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Sharing Platform Businesses' Responses to Legitimacy Challenges in Foreign Markets

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Supervisor: dr. F. Ciulli

Second examiner: Prof. dr. R. ten Bos

Student: Céline in ‘t Veld

Student number: s1030617

Abstract

In the past decade, sharing has regained the interest from scholars, because an increasing number of businesses with disruptive business models and distinct internationalization have accrued significant levels of power and have overthrown existing industries. These businesses, considered part of the sharing economy, rely on digital platforms to facilitate transactions between peers, who either provide or consume access to underutilized assets. Due to the disruptive and distinct nature, sharing platform international new ventures (INVs) face novel legitimacy challenges when entering foreign markets. Since obtaining legitimacy is vital for viability in a market, sharing platform businesses are expected to respond to these challenges. Although the extant literature comprises frameworks that categorize responses to legitimacy challenges, these lack a focus on the responses of sharing platform INVs and the novel legitimacy challenges faced. An interpretive inductive theory-building approach is followed to explore the responses of sharing platform businesses to legitimacy challenges in foreign markets. This results in the identification of six responses, namely ‘contesting’, ‘accepting’, ‘collaborating’, ‘mobilizing users’, ‘embedding’, and ‘explaining’. By exploring the responses adopted by sharing platform INVs, the literature on the internationalization of sharing platform businesses, the influence of INVs on institutions, legitimation strategies, and disruptive business models is extended. In practice, the responses contribute to managers of sharing platform businesses, policymakers, incumbents, and sharing platform users.

Keywords: peer-to-peer sharing platforms, business model innovation, international new ventures, legitimacy.

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1. Introduction

Over the past decade, businesses have arisen that are considered part of the sharing economy (Apte & Davis, 2019), which is “a socio-economic system that allows peers to grant temporary access to their underutilized physical and human assets through online platforms” (Gerwe & Silva, 2020, p. 71). With an expected market value of USD 335 billion by 2025 (Oh & Moon, 2016), the sharing economy is argued to change the way business is done by offering an alternative mode of consumption (Das, 2018; Zervas, Proserpio & Byers, 2017; Tussyadiah & Pesonen, 2016).

Advancements in communication and internet technologies have allowed for a new type of business models, namely sharing platform business models. These disruptive business models concern a redefinition of “an existing product or service and the manner in which it is provided to the customer” (Blal, Singal & Templin, 2018, p. 86). These business models differ from traditional business models, because the former focus on performing an intermediary role by relying on digital platforms, which facilitate transactions between peers (i.e. providers and consumers) to provide temporary access to underutilized assets of providers (Gerwe & Silva, 2020; Apte & Davis, 2019; Parente, Geleilate & Rong, 2017). These peer-to-peer (P2P) sharing business models are considered to be the foundation of the sharing economy (Sutherland & Jarrahi, 2018). Since P2P sharing business models are asset light, they allow for rapid international growth.

Indeed, several sharing platform international new ventures (INVs) have grown rapidly, amongst which is Uber. While traditional international business (IB) theories predict incremental and evolutionary internationalization (Westney & Zaheer, 2009), sharing platform INVs are international from inception or internationalize rapidly after foundation. Yet, as proven by the literature on INVs, which are “business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt & McDougall, 1994, p. 49), the road to success in foreign countries is not easy.

When internationalizing, sharing platform INVs face several liabilities. First, the liability of foreignness results from unfamiliarity with the host country (Marano, Tallman & Teegen, 2020). Second, the liability of newness stems from the novelty of the firm, which results in uncertainty to adopt its products or services (Marano et al., 2020). Third, the liability of outsidership concerns the lack of embeddedness in a local network. Finally, the liability of disruption is argued to be most prevalent for sharing platform INVs (Marano et al., 2020). This liability is based on the disruptive nature of the sharing business models, which results in three novel legitimacy challenges. These legitimacy challenges represent the “institutional pushback” from key stakeholders – regulators, incumbents, and society – against the sharing platform business, because they “challenge established industry-specific expectations and rules” (Marano et al., 2020, p. 197). Since legitimacy, which is the “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions" (Suchman, 1995, p. 574), is a prerequisite for viability in a market, sharing platform businesses respond to legitimacy challenges.

While categorizations of firm responses to legitimacy challenges have been developed, these lack a focus on sharing platform INVs. For example, Scherer, Palazzo & Seidl (2013) propose three strategies that firms can adopt to respond to legitimacy challenges. While these strategies cover each theoretically possible option, they are very broadly defined and lack specificity. Marquis and Raynard's (2015) three institutional strategies are more specific. Yet, these focus on emerging market contexts only. Due to the disruptive nature of sharing platform business models, which results in novel legitimacy challenges when internationalizing, theory needs to be developed on the responses of sharing platform INVs to these novel legitimacy challenges. The following research question is formulated to gain insights into the responses of sharing platform businesses: *How do sharing platform businesses respond to legitimacy challenges faced in foreign markets?*

By carrying out an inductive qualitative study, insights into these responses are obtained. A categorization is made by adopting a grounded theory approach (Glaser & Strauss, 1967). Locke (2001) states that an inductive study is appropriate when theory is lacking. With a focus on Uber, a ride-hailing company that uses an app to match passengers and drivers (Cramer & Krueger, 2016), secondary data is obtained from international newspapers from eight countries (i.e. Australia, China, India, Netherlands, South Africa, United Arab Emirates, United Kingdom, and United States of America) where Uber is operating and where it has experienced substantive institutional pushback. By analyzing the data following the Gioia methodology, its responses to legitimacy challenges in foreign markets are categorized. This resulted in final concepts that form the basis for a novel grounded theory model, which contributed to theory development (Gioia, Corley & Hamilton, 2012; Ciulli, Kolk & Boe-Lillegraven, 2019; Sekaran & Bougie, 2016).

This study contributes to the literature and has practical implications. The contributions of this study to the literature are fourfold. First, the study contributes to the literature on the internationalization of sharing platform businesses. Second, the literature on how INVs influence institutions is expanded. Closely connected to this is the third contribution, which concerns the literature on legitimation strategies. Fourth, a contribution is made to the literature on disruptive business models. The implications of this study to practice are fourfold. First, the findings are useful for managers of sharing platform INVs to determine a strategy to obtain legitimacy. Second, the responses provide policymakers with insights about how sharing platform INVs operate. Third, the responses also provide incumbents with insights, which can be used to respond to sharing platform INVs. Fourth, the findings provide users of sharing platform businesses with a greater understanding of the measures taken by these businesses.

The structure of this paper is as follows. The following section focuses on the academic literature on the sharing economy, sharing platform business models, the internationalization of these businesses, their challenges and, in particular, legitimacy challenges. This section is concluded with a theoretical framework, which works towards the research question. Thereafter, the methodology applied to study the phenomenon is described. Finally, the findings are presented, followed by a discussion, including the contributions and limitations of the study, and a conclusion.

2. Literature review

2.1 Sharing economy

Sharing is not a new phenomenon (Frenken & Schor, 2017; Cheng, 2016; Oh & Moon, 2016). People have always shared for the purpose of survival or as an altruistic act to others (Belk, 2013). Yet, an increased number of businesses are considered being part of the "sharing economy" and which some have accrued significant levels of power (Gerwe & Silva, 2020). This has renewed the interest in the phenomenon of sharing. Although the sharing economy is relatively young, it is studied by scholars from various disciplines (Arcidiacono, Gandini & Pais, 2018; Lee, Chan & Chong, 2018).

2.1.1 Defining the sharing economy

Various terms are introduced to describe the sharing economy phenomenon, such as collaborative consumption, peer-to-peer (P2P) economy, access economy, on-demand economy, and platform economy (e.g. Gerwe & Silva, 2020; Görög, 2018; Cheng, 2016). Various scholars have also tried to define the sharing economy (e.g. Cheng, 2016; Arcidiacono et al., 2018; Belk, 2013). Botsman and Rogers (2010, p. 12) were among the first ones and defined it as "an economic model of sharing, bartering, lending, trading, renting, gifting, and swapping, redefined through technology and peer communities". Over time, the definitions have become more limiting (Gerwe & Silva, 2020). For example, Frenken and Schor (2017, p. 4-5) defined the sharing economy as "consumers granting each other temporary access to under-utilized physical assets ("idle-capacity"), possibly for money".

Yet, no definitive definition of the sharing economy exists (e.g. Görög, 2018, Das, 2018; Habibi, Davidson & Laroche, 2016). Scholars argue that this might be due to the different types of sharing that exist (Habibi et al., 2016), the rapid development of the phenomenon (Hawlitschek, Teubner & Gimpel, 2016), or the novelty of the phenomenon (Frenken & Schor, 2017). Gerwe and Silva (2020) formulated four tensions that prevent the clarification of the phenomenon. The four tensions include (1) the lack of agreement on the boundaries of the sharing economy, (2) the inclusion of both reciprocal based and fee based sharing, (3) the lack of clarity on the type of assets included, and (4) the difference between the projections and outcomes of the sharing economy. Görög (2018) has tried to dispel the confusion by finding that collaborative consumption is one of the most popular definitions of sharing economy. This definition, however, lacks depth and specificity to distinguish the sharing economy. Based on an analysis of definitions of the sharing economy, Gerwe and Silva (2020) identified four key features of the sharing economy on which a definition should be based. The key features are (1) the online transactions between users on digital platforms that are carried out offline, (2) the peer-to-peer transactions between private individuals on digital platforms, (3) the temporary access rather than ownership, and (4) the use of underutilized capacity such as physical assets, skills and time (Gerwe & Silva, 2020). Based on these features, Gerwe and Silva (2020) formulated an overarching definition that captures the various types of companies that are considered to be part of the sharing economy while also making a clear distinction when a company is not part of it. The definition reads as follows and is adopted in this study. The sharing economy is "a socio-economic system that allows peers to grant temporary access to their underutilized physical and human assets through online platforms" (Gerwe & Silva, 2020, p. 71). The reason for adopting this definition is twofold. First, this definition concerns a recent review of the definitions formulated so far and can, thus, be assumed up to date. Second, the definition considers the three actors of the sharing economy, namely peer providers, peer consumers and sharing platforms, while also highlighting the key features of sharing economy organizations (Piscicelli, Ludden & Cooper, 2017). Especially the focus on the presence of a platform and the temporary access are relevant (Piscicelli et al., 2017).

2.1.2 Drivers of the sharing economy

Whereas disagreement exists on the definition of the sharing economy, scholars seem to agree on the drivers of the sharing economy. Technological advancements, increased awareness on sustainability in production and consumption, the economic crisis of 2008, and population growth and urbanization are considered the drivers of the sharing economy (e.g. Gerwe & Silva, 2020; Cheng, 2016; Varma, Jukic, Pestek, Shultz & Nestorov, 2016). Especially technological advancements, increased awareness on sustainability, the economic crisis have received attention in the literature.

Technological advancement in communication- and information technologies have allowed new ways to reach and connect to current and potential consumers in various industries (Varma et al., 2016). Both the Internet and Web 2.0 (websites on which users connect and contribute content (Belk, 2013)) are argued to have brought this about, because these mediums facilitate traditional offline sharing online while expanding the network of people with which one can share (Gerwe & Silva, 2020). Different types of sharing evolved over time; from sharing digital files, to collaborating in digital spaces, to interacting on social media platforms. Although sharing is not new, the technological advancements allowed for a new type of sharing (Cusumano, 2018), namely "stranger sharing" (Schor, 2014). Stranger sharing involves a higher risk than conventional sharing, which mostly takes places within people's social networks (Frenken & Schor, 2017). The Internet reduces transaction costs, meaning the costs that buyers and sellers or a product or service incur based on "locating each other, establishing trust, entering into a contract, delivery the product or service, and making payments" (Apte & Davis, 2019, p. 105), by decreasing information asymmetries (Frenken & Schor, 2017). Web 2.0 further reduces the risk by providing rating and reputation mechanisms based on user-generated content (Frenken & Schor, 2017). The ubiquity of the Internet and increased access through mobile devices strengthen the benefits of the sharing economy (Parente et al., 2017).

