

# **ESSAYS ON MEANINGS IN THE SHARING ECONOMY**

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**Taehyun Lee**

## ABSTRACT

The sharing economy has played an important role in transforming today's business landscape. The dissertation consists of two essays that examine different aspects of meanings illuminated by the sharing economy. In each essay, I draw on several theoretical lenses, including institutional logics, legitimacy, and categories, to build theories of how entrepreneurial firms strategically appropriate meanings as resources to shape the attention and the interpretation of their activities and how such cultural meanings emerge and transform. The first essay illustrates the case of Airbnb to examine how an entrepreneurial firm uses institutional logics for legitimacy in navigating multiple audiences with potentially contradictory criteria for legitimacy at different stages of development. The second essay looks at the sharing economy as a category to examine what is used as the central examples of a category by the category promoters (i.e., movement) versus the press, the differences in how the central examples are understood that lead to changes and differences in the category's meanings, and ultimately affect the survival or decline of a category. I conclude with implications for theories around changes in meanings, the strategic uses of meanings, and their political and moral nature.

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## INTRODUCTION

In the last decade, there has been a surge of interest in the “sharing economy.” The sharing economy is best known for firms such as Airbnb for “home-sharing” and Uber and Lyft for “ridesharing,” but also encompasses a variety of other practices such as swap trading, time banks, tool libraries and exchanges, and food co-ops (Schor, 2016). The sharing economy is popularly defined as an “economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits” (Botsman, 2013). Within management studies, Laamanen, Pfeffer, Rong, and Van de Ven (2018, p. 213) defined the sharing economy as “a socioeconomic ecosystem that commonly uses information technology to connect different stakeholders—individuals, companies, governments, and other—to share or access different products and services and to enable collaborative consumption” (see Gerwe & Silva, 2020, Mair & Reischauer, 2017 for other definitions proposed by management scholars).

The sharing economy represents a radical shift in how businesses are organized (Davis, 2016; Sundararajan, 2016). Sharing economy organizations are online multisided platforms that facilitate exchanges between demand-side and supply-side users (Parker, Van Alstyne, & Choudary, 2016). The organizations do not own the assets that underlie the transactions but merely provide the platforms that reduce barriers to entry and transaction costs between the individuals, or “peers,” that want to provide or consume the goods or services (Einav, Farronato, & Levin, 2016).

The economic potentials of this new form of organizing have been highlighted, with an estimated increase in global revenues from USD 15 billion in 2015 to USD 335 billion by 2025 (PricewaterhouseCoopers, 2015). The sharing economy has also been connected to the ideas of being “fairer, lower-carbon, and more transparent, participatory, and socially-connected” (Schor,

2016, p. 7) and had been hailed as one of “10 ideas that will change the world” (Walsh, 2011) with the promise that it will “solve today’s biggest challenges, which old, top-down institutions are failing to address” (Shareable, n.d.).

However, at the same time, the sharing economy has faced resistance from incumbents that are being disrupted (Zervas, Proserpio, & Byers, 2017) and the states that seek to regulate and tax these new forms of business (Uzunca, Rigtering, & Ozcan, 2018). There has also been increasing concerns that this trend may lead to poorer working conditions and labor uncertainty for workers that are no longer in traditional employment relationships (Barley, Bechky, & Milliken, 2017; Cornelissen & Cholakova, 2019) with the criticism that the sharing economy is “the latest example of insurgent sentiment being used to sell the bona fides of profit-making corporations” (Lee, 2015, p. 17, see also Slee, 2015).

The new form of organizing, coupled with the coexistence of different sets of actors with seemingly different goals and interests and the mixture of promises and concerns, makes the sharing economy an ideal context for examining the dynamics of *meanings* in emergence and change processes. Meanings form the basis for how organizational actors interpret and understand their environment and guide their actions and behavior. At the same time, various actors can use meanings as resources to “challenge, replace, expand, reinterpret, or explicitly evoke” (Höllerer, 2013, p. 585) existing meanings to further their interests. Thus, meanings do not remain as fixed entities but are subject to changes through interactions among actors with different understanding and interests (c.f., Zilber, 2017).

The dissertation consists of two essays that examine different aspects of meanings illuminated by the sharing economy context (c.f., Bamberger, 2008). The first essay pertains to the question of how an entrepreneurial firm introducing a new business model strategically uses

institutional logics—“the content and meaning of institutions” (Thornton & Ocasio, 2008, p. 100)—to demonstrate that it is legitimate—“meeting and adhering to the expectations of a social system’s norms, values, rules, and meanings” (Deephouse & Carter, 2005, p. 331). Specifically, I ask: *how does an entrepreneurial firm use institutional logics for legitimacy in navigating multiple audiences with potentially contradictory criteria for legitimacy at different stages of development?* Using theoretical elaboration and mixed methods (e.g., topic modeling and qualitative analysis), I conducted a longitudinal study of Airbnb, the poster child of the sharing economy, from 2007 as it first entered the market until 2014 when Airbnb was finally legalized in San Francisco. The findings have implications for studies on legitimacy dynamics and the strategies that entrepreneurial firms use to enable their growth and survival.

The second essay examines the mechanisms underlying the growth and decline of a category—“mediation systems [that] give meaning to market entities” (Negro, Koçak, & Hsu, 2010, p. 9), focusing on the interactions between the category’s meanings and central examples highlighted by different actors. I ask: *(1) What are used as the central examples of a category by different actors, (2) are there differences in how the central examples are understood that lead to changes and differences in the category’s meanings, and (3) how do these discrepancies affect the survival or decline of a category?* Using qualitative research methods, I examined the sharing economy as a category from 2006 to 2019, comparing how the category was viewed by the sharing economy movement (i.e., category promoters) and the media (representing the general public). The findings of this study have important implications for the literature on categories, including the conceptualization of the central example in category studies, different uses and definitions of categories by actors, and category decline. In the following sections, I present the two essays, followed by a discussion and conclusion of the overall dissertation.

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## **ESSAY 1. THE BUSINESS OF SHARING: LEGITIMACY AND INSTITUTIONAL LOGICS**

### **ABSTRACT**

Legitimacy is critical for the survival and growth of entrepreneurial firms. Existing studies tend to assume that legitimacy once attained is not problematic and focus on one type of audience, which largely ignores Suchman's (1995, p. 594) original and important insight that legitimation projects attract attention and invites other audiences that oppose legitimation; therefore, "every victory seems to mobilize a new, more radical opponent." A longitudinal study of the entrepreneurial firm Airbnb using theoretical elaboration and mixed methods (e.g., topic modeling and qualitative analysis) reveals that Airbnb used institutional logics to navigate multiple audiences with potentially contradictory legitimacy criteria at different stages of its venture development. Airbnb initially employed the market logic to fulfill pragmatic legitimacy and establish itself with potential users; yet, its success led to increased scrutiny from the state about regulatory issues, which challenged Airbnb's moral legitimacy and prompted Airbnb to deploy the community logic to address the state's legitimacy challenges.

## INTRODUCTION

Legitimacy is critical for firm performance and survival (Pollock & Rindova, 2003; Singh, Tucker, & House, 1986). It allows firms to engage in social and economic exchange as most stakeholders will only transact with legitimate firms (Brown, 1998; Deephouse, Bundy, Tost, & Suchman, 2017). Thus, legitimacy dynamics have been of fundamental interest to management scholars (Ashforth & Gibbs, 1990; Deephouse et al., 2017; Suchman, 1995; Suddaby, Bitektine, & Haack, 2017). Legitimacy is defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). Legitimacy is particularly important and more transparent for entrepreneurial firms “initiating ... product/process innovations” (Aldrich & Fiol, 1994, p. 646) that face a “liability of newness” (Stinchcombe, 1965) and need to fulfill legitimacy to increase their limited likelihood of firm survival and growth (Singh et al., 1986; Zimmerman & Zeitz, 2002). Fulfilling legitimacy is seen as “a critical ingredient for new venture success” (Starr & MacMillan, 1990, p. 83).

Research on legitimacy tends to assume that legitimacy is less of a concern once legitimacy is obtained. For instance, Ashforth and Gibbs (1990, p. 183) argue that “once conferred, legitimacy tends to be taken largely for granted ... Reassessments of legitimacy become increasingly perfunctory if not 'mindless.'” Similarly, Zimmerman and Zietz (2002) theorized that an entrepreneurial firm is perceived as legitimate once it passes a threshold. Thus, legitimacy tends to be regarded as fundamentally dichotomous—a firm is either legitimate or illegitimate (Deephouse & Suchman, 2008). However, this assumption largely ignores Suchman’s (1995, p. 594) original and important insight that “institutionalization, short of total taken-for-grantedness,” often “generate[s] its own opposition”—legitimation projects attract

attention, which invites other audiences that oppose legitimation; therefore, "every victory seems to mobilize a new, more radical opponent."

Although scholars have identified different criteria for legitimacy, such as sociopolitical and cognitive (Aldrich & Fiol, 1994), cognitive, regulative, and normative (Scott, 1995), as well as cognitive, moral, and pragmatic (Suchman, 1995), most empirical studies tend to assume that legitimacy criteria are shared or audiences have similar criteria regarding what makes a firm legitimate. Thus, scholars either do not distinguish the legitimacy criteria of the different types of audiences or focus on one specific type of audience and generalize the findings to other types of audiences (c.f., Überbacher, 2014). For instance, scholars discuss legitimacy in general, using terms such as "organizational" or "external legitimacy" (e.g., Elsbach, 1994; Singh et al., 1986), focus on one particular legitimacy criterion (e.g., Lamin & Zaheer, 2012), or develop a new criterion of their own that is specific to the empirical context of the study (e.g., Bansal & Clelland, 2004). Also, studies do not distinguish between different audiences, assuming a coherent or similar audience, and have focused mostly on investors (e.g., Martens, Jennings, & Jennings, 2007) or resource holders as the audience (e.g., Aldrich & Fiol, 1994; Cornelissen & Clarke, 2010; Zott & Huy, 2007; Lamin & Zaheer, 2012 is an exception). More recently, few papers have started to acknowledge that there may be different audiences making legitimacy judgments at different stages of a technology venture's life cycle, but these studies have focused solely on audiences providing financial resources and have remained largely theoretical (Fisher, Kotha, & Lahiri, 2016). Because studies tend to assume legitimacy once attained is not problematic and focus on one type of audience, we lack an understanding of how entrepreneurial firms may change their legitimacy claims as they respond to new and different audiences with potentially contradictory criteria for legitimacy.

In resolving the potentially contradictory criteria for legitimacy, institutional logics can be a useful resource for entrepreneurial firms (Jones & Livne-Tarandach, 2008; McPherson & Sauder, 2013; Fisher, Kuratko, Bloodgood, & Hornsby, 2017). Institutional logics are cultural beliefs and rules that shape the cognitions and behaviors of actors (Friedland & Alford, 1991; Thornton, Ocasio, & Lounsbury, 2012). Firms can use institutional logics as cultural resources that provide “toolkits” (Swidler, 1986), can be selectively pulled down (Weber & Dacin, 2011), and combined for strategic purposes (Jones & Livne-Tarandach, 2008; Rindova, Dalpiaz, & Ravasi, 2011). As the different legitimacy criteria of the audiences reflect key understandings in society (Scott, 1995), logics prescribe “how to interpret organizational reality, what constitutes appropriate behavior, and how to succeed” (Thornton, 2004, p. 70); thus, institutional logics may be useful for entrepreneurial firms in fulfilling the different and potentially conflicting legitimacy criteria of the different audiences. Yet, we have limited understanding of how an entrepreneurial firm uses institutional logics in navigating multiple audiences with potentially contradictory criteria for legitimacy, especially when the firm’s attempt to fulfill one particular legitimacy criterion may, as an unintended consequence, lead to challenges according to other legitimacy criteria. Therefore, the research question guiding this study is: *how does an entrepreneurial firm use institutional logics for legitimacy in navigating multiple audiences with potentially contradictory criteria for legitimacy at different stages of development?*

In answering the research question, I conducted a study of Airbnb from 2008 as it first entered the market until 2014 when Airbnb was finally legalized in San Francisco. In its early years, Airbnb needed to obtain pragmatic legitimacy to establish its new service to potential users. In later years, however, Airbnb started facing challenges to its moral legitimacy with the rise of regulatory issues from the state, making Airbnb an appropriate empirical context for

answering the research question of when and with which cultural resources an entrepreneurial firm may address different legitimacy criteria from distinct audiences over time.

## **INSTITUTIONAL LOGICS AND LEGITIMACY**

### **Use of Logics for Legitimation**

Institutional logics supply a set of possible legitimate meanings and symbols that constitute the “raw materials” and resources which entrepreneurial firms may appropriate to give meaning to their activities and gain legitimacy. Institutional logics are “the socially constructed historical patterns of cultural symbols and material practices, assumptions, values, and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity” (Thornton & Ocasio, 1999, p. 804). Society can be conceptualized as an interinstitutional system with each institutional order having its own logic (Friedland & Alford, 1991), which is “a cultural knowledge corridor that distinctly shapes attention and the interpretation of meaning” (Durand & Thornton, 2018, p. 633). Therefore, an entrepreneurial firm may use institutional logics to shape audience evaluations of it (Thornton et al., 2012). In this study, I focus on two institutional logics: market and community, and examine how Airbnb used these logics to respond to and shape audience evaluations.

A firm operating within the market can position itself using the *market logic*, focusing on performance, such as profitability (e.g., Thornton & Ocasio, 1999; Boxenbaum & Battilana, 2005), share price (Thornton et al., 2012), and maximizing shareholder value (Christiansen & Lounsbury, 2013). Moreover, firms highlight proxies for performance such as their market status (Thornton et al., 2012), rank (Thornton & Ocasio, 1999; Thornton, 2001, 2002; Thornton, Jones, & Kury, 2005), and improved reputation (Christiansen & Lounsbury, 2013). These performance measures, however, apply primarily to large, established, and publicly owned firms; they are less

viable for entrepreneurial firms in nascent markets that tend to be privately funded and lack track records due to their shorter histories (Aldrich & Fiol, 1994; Zott & Huy, 2007). For an entrepreneurial firm, one of the most relevant dimensions of the market logic is competitive position (Christiansen & Lounsbury, 2013; Thornton, 2001, 2002; Thornton et al., 2005; Thornton & Ocasio, 1999), which emphasizes what is unique about and differentiates the firm from competitors (Barney, 1991). Market position has been long emphasized as core to competitive strategy in the market (Porter, 1980/2008). Market position through competitive differentiation provides consumers a compelling reason to select the product and/or service over alternatives. By employing market position, an entrepreneurial firm helps its potential users understand the uses and benefits of its product and/or service.

The *community logic* has been found to serve as touchstones for legitimation upon which firms draw (Marquis, Glynn, & Davis, 2007). The community logic draws on local, geographically bounded commitments where activities are ordered by community values and ideology (Thornton et al., 2012). Studies have shown, for example, that firms, to manage legitimacy, adopt the discourse of corporate social responsibility (e.g., Palazzo & Scherer, 2006), which reflects the community logic (Glynn & Raffaelli, 2013). The economic system is that of cooperative capitalism (Thornton et al., 2012), where building a strong local community is promoted by harnessing social connections, generating economic self-sufficiency, spurring regional development, and reducing environmental impact (Schneiberg, King, & Smith, 2008). The notion of community logic has become entwined with the term “sharing economy,” which was first initiated by a group of activists and social entrepreneurs that emphasized social, economic, and environmental benefits coming from various practices based on the principle of sharing (Sundararajan, 2016; see also Botsman & Rogers, 2010; Gorenflo, 2010). The “sharing

economy” was connected to the idea of being “fairer, lower-carbon, and more transparent, participatory, and socially-connected” (Schor, 2016, p. 9) that enacted cooperative capitalism and a community logic: building strong local communities through social connectedness, economic self-sufficiency, regional development, and reducing environmental impact.

While a firm may position itself by emphasizing one logic, firms can also employ multiple logics simultaneously for strategic purposes (Durand, Szostak, Jourdan, & Thornton, 2013; Jones & Livne-Tarandach, 2008). For instance, Jones and Livne-Tarandach (2008) show that architectural firms were able to pragmatically combine keywords from different logics that allowed them to appeal to audiences’ different interests. Similarly, McPherson and Sauder (2013) illustrate how different actors within a drug court were able to strategically use the logics of other court actors to affect court decisions. In their study of the Italian household products manufacturer Alessi, Rindova and colleagues (2011, p. 429) show that the use of different logics can “vary over time to address different strategic needs of the organization” and that existing and newly added logics do not substitute but can coexist. Although we know that firms may use and combine institutional logics strategically, it remains less clear when and how they are used in making legitimacy claims as they respond to new and different audiences with potentially contradictory legitimacy criteria.

### **Different Audiences and Legitimacy Criteria**

An entrepreneurial firm may experience different audiences with distinct legitimacy criteria as it seeks to establish itself. Potential users of a new service are a key audience that evaluates the firm’s new offering based on *pragmatic legitimacy*: their self-interested and practical calculations of whether the firm benefits them (Suchman, 1995). For an entrepreneurial firm introducing innovation, pragmatic legitimacy may be particularly consequential as it

necessitates users adopting the product or service over existing offerings to survive (Rao, 1994). Firms that attain pragmatic legitimacy see an increase in users of their service. The state (i.e., regulators and legislators) is a second important audience, which evaluates the firm based on *moral legitimacy*: “positive normative evaluation of the organization and its activities” (Suchman, 1995, p. 579). As the state is responsible for preserving the public interest (Gurses & Ozcan, 2015), the state, particularly its regulators, will try to ensure that the firm is complying with existing laws and regulations, which are often the formalization of shared norms and values (Edelman & Suchman, 1997). Thus, a firm’s moral legitimacy will likely depend on whether it is perceived as following existing laws and regulations. Since prior studies have mostly focused on financial resource providers as the audience conferring legitimacy (e.g., Martens et al., 2007; Fisher et al., 2016), we have little knowledge of how other audiences, such as users or the state, evaluate the legitimacy of entrepreneurial firms.

