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Understanding Japan's Sharing Economy

— National System of Innovation and Institutional Work Perspectives

by

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List of Abbreviations and Acronyms

B2C	Business to Customer
C2C	Customer to Customer
CAA	Consumer Affairs Agency (Japan)
CC	Collaborative Consumption
CEO	Chief Executive Officer
COVID-2019	Coronavirus Disease 2019
CVC	Corporate Venture Capital
EU	European Union
ESRC	Economic and Social Research Council
GDP	Gross Domestic Product
JPY	Japanese Yen
JSA	Japan Sports Agency
METI	Ministry of Economy, Trade and Industry (Japan)
MEXT	Ministry of Education, Culture, Sports, Science and Technology (Japan)
MIAC	Ministry of Internal Affairs and Communication (Japan)
MLIT	Ministry of Land, Infrastructure, Transport and Tourism (Japan)
MOE	Ministry of Environment (Japan)
NSI	National System of Innovation
P2P	Peer to Peer
PR	Public Relations
PwC	Price Waterhouse Coopers
R&D	Research and Development
SE	Sharing Economy
SEAJ	Sharing Economy Association of Japan
SEDMs	Sharing Economy Discussion Meetings
SEPC	Sharing Economy Promotion Centre
USD	United States Dollar

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Abstract

In recent years, the rise of so-called the Sharing Economy and collaborative consumption (CC) has caught our eye. The emergence of 'the Sharing Economy' has brought people plenty of conveniences to use under-utilised inventory through fee-based sharing collaboratively. It is widely believed that Japan's sharing economy is relatively small in comparison to other major economies, with platforms like Uber and Airbnb having a limited presence in Japan compared to their popularity in the US, Europe, and China. The Japanese Ministry of Internal Affairs and Communications also states that the size of Japan's Sharing Economy is relatively small compared to the USA, China, Germany, India, the UK, and Korea. This research addresses this puzzle by seeking answers to why Japan's Sharing Economy has evolved relatively slowly, and why it remains small, especially compared with many other developed and even some developing countries.

As there is no existing theory to explain the lag of Japan's Sharing Economy, this research takes a macro perspective, theoretically informed by the national system of innovation (NSI) literature that has won recognition in explaining innovation processes and specific innovation patterns of countries. The Sharing Economy has been regarded as a new form of progress innovation that creates a new way for people to access goods and services. This research adds a meso-layer analysis, by adopting the institutional work framework to understand the dynamic development of Japan's Sharing Economy. As there is scarce literature about Japan's Sharing Economy, an exploratory approach was chosen for this thesis. By adopting qualitative methods, this original study identifies and examines the different factors that can explain the relatively slow development of Japan's Sharing Economy. This study found that Japan's National System of Innovation overall does not drive the development of Japan's Sharing Economy. Adopting the institutional work lens, we can see that efforts have been made by actors that intend to promote Japan's Sharing Economy. However, their institutional work is not yet influential enough to fundamentally encourage the development of Japan's Sharing Economy. This research contributes to the Sharing Economy's theoretical foundation, tests the national innovation system in this new form of innovation, and proposes a two-layer macro/meso perspective to look into the Sharing Economy.

Keywords

Sharing Economy; National System of Innovation; Institutional work; Japan

Chapter 1. Introduction

The term 'Sharing Economy' has frequently been discussed in our daily life in the past decade. Many people might have the experience of using some 'Sharing Economy' platforms as a client, service provider or even both. In some contexts, people also adopted terminology such as 'collaborative consumption',¹ 'gig economy' and 'on-demand economy'² interchangeably with 'Sharing Economy'. Although there are some nuances to each term in academic discussions, they are regarded as terms with the same meaning in everyday conversations.

In recent years, many start-ups from different countries have adopted the notion of the 'Sharing Economy' to build their businesses. Noticeably, consumers worldwide have enthusiastically embraced the services that firms offer, such as Airbnb³, Uber⁴, Lyft⁵, and TaskRabbit⁶ (Zervas *et al.*, 2017). These well-known companies profit from providing platforms for individuals to share their under-utilised possessions – such as apartments, cars and even skills – in exchange for monetary benefits. Furthermore, after over a decade of development, some of the most well-known Sharing Economy businesses have scaled up tremendously.

In a study conducted by PwC (2015), they envision a typical day of utilising the Sharing Economy might start with a morning walk at 8am listening to playlists on Spotify⁷, and finishing by riding home on the MOL Bubi⁸ community bike at 11pm. The Sharing Economy has comprehensive service coverage to satisfy the different needs of people living in the 21st century. As such, the emergence

¹ Laamanen *et al.* (2018), Botsman and Rogers (2011) and Hamari *et al.* (2016) have adopted the term 'collaborative consumption' in their research, focusing specifically on topics including the environmental sustainability and anti-consumerism.

² Doorn (2017), Shapiro (2018) and De Stefano (2015) instead interchangeably adopt the term 'gig economy' with 'on-demand economy' to examine topics related to the welfare and labour rights of platform workers.

³ Airbnb (airbnb.com) is an American company that operates as an online marketplace for accommodation (primarily homestay holiday rentals) and travel activities.

⁴ Uber (uber.com) is an American provider of ride-sharing services, food delivery and other transportation services. In the fourth quarter of 2021, Uber had 118 million monthly active users worldwide, generating an average of 19 million daily trips.

⁵ Lyft (lyft.com) is an American transportation service provider that develops, markets and operates mobile applications. Its range includes rental vehicles, electric scooters, bike-sharing systems, car rentals and food delivery.

⁶ Taskrabbit (taskrabbit.com) is an online marketplace which matches freelancers with local needs, enabling consumers to find help with everyday jobs including furniture assembly, moving, delivery and handyman work. TaskRabbit was acquired by INGKA Group (IKEA) in 2017.

⁷ Spotify (spotify.com) is a Swedish audio streaming and media service provider founded in 2006. It is one of the largest providers of audio streaming services.

⁸ MOL Bubi (molbubi.hu) is a bicycle sharing network in Budapest, Hungary.

of the Sharing Economy is considered to offer a pathway to sustainability by Botsman and Rogers (2011). Some media also portrays the Sharing Economy as an antidote to modern society's hyper-consumption. To those who praise the Sharing Economy for enabling us to own less and share more through digital platforms facilitated by technology, the Sharing Economy could even be the force that drives the economy and transforms 'good old capitalism' in the 21st century (PwC, 2015).

For the supporters of the Sharing Economy, its convenience is evident in every detail. For example, using 'shared scooters' and 'shared bikes' allows people to move around the city more easily without owning private cars. This will also likely ease the heavy traffic congestion caused by overcrowded vehicles on the roads. Another example is freelancers, who offer housekeeping, furniture assembly, heavy lifting and moving on platforms such as TaskRabbit. People can hire freelancers and benefit from their skills.

Economic reasons are crucial to those who support the Sharing Economy. For the service providers, Sharing Economy platforms allow them to make additional money with their skills or idle assets, at times of their choosing. In addition, the Sharing Economy platforms offer cheaper alternatives to the traditional economy from the users' perspective. For example, car-pooling gives point-to-point transportation at a lower cost than a single person taking a taxi.

Besides the above reasons, the Sharing Economy has also created different experiences for users and service providers. By staying in an apartment booked on Airbnb, guests sign up for a different experience than staying in a hotel. Sometimes, the hosts also remain in the apartment with the guests. Therefore, the guests can experience the local life and interact with the hosts.

However, others make the criticism that that the Sharing Economy cannot lead us to the future we desire. They argue that the Sharing Economy has deviated from its original purpose and become a form of pure capitalism. They claim that participants involved in the Sharing Economy do not just exchange goods and services – they do so to receive monetary compensation. Many participants even turned such 'sharing' actions into their primary job and work primarily as Uber drivers, Airbnb hosts, and so on. As of June 2022, the well-known Sharing Economy platforms Uber and Airbnb have a market capitalisation of 42.16 billion USD and 60.65 billion USD, respectively (NYSE, 2022). The workers who get freelance jobs through such platforms have been underpaid and work without benefits. Moreover, the Sharing Economy makes it easier for platform companies to extract value from service providers without the protections tied through work contracts.

Leaving the discussion about the pros and cons of the Sharing Economy, it is apparent that it has become increasingly important in the global economy. For example, according to a PwC report, the Sharing Economy is expected to reach 335 billion USD in revenue by 2025, even though it was only about 15 billion USD in 2013 (PwC, 2015, P. 14). As such, the Sharing Economy itself has become an increasingly important matter.

The rationale for choosing Japan as the subject of this thesis can be explained in the following aspects. Firstly, Japan is under-explored in the academic field of the Sharing Economy, even though it has attracted attention from both media⁹ and the public. Also, the Japanese Government appears to have an overall supportive attitude on the surface. Shinzo Abe is the former Prime Minister of Japan who assumed office in December 2012 and stepped down in September 2020. Abe's administration has officially expressed the intention to promote the Sharing Economy in Japan, and set up the Sharing Economy Promotion Centre in the Cabinet Secretariat to help relevant companies and organisations. Abe's cabinet has also given the 'green light' to the Sharing Economy platform Airbnb by approving rules to allow home-sharing by private citizens for 180 days a year in 2017 (Taniguch, 2017). Local rural governments also appear to be interested in promoting the Sharing Economy businesses to address societal issues, namely ageing and depopulation. For example, Teshio-Cho in Hokkaido has embraced Notteco, a Japanese long-distance ride-sharing platform, to address the limited mobility options in the area. The possibility of sustainability and a new lifestyle brought about by the Sharing Economy has been at the centre of online social media discussions by Japanese netizens ('net citizen'). At the beginning of this study in 2017, the possibility of adopting the Sharing Economy to support the Tokyo Olympic Games was also widely discussed. Against such a background, however, the Sharing Economy in Japan has appeared to grow slowly, in contrast to the rapid growth in other developed countries and some developing countries such as China. Therefore, this thesis investigates the puzzle: 'why is Japan's Sharing Economy developing more slowly than many other developed countries and even some developing countries, despite its strong economic position?'

