Sharing and the City: Roles, Relations and Governance Mechanisms

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1. THEORETICAL BACKGROUND AND PROBLEM DEFINITION

The sharing economy is an emerging phenomenon in many cities. It refers to a diverse range of arrangements where under-utilised assets are shared, exchanged or rented, often enabled by online platforms (Frenken and Schor 2017). Sharing of spaces and premises, mobility solutions and consumer assets is organised through monetary and non-monetary exchanges between peer-to-peer (P2P), business-to-consumer (B2C), business-to-business (B2B) and public-to-public actors (O2O). However, the sharing economy is a contested concept (Schor 2014; Cohen 2016; Sundararajan 2016). On the one hand, it is considered to be able to reduce environmental impact, strengthen social cohesion and stimulate entrepreneurship (Botsman och Rogers 2011). On the other hand, the sharing economy is also seen as a threat to professionalism, security, and labor laws (Bradley 2017).

With an increased rate of urbanisation, cities are facing a great number of sustainability issues, such as overpopulation, gentrification, worsening air quality, environmental degradation, large wage gaps and related social integration issues. The urgency with which these issues need to be addressed is growing, and has prompted the United Nations to incorporate "inclusive, safe, resilient and sustainable cities" into the 2030 Agenda for Sustainable Development. In response, several global city networks have been formed, e.g. C40 cities, Smart Cities, Circular Cities and Sharing Cities in order to address various sustainability challenges. Many other cities are also working on urban sustainability challenges outside the formal networks. City governments have taken great interest in a number of novel ideas that hold a potential to address sustainability issues; including the concept of the sharing economy.

Many cities start playing important role in shaping the landscape of the sharing economy in general and in defining conditions for success or failure of individual sharing organisations (McLaren och Agyeman 2015; Długosz, Voytenko and Mont 2015; Zvolska et al. 2018). At the same time, the sharing economy also influences cities, their policies and institutions (Agyeman, McLaren et al. 2013). To emphasise the increasingly important role of municipal actors and local context in the development of the sharing economy, in our work we use the term *"urban sharing"*, which is an alternative consumption mode between actors, comprising the act of gaining access through online platform and utilising idling rivalrous physical assets owned by actors in cities.

Despite the proliferation of multiple forms of urban sharing in the recent decade, the dynamics and mechanisms of how cities engage with sharing and how urban sharing organisations (USOs) influence cities has not been extensively explored (Bernardi 2015). Thus, there is lack of understanding of relations between city level institutions and the sharing economy in general and sharing organisations in particular.

The institutionalisation of urban sharing is taking place through two principal sets of dynamic processes. The first is a top-down institutionalisation dynamic when a city government employs its agency to promote or inhibit certain USOs. This is performed through the governance mechanisms of regulating, providing, enabling and self-governing, and has been analysed in our earlier paper (Zvolska et al. 2018). The second set of institutionalisation processes is bottom up and is a result of the institutional work by USOs. These processes have been analysed using a framework for institutional work by Lawrence and Suddaby (2006)and is our work in progress (Zvolska et al. 2018).

This paper aims to advance the stream of our studies related to the first institutionalisation dynamic, and to develop further our conceptual framework (Zvolska et al. 2018) that identifies and classifies the mechanisms of relations between the city governments and USOs. The framework distinguished between four roles of municipal governance: city as a regulator, a provider, an enabler and a consumer, developed after Bulkeley and Kern (2006) and Kern and Alber (2008). It thus seeks to answer the research question:

How do city governments engage with sharing and what is their role in its institutionalisation?

2. RESEARCH METHODOLOGY

We test the advanced conceptual framework with data from USOs, municipal governments and other urban sharing actors in the cities of Berlin, Gothenburg, London, Malmo and San Francisco. The empirical data are collected through a mixed-method approach that combines traditional methods –analysis of academic and grey literature, case studies, field observations, participant observations during three workshops, three focus groups with users of sharing services in San Francisco, and 73 in-depth interviews, with novel approaches, such as mobile research lab - a collaborative process of conducting in-situ analysis by a research team that allows analysing the study object in its context. Four mobile research labs (one in each city apart from Gothenburg[1]) have been carried out.

3. RESULTS

Drawing on the urban governance modes, i.e. governing by authority, governing through provision, governing through enabling and self-governing (Bulkeley and Kern 2006; Kern and Alber 2008), we conceptualise four roles that city governments may assume when working with urban sharing (Zvolska et al. 2018). These roles include city as regulator, city as provider, city as enabler and city as consumer (Fig. 1). The city government can employ any of the four roles and combine them to varying degrees when dealing with any governance issue (Bulkeley and Kern 2006). In addition, the roles can be played out as either promoting or inhibiting the emergence and operation of USOs. Both promotion and inhibition could be explicit, e.g. when cities incentivise or ban a certain activity, or subtle, e.g. when cities choose to support an alternative activity, which results in side-tracking or de-prioritising other USOs. This gives city governments a high degree of freedom to adopt the most suitable portfolio of methods and ways of working with urban sharing.