With entrepreneurial firms, institutional logics may be a useful resource to not only gain legitimacy from audiences, but also speak to the different legitimacy criteria of distinct audiences. For example, the market logic is focused on the potential benefits from exchanges. Therefore, the entrepreneurial firm may use the market logic to highlight how the product or service benefits the user over extant alternatives (Suddaby et al., 2017), achieving pragmatic legitimacy. However, the market logic, which tends to be based on self-interest, would not be ideal for addressing moral legitimacy, which “reflects a prosocial logic that differs fundamentally from narrow self-interest” (Suchman, 1995, p. 579). On the other hand, the community logic, which focuses on geographically bounded commitments, community values, and ideology, may be more ideal in fulfilling moral legitimacy, especially with regulators and legislators. By using the community logic, the entrepreneurial firm could emphasize the societal

benefits brought by its product or service so that it would be seen as “valuable and worthy of support” (Suchman, 1995, p. 579). However, existing studies have not explored how institutional logics could be used by entrepreneurial firms in fulfilling different criteria for legitimacy of distinct audiences; thus, I examine how an entrepreneurial firm is able to use different institutional logics to establish different and appropriate legitimacy as it encounters new audiences with distinct and potentially conflicting legitimacy criteria.

## **METHODS**

Since existing studies have not yet explored how firms used institutional logics to address potentially contradictory legitimacy criteria from distinct audiences, I used theory elaboration to identify and examine specific relations between constructs that have not been previously described (Fisher & Aguinis, 2017). I examine longitudinally Airbnb’s use of institutional logics to establish its legitimacy from 2008—its first entry to the market—to 2014—when Airbnb was finally legalized in San Francisco. Airbnb’s rapid, global expansion means its communication was not restricted to San Francisco during this period. I focus on San Francisco as “the place of its birth and its hometown; Airbnb felt the symbolic stakes were high” (Stone, 2017, p. 167), making the process particularly visible and useful for answering the research question.

### **Data Sources**

I examined Airbnb's texts from 2008 to 2014 to assess its use of institutional logics, including press releases (c.f., similar to Kennedy, 2008), blog posts (c.f., similar to Leonardi & Vaast, 2016), and webpages (c.f., similar to Gehman & Grimes, 2017). The press releases were downloaded from Airbnb’s website. The blog posts were extracted from the two blogs operated and published by Airbnb: (1) the general audience blog, which deals with various topics from traveling information for guests to tips for hosts, and (2) the public policy blog, which discussed

the regulatory issues that Airbnb faced. The blog posts were extracted from the blogs using Python 3.6 with the help of the BeautifulSoup package for HTML tag extraction and manipulation. To check for blog posts that may have been deleted at the time of data collection, I used the Internet Archive Wayback Machine to retrieve any missing text. For the contents on Airbnb's webpages, I focused on Airbnb's front page, About page, and Press page and used the Internet Archive Wayback Machine to capture the webpages at different points in time. Overall, 725 articles from press releases and blogs and 26 different versions of webpages were used in the analysis.

To identify pragmatic legitimacy based on exchange, I tracked the number of users of the service, including the number of listings, new hosts, and reviews in San Francisco, which were available from March 2010 and from November 2013 onwards (see Appendix for sources of data). I also tracked the number of bookings worldwide reported whenever Airbnb reached milestones. To assess moral legitimacy based on conformity to rules, I examined the following: (1) documents produced by officials of the City and County of San Francisco regarding Airbnb, (2) transcribed videos of the multiple hearings held in San Francisco regarding the "Airbnb law", (3) events attended by the officials related to Airbnb's legal issues, and (4) newspaper articles about Airbnb's legal issues in San Francisco-based media (*San Francisco Chronicle*, *San Francisco Examiner*).

### **Data Analysis**

To gain insight on temporal dynamics, I triangulated multiple data sources (Jick, 1979) across time to reveal whether pragmatic and moral legitimacy criteria shifted over time and whether Airbnb shifted its use of institutional logics to meet these changing legitimacy criteria.

The data reveal that Airbnb had a significant turning point in 2012 as it started to meet legal challenges from the city of San Francisco.

To examine Airbnb's use of different institutional logics, I employed the Latent Dirichlet Allocation topic modeling (Blei, Ng, & Jordan, 2003) with the scikit-learn package (Pedregosa et al., 2011). Topic modeling was run on articles from Airbnb's press releases, general audience blog, and the public policy blog. Topic modeling is a computer-assisted method that involves using algorithms to analyze a set of textual documents to generate a representation of the latent topics discussed within the set of documents (Blei et al., 2003). As "capturing" institutional logics involves identifying patterns of meanings (Reay & Jones, 2015), topic modeling, which discovers hidden thematic structures, is an appropriate method for identifying institutional logics (Hannigan et al., 2019) and has three advantages: (1) topic modeling can identify the different meanings within the texts that are not necessarily selected a priori and can help to analyze large quantities of data without researcher bias (Mohr & Bogdanov, 2013); (2) it captures the variation in the content of the texts over time, which enables studying temporal dynamics (DiMaggio, Nag, & Blei, 2013), and (3) it addresses the issue of polysemy, allowing words to appear across different topics, and topics to overlap or cluster (DiMaggio et al., 2013).

Stopwords and words consisting of less than three characters were removed before the analysis. Also, words that appeared in less than five documents or more than 99% of the documents were excluded from the analysis. The name of the firm (i.e., Airbnb and its former names) was also removed from the analysis as it interfered with the interpretability of the analysis. The words were stemmed using the Porter stemming algorithm as it made the results easier to interpret.

After running several iterations of topic models ranging from 10 to 50 topics, the 30-topic solution was the “number of substantively meaningful and analytically useful topics” (DiMaggio et al., 2013, p. 583). The most important step in topic modeling is to assign a coherent theme to the group of words in a topic (DiMaggio et al., 2013). First, identifying the overall meaning inherent in each topic is based on a deep reading of the texts that are representative of the different topics and standard procedure in studies using topic modeling (Nelson, 2017). In addition to this step, I also engaged in interpreting each of the topics using the lens of institutional logics, which involved multiple rounds of iterating between theory and data to ascertain whether a topic reflected a market or community logic. Since prior research on market logics focuses on the performance of large and established firms, whereas this study examines a privately funded entrepreneurial firm, I used horizontal contrasting, which examines whether and how existing theoretical insights on the market logic fit in a context different from that for which it was developed and studied intensively (Fisher & Aguinis, 2017). Horizontal contrasting led me to examine market position and competitive differentiation as the most important dimensions of market logic. In the next step, I content analyzed Airbnb’s webpages by using the topics identified in the previous steps. Finally, the topics were ordered over time, from 2008 to 2014, and compared to reveal whether different topics captured distinct institutional logics and whether shifts in institutional logics corresponded to Airbnb’s different legitimacy challenges.

## **FINDINGS**

### **Airbnb’s Use of Logics Revealed through Topic Modeling**

Table 1 shows the top topics and illuminates Airbnb’s use of market and community logics. A deep reading of documents that represent topics one, two, and three reveal Airbnb’s use of the market logic, which emphasizes its market position and competitive differentiation

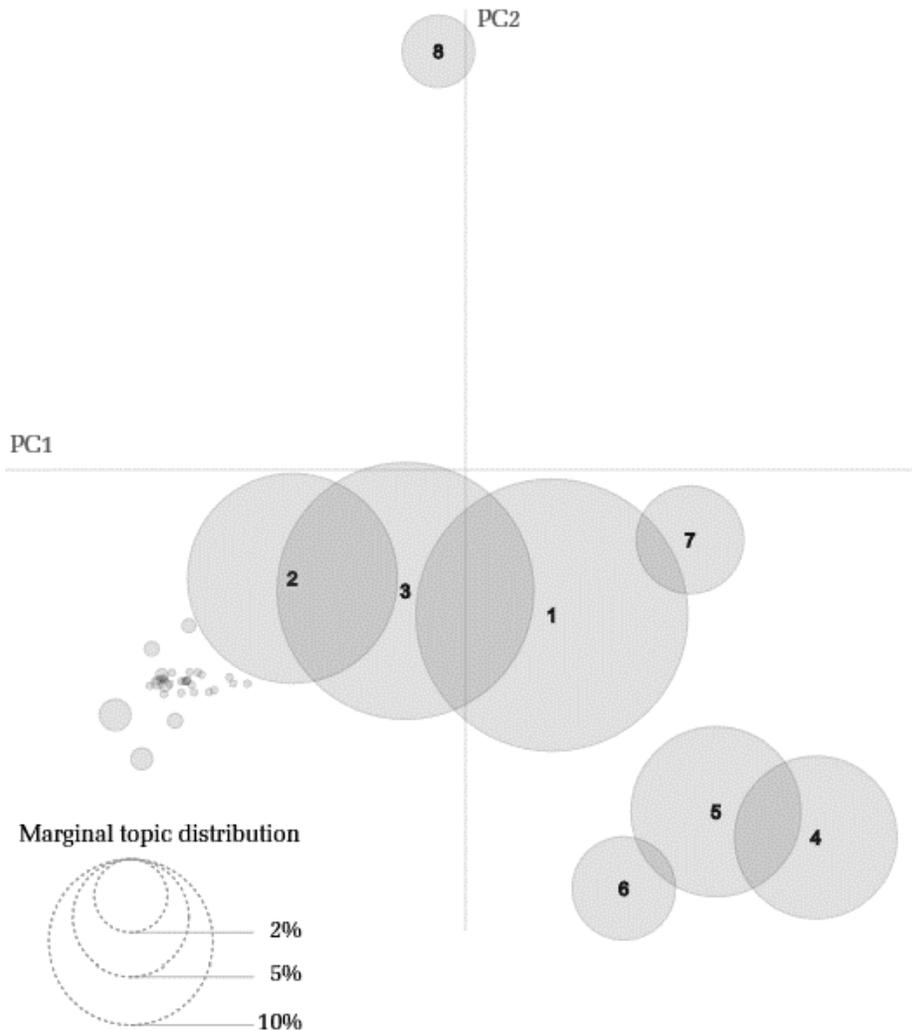
compared to the existing industry: (1) topic one describes Airbnb's exchanges for accommodations/hospitality—that is, what Airbnb is and how it works, (2) topic two focuses on Airbnb's variety of exchange offerings, and (3) topic three emphasizes Airbnb as a relational exchange experience. In contrast, topics four, five, and six show Airbnb's use of the community logic to help make communities stronger: (1) topic four highlights strengthening community economies, (2) topic five identifies laws and communities, and (3) topic six outlines support from Airbnb to communities, and vice versa. These three topics show Airbnb making local communities stronger by promoting social connections, economic self-sufficiency, and regional development, and reducing environmental impact.

**Table 1.** Institutional Logics Revealed through Top Topics, Their Themes, and Top Words

<b>Topic number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Topic(s) theme and logic</b>	Market logic: revealing market position and competitive differentiation by describing the nature of exchanges			Community logic: making community stronger by promoting social connections, economic self-sufficiency, and regional development, and reducing environmental impact		
	Enabling exchanges for hospitality	Offers choices/variety in the exchange	Offers a relational exchange experience	Strengthening local communities	Laws and communities	Support from/to Airbnb/ communities
<b>Top words (by term score)</b>	host guest commun travel new book make experi space world list help home peopl way one work want hospit us share use place time design stay like provid compani connect	travel get one year local list hous park day go citi home like time stay place book world find take around holiday beach great music make night art way destin	host us travel love place like citi one make get home guest stay time day live come local new take peopl meet airtv london stori commun would world thank experi	host guest stay percent home impact studi economy help neighborhood travel local share citi commun new year use live incom world spend busi barcelona visitor resid million averag support visit	new_york host share home citi commun law make work rent tax peopl rule live gener help hotel continu world want around new know pay san_francisco economi hous amsterdam attorney resid	commun citi share san_francisco work host portland support help world hous volunt economi new around school local servic pride innov home togeth employe partner offic member also team day seoul

Figure 1 is the intertopic distance map that shows how similar or distinct the topics are and the relative sizes of the topics. Topics one, two, and three, as well as topics four, five, and six, are closely grouped together respectively and form distinct groupings, suggesting that each group comprises a distinct logic. The intertopic distance map also shows other topics from topic modeling that were largely irrelevant to the study and excluded from further analysis. For instance, topic seven is about the disaster response tool feature of Airbnb, and topic eight features the "Twitter love" series on Airbnb's blog and the Wish Lists feature of Airbnb.

**Figure 1.** Intertopic Distance Map (via topic modeling)



***Market logic: topics one, two, and three.*** Airbnb utilizes a business model distinct from conventional players by offering a new type of exchange and a way to experience accommodations and hospitality. To help potential users understand this new service and experience, Airbnb used a market logic to position itself in cognitive and competitive spaces, seen in topic one describing what Airbnb is and how to use it, topic two featuring its unique features, and topic three contrasting the relational experience of Airbnb with transactional experience of hotels.

Topic one describes Airbnb as *enabling exchanges for accommodations/hospitality*. Airbnb is an online marketplace that facilitates exchanges between two parties (i.e., hosts and guests), which differed from traditional accommodations such as hotels. Airbnb engaged in two intertwined strategies in topic one: contrasting and familiarizing. In contrasting itself with hotels, Airbnb not only made its core service familiar—finding and renting accommodations—but also positioned itself as an alternative to hotels. For example, the phrase after Airbnb’s logo on the top left corner of the website first featured the phrase “A friend, not a front desk” during its test launch and the phrase “Forget hotels” after its founding until March 2009. Airbnb also emphasized inexpensive offerings compared to hotels: “[t]ravelers are also finding value in accommodations priced less than hotels in popular destination” (24 April 2009, general audience blog post). Airbnb pointed to analogies with familiar, existing online platforms to help users understand its new service and novel business model. The front page of Airbnb featured a quote from a blog review that read, “Think of it as Craigslist meets Hotels.com, but a lot less creepy.” Airbnb also claimed that it was “[c]oined by Time Magazine as the “eBay of space” (3 December 2009, general audience blog post) and used the phrase to describe itself in its About page in the latter quarter of 2009 and most of 2010. Airbnb highlighted the ease, convenience, and efficiency

of exchanges with its platform, as seen in quotes such as “convenience and efficiency of booking a hotel online” (11 August 2008, press release), “site that gives people the ability to book online, any type of space imaginable, from rooms, apartments and houses to cars, boats and planes, to spaces for things such as parking or events” (24 February 2011, press release) as well as “Airbnb is the easiest way for people to monetize their extra space and showcase it to an audience of millions.” (April 2012, About webpage).

Topic two, in contrast to topic one, differentiated itself from competitors by featuring listings and different travel spots. For example, the “Travel Tuesday” series in 2009 described the tourist location with a link to the different listings available in the area. One exemplary article of topic two featured “7 things you didn't know you loved about Bali” (13 December 2011, general audience blog post) with different activities and tourist attractions available at the location. Another set of articles featured different locations in the same article, such as the one published before Christmas 2011, which highlighted seven different locations with distinct atmospheres in the world—Austria, Nepal, Mexico, Guatemala, Moscow, Singapore, and Myanmar—for consumers “to celebrate Christmas – or to sit it out entirely” (21 December 2011, general audience blog post). Topic two also emphasized the uniqueness of exchange choices, such as itHouse by Taalman-Koch architects, which according to the article, “is an architecturally significant house, recently listed in the Los Angeles Times as one of the best houses of all time in Southern California” (2 May 2010, general audience blog post). Topic two differentiated Airbnb from hotels by highlighting the variety and uniqueness of an Airbnb experience.

Articles that correspond to topic three described how Airbnb *offered a relational exchange experience* between hosts and guests, something that most conventional hotels do not offer. Some of the articles focused on the experience of the hosts. For instance, an article

introduced six different hosts in England that were benefitting from hosting through Airbnb in different ways. Shanin, introduced as “lov[ing] hosting because every guest exposes her children to a new experience ... is able to bring the travel into her home.” The article also talks about Joy, who, as a “recent transplant to the city ... loves hosting guests as a way to meet new people and make friends in an unfamiliar place” (5 April 2011, general audience blog post). Articles also focused on the relational exchange experience of the guests. One article featuring a newlywed couple, who did a 24-month, 24-country world tour using Airbnb, described their experience: “*When most people travel to Florence, they want to see the Duomo—but we’ve been spending most of our time in neighborhoods, living like locals ... By meeting Airbnb hosts, our travel becomes more meaningful, and now we’re making friends all around the world*” (22 March 2014, general audience blog post). Articles in topic three introduced different episodes on Airbnb’s YouTube channel (as AirTV and AirbnbTV) which were meant to “document[] and share[] the experiences guests and hosts have had while using Airbnb” such as Harrison and Ellie who “have welcomed guests from all walks of life” including a survivor of the Haiti earthquake and two musicians from visiting NYC for a birthday surprise (8 June 2010, general audience blog post). Topic three differentiates Airbnb by focusing on human interactions that enable relational rather than commercial or transactional exchanges associated with hotels.

***Community logic: topics four, five, and six.*** Airbnb devoted a significant amount of text to emphasizing how it helped to make communities stronger, seen in topics four, five, and six that capture the community logic. Topic four detailed how Airbnb helps to strengthen local communities. Topic five focused on laws and communities, and topic six discussed support from Airbnb to communities and vice versa.

