015; Lamberton and Rose, 2012; Möhlmann, 2015; Piscicelli et al., 2015), competition (Cusumano, 2014), and the governance of users (Hartl et al., 2016; Scaraboto, 2015). These efforts have been particularly helpful for understanding the business models of organizations in the sharing economy (sharing economy organizations for short). These organizations operate a digital platform that allow individuals to share resources. We believe that studying sharing economy organizations, and more specifically the culturally rooted pluralism of their forms and practices which reflect their embeddedness in varying cultural contexts, is critical for understanding the dynamics of the sharing economy: market change, market emergence, and intended and unintended consequences.

Culture, understood as taken-for-granted sets of meanings and rules, is important for explaining economic outcomes and processes in various economic systems (Amable, 2003; Hall and Soskice, 2001). It shapes how organizations act and react (Beckert, 2010; Dequech, 2003; Zukin and DiMaggio, 1990). In the sharing economy, culture seems to affect the choice of organizational forms and to account for the pluralism of sharing economy organizations. For example, organizations in Germany seem to differ from those in the U.S. regarding the orientation – for-profit vs. not-for-profit – they adopt (Schor and Fitzmaurice, 2015) and regarding how they organize – the structures and systems they adopt. In the U.S., the dominant structure of sharing economy organizations seems to be similar to that of organizations in the “traditional” economy (Schor and Fitzmaurice, 2015), whereas in Germany alternative ways of organizing are common (Oberg et al., 2017).

Besides a pluralism of organizational forms, a pluralism of practices of sharing economy organizations appears in our empirical research (Reischauer and Mair, 2017). Organizations seem to vary greatly regarding how they interface with nonlinear actors such as city governments or interest groups (Baron, 1995) and how they govern...
interactions and relationships with users. For example, The Food Assembly, a France-based organization in the food-sharing market that connects local farmers with consumers, allows selected users to assume managerial responsibilities. In return for coordinating and encouraging transactions between farmers and consumers, these users receive monetary compensation (Acquier et al., 2017). U.S.-based sharing economy organizations seem not to offer such freedom to users.

The culturally rooted variety of forms and practices of sharing economy organizations allows productive engagement with management theory, and more specifically with organizational institutionalism, a vibrant research program dedicated to examining the role of culture in organizations and inter-organizational dynamics (Dobbin, 1994; Meyer and Rowan, 1977; Scott, 2014; Weber and Dacin, 2011). More recent accounts of this perspective would predict that the path for sharing economic organizations seeking legitimacy and recognition is filled with conflict, tensions, and contestation (Thornton et al., 2012). Scholarship on institutional complexity argues that organizations operate in institutionally plural contexts, and also that their business models are based on multiple and often conflicting institutional logics (Greenwood et al., 2011). Understood as sets of assumptions, beliefs, and practices, institutional logics prescribe the behavior of sharing economy organizations and explain change in sharing economy markets. Thus, in their strategizing, but also in their day-to-day operations, organizations must navigate this pluralism. A second powerful stream of research endorsing pluralism is described as institutional work (Lawrence and Suddaby, 2006), which leaves more room for purposeful and strategic behavior. Scholars adopting this perspective foreground the potential for organizational practices to create new institutions, maintain existing ones, or disrupt old ones, enabling the change and emergence of markets more broadly. We aim to demonstrate that using the perspectives of institutional complexity and institutional work to study the forms of sharing economy organizations and their practices enables scholars to better understand the dynamics of the sharing economy: market change, market emergence, and intended and unintended consequences. Doing so further clarifies the nature of the sharing economy. We hope to guide future empirical work and thereby contribute to establishing the sharing economy as a promising field of scholarly inquiry.

Although early research on a new phenomenon such as the sharing economy triggers great excitement, its connection to established theories is often loose (Hirsch and Levin, 1999). Nevertheless, grounding research on a new phenomenon in a theoretical tradition is enormously beneficial to build a field of research and at the same time strengthen the field of practice. In addition, linking the sharing economy with institutional theory also offers an important opportunity to rethink and refine concepts in organizational institutionalism. For example, research on social entrepreneurship led institutional scholars to rethink the uniformity of organizations and inspired research on hybrid organizing (Mair and Martí, 2006; Mair et al., 2012).

We first propose a definition that specifies the role of organizations in the sharing economy. We then elaborate on the pluralism of the forms and practices of sharing economy organizations. Next, we illustrate how to leverage the institutional complexity and institutional work perspectives to unpack and empirically analyze this pluralism. We end by outlining a research agenda, detailing how to apply these perspectives to capture the dynamics of the sharing economy.

## 2. Sharing economy: Important features, dynamics, and why it matters

Clarifying the meaning of the sharing economy is critical for unpacking the dynamics in the sharing economy and for making the case for further research, especially as existing knowledge of the phenomenon is in an “embryonic” state (Barnes and Mattsson, 2016: 200).

### 2.1. Defining the sharing economy

For the purposes of this paper, we develop a definition of the sharing economy based on abductive reasoning. We integrate insights from existing management and marketing research on the sharing economy and pay attention to how the phenomenon manifests. We define the sharing economy as a web of markets in which individuals use various forms of compensation to transact the redistribution of and access to resources, mediated by a digital platform operated by an organization.

Transactions constitute the core of economic activities in the sharing economy. Accordingly, our definition encompasses five main features. First, “various forms of compensation” refers to the several ways that transactions in the sharing economy can be made. Second, “market” refers to the locus of transactions in the sharing economy. Third, “redistribution of and access to resources” focuses on what is transacted. Fourth, “individuals” brings the transacting partners to the fore. Fifth, “digital platform operated by an organization” highlights the importance of infrastructure in the sharing economy and the central role of organizations in providing this infrastructure.

