INTRODUCTION

The sharing economy as a societal phenomenon is growing dramatically (PWC 2014), but academically, it is still a nascent field of study (Mair and Reischauer 2017). It is conceptualized as both “an umbrella construct and an essentially contested concept” (Acquier et al. 2017), but few authors engage in conceptual work on the sharing economy (Frenken and Schor 2017). Empirically, many studies focus on the vanguards of the sharing economy—Airbnb, Uber and TaskRabbit (Kuttner 2013; Guttentag 2015; Laurell and Sandström 2016)—and less attention is paid to small and medium-sized organizations, particularly those that are non-profit or community-based (Bradley 2015). The developmental trajectory of the sharing economy is under scrutiny (Ertz and Leblanc-Proulx 2018), but there are gaps in understanding why and how sharing economy organizations (SEOs) emerge, evolve and become institutionalized (Mair and Reischauer 2017), and how they, in turn, create new institutions and disrupt old ones (Zvolska et al. 2019). Studies have explored institutional logics and institutional complexity to increase understanding of the context in which SEOs operate (Grinevich et al. 2017), but there is scant research on SEOs as the agents of change and their institutional work.

At the same time, there is growing focus on the agency of city governments influencing the institutional environments in which SEOs emerge and operate (McLaren and Agyeman 2015; Hult and Bradley 2017; Bernardi and Diamantini 2018). Cities face diversity of both positive and adverse impacts from the sharing economy (Bauwens and Kostakis 2014; Voytenko Palgan et al. 2017) and therefore need to strategically engage with it. In recent decades, cities have become the prominent actors that often promote sustainability (Harmaala 2015) and that may help the “sharing movement” achieve its stated goals (Schor 2016). To the best of our knowledge, no study has explored how sharing economy organizations and city governments engage in institutional work and what this means for shaping sustainability. Such a study would help to identify specific mechanisms of institutional work that SEOs and city governments employ, and discuss how city governments through their institutional work can help to leverage the sustainability potential of the sharing economy.

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In this chapter, we explore how the institutionalization of the sharing economy takes place in cities by applying the framework of institutional work to SEOs (Zvolska et al. 2019) and city governments. Both large and small, for-profit and non-profit sharing organizations are included in this study. Our intention is to contribute to research on the sharing economy by retooling conceptualizations of institutional work, and to contribute to the institutional work literature by testing the institutional theory framework against rich empirical data from SEOs, third-party actors and cities.

We define “sharing economy” as a consumption–production mode in a city, in which value is generated through transactions between peer actors (both organizations and individuals) offering temporary access to idling or underutilized rivalry physical assets. SEOs consist of providers who own assets, users who obtain access to these assets, and a platform that offers a marketplace for exchanges between these providers and users (Benoit et al. 2017). Since we are interested in exploring SEOs in the city context, we treat cities as geographical arenas where sharing takes place, and city governments as agents that can purposefully engage with the sharing economy.

In the next section, we present methods of data collection and analysis, and introduce a theoretical framework for the institutional work used in this study. We then analyze and exemplify mechanisms of institutional work employed by SEOs, and by city governments. We go on to discuss how the institutional work of SEOs and city governments may help to harness the sustainability potential of the sharing economy and outline future research directions.

METHODS OF DATA COLLECTION AND ANALYSIS

This chapter offers a combination of conceptual insights from the neo-institutional theory, using empirical data from five cities: Berlin, London, Malmö, San Francisco and Seoul. We use empirical examples to demonstrate the nature of specific mechanisms of institutional work. The cities are chosen for their vibrant sharing landscapes with differing prominence of for-profit and non-profit sharing organizations. The city governments exhibit distinct ways of engagement with the sharing economy, from dominance in Seoul (Jung 2018) to marginal engagement in Berlin (Zvolska et al. 2018); from an aggressive approach to regulating some sectors, such as housing, in San Francisco, to a more collaborative approach undertaken by London; and from supporting non-profit sharing in Malmö to giving free rein to for-profit mobility sharing in San Francisco (Mont et al. 2018).