Topic four highlighted how Airbnb helped to *strengthen local communities*, offering social, economic, and environmental benefits. The economic benefits tap into the regional development element of community logic. Airbnb claimed to be “fostering strong and sustainable local economies” (9 November 2012, press release) and “support[ing] neighborhood businesses” with data that show “80 percent of guests use Airbnb because they want to explore a specific neighborhood, and 45 percent of their spending occurs in the neighborhood where they stay” (17 February 2014, press release). These economic benefits also help hosts that use the “Airbnb income for essential living expenses, such as rent or mortgage payments” (9 September 2013, general audience blog post). Thus, “71% percent of hosts say this income has helped them stay in their homes” (4 December 2014, press release). For environmental impact, “Airbnb’s business model helps promote efficient use of existing resources, as well as environmentally friendly ways of travelling [*sic*] ... it was estimated over the one-year period that savings were the equivalent in energy use of 620 homes and water reduction was equivalent of nine Olympic-sized swimming pools” (13 November 2014, public policy blog post). Press releases heralded reduced environmental impact: Airbnb guests in North America use up to “63 percent less energy than hotel guests” (31 July 2014, press release). For social benefits and connectedness, Airbnb emphasized how “62% of hosts say home sharing has positively affected the way they interact with their community” (4 December 2013, press release). Taken together, the articles corresponding to topic four touched on multiple aspects of the community logic—promoting economic self-sufficiency, advancing regional development, reducing environmental impact, and building social connections.

Articles in topic five were about *laws and communities* and called for local governments to pass laws that supported and legalized Airbnb. Many of these articles were primarily

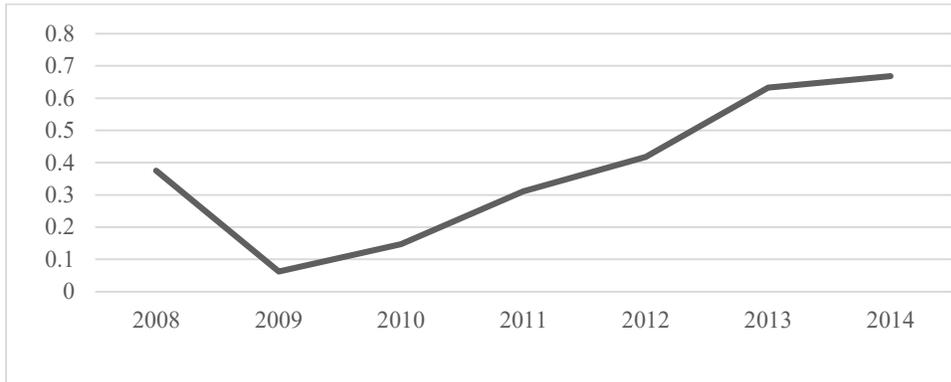
published in Airbnb's public policy blog (which later changed names to Airbnb Action and then to Airbnb Citizen). The public policy blog was first created in December 2012 after Airbnb decided to provide legal support to a host in New York City, who was fined \$2,400 by an administrative law judge in September 2012. Airbnb continuously emphasized that laws needed to be revised or newly passed "to make neighborhoods better places to live, work and visit" (25 March 2014, public policy blog post) and that it was against "large corporate property managers and hosts who take apartments off the market and disrupt communities" (21 May 2014, public policy blog post). For example, with the issue of taxes in San Francisco, Airbnb argued that: "*Our hosts are not hotels, and most of these tax laws were not designed for them ... This city is our home and we look forward to continuing to work with everyone here to make it an even better place to live, work and visit*" (31 March 2014, public policy blog post). The discussion expanded from New York City and San Francisco to locations around the world, including Paris, Hamburg, and Amsterdam. Airbnb highlighted its successful negotiations and that "[C]ities like Paris, Amsterdam and Hamburg are embracing the sharing economy and New York shouldn't be stuck playing catch-up" (22 April 2014, public policy blog post). Topic five focuses on how laws can help Airbnb and argue that by doing so, Airbnb helps build stronger local communities.

Articles corresponding to topic six were reports of *support from Airbnb to communities, and vice versa*, highlighting the community logic and linking this to the sharing economy. Articles emphasized that Airbnb "[has] already helped to empower our community" (23 August 2013, public policy blog post) and that Airbnb is "helping civic leaders and our community create more shareable, livable cities through relevant, concrete actions and partnerships" to make the "community stronger and more resilient" (29 October 2014, public policy blog post). One blog featured the close ties between Airbnb, Portland, and the sharing economy: "Portland

welcomes and promotes innovation and is a leader in the sharing economy, so we couldn't think of a better fit for our newest space" (13 March 2014, general audience blog post) and emphasized that "55 mayors from across the country signed a letter supporting the sharing economy" in which "residents will benefit greatly from sharing" (26 June 2014, press release). The community logic of Airbnb displayed its focus on supporting communities and associated its practices with the sharing economy.

As the above and Table 1 show, Airbnb used the word "sharing" to describe its services, especially in topics five and six. Figure 2 reveals the proportion of Airbnb's texts that included the word "sharing" over time, and Table 2 for the objects of sharing and how its meaning changed over time. Examples from webpages and articles reveal Airbnb's usage of "sharing." On the 2008-2009 webpages, Airbnb had the phrase "Share housing" on its first webpage [March 2008], "Make money by sharing your space and local knowledge" [May to June 2008], and describes itself as "the fun way to share housing..." [March 2008 to February 2009] (About webpage). After June 2008, Airbnb replaced the word "share" with "rent out" and did not use the term for the next few years. Airbnb resumed its use of the term with the phrase "shared space" as it faced a legal issue in New York in 2011, and from 2012, started to use the "sharing economy" and "home sharing" to describe itself, for example, "a pioneer of the new sharing economy" (9 November 2012, press release) and a "home sharing company operating in San Francisco" (17 September 2014, press release).

**Figure 2.** Proportion of Airbnb’s Texts Including the Word “sharing”



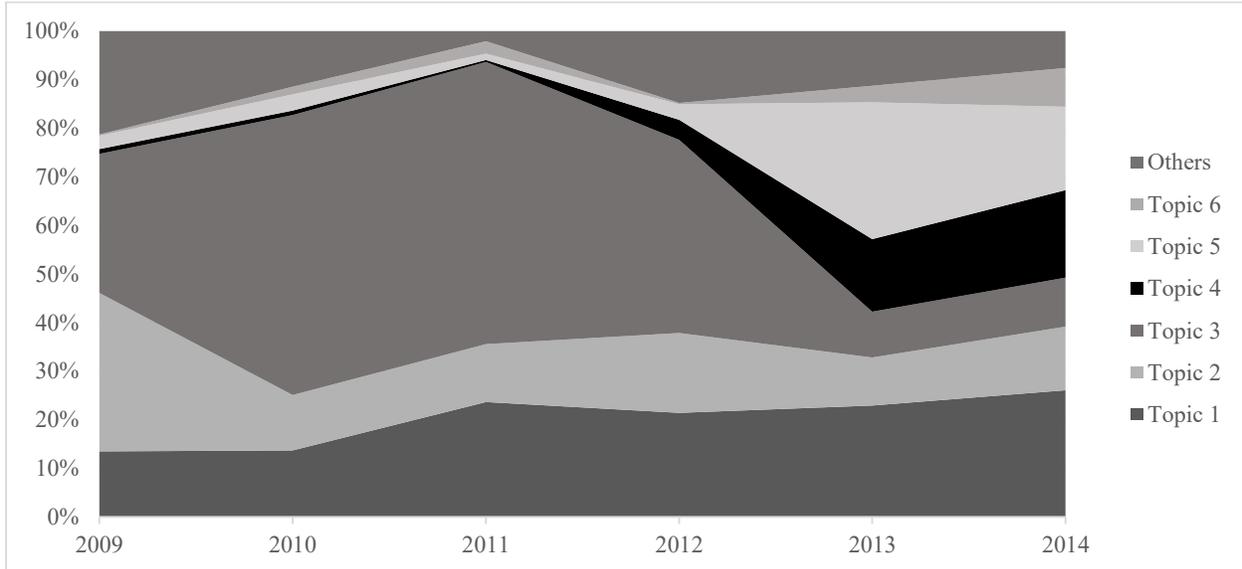
**Table 2.** Object or Adjectives of Word “sharing”

	2008	2009	2010	2011	2012	2013	2014	Total
<b>home</b>	0	1	2	0	0	15	179	197
<b>economy</b>	0	0	0	0	0	8	33	117
<b>experience, stories</b>	0	4	11	21	6	5	42	89
<b>information, knowledge</b>	1	2	3	5	2	5	41	59
<b>space</b>	1	0	0	1	7	14	12	35
<b>city</b>	0	0	0	1	0	5	23	29
...								
<b>air</b>	2	1	0	0	0	0	0	3
<b>others</b>	0	4	18	33	35	48	161	223
<b>Total</b>	4	12	34	61	50	100	491	752

### Changes in Audiences’ Perceptions and Airbnb Logics to Address Legitimacy Challenges

Figure 3 shows a breakdown of expected topic proportions over time across Airbnb’s texts from topic modeling. It reveals that the changing trends in the focus of Airbnb’s texts start in 2012 and become significant in 2013 and 2014, signaling a shift in legitimacy strategy: the use of market logic to fulfill pragmatic legitimacy between 2008 and 2012 and the use of community logic to fulfill moral legitimacy between 2012 and 2014.

**Figure 3. Topics over Time**



*Note.* There were only nine articles for the year 2008, so the numbers for that year should be interpreted with caution.

***Early years (2008~2012): The use of market logic to gain pragmatic legitimacy.*** In the early years after its founding, Airbnb needed to survive as a new venture. Despite an emphasis on “sharing” in describing its service at the beginning, which was connected to the community logic, Airbnb shifted to the market logic to gain users and pragmatic legitimacy. Airbnb entered an existing industry—accommodations/hospitality industry—with a new business model that connected individuals willing to rent out their homes (supply-side users) with those who are willing to pay to stay in these homes (demand-side users). Therefore, it first needed to articulate what its service is and how it benefits potential consumers, which is pragmatic legitimacy. Figure 3 reveals that topic one constitutes the largest proportion when Airbnb was first founded in 2008. Airbnb, as a new service in the market, outlined basic information about what its service enabled for potential consumers. The expected proportion for topic one remains relatively stable over time; the words comprising the topic are continuously used throughout the years. Topic one

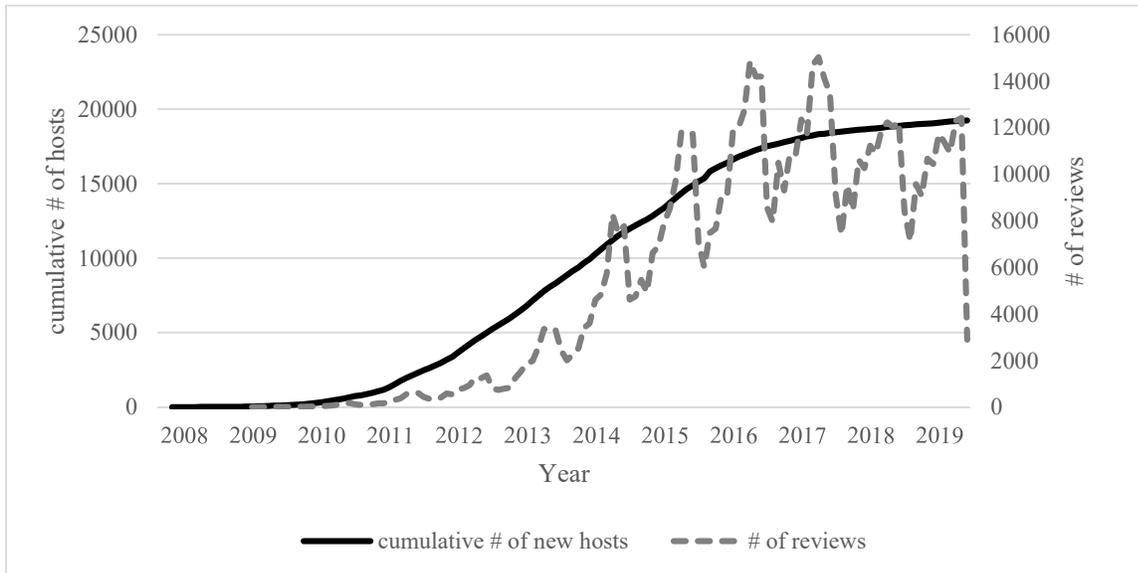
persists over time because the words representing the topic are essential in describing Airbnb: what it offers and how it works.

In contrast, topics two and three vary over time, which indicates subtle nuances in how market logics were used to differentiate Airbnb from competitors. Topic two emphasizes Airbnb's choices and variety in the exchange, scoring highest in 2009, whereas topic three highlights Airbnb's relational exchange experience, which is unique, scoring highest in 2010 and 2011. Airbnb used the market logic to explain what it is and how it benefitted potential consumers, educating them by contrasting and familiarizing with existing alternatives.

Figure 4 demonstrates Airbnb's pragmatic legitimacy through increased hosts and users. While the exact number of users over time has not been made public by Airbnb, an analysis of data collected after May 2015 suggest that from the supply side (i.e., hosts), the number of newly registered Airbnb hosts per month in San Francisco increased from 11 in 2009 to 54 in 2010, and was estimated to have exceeded 200 for the first time in mid-2011. In April 2012, Airbnb spokeswoman Kim Rubey stated that 4,600 people had rented out their homes in San Francisco through Airbnb (Coté, 2012). Moreover, the number of listings in San Francisco reached 400 by March 2010 (Gross, 2010), and by November 2013 (the earliest period that data was collected periodically), Airbnb had more than 5,000 listings, which amounts to about 74% of the monthly average number of listings after Airbnb became legalized (between November 2014 and October 2019). While it is more difficult to estimate the number of users from the demand side (i.e., guests), the number of reviews suggests that the number of guests using Airbnb in San Francisco increased steadily over the years, as shown in Figure 4. In the past, Airbnb has suggested that around 70~80% of guests leave a review of their stay (Chesky, 2012; Conley, 2014). Worldwide, Airbnb announced that 5 million nights had been booked through its website by January 2012;

six months later, in June 2012, Airbnb announced that it had reached its ten-millionth milestone. These figures show that Airbnb had established pragmatic legitimacy by 2012.

**Figure 4.** Number of Cumulative New Airbnb Hosts and Reviews Monthly in San Francisco



*Note.* The figure includes only hosts and reviews that were captured in data collection after May 2015.

Pragmatic legitimacy was achieved despite home rentals of less than 30 days being illegal in San Francisco; thus, most of Airbnb’s rentals were illegal. Although the illegality of Airbnb went largely unnoticed in the early years, the increase in users triggered challenges from regulators.

***Later years (2012~2014): legal challenges and the use of community logic to gain moral legitimacy.*** Although Airbnb had gained pragmatic legitimacy, it increasingly came under scrutiny for its lack of moral legitimacy. Airbnb was deemed as not complying with existing laws and regulations, which are often the formalization of shared norms and values. In particular, Airbnb was perceived as violating planning codes, fair competition laws, tax obligations, and disrupting neighborhoods.

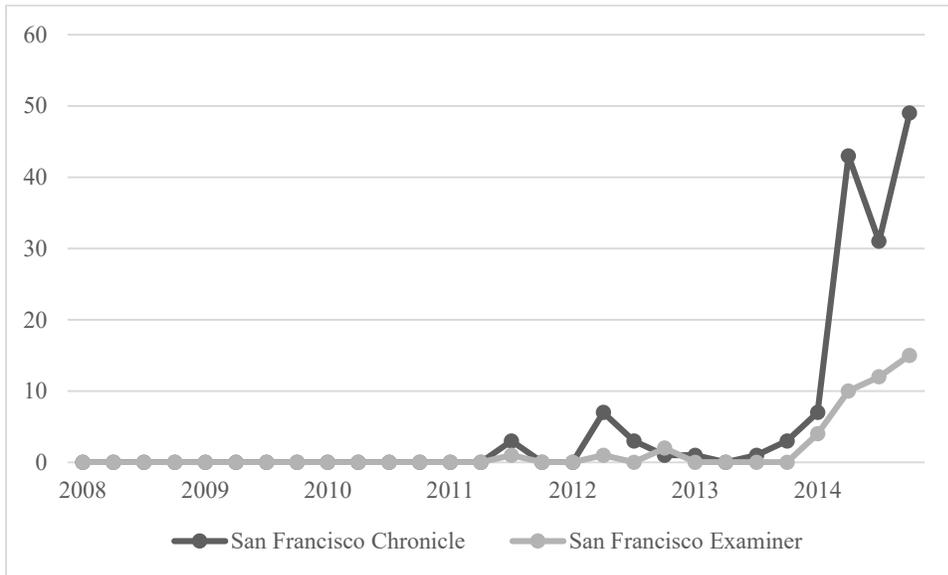
Noncompliance with laws and regulations was first highlighted by the San Francisco City Attorney's Office in the August 2011 *San Francisco Chronicle* article. The first media reports

made this point clear: “*These rules are largely unenforced when people casually rent out rooms to friends or associates, but the growing prominence of services that formalize this practice is attracting increasing scrutiny*” (3 August 2011, *San Francisco Chronicle*). According to the article, a property that is leased for less than 30 days is considered a hotel and is subject to permits, restrictions, fees, and taxes; however, these requirements had been ignored for units rented out through Airbnb. The article also suggested that Airbnb listings were violating another law that prevents unfair competition, as they were not going through the same process as legitimate hotels and bed and breakfasts. The legal status of Airbnb listings was further questioned on 3 April 2012, as San Francisco Treasurer Jose Cisneros ruled that Airbnb was responsible for paying taxes. The Office of the Treasurer and Tax Collector emphasized that they were “simply explaining existing law,” which requires those who rent out a guest room to pay the 15 percent transient occupancy tax, which is commonly referred to as the hotel tax. The Board of Supervisors, who are responsible for creating and passing laws within San Francisco, also noticed. President David Chiu’s office stated that it “is looking at ways to address the issue, stressed that it’s a complicated problem” (3 August 2011, *San Francisco Chronicle*). Airbnb was also increasingly seen as disrupting communities. On 7 April 2014, the *San Francisco Chronicle* stated that “[s]ince 2012, the Planning Department has witnessed a surge in complaints about short-term rentals, normally from neighbors” and that “people who rent out space on Airbnb, VRBO and other markets for temporary housing are facing fines by the City Planning Department and eviction on the grounds of illegally operating hotels.”