In what follows, we elaborate on these features. In addition, we provide first ideas for comparing the sharing economy more systematically with established ways of doing business in a capitalist society, which Cusumano (2014) called the “traditional” economy. Although this is of course a stylized way to portray the sharing economy and the traditional economy, we believe that it is a first step toward clarifying the relationship between sharing and traditional economies and toward bringing the previously neglected relevance of organizations to the fore.

The principal features are of course not exclusive to the sharing economy. As Table 1 summarizes, the locus of transactions in both the sharing economy and the traditional economy is the market. The sharing economy is narrower in scope with respect to transaction focus, transaction partners, transaction infrastructure, and infrastructure provider. But the sharing economy allows for a broader range of compensation forms than the traditional economy does.

For the discussion, we follow Sundararajan (2016), who says that “sharing economy” is currently the most popular umbrella term to describe the phenomenon we seek to clarify. We also refer to other popular labels that have been brought forward to describe the sharing economy, especially “collaborative economy” (Botsman and Rogers, 2010), “gig economy” (Friedman, 2014), and “platform economy” (Kenney and Zysman, 2016).

First, various forms of compensation are used for transactions in the sharing economy. In the traditional economy, the principal compensa-

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tion form is monetary payment in return for receiving a good or service (Williamson, 1985), whereas “the sharing economy spans the continuum between market economies and gift economies” (Sundararajan, 2016: 26). Paying explicit attention to this variety allows for a more nuanced understanding of how transactions in the sharing economy take place. As various authors have pointed out, the sharing economy involves compensation forms such as “bartering, trading” (Belk, 2014: 1597), and gift giving (Schor and Fitzmaurice, 2015). For example, Couchsurfing provides the infrastructure for individuals to stay in homes without immediate compensation. Nevertheless, as Airbnb and Uber illustrate, monetary payment is also widespread in the sharing economy.

Second, the locus of transactions in the sharing economy is the market. In other words, transactions take place in markets, “social spaces where repeated exchanges occur between buyers and sellers under a set of formal and informal rules governing relations between competitors, suppliers, and customers” (Fligstein and Dauter, 2007: 113). This exchange can happen both online and offline. Moreover, sharing economy markets are increasingly labeled according to the type of resource shared (e.g., home-sharing market, ride-sharing market, or item-sharing market). Consider the example of the ride-sharing market in the U.S., in which organizations such as Uber, Lyft, and Via currently operate. These organizations match individuals who seek rides with others offering them and facilitate an exchange. Requesting a ride and paying for it happens online, but the ride happens offline. Thus the exchange takes place both online and offline. The ride-sharing market has its own formal and informal rules, which lead to exchange patterns different from, for example, the food-sharing market’s.

Third, the redistribution of resources and the access to them are the focus of transactions in the sharing economy. Shared resources include material resources such as cars, food, clothing, or goods, and non-material resources such as services, capital, or information (Belk, 2014). In contrast to the traditional economy, an important emphasis in sharing economy markets rests on resources that are underused from the point of view of the person who offers them (Schor and Fitzmaurice, 2015). Consider the example of the guest room that previously has been used by friends or family, but is now also offered to strangers from around the world. An additional aspect that distinguishes the sharing economy from the traditional economy is the prioritization of access to resources over the production of new ones. Redistribution of existing resources has been highlighted by Botsman and Rogers (2010: 720), who argued that “a redistribution market encourages reusing and reselling old items rather than throwing them out, and also significantly reduces waste and resources that go along with new production”. A focus on access to resources is also known in the traditional economy; short-term rental services and car sharing services run by automobile producers are prominent examples (Bardi and Eckhardt, 2012). Yet, in the sharing economy, resources define identity: “you are what you can access” (Belk, 2014: 1598). This focus on quick access to resources increasingly affects human resources as well. The possibility that workers can be hired virtually on the spot and then immediately released inspired the label “gig economy” (Friedman, 2014). A “gig” is a short-term task or job that is typically conducted by a nearly instantly supplied human resource. A prominent example is TaskRabbit, a sharing economy organization that connects people who seek help for everyday tasks such as moving or cleaning with providers.

Fourth, individuals are the transacting partners in the sharing economy. People have varying motives for why they share – from altruistic to pecuniary – and why they use shared resources (Bucher et al., 2016; Hellwig et al., 2015; Lambert and Rose, 2012; Möhlmann, 2015; Piscicelli et al., 2015). Because the parties to the transaction are considered as peers, some authors refer to the sharing economy as the “peer-to-peer economy” (Schor and Fitzmaurice, 2015). This feature distinguishes the sharing economy from the traditional economy, where firms typically transact with individuals (Cusumano, 2014; Matzler et al., 2015). Sharing economy organizations such as TaskRabbit instead connect a very large number of individuals around the world with each other. Sundararajan (2016) recently introduced the label “crowd-based capitalism” to capture this feature of the sharing economy.

Fifth, in the sharing economy, transactions occur via digital platforms operated by organizations. These digital platforms mediate transactions by matching the supply side with the demand side (Armstrong, 2006). The challenge for organizations running a digital platform is that “one group’s benefit from joining a platform depends on the size of the other group that joins the platform” (Armstrong, 2006: 668). Digital platforms integrate various technologies such as big data, new algorithms, and cloud computing (Kenney and Zysman, 2016). Given the involvement of individuals who do not know each other, on digital platforms special attention is paid to technologies that foster trust-building between users and providers, such as rankings and reviews (Orlikowski and Scott, 2014), as well as technologies that facilitate transactions and provide guidance in case of conflicts (Hartl et al., 2016).