The increased awareness on sustainability makes the sharing economy promising, because the substitution of ownership with access promotes more efficient use of natural resources (Botsman & Rogers, 2010; Ciulli & Kolk, 2019). Belk (2013, p. 1598) refers to this as a shift from a "you are what own" to a "you are what you can access" attitude. Scholars argue that the sharing economy is more environmentally sustainable, because (1) the utilization of underutilized assets (i.e. idle capacity) reduces the need to produce new assets using resources and (2) the same number of resources produce more economic output (Gerwe & Silva, 2020; Frenken & Schor, 2017; Parente et al., 2017). This is illustrated by the example of cars standing idle 95 percent of the time (e.g. Frenken & Schor, 2017). However, only few studies have highlighted positive effects of the sharing economy on sustainability and productivity. Although the sustainability benefits are often assumed, several scholars have argued that the sharing economy will increase consumption and environmental problems (Gerwe & Silva, 2020) and therefore cannot be considered a sustainable, alternative mode of consumption (Tussyadiah & Pesonen, 2016; Zervas et al., 2017). The literature delivers substantive evidence of the negative outcomes of sharing economy on sustainability and productivity. Evidence highlights amongst others that revenue is lost, real estate prices have increased, competition has increased, and labor inequality has risen (e.g. Gerwe & Silva, 2020; Farronato & Fradkin, 2018; Frenken & Schor, 2017). Nevertheless, the number of sharing economy businesses has increased rapidly in the last decade.

Finally, the economic crisis of 2008 has positively affected the rise of the sharing economy as it was claimed to create economic opportunity (Schor & Atwood-Charles, 2017). By introducing new ways of doing business, the sharing economy has been an opportunity to create jobs and distribute wealth (Frenken & Schor, 2017). This promise in light of an economic recession has led to rapid acceptance. Yet, the sharing economy is accused of discrimination, which mostly affects people with low incomes (Schor & Atwood-Charles, 2017). An often recurring reason is the lower costs at which sharing economy products and services can be offered (e.g. Piscicelli et al., 2017; Eckhardt & Bardhi, 2015). Another accusation concerns the substitution of labor occurring especially in the passenger transportation and lodging sectors (Schor & Atwood-Charles, 2017).

2.2 Sharing platform business models

The drivers of the sharing economy have led to the introduction of disruptive business models in existing industries (Lee et al., 2018; Cheng, 2016; Belk, 2013), resulting in alternative modes to satisfy consumer needs (Wirtz, So, Mody, Liu & Chun, 2019). Although business models are always under pressure due to the presence of competition, sharing business models are said to differ from traditional business models (Ritter & Schanz, 2019).

2.2.1 Business model and business model innovation

Organizations commercialize ideas and technologies through business models (Chesbrough, 2010). Although variation in definitions of the business model exists (Bohnsack, Pinkse & Kolk, 2014), a simplified definition of the business model can be found in the work of Osterwalder and Pigneur (2010, p. 15), who defined it as "the logic how a company intends to make money". According to Ritter and Schanz (2019) and Barbu, Bratu and Sîrbu (2018), a business model indicates how an organization leverages its resources and capabilities in order to create both customer and economic value. Besides variations in the definition, different categorizations on the components of a business model exist (e.g. Osterwalder & Pigneur, 2010; Chesbrough & Rosenbloom, 2002). Bohnsack and colleagues (2014) focused their business model framework on recurring elements in the categorization of other scholars (cf. Osterwalder & Pigneur, 2010; Chesbrough & Rosenbloom, 2002), resulting in three categories that describe the components of a business model, namely value proposition, value network, and revenue/cost model. The value proposition comprises the product or service and the targeted customers. The value network concerns the resources, value chain activities, and partners to deliver the value proposition. The revenue/cost model describes how a business charges its customers and earns revenue to finance the business.

The business models that the drivers of the sharing economy have facilitated (e.g. Cheng, 2016; Belk, 2013) exhibit the properties of a disruptive business model innovation (Ritter & Schanz, 2019; Blal et al., 2018). Blal and colleagues (2018, p. 86) define a disruptive innovation as "one that introduces a different package of attributes offered to and valued by customers that eventually transforms a product or service, to the extent of overthrowing traditional dominant firms in the industry". Cortez (2014) adds that disruptive innovations can also overthrow entire industries, referring to regulatory disruption. Business model innovations in particular concern a redefinition of "an existing product or service and the manner in which it is provided to the customer" (Blal et al., 2018, p. 86). The process of disruptive innovations occurs in phases, whereby the disruptive innovation is initially used in niche markets after which it is adopted by the mainstream consumers (Christensen, 1997). Often initiated by outsiders (Teece, 2010), disruptive innovations establish new performance dimensions to the market (Debruyne & Reibstein, 2005) and contribute to institutional change as a result of institutional entrepreneurship (Pelzer, Frenken & Boon, 2019).

2.2.2 Sharing platform business models as disruptive business model innovation

A growing number of disruptive sharing business models have already been introduced in established industries (Cheng, 2016). Several scholars have studied the differences between sharing business models and traditional business models, which has resulted in categorizations of different types of sharing platforms. For example, Apte and Davis (2019) identified three types of sharing platforms, namely those focused on physical assets (e.g. Airbnb), physical assets and labor (e.g. Uber), and labor (e.g. TaskRabbit). Also Barbu and colleagues (2018) document three main P2P sharing platforms, namely access-based (e.g. Airbnb), marketplace economy (e.g. BlaBlaCar), and on-demand service provider (e.g. Uber). Although variation among sharing platforms exists, their business models have triggered the attention of scholars. The following structural distinctions can be made based on adopting Bohnsack, and colleagues' (2014) categorization of business model components.

The value proposition of sharing business models is focused on creating value by linking customer groups and facilitating transactions (Apte & Davis, 2019; Gerwe & Silva, 2020). Unlike traditional business models, sharing business models are not focused on creating and delivering physical products or services but on creating value by acting as an intermediary (Apte & Davis, 2019; Ritter & Schanz, 2019). Sharing platforms act as an intermediary through digital platforms (Cusumano, 2018), which enable and sustain online communities by providing a building block, which is usually an app, on which social interactions and economic transactions can be mediated (Pelzer et al., 2019; Spagnoletti, Resca & Lee, 2015). Although no agreement exists on the types of digital platform businesses (Wirtz et al., 2019), the emergence of P2P sharing platforms focused on the provision of access is considered to be the foundation of sharing platform businesses (Sutherland & Jarrahi, 2018). Sharing platforms are defined as "two- or more-sided peer-to-peer online platforms through which people collaboratively provide and use capacity constrained assets and resources" (Wirtz et al., 2018, p. 458). Thus, the focus is on access rather than ownership (Ritter & Schanz, 2019). Besides the product or service, the value proposition also comprises the target customer group. Whereas traditional business models are single-sided, sharing business models are multi-sided. Sharing business models form a triad based on the existence of two customer groups and one operator (Piscicelli et al., 2017; De Reuver, Sørenson & Basole, 2018). The operator is the sharing platform, which mediates the two customer groups, being providers (e.g. Uber drivers) and consumers (e.g. Uber riders) (Pelzer et al., 2019; De Reuver et al., 2018). Thus, the providers on the platform are amateurs, who offer simple and single stage services by providing temporary access to underutilized assets of suppliers (Apte & Davis, 2019; Parente et al., 2017). In order to decrease information asymmetries and transaction costs related to sharing with strangers, sharing business models offer a mechanism of trust through ratings and reviews on the platform (Gerwe & Silva, 2020; Frenken & Schor, 2017). Since consumers are private individuals, capacity is flexible (Apte & Davis, 2019). Therefore, sharing business models are considered to be environmentally friendlier than traditional ones, because these allow to increase the efficiency of underutilized physical assets such as cars (e.g. Uber) or rooms (e.g. Airbnb) (Apte & Davis, 2019; Ritter & Schanz, 2019).

The value network of sharing business models consists of intangible resources. Whereas businesses with traditional business models rely on the use of tangible resources to produce products and deliver services, businesses with sharing business models do not own physical assets (Frenken & Schor, 2017). Instead, sharing business models rely on the sharing platform and its data to make use of idle capacity that is owned by external actors (Gerwe & Silva, 2020; Ritter & Schanz, 2019; De Reuver et al., 2018; Parente et al., 2017). The activities performed by a sharing platform business are not performed internally. Since the sharing platform acts as an intermediary, it solely facilitates the organization of transactions online for products or services that are often carried out and consumed offline by the providers and consumers (Gerwe & Silva, 2020). Therefore, the demand for a sharing platform's service is created in the online marketplace instead of the traditional offline marketplace. Demand grows when platform adoption grows, because of an increase in consumers and suppliers (Parente et al., 2017). This is referred to as the network effect (Parente et al., 2017). Finally, as sharing platform businesses do not perform any activities internally, the partners that deliver the value proposition are the supply side users (e.g. Uber: drivers) facilitated by the platform (Parente et al., 2017).

The revenue/cost structure of sharing business models is also different from traditional business models. Since the sharing business model comprises a platform that acts as an intermediary, the actual transactions take place between the two customer groups. Sharing business models that are money-based (e.g. Uber, Airbnb) provide owners of underutilized assets with the possibility to generate additional income or to cover costs (Gerwe & Silva, 2020; Barbu et al., 2018). Whereas businesses with traditional business models generate revenue based on selling their product or service to the customer group, businesses with sharing business models rely on other means to generate revenue. Sharing business models generate revenue through "transaction-based commissions, membership fees, rental or advertising feeds, and profit margins on suppliers used in service creation" (Apte & Davis, 2019, p. 118). The cost structure of sharing business models relies on high fixed costs and low variable costs. The high fixed costs relate to the creation of the sharing platform, and the variable costs relate to the maintenance of the platform (Apte & Davis, 2019). Since sharing platforms do not possess physical assets, their capital costs are low. Both lower operating and capital costs result in higher profit margins and relate to faster growth (Piscicelli et al., 2017). Businesses with sharing business models (e.g. Uber) can grow faster than businesses with traditional business models (e.g. taxi firms), because the former do not need to invest in physical assets (e.g. cars), which allows for a lower cost business model (Parente et al., 2017). Finally, platform businesses transact outside established market institutions, because of the disruptiveness of the business model (Pelzer et al., 2019; Marano et al., 2020).

2.3 Internationalization of firms with sharing platform business models

Besides disruptive business models, sharing platform businesses internationalize distinctly compared to traditional businesses, posing different challenges to sharing platform businesses in foreign markets.

2.3.1 Internationalization theories

Internationalization concerns the increased involvement of a firm in more than one country by establishing new operations in foreign countries (Johanson & Vahlne, 1977). A firm that internationalizes in a way that it has multiple operating units in more than one country is considered a multinational enterprise (MNE) (Westney & Zaheer, 2009). Motives to become an MNE are, amongst others, the ability to benefit from economies of scale and scope, and lower labor costs (Parente et al., 2017), to protect market power at home, and to build success at home (Lessard, 2013). Westney and

Zaheer (2009) argue that internationalization is an incremental and evolutionary process. This implies that a firm starts as a domestic firm and internationalizes step by step and over time.