The city governments also have different ambitions in terms of capitalizing on and shaping the sharing economy. For example, Malmö is part of a strategic government-funded program, Sharing Cities Sweden (Sharing Cities Sweden 2018), with an ambition to become a Sharing City. Seoul funds a Sharing City project, but, contrary to what has been presented in the literature (McLaren and Agyeman 2015), lacks support from SEOs and the public (Jung 2018). The city government of San Francisco has been portrayed as proactive (McLaren and Agyeman 2015), although our data show that it engages with the sharing economy when there are problems, rather than taking a more strategic approach to it.

We conducted a literature analysis of institutional work and analyzed empirical data...
collected in 2017 and 2018 using four mobile research labs (Mont et al. 2017), in Berlin, London, Malmö and San Francisco. In Seoul, pilot work was carried out (Jung 2018). The empirical data sources included case studies of SEOs, field observations and 80 in-depth interviews (23 in London, 24 in Berlin, 16 in Malmö and 17 in San Francisco). Interviews were held with representatives of SEOs, city governments, industry associations, experts, users and third-party organizations. Questions addressed urban contexts and design, sustainability aspects and institutionalization pathways of SEOs. Interviews were recorded and systematically analyzed by coding in line with the key categories of a framework for institutional work developed by Lawrence and Suddaby (2006). The framework follows Scott’s (1995) classification of institutions, where organizations engage in institutional creation by employing regulatory, normative and cultural-cognitive measures.

The framework was then adjusted to better reflect the nature of SEOs and realities of their urban contexts (Zvolska et al. 2019). The adjusted framework is used here as an organizing tool for discussing the institutional work of SEOs, exemplified with new empirical data from San Francisco and Seoul. We further use this framework to explore the agency of city governments and their institutional work through the framework devised by Zvolska et al. (2019). When analyzing our empirical data, we had to adjust the framework to better reflect the mechanisms of institutional work by city governments, which is novel.

INSTITUTIONAL WORK OF SEOS

Organizations, including SEOs, engage in regulatory, normative and cultural-cognitive institutional work employing different mechanisms (Lawrence and Suddaby 2006) (Figure 21.1). Regulatory work of SEOs includes mechanisms of litigation, lobbying and delimiting organizational fields. Litigation is often used by large, for-profit SEOs to create new ground rules or confront upcoming legislation. While many for-profit organizations have gained acceptance among the public, they struggle to gain recognition from city governments, as evidenced by new local regulations, which some SEOs vehemently oppose through litigation. In San Francisco, in response to restrictive regulations for short-term home rentals, the home sharing organizations Airbnb, VRBO and HomeAway filed a joint lawsuit against the city, which has since been dropped (Benner 2017).

At the same time, it seems unlikely that litigation will grant SEOs long-lasting acceptance from city governments, so lobbying might be a more effective strategy. Many SEOs lobby alone (for example, Airbnb in London), but they also join industry associations, such as the Berlin-based association Bundesverband Car Sharing or the Sharing Economy UK (SEUK) in London, which use their collective bargaining power to represent the interests of their members at local and national level, helping SEOs to gain acceptance and support among policy makers and other actors.

Delimiting organizational fields is a form of institutionalization, where SEOs set the boundaries and define membership in the organizational field—the sharing economy—

1 A mobile research lab is a method for data collection and analysis comprising a collaborative process of conducting in situ analysis of an urban phenomenon in its context by a research team.
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In institutional work by SEOs, institutional work involves regulatory, normative, and cultural-cognitive work. Regulatory work includes litigation, lobbying, and delimiting organizational fields. Normative work involves creating identities and constructing images, altering traditional meanings, challenging prevalent norms, and forming normative networks. Cultural-cognitive work includes mimicry, isomorphism, developing new meaning systems, and educating.