⁹ See The Japan Times (<https://www.japantimes.co.jp/news/2017/11/09/business/japans-slow-embrace-sharing-economy-nothing-fear-u-s-expert-says/>); Reuters (<https://www.reuters.com/article/japan-economy-data-idUSL4N1P721V>); the Economist (<https://www.economist.com/business/2018/06/14/why-japans-sharing-economy-is-tiny>).

This thesis does not intend to join the debate on whether the Sharing Economy is good or bad, nor does it attempt to make the normative argument that the Sharing Economy in Japan should be vigorously developed. It identifies the slow development of the Sharing Economy in Japan and sets out to examine why this is the case. This thesis analyses Japan's Sharing Economy from a macro and meso perspective. As Japan's Sharing Economy is under-studied, a macro view adopting the National System of Innovation (NSI) framework can get a good grasp of the complete picture in Japan. The meso perspective is added by adopting the institutional work framework to analyse different actors' efforts in developing the Sharing Economy. The macro and meso perspectives together provide a comprehensive analysis from the institutional perspective, taking into account the institutional set-up in Japan, and different actors' efforts in creating, maintaining, or disrupting the Sharing Economy businesses.

1.1. Thesis structure

The thesis has nine chapters in total. In the first chapter, the introduction is given to lead the audience into the research topic of this thesis, which is Japan's Sharing Economy. The introduction chapter also provides a general background and lays out the plans for the whole dissertation. The contributions of this thesis have also been highlighted in the introductory chapter.

The literature review chapter dives deeper into reviewing past literature on the Sharing Economy. This chapter is divided, to examine the general Sharing Economy literature and literature on Japan's Sharing Economy. Then the research gap is identified, and the rationale for this thesis is established. In short, while there is a high level of interest in the academic field, no similar study has been done in the Japanese context. A comprehensive analysis of the Sharing Economy in Japan from a macro and meso perspective can answer the questions of interest to this study and lay the groundwork for future research on Japan's Sharing Economy. It also provides a basis for comparison of the development and structure of the Sharing Economy in different countries at an institutional level.

Following the literature review chapter, the theory chapter explains the choice of the theoretical framework for this research. More specifically, the theory chapter discusses why the theoretical framework is proposed and how it has been adopted in the analysis of this thesis. Due to the scarcity of past research on a similar topic, there was no available theoretical framework that I could adopt when I started this work. I have therefore adopted and refined the national system of the innovation

theory to frame this research, as the Sharing Economy is indeed a form of innovation, as identified in past studies. The NSI has been adopted in the past to analyse innovations from a macro perspective and therefore fits well with the theme of this thesis. In past studies, other scholars have adopted this approach to examine different forms of innovation in Japan, which helped this thesis identify factors that have been found relevant in the context of Japan. By integrating the findings from the Sharing Economy literature and the Japanese innovation system literature, this study proposes a working framework formed by the following six aspects:

1. The role of the government: the government's stance and the relevant policies
2. The role and scale of education and training
3. The industry structure that favours long-term strategic investment in marketing, training, and technological activities
4. Closed labour market
5. The role of Japanese finance
6. The role of research and development (R&D) in related technologies

As complementary to the NSI, the institutional work framework is adopted in this research to analyse what, how and why different efforts are made by actors representing diverse interests, and thus capture the dynamics of the Sharing Economy. The institutional work theory approaches this topic by providing another layer of analysis from a meso perspective, examining different types of institutional work done by different actors, to create, maintain, or disturb institutions to impact the development of Japan's Sharing Economy.

The methodology chapter follows, to introduce the research methods employed in this study. The nature of this research is exploratory and qualitative, as little is known about the Sharing Economy in Japan to date. I chose a mixed-method approach, including document analysis, secondary quantitative data analysis, semi-structured interviews, and case studies to collect and examine the research topic. The adoption of the mixed-method approach helps to triangulate the findings by analysing data from different sources. The semi-structured interviews from my fieldwork in Tokyo (conducted between February and May 2019) provide rich qualitative data from the informants. I interviewed representatives from Sharing Economy companies, one academic, investors and other industry insiders. I conducted 14 interviews and reached data saturation from

these interviews. The relatively unstructured nature of semi-structured interviews allows more flexibility in conducting such interviews (Bryman, 2012). Semi-structured interviews also welcome open-ended answers compared to structured interviews. The interviewees can share and provide more in-depth insights based on their experiences. The ethical committee has approved the interviews before the fieldwork.

Initially, I planned to apply for more funding for further fieldwork in Japan, to get more interviews with government officials. However, this became impossible, due to the travel restrictions during the COVID-19 pandemic. Instead, I switched to using government meeting minutes as the primary source to obtain data on the government's side, even though the original plan was to conduct another round of interviews with government officials. Meeting minutes have been widely used as a primary source by many established researchers (Maclachlan, 2020) and have provided high-quality data for this study. Document analysis is usually combined with other research methodologies in practice. The advantages of document analysis are low costs, efficiency, and broad coverage. The importance of document analysis in this research is that documents simultaneously provide background information and historical insights (Bowen, 2009). Relevant policies, regulations, and laws are essential to study, especially in finance, the labour market, education, and government.

Secondary data published by the government provides rich quantitative data for further analysis and triangulation of this study. In two parts of this research, the case study approach was employed. The first one examines how companies have adopted newly published policies and regulations by METI in practice. This is to look more closely into the government's role in promoting innovations and SE from cases in practice. The second part looks at two representative companies in the SE industry, by following their development paths closely. The second part of the case study intends to reveal how the SE start-ups exert agency to do institutional work, interact with current players, and create legitimacy so that the customers and the market can accept them.

The background chapter is placed before the discussion chapters to give more general information on Japan's context, which many audiences may find unfamiliar. The background chapter provides more general information about Japan to set the stage for discussion chapters. Although this thesis adopts an institutional perspective on macro and meso levels, it does not deny other factors that may have contributed to the slower development of Japan's Sharing Economy. Because

of the limited chapter, time, and resources for this study, I could not include other factors such as Japanese consumer attitude in my framework. Instead, I gathered information from past literature and briefly introduced consumers' attitudes in the background chapter. This chapter also covers the analysis of selected documents of relevant policies, regulations and laws and secondary data on government published guidelines and white papers. The analysis of these data helped refine the theoretical framework of this thesis, inspired the design of the semi-structured interviews, and contributed to the conclusions.

The discussion chapters cover data analysis from three different sources: in-depth interviews, document analysis, and case studies. The in-depth interviews analysis presents valuable data and insights, collected from the fieldwork in Japan with informants from different backgrounds. The document analysis focuses mainly on the minute transcripts from the Sharing Economy Promotion Meetings, which the Sharing Economy Promotion Centre organises in the Cabinet Secretariat. These meetings provide rich data on the government officials' stance toward the Sharing Economy. The case studies are divided into three parts. First, this section examines how the Sharing Economy companies have adopted the three systems proposed by the Ministry of Economy, Trade, and Industry (METI) to develop their businesses. The second and third parts examine two typical local Sharing Economy start-ups, looking at different institutional work done by key actors in each. The data analysis applies the NSI and institutional work frameworks to provide perspectives from both macro and meso levels.

The final chapter concludes this thesis, by summarising the study and discussing the implications of each finding for different stakeholders who play crucial roles in the field. The conclusion chapter highlights the finding that Japan's once successful NSI now hinders the development of the Sharing Economy. Adopting the institutional work lens, we can see that efforts have been made by actors that intend to promote Japan's Sharing Economy. However, their institutional work is not yet influential enough to fundamentally encourage the development of Japan's Sharing Economy.

1.2. Key findings and thesis contributions

Japan's NSI provides a macro perspective to approach the research topic. After refining the framework of the NSI, six aspects are outlined:

1. the role of the government: its stance and related policies;

2. the role and scale of education and training;
3. an industrial structure that favours long-term strategic investment in marketing, training and technological activities;
4. a closed labour market;
5. the role of Japanese finance; and
6. the research and development of relevant technologies in Japan's NSI has been analysed.

This analysis suggests that Japan's once successful NSI is now an obstacle to the development of the Sharing Economy. Adopting an institutional work perspective, it is evident that efforts have been made by actors who intend to promote the Sharing Economy in Japan. However, their institutional work has not yet had sufficient impact to fundamentally promote the Sharing Economy in Japan.

This thesis makes contributions both within and outside the academic domain. Firstly, this thesis contributes to the literature of Japanese studies, both in the field of the Sharing Economy and innovation studies. One of the reasons this thesis is proposed is because of the scarcity of academic research in this field. Despite the media attention given to the Sharing Economy in Japan, scholarly attention – particularly in the English-speaking world – has been limited. This study takes a macro and meso perspective to studying the Sharing Economy in Japan, providing a wealth of data and analysis that can form the basis for more research in the future.

Secondly, it contributes to building the theoretical foundation for studying the Sharing Economy. As there was no available theoretical framework that could be applied in this research, this thesis treated the Sharing Economy as innovation and adopted the national system of innovation. Taking different actors' agencies into account, this thesis adopted the institutional work theory to investigate how different actors in the field of Japan's Sharing Economy had made efforts under three main categories: *maintaining institutions*, *creating institutions*, and *disrupting institutions*, to impact the development of Japan's Sharing Economy. This theoretical framework can be refined in future research and applied to the analysis of the Sharing Economy in other national or regional contexts. This thesis makes a significant theoretical contribution, as there is no theoretical framework to analyse the development of the Sharing Economy at the national or regional level. This theoretical framework can also be applied in future research in comparing the development of the Sharing Economy in different countries at a national level. Furthermore, the theoretical

contribution of this thesis can be extended to study other forms of innovations. It could be further generalised after modification and testing for adoption in other innovative studies. In summary, the institutional perspective inspired by this thesis can be adopted in future research to study the Sharing Economy, and extended to look at other forms of innovation, to gain macro and meso levels of perspective. Therefore, this thesis also contributes to the general study of innovation.