Digital platforms are of course also established in the traditional economy. But in the sharing economy they operate as a substitute for relationships between suppliers, producers, and customers that are common in the traditional economy. Thus, in the sharing economy, digital platforms can be considered as the main infrastructure. The label “platform economy” (Kenney and Zysman, 2016) underscores the relevance of digital platforms. Yet, although the emergence of low-cost and small-scale production technologies such as additive manufacturing may change the way organizations produce, digital platforms do not simply replace organizations (Davis, 2016). Consider the example of Airbnb. Although it has no hotel employees, Airbnb employs people who run and refine its digital platform. In simple terms, we argue that behind any digital platform there is a sharing economy organization running and refining it. A sharing economy organization provides the infrastructure that individuals use to share resources.

2.2. Specifying the dynamics of the sharing economy

As noted, we believe that studying the culturally rooted pluralism of the forms and practices of sharing economy organizations provides the key to capturing the dynamics of the sharing economy. But what exactly do dynamics encompass? Summarizing recent theoretical discussions of the sharing economy (Belk, 2014; Kostakis and Bauwens, 2014; Martin, 2016; Matzler et al., 2015; Sundararajan, 2016) and building on insights from our ongoing empirical research (Reischauer and Mair, 2017), we emphasize three features – distinct processes and outcomes – that characterize the dynamics of the sharing economy.

First, dynamics of the sharing economy involve processes of market change. The traditional view of market change holds that it involves a change of the identities and market positions of organizations and the alteration of the underlying definition of a market (Fligstein and Dauter, 2007). This view encompasses the notion that markets aim for an equilibrium and assume linearity. Meyer et al. (2005) add to this view and argue that market change processes involve complex adaptive systems, self-organizing networks, and autocatalytic feedback. An example of market change in the sharing economy is the change in taxi markets triggered by the rise of Uber and Lyft.

Second, dynamics of the sharing economy may also include processes of market emergence. Markets in a state of emergence are populated by organizations that have not yet stabilized their patterns of interaction. These situations offer strategic opportunities for both incumbents and challengers (Fligstein, 2013). The home-sharing market pioneered by Airbnb and the crowdfunding market shaped by Kickstarter and Indiegogo are telling cases.

Third, dynamics can involve intended and unintended consequences of organizations’ behavior. As Merton (1936) famously claimed, intended consequences are expected outcomes. Unintended consequences, on the contrary, are outcomes that deviate from those foreseen
and intended. Consider the example of the claim that the rise of home-sharing markets puts pressure on the long-term housing market in urban areas. Still, although unintended consequences can have negative outcomes, they are not inherently negative. For example, the increased shared use of tools such as drills might ultimately lead to an increased demand for more robust and high-quality drills.

2.3. Making the case for research on the sharing economy

The sharing economy challenges and tests boundaries related to social and economic life, and therefore it warrants empirical and theoretical scrutiny. We see at least three ways in which the sharing economy recasts established categories used to describe economic and social activity. First, it blurs boundaries between production and consumption. Established theories typically assume that organizations produce and individuals consume. In the sharing economy, however, organizations do not produce resources; they provide the infrastructure for individuals to access or share existing resources that they already possess. In principle, in the sharing economy people can be suppliers or consumers of resources—or both at the same time, a case that has been labeled “prosumption” (Barnes and Mattsson, 2016). Extant management theory and practice typically do not consider the ability of an individual to produce on her own, rather than as part of an organization. Thus, patterns of exchange and behavior in the sharing economy seem to have significant implications for organizing, leading, and managing human resources that produce or consume resources.

Second, the activities of sharing economy organizations require us to rethink the distinction between full employment and casual labor. As the label “gig economy” highlights, in the sharing economy, organizations can virtually switch work forces on and off (Friedman, 2014; Sundararajan, 2016). Management scholars typically place people working full-time at the core of their theoretical and empirical research. Similarly, managers typically do not run firms based on a flexible workforce. Although there have been shifts toward considering part-time work as a possible new occupational reality, the implications of an instant workforce for organization design, leadership, human resource management, and accounting are not yet fully understood.

Third, the sharing economy defies the boundary between private and public. In the sharing economy, individuals invite strangers into their homes (home-sharing) and cars (ride-sharing), borrow money from a large and unknown crowd (crowdfunding), and hire strangers to take care of their loved ones (personal services sharing) (Sundararajan, 2016). Established management theory and practice implicitly assume the exchange of resources to be economic activity in the public domain and hardly consider the social aspects or private life dimensions of this exchange. The implications of overlap with the private domain, and the possible tensions that arise, remain to be explored.

A final and strong argument for more research rests on the observation that the sharing economy seems to be pervasive—it challenges established markets in new ways and spreads quickly across regions. As the Wall Street Journal (2015) vividly proclaimed, “There’s an Uber for Everything Now”. That is, a number of organizations use the basic idea of the sharing economy to disrupt markets in the traditional economy. Established management theory has been mainly concerned with how technological change affects markets. The pervasive and parallel spread of the sharing economy presents a new dimension that is hard to explain with established concepts. Moreover, the sharing economy is spreading rapidly around the globe. While organizations such as Uber and Airbnb operate in a wide range of nations and grow internationally, new sharing economy organizations emerge and evolve regionally at a stunning pace. Put simply, in the sharing economy, geographic expansion is just a fingertip away (Sundararajan, 2016). The potential and instant nature of diffusion and expansion challenges established management theories, especially internationally oriented ones, which typically assume that entering a new geographic market requires deep pockets and localized knowledge.

The argument that the sharing economy spreads rapidly across regions does not imply that the sharing economy and sharing economy organizations spread uniformly. On the contrary, we witness a culturally rooted pluralism of the form and practices of sharing economy organizations.