Figure 5 reveals Airbnb’s legal challenges: mentions of Airbnb’s legal issues in the *San Francisco Chronicle* and the *San Francisco Examiner*. While there are no articles on Airbnb’s legal issues in either newspaper from 2008 to mid-2011, articles appeared after mid-2011, with a

dramatic increase in its numbers from the second half of 2013 up to 2014. In sum, these events triggered conversations for new legislation on how to regulate Airbnb.

**Figure 5.** Airbnb's Legal Issues Mentioned in San Francisco-Based Media (Quarterly)



Subsequently, Airbnb started to employ the community logic. Airbnb's expansion of logics, from primarily market to community, is shown in the breakdown of expected proportions for different topics over time in Figure 3. Topics four, five, and six start to appear in 2012 and increase dramatically in 2013. The series of articles that outline the benefits of Airbnb started to appear in November 2012, which corresponds largely to topic four. A separate public policy blog was created in December 2012, where a large proportion of articles match with topic five. The expected proportion for topic five, which makes explicit legal arguments, is highest in 2013 but decreases in 2014 to make room for topics four and six. Thus, it seems that Airbnb employed a more direct approach to dealing with legal issues in 2013 but reverted to a less direct approach in 2014 as it engaged in highlighting the benefits of Airbnb to cities and their neighborhoods through community activities that supported cities and neighborhoods.

Airbnb also started to employ the term “sharing economy” in its use of community logic. Although Airbnb had used the term “sharing” in its earliest years in 2008 and 2009, the term “sharing economy” was used for the first time in a blog post and a press release announcing that Airbnb had reached five million nights booked on 26 January 2012. It quotes the CEO and co-founder of Airbnb, Brian Chesky, saying, “Our community is demonstrating the inherent social, economic, and cultural value in the sharing economy.” The term was used in two more articles in 2012 and then used extensively in an article on the benefits of Airbnb to San Francisco and their neighborhoods (9 November 2012) and an article about the lawsuit in New York with the quote “The sharing economy is here to stay, and so are we” (5 June 2013, public policy blog post).

The term “sharing economy” became part of the discussion about Airbnb’s legalization. One of the first discussions was held at the Sharing Economy Working Group, which was launched on 3 April 2012 by Mayor Ed Lee, Board of Supervisors President Chiu, and Supervisors Mark Farrell, Jane Kim, and Scott Wiener. The Working Group’s objective was “to look at comprehensively the issues that are at play whether they are policy issues, regulatory issues, as well as understand the benefits of the sharing economy whether they are environmental or economic” (Jay Nath, Chief Innovation Officer of San Francisco, during the launch event). The launch event included Airbnb’s Director of Public Policy Molly Turner, as well as representatives from other “sharing economy” firms such as Vayable, TaskRabbit, Getaround as discussion panelists. As can be seen in the name of the Working Group, the terms “sharing economy” and “home sharing” were used by the government officials to refer to Airbnb, which Airbnb had started to use in 2012 to describe itself. While there are reports that the Working Group never met (Hoge, 2014; Sabatini, 2017) (presumably other than at the launch event), Chiu, in his opening remarks of the launch event, said that he looks forward to “figur[ing] out how we

create San Francisco not just as the capital of innovation, but the capital of the sharing economy.” Subsequently, Chiu’s office stated that it was working to devise legislation which “will try to take all viewpoints into consideration” through the *San Francisco Chronicle* on 10 June 2012, stating the "need to create a balance between allowing San Franciscans to take advantage of this creative way of sharing spaces while not permanently displacing (other) San Franciscans from scarce rental housing (and) ensuring that visitors are being respectful," and in his September 2012 newsletter, he stated that he was “working on legislation that would regulate how residents share their housing space.” The term “sharing economy” was a cultural resource available to Airbnb and legislators, enabling them to position sharing economy as part of a community logic to guide practices and regulation.

The community logic that embraced the “sharing economy” enabled a new ordinance that made the previously illegal activities of Airbnb legal. After months of “work with stakeholders” (Chiu, 7 October 2014 Hearing), the ordinance was finally introduced by Chiu on 15 April 2014. The legislation added specific conditions in which homes could be rented out in the short-term such as requiring the housing units to be owned by permanent residents. The operators of short-term rentals had to register with the city and limit “non-hosted” rentals (i.e., homes that are rented with the occupants gone) to 90 days a year. The Board of Supervisors, the legislative branch, held four public hearings regarding the ordinance, making amendments along the way. The Supervisors reiterated many of the points made by Airbnb. For instance, Supervisor Kim stated that “I do support passing legislation. I do want to make sure that we're legalizing this activity because a) so many people enjoy it, b) it's clearly going to continue, and c) it seems to be providing positive outcomes both for the host and for folks that come visit our city and clearly small businesses and neighborhoods where there aren't hotels, and I think that was really clearly

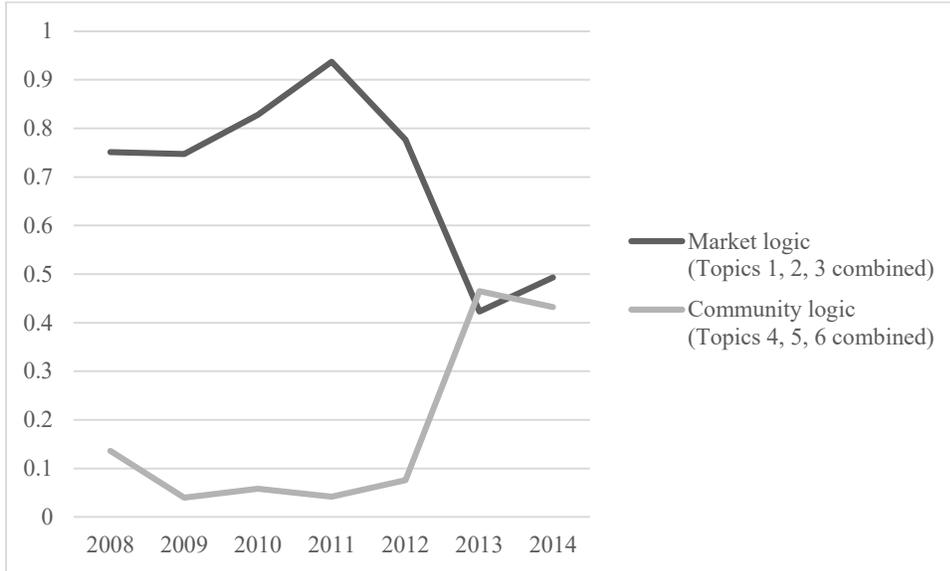
outlined” (15 September 2014 Hearing). Even Supervisor Avalos, who eventually voted against the legislation, saw benefits to: (1) the hosts “of having some more flexibility in their pocketbook” and “the great experience they have of meeting people and their families from all over the world”; and (2) the local community “to actually bring it in people to show parts of the Excelsior district 11 to people who would not necessarily see this part of San Francisco, and people actually contributing to the local economy who are from all parts of the world” (7 October 2014 Hearing). Supervisor Wiener stated, “thousands of people are participating in home sharing and many are relying on it in terms of their economic well-being and survival ... there are many people who absolutely rely on the income that they derive from these hosted rentals in order to make ends meet” (7 October 2014 Hearing). The Supervisors were particularly conscious of the economic benefits brought to the hosts, which corresponded to Airbnb’s statements that aligned with the notion of economic self-sufficiency in the community logic.

The legislation was not without disagreements. For instance, Supervisor Mar, who remarked that he “like[d] to use the term short-term tourist hotel rentals” rather than “home sharers” because he was worried about “a potential flood gate of opening up of many more tourists hotel type uses in residential areas in many parts of the city” (7 October 2014 Hearing); thus, he wanted more restrictions. Supervisor Campos questioned, “Do we give special treatment to a multibillion-dollar company by allowing them to do something that no other business in San Francisco has been allowed to do?” (7 October 2014 Hearing). Yet, the majority of the Supervisors approved of the ordinance, and the Board passed the legislation in October 2014 with a seven to four vote. Mayor Ed Lee signed the law in November 2014, making Airbnb legal. Board of Supervisors President Chiu, who had proposed the legislation, proclaimed that San Francisco “once again leads in teaching the world and showing the world how it is that we

share." The legalization of Airbnb points to legitimation in terms of moral legitimacy as it reflects the judgment that the organization and its service are seen as complying with the normative values of the broader society.

*Airbnb's strategy: Different logics to meet distinct legitimacy criteria.* Figure 6 shows that Airbnb used different logics to fulfill different legitimacy criteria that arose at different stages after its founding. Initially, Airbnb lacked pragmatic legitimacy as it was entering an existing industry without a user base. Therefore, Airbnb used the market logic in the earlier years (2008~2012) to demonstrate how its product or service could benefit the user over extant alternatives, securing new users to grow and survive. However, as Airbnb established pragmatic legitimacy to some extent, a new set of audiences appeared, the state, that evaluated the firm based on moral legitimacy. The legislators and city officials began to assess whether Airbnb's activities could offer a "positive normative evaluation of the organization" (Suchman, 1995, p. 579). To gain positive normative evaluation, Airbnb subsequently adopted the community logic in the later years (2012~2014), enabling it to obtain moral legitimacy from a different audience of regulators. These findings show that fulfilling one form of legitimacy criterion does not necessarily indicate that a firm has completely overcome the legitimacy problem; rather, the fulfillment of a particular legitimacy criterion may invite new questions about legitimacy.

**Figure 6.** Market Logic vs. Community Logic in Airbnb’s Texts



## DISCUSSION

A key assumption of the legitimacy literature is that legitimacy becomes less of a concern once it has been obtained. My findings on the entrepreneurial venture of Airbnb challenge this assumption. I show that an entrepreneurial firm has different legitimacy challenges over time and uses distinct institutional logics to meet these legitimacy challenges. Airbnb used the market logic to get the new venture off the ground by appealing to consumers and obtaining pragmatic legitimacy, which led to challenges of its moral legitimacy by the state. This challenge required Airbnb to shift to a community logic to both reshape laws and gain moral legitimacy from the state. Airbnb did not drop one logic in favor of another, but in its later years, it used both market and community logics to succeed as an entrepreneurial firm.

A key question is what allowed Airbnb to move so flexibly from market logic to adding the community logic. Previous studies have shown that actors cannot effectively draw on any logic in any conditions as they may be constrained by, for example, situational circumstances, actor’s skills, and/or the nature of the logics (McPherson & Sauder, 2013; Besharov & Smith,

2014). My findings point to three scope conditions for when a firm may be flexible and employ multiple logics: (1) the presence of a latent logic, (2) being a skilled cultural operator, and (3) complementarity of logics. First, the flexible use of multiple logics may require recovering aspects of the firm and giving tangible life to a latent logic (Christiansen & Lounsbury, 2013). Airbnb had first used the term “sharing” to explain its service in its early years, as shown in Figure 2 and Table 2. The earlier use of the term “sharing” enabled Airbnb to call upon the community logic as a latent logic when faced with the challenge to its moral legitimacy.

Second, a firm needs to be a “skilled cultural operator” (Fligstein, 2001; Überbacher, Jacobs, & Cornelissen, 2015), sensible of when to use particular logics that fulfill different legitimacy criteria. Airbnb initially used the term “sharing” to describe its services but dropped the term and replaced it with “rent out,” which is more compatible with a market logic and gaining pragmatic legitimacy to survive as a new venture. When Airbnb faced challenges from the state about its moral legitimacy, Airbnb reintroduced the term sharing and linked to the sharing economy movement, which had become a widely available cultural resource. Airbnb was credibly able to do so because it was featured as the example firm in the Introduction chapter of the book *What’s Mine is Yours* (Botsman & Rogers, 2010) and in a 2011 article in *Shareable*, an online magazine that covers the sharing economy. Airbnb’s skill was not just recognizing when to use which term, but drawing on larger cultural resources and recognizing when it could credibly use a salient term such as sharing that enabled it to shift and deploy the community logic to meet its moral legitimacy challenge.

Third, logic complementarity (Besharov & Smith, 2014) may not be obvious at first since market focuses on self-interest whereas community focuses on social good. Yet Airbnb was able to use these two logics during 2013 and 2014, as shown in Figure 6. The complementarity

between market and community logic is found in the market logic's emphasis on exchanges and the community logic's emphasis on economic self-sufficiency, where hosts use Airbnb to supplement their income and remain in their homes, particularly in cities with expensive rents and housing prices. Although the two logics may have a key point of complementarity, they rarely occurred within the same press release. My findings highlight that rather than structurally separating the logics in different compartments or groups (Dunn & Jones, 2010; Kraatz & Block, 2008; Reay & Hinings, 2009) or blending and hybridizing the multiple logics (Battilana & Dorado, 2010; Dalpiaz, Rindova, & Ravasi, 2016; Tracey, Phillips, & Jarvis, 2011), Airbnb used a strategy closer to polyphony in their use of market and community logics, which Gümüşay, Smets, and Morris (2020, p. 125) describe as the actor's "judicious use of time, place, or languages to enable simultaneous but separate enactments" of the multiple logics. The study confirms the strategic use of different logics (Durand et al., 2013; Jones & Livne-Tarandach, 2008), where added logics do not necessarily need to substitute the existing one but can coexist (Rindova et al., 2011). I extend this research by revealing scope conditions under which multiple logics may be used effectively.

The study offers insight into the temporal dynamics of legitimacy by empirically answering recent calls to "reject a static perspective and recognize that legitimacy is a continually unfolding process in which different scenarios can be identified at different points in time" (Deephouse et al., 2017). My findings offer empirical evidence that complements and elaborates existing theories on the acquisition of legitimacy by entrepreneurial firms (c.f., Aldrich & Fiol, 1994; Lounsbury & Glynn, 2001; Zimmerman & Zeitz, 2002) and advance our understanding of legitimacy dynamics (c.f., Fisher et al., 2016). In particular, the study builds on the recent theoretical paper by Fisher and colleagues (2016) that argued that technology ventures

must adapt to meet the expectations of different audiences at different time periods, but differentiates from their study, which has a narrow focus on different types of financial providers. In the case of Airbnb, the firm focused on fulfilling pragmatic legitimacy in the earlier years, only to be met by challenges to moral legitimacy criterion that was previously less relevant and by a different audience—regulators. Thus, my study moves beyond existing studies that focus on the acquisition of financial resources as a proxy for new venture legitimacy (e.g., Martens et al., 2007; Zott & Huy, 2007) and broadens the scope to examine other important audiences making legitimacy judgments in the early years of an entrepreneurial firm's growth and survival. Moreover, my study reveals Suchman's (1995) key insight that fulfilling one particular legitimacy criterion could, as an unintended consequence, lead to the questioning of another legitimacy criterion. My findings are also in contrast to Fisher and colleagues' (2016) theorization that suggests legitimacy obtained in previous stages may act as a buffer for meeting subsequent legitimacy requirements. Rather than acting as a buffer, numerous users that created Airbnb's pragmatic legitimacy also raised awareness of Airbnb's practices by regulators, leading to a new legitimacy challenge. My research suggests that legitimacy success may create new legitimacy challenges is a critical area of research for entrepreneurial ventures and their evolution.

There are some limitations to the study that need to be acknowledged. The study is a case of one particular firm; thus, other studies should verify whether these dynamics are experienced by entrepreneurial firms and in other country contexts. In the case of Airbnb, the firm did not face challenges from the state in terms of moral legitimacy until it had secured a fair amount of users and had obtained pragmatic legitimacy. This may particularly be more likely in countries that are based on the common law system where everything that is not prohibited by law

explicitly is permitted (Posner, 1973/2014). Thus, future research is needed to examine the factors that determine whether and to what extent entrepreneurial firms may focus on fulfilling different legitimacy criteria sequentially versus simultaneously, and in what order (Kunisch, Bartunek, Mueller, & Huy, 2017). Moreover, future research could explore different empirical contexts and types of ventures to examine whether strategies that fulfill one legitimacy criterion lead to the erosion of a different legitimacy criterion and, if so, how the entrepreneurial firm can maintain and restore its legitimacy. Also, Airbnb targeted two key audiences—users and regulators—to gain legitimacy. A central question is how other audiences with different legitimacy criteria may react to shifts in legitimacy strategies and the consequences for the entrepreneurial firm (Überbacher, 2014). Relatedly, the study examined how institutional logics offered resources for legitimacy to the entrepreneurial firm. Future research could examine whether other institutional logics (c.f., Thornton et al., 2012) are aligned with and offer cultural resources for gaining different forms of legitimacy.

## **CONCLUSION**

Legitimacy is critical for the survival and growth of entrepreneurial firms (Singh et al., 1986; Zimmerman & Zeitz, 2002). By illustrating how an entrepreneurial firm can use institutional logics in meeting different legitimacy criteria from distinct audiences, I show how entrepreneurial firms may navigate and overcome barriers that inhibit their ability to grow and become established. This research sheds light on a phenomenon that is increasingly being observed, such as Facebook and Amazon, which started as entrepreneurial firms and have become large and powerful firms due to their large number of users (i.e., obtained pragmatic legitimacy), yet are recently facing pressure from regulators in the U.S. and the E.U. as they are seen as obstructing fair competition (i.e., moral legitimacy). I hope that my findings stimulate

future inquiry into the legitimacy dynamics and strategies of entrepreneurial firms that enable their growth and survival.

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## APPENDIX

### Data Sources for Airbnb Number of Users in San Francisco

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## **ESSAY 2. GROWTH AND DECLINE OF THE “SHARING ECONOMY” CATEGORY: THE DOUBLE-EDGED SWORD OF CENTRAL EXAMPLES**

### **ABSTRACT**

A category's meanings are shaped by the properties and ideals of its central example. However, existing studies have rarely paid attention to the role of the central example in categorical dynamics. Using qualitative research methods, I examine the sharing economy category and its central examples used by the category promoters (i.e., movement) and the press between 2004 and 2019 during stages of category obscurity, growth, and decline. I illustrate which examples are used as the central example of a category, how the central example can be interpreted in different ways by various actors, which leads to discrepancies between the original meanings of the category and how it comes to become understood and used, and ultimately to the decline of a category. I highlight the importance of a category's central examples in understanding the dynamics of category change and dissolution.

