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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 nonmarket actors such as city governments or interest groups (Baron, 1995) and how they govern

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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-

Table 1
Stylized comparison between sharing economy and traditional economy.

Comparative dimension	Sharing economy	Traditional economy
Forms of compensation used in transactions	Various (bartering, trading, gift giving, payment)	One (payment)
Transaction locus	Markets	Markets
Transaction focus	Redistribution of and access to resources	Production, distribution of, and access to resources
Transaction partners	Individuals	Organizations, individuals
Transaction infrastructure and infrastructure provider	Digital platforms operated by organizations	Distribution channels between organizations and individuals, digital platforms operated by organizations

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