3. Culturally rooted pluralism of forms and practices

Culture refers to taken-for-granted sets of meanings and rules that shape how organizations behave (Beckert, 2010; Dequech, 2003; Zukin and DiMaggio, 1990). Scholars have termed this influence “cultural embeddedness”. In general, embeddedness, as introduced by Polanyi (1957) and popularized by Granovetter (1985), highlights that economic behavior both shapes the societal context that actors are part of and is shaped by it. Scholars have developed different ideas about what embeddedness means and distinguished between different types, one of them cultural embeddedness (Zukin and DiMaggio, 1990).

Recent research has highlighted the relevance of culture for individual behavior in the sharing economy (Schor et al., 2016). We extend this thread and argue that a focus on culture is particularly helpful for examining the pluralism of form and practices of sharing economy organizations, and ultimately for capturing the dynamics of the sharing economy. We display this culturally rooted pluralism with examples from our ongoing empirical research on the sharing economy (Reischauer and Mair, 2017) and existing studies of the sharing economy. In doing so, we turn to examples of organizations that operate in different economic systems. According to the literature on the varieties of capitalism (Amable, 2003; Hall and Soskice, 2001), two distinct ideal-type economic systems exist. Whereas organizations in liberal market economies such as the U.S. and the U.K. coordinate via hierarchies and market arrangements, organizations in coordinated market economies such as Germany and France rely on nonmarket relationships.

Attending to the pluralism of the form of sharing economy organizations accentuates that there is no such thing as “the” sharing economy organization. An organizational form refers to “those characteristics of an organization that identify it as a distinct entity and, at the same time, classify it as a member of a group of similar organizations” (Romerelli, 1991:81–82). We believe that culture shapes the pluralism of organizational forms in at least two respects. The first concerns their orientation (Schor and Fitzmaurice, 2015): sharing economy organizations differ with respect to whether they have a for-profit or a non-profit orientation. The U.S., for example, hosts a wide range of for-profit organizations (Schor and Fitzmaurice, 2015). Germany, on the other hand, hosts several sharing economy organizations that operate on a non-profit basis. Some of them, such as Maschinenring, a national association in which farmers share resources such as machinery, were founded centuries ago (Oberg et al., 2017). Culture, understood as taken-for-granted meanings and rules, seems to shape what are considered as appropriate ways to operate a sharing economy organization. Whereas in the U.S. it is accepted that a sharing economy organization will generate a profit, in Germany seeking profit seems less appropriate.

Second, culture might be helpful for explaining different organizational structures in the sharing economy. Some organizations adopt structures akin to firms in the traditional economy, but others rely on alternatives. Consider U.S.-based sharing economy organizations such as Airbnb and Uber: critics claim (Martin, 2016) that they operate like firms in the traditional economy. In contrast, sharing economy organizations in Germany like Fairmondo, an organization in the item-sharing market, have a structure similar to that of cooperatives. Similarly, foodsharing (sic!), a German organization in the food-sharing market that redistributes edible but unsalable food free of charge, is structured according to the requirements of an association. Culture seems to affect these choices: sharing economy organizations follow rule-like prescriptions prevalent in their cultural context and mimic prevalent expectations in their economic systems.
Culture also allows us to better understand the pluralism of the practices of sharing economy organizations. An organizational practice refers to “an organization’s routine use of knowledge for conducting a particular function” (Kostova and Roth, 2002: 216), such as customer relationship management, sales, or production. In our research (Reischauer and Mair, 2017), we have observed pluralism reflected in the practices of sharing economy organizations in various ways. Two examples illustrate them. First, nonmarket strategies targeted at organizations as governments and interest groups (Baron, 1995) seem to vary considerably in their scope. Consider the initiative “Airbnb Citizen” recently launched by Airbnb, which “promotes home sharing’s potential to help solve many of the economic, environmental and social challenges we face today” (Airbnb Citizen, 2016). This initiative goes beyond marketing the services of Airbnb and promotes home-sharing globally by emphasizing its positive effects on society. Another example of a nonmarket strategy that exemplifies plural practices is what could be labeled “collective lobbying for sharing”. In February 2016, the European Collaborative Economy Industry issued an open letter to the Netherlands Presidency of the Council of the European Union urging the European Union to ensure that local and national laws do not hamper the development of the sharing economy. This consortium consists of organizations from sharing economy markets that are based especially in the U.S. and the U.K. Another example of plural practices is OuiShare, a France-based social movement that Sundararajan (2016: 24) described as an “influential arbiter in the vibrant marketplace of ideas about crowd-based capitalism”, which advocates a vision for a collaborative economy. Likewise, but focused on a single country, the nationwide trade body Sharing Economy U.K., with members such as Airbnb and TaskRabbit, aims to develop the sharing economy in the U.K. into a global role model. In a similar vein, the Dutch sharing economy interest group ShareNL partnered with the municipal government of Amsterdam to promote the sharing economy. Culture seems to be a factor, as nonmarket strategies like these seem to be more likely deployed by organizations based in liberal market economies.

Second, sharing economy organizations deploy plural practices to integrate users of their digital platforms. For example, The Food Assembly allows selected users to assume managerial responsibilities. In return for coordinating and fostering transactions between farmers and consumers, these users receive monetary compensation (Acquier et al., 2017). This practice stands in contrast to U.S.-based sharing economy organizations such as Airbnb and Uber, which do not grant such freedom. Culture seems to be in play here, because taken-for-granted assumptions differ about how much freedom should be granted to individuals.