## INTRODUCTION

Categories are groupings of entities that function to simplify complex situations encountered in the world by conferring comprehension and meaning (DiMaggio, 1997; Zerubavel, 1997) and allow actors to understand an entity by providing a set of meanings that are applied to the entity (Jones, Maoret, Massa, & Svejnova, 2012). Research on categories has been particularly interested in the dynamics of category change, including its emergence, change, and dissolution (Kennedy & Fiss, 2013). Categories go through changes as different actors articulate, construct, and contest their meanings (e.g., Delmestri & Greenwood, 2016; Khaire & Wadhvani, 2010; Weber, Heinze, & DeSoucey, 2008).

However, largely missing from the discussion is attention to the central example of a category. A category's meanings are shaped by the properties and ideals of its central example (Nigam & Ocasio, 2010; Rosch & Mervis, 1975). In other words, the central example of a category is essential in defining the meanings of a category. For instance, when an entrepreneurial firm first seeks to define a new category, it provides an exemplar representing and making the category understandable to its audiences (Navis & Glynn, 2010). Examples reveal information about the meanings of the category, and the category reveals information about the examples (Loewenstein, Ocasio, & Jones, 2012). Thus, it is important to examine the central examples of the category to fully understand how category meanings change and how they may affect category dynamics.

Research generally assumes that the central example of a category is the one that best instantiates the category's meanings (Durand & Paoletta, 2013; Hogg & Terry, 2000). However, there may be different ways to interpret what a central example of a category is. For instance, Vergne and Wry (2014) proposed that a central example can be considered either an average

member of a category, an abstract representation that encodes the salient attributes of the category members, or the most salient member of the category. Which of these is seen as the central example of the category is likely to affect the meaning of the category.

Moreover, it is unclear whether different actors that may influence category dynamics, even when they are aware of each other, perceive the central examples the same or different. Different actors may focus on different attributes of the central example, which may lead to varying understandings of the category (c.f., Durand & Paoletta, 2013). Over time, different interpretations of the central example and what it represents may lead to the discrepancies between the original meanings of the category and how it comes to become understood and used, which may, in turn, affect the future of the category.

In this study, I focus on the central example to examine the category dynamics from its creation, growth, to decline (Granqvist & Ritvala, 2016). Previous studies have provided us with insights into category formation (Khair & Wadhvani, 2010; Lee, Hiatt, & Lounsbury, 2017) and change (Delmestri & Greenwood, 2016; Siltaoja et al., 2020) but have paid less attention to how categories decline (Granqvist & Siltaoja, 2020; Kennedy & Fiss, 2013). I seek to examine category changes, including its growth and decline (Granqvist & Ritvala, 2016), by focusing on the central example of a category. More specifically, I ask: (1) *What are used as the central examples of a category by different actors, (2) are there differences in how the central examples are understood that lead to changes and differences in the category's meanings, and (3) how do these discrepancies affect the survival or decline of a category?*

To explore this research question, I examine the sharing economy category from 2004 to 2019. The sharing economy category was first initiated and promoted by a group of activists and social entrepreneurs (hereafter called the movement) that emphasized social and environmental

benefits coming from various practices based on the principle of sharing. The category later came to be understood through firms such as Airbnb and Uber. I use articles in the movement organizations' publications as reflective of the view of the category promoters, or "originators" of categories that "initiate the process [of category formation], control its unfolding, and in some cases own the categories just formed" (Durand & Khaire, 2017, p. 89), and articles in the press on the sharing economy as reflective of the view of the general public (similar to Deephouse & Carter, 2005). I use qualitative research methods to capture the changes in the central examples and meanings associated with the sharing economy category over time. By doing so, I examine the role that a central example plays in the changes in the meanings and the status of a category.

## **THEORETICAL BACKGROUND**

### **Central example of a category and its attributes**

The central example of a category has been conceptualized as a *prototype* in category studies (Rosch and Mervis, 1975). A prototype is defined as "the most representative or central member of a category in the eyes of a given audience (Rosch and Mervis, 1975)" (Vergne & Wry, 2014, p. 72). It is well established in the literature that a prototype plays a vital role in categorization processes (Durand & Paoletta, 2013; Rosch and Mervis, 1975; Zuckerman, 1999). When determining whether an entity belongs (or not) to a category, people rely on the comparison between the given entity and the prototype. In other words, the prototype furnishes a set of meanings in which the individual uses to categorize other objects. In identifying a prototype, studies have relied on the typicality effect, where individuals respond more rapidly to typical examples (e.g., robin as a bird) than they would to examples that are considered atypical of the category (e.g., penguin or eagle as a bird), and the more prototypical items were

mentioned more frequently and when asked to name a few exemplars of a category (Rosch, 1975a, 1975b).

Yet, it remains unclear exactly what can be regarded as a prototype. For instance, Hogg and Terry (2000) argue that prototypes can take the form of either an *actual member that best embodies the category* or an *abstraction of category features*. Similarly, Vergne and Wry (2014) identify three different ways in which a prototype can be interpreted. They claim that a prototype can be considered either an *average member* of a category, an *abstract representation* that encodes the salient attributes of the category members, or the *most salient member* of the category.

In existing studies, there are some hints of which examples are highlighted as central by particular actors. For instance, the press tends to cover highly visible and prominent firms (consistently replicated in studies such as Deephouse, 2000; Kennedy, 2008; Zavyalova, Pfarrer, Reger, & Shapiro, 2012), and thus may highlight the most salient member of the category, such as a firm with the highest sales, as the central example. In this case, the general public may associate the category member that may not be representative of the original meanings of the category, but rather an extreme case and outlier, as the central example of the category, which may feed back into the press. For example, an iPhone may be highlighted more as a central example of a smartphone (as opposed to an HTC smartphone, which would be closer to an average member of the category) despite being considered relatively unique compared to other smartphones in the category (e.g., having a unique operating system with high-end features). Thus, this category member may not reflect the central tendency of the category, yet may be regarded as the most central example when it is the one most mentioned with regards to the category. As the press records and influences knowledge and opinions of the general public

(Deepphouse, 2000), it acts as an information intermediary that may significantly impact how culturally shared categories are shaped (Kennedy, 2008; Navis & Glynn, 2010). For other types of actors, it is yet unclear what examples may be highlighted as the most central example of a category. At any rate, in the case that the central example does not reflect the central tendency of the category and is not necessarily the one that best instantiates the category's original meanings, there is more leeway for users and audiences in how they interpret the central example to understand the category.

As a matter of fact, different sets of actors may perceive and interpret the central examples differently. For instance, studies on concept formation (c.f., Durand and Paoletta, 2013) that examine cross-cultural differences (see ojaletto and Medin, 2015 for a review) show that different cultural backgrounds or domain-specificity may lead to differences in categorization processes. As an example, Keller and Loewenstein (2011) examine the situations people categorize as “cooperation” and found that the examples are radically different across China and the United States. Further, actors that are aware of each other and are within the same or overlapping field may also see the central example differently as they may have different motives underlying categorization processes (Pontikes & Kim, 2017).

In particular, different actors may focus on different attributes of a central example—positive and normative attributes (Arjaliès & Durand, 2019)—to make sense of a category. *Positive attributes* refer to “physical and functional features” (Arjaliès & Durand, 2019, p. 885). According to Arjaliès and Durand (2019), these attributes activate actors' faculty of knowing (c.f., Kant, 1790)—“the cognitive capacities in accordance with their individual and collective representations of what is” (p. 885). On the other hand, *normative attributes* refer to “characteristics that reveal a purpose or specific values” (Arjaliès & Durand, 2019, p. 885).

These attributes activate the actors' faculty of judging what the category represents and should accomplish with regards to a purpose. Normative judgments include morals, which embody humans' highest aspirations and define what is deemed appropriate (Anteby & Anderson, 2016), as well as aesthetics (c.f., Jones, 2020) (see Arjaliès & Durand, 2019 for a discussion on different dimensions of normative judgments).

In the case of the minivan, for example, the category was largely defined based on positive attributes such as "front-wheel drive," "low step-in height," "seven passenger," and "cargo space large enough for a 4 x 8 sheet of plywood between the wheel wells" (Rosa, Porac, Runser-Spanjol, & Saxon, 1999). On the other hand, there may be cases in which categories are understood in terms of both positive and normative attributes, with a particular focus on the latter. For instance, grass-fed meat products were not only determined by their positive attributes, such as marbling of meat and fat content but also evoked normative attributes such as clean and nurturing (Weber et al., 2008). Early thrift plans mobilized "theories of moral sentiments" that embodied normative expectations that it "helps to make good citizens" and "makes for happy homes, contended communities, a prosperous nation" (Haveman & Rao, 1997, p. 1612). Social responsible investing funds were defined based on the normative attributes of whether it helps to develop a socially responsible economy (Arjaliès & Durand, 2019). In these studies, movements were influential actors in evoking the normative attributes of a category, which suggests that there may be particular actors that pay more attention to normative attributes versus other actors that may focus on the positive attributes of the category and its central example.

### **Relationship between category's examples and meanings**

The central example and the meanings of a category influence each other in a bidirectional and mutually reinforcing way. There have been several studies that examine the

relationship between examples and meanings. For instance, studies of the different organizational forms within the social welfare “institutional space” by Mohr and colleagues (Mohr & Duquenne, 1997; Mohr & Guerra-Pearson, 2010) show that social practices and meaning systems are mutually constitutive. In the study of change in institutional logics within the healthcare field, Nigam and Ocasio (2010) show that theorizations of new institutional logics led to particular representations of features and exemplars, and field participants relied on concrete representations of exemplars to understand the change in the theorization of new institutional logics. Loewenstein, Ocasio, and Jones (2012), which focuses on the vocabulary approach, argue that word-to-word and word-to-example relationships are bidirectional as examples reveal information about the meaning of words, and words reveal information about the meaning of examples. In the study of categories more specifically, Bajpai & Weber (2017) explored “abstract concepts,” which “are constituted based on theories that organize conceptual space and relate abstract ideas to each other” (p. 230) and contrast them with “object concepts,” which are based on prototypes. The two types of concepts work together so that the meaning systems help determine the objects (i.e., prototypes) that are used for categorization, and meaning systems are likely to arise from repeated experiences with the objects.

If the central example is interpreted differently by focusing on its different attributes, this is likely to lead to different understandings of what the category means. While changes in the meaning of a category may be a natural trajectory, the diffusion of a model that may contradict or undermine its original meanings may lead to different outcomes for the survival of the category. For the category promoters, the proliferation of different meanings may be problematic as the category promoters’ identity, which is tied to the category, may be threatened (Grodal, 2018), and in extreme cases, may lead to the erosion of the category that they belong to (Rao,

Monin, & Durand, 2005). For instance, in the case of nanotechnology, the identity of the core community was threatened with the peripheral communities changing the meanings and boundaries of the field, which led to the core community making efforts to regain control (Grodal, 2018). In French gastronomy, the erosion of the boundaries of classical cuisine with the rise of nouvelle cuisine led to the withdrawal of classical cuisine by the chefs in the category (Rao et al., 2005). On the other hand, the expanded meanings of the category may be embraced. Jones and colleagues (2012) show in their study of the formation, contestation, and expansion of the “modern architecture” category that two different groups of architects initially promoted the new category through competing definitions and different examples, and later, the followers of the category recognized both sets of promoters and their conflicting definitions and examples by enacting pluralism. For the general public, it is less clear how they would react, but they may either embrace the multiple meanings, or the mismatch between the category’s label, central examples, and meanings may lead to a search of new categories, ultimately leading to the decline of the category’s use (Kennedy & Fiss, 2013). Yet, the differences in the central example and its interpretations, the process in which the central example affects the meanings of the category, and the consequences of the discrepancies between the original meanings of the category and how it comes to become understood and used have not been explored in the existing literature. Therefore, I provide insights into the dynamics of category change by examining its growth and decline and the role of central examples.

## **METHODS**

### **Research Setting**

I study the sharing economy category. The coexistence of different sets of actors with seemingly different goals and interests, and the mixture of promises and concerns (c.f., Gerwe &

Silva, 2020; Schor, 2016) make the sharing economy an interesting context that provides insights into the social process “rooted in cultural understandings and expectations” (Glynn & Navis, 2013, p. 1125) where actors rely “on their particular contexts and interpretations” (Durand, Szostak, Jourdan, & Thornton, 2017, p. 5) to influence category dynamics.

I explore the sharing economy category as viewed by the sharing economy movement (i.e., category promoters) and the press (representing the general public, similar to Deephouse & Carter, 2005). I examined the category from 2004 to 2019 to capture the temporal dynamics of the category (Langley, 1999). The empirical context constitutes an “extreme case” in which the dynamics being examined tend to be more visible than they might be in other contexts (Eisenhardt, 1989). With the sharing economy category, there was a clear category promoter that created and had vested interests in promoting and maintaining the category. Moreover, the category promoter was a movement that used normative attributes, in particular, morals, in defining the category in addition to positive attributes that have been the focus of most research on categories. Thus, I went into the context expecting that these unique characteristics of the movement and their use of the category—one that constitutes an “unconventional research context”—would help better reveal the dynamics and help to develop existing theories further (Bamberger & Pratt, 2010).

### **Data Sources**

The primary data examining the sharing economy category were as follows. For data that represents the category promoters, I used articles published by the media outlets of three sharing economy movement organizations that focused on the sharing economy between 2006 and 2019. The three organizations that were central to the movement were P2P Foundation, *Shareable*, and Ouishare. The P2P Foundation is a non-profit organization and global network founded in 2005

that advocates for and conducts research on commons-oriented peer-to-peer dynamics in society and operates the *P2P Foundation Blog*. *Shareable* is a non-profit news, action, and connection hub founded in 2009 for what they called “the sharing transformation.” Ouishare is an organization founded in 2012 based in Europe but having hubs in the Americas and is best known for hosting sharing economy events, including the annual Ouishare Fest and publishing the *Ouishare Magazine*. For data representing the press and the general public, I used news articles in media outlets that published articles in English—*The New York Times*, *The Wall Street Journal*, and *The Times* between 2007 (earliest article on the sharing economy)<sup>1</sup> and 2019.

I supplemented these sources with secondary data providing further insight into the trajectory of the sharing economy category. For data prior to the first article on the sharing economy in the *P2P Foundation Blog* in 2006, I used foundational articles by Ito (2004) and Lessig (2005) to examine the initial creation of the category and the category dynamics within the movement in years 2004 and 2005. Other materials, including books and articles written on the sharing economy, were used to gain a general understanding of the sharing economy and the modes of organizing (e.g., business models), and the different perspectives of various actors over time. Multiple data sources, as summarized in Table 1, allowed “triangulation” verification of the findings derived from the primary data (Denzin, 1978).

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<sup>1</sup> *The Times* had two articles including the term “profit-sharing economy” in 1986, which were excluded from the data sample.

**Table 1.** Data Sources and their Use in the Analysis

Data Sources	Role in analysis
<p><b>Material published by the movement</b></p> <ul style="list-style-type: none"> <li>• <i>P2P Foundation Blog</i> (2006-2019) (462 articles)</li> <li>• <i>Shareable</i> (2009-2019) (719 articles)</li> <li>• <i>Ouishare Magazine</i> (2012-2019) (95 articles)</li> </ul> <p><b>Material published by the press</b></p> <ul style="list-style-type: none"> <li>• <i>The New York Times</i> (2007-2019) (231 articles)</li> <li>• <i>The Wall Street Journal</i> (2009-2019) (115 articles)</li> <li>• <i>The Times</i> (2013-2019) (277 articles)</li> </ul>	<ul style="list-style-type: none"> <li>• Identified examples</li> <li>• Coded and labeled how and why the category was being used by the movement and the press, how the category was defined, and how and why particular examples were being used with the category</li> <li>• Identified temporal sequences among the codes to reveal processes</li> </ul>
<p><b>Material published by the movement after category creation and before the founding of <i>P2P Foundation Blog</i></b></p> <ul style="list-style-type: none"> <li>• Ito (2004), Lessig (2005)</li> </ul>	<ul style="list-style-type: none"> <li>• Examined initial creation of the category</li> <li>• Examined the category dynamics in years 2004 and 2005 when the <i>P2P Foundation Blog</i> did not yet exist</li> </ul>
<p><b>Material about the sharing economy</b> <i>Written by non-academics</i></p> <ul style="list-style-type: none"> <li>• Orsi &amp; Doskow (2009), Botsman &amp; Rogers (2010), Gansky (2010), Bloomberg (2015), Chase (2015), PricewaterhouseCoopers (2015), Slee (2015), Stephany (2015), <i>Shareable</i> (2017)</li> </ul> <p><i>Books written by academics (excluding academic journal articles)</i></p> <ul style="list-style-type: none"> <li>• Lessig (2008), Parker, Van Alstyne, &amp; Choudary (2016), Sundararajan (2016), Belk, Eckhardt, &amp; Bardhi (2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Gained a general understanding of the sharing economy and the modes of organizing</li> <li>• Gained an understanding of the different perspectives of various actors over time</li> </ul>

**Text data acquisition.** The articles in *P2P Foundation Blog*, *Shareable*, and *Ouishare Magazine*, were extracted from the websites using Python 3 (van Rossum & Drake, 2009) with the help of the BeautifulSoup package for HTML tag extraction and manipulation (Richardson, 2007). For *Ouishare Magazine*, only the English language articles were retained. Then, the articles that including the word “sharing economy” were sampled, resulting in 462 articles from the *P2P Foundation Blog*, 719 articles from *Shareable*, and 95 articles from *Ouishare Magazine*. The articles in the news media were sampled by searching articles that mentioned “sharing

economy” in the body of the article, resulting in 342 articles from *The New York Times*, 115 articles from *The Wall Street Journal*, and 277 articles from *The Times*.