Note: Mechanisms distinct to the institutional work of SEOs compared to institutional work of cities (Figure 21.2) are shown in italics.

Figure 21.1  Institutional work by SEOs

for political and regulatory purposes. It is not uncontested, as some actors, for example OuiShare network in Berlin, claim that for-profit SEOs undermine the very meaning of sharing by commercializing it. It also helps SEOs to communicate their values and agendas to other actors, distinguish their organizational field from others, and get their own field institutionalized.

Normative work of SEOs comprises creating identities and constructing images, altering the traditional meaning of sharing and forming networks. Creating identities and constructing images boosts the appeal of SEOs to various actors, thereby helping them to obtain their approval. Typically, non-profit SEOs highlight their positive social impact on communities (for example, Storemates, a London-based sharing of storage space), while for-profit SEOs focus on their technological advancements, efficiency and positive economic impacts (for example, Drivy, a peer-to-peer car sharing SEO in Berlin). Together, they are constructing the image of a sharing economy as a better alternative to the unsustainable status quo.

Another way SEOs create new institutions is by altering the traditional meaning of sharing. While sharing has been understood as a non-pecuniary exchange between family and friends (Belk 2017), information and communication technology (ICT), and reputation systems have allowed people to engage in monetary exchange of resources with strangers. However, many SEOs want to capitalize on and gain legitimacy from the positive connotations associated with the traditional meaning of sharing.

SEOs are also challenging the prevalent norms surrounding consumption patterns and practices in two ways. Firstly, they contest the ownership of resources, as they make sharing and renting widely available through access-based consumption (Bardhi and Eckhardt...
Organizations such as HomeExchange, Love Home Swap and GuestToGuest are making accommodation sharing a norm in many major cities. Secondly, SEOs offer platforms that allow private individuals to capitalize on their assets; a practice and norm that traditionally was a prerogative of businesses.

To create a united voice and common identity, SEOs are forming intra- and inter-field networks, such as the United Kingdom-based organizations Bikeplus and Carplus, which together work on changing norms around shared mobility. SEOs may also institutionalize by creating inter-field networks and collaborating with city governments. There are many examples where SEOs align their values and activities with a city’s sustainability or smart city agenda, such as by demonstrating how shared mobility helps to alleviate a city’s air pollution (for example, Zipcar in London), or arguing how the issues of equity and justice are enhanced in the city by providing all citizens with free access to tools (for example, Garaget in Malmö) or leisure equipment (for example, Fritidsbanken in Malmö).

Cultural-cognitive work of SEOs includes mechanisms of mimicry, isomorphism, developing new meaning systems and education. Mimicry is used by SEOs to associate new sharing models with existing sets of accepted practices, technologies and rules, to ease adoption, improve acceptance and ensure long-term survival. For example, SEOs adopt practices of traditional organizations, such as lobbying and litigating (see above), or joining industry associations and public interest groups (for example, The People Who Share, UK). Some large SEOs, such as Airbnb, even set up sustainability departments in their organizations (Airbnb 2017). Mimicking the practices normalized in society also makes it easier for SEOs to gain acceptance.

Isomorphism refers to the multiplication of successful sharing business models. For example, after the success of Airbnb, other accommodation sharing platforms, such as Wimdu or 9keys, emerged in cities. A business model for car sharing originated in Zurich, Switzerland (Shaheen et al. 1998), but has spread to other major cities around the world. A great variety of business models in food sharing have been replicated in new contexts (Sharecity 2018). Isomorphism helps organizations to create acceptance among public and other actors in the organizational field.

SEOs are developing new meaning systems to make sharing business models understandable and acceptable to different actors. For example, names of some sharing companies have already evolved into a verb, such as “to airbnb an apartment” or “to uberize” something. According to the Cambridge Dictionary, “to uberize” means “to change the market for a service by introducing a different way of buying or using it.”