4. Institutional perspectives

4.1. Institutional theory: specifying the influence of culture

How can we use existing theories to ground these insights and further develop theory? We believe that institutional theory, with its explicit and long-standing attention to culture (Dobbins, 1994; Scott, 2014; Thornton et al., 2012; Weber and Dacin, 2011), offers a promising theoretical domain for studying the pluralism of forms and practices of sharing economy organizations in order to capture the dynamics of the sharing economy. According to this conception, culture shapes institutions, referring to “rules and shared meanings [...] that define social relationships, help define who occupies what position in those relationships and guide interaction by giving actors cognitive frames or sets of meanings to interpret the behavior of others” (Fligstein, 2001: 108). Scholars have emphasized regulative, normative, and cognitive elements of institutions (Scott, 2014) that shape the behavior of organizations by prescribing what is appropriate and providing templates for practices. Moreover, institutions also shape markets as they enable and foster exchange (Campbell and Lindberg, 1990).

A critical concept in institutional theory for understanding how pluralism relates to dynamics is legitimacy. Legitimacy is defined as “a generalized perception or assumption that the actions of an entity are socially desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995: 574). Legitimacy is conferred by others and is a prerequisite for organizations to act, whereas legitimation is the process whereby organizations aim to attain or maintain their legitimacy (Suchman, 1995). For example, taxicabs have been considered a legitimate means of individual transportation. With the rise of ride-sharing markets, an alternative and by now also legitimate method of individual transportation has emerged.

Scholars studying organizations view legitimacy as a relational concept that reflects the exchange between organizations and society. Deephouse and Suchman (2008) distinguish among three sources of legitimacy. First, legitimacy is conveyed by organizations in the public domain, such as government agencies or interest groups. Germany, for example, was quick to issue a nationwide restriction on ride-sharing, with the effect of withholding legitimacy from Uber and its kin. In the U.S., in contrast, ride-sharing only recently encountered push-back at a regional level, when certain types of ride-sharing were banned in the city of Austin, Texas. Another recent example of a change of legitimacy induced by public organizations is new legislation restricting home-sharing in San Francisco, California. Second, mass media also assess and create legitimacy. Media coverage is a marker of an organization’s legitimacy. Media attention also affects how other organizations assess the legitimacy of the organization and possibly question it. Extensive press coverage of Austin’s attempt to tighten safety measures for ride-sharing organizations such as Uber and Lyft, for instance, apparently affected the ballot outcome. The third source of legitimacy derives from an organization’s relationship with other organizations that convey legitimacy in a similar or different domain. Examples of this kind of legitimation are the partnerships of Airbnb with American Express and the United Nations High Commissioner for Refugees.

To summarize, institutional theory offers researchers a solid theoretical foundation to study the influence of culture, especially by pointing toward legitimacy as a vital explanatory factor for the behavior of organizations and resulting dynamics. Within institutional theory, this insight has been approached from different viewpoints. In what follows, we outline two closely connected but distinctive perspectives (Zilber, 2013): institutional complexity and institutional work. We consider these perspectives particularly useful for two reasons: first, they are especially suited to study of the pluralism of organizational forms and practices in the sharing economy. Whereas the institutional complexity perspective enables the investigation of plural organizational forms, the institutional work perspective enables scholars to explore the pluralism of practices. Second, both perspectives share the idea of “embedded agency” (Battilana and D’Aunno, 2009), meaning that organizations are neither fully constrained nor fully free in what they do. The institutional complexity perspective tends to highlight how organizations respond to institutions. In contrast, the institutional work perspective looks at how organizations attempt to shape institutions.

4.2. Institutional complexity: the pluralism of organizations

The institutional complexity perspective highlights an organization’s exposure to multiple and coexisting institutional logics that produce competing demands (Greenwood et al., 2011). Introduced by Friedland and Alford (1991), the concept of institutional logics refers to “a set of material practices and symbolic constructions” (Friedland and Alford, 1991: 248) that structure how organizations behave and are designed. Institutional logics are part of the interinstitutional system of a society (Friedland and Alford, 1991). As Thornton et al. (2012) specify, this interinstitutional system consists of the ideal-type logics market: family, religion, profession, economic organization, state, and
community. Empirically, however, logics at play are real-types - lived, complex and nested. They can involve logics such as the proenvironmental logic that links community with a high intrinsic value to environmental goods (Lee and Lounsbury, 2015). Each logic refers to a specific set of practices, assumptions, values, beliefs, and rules. Legitimacy is established within the order a logic provides (Suddaby and Royston, 2005). For example, the legitimacy of a firm in the traditional economy is usually based on its market position (Thornton et al., 2012).

More recently, researchers have shown that multiple institutional logics can coexist and shape dynamics between organizations (Mair and Hehenberger, 2014). Goodrick and Reay (2011) offer three images for understanding the interplay among different and often competing logics. The first image highlights that one logic dominates and others are secondary or subordinate to it. For example, one might suspect that for Uber and Airbnb, the dominant guide of their behavior is the commercial logic. Other logics, such as a public good provision, in the case of Uber, or a community logic, in the case of Airbnb, may represent secondary logics. A second image consists of multiple logics that are “battling with each other for supremacy until ultimately one logic wins out—becoming the new dominant institutional logic for a period of time” (Goodrick and Reay, 2011: 376). As a study by Smink et al. (2015) of a problem-laden collaboration between biomethane producers and operators of a gas network showed, such a battle between logics hampers the cooperation between organizations. Goodrick and Reay’s third image portrays the relationship between logics as contingent on the type of organization and geographical regions. Studies by Greenwood et al. (2010) on the role of family ownership and regional orientation in Spanish organizations and by Hafsi and Hu (2016) on how the entry of Western antidepressants altered the market for traditional Chinese antidepressants offer illustrations for this image. To summarize, the dedicated focus on how multiple logics compete or coexist matters for organizations. This makes the institutional complexity perspective a promising theoretical frame to analyze the pluralism of the forms organizations in the sharing economy take on.