Various theories exist in the IB literature on how firms internationalize. The most often referred to are Dunning's (1980) eclectic paradigm, which is also known as the OLI paradigm, and Johanson and Vahlne's (1977) process theory of internationalization (PTI), also referred to as the Uppsala model. The eclectic paradigm dictates that a firm will internationalize through a foreign direct investment (FDI) when (1) the firm has assets that competitors do not have (O), (2) a particular foreign country has indigenous resources that are attractive (L), and (3) the firm itself is the best user of its resources (I) (Dunning, 1980). These criteria refer to the advantages that a firm or location can hold, namely ownership-, location-, and internalization-advantages. This process indicates that internationalization is incremental and evolutionary, because ownership advantages need to be established before operating in foreign markets can be justified. The PTI also highlights the incremental and evolutionary character of internationalization. This model shows how firms gradually acquire, integrate and use knowledge about foreign markets, countries, and operations, and increase commitment in a foreign market (Johanson & Vahlne, 1977). The lack of knowledge about a foreign market is a barrier to internationalization and requires to reduce the risk by incrementally increasing commitment in that market. This means that firms first internationalize by exporting to markets and countries with a similar culture and institutional environment (Sharma & Blomstermo, 2003). By operating in foreign markets, firms gradually acquire "institutional knowledge" ("knowledge on foreign institutions and the current rules and regulations" (Sharma & Blomstermo, 2003, p. 741)), which allows to gradually increase commitment.

2.3.2 Internationalization of digital platform businesses

Digital platform businesses do not internationalize according to the traditional IB theories. Since sharing platform businesses rely on digital platforms, the literature on the internationalization of digital platform applies.

Changes in economic, technological and social conditions have given rise to a new type of MNEs, namely international new ventures (INVs) (Oviatt & McDougall, 1994). International new ventures are "business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries" (Oviatt & McDougall, 1994, p. 49). An INV quickly establishes presence in multiple countries (Mudambi & Zahra, 2007) by bypassing the stages of traditional theories and entering foreign markets using higher order entry modes (Oviatt & MacDougall, 1994). Therefore, INVs do not internationalize incrementally and evolutionary as suggested by the traditional theories. Many of the well-known and fast-growing sharing platform businesses are considered to be INVs, because of their international character, innovative product (i.e. platform), and entrepreneurial origin (Fan & Phan, 2007; Sharma & Blomstermo, 2003; Parente et al., 2017). These firms offer products and services that are new or different from traditional offerings

(Sharma & Blomstermo, 2003). Thereby, they are agued to practice "reverse innovation", meaning that the innovative product or service is launched first before institutional alignment is pursued (Pelzer et al., 2019). In addition, INVs do not internationalize through FDIs (Oviatt & MacDougall, 1994), suggesting that they do not require to invest large amounts of resources and assets. Instead, INVs internationalize by learning through networks (Sharma & Blomstermo, 2003). Similarly, sharing platform businesses rely on networks to internationalize (Parente et al., 2017). Furthermore, the emphasis of INVs is on controlling rather than owning assets due to resource scarcity, which is common among new organizations and sharing platform businesses in particular (Oviatt & MacDougall, 1994). Due to these characteristics, sharing platforms expand internationally rapidly and successfully (Oviatt & MacDougall, 1994; Parente et al., 2017).

Despite the fact that sharing platform businesses are internationalizing rapidly, they face challenges when internationalizing. These challenges are defined as liabilities in the extant literature. First, the literature states that new entrants in foreign markets generally face a liability of foreignness (LoF) (e.g. Brouthers, Geisser & Rothlauf, 2016). This is defined as "all additional costs a firm operating in a market overseas incurs that a local firm would not incur" (Zaheer, 1995, p. 343). It implies that foreign firms achieve lower profitability compared to local firms (Zaheer, 1995). A LoF results from unfamiliarity with the foreign country due to, amongst others, institutional distance (Marano et al., 2020). According to the OLI paradigm, new entrants can overcome a LoF by having relevant core competences, which create a competitive advantage in the foreign market (Dunning, 1980). The study by Zaheer (1995) confirmed this and specified the relevance of organizational practices in particular. Second, new entrants and in particular INVs are argued to face a liability of newness (LoN) (Mudambi & Zahra, 2007). It concerns the disadvantage new firms face in relation to survival due to fewer experience and stronger selection pressures facing these firms in comparison to older firms (Abatecola, Cafferata & Poggesi, 2012; Singh, Tucker & House, 1986). The newness stems from the novelty of the firms, which results in uncertainty to adopt its products or services (Marano et al., 2020). Due to its newness, a new entrant lacks access to resources (Zhang & White, 2016). According to Zhang and White (2016) there are two options to overcome a LoN. These are the development of building organizational capability and establishing the firm's own legitimacy. Third, "ibusinesses"[1], such as sharing platform businesses, face a liability of outsidership (LoO) (Brouthers et al., 2016). It concerns the disadvantage a firm has when entering a foreign market where it has no network (Johanson & Vahlne, 2009). The lack of embeddedness in a local network is particularly relevant. Since sharing platform INVs rely on a network of users to generate value, a lack of ties to potential users in a foreign market is harmful to a sharing platform business' viability (Brouthers et al., 2016; Johanson & Vahlne, 2009). As a sharing

[1] Ibusinesses are defined as "e-business companies that use the Internet and other computer-based information system (CBIS) technologies to provide an Internet-based platform, which allows users to interact and transact with each other" (Brouthers et al., 2016, p. 514).

platform INV relies on the interaction between providers and consumers (Parente et al., 2017), attracting providers is important to attract consumers in turn. Market acceptance of sharing platform businesses is a challenge, because it requires a fundamental change in consumer behavior (Piscicelli et al., 2017). Despite the above liabilities representing challenges for new entrants, the following liability is argued to be most prevalent for sharing platform INVs (Marano et al., 2020). This concerns the liability of disruption (LoD), which is defined as " all the additional costs and travails of doing business abroad that stem from the disruptive nature of an internationalizing firm's business model" (Marano et al., 2020, p. 194). It emphasizes three novel challenges firms with disruptive business models face when trying to gain legitimacy in a foreign market compared to firms with traditional business models. The legitimacy challenges stem from "the institutional pushback against business models that challenge existing industry-specific regulations and expectations" (Marano et al., 2020, p. 197) by key local stakeholders. These businesses face regulatory-, incumbents- and societal pushback due to the fact that its practices affect many stakeholders by breaking rules and redefining how business is done in an industry (Marano et al., 2020). This causes the practices of disruptive businesses and their right to operate to be challenged (Marano et al., 2020; Uzunca, Rigtering & Ozcan, 2018). Regulatory pushback refers to "the host country regulatory actions […] to sanction disruptive companies' noncompliance with existing standards and regulations" (Marano et al., 2020, p. 192). Incumbents' pushback refers to "the actions by host-country based existing businesses aimed at mobilizing authorities to level the playing field with disrupting companies" (Marano et al., 2020, p. 192). Societal pushback refers to "the actions by consumer protection groups, union representatives, and local communities against disruptive companies" (Marano et al., 2020, p. 192). Since each country has a unique institutional environment, legitimacy challenges differ per country (Marano et al., 2012).

2.4 Legitimacy and responses to legitimacy challenges

While firms with disruptive business models face novel challenges in obtaining or defending legitimacy (e.g. Lamin & Zaheer, 2012), enjoying legitimacy is a prerequisite when operating in foreign markets (Marano et al., 2020). Therefore, they are expected to respond to these legitimacy challenges.

2.4.1 Legitimacy

Legitimacy is defined as the "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions" (Suchman, 1995, p. 574). Organizational legitimacy refers to the perception that a firm's actions are considered appropriate and in resonance with a society's norms and value system (Lamin & Zaheer, 2012). A firm's legitimacy is judged on norms and values that are prevalent in a society (Dowling & Pfeffer, 1975). Legitimacy links the organization and its environment and constrains organizational behavior (Dowling & Pfeffer, 1975). Legitimacy can constrain behavior, because it is established at the institutional level (Dowling & Pfeffer, 1975), which consists of regulatory, cognitive and normative elements (Scott, 2008) that define the "rules of the game" (North, 1990, p. 3). According to traditional institutional theory, a country's institutional environment is a given, hence emphasizing the need to conform and adapt to the local institutions in order to gain legitimacy in that country (DiMaggio & Powell, 1983). Yet, the idea that firms shape their institutional environment to gain legitimacy has received attention in the past two decades (Uzunca et al., 2018).

It is important to obtain legitimacy, because it enables the effective functioning of a firm in a foreign market by providing a flow of resources and securing support (Scherer et al., 2013, Lamin & Zaheer, 2012). Firms face a threat to their survival when not regarded legitimate, because their actions are either inappropriate or undesirable (Scherer et al., 2013; Lamin & Zaheer, 2012). Yet, obtaining and defending legitimacy is not easy. One of the difficulties firms face concerns the different perceptions various stakeholders hold on what is legitimate (Lamin & Zaheer, 2012). Besides the fact that various stakeholders hold different perceptions, these can also change over time (Dowling & Pfeffer, 1975). In addition, guidelines on accepted standards of behavior are often not clearly stated or not available, leading firms to engage in moral reasoning (Scherer et al., 2013). Furthermore, countries differ in their institutional environments and thus in their evaluation of what is legitimate (García-Cabrera & Durán-Herrera, 2016). Since MNEs are embedded in diverse institutional environments, their legitimacy may differ per country (Uzunca et al., 2018). Thus, obtaining and defending legitimacy is a continuous and difficult process (Scherer et al., 2013; Lamin & Zaheer, 2012).

2.4.2 Responses to legitimacy challenges

Research has shown that firms indeed strategize to gain legitimacy and thus respond to legitimacy challenges (Uzunca et al., 2018). Several scholars have studied organizational responses and have developed frameworks (e.g. Dorobantu, Kaul & Zelner, 2017; Zhang & White, 2016; Hillman & Hitt, 1999). For example, Scherer and colleagues (2013) distinguish three general strategies that firms can follow to respond to legitimacy challenges. These concern isomorphic adaptation, strategic manipulation, and moral reasoning. The isomorphic adaptation strategy concerns the alteration of organizational practices to conform to societal expectations. The strategic manipulation strategy concerns influencing social expectation to change the perception of key stakeholders. The strategy of moral reasoning concerns the questioning of the status quo to create support for a firm's behavior and practices. Similarly, Dowling and Pfeffer (1975) report on strategies firms can pursue to become legitimate. The first strategy is to adapt in order to conform to the definition of legitimacy. The second option concerns the initiative to change the definition of legitimacy. The third and most difficult option is to change social norms and to redefine the definition of legitimacy. A more specific effort was made by Lamin and Zaheer (2012), who derived four firm strategies to legitimacy challenges from the literature. These strategies are denial, defiance, decoupling, and accommodation. Denial concerns the dismissal of a legitimacy problem. Defiance concerns challenging an accusation of illegitimacy. Decoupling concerns correcting a practice in response to an accusation of illegitimacy by distancing from the source of the problem. Finally, accommodation concerns acceptance of a legitimacy problem and implementing change. In the same way, Marquis and Raynard (2015) propose institutional strategies focused on emerging market contexts. These are relational, infrastructure building, and socio-cultural bridging. Relational strategies focus on building networks with the government and other key stakeholder groups to influence the institutional environment. Infrastructure building strategies aim at providing the necessary infrastructure to carry out business activities when this infrastructure is not provided by the particular country. Socio-cultural bridging strategies address socio-cultural and demographic issues that improve country development and thereby institutional development.

2.5 Theoretical framework

The rapid rise of the sharing economy and its businesses with disruptive business models, distinct internationalization processes, and novel legitimacy challenges highlight the relevance to study sharing platform businesses that are entering or are already operating in foreign markets.