The final form of institutional work is educating, which involves education of actors in the organizational field of the sharing economy. For example, some for-profit SEOs in the accommodation sector collaborate with homeowners’ associations and teach their members how to lobby on their behalf, while some non-profit sharing organizations educate their members and the public about various sustainability issues they work to alleviate, such as overconsumption.

**INSTITUTIONAL WORK OF CITY GOVERNMENTS**

Actors such as city governments may engage in the institutional work to shape institutional contexts in favor of or against the sharing economy. We demonstrate this by adapting the
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mechanisms from the framework by Zvolska et al. (2019) in Figure 21.1 to the realities and practices of city governments in the studied cities. Consequently, the mechanism called “litigation” in Figure 21.1 becomes “regulating” in Figure 21.2, “delimiting organizational field” becomes “defining,” and “vesting” is re-entered in the framework for cities, since it is present in the original framework by Lawrence and Suddaby (2006), but is not suitable as a mechanism for SEOs. When analyzing our empirical data we did not find a corresponding mechanism in the framework for cities when SEOs “alter traditional meanings” of sharing by commercializing it. “Mimicry” as a mechanism for SEOs becomes “creating cognitive associations,” “isomorphism” is changed to “imitating and transferring,” and “educating” as a mechanism for SEOs is expanded with “communicating” to better reflect the nature of cities’ work with the sharing economy.

Regulatory work of city governments comprises regulating, lobbying, defining organizational fields and vesting. Regulating is perhaps the most prominent way for city governments to engage with the sharing economy. In their role as regulators, city governments employ a range of tools that may both support and hinder the sharing economy, including laws, taxes, bans, licensing and zoning, which regulate the establishment and operation of SEOs. Most often, city governments with legislative power introduce regulations to control the “big and loud.” For example, in many cities, including London and Berlin, Airbnb has been subjected to restrictions on its rentals, including the 90 days a year cap. In addition to the cap, San Francisco requires all short-term Airbnb property providers to be registered with the San Francisco Office of Short-term Rentals or face fines. In contrast, ride sharing is given unregulated space to grow in San Francisco, but is regulated in
London and Berlin. Not all cities have legislative power; in Sweden, accommodation and mobility sharing are subject to national legislation, so cities do not regulate local SEOs.

Lobbying is a less obvious mechanism, especially for cities that already hold regulatory power. In countries where regulatory power rests at the national level, city governments are more likely to engage in lobbying national policy makers when they need changes in regulatory frameworks that guide the sharing economy. Civil servants in city governments working with the sharing economy can also lobby local politicians or other civil servants.

Defining is an important mechanism for cities, enabling them to delineate who is a part of the sharing economy, both for regulatory purposes and for granting support. Cities differ significantly in their boundary-setting work. For example, even in the Sharing Cities Sweden program each city has its own way of defining the sharing economy and the types of SEOs it is supporting.

Vesting comprises changing the rules of the market, regulatory bargaining, procurement and negotiation processes, as well as financial and infrastructural support to SEOs or withdrawal of it. For example, Seoul Metropolitan Government has invested €1 million in the sharing program since 2012 (Jung 2018). In 2017, Sweden rolled out a national sharing program, funded 50:50 by the national government (€6 million) and participating cities of Stockholm, Gothenburg, Malmö and Umeå (€6 million). These cities justify their engagement with the sharing economy as part of fulfilling strategic goals and/or as a way to address their sustainability challenges.

Normative work of cities includes creating their own identities and images, challenging prevalent norms and forming normative networks. Like SEOs, cities engage in creating their own identities and constructing their images. Seoul increases its appeal by creating an image of a city that cares about its citizens and that is committed to solving city challenges through strategic work with the sharing economy. Being part of the Sharing Cities Sweden program, Stockholm is portraying itself as a modern information technology-driven and proactive city; while Gothenburg creates an image of a city advancing sustainable consumption and addressing climate change by supporting community-based sharing initiatives.