Organizations do experience institutional complexity differently. Early research focused on the sheer number of logics that an organization experiences or the degree of incompatibility between logics (Greenwood et al., 2011); recent studies go beyond. Raynard (2016) urged scholars to pay attention to the degree of influence that three factors have on how organizations experience institutional complexity. The first factor, incompatibility, denotes the struggle to combine prescriptions of multiple logics. Consider the example of a local nonprofit organization in the food-sharing market that adheres to a community logic, yet intends to distribute food for a global food producer in the traditional economy. The second factor, prioritization, refers to the situation where there is no market-wide agreement on which logics are prioritized. For example, anecdotal evidence suggests that in the German food-sharing market, organizations do not prioritize a commercial or a community logic—both seem to coexist and are considered to be legitimate. The third factor is jurisdictional overlap, denoting situations “where multiple logics claim authority over the same jurisdictional spaces” (Raynard, 2016: 315). Sharing economy markets represent such situations. Consider a situation where city government, regional government, and national government all aim to regulate a sharing market in different ways.

Institutional complexity per se is not problematic. A number of studies have portrayed institutional complexity as a challenge for organizations (Greenwood et al., 2011), but others have emphasized opportunities (Kraatz and Block, 2008). A promising way to shed light on this issue is to study empirically how organizations respond to institutional complexity. How organizations alter structures over time as they face multiple logics has received growing attention. For example, Schild and Perkmann (2017) propose that organizations respond by creating their own idiosyncratic organizational settlements, or a “specific configuration of structural and cognitive elements that an organization develops to accommodate or productively leverage multiple institutional logics and to accomplish relative stability in the face of institutional complexity” (Schildt and Perkmann, 2017: 140). Structural elements of an organizational settlement highlight that tasks and roles that are important for one logic are allocated to different units within an organization. Cognitive elements refer to the development of shared and organization-wide interpretation frames that are developed for each logic and thereby provide a “how to” to deal with the demands of a logic. The concept of organizational settlements exemplifies the relevance of considering the interplay between formal and informal organizational structure. Likewise, Ramus et al. (forthcoming) show that how informal collaboration mechanisms, such as meetings, and formalization mechanisms, such as guidebooks, are combined to deal productively with multiple logics is contingent on the dominant logic at the time of an organization’s foundation.

4.3. Institutional work: The pluralism of practices

We now turn to the institutional work perspective (Lawrence and Suddaby, 2006). Stimulating important debates within institutional theory over the last decade, this perspective has been applied more recently to study of the social effects of technology (Blanc and Huault, 2014; Fuenfschilling and Truffer, 2016), which – given the relevance of digital platforms – makes it especially suitable for sharing economy research. Institutional work refers to “the purposive action of individuals and organizations aimed at creating, maintaining, and disrupting institutions” (Lawrence and Suddaby, 2006: 215). Institutional work complements the institutional complexity perspective: whereas institutional complexity is more concerned with how institutions affect organizations, institutional work is more concerned with how organizations and their members affect institutions (Zilber, 2013). Research on institutional work also provides a nuanced perspective on dynamics as it highlights the theoretical and empirical importance of how organizations strive “to cope with, keep up with, shore up, tear down, tinker with, transform, or create anew the institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines” (Lawrence et al., 2011: 53).

Creating, maintaining, and disrupting are types to classify the various practices organizations can employ when directing institutions according to their goals. These types also provide a conceptual frame for understanding how organizations can actively try to achieve legitimacy (Lawrence et al., 2009) and how organizations combine or engage practices from multiple types over their life span (Zietsma and Lawrence, 2010). In the following section, we elaborate on each type. Our objective is to provide a basic understanding of this perspective and to enable scholars to identify practices of institutional work as they relate to sharing economy organizations and their efforts to shape institutions.

Creating institutions refers to practices that establish and legitimize a new institution (Lawrence and Suddaby, 2006). An example of a new institution related to the sharing economy is using an app on a mobile phone to redistribute and gain access to resources. Smartphone apps have nearly replaced the previous institution: using a telephone to dial a number. Another example is the new norm that allows complete strangers live in one’s home, which underpins the legitimacy of organizations in home-sharing markets.

Practices that maintain institutions provide insights about why, despite attempts to change institutions, original meanings prevail. The taken-for-granted character of institutions conveys the idea that institutions are somehow self-sustained, but even powerful ones such as democracy demand activity to stay stable and endure (Lawrence and Suddaby, 2006). Consider the example of the effort by the governing authorities in Berlin – the German capital – to adjust the housing laws to counter the effects of a booming home-sharing market. This adjustment should ensure that the laws remain effective to maintain the desired goal of providing housing space for an extended period.
Disrupting institutions involves practices that aim to change existing institutions (Lawrence and Suddaby, 2006). Studying how Intel coped with changes of institutional logics, Gawer and Phillips (2013) found that the types of institutional work that Intel used were an important source of pressure to change the market logic the way Intel wanted. Moreover, Mena and Suddaby (2016) described how a private regulatory initiative transformed the ideals it advocated – fair working conditions – into a more abstract model – a code of conduct for working conditions – to foster the diffusion of these ideals and convince other organizations to follow them. We expect similar practices constituting institutional work in the sharing economy. Consider the example of crowdfunding, which demanded the effort of several organizations in various nations to become recognized as a legitimate form of financing. Another example is the activities of interest groups, such as the European Collaborative Economy Industry, Sharing Economy U.K., and OuiShare, that aim to change the institutionalized way of doing business to one based on a vision of the sharing economy.