Sharing platform businesses introduce new products and services that transform the way business is done in existing industries due to the disruptive nature of their business models (Blal et al., 2018; Cortez, 2014). In particular, the reliance on digital platforms has introduced the possibility to share on a P2P basis, referred to as “stranger sharing”, which allows to provide and consume temporary access to underutilized assets (Gerwe & Silva, 2020; Apte & Davis, 2019; Schor 2014). The reliance on access instead of ownership results in asset-light business models, which in turn allows for rapid growth (Apte & Davis, 2019; Parente et al., 2017).

Several sharing platform business have indeed quickly grown and have established presence in multiple countries (Mudambi & Zahra, 2007). This coincides with the literature on the internationalization of INVs. Being considered INVs, sharing platform businesses are agued to practice reverse innovation where the innovation is launched first before institutional alignment is pursued (Pelzer et al., 2019).

Yet, this institutional alignment in terms of legitimacy is not easily established (Scherer et al., 2013; Lamin & Zaheer, 2012). The liability of disruption (LoD) is argued to be most persistent to the successful and rapid internationalization of sharing platform INVs (Marano et al., 2020). The LoD represents three novel legitimacy challenges that sharing platform businesses face due to their disruptive business models. Sharing platform INVs experience institutional pushback by key local stakeholders, because their business models affect many stakeholders (Marano et al., 2020). Since legitimacy is a prerequisite for viability in any country or market (Marquis & Raynard, 2015; Scherer et al., 2013), obtaining legitimacy is vital.

The literature has shown that firms strategize to obtain legitimacy (Uzunca et al., 2018). Whereas traditional institutional theory emphasizes the need to conform or adapt to a country’s institutional environment to obtain legitimacy, the literature also recognizes that firms are shaping this environment to obtain and defend legitimacy (e.g. Lamin & Zaheer, 2012). The latter situation coincides with the characteristics of sharing platform businesses and their disruptive business models. In addition, it fits the claim of reverse innovation.

While several scholars have developed categorizations of strategies to obtain legitimacy in foreign markets, their points of departure are firms with traditional business models and do not actively focus on responses to legitimacy challenges in foreign markets. Although these categorizations are useful to understand how firms can respond to legitimacy challenges, a focus on the responses of sharing platform INVs to legitimacy challenges is lacking. It is important to consider the responses of sharing platform businesses to legitimacy challenges in particular, because these firms face novel legitimacy challenges as encompassed under the term liability of disruption (Marano et al., 2020). Due to the different nature of the legitimacy challenges, sharing platform businesses might pursue different responses. In addition, their responses to legitimacy challenges should not necessarily be similar to those of traditional firms, because of the disruptive and distinct nature of sharing platform businesses in general. Finally, sharing platform businesses are INVs, which enter foreign markets from inception. Therefore, it is relevant to focus on responses in foreign markets. Thus, research is needed to understand the implications of the novel legitimacy challenges faced by sharing platform businesses on how these businesses respond to legitimacy challenges in foreign markets. This leads to the following research question: *How do sharing platform businesses respond to legitimacy challenges faced in foreign markets?*

3. Methodology

3.1 Research design

An inductive interpretive qualitative study is required to gain insight into the responses of sharing platform INVs to legitimacy challenges in foreign markets. Glaser and Strauss (1967) were the first to refer to an inductive study by using the term "grounded theory". Following this approach, a categorization is made based on generating codes, which lead to theory development (Sekaran & Bougie, 2016). An inductive study is appropriate when theory is lacking (Locke, 2001). Although categorizations of responses to legitimacy challenges were present in the extant literature, a focus on the responses of sharing platform INVs was not. Yet, a focus on the responses of sharing platform businesses was relevant, because these firms face novel legitimacy challenges compared to traditional businesses. Since it was relevant to gain insight into the responses of sharing platform INVs to these novel legitimacy challenges, an inductive study was argued appropriate (Locke, 2001).

The focus of this study was on Uber, a ride-hailing company that provides an app to match riders and drivers (Cramer & Krueger, 2016), because its characteristics highlight the disruptiveness and distinctness of sharing platform INVs. A preliminary study was conducted to assess its suitability for this study. The choice for Uber was based on the four reasons presented in the study by Marano and colleagues (2020), which are outlined below. First, Uber is a well-known and successful sharing platform business worldwide (Marano et al., 2020; Apte & Davis, 2019). Second, Uber has overthrown incumbents in the traditional taxi industry with a business model that changes the way business is done (Marano et al., 2020). This fitted the theory on disruptive business model innovation, which applies to sharing platform businesses. Third, the company has internationalized rapidly after its foundation (Maran et al., 2020). Two years after its foundation in 2009, Uber expanded internationally by entering Paris, France (Hartsman & Leskin, 2019). Within a decade, the company was active in 71 countries and more than 900 cities worldwide (Uber Technologies Inc., 2020). This fitted the theory on INVs. Finally, Uber faced institutional pushback to obtain legitimacy in various countries (Marano et al., 2020). This topic was broadly reported on in the worldwide press.

Following the interpretive paradigm to theory building, a contribution to a novel theory on the responses of sharing platform INVs to legitimacy challenges in foreign markets is made (Ciulli et al., 2019; Rowlands, 2005). Thus, this study served an exploratory purpose by providing an understanding of the responses of sharing platform business to legitimacy challenges in foreign markets (Jupp, 2006).

3.2 Units of analysis and sampling

Since the focus of this study was on Uber, the company was the unit of analysis. In particular, the focus was on Uber in various countries, which differed in their institutional contexts. This formed the basis for a maximum variation sampling strategy, which was in line with a grounded theory approach (Given, 2008a). The maximum variation sampling strategy was based on Uber's activity in institutionally diverse contexts to ensure a comprehensive scope from which responses to legitimacy challenges in foreign markets are derived (Ciulli et al., 2019). Since maximum variation sampling is a purposive sampling method that allows to strategically select units of analysis in relation to the phenomena of study (Lewis-Beck, Bryman & Liao, 2004; Given, 2008a), richness and relevance of the data and final categorizations are ensured.

The criteria for selecting the units of analysis were twofold. First, the focus was on countries that Uber is active in and which were institutionally diverse. Since "countries differ significantly in their institutional composition, particularly among developed[2] and emerging[3] economies" (Doh, Rodrigues, Saka-Helmhout and Makhija, 2017, p. 293), a selection of developed and emerging countries was made. The selection of the countries was based on the market classifications of the United Nation's World Economic Situation and Prospects (WESP) (United Nations, 2020). By selecting both developed and emerging countries, maximum variation is achieved. Second, the focus was on countries where Uber faced institutional pushback. In order to determine whether Uber experienced institutional pushback in a country, preliminary desk research was conducted using international news sources such as Reuters, The Wall Street Journal, and United Press International (UPI). Based on these criteria, the following countries are selected. Concerning developed countries, Australia, the Netherlands, United Kingdom, and United States of America are selected. Concerning emerging countries, China, India, South Africa, and United Arab Emirates are selected. Although Uber has experienced institutional pushback in more countries, the above selection was made based on the referral to these particular countries in various news articles (e.g. Debusmann Jr., 2015).

3.3 Data collection

Since Uber and the institutional difficulties surrounding it were well-reported topics in the printed media, this raw secondary data source was used for a content analysis into the sharing platform business' responses to legitimacy challenges in foreign markets.

Secondary data concerns data that has been collected for another purpose (Myers, 2013). Due to the origin of the data, some general concerns related to the use of secondary data are reported. These concerns relate to the appropriateness of the data and the control over the quality of the data (Allen, 2017). Despite these disadvantages, secondary data has several advantages amongst which is the possibility to generate new insights from easily accessible data (Allen, 2017). This advantage made reliance on secondary data most appropriate for this study and, thus, offset the disadvantages associated with it. By relying on media as a secondary data source, changes over time can also be tracked. This was relevant in light of this study, because it would allow to track changes in legitimacy challenges

[2] Developed countries are countries with a high average GDP per capita and developed institutions, resulting in functioning markets (Marquis & Raynard, 2015; Khanna & Palepu, 2015).
[3] Emerging countries are countries with a growing average GDP per capita and underdeveloped or lacking institutions, resulting in market failure (Marquis & Raynard, 2015: Khanna & Palepu, 2015).

faced by Uber in a country over time as well as Uber's responses to these challenges. This lowered the chance for bias in the interpretation (Bleijenbergh, 2015).

Media consulted concern national newspapers of the countries focused on (i.e. Australia, the Netherlands, United Kingdom, United States of America, China, India, South Africa, and United Arab Emirates) that are reporting in either English or Dutch, which are the languages the researcher is proficient in. Two daily national newspapers per country were selected with high daily circulation rates and balanced political orientations where possible (table 1). In addition, one financial newspaper of each country was selected (table 1). From these sources, all articles that had been published from the entrance of Uber in the particular country (table 2) until and including December 31, 2019 were collected based on the search criterium "Uber". This particular end date was chosen, because it marked the end of a calendar year and ensured that articles related to the current corona crisis are left out[4]. The newspaper articles were accessed through Nexis Uni, which ascertained that all published articles could be considered. The data collection resulted in 498 relevant news articles.

Table 1. Newspapers selected per country of focus

Country	National newspaper	Financial newspaper
Australia	- The Australian - The Herald Sun	- Australian Financial Review
The Netherlands	- De Telegraaf - De Volkskrant	- Het Financieele Dagblad
United Kingdom	- The Guardian - The Times	- Financial Times
United States of America	- The New York Times - The Washington Post	- Investor's Business Daily
China	- China Daily - Global Times	- Xinhua Financial News
India	- The Hindu - The Times of India	- The Economic Times
South Africa	- Cape Times - Cape Argus	- Business Day
United Arab Emirates	- Gulf News - Khaleej Times	- Gulf Business

[4] The decision not to consider a date range ending in 2020 was based on the argument that the corona crisis presents an exceptional situation and, since it was ongoing at the time of conducting the study, cannot be fully analyzed.