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[1] Mobile research lab in Gothenburg is planned after the summer 2018. It will be a joint undertaking together with the City of Gothenburg.
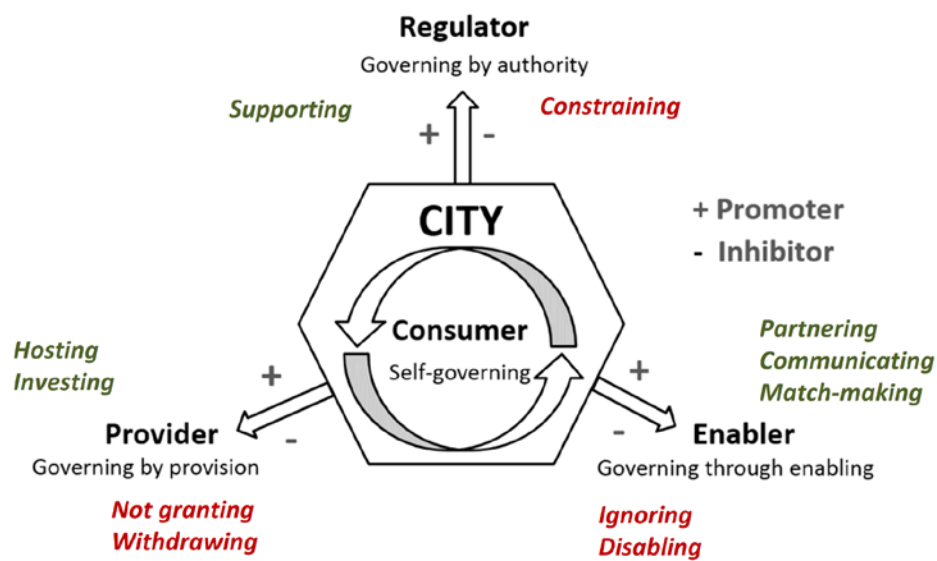
Figure 1. Governance modes for cities

3.1 City as regulator

The main mechanisms behind this role are enforcement and sanction. In its role as regulator the city government employs a range of regulatory tools including laws, taxes, bans, policies and other formal documents that regulate the establishment and operation of USOs. The city government can both devise regulation that constrains USOs to emerge or spread in the urban context, or develops policies that support all or certain types of USOs in the city.

Overall there are many uncertainties in how the city governments should regulate USOs, and if they at all should do so. London, Berlin and San Francisco chose to have specific yet different ways to regulate or ignore large disruptive USOs. For example, ride sharing services Lyft and Uber are not regulated in their home city San Francisco as they are seen as contributing to local employment. In London and Berlin Uber is banned. Short-term rentals, which include platforms like Airbnb, VRBO, One Fine Stay among others, are a subject to legal restrictions in terms of maximum and minimum allowed nights of stay in London, Berlin and San Francisco. Malmo and Gothenburg do not have any similar local regulations since the housing market relations including short-term rentals are a subject of national laws, which is rather specific for Swedish context.

3.2 City as provider

This role is exercised through the provision or withdrawal of practical, material and infrastructural means. It implies that the city government offers financial (i.e. "city as investor") and infrastructural (i.e. "city as host") support to USOs. Municipal funding programmes can be used by USOs to invest in their core activities (e.g. technology, infrastructure) or in their development work (e.g. personnel, research, communication and education) (Kern and Alber 2008). However, the city governments can also choose to either intentionally or unintentionally ignore USOs and not grant any financial resources to USOs or withdraw any infrastructure support.

In London and Berlin this role is mostly represented by the city as a host. In Malmo and Gothenburg there are several USO examples when the city government provides premises,

materials, equipment and transportation, pays the salaries of employees and also has provided start up budgets for USO activities.

3.3 City as enabler

The key mechanisms to exercise the enabler role are persuasion, argument and incentives. In its role as enabler the city government may facilitate collaboration among USOs, provide information about sharing to them and offer training on the topic (i.e. "city as match maker"). It may as well organise competitions, grant awards and offer voluntary certification schemes to recognise the best sharing practices. It may engage in disseminating the best urban sharing practices and in marketing them to different stakeholders (i.e. "city as communicator"). City governments may also enter into partnerships with USOs and other stakeholders in the organisational field in which USOs operate (i.e. "city as partner"). Often when a city becomes a partner it happens for strategic reasons, e.g. through engagement with sharing community to reach strategic goals and/or address urban sustainability challenges. An example of a city government acting both as communicator and as partner is the Smart Map (Smarta Kartan[2]) project in Gothenburg, which is an idea based public partnership between Gothenburg municipality and an NGO Collaborative Economy Gothenburg. The Smart Map, which was co-created with Gothenburg citizens, captures over 100 USOs in the city on one map.