Engaging with the sharing economy unavoidably leads city governments to challenge prevalent norms of our society. Most often, norms underlying consumption practices and patterns are being challenged; for example, the norm of sharing often replaces the normalized behavior of buying. Providing access to products instead of owning them is another norm that cities help to normalize by supporting activities and organizations that lend, borrow or exchange products. By providing infrastructure or financial support to sharing, for example reuse and sharing stations instead of recycling stations, cities increase their own appeal and confer legitimacy to SEOs.

As the sharing economy is gaining momentum in many cities, city governments are forming normative networks to create a united voice and common identity, and to potentially develop collective codes of conduct. Examples are the Sharing Cities Alliance and Sharing Cities Sweden. Cities that have joined these networks have the ambition to become sharing cities that solve urban challenges by sharing resources and skills. At the Sharing Cities Summit in Barcelona in 2018, 30 cities signed the Common Declaration of principles and commitments.

City governments engage in cultural-cognitive work to facilitate uptake, ease adoption and improve acceptance of sharing practices by creating cognitive associations, imitating...
and transferring, developing new systems of meaning, and educating and communicating. They create cognitive associations by establishing links to traditions and historical patterns. When Mayor Park proclaimed Seoul as the first Sharing City, he affirmed that sharing can “recover the lost community culture” by “reviving the long-standing traditions of Korea’s sharing culture” (Jung 2018). Many cities create associations between the sharing economy and well-established practices, such as libraries that have been providing access to books for centuries, but nowadays also share tools, children’s toys, films, music and other items.

City governments may also imitate sharing business models and adapt them to their own operations. The London Waste and Recycling Board is running a project on sharing of high-value, low-use assets between London boroughs. Other cities develop specifications in their procurement procedures, encouraging the use of sharing services in city operations, such as Croydon and Zipcar that offer car sharing services to municipal employees in London, or bicycle and car pools available to city employees in Malmö.

Cities also engage in developing new systems of meaning that facilitate adoption of the sharing economy. The new concept of “sharing cities” has emerged, reflecting the cities’ ambition to enhance their economic resilience and social cohesion that the sharing economy may potentially bring (McLaren and Agyeman 2015). Cities also create their own vocabulary and new infrastructures, where sharing becomes an integral part of people’s daily lives. The sharing economy testbed in Malmö is exploring new ways of constructing housing with smaller individual flats and larger common areas. For people who will be living in these houses, the sharing of spaces, laundry facilities, hobby rooms, and reuse and sharing stations will become an everyday reality filled with new meaning and new vocabulary.

Educating and communicating is an important mechanism for cities to shape the institutional context and to create acceptance and support for the sharing economy among different actors. Cities organize competitions, grant awards and offer voluntary certification schemes to recognize the best sharing practices. They also collect and disseminate information about existing SEOs, such as Seoul’s Sharehub and Gothenburg’s Smart Map: depositories of information about sharing activities and SEOs created for citizens.

INSTITUTIONAL WORK AND SUSTAINABILITY

In the preceding sections, we demonstrated that city governments can play an active role in shaping the sharing economy through institutional work. Our empirical data indicate that the ways in which city governments engage with the sharing economy often have a direct link to their specific sustainability challenges. Therefore it is important to understand how SEOs and cities through their institutional work can help to harness the sustainability potential of the sharing economy in diverse city contexts.

Sustainability is a well-established and recognized normative societal goal in many parts of the world. There is consensus over the broad definition of sustainability as encompassing the three dimensions—economic, environmental and social—but operationalization of sustainability goals is context-dependent, subject to different challenges faced by cities. Some cities have economic priorities, of combating poverty and economic downturn; some struggle with environmental pollution and growing volumes of waste; while others
are faced with social problems. Cities set their own priorities and sustainability goals, and may choose to work with SEOs as a means of reducing some of the sustainability challenges or preventing their exacerbation. Local governments set agendas and develop strategies to improve economic prosperity, social well-being and environmental quality in cities, and may see SEOs as actors that can contribute to these agendas.