Besides describing what organizations do to create, maintain, and change institutions, discussing what motivates organizations to engage in institutional work is important. The main driving force is a wish to become or stay legitimate (Lawrence and Suddaby, 2006). In addition, recent studies point toward an organization’s desire to gain power as a motive for institutional work (Lawrence, 2008; Martí and Fernández, 2013). Organizations exert power on institutions especially through influence. Influence refers to practices used to persuade another organization to do something that it would not otherwise do and include negotiation, rational persuasion, ingratiation, or moral suasion (Lawrence, 2008). Consider lobbying attempts of sharing economy organizations or the campaign Airbnb Citizen, which portrays home-sharing as a means to tackle societal challenges.

Yet another motive for organizations to engage in institutional work is to maintain or change the boundaries of their market. Investigating a conflict on harvesting practices and decision authority in the British Columbia coastal forest industry, Zietsma and Lawrence (2010) found that the practices used to target and challenge the boundaries depended on the stage of institutional stability and change of this industry. Focusing on how institutional work defines market boundaries is particularly interesting, as organizations within a sharing economy market, such as ride-sharing, and organizations in the traditional economy are threatened by a sharing economy market, such as the taxi market.

5. An agenda for institutional research to capture the dynamics of the sharing economy

We suggested that scholars apply the perspectives of institutional complexity and institutional work to study the pluralism of forms and practices of sharing economy organizations to capture dynamics (i.e., market change, market emergence, and intended and unintended consequences). We now propose an agenda for engaging these perspectives more systematically. Following established paths of institutional analysis discussed by Scott (2014), we elaborate on three levels of analysis as especially promising: organization, field, and inter-field. As summarized in Table 2, for each level we discuss several possible directions.

Before doing so, we briefly elaborate on how we use the term field in this paper. A field refers to the “population of actors that constitute a social arena by orienting their actions toward each other” (Beckert, 2010: 609). The concept emphasizes that organizations that are not part of a market are also important for understanding the behavior of organizations in the market (Beckert, 2010; Fligstein, 1996, 2013). For the sharing economy, a field may include sharing economy organizations in a specific market (e.g., Uber and its competitors, such as Via and Lyft, for the ride-sharing market), organizations operating in a related market in the traditional economy (e.g., car rental and car producer firms for the ride-sharing market), local government, interest groups, and unions. Studying fields is appropriate “when new industry segments proliferate and when the boundaries around existing industries can shift from permeable to nonexistent” (Davis and Marquis, 2005: 337). For this reason, we consider the concept particularly relevant for studying the sharing economy. In what follows, we use the notion of market when referring to organizations of a certain sharing market such as ride-sharing. We refer to fields instead of markets if the objective is to capture the breadth of actors and activity of a market beyond sharing economy organizations. In those cases we refer to, for example, the ride-sharing field instead of the ride-sharing market.

5.1. Directions for organization-level studies

Organization-level studies conducted by institutional scholars typically investigate how a single organization responds to institutions or attempts to change them (Scott, 2014).

From an institutional complexity perspective, a first promising avenue is to examine the responses of a sharing economy organization to institutional complexity. Given that sharing economy organizations compete not only with each other but also with organizations in the traditional economy, these organizations are likely to face high levels of institutional complexity. Research uncovering responses to such complexity could complement existing work. Furthermore, studies could more explicitly assess the consequences of their responses. Such investigations could uncover a gap between intended and unintended consequences and how the organization evaluated this gap, positively or negatively. Moreover, a comparative study of sharing economy organizations could reveal interesting similarities and differences in responses to complexity and uncover factors that explain why responses differed.

From an institutional work perspective, scholars could take stock of the institutional work employed by sharing economy organizations. Studying sharing economy organizations that apply novel practices or rely on old ones to affect institutions – and understanding why and with what consequences – will broaden the repertoire of institutional work currently discussed in the literature. Examining institutional work conducted by sharing economy organizations that operate worldwide could be particularly interesting for building bridges between research on institutional work, nonmarket strategies, and international business. Moreover, probing the underlying motivation of sharing economy organizations engaging in institutional work will help researchers understand why and under what conditions organizations decide to do institutional work. An additional, potentially fruitful direction for research is the intended and unintended consequences of institutional work by sharing economy organizations. For example, researchers could gain more insight into the outcomes of the promotion of more professional sharing (i.e., attempts of sharing economy organizations to motivate their users to share their resources more systematically). In addition, researchers could take a comparative approach to ask how and why institutional work varies. This would again involve exploring contingency factors.

5.2. Directions for field-level studies

As we said at the beginning of this article, a field-level analysis centers on the interactions and exchanges between organizations that researchers consider a population. Determining which organizations belong to a specific population or a field depends on the research scope and the analytical focus (Fligstein, 2001). For the sharing economy, a promising departure would be first to identify a group of sharing economy organizations in a certain market, such as ride-sharing, that interact with each other and, in a second step, which non-sharing economy organizations are important for this group. Leveraging the institutional complexity perspective, scholars could investigate which institutional logics dominate or coexist in a field and why. For example, a sharing economy field might be dominated by a
commercial logic, whereas others are prone to the community logic, or the commercial logic and the community logic might coexist in a field. Asking why may uncover the role of field-level contingency factors. As a closely related question, it seems fruitful to scrutinize the intended and unintended consequences of both logic dominance and logic coexistence. Consider the example of houses that are bought for the exclusive sharing that is beneficial to society—a question that seems central to current debates about a possible negative impact of the sharing economy (Martin, 2016).

