

Framing Airbnb and the Home Sharing Economy: Corporate Political Activity in the Dynamic Regulatory Context of a Nascent Ecosystem

Abstract

In this paper, I investigate how Airbnb, its competitors and other stakeholders try to influence the regulatory process in the city of Vienna, Austria, and on the level of the European Union. Following an inductive approach, I have been collecting data from interviews and policy statements with the aim of identifying narratives and activities applied by Airbnb and the other stakeholders in the home sharing ecosystem. In a frame analysis of the city-level data, I have identified three distinct frames: First, the “protection” frame sought to maintain the status quo and protect it from Airbnb and other home sharers. Second, the “economic growth” frame sought to defend home sharing from regulatory excess and help it realize its growth potential. Third, the “host culture” frame sought to promote Airbnb’s ethos, its benevolent effects on communities and the world at large. My preliminary findings show differences in the frames used by Airbnb and its stakeholders. They indicate how different positions in the ecosystem align with different motivations and frames. I expect my study to have both theoretical and practical value. Theoretically, I aim to add to the insights gained through the institutional lens by incorporating field theory. Practically, my study may enable governments to recognize the value of organizing the regulatory process in such a way that it achieves a balance between short- and long-term, as well as economic and social interests.

1. Motivation and Research Gap

Strategic political management research has especially focused on studying corporate political activities (CPA) in relatively established political contexts: For example, research in China has primarily been conducted on firms’ political ties to politicians from the national and local governments (Li, Zhou, & Shao, 2009; Luo, 2001; Shi, Makóczy, & Stan, 2014), whereas firms’ lobbying expenses and political action committee contributions have been the main topic of interest in the United States (Holburn and Vanden Bergh, 2014; Ridge, Ingram, & Hill, 2017). According to this research, firms use CPA (among other things) to influence governments and political decisions, i.e. public policies and regulations. Moreover, studies have shown variation of the value of different types of CPA across countries and their institutional contexts (for reviews see Dorobantu, Kaul, & Zelner, 2017 and Lux, Crook, & Woehr, 2011).

While institutions and the institutional context are acknowledged to be important factors in the study of CPA, institutions generally tend to be conceptualized surprisingly simply and integrated into studies (Boubakri, Cosset, and Saffar, 2012; Jackson & Deeg, 2008). For example, institutional quality or cultural distance as broad country-level constructs are often used, whereas more fine-grained institutional constructs to proxy the extent of stakeholder contest and disagreement in a specific regulatory context may be theoretically more directly linked to CPA.

In general, a variety of actors and interests meet in the political arena and not only one focal firm engages in CPA. Its competitors, non-governmental activists, consumers, and other actors may have an interest in shaping the institutional context and specific regulations in their favor and thus in interaction with political actors too (Doh, Lawton, & Rajwani, 2012). These are often not considered in research on CPA (Crilly & Sloan, 2012; Henisz & Zelner, 2012). In this essay of my dissertation, I claim that we have paid too limited attention to the complex dynamics of institutions in CPA research. I therefore aim to shed light on the process of CPA by investigating *why and how firms use CPA in an evolutionary regulatory context of a nascent ecosystem in the case of home sharing*, where institutional complexity manifests in two ways: (1) the general lack of regulations and (2) the variety of actors shaping evolving regulations.

2. Literature Background

By drawing on the organizational institutional and framing literatures, as well as on field theory (Abolafia, 2010; Brown, 2003; Weick, 1988), I strive to understand the functioning of CPA in the complex and evolutionary regulatory context of the home sharing economy. In that context, the regulatory process resembles the balancing of different actors' interests. To this end, I am directly responding to recent calls for further research (Kretschmer, Leiponen, Schilling, & Vasudeva, 2017; Wang et al., 2017). I suggest that Airbnb and various other actors in their nascent ecosystem engage in CPA in order to cope with, contribute to (or inhibit) the development of an underdeveloped regulatory context. They are likely to employ different types of CPA and according to field theory, different actors with different interests are likely to engage in a framing contest in the political arena. I suggest that there are interrelations between the different actors and their CPA in the political arena: Different actors will not only use different types of CPA, which will shape a firm's institutional context; they will also predict the CPA of others and act accordingly, and react in line with actual evolution of the institutional context.

3. Research Objective and Methodology

The objective of this paper is to discover why and how firms engage in CPA in a dynamic regulatory context in a nascent ecosystem, and thereby understand the process of CPA and different actors' simultaneous interaction with regulators and policy-makers in more detail. More specifically, this paper focuses on the home sharing industry as an industry with an evolutionary institutional field that is, however, characterized by a variety of actors with different interest in the development of the institutional and regulatory environment (Cohen & Zehngbot, 2014). An inductive qualitative research approach is suitable to disentangle processes and helps with unpacking the complexity of institutional contexts, structures and relations – of the actions taken by different players and their interrelations (Doz, 2011; Langley, 1999). In order to get a deeper and finer-grained understanding of CPA, I use a qualitative case study approach combining interviews and archival data (Eisenhardt & Graebner, 2007; Yin, 2009). I focus on the European Union (EU) and the capital of Austria.

4. Expected Contributions

The preliminary findings of my frame analysis for the city of Vienna, Austria, show differences in the frames used by different actors (Creed, Langstraat, & Scully, 2002). The study of CPA in a dynamic regulatory context in a nascent ecosystem in this paper advances our understanding in several ways. First, I contribute to the CPA literature by focusing on the emergence of CPA and the question of how firms feed their interests into the political arena (Lawton, McGuire, & Rajwani, 2013). I also add to the CPA literature theoretically, as I integrate it with the framing literature (Weick, 1988). Second, I advance institutional research in the CPA literature by highlighting the complexity and dynamics of the institutional context (Doh, Lawton, & Rajwani, 2012). In line with field theory, my study emphasizes that the political arena is constituted of a variety of different actors with diverse interests, and that the arena can evolve over time. These institutional dimensions complicate firms' CPA. Finally, the investigation of CPA in the context of the home sharing economy allows me to contribute to a recent field of interest for strategy researchers (as evidenced by recent call for papers in the Strategic Management Journal and the Journal of Management Studies).

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