Our research also shows that the strategic goals of cities can also shape the way SEOs frame and construct their identities. In Malmö, non-profit SEOs have a very strong focus on the aspects of social justice and democracy, which is in line with the city's dominant agenda on social inclusion and integration. In London, the dominant city agenda is framed around combating air pollution and promoting innovation and business development, so SEOs in the mobility sector advocate more environmentally sustainable mobility options, while being cost-efficient alternatives to incumbent organizations. In San Francisco, an important urban challenge is the high cost of living, which is why the creation of extra income streams through the sharing economy and incubation of business ideas is generally welcomed by the city government.

Some cities (Seoul, Gothenburg, Malmö) have adopted a more strategic approach and have rolled out city-led programs on the sharing economy with sustainability rhetoric. Although this demonstrates interest, if not commitment, from decision makers at city level, the general public still lacks awareness and knowledge about the sharing economy in, for example, Seoul (KB Financial Group 2017). Indeed, the Seoul city approach to sharing has been very much top-down, resulting in the low level of acceptance of SEOs.

In places with low awareness about sustainability challenges at societal and city levels, the sharing economy and SEOs are unlikely to become institutionalized through sustainability work. However, where awareness about sustainability challenges is high at a societal level, SEOs may choose to build their public acceptance through sustainability, even if it is lacking in the city agenda. This is especially true for SEOs with a global presence and sustainability ambitions or rhetoric. In countries with sustainability goals at both societal and city levels, SEOs are likely to engage in sustainability work and frame their messages through their sustainability goals.

It is also important to note that, if SEOs are to become institutionalized, they need to gain legitimacy from different actors. Even if SEOs work towards sustainability, while salient stakeholders in their organizational field do not view sustainability as a legitimating factor, SEOs are unlikely to be accepted by these stakeholders. We observed that institutionalization of the sharing economy sectors is linked to the knowledge about and acceptance of specific SEOs, but this needs to be studied in more detail.

CONCLUSIONS

This chapter set out to explore the institutionalization of the sharing economy by investigating institutional work conducted by SEOs and city governments. The mechanisms of institutional work were analyzed using an adapted framework by Lawrence and Suddaby (2006), developed earlier by Zvolska et al. (2018). We applied the framework to a larger and more diverse empirical set and developed it by testing and adapting it to a new agent: the city. We adjusted the framework to better suit the realities, the institutional mechanisms and the agency of city governments.
This chapter responds to the call (Mair and Reischauer 2017) for the need to understand institutionalization mechanisms of the new phenomenon of sharing. We have explored why and how sharing economy organizations and city governments engage in purposeful work to influence and shape institutions in society. This is the first step towards building solid theoretical underpinnings explaining the institutionalization of the sharing economy.

Our study draws on a rich set of empirical data far beyond the empirics from the two largest and most-studied organizations, Airbnb and Uber. When analyzing institutional work of SEOs and city governments, we have brought in insights from small, medium-sized and large companies, for- and non-profit organizations, municipalities, sharing industry associations, and public interest groups that belong to the organizational field of the sharing economy, as well as local policy makers and academia. To our knowledge this is one of the first studies that builds on such rich multi-stakeholder, multi-SEO and multi-city empirical evidence. This is significant, since with this rich empirical data we also respond to the call by Lawrence and Suddaby (2006) to test their original framework in a new empirical setting and phenomenon. By applying the theoretical lens of institutional work to the new empirical setting of the sharing economy, this chapter contributes to institutional theory.

The framework for institutional work advanced in this chapter can be useful in future research for discerning how and why institutional work differs across SEOs and cities. Our empirical data indicate large differences between large and small organizations, for-profit and non-profit ones. More thorough research is needed to unveil specific mechanisms and strategies of institutional work used by different types of organizations within and across different city contexts. Research is also needed on how to harness and operationalize the sustainability potential of the sharing economy in diverse urban contexts, and through institutional work at city and national levels.

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