**Reduction into segments.** As a large portion of the texts were not necessarily focusing on the “sharing economy,” I selected textual segments that focused on the sharing economy. For consistency across data sources, I used two sentences before and after the sentence in which the word “sharing economy” appears as the text to be used for analysis. This unit was chosen as opposed to, for example, using paragraphs including the word “sharing economy” because there was a significant variance in what constituted a paragraph between different articles and data sources. In cases where the word “sharing economy” appeared multiple times within the window, the window was extended to two sentences before the sentence in which the word “sharing economy” first appeared and two sentences after the sentence in which the word “sharing economy” last appeared. The final number of text segments were 839 segments from the *P2P Foundation Blog*, 1,321 segments from *Shareable*, and 208 segments from *Ouishare Magazine*, 282 segments from the *New York Times*, and 145 segments from the *Wall Street Journal*. Table 2 shows the number of articles, segments, and the mean number of words per segment for each primary data source.

**Table 2.** Textual Segments

	<b># of articles</b>	<b># of segments</b>	<b>Mean # of words per segment</b>
<b>Movement</b>			
<i>P2P Foundation Blog</i>	462	839	134.28
<i>Shareable</i>	719	1,321	134.72
<i>Ouishare Magazine</i>	95	208	137.02
<b>Press</b>			
<i>The New York Times</i>	231	282	116.22
<i>The Wall Street Journal</i>	115	145	115.48
<i>The Times</i>	277	289	111.18

## **Analytic Process**

*Identifying examples.* To identify the examples associated with the sharing economy category, I extracted the proper nouns used within the text segments. The proper nouns represent material embodiments of what were considered members of the sharing economy category. To extract the proper nouns that are associated with the category, I initially used the Stanford Named Entity Recognizer (Finkel, Grenager, & Manning, 2005), which labels sequences of words in a text which are the names of things and can distinguish organizations from the names of persons and locations. As I found the identification of proper nouns was incomplete using this method, I went through the segments and hand-coded proper nouns that were not identified earlier or incorrectly identified.

In this study, I use the examples that co-occur the most frequently with the term “sharing economy” in a given year by an actor as the central examples of the category. When an example is most prevalent and frequently mentioned, it signals the importance of the example to a category (Jones et al., 2012; Kennedy, 2008). This assumption builds on the vocabulary approach (Loewenstein et al., 2012) that focuses on the co-occurrence of words and examples, where examples reveal information about the meaning of words, and words reveal information about the meaning of examples. Table 3 shows the top three examples of the sharing economy by year for the movement and the press.

**Table 3.** Top Three Examples by Year for the Movement and the Press

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Movement</b>														
1	Flickr (2)		Google, Linux, Youtube (1)	Free-cycle, Wikipedia (1)	Google (6)	Airbnb (10)	Airbnb (55)	Airbnb (71)	Airbnb (105)	Uber (106)	Uber (90)	Uber (48)	Airbnb (69)	Tipalti (13)
2	ccMixter et al (1)				Zimride (3)	Zipcar (7)	Trust-Cloud (24)	Lyft (34)	Uber (65)	Airbnb (73)	Airbnb (54)	Airbnb (28)	Uber (40)	Airbnb (11)
3					Airbnb, Couch-surfing, Zipcar (2)	Kick-starter et al. (4)	Task-Rabbit (12)	Task-Rabbit (23)	Lyft (21)	Task-Rabbit (19)	Face-book, Lyft (6)	Food Assembly, Lyft, Up & Go (9)	Lyft (12)	Uber (9)
<b>Press</b>														
1		Boston-Now, Wikipedia (1)				Belly to Belly Barter-mart et al (1)	Airbnb (8)	Airbnb (21)	Airbnb (116)	Uber (132)	Airbnb (132)	Airbnb (52)	Airbnb (51)	Airbnb (30)
2							Citi Bike, Task-Rabbit (2)	Couch-surfing et al (2)	Uber (61)	Airbnb (89)	Uber (91)	Uber (35)	Uber (16)	Uber (14)
3							Spin-lister, Uber (1)	Amazon et al. (1)	Lyft (16)	Lyft (17)	Lyft (13)	Alibaba et al. (3)	Amazon, Face-book, Google (3)	Lyft (5)

*Note.* The number in parentheses indicates the number of times the organization was mentioned in that year.

In the sharing economy category, there were also different verbs that were used to describe the category, such as “renting, bartering, lending, trading, gifting, and swapping” (*Shareable*, 10 October 2011) as well as a variety of objects such as “time, household goods, automobiles, money, and living space” (*Shareable*, 20 October 2010). However, keeping track of all verbs, objects, and verb-object combinations were not only infeasible but also did not capture the subtle differences between the examples, such as the difference between Lyft and Uber, which are often both classified as ridesharing, but showed a significant difference in how the movement and the press categorized the sharing economy as I illustrate later in the findings. Moreover, different verbs, objects, and verb-object combinations were used to describe the same proper noun, such as Airbnb described using different verbs like sharing, renting, and leasing, and objects like housing, accommodation, apartment, (vacation) home, (spare, bed) room, (living, personal) space, and so on. In addition, verbs and objects were often included as part of the definition of the sharing economy category, blurring the line between the examples and the definitions of the category. Therefore, I ended up restricting examples to proper nouns associated with the category for both practical and theoretical reasons.

***Qualitative coding and process analysis.*** To gain more detailed insights into the roles of examples in category dynamics, I followed the iterative process recommended by Miles and Huberman (1994), traveling back and forth between the data and an emerging structure of theoretical arguments. I began coding the segments through open coding for salient categories of information supported by the text. Then, I looked for similarities and differences among the many codes, which led to the emergence of dominant themes around the questions of (1) how and why the movement and the press were using the sharing economy category, (2) how the category was being defined, and (3) how and why particular examples were being used with the

sharing economy category. The observations between the movement and the press allowed me to compare the similarities and differences in the dynamics of the two different actors within a single context (Yin, 2017). For instance, during this stage of analysis, I examined whether the movement and the press were focusing primarily on examples that were more aligned with how the category was being defined versus examples that were salient and highly visible (c.f., Hogg & Terry, 2000; Vergne & Wry, 2014). I also investigated whether the distinct actors had different uses and definitions of categories, particularly focusing on whether the actors paid attention to positive or normative attributes (c.f., Arjaliès and Durand, 2019). For normative attributes, the sharing economy context focused primarily on morals (c.f., Anteby & Anderson, 2016).

As I was interested in revealing processes, I further examined the codes using “organizing strategies” by creating graphic displays and identifying temporal sequences among the codes (Langley, 1999). The analysis was supplemented with metrics such as the number of articles mentioning the sharing economy, the number of different examples, the number of times an example was mentioned, and category concentration for the movement versus the press by year. Through this analysis, I temporally bracketed the processes into different phases (Langley, 1999)—stages of category obscurity, growth, and decline. In contrast to what theories of industry life cycle and categorical dynamics would suggest, the sharing economy context did not reveal a clear period of maturity in which we would expect “categorical deepening,” where the semantic network associated with the category becomes denser and stabilizes (Grodal, Gotsopoulos, & Suarez, 2015), and “all the politics, debates, struggles to come to terms with novelty, all the work of category revision, experimentation, and redefinition cease, recede from view, becoming

buried in the archives, day to day practices, or architectures of markets” (Lounsbury & Rao 2004, p. 974).

I also paid careful attention to the interactions among the movement and the press and how they were exerting influence on the category dynamics between each other. I also explored how the various codes that I had identified were enacted at different stages of the sharing economy category’s trajectory, allowing me to link these codes to the different stages of category obscurity, growth, and decline. I continued to revise, merge, and elaborate earlier codes during this process. Ultimately, traveling back and forth between the data and an emerging structure of theoretical arguments led me to the framework illustrated in this paper. In the following section, I present the findings using a narrative interpretation of the analysis (similar to Jones et al., 2012).

## **FINDINGS**

Figure 1 illustrates the process of category obscurity, growth, and decline through the central example for the movement and the press. The line graph shows the number of articles including the sharing economy category label in the movement’s publications and the press, which approximates the growth and decline of the category over time. The phases occurred in different years for the movement that created and promoted the category versus the press that later adopted the category. For the movement, the category went through periods of (1) category obscurity from 2004 to 2009, (2) category growth from 2009 to 2014, and (3) category decline from 2014 to 2019. For the press, the category was introduced later and went through periods of (1) category obscurity from 2007 to 2012, (2) category growth from 2012 to 2015, and (3) category decline from 2015 to 2019.

**Figure 1.** Category Obscurity, Growth, and Decline through Central Example for Movement and Press, 2004-2019

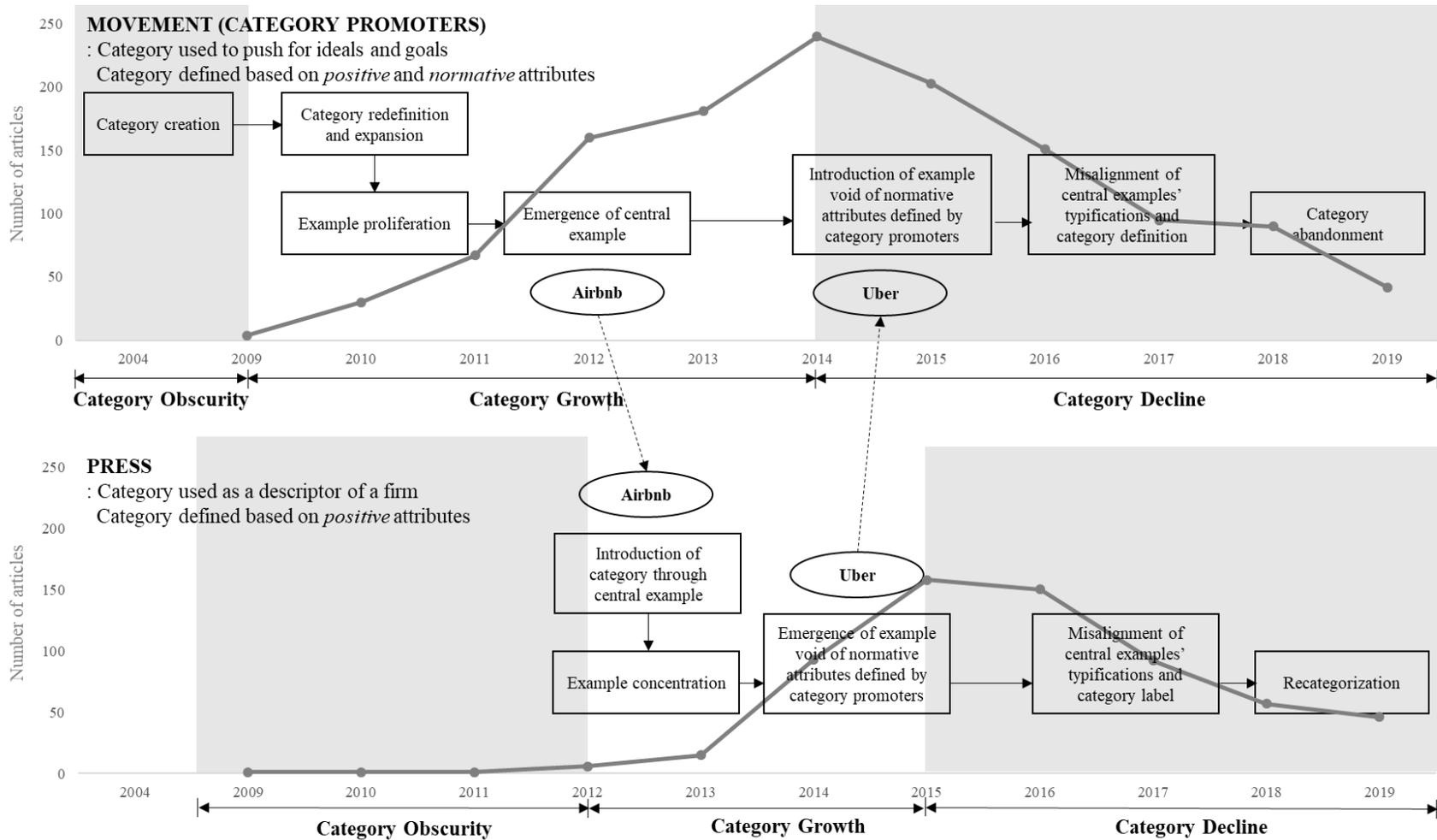
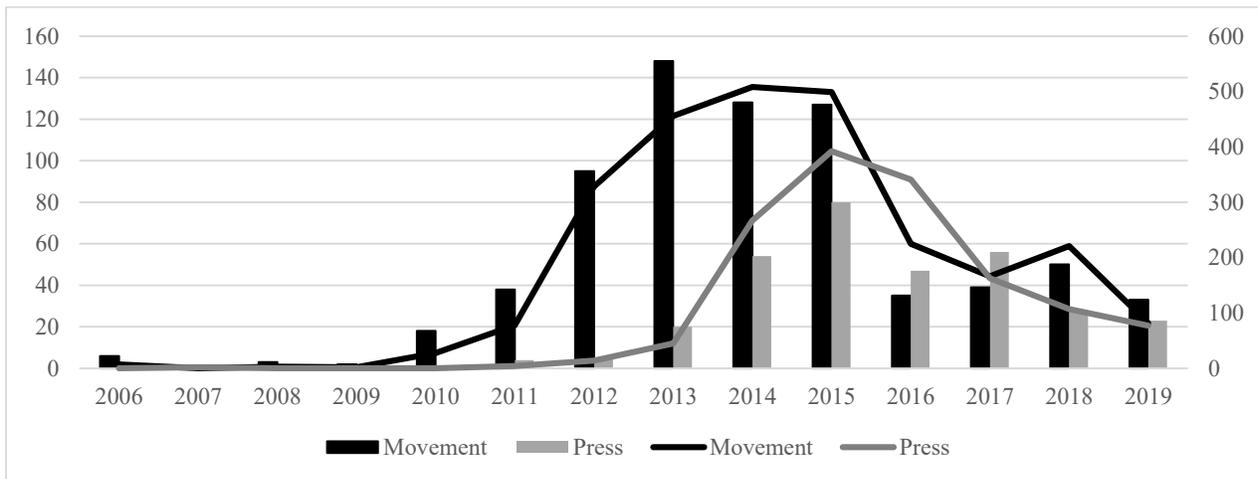


Figure 2 shows the number of different examples and the number of times an example was used by the movement versus the press. The general trends in this figure correspond well with Figure 1 that illustrates the rise and decline of the category. However, understanding the rise and decline of the category requires a more nuanced understanding of the examples that were used and what became the central examples of the category, which I illustrate in detail below.

**Figure 2.** Number of Different Examples and Number of Times an Example Was Mentioned by the Movement versus the Press, 2006-2019



**Category Obscurity: Movement (2004-2009) and Press (2007-2012)**

During this early phase, the movement created the sharing economy category that included both positive and normative attributes and used a few examples to illustrate the category. However, the category was primarily used within the movement without being known to the general public and remained obscured during these years.

**Category creation.** The first uses of the sharing economy category could be traced back to 2004 when movement activists started to use the term (Lessig, 2005; see also Ito, 2004).<sup>2</sup> The *P2P Foundation Blog* opened at the end of 2005 and provided a forum for further discussion on the sharing economy. The sharing economy category was defined as elaborated in the following articles:

[T]he sharing economy ... is primarily about sharing one's creative expression ... Such individuals or groups generally produce for their own use value and enjoyment, for the alternative recognition systems ... (knowledge, relationship, reputational value).

Expected monetary returns are marginal to the main motivation. In this scenario ... individuals have weak links to each other, and they are happy to accept that the platforms that enable such sharing are created by others, presently by the Web 2.0 proprietary platforms. These in turn, use the aggregated attention to fund and profit from these platforms. (*P2P Foundation Blog*, 25 June 2007)

What is so new about this sharing economy ... is the new feasibility of producing information, knowledge, and culture through social, rather than market and proprietary relations that creates opportunities for greater autonomous action on the part of millions of individuals – a more critical culture, a more engaged and better-informed society and the possibility of a more equitable global community. (*P2P Foundation Blog*, 25 October 2006)

As can be seen from the quotes, the sharing economy involved a positive attribute: “the production of the ideas, innovations, experiences and other intangibles” (Arvidsson, 2007) that were shared through the web (i.e., online platforms). The sharing economy was also defined by

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<sup>2</sup> Alternatively, Jemielniak and Przegalinska (2020) credit Felson and Spaeth's (1978) with coining the term “economy of sharing.”

normative attributes, which involved creating a more equitable society that was to be achieved through these activities.

The category was heavily linked to the notion of Creative Commons in this period. In 2006, Flickr, del.icio.us, and ccMixter, where pictures, web bookmarks, and music could be shared, as well as Wikipedia, were mentioned as examples of the sharing economy. In 2008, Linux was mentioned to illustrate how the sharing economy could outperform the conventional market system, and YouTube and Google were mentioned as examples of platforms where the value created by users could be shared and monetized.

However, the sharing economy remained a category that was used primarily by the movement. It was rarely incorporated into the press and the public discourse with the exception of a few articles, with one report in 2007 in *The New York Times* mentioning BostonNOW, a newspaper that combined traditional and web journalism, and Wikipedia as examples. The category remained obscured during this period.

### **Category Growth: Movement (2009-2014)**

During this phase, the movement went through category redefinition, which led to the expansion of the definition of the category in terms of both its positive and normative attributes. It was initially followed by example proliferation, where many new examples that fit the expanded meanings of the category were introduced. As time passed, Airbnb emerged as a central example that represented the sharing economy category as the firm was the most salient example that many movement activists believed would help bring the category (and the fulfillment of their goals) into the mainstream.

***Category redefinition and expansion.*** In late 2009, the sharing economy category went through *redefinition* and *expansion*. *Shareable*, which was founded in that year, redefined and expanded the sharing economy category to include the “sharing of physical objects and spaces”

such as living/working space, food preparation, household items/appliances, and apparels (*Shareable*, 24 December 2010) from previously being primary about sharing of intangibles through the web, expanding the positive attributes that can be considered as part of the category.