Table 2. Uber's entry dates into the countries of focus

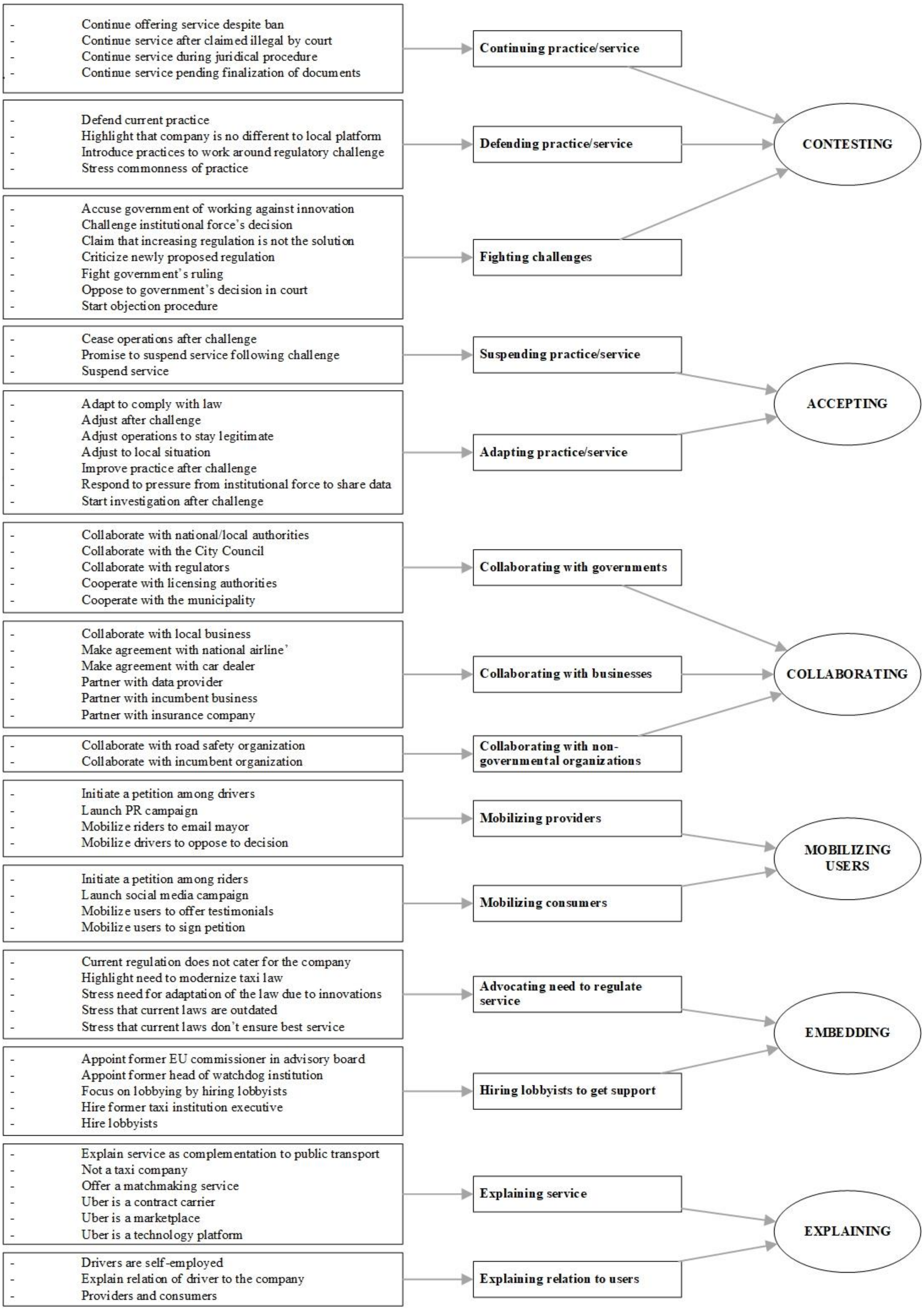
Sources: Russell, 2012; Uber Blog, 2018; Dredge, 2012; Wikipedia, 2020 ; Tejada, 2014; Prithivi, 2013; Russell, 2013; Curley, 2013.

Country	**Entry data of Uber**
Australia	November 29, 2012
The Netherlands	October 29, 2012
United Kingdom (UK)	July 2, 2012
United States of America (USA)	May 1, 2011
China	July 15, 2014
India	August 29, 2013
South Africa	August 8, 2013
United Arab Emirates (UAE)	August 27, 2013

3.4 Data analysis

With the goal of categorizing the responses of sharing platform businesses to legitimacy challenges in foreign markets inductively, the Gioia methodology was suitable for the analysis of the secondary data. The Gioia methodology is a "systematic approach to new concept development and grounded theory articulation" (Gioia et al., 2012, p.15). The identification of final concepts that represent the responses of sharing platform INVs to legitimacy challenges involved an iterative process. In order to derive the final concepts, the following three-step process was adopted as suggested by Gioia and colleagues (2012). First, broad themes and observations from the data were deducted, which resulted in first order categories. This is also referred to as open coding (Given, 2008b). Second, these categories were further specified into themes that reflect the data, which resulted in second order themes. This is also referred to as axial coding (Allen, 2017). Third, the themes were aggregated into dimensions that represent novel theoretical insights. These dimensions reflected the final concepts that represent the responses of sharing platform INVs to legitimacy challenges. The analysis resulted in six responses, namely 'contesting', 'accepting', 'collaborating', 'mobilizing users', 'embedding', and 'explaining'. Figure 1 provides a visual overview of these responses and their origin. Since these final concepts formed the basis for a novel grounded theory model (Gioia et al., 2012; Ciulli et al., 2019), this study contributed to theory development. The process was carried out using Atlas.ti 8, a qualitative data analysis software, which allowed to analyze and storage data consistently.

Figure 1. Data structure



3.5 Quality of research design

Qualitative research is often heavily criticized based on the expected lack of research rigor because humans are trying to understand other humans making it rather subjective (Gioia et al., 2012; Myers, 2013). This has resulted in skepticism and claims of "creative theorizing" based on few theoretical groundings (Gioia et al., 2012). Yet, the Gioia methodology is claimed to establish qualitative rigor, because of the inclusion of researchers to link data to concepts, as well as allowing to obtain the insights that correspond to high quality qualitative research (Gioia et al., 2012). These arguments can be considered to conclude the discussion on whether qualitative research is rigorous. Over the years, especially the Gioia methodology's "systematic approach to concept development and grounded theory articulation" (Gioia et al., 2012, p.15) has delivered sufficient proof for scholars and readers to assume its rigor.

In qualitative research, the quality of the research can often not be expressed in terms of validity and reliability (Lincoln & Guba, 1985; Noble & Smith, 2015). While some argue that reliability and validity have different meanings in qualitative research (e.g. Sekaran & Bougie, 2016), others claim that the quality of a qualitative research study should be determined based on the criteria of trustworthiness (e.g. Korstjens & Moser, 2018), which are credibility, transferability, dependability and confirmability (Lincoln & Guba, 1985).

Several measures have been taken to ensure the trustworthiness of this study (table 3). Credibility, which refers to the correct representation of the data in the findings and thus a correct interpretation (Ciulli et al., 2019), is ensured by relying on newspapers with high circulation rates only. This is considered an acceptable proxy for legitimacy in a country (cf. Lamin & Zaheer, 2012, p. 56). In addition, by relying on three newspapers (i.e. two national newspapers and one financial newspaper) per country, the reliability of the data was improved by ensuring saturation. Furthermore, the countries of focus were selected to match the language proficiency of the researcher as much as possible in order to be able to follow local news (Dutch: the Netherlands, English: Australia, United Arab Emirates, United Kingdom, United States of America). While this was not possible for every country, the researcher was aware of potential differences between news presented in newspapers published in local languages (e.g. China and India) versus those published in English. Connected to this, the countries of focus also reflected as much as possible the researcher's familiarity with the country and its context (i.e. United Arab Emirates), which improved understanding of news articles. Finally, the use of Atlas.ti 8 to analyze the data ensured "credible data storage and management of data" (Ciulli et al., 2019, p. 13). Moving on to transferability, which refers to the extent findings are transferrable to other industries and contexts (Ciulli et al., 2019), the description of the characteristics of sharing platform INVs and Uber in particular allowed for an evaluation of the context of this study in relation to another context. Lastly, dependability and confirmability refer to the stability of the findings (Ciulli et al., 2019). First, by applying purposive sampling based on maximum variation, the final concepts can be considered to compose a complete categorization based on the inclusion of both typical and extreme units of analysis. Lastly, a systematic data analysis following the Gioia methodology improved the reliability of the final concepts and thereby that of the findings.

In addition to the measures taken to ensure the trustworthiness of this study, some of these measures also contributed to ethical issues considered. For example, the reliance on qualitative data analysis software ensured that the secondary data was analyzed in a consistent way, which can be traced. Furthermore, the decision was made to strive for saturation in the secondary data to ensure correct interpretation of the data. This decision was made since the study is carried out individually and, thus, researcher triangulation was not possible. Finally, informed consent of participants was not an issue to be considered in this study, because the data collection required no personal interactions and the secondary data used concerned publicly available written text.

Table 3. Measures to ensure trustworthiness
Sources: Ciulli et al., 2019; Sekaran & Bougie, 2016.

Criteria of trustworthiness	**Measures**
Credibility	- Reliance on countries that the researcher is familiar with (as much as possible). - Reliance on newspapers with high circulation rates. - Reliance on newspapers that are (as much as possible) published in the language the researcher is proficient in. - Reliance on multiple newspapers per country to reach saturation. - Usage of Atlas.ti 8 for data storage and management.
Transferability	- Description of the context by focusing on characteristics of sharing platform businesses and Uber in particular.
Dependability and confirmability	- Purposive sampling based on maximum variation. - Systematic data analysis according to the Gioia methodology using Atlas.ti 8.

4. Findings

The analysis focused on the exploration of sharing platform businesses' responses to legitimacy challenges in foreign markets. This resulted in the identification of six responses that sharing platform INVs adopt when faced with legitimacy challenges. The responses are 'contesting', 'accepting', 'collaborating', 'mobilizing users', 'embedding', and 'explaining'. A combination of responses is adopted simultaneously in response to either various legitimacy challenges or a single legitimacy challenge. The responses are multifaceted and consist of sub-responses, which represent the second-order codes. A detailed description of the responses and sub-responses is given below. The emergence of the (sub-) responses is illustrated with quotes from the data in order to provide a detailed description of the emergence of the responses accordingly.

4.1 Sharing platform response 1: 'Contesting'

The 'contesting' response was one of the key responses adopted when faced with legitimacy challenges. Due to the distinct nature of sharing platform businesses vis-à-vis traditional businesses, laws and regulations are often not suited to cover and to deal with sharing platform businesses, which resulted in a source of legitimacy challenges. The 'contesting' response emerged from the efforts made to challenge the legitimacy challenges faced by focusing on the sharing platform's practice and service in general. The response is adopted to address legitimacy challenges related to the platform's legality and classification of its users. An exemplary situation of the response occurred in the Netherlands, when Uber continued its service and started an objection procedure after being declared illegal by the Trade and Industry Appeals Tribunal (Keuning, 2014). The 'contesting' response consists of three sub-responses, namely 'continuing practice/service', 'defending practice/service', and 'fighting challenges'. Table 4 provides an overview of the sub-responses covered by the 'contesting' response.

4.1.1 Continuing practice/service

In six markets, Uber responded to legitimacy challenges by continuing its operations. This sub-response is adopted is two situations. First, it is adopted in anticipation of an institutional force's decision or a pending objection procedure initiated by Uber. For example, Uber sub-Saharan Africa's general manager stated that "*rather than waiting for the operating permits, Uber decided to allow its partner drivers to operate in the city pending the finalization of documents*" (Phakathi, 2015b). Similarly, Uber continued its service in the Netherlands after having started an objection procedure against a judge's decision (Koops, 2014). Second, Uber also continued its operations after already being claimed illegal or being banned. Examples originate from India and Australia. Concerning the former, Uber continued its operations despite an imposed ban on the service in Delhi (Julka & Sharma, 2014). Concerning the latter, Uber continued its operations in the Australian state of Victoria despite being declared illegal by the state's court (Akerman, 2015).

Table 4. The 'contesting' response and quotes: information and relevant codes

Sub-response	Number of markets	Markets	Relevant codes to illustrate response
Continuing practice/service	6/8	Australia, India, Netherlands, South Africa, United Kingdom, and United States of America	- "*Uber will continue to operate in Victoria*" (Uber Australia) - "*The multi-billion dollar company is appealing the decision against a court ruling that UberPop is illegal, and continues to offer the service in the meantime*"[5] (Uber Netherlands)
Defending practice/service	6/8	Australia, India, Netherlands, South Africa, United Kingdom, and United States of America	- "*Almost all taxi and private hire drivers have been self-employed for decades before our app existed*" (Uber UK) - "*One of the main reasons drivers use Uber is because they love being their own boss*" (Uber UK)
Fighting challenges	8/8	Australia, China, India, Netherlands, South Africa, United Arab Emirates, United Kingdom, and United States of America	- "*This announcement is 24 hours old and we disagree with it, so we will be challenging it*" (Uber Australia) - "*The company would appeal the ruling*" (Uber India)

4.1.2 Defending practice/service

In six markets, Uber defended its current practices in response to legitimacy challenges. Uber defended its service by providing arguments that highlight the benefits to the industry and market. The focus on users (i.e. providers and consumers) is especially noteworthy. For example, an Uber spokesman stated that "*Uber will vigorously defend the rights of riders to enjoy competition and choice, and for drivers to build their own small business*" (Olivo, 2014). A practice is defended by providing arguments for applying a particular practice. For example, Uber argued that "*almost all taxi and private hire drivers have been self-employed for decades before our app existed*" (Zeffman, 2017), thereby implying that Uber's practice is no different from similar companies. Yet, in other situations Uber did rely on its distinctness when defending its practice or service. For example, Uber argued that "*one of the main reasons drivers use Uber is because they love being their own boss. As employees, drivers would drive set shifts, earn a fixed hourly wage, and lose the ability to drive elsewhere as well as the personal flexibility they most value*" (Parkinson, 2015) when the company was facing challenges because of the company's relationship to its drivers. Less often applied and more indirectly, Uber defended its practices by simply noncomplying or disguised compliance. For example, Uber adjusted its sourcing practice to

[5] This quote is translated from Dutch by the author: "*de miljardenonderneming gaat in beroep tegen een uitspraak van de rechter dat Uberpop illegaal is, en blijft de service ondertussen aanbieden*".

continue growing when the rapid expansion of its partner driver pool was threatened by a cap (Fitzsimmons, 2018).

