Regulating the Sharing Economy: A Field Perspective

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Critics increasingly highlight the dark sides of the sharing economy resulting from the insufficient regulation of competition, labor, or taxes in its for-profit sector. In this paper we argue that regulatory solutions for the sharing economy hinge on our understanding of the ways in which the sharing economy is organized. Mapping out the field of actors that are or could be involved in regulating the sharing economy, we highlight a particular role played by digital platforms as market organizers, but also of a variety of other public and private actors such as standard setting organizations, social movements, trade unions, organized buyers and sellers, incumbents or policy makers. We suggest that an understanding of sharing economy markets as fields can not only capture the highly organized nature of the sharing economy, but also serve to untangle the contestations and power dynamics unfolding among various actors engaged in different regulatory issues associated with the sharing economy. Seeing *Uberization* as a next development stage away from the modern corporation after global supply chains, we highlight regulatory challenges associated with the even more individualized and dispersed way in which sharing economy markets are organized, but also discuss new opportunities for regulation provided by digital technology.
1. Introduction

Not that long ago, the rise of the sharing economy created a vision for a more sustainable and democratic way of producing and consuming goods and services, essentially laying the digitally mediated foundation for a fairer society (Botsman & Rogers, 2010; Rifkin, 2011; Schor & Fitzmaurice, 2015). However, the rise and worldwide success of profit-driven companies like Uber, Lyft or Airbnb that operate under the guise of “sharing” has turned attention to the variety of exchange models found under the same label (e.g. Belk, 2014; Belk, 2017) and has spurred a debate about whether the sharing economy rather presents an unleashed form of neoliberal capitalism (for an overview, see Fitzmaurice et al., 2018; Murillo, Buckland, & Val, 2017).

Recent definitions highlight that the sharing economy includes both commercial and non-commercial forms of sharing and a variety of business models that may or may not be digitally mediated (Hartl & Hofmann, 2019). Our focus in this paper is on digital platforms that facilitate commercial sharing activities among peers such as Airbnb, Uber or Lyft. These platforms are often linked to broader phenomenon described as the platform economy (Kenney & Zysman, 2016) or platform capitalism (Langley & Leyshon, 2017) and criticized for issues such as distorted competition, precarious working conditions, tax evasion and increased social inequality (e.g. Fernández-Macías, 2018; Malhotra & Alstyne, 2014; Peticca-Harris, deGama, & Ravishankar, 2018; Schor, 2017; Schor & Atwood-Charles, 2017). Just as regulators around the world are trying to catch up with the sharing economy, and the platform economy more broadly, organizational scholars (e.g. Kornberger, Leixnering, Meyer, & Höllerer, 2018; Mair & Reischauer, 2017; Schor & Vallas, 2019, forthcoming; Uzunca, Rigtering, & Ozcan, 2018) as well as legal scholars (e.g. De Stefano, 2016; Prassl & Risak, 2016) are searching for ways of theorizing this new phenomenon.

In one of these efforts, Jerry Davis (2016a, 2016b) argued that the sharing economy companies, with their digital platforms as dominant organizational model, present only the most recent stage in a long-term and profound transformation. In this transformation organizational models are shifting away from the vertically integrated modern corporation towards a price and market-oriented economic structure in which companies like Uber employ relatively few regular employees (mostly programmers), but provide a digital infrastructure for a vast number of independent and often individualized service providers (sellers) and consumers (buyers). Davis portrays this stage of Uberization as a further escalation of what he calls Nikefication. The latter denotes a first major shift away from the vertically integrated cooperation towards global supply chains driven forward by outsourcing dynamics. Whereas in Nikefication corporations still played an important role as lead firms or suppliers, Uberization, according to Davis, seems to abandon the organizational structures of the modern corporation and its principles altogether. Although its actual scope and newness is still debated, the novel way of organizing value creation in the sharing economy caught many established regulatory mechanisms and institutions off guard and often rendered them practically ineffective (e.g., Martin, Upham, & Klapper, 2017; Howcroft & Bergvall-Kåreborn, 2018), making the emergence of the sharing economy seem an uncoordinated and unregulated phenomenon.

In this paper we argue that both regulatory challenges and their solutions hinge on our understanding of the ways in which the sharing economy is organized. Specifically, we argue
that by simply stating a decline of organizations in favor of market-based mechanisms of coordination, as broadly argued by Davis, the importance of organizational structures and mechanisms that underlie the rise and success of the sharing economy is dramatically underestimated. Drawing on economic sociology and an understanding markets as fields (Fligstein, 2001), we posit that the rise of platforms in the sharing economy is, in fact, a highly organized process undertaken by market organizers that establish and operate digital marketplaces. Digitization lends itself to particular ways of loosened couplings of organizational structures (Weick, 1976; Kirchner & Beyer, 2016). These forms of loosened couplings creates a need for coordination that, in our view, is best captured by the notion of organized digital marketplaces (Ahrne, Aspers, & Brunsson, 2014). Key to understanding the regulatory challenges of the sharing economy is, thus, not to view this process as an erosion of organizations, but as a substantial shift of organizational structures. We therefore also posit that attempts at regulating the potential dark sides of the sharing economy do, could and should involve various organizational actors. Our chapter thus deals with the following questions: What are the underlying reasons for why established regulatory efforts fail to get a hold with the sharing economy? What role do different organizations play in the process of regulating the sharing economy?