At the same time, other books were published that laid out similar ideas. For instance, *The Sharing Solution* (Orsi & Doskow, 2009) defined sharing as “two or more people coming together to pool property, resources, or obligations or to do something together” (p. 8). *What’s Mine is Yours: The Rise of Collaborative Consumption* (Botsman & Rogers, 2010) examined what they termed as collaborative consumption: “traditional sharing, bartering, lending, trading, renting, gifting, and swapping, through technology and peer communities” (p. xv). *The Mesh: Why the Future of Business is Sharing* (Gansky, 2010) examined “mesh businesses” that “share four characteristics: sharing, advanced use of Web and mobile information networks, a focus on physical goods and materials, and engagement with customers through social networks” (p. 15). These books were featured in *Shareable* and the *P2P Foundation Blog*, and the ideas came to be collectively known as the sharing economy.

The redefined and expanded sharing economy also enlarged the normative attributes of the category. At the core remained the original normative attributes from the preexisting definition of the category that the sharing economy should “stay open, fair, and democratic” (*Shareable*, 23 February 2012). The movement additionally emphasized “cost savings, stronger communities, environmental conservation, broader access to resources, and higher quality products made for sharing” as normative attributes of the sharing economy (19 October 2010).

**Example proliferation.** Category redefinition and expansion led to the inclusion of new examples used to describe the sharing economy. The two examples seen in the publications of the movement organizations in 2009 reflect both the original definition and the redefinition and

expansion of the category. The example of Wikipedia corresponded to the original definition of the sharing economy. In contrast, the example of Freecycle, a platform for “giving (and getting) stuff for free in their own towns and neighborhoods” (Freecycle, n.d.), illustrated how the category now encompassed sharing of tangible objects.

In the years that followed, there was *example proliferation*. In 2010, Zimride was mentioned along with seventeen other firms, including Airbnb and Zipcar. Google was mentioned the most times after it invested in RelayRides (later Turo), a carsharing firm. The number of examples used continued to increase to 38 different examples in 2011, 95 in 2012, and reached the peak with 148 in 2013 (See Figure 2). There was a great deal of diversity in terms of practices, including “office space, travel accommodations, textbooks, kids clothes, parking spaces, garden plots, private planes, camera lenses, luxury handbags, boats, household items, and more.” (*Shareable*, 5 October 2010) and in terms of the model including for-profits and “various models—social entrepreneurship, co-ops, non-profits, and more” (*Shareable*, 23 November 2011), all of which fit the positive attributes of sharing tangible or intangible objects between individuals facilitated by the web. The examples also fulfilled normative attributes, including “decentralising power; creating a fairer world; reducing waste; empowering people and groups; building more resilient systems; and strengthening communities” (*Shareable*, 26 June 2014).

***Emergence of central example.*** In 2011, Airbnb became the most mentioned firm by the movement, becoming the central example of the sharing economy category. The *Shareable* (11 October 2011) noted, “The past year has seen the rise of the sharing economy. Airbnb is now a household name.” Airbnb was first introduced as the opening example in the book *What’s Mine is Yours: The Rise of Collaborative Consumption* (Botsman & Rogers, 2010), which was subsequently mentioned in the outlets of the movements. Airbnb’s successful Series B funding of

USD 112 million made it an example that is salient and became continually mentioned by the movement of the sharing economy.

However, some movement activists did not consider Airbnb to be the ideal example of the sharing economy because it received funding from venture capitalists. They were concerned that “[v]enture [c]apital funds are not interested in people power, they are interested in an investment with a good return” (*P2P Foundation Blog*, 10 September 2013). Some went on to argue that “high-profile companies like Airbnb, Lyft, Uber (sic), Sidecar, and TaskRabbit” needed “a new business model” that is not “privately owned, venture-capital funded” to “fulfill the dream and promise of the sharing economy” (*Shareable*, 16 September 2013). An article in *Ouishare Magazine* stated that “Some have proposed that the “real” sharing economy – the one where money is not involved – should be called something else ... separating it from the phenomenon dominated by the big venture-funded corporations like Airbnb” (12 March 2013).

However, others disagreed and regarded that “the influx of VC funding has played an important role” in driving the sharing economy (*Ouishare Magazine*, 5 June 2013). An article argued that the “diversity [in financing model] is a strength” and that “[t]he key is that each model creates value, harnesses underutilized assets to work, fosters local connections, community, and economic activity.” The same article argued that the movement “should focus on being inclusive” (*Shareable*, 27 November 2012). More importantly, the movement saw the success of these venture capitalist-backed firms such as Airbnb as critical to the sharing economy going mainstream. An article in *Shareable* (2 July 2012) argued that with “the recent success of companies like Airbnb, 2012 may prove to be the year sharing goes mainstream.” As an article in the *P2P Foundation Blog* (24 January 2013) mentioned, “Airbnb [was] the best-known example of [the sharing economy] (to most casual observers, it’s the only example).”

### **Category Growth: Press (2012-2015)**

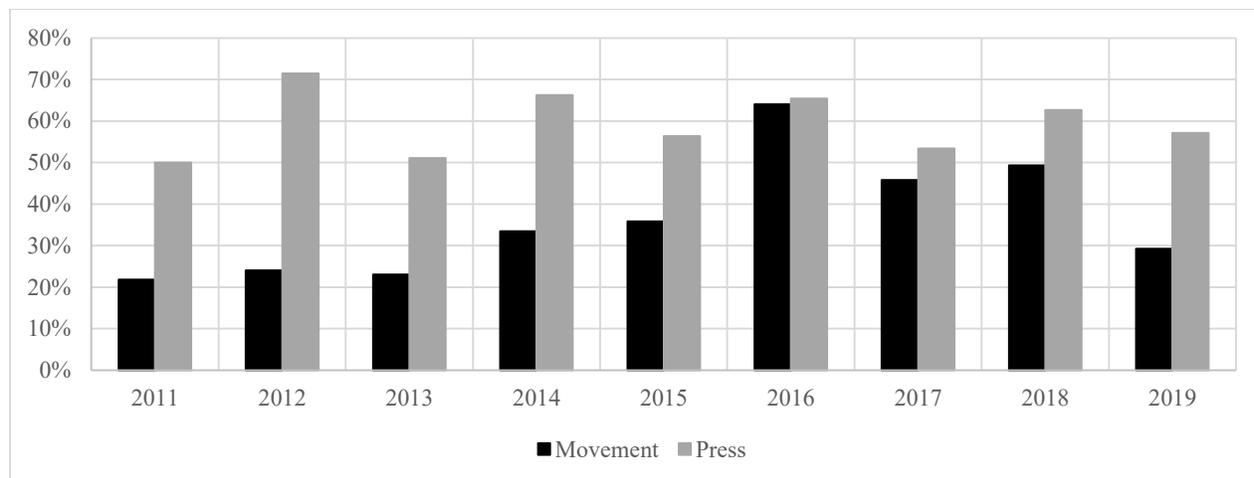
During this phase, the sharing economy category that had been used mainly by the movement was introduced in the press through the central example Airbnb. The category was mentioned as a descriptor of the few firms being introduced in the press, with less focus on the category itself, leading to example concentration where only a few examples were mentioned along with the sharing economy. Moreover, the press focused mainly on the positive attributes of Airbnb and the other few examples without paying much attention to the normative attributes defined by the movement. This led to the emergence of a second central example Uber that was void of these original normative attributes.

*Introduction of category through central example.* While the sharing economy category had been introduced previously with an article in 2011, it was in 2012 when articles mentioning the sharing economy category started to arise in the press (see Figure 1). One important distinction between the movement and the press was that while the former was focused on the sharing economy and brought in examples to discuss the sharing economy and the ideals it was to fulfill, the latter tended to focus on particular firms, and the sharing economy was mentioned as a descriptor of a firm that was being covered in the article. As Airbnb started to become widely mentioned in the press in 2012 due to its exponential growth, the sharing economy was also mentioned. Of the six articles that mentioned the sharing economy in 2012, all but one article was articles about Airbnb. In the strict sense, Airbnb was not mentioned as an example of the sharing economy, but it was the coverage of Airbnb by the press that allowed the sharing economy category to be mentioned. Thus, Airbnb had a significant impact on introducing the sharing economy category to the general public and mainstream press.

*Example concentration.* In contrast to the movement that initially showed example proliferation, the press saw example concentration due to the category being mentioned as a

descriptor of the few firms being introduced in the press, with less focus on the category itself. The high concentration of examples in the press, as shown in Figure 3, especially in the year 2012, hints at how the sharing economy was mentioned merely to describe the firms being covered in the press.

**Figure 3.** Example Concentration, 2011-2019



*Note.* Example concentration was measured as the number of times the top two examples were mentioned divided by the number of times all examples were mentioned in a particular year

***Emergence of example void of normative attributes defined by category promoters.*** In the press, Uber started to arise as the second central example of the sharing economy category. Interestingly, *The Wall Street Journal* had already used Uber as an example of the sharing economy in 2012, along with Airbnb and TaskRabbit. At the time, the firm was still operating as a firm that allowed users to hail commercially licensed drivers as opposed to “ridesharing” firms like Lyft and SideCar, where regular people drove their personal cars (which the movement believed was closer to the ideals behind the sharing economy). Uber would eventually incorporate the “ridesharing” model in April 2013. The inclusion of Uber as an example of the sharing economy category from early on hints that the press focused on the positive attribute of the category—sharing between individuals facilitated by the web, and more specifically, that the

platforms “connect paying passengers to drivers” (*The Wall Street Journal*, 8 October 2013: B3)—in contrast to the movement that also emphasized the normative attributes of “being “good for society”” and “helping the environment or society” (*Shareable*, 10 March 2011) that ridesharing and the sharing economy should embrace, which could not be achieved through Uber’s original model of users hailing commercially licensed drivers.

Similar to how the sharing economy was used as a descriptor of Airbnb earlier in 2012, the sharing economy became a descriptor for Uber as the firm was covered considerably by the press in 2014 as it became more salient—grew exponentially, completed its Series D and Series E funding rounds, and started to face controversies around regulatory issues. Extensive coverage of Uber made it the second most mentioned example of the sharing economy in the press in 2014.

#### **Category Decline: Movement (2014-2019)**

During this phase, as Uber became the second most mentioned example of the sharing economy in the press, the ridesharing firm also came to be frequently mentioned by the movement in their discussions around the sharing economy despite it being an example that was void of the normative attributes that the movement had used to define the category. The dominance of Airbnb and Uber in the discourse made the movement realize that there was a misalignment between what the central examples typified and the original definitions of the category that they had put forward. Ultimately, this led to the abandonment of the category by the movement.

*Introduction of example void of normative attributes defined by category promoters.* Whereas Uber was introduced as part of the sharing economy category by the press in 2012, Uber started to become mentioned by the movement only after it adopted the “ridesharing” model in 2013. Even then, Uber was mentioned fewer times than Lyft,

which was the second most mentioned example by the movement at the time. Lyft had been used as an example of the sharing economy by the movement when it was first founded as Zimride, which focused on ridesharing for university students, and many considered it to be fulfilling the normative attributes and the ideals of the sharing economy, as opposed to Uber that started as a cab company. However, with Uber becoming the second most mentioned example of the sharing economy in the mainstream press in 2014 and becoming more salient, discussions about Uber started to arise by the movement and became the second most mentioned example.

***Misalignment of central examples' typifications and category definition.*** As opposed to existing examples of the sharing economy that had been used to illustrate fulfilling the ideals of the movement, Uber was used by the movement to highlight the problems that were being increasingly associated with the sharing economy category. In particular, as more and more people started to use these services to make a living, articles started to appear on whether the users of the platforms should be classified as employees or independent contractors, with an article criticizing that “[w]orkers get no benefits and aren’t covered by minimum-wage laws.” (*P2P Foundation Blog*, 20 February 2014).

Airbnb was not free from criticisms. Despite some activists claiming that “[t]here is actually a difference between Uber and Airbnb” (*Ouishare Magazine*, 27 October 2014), Airbnb and Uber becoming the two central examples of the sharing economy category by the press, but also dominating the discourse in the movement became a problem. The movement was coming to a “realisation that the sharing economy is becoming dominated by huge monopolistic and extractive groups like Uber and Airbnb” (*Shareable*, 30 December 2015). The movement was particularly concerned with the

misalignment of the ideals of the sharing economy and what the central examples being highlighted typified, as an article in *Shareable* (31 October 2014) commented, “[w]ith all the fuss in the media around initiatives such as Airbnb and Uber you could almost forget the actual value of the sharing economy.”

Airbnb and Uber being financed by venture capitalists was especially a problem.

As an article pointed out:

VC-backed sharing economy companies like Airbnb and Uber have caused trouble for legacy industries, but gone is the illusion that they are doing it with actual sharing. Their main contribution to society has been facilitating new kinds of transactions — for a fee, of course, to pay back to their investors. “The sharing economy has become the on-demand economy,” laments Antonin Léonard, co-founder of the Paris-based network OuiShare, which connects sharing-economy entrepreneurs around the world. (*P2P Foundation Blog*, 7 December 2014)

The movement believed that the venture capital-backed companies were focused on firm growth and profit to pay back to the investors at the expense of fulfilling the ideals of the sharing economy.

Interestingly, as the conversation of the movement moved from how the sharing economy will help fulfill the movement’s ideal in the earlier years to how the sharing economy, as exemplified by the venture capitalist-backed firms, went against their values, Uber overtook Airbnb to become the most mentioned example of the sharing economy by the movement by 2015. An article in *OuiShare Magazine* (11 May 2015) stated:

Many of the best-known platforms currently associated with the sharing economy, such as Uber ... perpetuate centralized, hierarchical, capitalist systems that stymie any kind of fundamental societal transformation. ... When evaluating platforms claiming to be a part of the “sharing economy”, it is important to look at why they were set up, how they are organized, and who they are intended to benefit. Those that implement a logic of collaboration, sharing and distributed power at each of these levels, stand to offer a compelling vehicle for change and force us to take seriously the transformational power of the ‘true’ sharing economy.

The central examples, as exemplified by Uber and Airbnb, were leading the sharing economy category’s definition to become stripped of its original normative attributes, which was a big concern for the movement.

As time passed, it seemed that the movement was slowly giving up on using the sharing economy category as they originally intended. On 21 December 2015, *Ouishare Magazine* featured an article titled “After the Gold Rush,” the theme of the OuiShare Fest, the annual event on the sharing economy, to be held in the coming year. The article declared:

5 years on and the enchantment with the “Sharing Economy” is over ... For now, it appears only few are benefitting from the abundance of value that has been created by communities and entrepreneurs worldwide – few organizations that are starting to look suspiciously similar to those they were disrupting – or worse?

The movement had concluded that the category, devoid of the normative attributes initially used by the movement to define the category, was no longer able to fulfill the ideals of the movement.

**Category abandonment.** By 2016, the movement had largely abandoned the sharing economy category. A news article featured in KQED, a San Francisco local newspaper, with Shareable co-founder Neal Gorenflo’s interview titled “The Movement to Kill the Phrase ‘Sharing Economy’” (Harnett, 2016) stated that “[h]e and others in the original sharing economy have started giving up on the phrase.” An article in *Ouishare Magazine* (23 June 2016, italics in original) stated:

Of course, lumping Airbnb, Blablacar, Fab Labs and Wikipedia together was, as the Anglo-saxons say, a *heroic assumption* ... Large platforms were of course rare and not always nice, but they were supposed to form a kind of vanguard: their success would be a prelude to the emergence of a motley crew of well-meaning initiatives (yes, some even a bit nuts), that so far only existed in the margins ... The concept ... was composite by nature, from the beginning, but the tensions that shape it have reached a level today that makes it impossible to hold it together. We have to pull the plug. *Requiescat in pace.*

With the movement letting go of the category and the normative attributes that they had used to define the category, the movement used the sharing economy category mainly in the context of discussing issues around Uber and Airbnb in 2016. Thus, we see a dramatic decrease in the number of examples used to describe the sharing economy (see the year 2016 in Figure 2) and an increase in category concentration for the movement compared to other years (see the year 2016 in Figure 3).

There were some last-ditch efforts by some activists to revive the sharing economy category with its original normative attributes. For instance, we see examples such as Food Assembly and RideAustin that better exemplifies the original normative attributes of the sharing economy category coming to the fore in 2017. In 2018, Bitcoin

was mentioned as an example of the sharing economy as the activists considered the blockchain an alternative structure that allows open and distributed transactions. There were also a few efforts to recategorize the category with a more narrow definition of the positive attributes (i.e., sharing organized through a co-operative model) while keeping the original normative attributes, with the label “platform co-operativism.” However, neither of these efforts took hold.

The abandonment of the category seems to have hurt the driving force of the movement as they were centered on promoting the sharing economy. While the three movement organizations still exist to this day as of May 2021, the total number of articles published by the three organizations combined has dropped significantly from 1340 articles in 2015 to 758 in 2017 to 438 in 2019 (see Figure 1). Ouishare stopped hosting its annual Ouishare Fest that it had organized since 2013 in 2017, although there are plans to relaunch the event in 2021.

### **Category Decline: Press (2015-2019)**

During this period, the press saw the misalignment of what the central examples typified and the category label. The press went through recategorization and started using a different category, which led to the declined use of the sharing economy category.

*Misalignment of central examples’ typifications and category label.* In 2015, Uber surpassed Airbnb to become the most mentioned example of the sharing economy in the press. While Uber and the sharing economy were mentioned in multiple contexts, labor issues became one of the core conversations that led to both the firm and the category being discussed extensively by the press. For instance, *The Wall Street Journal* published an article on 27 January 2015 titled, “On-Demand Workers: ‘We Are Not Robots’ --- Is Technology Liberating or Squeezing The New Class of Freelance Labor?” that reported the various lawsuits going on regarding “whether the contractors should be considered employees -- a debate that has surfaced

in recent court decisions as more large employers rely on contract work.” The issue gained further attention as the California Labor Commission ruled later that year that Uber drivers should be considered an employee and should receive compensation for mileage and other expenses. Thus, normative judgments that were distant from the normative attributes of the original meaning of the sharing economy category began to be associated with the category.