At the same time, like with previous roles, if the city government does not employ them or is selective in which USOs to target in its enabler role, it ignores or disables those USOs that are left out. Ignoring USOs could, however, have an enabling effect too. For example, as previously mentioned, the City of San Francisco largely ignores ride-sharing services (or what it calls "transportation network companies") Uber and Lyft by not imposing any regulations or restrictions on them, which indirectly favours their operations in the city.

Enabling role may become controversial though, if the city government is seen as enabling some USOs over the others. This becomes particularly problematic, if the city is considered to preferentially treat certain profit making USOs over the others as in this way it breaches competition laws by intruding into the market. Our research shows that this is particularly an issue of caution in Sweden, and is one of the reasons why both Malmo and Gothenburg focus their enabling efforts on local and non-profit USOs.

3.4 City as consumer

The mechanisms through which this role is exercised include those of organisational management. It can be exemplified by municipalities adopting urban sharing practices in their own operations, such as procurement, or when different municipal units engage in sharing activities with each other.

Examples of "city as consumer" include Croydon and Zipcar services for municipal employees in London, bicycle and car pools for city employees at Malmo City, publicly procured bicycle pool Styr och Ställ in Gothenburg, and a project by London Waste and Recycling Board on sharing of high value low use assets between London boroughs.

3.5 Governance spectrum of city actions

When analysing city actions, we observe that there are at least five different categories of the city action in relation to whether these actions promote, ignore or inhibit USOs. These are

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[2]See a short video about Gothenburg Smart Map at http://smartakartan.se/about/

shown on Fig. 2 and include strategies to prohibit, regulate, ignore/stay neutral, encourage and support USOs.
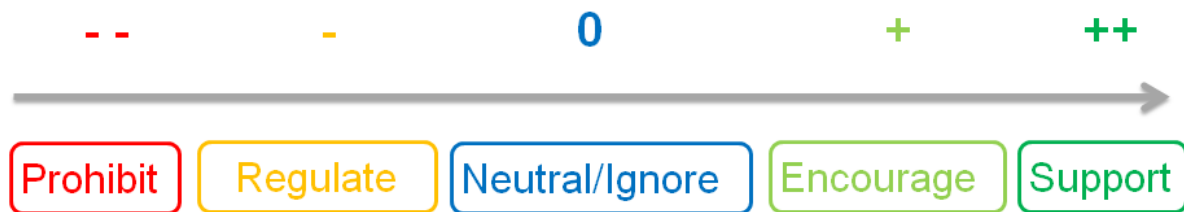

Figure 2. Governance spectrum of city actions toward urban sharing organisations

For example, Uber is prohibited in London and Berlin. Airbnb is regulated in all studied cities, however, only in Berlin, London and San Francisco these regulations are issued by municipal governments. San Francisco city government largely ignores Lyft and Uber as it generally welcomes gig economy in its agenda for workforce development while Malmo and Gothenburg municipalities ignore short-term rental companies since these are regulated at the national level. The City of Gothenburg demonstrates its encouragement to many local USOs by placing them on the Smart Map. Finally both Malmo and Gothenburg municipalities support many non-profit USOs with infrastructure, material or human resources.

4. THEORETICAL CONTRIBUTION

As discussed earlier, there is a clear need to analyse the role that cities play in the institutionalisation of sharing. We seek to contribute to this knowledge gap by extending the framework earlier developed by us in Zvolska et al. (2018). We do so by detailing different mechanisms of how cities enact the broad four governance roles. We also apply this framework to richer empirical data gathered from five cities: Berlin, Gothenburg, London, Malmo and San Francisco (in (Zvolska et al. 2018) we used 26 pilot interviews from London and Berlin). We make a particular emphasis to point out both positive and negative interactions between the city government and USOs (green and red colour codes on Fig. 1 respectively) rather than only exemplifying how cities are supporting sharing. In addition, we suggest a governance spectrum of city actions towards USOs that consists of five major categories: prohibit, regulate, ignore/stay neutral, encourage and support (Fig. 2).

5. CONCLUSIONS

This paper makes three important contributions to the fields of the sharing economy and urban governance:
1. First, we deepen understanding about the roles city governments play in shaping the landscape of the sharing economy in general and urban sharing organisations in particular.
2. Second, we propose a governance spectrum of city actions towards urban sharing organisations.
3. Finally, we unveil critical gaps in current knowledge regarding conditions under which sharing economy organisations can capitalise on their sustainability potential and the role of cities in safeguarding them.

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