Lastly, this research contributes to the general Sharing Economy literature, by adding the discussion of Sharing Economy in an under-explored context: Japan.

Not only does this thesis make contributions within academia, it also offers contributions outside the academic domain, which will be discussed in more detail in Chapter 9. Stakeholders such as investors and entrepreneurs can potentially combine the findings of this thesis with their own expertise and experiences to better inform their business decisions. Moreover, for government officials who work on promoting the development of the Sharing Economy, this thesis can be used a reference point to reflect how they can better work with parties who are reluctant to accept the Sharing Economy.

1.3. Summary

This thesis started with the research question ‘why is Japan’s Sharing Economy developing more slowly?’ The search for the answer utilised an exploratory and qualitative methodology. By integrating both the NSI and the institutional work theories, this thesis proposes a two-layer approach for analysis from macro and meso perspectives, that focuses not only on the institutional setting of a country, but also looks more closely at how different actors respond to the development of the Sharing Economy in Japan.

In this chapter, I present the background to this study, including what the Sharing Economy is; a discussion of what is seen as the ‘good’ and ‘bad’ sides of the Sharing Economy; and the growing importance of the Sharing Economy in the global economy. I then make a case for the need for this thesis, as the Sharing Economy is developing more slowly in Japan than in many other developed countries and some developing countries. However, it is essential to note that this thesis does not intend to provide any normative argument on the Sharing Economy. It seeks to find answers that Japan's development is not comparable to other economies. The structure of this thesis is then presented, and finally, the contributions of this thesis are discussed.

This thesis is both significant and original. As very little research has been done on this topic in the Japanese context, it is most appropriate to examine this topic from a macro and meso perspective, to get a comprehensive picture of the development of the Sharing Economy in Japan and set the tone for future research.

In the next chapter, past literature will be reviewed to identify the research gap and explain the rationale of this study in more detail.

Chapter 2. Literature review

In this chapter, I first introduce the 'Sharing Economy', a recently emerging topic, focusing on the definition and the differences between the traditional economy and the Sharing Economy; then move on to reviewing the past literature on the Sharing Economy in five areas:

1. motivations and barriers to Sharing Economy;
2. the impact of Sharing Economy on existing industries and society;
3. challenges to discrimination and inequality;
4. sustainability issues; and
5. legal and regulatory issues.

The past literature on Japan's Sharing Economy is then introduced to give background on Sharing Economy in the context of Japan. This also serves to identify the current gap in the research.

The importance of this thesis is then addressed from two angles: the gap left by the past studies on Sharing Economy; and the necessity of future research in a local context – in this case, Japan. Japan's Sharing Economy is surprisingly underdeveloped compared with many developed countries and even some developing countries. From a macro and meso perspective, this research sets out to find the reason behind the slow development of Japan's Sharing Economy, by adopting the NSI approach and the institutional work approach, which will be discussed in more detail in the next chapter (Chapter 3).

2.1. The Sharing Economy

With the expansion of 'unicorns' (startup companies with a valuation that exceeds \$1 billion) and platforms such as Uber and Airbnb, the 'Sharing Economy' has become a buzzword. It has changed the way people make decisions in many ways. Consumers worldwide have adopted the services offered by firms such as Airbnb, Uber, Lyft, and TaskRabbit (Zervas *et al.*, 2017), as the emergence of the 'Sharing Economy' has been expected to bring people convenience in collaboratively making use of under-utilised inventory through fee-based sharing (Botsman and Rogers, 2011). The size of the Sharing Economy worldwide is expected to reach 335 billion USD in 2025 according to a PwC report (PwC, 2015, p. 14). Sharing Economy companies profit from

providing platforms for individuals to share their under-utilised possessions, such as their apartments, cars and even skills.

The following part of the literature review starts with the definition of Sharing Economy, and then outlines a comparison between the Sharing Economy and the traditional economy.

2.1.1. Sharing Economy definition

In recent years, the Sharing Economy has become a worldwide emerging topic in business and academia. However, there is no consensus among scholars on the definition of the term 'Sharing Economy'.

Sharing is a universal phenomenon that perhaps has existed as long as humanity (Belk, 2014a). Sharing occurs with family and friends in everyday life, as people living together share for functional reasons, such as survival. People also share as an act for convenience and to show kindness to others (Belk, 2014a). Although sharing was originally a pro-social act for non-reciprocal purposes (Benkler, 2004), the definition of sharing has now been expanded. In accordance with the original intent of sharing, forms of exchange that generate monetary benefits for one or more parties should be excluded from sharing. Thus, innovations based on peer-to-peer asset leasing (e.g., Airbnb) would be excluded from the Sharing Economy in this sense (Martin, 2016). However, Martin argues that, if the right to use an asset (rather than the asset itself) can be shared, the accumulation of monetary benefits becomes irrelevant. Therefore, innovations based on peer-to-peer asset leasing are included in the Sharing Economy (Martin, 2016). The emphasis on access expands the definition of sharing from a purely selfless act to providing access to ownership to others, with or without monetary benefits. Belk (2014a) proposes the concept of *pseudo-sharing* in contrast to altruistic sharing. He notes that pseudo-sharing is essentially a commercial relationship masquerading as sharing, and that there are four common types: 1. long-term leasing and lending; 2. short-term leasing; 3. online 'sharing' of your data; and 4. online-facilitated barter economies (Belk, 2014b). When considering sharing today, it can refer to both altruistic sharing and pseudo-sharing. The Sharing Economy was born in the age of the internet. The advent of the internet has changed the way people share, from short-distance sharing to web-based sharing. The internet is a pool of shared content that can be accessed by anyone with an internet connection (Belk, 2014b).

Being in its infancy, the Sharing Economy field is still fraught with controversy and ambiguity (Laurell and Sandström, 2017). Encapsulating the various ways that the term Sharing Economy is

used in practice has been a challenge (Schor, 2016). There is no commonly accepted strict definition of the Sharing Economy (Martin, 2016); furthermore, a range of overlapping terms, such as 'collaborative consumption', 'gig economy', 'collaborative economy', 'net economy' and 'Sharing Economy', have been used interchangeably by scholars to refer to different areas of innovation (Belk, 2014b; Martin *et al.*, 2015; Dreyer *et al.*, 2017). These terms overlap in coverage, but there are still nuances.

A broad definition is presented in Laurell and Sandstrom's study (2017, p. 63) to capture the market and non-market logic and practices in the Sharing Economy: 'ICT (information and communication technology) -enabled platforms for exchanges of goods and services drawing on non-market logics such as sharing, lending, gifting, and swapping as well as market logics such as renting and selling'. This definition has a broad coverage, containing both for-profit and non-profit organisations that offer goods and services. From the ownership perspective, even second-hand businesses and donations are included in the Sharing Economy. Botsman and Rogers (2011) adopt the term *collaborative consumption* and propose a similar definition to Laurell and Sandstrom's (2017) understanding. Botsman and Rogers (2011) argue that the definition should include practices such as 'traditional sharing, barter, lending, trading, leasing, gifting and exchanging'. Similarly, Hamari *et al.* (2016) also broadly define collaborative consumption as the peer-to-peer-based activity of obtaining, giving, or sharing access to goods and services coordinated through community-based online services – but this definition emphasises peer-to-peer-based activities and does not include business-to-consumer (B2C) practices.

Using the same term collaborative consumption, Belk (2014a) criticises Botsman and Rogers's (2011) view and definition as being too broad, mixing market exchange, gift-giving, and sharing. Instead, Belk's (2014a) definition is that collaborative consumption (CC) is people matching the need between acquisition and distribution of a resource for a fee or other compensation. Belk (2014a) emphasises that the ownership position remains consistent, contrary to traditional businesses. He also clearly defines the scope of collaborative consumption, which is related to monetary or other forms of compensation. Therefore, he excludes non-profit behaviour from his definition. He defines for inclusion business-to-customer (B2C) businesses such as Zipcar, and peer-to-peer businesses such as Airbnb. Frenken and Schor (2017, p. 4) also argue that the 'tent has become quite capacious'. While it has been defined in a broad way, Frenken and Schor (2017) attempt to narrow the definition. They suggest defining the Sharing Economy in a more limited fashion as 'the practice of consumers

granting each other temporary access to underutilised physical assets ('idle capacity'), possibly for the purpose of making money' (Frenken and Schor, 2017, p. 5). However, this definition is too specific, and focuses only on peer-to-peer platforms that provide people with shared physical assets. Based on this definition, practices such as second-hand peer-to-peer sales, business-to-consumer rentals, and service-driven transactions are excluded. In many typical Sharing Economy cases (such as Uber) not only are physical assets involved in the transaction, but the owners themselves play a significant role in the business, as service providers. Companies like TaskRabbit are essentially platforms for people to share the skills they possess. It is important to note that while Dreyer *et al.* (2017) say that collaborative consumption is a subset of the Sharing Economy, many other scholars disagree. For example, the Sharing Economy, under Frenken and Schor's (2017) definition, is a subset of 'collaborative consumption' as defined by Belk (2014a). Thus, the choice of these two terms seems to depend on the views and preferences of each scholar.