2. The organizational shifts of “Uberization” that undermine regulation

As broadly argued by Davis (2016a, 2016b), the emergence of sharing economy companies lies on a historical trajectory that erodes established organizational structures, particularly that of the modern corporation. By installing information and communication technologies (ICT), especially mobile devices, Uberization seems to render the modern corporation as an efficient way of organizing the production inputs and outputs redundant. The success of Uber and other sharing economy companies hereby questions fundamental theoretical assumptions about the role of organizations in the economy. Coase (1937) and many others (e.g., Simon, 1951; Williamson, 1991; Marsden, 1999) argued that, under certain conditions such as uncertainty of transactions and asset-specific investments, firms that steadily employ a designated workforce realize an advantage over market mechanisms. The rise and success of digital platforms undermines these organizational principles and the associated taken for granted assumptions, since the possibilities of digital technology facilitate the on-demand matching of tasks with an on often highly specialized labor force on an unprecedented scale.

To better understand the organizational shifts resulting from digitization, the concept of coupling which distinguishes between states of tight and loose coupling of organizations and their elements (Weick, 1976; Orton & Weick, 1990) provides useful insights. Broadly speaking, tight coupling constitutes a state where organizational elements are highly interrelated and tied together by a strong bond. Loose coupling, in contrast, describes a state where organizational elements still relate to each other, yet allow for a high degree of flexibility and adaptability of single elements. The modern corporation, best exemplified by the Fordist production company (Boyer & Freyssenet, 2003), represents a tightly coupled organizational system. Here the industrial organization is tightly coupled to one specific place, a designated labor force, and a particular product. The idea is that employees work in a factory to manufacture a product – a car in a case of Ford - that would eventually roll out of the factory
and be sold to consumers. This stylized model often implicitly serves as key reference point in the current debate about the sharing economy.

The process of digitalization, understood as the pervasive diffusion and use of information and communication technology (ICT), gradually enabled more loosely coupled organizational structures. ICT allowed organizations to loosen its couplings to one specific place, to a designated labor force, and to the responsibilities for a specific product. To develop our argument, we posit that three basic mechanisms advanced by digitalization allowed for fundamental shifts in industrial organization: delocalization, delegation and intermediation (see also Kirchner & Beyer, 2016).

2.1 Delocalization – loosening coupling with one specific place (location)

Digitalization loosens the couplings between organizations and one specific place through the mechanism of delocalization. Delocalization thrives on the specific properties of digital technology, especially mobile ICT or cloud computing, that translate physical objects and communications into a digital format: the physical CD evolved into an MP3 that can easily be stored and copied; the paper file transforms into a digital document that can be transferred, copied and edited with considerably less effort; retail stores evolve into online stores and warehouses with digital logistics. To some extent, digitalization rids persons, communications and objects of organizations from their physical properties, removing traditional physical boundaries and enabling much quicker exchanges and reduced communication and search costs (e.g., Langlois & Garzarelli, 2008).

Delocalization driven by digital technology can be seen as an extension of a larger transformation that is often described in broad terms such as globalization or transnationalization. It is important to note here that persons, communications and objects still require locations and still occupy places: just think of a personal computer, a home office with internet access, a laptop on a train or the hard drives of a cloud server. The important difference is that digitalization greatly reduces the dependence of organizations on a specific place, e.g. a factory or an office building (e.g., Evans & Schmalensee, 2016). Löw and Knoblauch (2017) argue that digitalization fosters a “re-figuration of space”, allowing for novel relations between space and social entities, including organizations.

2.2 Delegation – loosening coupling with a designated labor force (input)

Digitalization loosens the couplings between organizations and a designated labor force through the mechanism of delegation. Delegation coevolved in a longer tradition in various forms of atypical and contingent employment (e.g. Marchington, Grimshaw, Rubery, & Wilmott, 2005; Kalleberg, 2001), intensified by a general move to outsource non-core processes to external contractors including various forms such as offshore production and fragmented value chains (e.g. Flecker, 2009; Haidinger, Schönauer, Flecker, & Holtgrewe, 2014; Helfen, 2015). In these organizational shifts, ICT often serve as a facilitator for

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1 Note that each of the mechanisms entails a counter mechanism under the conditions of digitalization. Delocalization always requires a form of re-localization that enables social exchange between spatially dispersed entities. Delegation requires forms of control so that forwarded tasks are carried out according to specifications. Mediation requires a form of appropriation enabling intermediaries to secure their share in the value capture process (e.g., by raising fees).
outsourcing or fragmentation of production inputs (Kakabadse & Kakabadse, 2000). Delegation also flourishes on the parallel mechanism of delocalization, because a loosened tie to a specific place allows organizational processes to span across various locations and subcontracted organizations.

Current developments in internet technology accelerate outsourcing activities and create new forms of delegation. This development is most prominent in the proliferation of prosumers, crowdsourcing and “gig work” (Bauer & Gegenhuber, 2015; Kleemann, Voß, & Rieder, 2008), which includes people that are not formal employees in essential value creation processes. In general, delegation denotes a shift in which organizations distance themselves from important inputs, especially labor, but also assets or resources (ranging from actual manufacturing equipment to data storage in cloud computing). Pertaining to the labor force, delegation enables organizations to operate novel and often highly disintegrated work and fragmented production processes. This shift from inter-organizational networks and global supply chains towards platform-mediated markets and crowds concern basic tasks as much as highly innovative ones.