4.1.3 Fighting challenges

In all markets, Uber responded to legitimacy challenges by fighting a challenge. A first way to fight a challenges concerns the appeal of a decision in court. This is illustrated by the numerous legal processes the company is involved in. For example, Uber started an objection procedure in the Netherlands to get fines exempted (Van Joolen, 2014). Another example concerns the appeal against the Australian local tax office on the applicability of tax laws to the sharing platform (Greber, 2015). A second way concerns challenging an accusation made or a rule proposed by an institutional force. Often, this is done by criticizing and objecting an accusation or proposed rule. For example, Uber United Kingdom stated that "*these bureaucratic new rules will not improve your ride. They are designed to address the concerns of black cab drivers, who feel under pressure from increased competition*" (Paton, 2015). In another situation, Uber's former CEO criticized the council's proposal to regulate the "*vehicle-for-hire-market*" with license requirements and a ban on "demand pricing" by characterizing it as "*an attempt to end his business*" (DeBonis, 2012b). Finally, Uber fought challenges by openly disagreeing with an accusation or proposed rule. This is illustrated by the response to the London taxi council's proposed rules, which included a mandatory five-minute wait for passengers, to protect incumbents from Uber and alike services, saying that "*the answer is to level the playing field by reducing today's burdensome black-cab regulations, not to introduce rules that will be bad for riders, drivers, and London*" (Hellier, 2015b). When fighting a legitimacy challenge, Uber sometimes relied on its distinctness from incumbent businesses to support its arguments. For example by implying that the it "*does not own taxi's and does not employ drivers*"[6] (Bouma, 2015b).

4.2 Sharing platform response 2: 'Accepting'

The 'accepting' response represents the opposite of the 'contesting' response. This response refers to the adaptive behavior that Uber showed in response to legitimacy challenges. The following statement op Uber's senior VP policy and strategy illustrates the content of this response by stating that it is "*a misnomer that Uber just wanted to operate in a wild-west way. (…) We are eager for smart and modern solutions*" (Helderman, 2014). The 'accepting' response is adopted to address legitimacy challenges related to concerns about the safety and privacy of users (i.e. providers and consumers), and sometimes in relation to the legality of the service. The 'accepting' response comprises two sub-responses, which are 'suspending practice/service' and 'adapting practice/service'. Table 5 provides an overview of the sub-responses covered by the 'accepting' response.

[6] This quote is translated from Dutch by the author: "*(…) terwijl het zelf geen taxi's bezit en de chauffeurs niet in dienst zijn*".

Table 5. The 'accepting' response and quotes: information and relevant codes

Sub-response	Number of markets	Markets	Relevant codes to illustrate response
Suspending practice/service	4/8	India, Netherlands, United Arab Emirates, and United States of America	- "*Given the threat of the Delhi government to cancel permits and impound vehicles of our drivers, we are temporarily suspending surge in Delhi with immediate effect*" (Uber India) - "*(...) will prohibit employees from using the software*" (Uber USA)
Adapting practice/service	8/8	Australia, China, India, Netherlands, South Africa, United Arab Emirates, United Kingdom, and United States of America	- "*We must also change*" (Uber UK) - "*Uber was fully open to adapt to whatever is required to ensure a safe and reliable ride*" (Uber India)

4.2.1 Suspending practice/service

In four markets, Uber suspended a practice or its service on either a temporal or permanent basis in response to a legitimacy challenge. This sub-response is adopted when a particular practice or the service in general is heavily challenged. For example, Uber prohibited the use of software that was used to evade law enforcement agencies after its use was discovered and a criminal investigation was triggered (Isaac, 2017). Furthermore, the sub-response is adopted when continuing a challenged practice is considered to have serious negative consequences. For example, Uber decided to permanently suspend its UberPop operations in the Netherlands, because "*the resistance against UberPop has only increased, which does not contribute to the role we want to play in a modernized taxi industry on the long term*"[7] (Van Lieshout, 2015). In a similar situation, Uber suspended its surge pricing practice temporarily in India "*given the threat of the Delhi government to cancel permits and impound vehicles of our driver partners*" (The Hindu, 2016).

4.2.2 Adapting practice/service

In all markets, Uber adapted practices or its service in response to a legitimacy challenge. This sub-response concerns the adaptation of a practice or service in order to overcome a legitimacy challenge. Most action is undertaken in response to challenges about safety and privacy of users. The following quote particularly illustrates the company's compliance when its legitimacy is challenged due to safety or privacy of its users: "*Uber was fully open to adapt to whatever is required to ensure a safe and reliable ride*" (TOI, 2014). An example of action taken in response to such a challenge concerns the additional safety measures that were introduced in the app and, in some cases, even in the vehicles in all

[7] This quote is translated from Dutch by the author: "*De weerstand tegen UberPop is alleen maar toegenomen. Dat draagt niks bij aan de rol die wij op langere termijn willen spelen in een gemoderniseerde taxibranche*".

markets analyzed. A specific example concerns the safety features introduced by Uber in the United Arab Emirates, which include amongst others a shortcut to dial emergency numbers, a feature to share a trip with trusted contacts, and speed limit alerts, to "*increase transparency, accountability, and peace of mind for all users*" (Tesorero, 2018). The same safety features were also introduced in other countries (e.g. Van Bergeijk, 2018).

4.3 Sharing platform response 3: 'Collaborating'

The 'collaborating' response is another key response adopted by sharing platform INVs in response to legitimacy challenges. The response emerged from a statement by Uber's chief business offer Asia Pacific, who stated that "*Uber also wanted to take a more 'collaborative' approach when dealing with municipalities and governments, and work with existing transportation networks instead of fighting them*" (Wiggins, 2017). This response refers to the active collaboration with institutional forces – i.e. governments, businesses, and non-governmental organizations - in the form of partnerships, agreements, and conversations to overcome legitimacy challenges. The importance of collaborating was illustrated by Uber's general manager in the United Kingdom, who stated that collaboration is necessary to "*address their concerns and earn their trust*" (Topham, 2018), and an Uber spokesman in Maryland, the United States of America, who stressed that the company collaborates "*(...) to find a way forward*" (Helderman, 2014). The 'collaborating' response is adopted to address legitimacy challenges related to safety and privacy of users, and to societal and environmental issues. The response comprises the collaboration with institutional forces. This resulted in three sub-responses, namely 'collaborating with governments', 'collaborating with businesses', and 'collaborating with non-governmental organizations'. Table 6 provides an overview of the sub-responses covered by the 'collaborating' response.

4.3.1 Collaborating with governments

Uber collaborated with governments in all markets. The moment Uber started to actively collaborate with governments differed per country. In China and the United Arab Emirates, Uber actively collaborated with the government upon planning to enter these markets. For example, Uber collaborated with its Chinese partners from Uber's Chinese company to interact with the Chinese government (Fusheng, 2015). In the other markets, Uber entered and started its service only to collaborate with governments after substantial pushback was experienced. For example, Uber started to collaborate with the Amsterdam municipality to improve road safety after a number of accidents happened which involved Uber drivers (Muller, 2019). Yet, the collaborations between Uber and governments were aimed at finding solutions and bettering the relationship in both situations. The company's commitment to collaborating with government was actively communicated. For example, Uber said that it "*had been talking to the Western Cape provincial government and the City of Cape Town to determine a category for its services, to comply with the law*" (Phakathi, 2015a). Additionally, Uber said that it "*wants to help solve of the problems it has helped cause*", aiming at increased

Table 6. The ‘collaborating’ response and quotes: information and relevant codes

Sub-response	Number of markets	Markets	Relevant codes to illustrate response
Collaborating with governments	8/8	Australia, China, India, Netherlands, South Africa, United Arab Emirates, United Kingdom, and United States of America	- “*The new company would be truly Chinese, with Chinese investors and partners who know how to interact with the government and who can help localize Uber for the Chinese market*” (Uber China) - “*We continue to engage with the city on regulations and policies that take into account new forms of mobility*” (Uber South Africa)
Collaborating with businesses	7/8	Australia, China, India, Netherlands, South Africa, United Arab Emirates, and United States of America	- “*We are working with local businesses*” (Uber USA) - “*Adding Dubai Taxi Limo to [the] Uber app obviously adds to the abundance of vehicles on offer which, in turn, will cut back customers’ waiting time*” (Uber UAE)
Collaborating with non-governmental organizations	2/8	Netherlands, and United Kingdom	- “*We are going to collaborate with VVN*”[8] (Uber Netherlands)

congestion in New York City (Hu, 2018). A practical example of this is the finalization of an agreement with the Abu Dhabi authorities to contribute to the Emiratization program (Zaman, 2018).

4.3.2 Collaborating with businesses

Uber also collaborated with businesses in seven markets. First, Uber collaborated with local businesses to “*show them [regulators] we are operating within the regulations*” (DeBonis, 2012a). For example, Uber partnered with local limousine companies, which have licensed drivers, to comply with the UAE Roads and Transport Authority’s rules, which do not allow individuals to offer taxi like services (Al Zarooni, 2015). Another example concerns the partnership between Uber South Africa and Chubb, an international insurance company, to show their “*commitment to being a better partner to the driver (...) partners*” (Cape Argus, 2018). Second, Uber collaborated with businesses to respond to challenges regarding the safety of its service for users. In response to such challenges, Uber partnered with a local Indian startup, Safetipin, to collect data on neighborhood safety (Fok, 2015). Finally, Uber collaborated with local businesses to expand its service and increase its network. For example, Uber partnered with Caltex in Australia to provide fuel discounts to its driver partners (Wiggins, 2017) and with China Yongda Automobiles, a luxury car dealer, to expand services and provide financial deals

[8] This quote is translated from Dutch by the author: *“(...) en dat samengewerkt gaat worden met VVN”*.

(Jing, 2015). Examples focused on the consumers involved partnerships with airlines. For example, Uber partnered with Qantas, Australia's national airline, to attract new users (Wiggins, 2017).

4.3.3 Collaborating with non-governmental organizations

In two markets, Uber collaborated with non-governmental organizations. Again, the collaboration between Uber and the non-governmental organizations was aimed at finding solutions and bettering the relationship. For example, Uber collaborated with Veilig Verkeer Nederland (VVN), a Dutch national organization for road safety, to re-educate the company's young and inexperienced drivers after a number of accidents (Termaat, 2019).