As discussed above, although many researchers are studying the Sharing Economy, there is still no consensus on a unified definition; some scholars choose to adopt the term the 'Sharing Economy' while others prefer to use the term 'collaborative consumption'. This thesis adopts the term Sharing Economy, as this term is more widely used in newspapers and social media, and therefore people are more familiar with this term. It also focuses on what is essentially an economic activity, and is therefore more appropriate for the purpose of this study, as it aims to find answers to the lack of a Sharing Economy in Japan at an institutional level. It is therefore more appropriate to consider this phenomenon as an emerging economy rather than a consumption practice. The definition of the Sharing Economy proposed by some scholars is broad, covering traditional sharing activities such as sharing a room with family members, to selling second-hand products (Belk, 2014), while some other scholars' definitions are narrower, excluding any transaction involving the transfer of ownership from the Sharing Economy (Frenken and Schor, 2017). Comparing the different definitions, we can categorise Sharing Economy along different dimensions. As shown in Table 1, activities can be distinguished by for-profit/non-profit basis and access/transfer of ownership.

For this research, I propose a working definition of the Sharing Economy as 'interactions of consumers granting each other temporary access to under-utilised resources possibly for money or other forms of compensation', which is close to Belk's (2014a) definition of collaborative consumption. Under this definition, the focus is on platforms allowing monetary interactions, such as lending, sharing and renting. Underutilised resources include physical assets, people's free time

and skills. Therefore, in addition to altruistic purposes, this study focuses on people's sharing for monetary purposes.

Table 1. The coverage of 'Sharing Economy'

	For-profit		Non-profit (altruistic)	
	Access to ownership (Pseudo-sharing)	Ownership transfer	Access to ownership	Ownership transfer
Practices	Lending Renting Sharing	Selling Swapping	Sharing	Donating Gift giving
Examples	Spacee.so.jp (B2C) TaskRabbit (P2P) Airbnb (P2P) Uber (P2P) Tadaku (P2P) Youtube (P2P)	Etsy Ebay	Swap Wikipedia	Freegive.co.uk Makuake

Source: Adopted by the author based on Belk, 2014a; Martin *et al.*, 2015; Hamari *et al.*, 2016.

A clear definition is crucial to comparing the Sharing Economy with the traditional economy. In the existing literature, scholars have compared the Sharing Economy with the conventional economy, and identified differences in five dimensions, as shown in Table 2 (Mair and Reischauer, 2017). This comparison is made under a definition that considers the Sharing Economy as a web of markets in which individuals use various forms of compensation to transact the redistribution of and access to resources, mediated by a digital platform operated by an organisation (Mair and Reischauer, 2017, p. 20). This definition emphasises the participation of individuals and the involvement of monetary or other forms of compensation. It is close to the scope of the 'for-profit category' shown in Table 1, but excludes B2C businesses.

Table 2. Stylised comparison between Sharing Economy and traditional economy

Comparative dimension	Sharing Economy	Traditional economy
Forms of compensation used in transactions	Various (bartering, trading, gift-giving, payment)	One (payment)
Transaction locus	Markets	Markets
Transaction focus	Redistribution of and access to resources	Production, distribution of, and access to resources
Transaction partners	Individuals	Organisations, individuals
Transaction infrastructure and infrastructure provider	Digital platforms operated by organisations	Distribution channels between organisations and individuals, digital platforms operated by organisations

Source: Adopted by the author based on Mair and Reischauer, 2017, p. 12

By cross-checking the working definition of my research with Mair and Reischauer's definition, two main differences become apparent: firstly, my study excludes transactions related to the

transfer of ownership; secondly, my study includes B2C sharing businesses. Hence, the comparison between the Sharing Economy and the traditional economy differs from Mair and Reischauer’s proposition. Under my working definition of the Sharing Economy, the main differences between sharing and traditional economy are illustrated in Table 3.

The significant differences between the Sharing Economy and the traditional economy are the forms of compensation used in transactions, the transaction focus, and the infrastructure and infrastructure provider.

Table 3. Sharing Economy and traditional economy as defined in this dissertation

Comparative dimension	Sharing Economy	Traditional economy
Forms of compensation used in transactions	Various (renting, lending, sharing)	One (payment)
Transaction locus	Markets	Markets
Transaction focus	Access to resources	Production, distribution of, and access to resources
Transaction partners	Organisations, individuals	Organisations, individuals
Transaction infrastructure and infrastructure provider	Digital platforms operated by organisations	Distribution channels between organisations and individuals, digital platforms operated by organisations

Source: Adopted by the author based on Mair and Reischauer, 2017

It is worth noting that, although this study initially intended to limit the scope to for-profit businesses, it emerged that many Sharing Economy companies have been operating both for-profit and non-profit Sharing Economy businesses. In this case, it is not possible to separate the two. This point will also be addressed later, in the discussion section, as many Sharing Economy companies attempt to partner with local governments in rural areas to provide non-profit services to residents to promote their businesses. However, although this thesis later discusses both for-profit and non-profit businesses, the criteria for sample selection were initially business-focused, and non-profit businesses were considered a common step for start-ups to take to promote their for-profit businesses.

2.1.2. General literature on the Sharing Economy

Categorising the existing literature according to its research focus, we can distinguish four major themes, namely a) determinants (motivators and barriers) of the Sharing Economy; b) the impact of the Sharing Economy on existing industries and society; c) Sharing Economy challenges, with a focus

on discrimination and inequality; and d) legal and regulatory issues associated with the Sharing Economy. The following sections will discuss the literature in each of these areas.

Motivators and barriers of the Sharing Economy

One major focus of the existing literature is on the determinants of the Sharing Economy. Scholars have divided the determinants into motivations behind the development of the Sharing Economy and the barriers that hinder its development. Consumers have been at the centre of these studies.

Tussyadiah and Pesonen (2018) examine the market characteristics of peer-to-peer accommodation services and find that the two drivers behind their development are the social appeal of community and sustainability and the economic appeal of cost savings, while the barriers are mistrust, concerns about efficacy, cost, and unfamiliarity with the system.

So *et al.* (2018) explore the motivations and constraints for consumers to choose the services of Airbnb, a well-known peer-to-peer accommodation platform, and conclude that price value, enjoyment, and family benefits are the main factors for people to adopt Airbnb. However, mistrust was shown to be a factor preventing people from choosing Airbnb.

In Möhlmann's (2015) study in Germany, two different Sharing Economy services were surveyed and analysed to test hypotheses of the author. He chose Car2go¹⁰ and Airbnb to be surveyed, and sent out questionnaires via a mailing list to students at the University of Hamburg (Germany). His study suggests that the relevant determinants of repeated use of the Sharing Economy were utility, trust, cost savings, familiarity with the platform, quality of service, and community affiliation. Other hypothesised factors, such as environmental impact, internet capability, smartphone capability, and motivation to try new-wave technologies, were shown to be irrelevant.

The study conducted by Hamari *et al.* (2016) also investigated the motivations behind the adoption of Sharing Economy and found that enjoyment of interactions, economic gains, and sustainability were the driving forces behind the Sharing Economy phenomenon. However, sustainability was shown not to be directly related to those involved in the Sharing Economy, as it may only be an important factor for those who value ecological consumption. Others, who are

¹⁰ Car2go was a German car-share service which is now renamed as Share Now (share-now.com).

aware of the benefits that the Sharing Economy could potentially bring to society, may not necessarily translate their perceptions into action unless they also benefit from the economic gains or find pleasure in participating in the Sharing Economy.

Wilhelms *et al.* (2017) identify four overarching participation motives of peer-providers: economic interest, quality of life, helping others, and sustainability (Wilhelms *et al.*, 2017). Contrary to existing assumptions about participation in the Sharing Economy, this study found that sustainability is not a primary driver of people's participation, but rather a collateral outcome.

Böcker and Meelen (2017) sought to explore the economic motivations behind participation in the Sharing Economy by surveying 1,330 respondents in Amsterdam, Netherlands. This study investigated the relative importance of economic, social and environmental motivations for participating in the peer-to-peer (P2P) Sharing Economy. The results vary across the different areas of the Sharing Economy examined in this study: cars, shared travel, accommodation, tools, and restaurants. The study shows that younger and lower-income groups have stronger economic motivations to participate in the Sharing Economy.

To sum up, while the determinants of the Sharing Economy found by the above studies differ to an extent, all studies confirm that *economic benefits/financial reasons* and *trust* are key factors associated with Sharing Economy. Two studies identify *sustainability* as a collateral consequence of Sharing Economy rather than as strong motivators of people's participation (Hamari *et al.*, 2016; Wilhelms *et al.*, 2017).

Trust

According to the findings of the above literature, trust is one of the main determinants, as the Sharing Economy involves many transactions between strangers. It helps to overcome uncertainty and mitigate risks for both consumers and providers (Huurne *et al.*, 2017).

Huurne *et al.* (2017) explore trust in the Sharing Economy further, conducting a systematic review, and proving that various antecedents of trust in the Sharing Economy (such as reputation and interaction experience) relate to the entities, i.e., platforms, consumers and providers. They conclude that the trust issue is very complex and requires further research.

The study by Tussyadiah and Park (2018) compares two self-presentation patterns on Airbnb, a dominant platform for short-term accommodation, and concludes that consumers demonstrate

higher trust towards hosts who label themselves as a 'well-travelled individual'. Ert *et al.* (2016) found that the more trustworthy the host is perceived from his/her profile photo, the higher his/her probability of being selected when other variables were controlled for. This finding does support the claim that trust goes beyond reputation and is complex (Huurne *et al.*, 2017).

According to past literature, although many other factors have also been explored, trust undoubtedly determines the adoption of the Sharing Economy by individuals. However, trust itself is complex and further research is needed to understand in more detail how it is constructed in Sharing Economy.

The impact of Sharing Economy on existing industries and society

Kim *et al.* (2018) examine Uber's impact on the traditional taxi industry in New York as a case study, to investigate the impact that the Sharing Economy brings to existing industries and society. They found that incumbent taxi companies responded to the threat of Uber's entry positively. As a result, taxi drivers make changes to adapt to the new environment and to provide consumers substantial benefits and convenience. They then suggested that the taxi business in New York has been transformed in a positive and welfare-enhancing way. The authors take this as an example that the Sharing Economy shapes existing industry and society positively.