2.3 Intermediation - loosening coupling with responsibility for a concrete product (output)

The final mechanism, intermediation, loosens the coupling between organizations and the responsibilities for a concrete output, the product sold or the service performed. Digitalization enables intermediary positions for specialized actors that connect external sellers and buyers on a digital marketplace. Sharing economy companies like Uber, Lyft and Airbnb hereby organize so-called two-sided or multi-sided markets (Rochet & Tirole, 2003; Evans, 2011; Hagiu & Wright, 2015), extracting a fee for connecting a large number of buyers and sellers (Langley & Leyshon, 2017). In an organization-of-markets perspective (Ahrne et al., 2014), sharing economy companies organize digital marketplaces as ‘profiteers’, because they operate a market infrastructure for their own economic interest. Profiteers enable the digital marketplace, e.g. by offering participatory architectures and evaluative infrastructures (Kornberger, 2017), yet cede most of the responsibilities to the sellers and buyers treating their relation as ordinary market transaction.

In the case of the sharing economy, intermediation is combined with delocalization and delegation: platforms intermediate sharing activities between buyers and sellers that are highly dispersed, often using mobile devices and app-interfaces (delocalization) to integrate them into a digital marketplace. Sharing economy companies require actors (sellers) that are not formally employed with the company yet are still willing to provide their labor power on the marketplace (delegation). Similarly, platforms also heavily rely on unpaid consumers (buyers) that reliably and continuously rate seller performance that facilitate the transactions on their marketplace (see below). The loosened couplings with the location, the inputs, and the outputs of production enables novel organizational structures and business models of the sharing economy, and allow market organizers to reap the majority of the value created (e.g. see Powell, 2016).

Overall, digitalization allows for highly loosened organizational structures, severing ties to one specific place, a designated workforce and the responsibilities for a particular product.² This

² It is important to note that we do not argue that these three mechanisms exclusively pertain to digitalization. Delocalization (e.g., transport companies) or delegation (sales businesses, historical putting-out or domestic systems) can be found in diverse societal areas. Also, intermediaries are common in many markets and it is easy to find non-digital examples, such as supermarkets, temporary agencies or stock exchanges. However,
enables the intermediary position of the market organizer operating a digital platform as a digital marketplace.

2.4 Three development stages, loosened couplings and the ineffectiveness of regulation

The new mode of capitalist market economies currently embodied by platforms such as Uber, Lyft or Airbnb substantially challenges the traditional way of regulating economic activities. However, this challenge has been long underway even before the sharing economy rose to its current success. The trajectory of modern capitalist market economies can well be illustrated and historically contextualized by connecting the three mechanisms of digitalization with Davis’ three broad stages of the transformation (2016a, 2016b) (see Table 1). This processual view will help us in identifying avenues for regulating the sharing economy. Importantly, technological developments have not spurred these developments alone, but are deeply entangled with neoliberal politics of the last four decades that come with an ideology of state-regulated marketization, privatization and individualization (Djelic & Quack, 2018; Beck, 2000).

Table 1: Mode of organization, development stages and levels of loosened couplings

<table>
<thead>
<tr>
<th>Mode of organization</th>
<th>Industrial Organization</th>
<th>Post-industrial organization</th>
<th>Market organizer</th>
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<tbody>
<tr>
<td><strong>Mechanism of loosened couplings</strong></td>
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<tr>
<td>Delocalization (place)</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
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<tr>
<td>Delegation (input)</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
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<tr>
<td>Intermediation (output)</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
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<td><strong>Stages, governance &amp; labor</strong></td>
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<td>Stages</td>
<td>Modern Corporation</td>
<td>Nikefikation</td>
<td>Uberization</td>
</tr>
<tr>
<td>Central governance mechanism</td>
<td>Hierarchy</td>
<td>Network</td>
<td>Market</td>
</tr>
<tr>
<td>Dominant labor pattern</td>
<td>Careers</td>
<td>Jobs</td>
<td>Tasks</td>
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Source: own depiction (based on Davis, 2016a/b)

As already argued above, levels of delocalization, delegation and intermediation are low in an ideal-typical Fordist factory. This changed in the intermediate stage of Nikefication, because globalization and outsourcing processes transformed organizational structures into spatially dispersed production networks already relying less on a specific place and a designated labor

the combination of these three mechanisms enable the organizers of digital marketplaces in the sharing economy.
force. Yet, labor is typically still employed for jobs, e.g. in the form of multi-employer networks (Marchington, Rubery, & Grimshaw, 2011), and production processes are still organized around particular products, albeit intermediated by lead firms that sometimes add not much more than their brand to the final physical product. In the shift towards Uberization, market organizers started to operate digital platforms that facilitate the provision of services for a vast number of consumers without a formal employee status or enduring sub-contracting relations. Thus, while Nikefication has eroded careers in the modern corporation into jobs in a post-industrial organization, Uberization seemingly dissolved jobs into tasks on a digital marketplace.