4.4 Sharing platform response 4: 'Mobilizing users'

The next response that sharing platform businesses adopt to respond to legitimacy challenges in foreign markets, is the 'mobilizing users' response. This response emerged from the various campaigns initiated by Uber in which it relied on its users. Oftentimes, the campaigns focused on mobilizing providers and consumers simultaneously. For example, Uber asked both its drivers and riders to object to newly proposed rules by emailing the London mayor (Davies, 2016). Yet, sometimes a campaign involved the mobilization of one user group (i.e. provider or consumer) only. Uber mobilized its users to respond to legitimacy challenges related to the legality of the service, and the proposal of institutional forces in an attempt to manage the sharing platform. The focus on mobilizing users, resulted in two sub-responses. The two sub-responses are 'mobilizing providers' and 'mobilizing consumers'. Table 7 provides an overview of the sub-responses covered by the 'mobilizing users' response.

4.4.1 Mobilizing providers

Uber mobilized its providers (i.e. drivers) in five markets. Often, the company initiated petitions where it asked its drivers to communicate a message about the company in response to a challenge. For example, Uber mobilized its drivers to offer testimonials on how the service is creating economic opportunities "*to educate regulators and traffic authorities on why the service is good for (...) drivers*" (Bingemann, 2014). Besides petitions, Uber broadcasted advertisement campaigns. For example, Uber broadcasted an advertisement in which the company's driver partners object the actions of the New York mayor (Flegenheimer & Fitzsimmons, 2015).

4.4.2 Mobilizing consumers

Uber mobilized its consumers in six markets. Again, the company initiated petitions where it asked its consumers to communicate a message about the company in response to a challenge. For example, Uber urged its consumers to oppose to a cap on the number of vehicles in New York city by communicating the negative consequences (Fitzsimmons & Robertson, 2018). Additionally, Uber urged its consumers to sign a petition to oppose to new rules that would restrict Uber's carpooling service (i.e. UberPool) (Hellier, 2015a). Besides petitions, Uber launched social media campaigns. For example, Uber mobilized its riders in New York to oppose against a decision, which would make Uber more

Table 7. The 'mobilizing users' response and quotes: information and relevant codes

Sub-response	Number of markets	Markets	Relevant codes to illustrate response
Mobilizing providers	5/8	Australia, India, Netherlands, United Kingdom, and United States of America	- "*Uber is resorting to social media and online petitions*" (Uber India) - "*We want people and regulators to know that this is (…) good for drivers, good for the city and it is not going away so we want to move to the next step where we can formalize some regulation and get on with it*" (Uber Australia)
Mobilizing consumers	6/8	Australia, India, Netherlands, South Africa, United Kingdom, and United States of America	- "*Uber is urging its customers to sign the petition, saying that 'the rules make no sense*" (Uber UK) - "*The intention is to show policymakers that citizens (…) want Uber*" (Uber South Africa)

expensive and less reliable to its users, by launching a social media hashtag campaign (Fitzsimmons & Neuman, 2018).

4.5 Sharing platform response 5: 'Embedding'

The 'embedding' response is another key response to legitimacy challenges in foreign markets. The response emerged from Uber's emphasis on the need for change and, in particular, regulatory change and the initiatives to lobby for this change. A change is necessary to safeguard its business' continuation. Uber recognized the need to be embedded, but argued that "*regulators often move slower than entrepreneurs*" (Flegenheimer, 2014). Uber adopted the 'embedding' response to overcome the challenges resulting from "archaic" regulation. The 'embedding' response comprises two sub-responses, which are 'advocating need to regulate service' and 'hiring lobbyists to get support'. Table 8 provides an overview of the sub-responses covered by the 'embedding' response.

4.5.1 Advocating need to regulate service

In six markets, Uber advocated the need to regulate its service. This sub-response emerged from Uber's emphasis on the archaicness of existing rules and regulations. Uber argued that "*existing regulations do not reflect the change in technology*" (Garside & Topham, 2014) and that the current law "*does not necessarily cater for how Uber operates*" (Presence, 2015). Following from this, Uber Netherlands claimed that it is not a taxi company (Van Dixhoorn, 2014). Yet, Uber recognized that its service needs to be regulated as illustrated by the following quote; "*we are just calling on the government to hurry up, put some rules in place, and say here is what you can and cannot do*" (Sier, 2015).

Table 8. The ‘embedding’ response and quotes: information and relevant codes

Sub-response	Number of markets	Markets	Relevant codes to illustrate response
Advocating need to regulate service	6/8	Australia, India, Netherlands, South Africa, United Kingdom, and United States of America	- “*Existing regulations do not reflect the change in technology*” (Uber UK) - “*We are calling on the government to hurry up, put some rules I place, and say here is what you can and cannot do*” (Uber Australia)
Hiring lobbyists to get support	5/8	Australia, India, Netherlands, United Kingdom, and United States of America	- “*Uber announced (...) that it had hired the political strategist David Plouffe to be its senior vice president of policy and strategy*” (Uber USA) - “*Uber needed Mr. Plouffe to compete against the strong taxi lobby and to make sure it faced fewer roadblocks in the new cities entered*” (Uber USA)

4.5.2 Hiring lobbyists to get support

Uber hired lobbyists to establish and improve its position in five markets. This sub-response emerged from Uber’s focus on its lobbying position. Uber lobbied either to prevent a proposed decision or rule from being implemented, or to develop a favorable situation for the company. For example, Uber lobbied to avoid a fee being imposed on its users to compensate incumbent businesses in the Australian state New South Wales (Coultan, 2015). As part of the ‘embedding’ response, Uber focused on improving its lobbying position by hiring lobbyists. For example, Uber hired a former top official from an incumbent organization in New York to focus on policy development and community engagement (Isaac, & Hirschfeld Davis, 2014). The company also appointed the former head of Australia’s consumer watchdog “*to influence the debate on transportation issues and other policy areas*” (McDuling, 2016). A final example concerns the appointment of a former EU commissioner as chair of Uber’s advisory board (Visser, 2016).

4.6 Sharing platform response 6: ‘Explaining’

The final response is the ‘explaining’ response. This response emerged from Uber’s focus on actively explaining its business model. Due to the platform’s disruptiveness, the company introduced a new service to an existing market. Uber’s general manager in Australia argued that “*(...) a lot of so-called disruption comes down to simply someone serving your customers better than you are*” (Dunn, 2016). Uber emphasized its distinctness by adopting the ‘explaining’ response. This response is adopted to overcome legitimacy challenges related to the company’s legality and, in particular, the employment classification of its drivers. The ‘explaining’ response comprises two sub-responses, which are ‘explaining service’ and ‘explaining relation to users’. Table 9 provides an overview of the sub-responses covered by the ‘explaining’ response.

Table 9. The 'explaining' response and quotes: information and relevant codes

Sub-response	Number of markets	Markets	Relevant codes to illustrate response
Explaining service	5/8	Australia, India, Netherlands, South Africa, and United Kingdom	- "*We simply function as an aggregator and facilitate cabs for customers of our app*" (Uber India) - "*We do not offer taxi transportation, but a 'ride-along' service*"[9] (Uber Netherlands)
Explaining relation to users	6/8	Australia, India, Netherlands, South Africa, United Kingdom, and United States of America	- "*Uber does not (...) employ drivers. We are a technology company that connects riders and drivers*" (Uber South Africa) - "*Almost all taxi and private hire drivers have been self-employed for decades before our app existed and with Uber they have more control*" (Uber UK)

4.6.1 Explaining service

In five markets, Uber explained the service it provides. Uber emphasized its distinctness vis-à-vis incumbents by focusing on the service and how it is offered. For example, Uber's general manager in the Netherlands said that "*Uber is not a transportation company, but a technology solution*"[10] (Bouma & Zwetsloot, 2014). More specifically, the company argues that it is "*a marketplace*" (Booth, 2015) and "*a technology platform*" (Sen, 2015). Following from these statements about the nature of its service, Uber explained why its service is different. For example, Uber's general manager in South Africa stated that "*Uber does not own vehicles (...). We are a technology company that connects riders and drivers*" (Petersen, 2015). Similarly, Uber's senior launcher in India explained that "*Uber is not a transport agency for which we need any permission form the transport department. We work as a technology intermediary between passengers and vehicle owners. Our service can only be availed by downloading the Uber app on smartphones*" (Mohapatra, 2015).

4.6.2 Explaining relation to users

In addition to explaining the service, Uber explained the relation to its drivers in six markets. Uber Netherlands argued that the company does not employ its drivers and, therefore, refers to them as "partner-drivers" (Van de Weijer & Van Bergeijk, 2018). While this is distinct from incumbent businesses, Uber relies on a similarity with private hire drivers stating that those drivers "*have been self-employed for decades*" (Quinn, 2018). Also in the United Kingdom, Uber explained that "*Uber does not (...) employ drivers. We are a technology company that connects riders with drivers. What this means*

[9] This quote is translated from Dutch by the author: "*Wij bieden geen taxivervoer aan, maar een meerijdservice*"
[10] This quote is translated from Dutch by the author: "*Uber is geen vervoersbedrijf maar een technologie oplossing*"

is that all cars are privately owned and the drivers work for themselves" (Petersen, 2015). Another Uber spokesman contributed to this by stating that "*if drivers were classed as workers, they would inevitably lose some of the freedom and flexibility that comes with being their own boss*" (Quinn, 2018). In addition, Uber stated that "*drivers and riders are free to choose Uber or not*" (Bouma, 2015a).

5. Discussion

5.1 Discussion of the findings

This study focused on exploring how sharing platform INVs respond to legitimacy challenges in foreign markets. Although some (sub-)responses have similarities with responses present in the extant literature, new (sub-)responses emerged that particularly resemble the characteristics of sharing platform businesses. This suggests that sharing platform INVs alternate responses to legitimacy challenges that are similar to and different from traditional businesses' responses. The responses that are similar to the responses of traditional businesses are the responses 'accepting', 'collaborating', and the sub-responses 'defending practice/service' and 'fighting challenges'. The responses that are different from the responses of traditional businesses are 'mobilizing users', 'embedding' and 'explaining', and the sub-response 'continuing practice/service'. The following paragraphs elaborate on how the responses emerged from the data and how these relate to the extant literature.

At first sight, the 'contesting' response shows similarities with the responses of traditional businesses. For example, it coincides with Lamin and Zaheer's (2012) defiance strategy, which involves contesting and challenging accusations. Yet, the 'contesting' responses is different from a defiance strategy. This difference results from the sub-response 'continuing practice/service', which emphasizes the distinctness between the response of sharing platform INVs vis-à-vis the response of traditional businesses. As indicated in the extant literature, sharing platform businesses have disruptive business models that can overthrow existing industries (Ritter & Schanz, 2019; Blal et al., 2018). Due to the disruptiveness of the business models, these businesses are argued to practice "reverse innovation", meaning that an innovative practice or service is launched first before institutional alignment is pursued, because regulatory forces follow entrepreneurial innovations (Pelzer et al., 2019; Flegenheimer, 2014). By continuing a practice or service, the findings show that sharing platform INVs indeed practice reverse innovation. This is explained by the lack of regulatory coverage, which allows the sharing platform businesses to continue a practice or its service. Traditional businesses cannot adopt this response, because these businesses are regulated and, thus, the possibilities to legally continue a practice or service when contesting a challenge, are limited. In addition, sharing platform businesses are argued to cause regulatory disruption (Cortez, 2014). Due to a lack of regulatory coverage resulting from an disruptive product or service, sharing platform businesses can afford to continue a practice or service even when heavily challenged. Therefore, the 'contesting' is different from the response adopted by traditional businesses.