The economic impact of the Sharing Economy on incumbent firms on accommodation platforms has also been examined through a case study of Airbnb. Zervas *et al.* (2017) look at Airbnb in Austin, which has the highest market share in the US. This research found the negative impact of Airbnb on hotel revenue is in an 8 per cent to 10 per cent range, suggesting that the impact on the hotel industry is not uniform. Lower-end businesses are most affected, and reduced their pricing to keep market occupancy. By reducing the price and improving services, they were able to retain more customers. This turned out to be a win-win situation, benefiting not only the participants in the Sharing Economy, but also all consumers.

The findings of another study by Fang *et al.* (2016) coincide with the positive impact of the Sharing Economy on the tourism industry. The study argues that the entry of the Sharing Economy benefited the tourism industry by creating new job openings. The entry of the Sharing Economy forced low-end hotels to lower their prices (Zervas *et al.*, 2017), and the generally lower costs stimulated the arrival of more tourists. However, the study also suggests that growth of the Sharing Economy has its drawbacks. The marginal effect decreases with the growth of Airbnb, as hotel

employees lose their jobs if most tourists choose to stay at Airbnb instead of low-end hotels (Fang *et al.*, 2016).

Kathan *et al.* (2016) make four arguments (i.e., technological competitiveness, shift in values, environmental sustainability, and economic benefits) to demonstrate that the Sharing Economy is a long-term revision of consumption with far-reaching implications for production, transfer, and consumption of products and services. While the Sharing Economy offers numerous possibilities, established businesses may feel threatened. Conventional businesses need to consider how they can adapt to a new environment. The authors argue that, as the Sharing Economy does not fit into existing regulatory regimes and appropriate regulatory changes have not yet been made, it could fall through the regulatory cracks and grow dramatically. Relevant parties should not neglect this, and authorities are encouraged to rethink how they can promote the Sharing Economy in a sustainable way (Kathan *et al.*, 2016).

In summary, the above literature on the impact of the Sharing Economy on existing industries and society suggests that it brings healthy competition with existing businesses, and stimulates those existing businesses to better adapt to a new business environment. However, from the perspective of protecting existing industries, Fang *et al.* (2016) argue that the Sharing Economy has the potential of taking up a significant market share.

Challenges around discrimination and inequality

Reoccurring themes in research on the specific societal impact of the Sharing Economy are challenges around discrimination and inequality. For example, the Sharing Economy is regarded as a form of capitalism that exacerbates inequality (Ganapati and Reddick, 2018). Schor and Attwood-Charles (2017) point out that while the entry of Sharing Economy platforms has created opportunities for cash-strapped Americans, there is evidence that the platforms are promoting interpersonal racial discrimination. It is argued that these trends in platforms and apps could lead to a world where low-income individuals provide daily tasks for the affluent (Schor and Attwood-Charles, 2017).

Edelman *et al.* (2015) also identify the issue of racial discrimination. Through experiments on Airbnb, their study found that guests with typically African-American names were 16 per cent more likely to be rejected by hosts, compared to guests with distinctly white names. While issues related to discrimination in the traditional rental business have decreased significantly in recent years, the

lack of mechanisms to reduce discrimination on platforms like Airbnb may threaten civil rights achievements (Edelman *et al.*, 2015). Following this research, Cui *et al.* (2017) explore ways to reduce online discrimination by employing a reputation system. They find reviews to have an important impact on reducing discrimination, and conclude that when the relevant information was lacking, hosts tended to judge guests based on their image of a particular racial group. However, when more information was provided, they relied more on past comments and put less weight on the guest's race. Their study suggests that while discrimination caused by personal stereotypes exists in Sharing Economy transactions, platforms can create mechanisms to reduce discrimination and help build trust among users.

To analyse how class and other forms of inequality impact this new type of economic arrangement, Schor *et al.* (2016) investigate four cases of Sharing Economy: time banks, food exchanges, makerspaces, and open education. The findings of this study suggest an inconsistency between actual practice and the widely articulated goals of openness and equity in the Sharing Economy. Through the four case studies, the research suggests that it is difficult to construct circuits that are both equitable and robust. Sharing Economy firms may face a trade-off between inequality and market capacity.

In summary, the growth of the Sharing Economy faces challenges in discrimination and inequality that platforms cannot easily handle. The study of these challenges has become one of the main topics in the Sharing Economy.

Sustainability issues

Many researchers have investigated sustainability aspects of the Sharing Economy (Cohen and Muñoz, 2016), which has been highlighted as one of several reasons for consumer participation (Hamari *et al.*, 2016). The Sharing Economy has been considered to offer the prospect of transitioning society to a post-ownership economy (Belk, 2014). Similarly, Botsman and Rogers (2011) argue that the Sharing Economy will break up excessive unsustainable consumption behaviour.

Some scholars claimed that the Sharing Economy could be 'a potential new pathway to sustainable development' (Heinrichs, 2013, 228); Bartenberger and Leitner (2013) suggest how it could have a positive impact on sustainability by minimising consumption-induced resource consumption when consumer products are shared, versus individually owned.

However, other scholars have more critical and even sceptical opinions towards the Sharing Economy. Some consider it as an alternative to market capitalism – but it may actually support capitalism instead (Richardson, 2015; Schor *et al.*, 2016). Martin (2016) argues that although the emergence of the Sharing Economy was based in part on a critique of hyper-consumption, it has increasingly been reformulated as an economic opportunity, and is therefore unlikely to propel a transition to sustainability. Moreover, even as the Sharing Economy promotes ‘more sustainable consumption and production practices, it also reinforces the current unsustainable economic model’ (Martin, 2016, p. 159).

The disagreement on this topic suggests that future research is needed to further analyse the nature and impact of the sharing and collaborative economy.

Legal and regulatory issues

Sharing Economy platforms employ modern information technology to allow service providers and consumers to contact each other and make transactions through their websites or mobile apps (Edelman and Geradin, 2015). Recognising the efficiencies that the Sharing Economy brings, such as reducing transaction costs, improving resource allocation and economic benefits (better pricing), Edelman and Geradin (2015) argue that some existing regulations are outdated and protectionist. On the other hand, deregulation is not encouraged, because certain activities raise genuine concerns and regulatory requirements are vital to correct genuine market failures. They propose that policymakers should exploit the efficiencies sharing platforms offer and establish additional regulatory requirements that remove unfair and protectionist requirements to protect incumbents. Authorities also need to make sure the players in the Sharing Economy comply with regulatory requirements that protect consumers and other parties.

Doménech-Pascual (2016) points out that the emergence of the Sharing Economy has changed ways of production, consumption of goods and services. Hence, he argues that revisions of current legal rules and regulatory strategies are needed. Doménech-Pascual (2016) presents an overview of regulatory approaches for the reference of policymakers, including regulatory impact assessment, the coexistence of different legal regimes, legal variation, experimental legislation, and compensation. The research also highlights the context-specific characteristic of the advantages and disadvantages of such regulatory approaches. Under different circumstances of the market, the proper regulatory approach differs.

Ferreri and Sanya (2018) take Airbnb in London as a case study, and suggest Airbnb was involved in pushing the government to change regulations by deregulating limitations on short-term letting. Governments who struggle to balance corporate interests with public benefits are facing the challenge of acquiring data to enforce new regulations. Ferreri and Sanya (2018) further suggest using algorithms and big data as methods of efficient governance.

Labour relations are also being discussed as one part of regulatory issues. A study by Katz and Krueger (2016) finds that nonstandard work arrangements and online platforms are now 'employing' a half per cent of all workers in the US. Due to the weakness of labour after the recession in 2007-2009, Sharing Economy platforms could take advantage of high-quality workers under less costly conditions (Katz and Krueger, 2016). However, the rise of the Sharing Economy has led to the erosion of worker protections under technological innovation (Hill, 2015). According to Hill (2015), companies like Uber, Airbnb and TaskRabbit claim to give workers the freedom to become independent and 'their own CEOs', when these workers are hiring themselves out to smaller jobs with fewer wages so that the company becomes profitable. Also, workers involved in the Sharing Economy fall into different categories: 26 per cent are entirely dependent on the platform as the primary source of income, 43 per cent are partially dependent, and 32 per cent treat the income as supplemental (Smith, 2016). Schor and Attwood-Charles' (2017) study also found that 44 per cent of workers who participate in the Sharing Economy have full-time jobs. Those workers have benefit packages from their full-time jobs and do not expect another benefit package from the platforms. They only expect the platforms to offer the opportunity to make extra money during their free time, and thus, the platforms are considered to be 'free riders'. Those workers who depend more on their earnings from platforms are less satisfied with their wages and benefits.

Furthermore, platform workers are facing security concerns from three aspects: physical risk, legal risk, and platform risk (Schor and Attwood-Charles, 2017). The physical risk comes from encountering strangers. Ravenelle (2016) found Uber drivers in New York are confronted with dangerous situations. Airbnb hosts have found their homes damaged badly and their relations with neighbours have also been ruined by unpleasant tenants (Schor, 2017). As shown above, the labour relations in the Sharing Economy are complex, and platform workers are facing risks by participating in such businesses. Hence, policymakers need to consider regulatory changes.

To sum up, the emergence of the Sharing Economy is accompanied by many unsettled regulatory issues. Researchers advocate that policymakers see the benefits and convenience of the Sharing Economy, and make appropriate changes to existing regulations to protect the interests of all parties to make better use of it.

2.2. Literature on Japan's economic structure

In order to contextualise the literature on Japan's Sharing Economy in the existing literature, this section provides an overview of Japan's economic structure.

Japan is by all accounts the advanced capitalist society whose market transactions have been transcribed as being strongly intertwined or embedded in social relations (Lincoln and Gerlach, 2004). Hall and Soskice (2001) explain that Japan has a unique form of capitalism referred to as a 'coordinated market economy' (CME) which is characterised by close collaboration between companies and government, long-term employment and internal recruitment, a strong emphasis on innovation and quality, and technology transfer between sectors. However, they also assert that the CME model has limited the ability of Japanese companies to innovate radically like their American counterparts. Instead, the structure of the Japanese economy has led to companies focusing on strategies that allow for technology transfer between industries and rapid reorganization.