From a governance perspective, this succession of stages can be viewed as a steady progression of dominant governance mechanisms moving from organizational hierarchy over networks to markets (Williamson, 1991; Powell, 1990). Most established regulation (e.g., labor, health and safety, taxation) coevolved in the development stage of the modern corporation. Targeting the very organizational structures of the modern corporation (e.g., a Fordist company) and its dominant labor and production patterns, sharing platforms operate in regulatory loopholes, treating the lack or lag of effective regulation and regulatory grey zones as a strategic opportunity. Uber, for instance, is said to have a strategy of trying something out and asking for forgiveness later (Kenney & Zysman, 2016; Thelen, 2018). Uber also engages in framing activities to avoid regulation, such as defining itself as separate from the existing, highly regulated taxi industry (Collier, Dubal, & Carter, 2018). Thus, many traditional regulating efforts require a mode of tight coupling of place, labor and product to take effect: they work best when there is a specific location (e.g., factory; nation-state), a designated workforce identified by a clear and enduring employment relationship (e.g., full-time employees), and well-defined production output sold and answered for by a company (e.g., a branded car or shoe). The loosened couplings between the organization, a specific place, a designated workforce and a particular product characteristic of the sharing economy bypasses established regulation.

Already firms in the Nikefication stage escaped traditional regulation, because outsourcing dynamics blurred established boundaries with a designated workforce, scattering labor input across many different forms of employment and subcontracted factories in fragmented value chains. Here, regulating issues such as labor standards remains a challenge, especially as nation-states increasingly cede regulation to private actors such as managers (Scherer & Palazzo, 2011), non-governmental organizations, unions or consumers (Donaghey, Reinecke, Niforou, & Lawson, 2014), resulting in a complex – yet often state-facilitated – ecology of actors operating in national and transnational arenas (Djelic & Quack, 2018). However, although market organizers tend to frame relations as simple transactions between the two market sides, they take up an important intermediary position with the power to define who participates in the marketplace or to set rules and sanctions (Kirchner & Schüßler, 2019; also Kornberger, 2017). Thus, sharing economy markets include hierarchical and networks

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3 Davis’ argument on the Uberization of the whole economy essentially posits broad claims. Whether Uber provides a template for the whole economy seems questionable and remains to be studied. However and most importantly, the claims allow us to situate current developments in the sharing economy in a historical perspective of consecutive and layered transformations. Here, it is important to point out that besides outsourcing other forms, like franchising (Biber, Light, Ruhl, & Salzman, 2017), also introduced preceding organizational structures, also thriving on delocalization and delegation.
modes of governance, too. Just as supply chains still include hierarchical organizations as lead firms and suppliers and can be governed using market, network or hierarchical modes of governance (Helfen, Schüßler & Sydow, 2018), sharing economy platforms are typically hosted by a classic, hierarchical organization (Uber Technologies, Inc., for instance) and rely on various modes of governing market transactions. At the same time, the sharing economy typically involves even more dispersed and atomistic actors than those found in global supply chains, thus calling for different regulatory approaches.

In the following sections we suggest that applying a field perspective allows us to not only capture which organizations are shaping the sharing economy and in which ways (cf. Mair & Reischauer, 2017), but more specifically to outline avenues in which regulators can move beyond viewing the sharing economy as markets towards viewing them as highly organized markets, involving multiple organizational actors and multiple modes of governance.

3. Actors involved in regulating the sharing economy

With a number of regulatory issues such as competition and anti-trust, labor, social policy, inequality and discrimination, taxation, the circumvention of local regulations or consumer safety becoming accompanying the rise of the sharing economy, various organizational actors such as incumbents, consumer organizations, NGOs, unions, citizens’ initiatives, as well as public officials have become involved in its regulation (Biber, Light, Ruhl, & Salzman, 2017; Thelen, 2018; Collier et al., 2018). Moving beyond a narrow focus on single organizations, a field perspective introduces a relational view on organizations that perceive each other as relevant, even though they may not necessarily directly interact as market actors (Fligstein, 2001a/b; Fligstein & McAdam, 2012). Since incumbent organizations often face challengers, fields exhibit particular dynamics reflecting the established power relations in a field and attempts to change them by challenger organizations or social movements (Fligstein, 1996; 2001a/b). To some extent, the rise of the sharing economy can be viewed as the establishment of a new field forcing itself into a broader societal ecosystem where it challenges established relations and regulations and interacts with other fields (Mair & Reischauer, 2017).

We start out by mapping the actors participating in regulating the sharing economy before discussing the broader implications of this field perspective. The central organizational actors comprise the market organizers themselves, traditional regulatory actors, and other private actors and civil society (see Uzunca et al., 2018 for an overview).

3.1 Self-regulating by market organizers

The first group of organizational actors that heavily engages in regulating the sharing economy hides in plain sight: the organizers of the digital marketplaces. As we argued above, companies like Uber, Lyft and Airbnb do not simply intermediate connections through matchmaking; they actively curate connectivity (van Dijck, 2013), strategically govern their online communities (Mair & Reischauer, 2017), implement governance structures to prevent undesirable user behavior (Hartl, Hofmann, & Kirchler, 2016), or foster trust through the set-up of evaluative infrastructures (Kornberger, 2017).
Historically, intermediaries are a common feature in many markets (Ahrne et al., 2014) as they fulfill various functions (Bessy & Marie Chauvin, 2013), including buying and reselling products, matching transaction partners, advising market participants, evaluating products, persons and organizations, as well as guaranteeing and monitoring transactions. Usually intermediaries take on one social role to perform a specialized function for a given market, i.e., being a seller, a matchmaker, an evaluator, an advisor, a mediator or a broker. Above we argued that digitalization enables a specific kind of intermediary, the organizer of a digital marketplace. This digital intermediary extensively combines several functions of many other specialized intermediaries: sharing economy platforms serve simultaneously as matchmaker, evaluator, advisor, mediator and broker to facilitate their digital marketplace.