Scholars building on the institutional work perspective could search for patterns in institutional work depending on the characteristics of a field. For example, markets such as ride-sharing with relatively large international players may differ—or not—from locally oriented markets such as food-sharing in how they shape institutions and exchange patterns with non-sharing economy organizations. Another interesting direction would be to find patterns of institutional work of sharing economy organizations within a field. Likewise, future studies could examine why, how, and with what consequences interest groups in the sharing economy such as OuiShare engage in institutional work to shape the development of a field. The institutional work of organizations in the traditional economy would also be an interesting object of inquiry. Or scholars could study the collective effort of both sharing economy organizations and non-sharing economy organizations to shape institutions. For example, the rising political pressure on several home-sharing markets that affects Airbnb and Wimdu, an Airbnb competitor, may require them to partner in order to push back collaboratively at several national fronts. Such an inquiry could help to identify contingency factors underpinning this effort.

5.3. Directions for inter-field-level studies

Inter-field-level studies center on how fields are connected and what effects these connections trigger (Fligstein, 2001; Furnari, 2016). This kind of macro-level analysis seems especially relevant because the “same technology [for digital platforms] will be implemented in different ways depending on surrounding institutions” (Davis, 2016: 139), thereby attaining comparative aspects of institutional change (Van de Ven and Hargrave, 2004). Inter-field-level studies allow scholars to uncover processes of change and emergence as well as consequences not only for the studied fields but also for society more generally. The broader scope of inter-field-level studies resonates with and can inform the comparative macro-analysis approach applied by scholars studying varieties of capitalism (Amable, 2003; Hall and Soskice, 2001).

Applying an institutional complexity perspective might help “to understand the link between logics and institutional change and, conversely, to understand how and when logics shift” (Gawer and Phillips, 2013: 1038). Future studies on the sharing economy could investigate the institutionalization of new ways of thinking and behaving—such as giving strangers access to one’s resources—and address their economic and societal implications. Another interesting research direction could be the relationships between sharing economy fields and fields associated with the traditional economy. The former might try to mimic structures and rules of the latter or vice versa. Consider the automotive field, which, as examples such as Zipcar and RideNow illustrate, has incorporated elements of ride-sharing into its business models. Similarly, organizations in fields in the traditional economy, such as the hotel business, might strive to remain differentiated from sharing economy fields such as home-sharing. Such studies would be helpful to uncover contingency factors that explain why logics from one field are mimicked or not. They are also helpful to shed new light on competitive dynamics between fields in the sharing economy and across fields in the traditional and the sharing economy. Linking the study of institutional complexity and competitive dynamics has recently been identified as one of the most promising areas for future empirical research in management (Ocasio and Radoynovska, 2016). Moreover, longitudinal inter-field studies may allow us to understand long-term developments such as the co-evolution of sharing economy fields. Such studies might reveal how dominant logics trigger certain stages of a field’s evolution, such as the increased commercialization of sharing. Pursing such a research direction would also involve examining the effect of specific logics on why, how, and in what direction a market changes.

Research from an institutional complexity perspective could foster our understanding of how fields emerge. For example, the combination of the commercial logic, the community logic, and the pro-environmental logic may result in a new sharing economy market that is populated by organizations aiming to meet the demands of all these logics. The institutional work perspective is particularly helpful to study the intended and unintended consequences of institutional work.
associated with inter-field efforts. For example, sharing economy organizations from different markets may join forces to create or alter institutions in several countries at the same time; it seems highly interesting to specify the outcomes of such an effort. Future studies could also specify why organizations from different sharing economy markets start institutional work and why non-sharing economy organizations engage in it. Furthermore, researchers could study the evolution of interrelated sharing economy fields. This work could involve unpacking the nature of institutional work affecting shifts in direction. For example, the food-sharing and item-sharing market might develop so that they meet idealistic objectives such as a sustainable economy or an economy where cooperative ownership of organizations is preferred to private ownership. Other markets might develop in ways such that result in organizations becoming similar to those in the traditional economy. Such a development might also include different institutional work, depending on whether the sharing economy market is established or nascent and on the types of non-sharing economy organizations involved. An additional aspect to be investigated includes the institutional work involved in facilitating relationships between sharing economy organizations across fields. This type of investigation would help to identify contingency factors and develop a better understanding of what drives well-functioning inter-field-relationships. Finally, research on institutional work could be helpful for understanding how the exchange between organizations in interrelated sharing economy markets and competition among them, or exchange between sharing economy organizations and traditional organizations, can give rise to a new field. What are the contingency factors for this field emergence? One might look at organizations in the ride-sharing and item-sharing market that join forces to change legal rules and thereby create the opportunity for a new sharing economy market.

6. Conclusion

We hope to raise interest in theoretically and empirically relevant research on sharing economy organizations. We have clarified what the sharing economy is and why it is of interest for scholarly inquiry. We chose to focus on institutional theory because of the theoretical relevance of the cultural embeddedness metaphor. Culture, however, is only one type of embeddedness (Beckert, 2010; Zünin and DiMaggio, 1990). Another prominent one is embeddedness in networks, which highlights the role of relationships between organizations or individuals and the overall structure of these relationships (Granovetter, 1985). A further important type is political embeddedness. This type focuses on the role of political processes by considering the emergence and stabilization of markets as part of state building and by highlighting that the behavior of organizations reflects struggles to control a market (Fligstein, 1996).

Leveraging the analytical force of these embeddedness types may provide further avenues for strengthening our understanding of the sharing economy. More specifically, perspectives engaging the metaphor of cultural embeddedness and using other types of embeddedness will shed new light on the dynamics of the sharing economy and help it to reach the next stage as a field of scientific inquiry. Studying the sharing economy gives scholars in various research camps the opportunity to unpack and make sense of an inspiring and complex phenomenon and thereby to advance and refine existing theory.

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