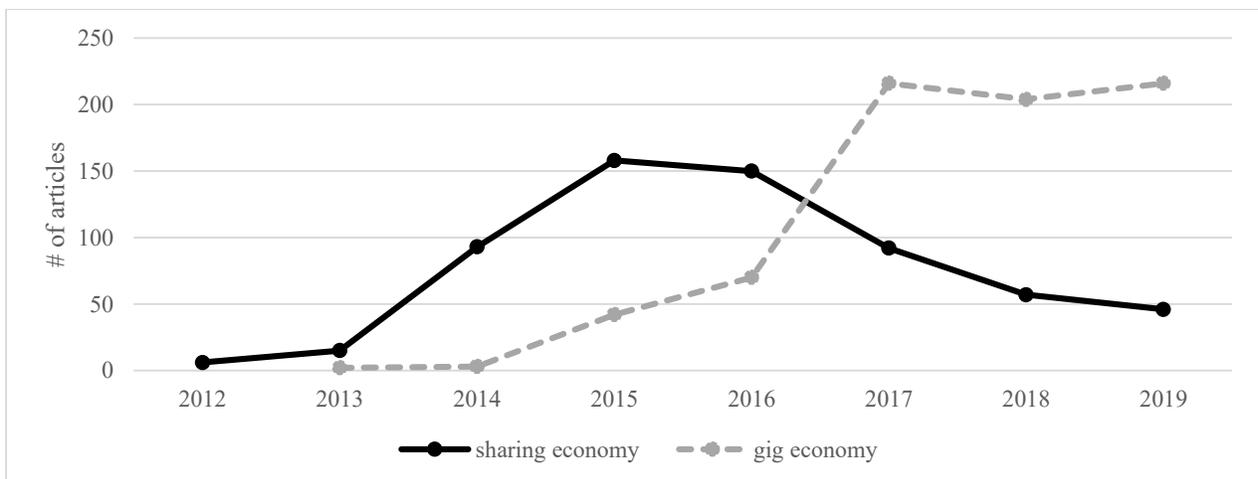
As labor issues and other regulatory issues of Uber, Airbnb, and other firms continued to be reported, there was an increase in the articles adding the modifier “so-called” in front of the sharing economy. An article in *Fortune* reported that “objections to “sharing economy” appear to be mounting because the term is inaccurate” and that “more reporters [were] choosing to avoid” using the sharing economy category (Roberts, 2015). Later articles in *The New York Times* claimed that “there often isn’t much actual sharing going on” (16 December 2016) and that “[t]he so-called sharing economy of Airbnb has nothing to do with actual sharing” (9 April 2017). After hitting the peak of the use of the category in 2015, articles in the press that used the term sharing economy started to decline (See Figure 1). It was evident that the press was finding the sharing economy category label unfitting to use.

***Recategorization.*** In contrast to the movement that went through category abandonment, the press went through a process best described as *recategorization*. As the press continued to report about Uber and other companies, it needed another descriptor of these firms. Many different category labels started to be used, including rental economy, on-demand economy, gig economy, 1099 economy (which refers to the relevant tax forms for the workers). These categories were not simply a one-on-one replacement for the sharing economy category label but rather involved recategorization. For instance, rental economy could only be used for firms that involved rentals such as Airbnb but

could not be applied to firms like Uber that involved wage arrangements. On the other hand, category labels such as on-demand economy and gig economy applied largely to firms like Uber but not to firms such as Airbnb.

The category that seemed to have stuck was the gig economy. This could be attributed to the fact that the labor conditions and legal classification of workers for Uber and other firms continued to become the center of debate by the press after 2015. Figure 4 compares the number of articles using the sharing economy versus the gig economy category in the press between 2012 and 2019. By 2017, the use of the gig economy surpassed the use of the sharing economy category. With the introduction of the new category with recategorization, the use of the sharing economy category dropped further, leading to its decline.

**Figure 4.** Number of Articles Including the “sharing economy” vs. “gig economy” in the Press, 2012-2019



## DISCUSSION AND CONCLUSION

This study explored the central examples of a category used by the category promoters (i.e., movement) and the press, the differences in how the central examples are interpreted by these different actors, which led to differences and changes in the category’s meanings and

ultimately to the decline of a category. The findings of this study have important implications for the literature on categories, in particular, the conceptualization of the central example in category studies, different uses and definitions of categories by actors, and category decline, and practical implications for social movements operating at the intersection of business and society. I discuss each of them below.

### **Central Example of a Category**

Despite the importance of central examples in the categorization processes (Durand & Paoletta, 2013; Rosch & Mervis, 1975; Zuckerman, 1999), studies have tended not to specify what is seen as the central example. In this study, I examined what is used as the central example of a category by different actors, focusing on the example most frequently mentioned with the category (Jones et al., 2012; Loewenstein et al., 2012) and its implications for category change. While research has generally assumed that the central example of a category is the one that best embodies the category (Durand & Paoletta, 2013; Hogg & Terry, 2000; Vergne & Wry, 2014), I found that for the sharing economy category, both the movement and the press tended to focus on the most salient examples. For the movement, Airbnb initially became the central example. It was the most salient firm at the time, and many movement activists saw the success of Airbnb as critical to bringing the sharing economy mainstream. The press showed a tendency to cover highly visible and prominent firms (Deephouse, 2000; Kennedy, 2008), and the movement's expectations seem to have become a reality as the sharing economy category was introduced in the press and the general public through Airbnb.

As both actors used salient examples as the central example, the examples were not necessarily the ideal examples that best instantiated the category's original meaning and was far from reflecting the central tendency of the category. The central example possessed many

attributes that could be interpreted in ways that were far from the original meanings and void of the normative attributes of the category. This was evident as the press came to introduce Uber as another example of the category, which from the perspective of the movement, was distant from the original meanings of the category and became the starting point for the demise of the category. These findings suggest that rather than take for granted that the central example best reflects the category's meaning, it is important to pay attention to which examples become most central to the category.

Future research could identify the conditions in which different types of examples, as proposed by Hogg and Terry (2000) and Vergne and Wry (2014), become the central examples and their implications for the dynamics of category change. Methodologically, studies can examine different conceptualizations of a central example by, for instance, using various network centrality measures (e.g., network-level measures such as density and centralization and word-level measures such as degree centrality and betweenness centrality) within the semantic network provided by the category (c.f., Godart & Claes, 2017). Moreover, research could examine examples and their roles in categorical dynamics by examining not only the proper nouns but also addressing pronouns as well as verbs, objects, and verb-object combinations through the using natural language processing tools such as part-of-speech identification and named entity recognition (c.f., DiMaggio, 2015).

### **Different Uses and Interpretations of Category and Central Example by Actors**

The study also illustrates the differences in the uses of a category by different actors that lead to changes and differences in the category's meanings. The movement used the sharing economy category as a way to push their ideals for a better world and thus focused on promoting the category itself with examples used to illustrate how those examples would help to fulfill the

goals. On the other hand, the press tended to focus on individual firms rather than the category itself, and the category was often used simply as a descriptor of the firm. The differences in how the various actors used the category threatened the survival of the category. These findings have some parallels with Grodal's (2018) notion of core communities and peripheral communities in an organizational field, where the former focused on protecting the core values and principles that defined the field, whereas the latter was less vested and engaged in practices that fit poorly with those values and principles, putting the field in danger of collapse.

Furthermore, this paper explains how the central example can be interpreted in different ways by various actors, which leads to discrepancies between the original meanings of the category and how it comes to become understood and used. More specifically, I show actors' focus on different attributes of a central example—positive and normative attributes (Arjaliès & Durand, 2019)—as a mechanism that can lead to differences in how the central examples are interpreted and ultimately affect the survival of the category. With Airbnb becoming the central example of the sharing economy category, the movement paid attention to both positive *and* normative attributes of the example and continued to focus on both attributes in further using the category. On the other hand, the press tended to focus on the positive attributes of the central example, void of normative attributes as originally defined by the movement, to draw on other examples of the sharing economy category. Again, the difference between the movement and the press was apparent in the examples used for ridesharing. While the movement focused on Lyft, which met both the positive and normative attributes of the sharing economy in the eyes of the movement, the press focused on Uber even before it adopted the “ridesharing” model and solely focused on its positive attribute in which the app connects drivers with passengers, leaving out the normative attributes defined by the movement, in including the firm as part of the category.

These differences led to the misalignment of central examples and category definition for the movement, and the misalignment of central examples and category label for the press, leading to the category's decline.

### **Category Change and Decline**

The study answers recent calls to examine the process of category decline (Granqvist & Siltaoja, 2020) as an “important dependent variables in their own right” (Kennedy & Fiss, 2013, p. 1141). There has been some research that explains how category decline occurs. For instance, Granqvist and Ritvala (2016) found that vanishing audience commitment and a lack of engagement among producers led to few incentives for members of the category to continue using the category, leading to category decline. Lo, Fiss, Rhee, and Kennedy (2020) theorized that when a category can no longer group similar entities and differentiate between dissimilar ones and facilitate exchange and coordination between actors, it falls out of use. This study provides a different account of category decline by focusing on the central examples and meanings of a category. For the sharing economy category, the movement saw the inflow of an example that was void of the normative attributes that they used to define the category and becoming dominant in their discourse. The typifications of the central examples became misaligned with the category definition that included the ideals that the movement had put forward. On the other hand, the press found the misalignment of the typifications of the central examples and the category label. These misalignments ultimately led to the decline of the category.

The consequences of category decline were different between the category promoters and the press. For the category promoters, they ultimately abandoned the category. While there were signs of efforts to revive the category by bringing back examples that were more aligned with the

ideals and to recategorize the category more narrowly, neither of them was successful. The movement identified themselves with the category and was closely tied to the fate of the category, and with the decline of the category, the movement also saw their decline. This study provides a comparative case to Grodal (2018), which found ways in which the core community was able to successfully manage the boundaries of the category and retain control of the category, by examining a case in which the category promoters were not able to retain control. In contrast to the movement, the press successfully recategorized the category based on the firms that they continued to cover through its articles. The existing sharing economy category was no longer needed with the new gig economy category, leading to the demise of the existing category.

The study also adds to our understanding of categorical change as a social (Durand, Granqvist, & Tyllström, 2017) yet distributive (as opposed to collective) (Gehman & Soublière, 2017; see also Jones et al., 2012) process, where categories change through diverging interests and varying interpretations among actors. Existing studies have mainly focused on the successful formation of categories (c.f., Durand & Khaire, 2017) where different actors interact and share understandings about the category, and the meanings of market categories collectively negotiated and construed despite the varying perceptions, interests, and knowledge bases (e.g., Wry, Lounsbury, & Glynn, 2011). The findings of this study suggest that categorical processes may involve diverse and even discordant interpretations that do not result in a consensus among the various actors, and points to future research that examines categorical dynamics as a political process where different actors try to influence categorical processes in ways that compete and conflict with one another.

## **Social Movements at the Intersection of Business and Society**

Lastly, this study also provides implications for social movements at the intersection of business and society. While most of the existing literature has focused on how movements succeed in shaping the market according to their goals (e.g., Davis, McAdam, Scott, & Zald, 2005; Weber et al., 2008), this study shows the opposite case, where the market appears to have shaped the movement detrimentally. After category recategorization and expansion, the movement pushed Airbnb as the central example of the sharing economy category. Airbnb, its “home-sharing” practice, and its funding from venture capitalists, were not necessarily representative of the ideal values of the movement as compared to other examples that incorporated practices such as swap trading, time banks, tool libraries and exchanges, and food co-ops. Nevertheless, it was the most salient firm at the time, and many movement activists (correctly) believed that the sharing economy could be spread to the general public through Airbnb. However, the movement’s selection of Airbnb as the central example led to the introduction of other examples far from the ideals of the movement. In that sense, Airbnb was a double-edged sword for the movement in that it initially helped bring their goals to the mainstream but may have led to unwanted changes in the category, ultimately leading to not only the abandonment of the category but also to the weakening of the movement. The findings point to a challenge for movements in selecting and pushing forward the proper examples that will help promote the category and their goals while at the same time being able to maintain the normative attributes of the category and their values.

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## DISCUSSION AND CONCLUSION

The dissertation examined different aspects of meanings illuminated by the sharing economy. The first essay illustrated how meanings could be used as “a tool kit or a menu from which actors choose options rather than a unified whole which pushes actors in prespecified directions and entrepreneurs become skilled users of cultural tool kits rather than cultural dopes (Swidler, 1986)” (Rao, 1994, p. 41). I showed how Airbnb was able to use different institutional logics strategically to navigate multiple audiences with potentially contradictory legitimacy criteria at different stages of its venture development. At the same time, as the second study shows, meanings are also subject to diverging interests and varying interpretations. The sharing economy category evolved over time through diverging interpretations among different actors, in ways that were not intended by a particular set of actors (the movement, in this case), illustrating the multiplicity and fluidity of meanings (e.g., Jones, Maoret, Massa, & Svejenova, 2011).

The two studies, put together, show how the different aspects of meanings relate to each other. For instance, the community logic (as shown in the first essay) largely overlaps with the normative aspects that the movement used to define the sharing economy category (in the second essay). Moreover, the fact that Airbnb was initially categorized by the movement as part of the sharing economy category (as shown in the second essay), rather than Airbnb self-categorizing itself into the category, may have enabled and facilitated Airbnb to later use the community logics with relatively less resistance as it tried to pass new laws favorable to the firm (in the first essay). Thus, the dissertation, as a whole, answers the questions of “how entrepreneurial action can create value across multiple repertoires and registers of meaning, and how such cultural meanings emerge and transform” (Gehman & Soublière, 2017, p. 67) and how these two processes are interrelated.

In this dissertation, I primarily focused on three main actors that constituted the sharing economy: (1) Airbnb, the poster child of the sharing economy (in the first essay), (2) the movement that first created and promoted the sharing economy, and (3) the press, reflective of the view of the general public (in the second essay). However, the studies also have implications for other important actors in the sharing economy context who may warrant more attention in future studies. For instance, what would have been the response of the regulators if firms such as Airbnb or Uber were not categorized into the sharing economy, and the firms had not utilized the community logic? Could it be that the regulators were manipulated into thinking the “sharing economy” companies deserved more favorable regulations? Could there have been different consequences if the “gig economy” terminology was used instead from earlier on? Similar questions could be asked for the incumbent firms that were disrupted by the firms. How did the sharing economy category and the community logic affect the strategies that they engaged in to hinder new market entrants (c.f., Uzunca, Rigtering, & Ozcan, 2018)?

The sharing economy also raises questions about the power that firms have in shaping and manipulating meanings, providing additional important areas for future research. For instance, the issues about how the firms become self-claimed participants of the movement warrant further examination into their roles in shaping the meanings around the sharing economy and the goals and ideals of the movement (c.f., Walker and Rea, 2014). In the empirical setting of the dissertation, the organization Peers, which claimed to be a “grassroots organization” aiming “to grow the sharing economy,” was criticized by some writers and journalists as an astroturf (i.e., fake grassroots).

Moreover, as firms like Airbnb emphasized how they help build social connections, promote economic self-sufficiency, advance regional development, and reduce environmental

impact, the discourse around the sharing economy initially shifted to focus on the firms themselves (and the benefits they bring) while the voice of the users that rely on these platforms for a living, but with no worker benefits and protection, was scaled down. As the two essays of the dissertation illustrated, the use of meanings and how meanings emerge and transform are political and moral in nature, and it is through this understanding that we can make sure that “the “sharing economy” does not simply turn into a “taking economy” for the party that commands more power (Calo & Rosenblat, 2017: 1660)” (Cornelissen & Cholakova, 2019, p. 9).

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## VITA

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- Paper presentation (with Candace Jones). Competitors or Complements?: Architects and Engineers Professionals Creating New Markets. Creative Industries Conference, New York City, NY. 1 August 2017.\*
- Paper presentation (with Candace Jones). Competitors or Complements?: Architects and Engineers Professionals Creating New Markets. European Group for Organizational Studies Colloquium, Copenhagen, Denmark. 8 July 2017.
- Paper discussion. “Sharing” in the Sharing Economy: Navigating Regulatory Barriers. Pre-Colloquium Development Workshop, European Group for Organizational Studies Colloquium, Copenhagen, Denmark. 5 July 2017.
- OMT Café co-organizer (with Chris Steele). Institutional Logics and Meaning Making. Academy of Management Annual Meeting, Anaheim, CA. 5 August 2016.
- Professional Development Workshop co-organizer (with Chang Lu) and presenter. Qualitatively Capturing Institutional Logics. Academy of Management Annual Meeting, Vancouver, BC. 7 August 2015.
- Paper discussion (with Candace Jones). What is a Professional Logic?: Review and Theoretical Framework. Ph.D. Workshop, Alberta Institutions Conference, Banff, AB. 12 June 2015.
- Paper presentation (with Doyoon Kim). Flexibility and Normal Accidents: Strategic and Structural Sources of Airline Accidents. Academy of Management Annual Meeting, Orlando, FL. 13 August 2013.\*

#### **PROFESSIONAL SERVICES AND ACTIVITIES**

- Reviewer, Academy of Management Annual Meeting (OMT, STR, and MOC Divisions), 2015-present.
- Member, Ph.D. Student Recruiting Committee, Management & Organization Department, Carroll School of Management, Boston College, 2021, 2018.
- Creator and coordinator, Ph.D. Student Resources website, Management & Organization Department, Carroll School of Management, Boston College, 2017-2021.
- Contributor, *The ASQ Blog*, 2020
- Organizer, Monthly Ph.D. Student Brown Bag Lunch Series, Management & Organization Department, Carroll School of Management, Boston College, 2017-2019.

#### **PROFESSIONAL AFFILIATIONS**

- Academy of Management (OMT, STR, and ENT Divisions)  
 Strategic Management Society  
 European Group for Organization Studies