Being extensive intermediaries sets sharing economy platforms apart from various regular intermediaries in other markets. In the sharing economy, market organizers install elaborate measures to facilitate transactions on their digital marketplaces, thereby addressing the basic coordination problems that hamper social order on markets (Beckert, 2009; Kirchner & Beyer, 2016). They provide comprehensive information to allow for a valuation of services, they construct a frame for competition at the marketplace and they ensure the smooth cooperation of buyers and sellers, e.g. by installing reputation systems and granting insurances. Market organizers decide on the technical infrastructures and extensive rules that they monitor and sanction, and constantly reconfigure their app interfaces or the evaluation systems in a way that foresters transactions and attracts more sellers and buyers (Kirchner & Schüßler, 2019). The related literature discusses the underlying regulative structures under the terms algorithmic management, algorithmic governance or algorithmic bureaucracy (Lehdonvirta, 2016; Müller-Birn, Dobusch, & Herbsleb, 2013; Kirchner & Schüßler, 2019). These technically enabled systems tend to employ various forms of “soft power” (Rosenblat & Stark, 2016) to govern user activities in order to eventually capture value.

Overall, the market organizers of the sharing economy thus introduce and maintain very elaborate organizational and technical structures to establish a digital market order and regulating their marketplaces actively. Therefore, digital marketplaces of the sharing economy need to be highly organized in order to operate. A sufficiently stable market order involving extensive intermediation efforts constitute a precondition to extract fees. By the same token, the sharing economy is far from being an unregulated societal arena. Market organizers engage in regulating their digital marketplaces with substantial efforts to allow their business model to grow and prosper. From this perspective, sharing economy companies, like Uber, Lyft and Airbnb, engage in regulating their marketplaces by introducing and maintaining a system of private governance which constitutes the very core of their revenue model and the business success of their digital marketplaces.

3.2 Regulating by traditional regulators (governments and municipalities)

The second group of organizational actors are official bodies such as governments or communal agencies (cf. e.g. Interian, 2016). The rise of sharing economy companies like Uber, Lyft and Airbnb exposes regulatory gaps and causes policy disruptions (Biber et al., 2017). Thus, official organizations like transport agencies or zoning committees find themselves entangled with sharing economy developments right away, as the developments force decisions on the legality of the new marketed services. When looking at efforts to regulate the cases of
Uber, Lyft and Airbnb, we identify three broad patterns of how official organizations actually faced or could face regulatory challenges:

(1) Accommodate and Hope: An accommodate-and-hope approach to the sharing economy refrains from obstructing the emerging sharing economy markets and hope for effective self-regulating market mechanisms to emerge. The underlying idea is that competition on these multi-sided markets produces efficient outcomes for consumers and regulates itself in a way that maximizes the utility for all involved parties. The extensive deregulation of taxi services in the USA (Thelen, 2018) provides a case in point here: official organizations changed the regulatory framework to accommodate the new business models of Uber and Lyft that allowed regular persons to provide individual transport services (e.g., UberPop service) that was previously restricted to taxi companies and registered taxi drivers.

(2) Ban and Restore: A ban-and-restore approach, in contrast, bans activities right away. Regulators deem sharing economy marketplaces as illegal. Uber in Germany provides a case in point (Thelen, 2018): German regulators essentially disallowed the radical delegation of taxi services to regular persons with a private car (UberPop service) and thus stopped Uber from establishing its intermediary position on its marketplace. German authorities reinforced existing regulation that individual transport requires a taxi license for the driver. Hence, regulation inhibited the loosened couplings of the Uber marketplaces and effectively restored the established taxi model - a model that is already loosely coupled, yet still requires registered taxi drivers the Uber model would have undermined. Regarding the case of labor, critical accounts suggest to redefine market organizers as employers, so that sellers on the marketplaces should be viewed as employees (Prassl & Risak, 2016; Fernández-Macías, 2018; Malin & Chandler, 2017). In the light of our argument, this approach could be understood as an attempted return to the stage of the modern corporation, because the employee status would restore an organizational structure of tight coupling. Not surprisingly, Uber itself acknowledges the employee status as one of its major risk factors for its business model (Uber Technologies, 2019).

(3) Trim and Adjust: A trim-and-adjust approach sits in the middle between the two other options. Instead of little regulation or harsh regulation, regulators allow sharing economy marketplaces to operate, but trim unwanted branches and adjust market organizers’ activities to defined boundaries. Here, Uber in Sweden provides a good example (Thelen, 2018) where authorities allowed Uber to operate parts of its marketplace, yet required it to comply with the general frameworks, especially enforcing drivers’ tax payments. Like Germany, Sweden disallowed the radical delegation to regular persons with their private cars (UberPop service), yet allowed Uber to act as taxi operator enforcing requirements for drivers to officially register and to adhere to adapted tax policies. Here, official organizations limit the business model and slightly adjust the established regulatory framework.