Similarly, Vogel (2006) suggests that Japan has a unique economic system that combines both state and market influences, which sets it apart from other developed countries. He emphasises the role of the state in the economy, pointing out that it not only regulates but also actively participates through ownership, subsidies, and government procurement. Moreover, Vogel argues that the close ties between the state and keiretsu (a group of interlocking corporations, often with cross-shareholdings, and linked through banks, suppliers, and other institutions) have played a crucial role in Japan's economic success. Additionally, Vogel highlights the importance of maintaining traditional structures such as lifetime employment, seniority-based promotions, and company-based welfare systems in Japan's competitiveness in the global economy in the past. Despite facing economic difficulties, Vogel (2005) notes that these traditional institutions have remained strong. However, he acknowledges that Japan's economy has faced significant changes in recent years, including increased competition, globalisation, and aging demographics, which have put pressure on these traditional structures and old institutions and policies are being used for new purposes. For example,

the corporate ties that are often associated with the coordinated model of capitalism are being utilized as a means of corporate downsizing and moving towards more liberalized labour markets. Vogel (2006) argues that liberalisation in Japan is primarily happening through the use of traditional institutions in novel and ultimately transformative ways.

Despite acknowledging the success of Japan's unique economic model in the past, Vogel (2001) claims that Japan's capitalism is facing a crisis due to its failure to fully embrace the liberal market model. He suggests that Japan's unique economic model, which relies on strong relationships between businesses, government, and banks, is no longer sustainable and that it needs to be overhauled to meet the demands of a globalised economy. Vogel argues that Japan's reluctance to adopt the liberal market model is contributing to its economic stagnation, and that the country needs to implement reforms to increase competition and efficiency in its economy. Vogel (2019) reassessed Japan's Coordinated Capitalism and emphasizes that the political economy institutions in Japan favour minor adjustments rather than significant transformations of business practices. Therefore, he predicts that Japan will eventually not adopt the American model of capitalism.

Calder (2017) argues that Japan's economic structure is characterised by interdependent relationships between large corporations, banks, and government, which creates a system of 'circles of compensation.' He claims that the corporations and banks provide political support for the government, and in return, the government provides favourable policies and subsidies to the corporations and banks. This creates a symbiotic relationship that enables Japan to maintain a high level of economic stability and growth, but also limits the ability for smaller businesses and entrepreneurs to enter the market and compete. Calder also highlights the limitations of this system, particularly in the face of changing global economic conditions and increasing pressure for greater accountability and transparency.

2.3. Literature on the Japan's Sharing Economy

Sharing Economy research in Japan emerged around 2015 (Majima *et al.*, 2021). However, there was little literature available when I started my research on Japan's Sharing Economy back in 2017 and even less known in English. Until 2019, there were fewer than ten full-length monographs written by Japanese authors regarding the Sharing Economy (Majima *et al.*, 2021). Since then, more research papers have been published, as this topic has garnered academic attention from researchers working on Japan's business and economy. Those previously studied in Japan mirror the

four research areas discussed in the general Sharing Economy literature: motivations and barriers; impact on existing industries and society; challenges to discrimination and inequality; and legal and regulatory issues. However, the amount of literature covering each topic is smaller than the general Sharing Economy literature, although past literature also discusses the Japanese Government's attitude toward developing the Sharing Economy.

2.3.1. Determinants (motivators and barriers) of the Sharing Economy

Attitudes of Japanese consumers are a common topic in Japanese literature. For example, Nakamura *et al.* (2021) claim one of the factors inhibiting the use of Sharing Economy services to be 'resistance and anxiety about sharing with strangers'. This is not surprising, as other past literature has also suggested that lack of trust could be one reason people are hesitant to participate in the Sharing Economy.

Nakagawa (2018) also recognises the relatively low willingness to adopt Sharing Economy services in Japan, and chooses home-sharing services as a case study to explore this topic, where he identifies consumers' perceived risk as a major barrier to the adoption of the Sharing Economy. He argues that performance risk, where customers are concerned that the quality and functionality of properties on home-sharing platforms are not exactly as described; physical risk, where customers feel unsafe in unfamiliar environments; and privacy risk, where customers feel insecure about the platform's data handling, all negatively impact on customers' decisions to adopt home-sharing services.

However, as the general Sharing Economy literature has also identified such barriers as inhibitors to adopting Sharing Economy platforms, it is difficult to argue that the Sharing Economy in Japan is less developed because consumers here are significantly more cautious than those in other countries.

2.3.2. The impact of the Sharing Economy on existing industries and society

Several researchers have looked at the impact of Japan's Sharing Economy. Majima *et al.* (2021) compared different researchers' approaches in Japan and Sweden, and concluded that Japanese researchers focus foremost on the economic effects of the Sharing Economy. Also, most Japanese authors seem to look at it favourably, and express optimistic views (Majima *et al.*, 2021).

Takahashi (2016) also shares an optimistic view among the Japanese researchers. They value the Sharing Economy as one driving force that can change the world for the better, and lead us to the so-called 'Society 5.0': a human-centred society that balances economic advancement with the resolution of social problems by a system that integrates cyberspace and physical space.

Eto (2019) examines the implementation of on-demand ride-sharing in mountainous areas in Kyo-tango city. According to him, the ride-sharing service was introduced to mitigate the shortage of local public transportation in rural areas caused by the ageing population. As most of the users are elderly, it is not easy for them to utilise these platforms, as cash payments are unavailable, and on-demand services need to be requested through smartphone apps. To address these difficulties, some drivers start to take cash in addition to credit cards. Moreover, within the community, those who possess smartphones help to make requests on behalf of elderly neighbours. This study discusses the possibilities for people to benefit from the Sharing Economy.

Similarly, Shiotani (2017) discusses some of the benefits that it may bring to Japan, especially in hosting the Olympic Games in Tokyo in 2020. He argues that Japan may lose the opportunity to develop the Sharing Economy and respond to globalisation, if the Government tries to protect the vested interests of existing industries with excessive regulation. Shiotani (2017) claims that the Sharing Economy can generate economic income, benefit users, and help solve social problems without harming existing industries. Therefore, Japan should explore the possibility of developing a Sharing Economy.

Okuwada and Makino (2016) also express a positive attitude, stating 'the Sharing Economy can be interpreted as a realistic solution to the transition from a consumer to a sharing society while maintaining a monetary economy for the sustainable development of humanity on the planet.' Okuwada and Makino (2016) claim that the Sharing Economy is still an under-researched topic in Japan, calling for more research in the future given its allegedly positive impact on sustainability.

2.3.3. Challenges of the Sharing Economy with a focus on discrimination and inequality

Echoing the general Sharing Economy literature, the impact of the Sharing Economy on the Japanese labour market has been studied as one of the challenges that it poses to inequality. However, relatively few researchers focused on this topic compared to other issues.

Shibata (2019) suggests that the crowd work sector (where service providers engage in paid but fragmented jobs through online platforms) is associated with low pay, the absence of welfare

entitlements, precarious access to work, heightened competition, uncertainty over pay, performance and deadlines, and deterioration in the work-life balance for a group of new informal workers. According to Shibata (2019), the Japanese Government has been trying to promote the Sharing Economy to mitigate the negative impact caused by the ageing population, and portrays crowd work as a means of creating opportunities for Japan's workers. She excluded platforms such as Uber and TaskRabbit in her study scope, as they have not been developed in Japan. Shibata (2019) argues that the primary benefit of crowd work is that it enables firms to camouflage the increase in exploitation behind superficial notions of autonomy and freedom, thereby concealing the additional precarity that it introduces to Japan's labour market. Subsequently, Shibata (2020) claims that the trend toward gig work should be more accurately conceptualised as an attempt to legitimise further labour market flexibility in advanced industrial democracies, in pursuit of constructing an economic imagination best described as a form of 'fictional freedom.'

Her position contradicts that of other Japanese researchers in the field, as they believe that the Sharing Economy is generally positive, and that excessive regulation should not be imposed.

2.3.4. Legal and regulatory issues associated with the Sharing Economy

Some Japanese researchers have also looked at challenges imposed by the Sharing Economy such as taxation issues (Majima *et al.*, 2021). Morinobu (2020) examines the mismatches and challenges of the emergence of the Sharing Economy in the current tax system and proposes an infrastructure that adapts to fill the gaps that the current one has left.

Kunimi (2019) also claims that Japan's legislation has not yet been able to keep pace with the rapid pace of change brought by the Sharing Economy. Recognising the benefits it could bring to Japanese society, she then discusses common concerns surrounding the Sharing Economy in Japan, and advocates that although regulation is necessary, excessive regulation could also lead to problems.

2.3.5. Government attitude

Apart from the above four research topics that the general Sharing Economy literature covers, past literature on Japan's Sharing Economy has also discussed the attitude of the Japanese Government. After comparing Japan with Sweden, Majima *et al.* (2021) claim that while in Sweden, the environmental benefits of the Sharing Economy are emphasised, in Japan, it is primarily promoted as a tool for economic revitalisation and growth.

Marukawa (2017) explores why Japan and China's governments' responses to the Sharing Economy have been so different. Adopting the term 'regime' (translated as established socio-technical and economic structures) suggested by Martin (2016), Marukawa compares the Sharing Economy in China and Japan, and concludes that Japan has a powerful regime, which makes it difficult for niche segments to grow.

