How do sharing economy organisations create and disrupt institutions?

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Sharing economy disruption, maybe not so disruptive?

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Airbnb has bulldozed its way onto the hotel market unleashing untold capacity and cratering prices. In 2015 the network orchestrator, as sector analysts describe the model, is likely to take $900m in disruption revenues.

And over the next five years Airbnb’s planned the growth could take its global market share from 1 per cent to 9 per cent, challenging even the largest existing online travel agents (OTA) leaders. And all because the platform’s figured out how to tap amateur hotelier capacity — other people’s assets basically — and make it commercially viable.

But is it really that disruptive? Standardising Citi’s model, this works from their hotel.
Disruption and Creation

NOT JUST A TECHNOLOGY
Disruption & Creation of Institutions

- **Disruption:** ‘an interruption in the way that a system, process or event works’ (Cambridge dictionary)

- **Institution =**
  - "stable, valued, recurring patterns of behavior"
  - “Provides stability and meaning to social life”
  - (ex: money, family, education system)
Institutionalising the sharing economy

- Institutional work = the purposive action of organisations & individuals to **create**, **disrupt** and maintain institutions
- Unit of analysis = micro-institutional practices of actors

(Lawrence & Suddaby, 2006)
Methods

• 58 semi-structured interviews
How do SE organisations work to create institutions?

Lobbying

– Big and powerful actors

“We approach them [local government officials] on undemanding level: (…) we would like to function within the legal system. We are one of the (only) companies that can really provide the case of reducing car use in the city. So far it has been really positive.”

“The London Mayor used air quality as one of the cornerstones of his election strategy. We get asked about this by the municipality, and we can show them how much carbon we’ve saved.”
Litigation

Uber wins 15-month probationary licence to work in London

Ride-hailing service impresses judge with sweeping changes to its practices

Uber says it has made ‘wholesale’ reforms since being told it would lose its London licence in September. Photograph: Henry Nicholls/Reuters

Uber will be able to continue operating in London, after a court decided the
Forming normative networks

INDUSTRY ASSOCIATIONS

• Inter-industrial
  – BikePlus
  – CarPlus

• Intra-industrial
  – SEUK
  – EUCoLab
  – The People Who Share
  – OuiShare
Mimicry and isomorphism

• Taken-for-granted practices, technologies and rules of traditional organisations
  – Sustainability advisory board (Airbnb)
  – Wimdu hotel rooms
• Each other
  – Lobbying
  – Copycats
    » Accommodation
    » Food
    » Cars
    » Tools
Developing new meaning systems

• Creating own vocabulary and new meaning systems to support legitimacy creation for the sharing economy
• New currencies: Echo, Malmö SwopShop hearts
• New verbs: to uber, to Airbnb

• Uber and Airbnb as a term scaled us
• Sharing economy remains contested
How do USOs work to disrupt institutions?

Removing privileges

“We want the city authorities to set a bold plan to reduce private car initiatives (...). We want the city to be really bold and say: ‘the only way we’re going to meet the [sustainability] challenges, is if we redefine what the car and the city look like.’ That means discouraging private car initiatives because it’s a very inefficient model in a city and encouraging car sharing. It’s a mixture of carrots and sticks that we’re looking for: taxing private cars, whether it be congestion charges, road pricing; and encouraging behaviour change towards more sustainable modes such as car sharing, walking and cycling.”
Disconnecting from or undermining moral grounds, and
Undermining assumptions and believes

• Questioning the institution of ownership as a prerequisite for traditional and appropriate ways of consumption

• Undermining cultural-cognitive assumptions
  – Access over ownership
  – Hosting strangers in one’s home
Conclusions

• Non-profits often gain legitimacy by being distinctly different from the mainstream companies, but lack the power or resources to engage in political work

• USOs found it easier to engage in discussion with local governments if they could demonstrate common sustainability goals