The 'accepting' response is comparable to responses adopted by traditional businesses. The extant literature comprises various similar concepts. For example, Lamin & Zaheer's (2012) accommodation strategy focuses on "admitting that the allegations are true, or initiating an action, usually by implementing some change in a firm's organization-wide policies" (Lamin & Zaheer, 2012,

p. 50). In addition, the ‘accepting’ response shows some resonance with Scherer and colleagues’ (2013) isomorphic adaptation strategy. This strategy refers to changing a business’ practice or service to adapt society’s expectations. The above concepts are similar to the ‘accepting’ response, because the sub-responses from which the ‘accepting’ response emerged also resemble a change made in response to a challenge. The sub-response ‘adapting practice/service’ suggests that a change is made in a practice or service to either comply to new or existing rules and regulations, or to ease concerns. Similarly, the sub-response ‘suspending practice/service’ also indicates action taken by ceasing the operations related to a practice or the service in general and, thus, implementing a permanent change. However, this latter sub-response makes the ‘accepting’ response different from the examples given. The difference of this sub-response vis-à-vis the responses of traditional businesses is related to the lack of regulatory coverage facing sharing platform INVs. Since traditional businesses are regulated, the possibility to introduce an illegal practice or service is limited and, thus, the occurrence of the sub-response ‘suspending practice/service’ is unlikely.

The ‘collaborating’ response coincides with responses of traditional businesses to a certain extent. In the extant literature, several frameworks indicate similar concepts. For example, Marquis and Raynard (2015) proposed a relational strategy to overcome legitimacy challenges in emerging countries. The relational strategy entails the interaction with and management of key stakeholders either to enhance the position in a market or to ensure stability in resource exchanges (Marquis & Raynard, 2015). Another concept is Ciulli and colleagues’ (2019) ‘integrating’ role. Although this role comprises different sub-roles, the main focus is on forming partnerships with stakeholders amongst which are supply-side users. Both the relational strategy and the integrating role cover the meaning of the ‘collaborating’ response as presented in this study to some extent. Yet, the focus of the ‘collaborating’ response is solely on collaborating with institutional forces – government, businesses, and non-governmental organizations. The collaboration with internal stakeholders such as management and users, is not covered by this response. Therefore, the response is different from the concepts present in the extant literature and, thus, from the responses of traditional businesses.

The ‘mobilizing users’ response resembles a different response vis-à-vis the responses adopted by traditional businesses. In the extant literature, the mobilization of stakeholders in relation to sharing platform businesses is not new. For example, the article by Ciulli and colleagues (2019) report on a ‘mobilizing’ role that sharing platform businesses adopt to recover waste by bridging circularity holes. However, while in Ciulli and colleagues (2019) the focus is on involving third parties (e.g. volunteers, organizations, and stakeholders not involved in the platform), the ‘mobilizing users’ response as found in this study focuses on the mobilization of the direct users of the platform (i.e. drivers and riders) only. The ‘mobilizing users’ response is important to sharing platform INVs, because these businesses grow and internationalize through network effects (Parente et al., 2017). This means that when platform adoption grows, demand grows (Parente et al., 2017). Due to the lack of regulatory coverage, the mobilization of users through petitions and testimonials allows to communicate the relevance of the sharing platform business' practice or service to these users and, thus, the demand for the service to both user perspectives in response to legitimacy challenges. This should ultimately contribute to regulating and legalizing the sharing platform business' practice or service. While mobilization is relevant to sharing platform INVs, the reliance on users differentiates this response from those present in the extant literature and, thus, the response of traditional businesses.

The 'embedding' response resembles a different response vis-à-vis the responses adopted by traditional businesses. The extant literature reports on similar concepts. For example, Ciulli and colleagues (2019) refer to an 'integrating' role to recover waste. While this concept focuses on establishing partnerships with stakeholders, it also focuses on the importance of integrating the digital platform, which is similar to the goal of the 'embedding' response as identified in this study. Here, the 'embedding' response refers to the efforts undertaken to establish a legitimate position in a foreign market. The importance of being embedded in a foreign market is explained by the difficulty of establishing acceptance for sharing platform businesses, because this requires a change in behavior as argued by Piscicelli and colleagues (2017). Therefore, this response covers the disruptive, and distinct nature of sharing platform INVs (Oviatt & MacDougall, 1994; Blal et al., 2018).

The 'explaining' response resembles a distinct response adopted by sharing platform businesses vis-à-vis traditional businesses. In the extant literature, Ciulli and colleagues (2019) reported on a similar concept, which is the 'informing' role. However, while the 'informing' role (Ciulli et al., 2019) focuses on educating stakeholders, the 'explaining' response focuses on highlighting key differences between the sharing platform business and incumbents to convince institutional forces of the platform's legitimacy. The purpose of the 'explaining' response also differs slightly from Cornelissen & Werner's (2014) 'framing' concept, which is defined as "the purposeful communication of efforts of leaders or managers in shaping the frames of interpretation of others in an organization, so that they collectively accept and support a change" (Cornelissen & Werner, 2014, p. 198), because the latter takes an organizational perspective. The 'explaining' response is aimed at influencing institutional forces instead of the members of an organization. Thus, this response reflects the disruptive nature of sharing platform businesses and the corresponding difficulties to establish legitimacy resulting from this. Because sharing platform businesses are disruptive (Blal et al., 2018), key stakeholders (i.e. regulatory forces, incumbents, and society) are not familiar with the particular way of doing business which results in uncertainty to adopt its product or service (Marano et al., 2020). By explaining aspects of its business model, a sharing platform can inform these stakeholders in order to overcome legitimacy challenges. Therefore, this response is relevant to sharing platform businesses and not comparable to traditional businesses.

In brief, the ‘mobilizing users’, ‘embedding’ and ‘explaining’ responses, and the ‘continuing practice/service’ sub-response are considered to be different from the responses adopted by traditional businesses. While the responses ‘contesting’, ‘accepting’ and ‘collaborating’ resonate with concepts in the extant literature, these also encompass novel sub-responses or approaches that do not apply to traditional businesses. Thus, this study contributed to the identification of a set of specific responses that sharing platform business adopt in response to legitimacy challenges in foreign markets, which traditional businesses do not adopt or are not able to adopt.

5.2 Implications for research and practice

The findings of this study contribute to the literature in four ways. First, it contributes to the literature on the internationalization of sharing platform businesses. By exploring the responses of sharing platform INVs to legitimacy challenges in foreign markets, the knowledge and understanding of the internationalization of these businesses is expanded. Thereby, the differences between sharing platform INVs and traditional MNEs is further explored. Second, this study expands the literature on how INVs strategically influence institutions. By elaborating on agency behavior in relation to institutions, this study contributes to the idea that firms shape their institutional environment to gain legitimacy instead of solely adapting to it (Regnér & Edman, 2013; Uzunca et al., 2018). This is connected to a third contribution, which is related to the literature on legitimation strategies. The responses identified represent the various ways in which sharing platform INVs strategize to obtain legitimacy. The identification of six responses indicates that responding to legitimacy challenges is multifaceted and requires a combination of responses to successfully shape the institutional environment and obtain legitimacy. Fourth, this study contributes to the expansion of the literature on disruptive business models. By exploring the responses of businesses with disruptive business models to legitimacy challenges, insight is created into how these businesses overcome challenges.

In addition to the contributions to the literature, the findings also contribute to practice in four ways. First, the responses are useful for managers of sharing platform business that have entered or are planning to enter foreign markets. These managers can refer to these responses to strategize about how to obtain legitimacy in a foreign market or how to respond to a particular legitimacy challenge. Second, the responses provide policymakers with insights into how sharing platform INVs operate to obtain legitimacy. This contributes to creating understanding, which ultimately contributes to the acceptance of sharing platform business. Thus, the responses help policymakers to address and regulate sharing platform business better and sooner. Third, the responses of sharing platform INVs also provide incumbents with insights. By understanding better how sharing platform businesses operate and respond in a market, incumbents can strategize about how to respond to the disruptive actor in the existing industry or how to adapt to the new way of doing business. Finally, the responses provide users of sharing platform businesses with a greater understanding of the platform’s measures. This is especially relevant for supply-side users (e.g. Uber drivers). The supply-side users are a source from which various legitimacy challenges result, because they perform the activities that are mediated by the platform.

5.3 Limitations and future research

While this study has proposed novel insights into the responses of sharing platform INVs to legitimacy challenges in foreign markets, the study also has limitations, which trigger new avenues for future research. A first limitation of this study relates to the inductive approach taken. While the inductive approach was deemed suitable to study the responses of sharing platform INVs to legitimacy challenges given the lack of existing theory, and various measures have been taken to improve the trustworthiness, the findings need to be validated. Future studies should adopt a theory testing design to validate the findings. Doing so will also help to overcome the criticism concerning qualitative methods in general. A second limitation concerns the reliance on P2P sharing platform businesses. This study focuses on sharing platform businesses that facilitate P2P transactions only. Currently, the number of sharing platform businesses that function on a business-to-consumer (B2C) or business-to-business (B2B) basis is emerging. The responses identified in this study are not necessarily applicable to B2C and B2B sharing platform businesses. This study needs to be repeated with a focus on B2C and B2B sharing platform businesses respectively in order to be able to validate the applicability of the responses. A third limitation that also relates to the reliance on sharing platform businesses only, is the exclusion of businesses that rely on digital platforms but that do not facilitate sharing on a peer-to-peer basis. As indicated in the extant literature, various businesses rely on digital platforms (e.g. Gerwe & Silva, 2020). The applicability of the responses to all businesses that rely on digital platforms cannot be assumed and needs to be verified. This opens an avenue for future research. A fourth limitation concerns the focus on one research method only. While the application of the Gioia methodology to study the responses of sharing platform businesses was suitable, it lacks the possibility cover other aspects of the phenomenon. Therefore, suggestions for future research could focus on identifying the effectiveness of the responses in various situations, the suitability of a response in a certain situation, and the impact of the responses. This requires different research approaches, but could build on the findings of this study. Another limitation of this study concerns lack of researcher triangulation. While measures are taken to improve the trustworthiness of the study, the quality could be improved when the data was collected, analyzed and interpreted by more than one researcher. A final limitation of this study concerns the appointment of a new CEO at Uber during the period of studying the company's responses to legitimacy challenges. The company's cultural change following from this appointment could have potentially influenced the company's responses to legitimacy challenges. Since the potential influence is unknown, it is considered a limitation of this study.

6. Conclusion

In the past decade, the sharing phenomenon has regained the interest of scholars due to the increasing number of sharing platform businesses that have accrued significant levels of power and have overthrown incumbent businesses. Although these sharing platform businesses internationalize rapidly, their internationalization is not without challenges. Due to the disruptive nature of their business models, sharing platform INVs experience novel legitimacy challenges when entering foreign markets. Since illegitimacy threatens a business' viability, businesses strategize to obtain legitimacy. Thus, sharing platform businesses respond to legitimacy challenges. While numerous scholars have developed frameworks of organizational responses to legitimacy challenges (e.g. Marquis & Raynard, 2015; Scherer et al., 2013; Lamin & Zaheer, 2012; Dowling & Pfeffer, 1975), these represent the responses of traditional businesses. Due to the disruptive business models and distinct internationalization of sharing platform INVs vis-à-vis traditional businesses, this study explored the responses of sharing platform businesses to legitimacy challenges in foreign markets. By carrying out an inductive interpretive qualitative study, six responses are identified that represent the responses adopted by sharing platform businesses to overcome legitimacy challenges in foreign markets and that, thus, answer the research question. These responses are 'contesting', 'accepting', 'collaborating', 'mobilizing users', 'embedding', and 'explaining'. The findings indicate that some responses differ substantially (e.g. 'mobilizing users', 'explaining') from those adopted by traditional businesses while some responses are more similar (e.g. 'contesting', 'accepting'). In addition, the response to a legitimacy challenge is often multifaceted as sharing platform INVs seem to adopt a combination of responses consecutively or simultaneously. The identification of six responses contributes to the literature on the internationalization of sharing platform INVs, the influence of INVs on institutions, legitimation strategies, and disruptive business models. The responses have practical implications for managers of sharing platform INVs, policymakers, incumbents, and users.

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