Altura *et al.*, (2021) compare the different fates of Airbnb and Uber in Japan, arguing that both platform companies have received support from strong government and industry actors who have embraced the Sharing Economy as a solution to various economic and social problems. However, they have encountered resistance from the private sector and the rest of civil society, who have constructed competing frameworks. Despite opposition, in both cases, the Sharing Economy induced institutional change that was neither intended nor anticipated. Furthermore, Altura *et al.* (2021) argue that the accommodation and cab industries have successfully reversed Abe's attempts to deregulate the industry through effective framework strategies and alliance building. Ultimately, the case of the Sharing Economy reveals the instability of Abe's liberalisation programme.

2.4. Research gaps in the literature

As the above discussion has demonstrated, the majority of researchers have highlighted the potential positive effects of the Sharing Economy on Japan. Moreover, several authors have highlighted the overall supportive attitude of the Japanese Government toward the Sharing Economy. Given these findings, it is surprising to learn that Japan has a very small Sharing Economy. However, the Japanese Government seems to have an overall supportive attitude and promotes the Sharing Economy as a tool for economic revitalisation and growth (Majima *et al.*, 2021). Shibata (2020) also claims that in Japan, there has been a clear development and articulation of an official pro-gig work discourse since the Abe-led Government. Furthermore, as discussed earlier, many Japanese scholars also welcome the Sharing Economy and advocate for its further development. However, Japan has not shown strong growth in Sharing Economy businesses.

According to PwC (2015), the size of the Sharing Economy worldwide is expected to reach 335 billion US\$ in 2025. In contrast, the size of Japan's Sharing Economy is estimated to reach only about 107 billion Yen (0.95 billion USD) by 2021 (Yano Research Institute, 2017). The data on the market size of the Sharing Economy in different countries/regions is shown in Table 4. Japan's Ministry of Internal Affairs and Communications (2016) also states that the size of Japan's Sharing Economy is

relatively small compared to the USA, China, Germany, India, the UK, and Korea. As the economy of Japan is the third-largest in the world in nominal GDP terms, and the fourth-largest by purchasing power parity (PPP), the relatively small size of Japan’s Sharing Economy presents a puzzle, especially since the overall attitude toward the Sharing Economy is rather positive in the existing research literature. This thesis addresses this puzzle by seeking answers as to why Japan’s Sharing Economy has evolved relatively slowly, and why it remains small, especially if compared to many other developed and even some developing countries.

Table 4. Comparison of Sharing Economy market size by countries

	Market Size (billion USD)		Expected Market Size (billion USD)		GDP ¹ (trillion USD)
	Transactions	Revenue	Transactions	Revenue	
Global		15 (2015) ²		40.2 (2022) ⁴ 335 (2025) ²	75.872 (2015)
Europe	33.6 (2015) ²	4.3 (2015) ²	681 (2025) ²	95.7 (2025) ²	16.411 (2015)
US				23 (2022) ⁴	18.121 (2015)
UK	10 (2015) ²	1.15 (2015) ²	189.6 (2025) ²	12.2 (2025) ²	2.886 (2015)
China	544 (2016) ⁵				11.065 (2015)
Japan		0.36 (2015) ³		0.95 (2021) ³	4.395 (2015)

Sources: ¹World Bank (2017); ²PwC (2015); ³Yano Research Institute (2017); ⁴Jupiter Research (2017); ⁵State Information Center China (2017)

Overall, despite the rising attention and awareness toward the Sharing Economy, the literature on Japan’s Sharing Economy is still sparse both in English and Japanese. In particular, regarding the slow development of Japan’s Sharing Economy, the literature has only highlighted conservative consumer attitudes and risk-averseness as possible explanatory factors (Takeo, 2017). However, as has been discussed above, consumers’ distrust and insecurity towards online platforms is not a unique issue faced only by Japanese consumers, but a worldwide challenge (Tussyadiah and Pesonen, 2018; Möhlmann, 2015). Such arguments appear thus to be insufficient to explain the weakness of Japan’s Sharing Economy.

Therefore, this study set out to find answers to the reason for the slow development of the Sharing Economy in Japan by taking a macro and meso perspective. Finding the answer to this question will not only help us to solve the puzzle of such slow development of the Sharing Economy in Japan, but will also provide a framework for analysing the development of the Sharing Economy in other regions and countries.

Also, the study by Dreyer *et al.* (2017) highlights the importance of researching the local context in which the Sharing Economy develops. Laurell and Sandstrom (2016) also argue that it is unclear how Sharing Economy platforms emerge within an established institutional setting and how they are received by the market. *'While we observe Sharing Economy expanding from developed to emerging economies, we lack an understanding of the role played by the local context in which they are embedded'* (Dreyer *et al.*, 2017). In this case, Japan is chosen because the past literature on Japan's Sharing Economy is scarce.

Moreover, in previous literature, Japanese researchers focused mainly on ride-sharing and home-sharing, while not much attention was paid to other categories of businesses in the Sharing Economy (Majima *et al.*, 2021). This research covers a more comprehensive range of the Sharing Economy platforms under the thesis's working definition: *'interactions of consumers granting each other temporary access to under-utilised resources possibly for money or other forms of compensation'*.

This thesis approaches the answers to the research questions about the slower development of the Sharing Economy in Japan by integrating the NSI approach and the institutional work approach, which will be discussed in detail in the following chapters.

It is expected that this study can serve as a starting point in shedding light on the impact that institutional settings and other factors may have on the Sharing Economy. The study of the Sharing Economy in a certain context contributes to the literature for the area (in this case, Japan). In addition, as the Sharing Economy is also deemed a form of innovation (Martin, 2016) (see Chapter 3.1), by studying it, we can also gain more understanding about the current innovation system in Japan.

2.5. Summary

In this chapter, I first introduced the emerging topic of the 'Sharing Economy', focusing on the definitions and differences between the traditional economy and the Sharing Economy. I then moved on to reviewing past research topics on the Sharing Economy, including: 1. motivations and barriers to the Sharing Economy; 2. the impact of the Sharing Economy on existing industries and society; 3. challenges to discrimination and inequality; 4. sustainability issues; and 5. legal and regulatory issues. Past literature on Japan's Sharing Economy was then introduced to give

background on the Sharing Economy in the context of Japan. It also serves to identify the research gap. I then moved on to make the case for the necessity of this research.

It is worth noting that although this study initially intended to limit the scope to for-profit businesses, it emerged that many Sharing Economy companies have been operating both for-profit and non-profit Sharing Economy businesses. In this case, it is not possible to separate the two. This point will be addressed later in the discussion chapter, as many Sharing Economy companies attempt to partner with local governments in rural areas to provide non-profit services to residents to promote their businesses. However, although this thesis appears to touch on both for-profit and non-profit businesses, the criteria for sample selection were business-focused, and starting up with non-profit businesses was considered a common strategy for enterprises to promote their for-profit businesses.

This study intends to fill the gaps left by past research on the Sharing Economy, and to contribute to area studies, in this case, Japan. Compared to many developed countries and even some developing countries, the Sharing Economy in Japan is surprisingly underdeveloped. This study is situated to shed light on macro and meso levels of analysis, and so to offer explanations as to why Japan's Sharing Economy has lagged.

I am aware that this thesis does not cover all the factors that may have an impact on the development of the Sharing Economy in Japan (for example, consumer attitude is a factor that many researchers have focused on in this field). While I do not consider this to be the only or necessarily most important factor behind the slow development of Japan's Sharing Economy, I do not deny the importance of this factor in any way. Therefore, although consumer attitudes will not be included in my theoretical framework, I will discuss background information on Japan's consumer attitudes toward the Sharing Economy in Chapter 4.2.

Chapter 3. Theoretical framework

To investigate Japan's Sharing Economy and understand why Japan's Sharing Economy is underdeveloped, this thesis applies two major theoretical perspectives. An NSI perspective is applied, to gain a general overview and to assess the institutional settings of the country's Sharing Economy. As traditional institutional theories do not take into account everyday agency and the active work of actors towards shaping institutions, a second approach is necessary to emphasise this. Therefore, an institutional work perspective is adopted to assess on a meso level more closely how different actors respond to and act upon the development of the Sharing Economy in Japan. Thus, the concept of the institutional field is then introduced, to help identify who the major actors are in Japan's Sharing Economy, as the institutional field is one cornerstone concept of institutional theories.

3.1. National System of Innovation (NSI)

Innovation is a topic that has appealed to both industry and academic circles for many decades. Industries value innovation because it generates economic efficiency and boosts economic growth. Innovations can generate employment, create wealth, open new industries and markets, create regional development, and increase exports (Hisrich and Kearney, 2014). Innovation has been regarded as the 'elixir of life' for production and competitiveness (Ruth, 2006, p. 56). This section starts with a brief definition of innovation; after that introduces the NSI approach, which constitutes one of the frameworks used in this research, and finally gives examples of previous applications of the NSI framework.

3.1.1. Definition of innovation

Innovation is usually linked with another widely used concept: that is, creativity. While these two terms have been used interchangeably, there are distinctions between them. Creativity can be treated as the building block of innovation. Innovations would not be possible without creativity. According to Hisrich and Kearney (2014), there are three stages of innovation. It firstly starts with an idea, then proceeds with the development of an invention, and finally results in the development or optimisation of products, services, processes, or technologies. Innovation can take different forms, such as developing new products and services, exploiting new methods of production,

identifying new sources of supply, exploring new markets, and proposing new organisational strategies.

Edquist (2006) categorises innovation into two different types: product innovation and process innovation. Product innovation is the development of material goods and intangible services, while process innovation means exploiting new ways of creating goods and offering services.

Innovations can also be divided into three types, depending on the level of creativity: (1) breakthrough innovation (or radical innovation) which represents the invention of something new, significantly changing customer expectations positively; (2) technological innovation, which represents the application of existing science and technology; (3) the most frequent, incremental innovation which represents the adaptation of existing technologies and products with a different and generally enhanced market appeal (Hisrich and Kearney, 2014). However, regardless of the different types and forms of innovation, one common factor that all innovation shares is that it represents something new – whether it is a new product, service, process or technology (Hisrich and Kearney, 2014).