Trim-and-adjust also seems to be the general approach to cope with Airbnb (Interian, 2016; Uzunca et al., 2018). The rise of Airbnb especially produced unintended consequences for cities across the world (e.g., Dobusch, 2019). Communal regulators increasingly noted that housing in desired inner-city regions was removed from the regular housing market and instead commodified as Airbnb offers for tourists. This not only increased housing prices and makes inner city accommodation increasingly unaffordable, it also changed the character of the city quarters as tourists would gradually replace residents. Current regulatory approaches trim the
Airbnb model, requiring a host to register with the city and pay tax (Interian, 2016) and limiting the nights of subletting per year, thereby inhibiting the increasing number of professional and commercial sellers. Also, cities require Airbnb sellers to comply with certain standards (e.g., fire alarms, property insurance) (Hill, 2016). For Uber and Lyft similar adjust-approaches can be found in official rulings, such as a need to check drivers’ identities and assure car safety, as well enforce proper insurance.

Overall, actual regulation by official organizations contains a mix of these three options, often leaning towards a trim-and-contain approach, although the relationships between platforms and regulators varies across countries (Thelen, 2018; Uzunca et al., 2018).

3.3 Regulating by private actors and civil society

The third group of organizational actors relevant for regulating the sharing economy constitutes private and civil society actors such as incumbents, collective business and labor organizations, or alternative organizational forms and social movements. These may either support or challenge for-profit sharing economy platforms.

(1) Collective business organizations (trade associations and standardization organizations): Trade associations, a common feature in many markets (Fligstein, 2001a), represent the interests of their members and try to influence and sharp regulation and industry policy. Here, market organizers ally to tackle common issues or combat regulatory threats. This could range from knowledge exchange to lobbing and standard setting. An example from the adjacent crowdsourcing field is a code of conduct regarding fair crowdwork conditions developed and signed by several German crowding platforms. The introduction and monitoring of industry standards as a regulating effort could also stem from specialized standardization organizations (Brunsson & Jacobsson, 2000) that already emerged in the stage of Nikefikation (e.g. Reinecke, Manning, & von Hagen, 2012). Standardization organizations could certify certain aspects of the products provided by the marketplaces. However, market organizers already regulate various aspects of standardization themselves (e.g., user evaluations, registration, product categories) and could proactively shield themselves against external regulatory influence.

(2) Labor organizations (trade unions): Because sharing economy companies require work efforts from many persons to operate their marketplaces, labor organizations could be potentially involved in regulating the emerging employment issues. However, the loosened couplings of organizations between a specific place, a designated labor force and product responsibility complicate a traditional representation of labor interests. The majority of work in the sharing economy is performed by spatially dispersed sellers acting in a status of formal self-employment. The organizational shifts of Uberization, especially the abonnement of the employment relationship, erodes the modern corporation and at the same time also inhibits established practices of labor representation, e.g., by trade unions (see Lehdonvirta, 2016; Lehdonvirta, 2016; Wood, Graham, Lehdonvirta, & Hjorth, 2018). Because the modern corporation and trade unions coevolved, established forms of labor representation usually require the tightly coupled organizational structure of the modern corporation to take effect. Furthermore, shifting the legal frame from regulating labor in organizations to market

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4 For details see: http://www.crowdsourcing-code.de/
regulation invokes very different regulatory patterns, such as cartel law, because sellers would then illegally agree on prices and conditions. This situation thwarts a straightforward union-driven approach to regulating the sharing economy. However, digital technology might provide communication means to rally and organize workers outside the main formal channels, e.g. by using online forums or online groups (ILO, 2018). To date, the German service sector union Verdi, to draw on another example from crowdsourcing, has published position papers on crowdwork, is funding studies and workshops, and has opened a consultation service for crowdworkers as first steps towards a union response strategy.

3) Incumbents and competitors: In their stock exchange reports, Uber and Lyft note that competition presents a substantial risk to their business model (Lyft, 2019; Uber Technologies, 2019). Beside the oligopolistic competition between different digital marketplaces or providers in the notorious “winner take all”-markets (Rochet & Tirole, 2003), startups or established firms from adjacent industries try to invade the sharing economy field. For example, German car manufactures increased their activities in the taxi and ridesharing market. Since 2014, the Daimler company fully controls the “Mytaxi” app-company that provides an independent marketplace for regular taxi rides in German cities, also offering shared rides and rides by rental car drivers. In 2019, the Volkswagen company launched “Moia” a ridesharing service in the city of Hamburg that operates with an exclusively produced electrical van and regularly employs drivers. In both cases, incumbent car companies introduce alternative models into the growing sharing economy field, thus impacting on sharing platforms’ business model as well as, potentially, the regulatory environment.

4) Alternative organizational forms and social movements: Other alternative organizations that follow a less conventional form often evolve from social movements (Zald, Morrill, & Rao, 2005). While in the for-profit sharing economy alternatives do not play a major role, the platform cooperativism movement (Scholz, 2016) provides a most salient example in the current debate. Kornberger, Leixnering, Meyer and Höllerer (2018) see the “ideal-type” organizational model of the sharing economy organization as a mix of a platform organization and social movements, able to balance both the economic and the moral dimension of sharing. Ironically, the sharing economy started out as a social movement to provide non-profit alternatives, yet was swiftly colonized by for-profit market organizers that thrive on venture capital. As challengers, alternative organizations might be able to advance into market niches establishing a countermovement to the rise and success of the current sharing economy companies, like Uber, Lyft and Airbnb. This includes the short-term lodging platform “fairbnb.coop”, the New York City-based ridesharing company “Juno”, or the Denver-based driver-owned taxi cooperative “Union Taxi”. These examples show that alternative organizations emerge and could pressure established market organizers to adapt their marketplace models, thereby also effectively regulating activities in the sharing economy.

5) Buyers, sellers and surrogate actors: Both sellers of goods and services and buyers can shape the regulatory environment once they organize collectively. As argued by Collier et al. (2018; also Thelen, 2018) in the case of Uber, to date they depend largely on surrogate actors in lobbying for their interests. In the case of Uber, drivers across the world drove court cases against the company arguing that they should not be viewed as “Uber partners”, but as Uber employees. A ruling or revised regulation in their favor could effectively restore a traditional organizational model restoring an employment relationship, with all its rights, benefits and responsibilities. This would block the mechanisms of delegation and intermediation and force
Uber to act as formal employer. Consumers of Uber have aligned their interests with both challengers (Uber) and incumbents (existing taxi service providers), because the former provides both high supply and low cost of service and the latter fights for consumer protection and safety. Through this dual strategy, consumers’ interests have been addressed in various legislative ventures, leading to both preserved regulations for existing providers and weak regulations for Uber. Drivers, in turn, have approached attorneys to represent their interests, but to date efforts to litigate against Uber have not been successful in bringing about regulatory change for more worker protections. From our perspective, sellers or buyers would have to collectively organize, e.g., in a cooperative or a social movement, to effectively regulate the sharing economy.

4. Regulating the Sharing Economy: Towards a Field Perspective

In this chapter we argued that digitalization facilitates specific organizational structures that underlie the sharing economy. These organizational structures enable market organizers like Uber, Lyft and Airbnb to create and operate their digital marketplaces. Our analysis shows that the sharing economy represent only the most recent stage of an ongoing transformation of organizational structures in which the modern corporation, marked by a hierarchical mode of governance, becomes not dissolved, but increasingly embedded in a complex web of individual and organizational actors whose activities are coordinated using plural modes of governance. While extensive outsourcing already substantially challenged established regulatory approaches, the sharing economy moves even further away from the world of the modern corporation. By the mechanisms of delocalization, delegation and intermediation, activities on the digital marketplaces become detached from one specific place, a designated workforce and the responsibilities for a specific product. This process removes the organizational connectors for established regulation and renders many traditional approaches ineffective.

Yet, we showed that notions describing the sharing economy as markets fail to account for the activities of the market organizers as well as other organizational actors involved in shaping the sharing economy. We thus proposed to consider the sharing economy as a field that comprises various organizational actors and different modes of governance, all of which can provide avenues for regulation. While our chapter only provides a starting point, elaborating further on a fields-perspective would allow us to unpack the different actors involved in configuring new market orders and to understand the complex dynamics of collaboration and contestation unfolding among these actors. Whether fields are perceived as markets (Fligstein, 2001a), strategic action fields (Fligstein & McAdam, 2012) or as issue fields (Hoffman, 1999), such an endeavor also includes unpacking the power relations in markets which appear to be unilaterally organized by digital platforms as intermediaries (see Dolata, 2019).

While our argument provides a conceptual frame to tackle the pending question of regulating the sharing economy, the emerging organizational structures and field dynamics are still in flux and many aspects need to be studied more extensively. In the light of our argument we would like to highlight and discuss several aspects.

First, self-regulation by market organizers like Uber, Lyft and Airbnb cannot be underestimated. To run their business models, sharing economy companies implement a rule
of private governance and thereby regulate activities of sellers and buyers. Sundararajan (2016) argued that “reputation replaces regulation” in the sharing economy. He stressed that the desire to make profits self-regulates the behavior of buyers and sellers more effectively than government regulation would. This view overlooks the fact that market organizers interfere heavily in shaping these reputational systems and install other technical infrastructures to operate their digital marketplaces (Ahrne et al., 2014; Kirchner & Beyer, 2016; Kornberger, 2017). Also, sharing economy companies do not routinely involve sellers’ and buyers’ participation (Gegenhuber, Ellmer, & Scheba, 2018). Thus, although sharing economy companies often claim to realize alternative forms of the economy, a key interest – at least of the dominant platforms – is to satisfy investors by securing quasi-monopoly positions and extract fees (Langley & Leyshon, 2017).

Second, traditional regulators respond to these developments by using various approaches. The accommodate-and-hope approach considers sharing economy marketplaces mostly as intermediaries of matchmaking that greatly reduce the transaction costs for market participants. However, this view easily underestimates the underlying power structure of digital marketplaces (Dolata, 2019). Whereas competition between sellers is fierce on the marketplace itself, market organizers dwell in comparably comfortable positions with only few other competing marketplaces. The Uber case shows that once the cycle between supply and consumer demand had risen, it has proven very difficult to effectively counteract the diffusion of Uber (Thelen, 2018). Because of the prominent role played by network externalities, such constellations are prone to create path-dependent solutions that might end up in socially undesirable outcomes (Sydow, Schreyögg, & Koch, 2009).

A ban-and-restore approach of official organizations targets the foundations the sharing economy companies require to operate. This approach is especially salient in the employment status of sellers (drivers or hosts) on digital marketplaces. However, to ban sharing economy marketplaces and restore conditions of earlier organizational structures – such as a regular employment relationship – requires substantial effort. Regulators need to constantly oppose the strong forces of digitalization, especially rival startups and consumer demands. Also, banned companies stock the opportunity to implement their model on a later date, when conditions might turn out more favorable.

A trim-and-adjust approach by official organizations could prove best suited for the tensions inherent in the sharing economy. It would allow popularity among customers and job creation on the one hand, while threatening existing employment and undermining tax or employment regulation on the other (Dudley, Banister, & Schwanen, 2017). In practice, though, it appears quite difficult to implement regulation that effectively trims and adjusts. Often regulators have no or very limited access to marketplace data (Hill, 2016). Thus, enforcing regulation by fines or taxation proves costly. Additionally, rules on the marketplaces might shift to evade targeted regulation and reinforce the legal positions as mere intermediaries.

The inability to enforce established regulation could trigger new regulatory paradigms that better connect with the intermediation structures of the marketplace. The shift from tightly to loosely coupled organizational structures could be paralleled by a shift to regulating intermediated loose couplings. Instead of focusing on dispersed buyers and sellers on the marketplace, regulators could reconnect responsibilities to the market organizers, e.g. by directly taxing market transactions that in turn is redistributed among citizens. As extensive
intermediaries, sharing economy companies store the data and command the digital infrastructure to effectively implement such regulation of loose couplings. In this sense, digital technology also provides new avenues for regulation that were not available in the stage of Nikefication.

Third, we also considered the regulating efforts of adjacent and alternative organizations. Trade associations might facilitate the exchange and cooperation of various sharing economy companies and lobby for favorable regulation or agree on common standards. Specialized standard organizations could provide general guidelines for sharing economy companies and monitor the compliance. Adjacent organizations that rationally represented labor interest are unions. The mechanisms of digitalization especially undermine traditional unionization efforts as workers are locally dispersed, not formally employed and the market organizers refrain from responsibilities, highlighting their mere intermediary status. While in the case of Uber drivers took strike and protest action to protest against Uber’s policies, outbursts remain temporary and locally limited. As of yet, there is no general movement to unionize drivers.

However, the very same digital technology driving delocalization, delegation and intermediation can also support alternative forms of worker representation. For the crowdsourcing field, Lehdonvirta (2016), for instance, describes examples where algorithms have contributed to uniting globally dispersed workers so that they can mutually support each other by sharing information in internet-based communities (see also Wood et al., 2018). Also, for crowdsourcing, The German union IG Metall, for instance, has established a Crowdsourcing Code of Conduct in 2015. Signatories to this code signal that they adhere to local wage standards. Similar activities could influence sharing economy companies to change their policies.

Civil society might foster the emergence of social movements that evolve into alternative organizers of digital marketplaces. Building on the same mechanism as the sharing economy, social movements thus might produce social forms that counteract the “dark side” of digital marketplaces, and digital infrastructures might contribute to their global diffusion (Adler, 2015). The platform cooperativism movement (Scholz, 2016) might introduce new approaches to the sharing economy that better align with labor interests and other social outcomes. However, considering the organizational structure of cooperatives, this alternative might encounter practical difficulties such as slower decision-making processes due to a high consensus-orientation or little capital. Also, such cooperative alternatives would face substantial resistance from incumbents, who will fiercely seek to defend their established market positions. Incumbents in the sharing economy comfortably rest on generous funding by venture capital as well as on strong, technologically induced network effects enabling their quasi-monopoly positions (Langley & Leyshon, 2017). This uneven starting situation likely confines alternative organizational forms to niches that might successfully tap into local initiatives or patterns of moral consumption. Yet, even if alternative organizational forms of market organizers could introduce a viable market order, it seems quite likely that this would again attract profiteers and venture capital aiming to transform or absorb the viable alternative organizational forms in for-profit ventures. Finally, sharing economy companies actually employed social movement-like strategies to rally support for a favorable regulation successful in the USA which indicates that mobilization strategies are not exclusive to non-profit alternative organizations. It is noteworthy here that the literature hints at substantial international differences regarding the framing and legitimation strategies of sharing economy
platforms, regulatory responses and the interplay with civil society (e.g. Mair & Reischauer, 2017; Thelen, 2018; Uzunca et al., 2018).

Overall, this discussion indicates that effective regulating efforts need to take the central role of market organizers into account, regardless of whether official organizations try to ban activities, whether actors agree to certain standards, or whether unions or social movements target the sharing economy practices or promote alternative organizational models. A field perspective highlights the possible interplay between these various organizational actors to achieve a certain regulatory goal. For example, official organizations or unions or could support social movements and foster the emergence of non-profit market organizers of digital marketplaces that allow for more democratic participation by sellers (and buyers) and socialize platform ownership (Martin et al., 2017; Scholz, 2016). While digitization has created new regulatory challenges through mechanisms of delocalization, delegation and intermediation, digital technology also provides for new regulatory opportunities, for instance regarding the mobilization of even highly dispersed actors or regarding the availability of data for monitoring violations and compliance.

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