Many scholars have identified the Sharing Economy as a form of innovation, as it provides alternative ways for people to swap, rent, share and sell unwanted pre-owned products and offer services through online platforms (Schor, 2017; Kumar *et al.*, 2017; Doménech-Pascual, 2016; Tussyadiah and Pesonen, 2018; Ravenelle, 2016; Zervas *et al.*, 2017). In line with this research, this dissertation considers the Sharing Economy to be a form of innovation.

3.1.2. Introduction to the National System of Innovation

Past research has shown that innovations are not usually singular events that result only from the effort of genius individuals. Instead, innovations are generally the result of social processes, involving an interplay between many individuals and organisations over a longer time, during which cumulative learning processes take place (Lundvall, 2002, p. 43).

The fact that innovation is a cumulative learning process means that the ability to innovate will reflect the relations and the interplay among individuals, organisations and institutions (Lundvall, 2002, p. 43). Innovation is increasingly considered a phenomenon that requires active intervention and steering. Almost every country runs innovation-related programmes targeted at stimulating or increasing the performance level of innovation. These policy measures start at various levels: companies, intra-organisational networks, and regional or national levels (Ruth, 2006). One major

limitation of past innovation studies, based on purely quantitative analysis, is that they fail to consider institutional factors. Yet, in assessing both the emergence of 'technology gaps' between countries and the rate at which they are closed, 'National Systems of Innovation' are of great importance (Freeman, 1987, p. 31). The NSI is defined as a social system for which the main activity is learning and a dynamic system shaped by positive feedback and reproduction (Lundvall, 1992, p. 2).

The NSI has been widely adopted by scholars, national governments and influential international organisations such as the European Union, the OECD UNCTAD and UNIDO (Edquist, 2006). Freeman (1987) firstly used the concept of the 'National System of Innovation', defining it as the network of institutions in both private and public sectors that interact to initiate, import and diffuse innovative technology (Freeman, 1987). There are two mainstream perspectives on the NSI approach. Nelson (1993) has a narrow sense of NSI, emphasising the organisations and institutions that influence the exploration of the process of innovation. Lundvall (1992) holds a broader view towards NSI, considering all parts and aspects involved in the economic structure and institutional set-up relevant. Edquist (1997) also adopts a comprehensive and interdisciplinary perspective, absorbing perspectives across disciplines from economy, sociology, and management to other fields. Stressing the interdependence among different players that impact the innovation process, the NSI approach also takes into account the relationship and interactions between relevant organisations (Lundvall, 2002, p. 44).

In reality, the state and the public sector are rooted in national states, and national borders define their geographic sphere of influence. The historical experience, language and other cultural aspects are also reflected in the NSI. The concentration on the national system reflects the fact that national economies differ regarding the structure of the production system and the general institutional set-up (Lundvall, 1992, p. 13). For historical reasons, there are also countries with an NSI better prepared to catch up with a new context than others, while some systems may be more adaptive than others at changing policy strategies and pushing forward institutional reforms to respond to challenges (Lundvall, 2002).

An innovation system does not always consist of the same elements. Established elements and institutions are continuously challenged by new developments in the system's surroundings, and a system that functions well today may lose its efficiency and become outdated in the future. A topical

example is the Japanese innovation system, which until recently appeared as a sort of ideal in a number of respects, such as shipbuilding and automobile manufacture after the Second World War. However, it seems to be much less adequate in the current global context (Lundvall, 2002, p. 44). Hence, the definition of an NSI must be kept open and flexible to a certain extent, and the sub-systems of an NSI approach need to be carefully examined to decide if they should be included or excluded in the analysis (Lundvall, 1992, p. 13).

3.1.3. Elements of the National System of Innovation

With broad coverage from economic, institutional, social, and other relevant factors, the elements that contribute to NSI can be categorised into three main elements: system of financing, system of learning and innovation and institutional setting, as shown in Table 5. Each type covers numerous aspects. Since an innovation system does not always consist of the same elements, the table gives an overview of the major elements of an NSI.

Table 5. Three key elements in NSI

System of financing	System of learning and innovation	Institutional setting
<ul style="list-style-type: none"> •National budget •Financing of infrastructures •Venture capital etc. 	<ul style="list-style-type: none"> • R&D • Public education system • Training facilities • Related policies to encourage innovation (national innovation policies) • Internal organisation of firms etc. 	<ul style="list-style-type: none"> •culture of cooperation •cultural background •learning culture • experience and ability to carry out or incorporate institutional changes • coordination and public/private consensus • productive culture • labour relations • cooperation at work • company commitments to social well being • productive specialisation • existing interface mechanisms • different types of learning capacity • social valorisation of the use of science • university linked to the productive system • non-bureaucratized educational and training system linked to the productive system • The role of ministries etc.

Source: The author based on Cooke *et al.*, 1997; Odagiri and Goto, 1993

The importance of keeping the definition of NSI open has been addressed by Lundvall (1992) and the above factors do thus not necessarily capture all relevant factors.

3.1.4. Research on the National System of Innovation in Japan

Japan's NSI has been the focus of several studies. Back in 1987, Freeman conducted research on the country's NSI after the Second World War. He analysed the factors that contributed to the Japanese high-speed development after the war, as an Asian country. Freeman's study of the Japanese innovation system concentrated on the following factors (Freeman, 1987):

- a. The role of the Ministry of International Trade and Industry (MITI);
- b. The role of company research and development strategies concerning imported technology and 'reverse engineering';
- c. The role and scale of education and training;
- d. The role of social innovations in motivating, training and controlling the labour force;
- e. The conglomerate structure of Japan's industry and the development of an industrial structure particularly favourable to long-term strategic investment in marketing, training and technological activities.

Kishida and Lynn's work on Japan's biotechnology industry identified four points that have shaped Japan's innovation system: (a) encouragement of the development of new ventures by the government; (b) increased government spending on biotechnology R&D; (c) the role of universities in the Japanese biotechnology innovation system; (d) policies such as setting up regional biotechnology centres (Kishida and Lynn, 2006).

According to Gjerding (1992), the Japanese management system is one contributor to promoting the development of Japanese innovations during the post-war period. The Japanese management system is considered successful, following companies like Toyota in the automobile industry and others in the semiconductor and electronics industries. While the Japanese management system reflects a tendency toward equalisation, the structure of the Japanese management system is strictly hierarchical. Organisation members usually perceive themselves as significant contributors to the success of collective success, and feel appreciated, having a large degree of participation and discretion at a horizontal level with low-income differentials. To sum up, Japanese work organisation is conditioned by collective value with clear organisation roles and a tall social status hierarchy.

However, while the Japanese innovation system is believed to be suitable for incremental innovations, some authors argue that it has failed to cultivate radical innovations. The way that Japanese institutional structure for various aspects (such as finance, labour market) has adapted to its need to catch up with other developed economies has been recognised as the main factor that undermines the competitiveness of the Japanese innovation system (Storz, 2006a). Drawing the conclusion from previous literatures, Storz (2006b) identifies the following aspects to be fundamental factors that weaken the competence of the Japanese innovation system on the macro level: a closed labour market, an underdeveloped capital market, a protective industry policy and low openness of mobility between institutions. From a micro perspective, the integral cooperation of research bodies with marketing and production departments, the education of generalists, and the close and long-term cooperation between buyers and suppliers are identified as factors that hinder the competence of the Japanese innovation system. Agreeing with the imperfections of the Japanese innovation system, Storz (2006b) argues that changes in innovation policy and attempts to secure a more innovative role for small and medium enterprises (SMEs) have positively affected Japan's innovation system.

As pointed out before, the NSI has a different focus depending on the features of industrial sectors, and it changes continuously. For example, during the economic catch-up period, Japan's institutional structure was considered to be the key to its success, while it was later regarded as a barrier to further development (Lundvall, 2002). Therefore, deciding which sub-systems and institutions should be included or excluded from an NSI analysis involves historical analysis and theoretical considerations (Lundvall, 1992, p. 12). In different periods, different parts of institutions or economic factors may play a more or less significant role in the innovation process. Hence, an NSI framework that suits the context must be developed to study the relative weakness of Japan's Sharing Economy. Factors identified from past NSI literature might not explain the Sharing Economy well, and there might also be factors in past studies of NSI that were irrelevant at the time, but now play a significant role in the Sharing Economy as a fresh innovation. Moreover, relevant policies, regulations and laws that played a crucial role in other sectors and industries in the past might not be applicable to explain the field of the Sharing Economy. Therefore, for this study, I propose to take into account determinants of NSI as identified in past studies, and integrate them with the features identified from the Sharing Economy literature, to establish a suitable framework to guide my empirical investigation.

3.1.5. Proposed framework

Edquist (2006) points out that all factors that influence innovation processes are part of the NSI. The main factors that contribute to Japan's innovation system can be summarised as follows (based on Kishida *et al.*, 2006; Storz, 2006b; Freeman, 1987):

- 1) The role of the Government: the Ministry of International Trade and Industry (MITI); protective industry government policies; government budget for specific industries to motivate their development;
- 2) The role and scale of education and training of managers and workers as generalists;
- 3) The conglomerate structure of industry or the development of an industrial structure particularly favourable to long-term strategic investment in marketing, training and technological activities;
- 4) Closed labour market;
- 5) Underdeveloped capital market;
- 6) The role of the 'reverse engineering'.

Realising that the NSI differs depending on the sector, the national context and time period, the features of the Sharing Economy need to be taken into account. The unprecedented dependence on digital platforms is the central feature of the Sharing Economy (Frenken and Schor, 2017; Martin, 2016). According to Botsman and Rogers (2011), the ubiquity of social networking and real-time technology is the most influential feature that drives the development of the Sharing Economy. Considering Sharing Economy features, Barnes and Mattsson (2016) identify drivers and inhibitors of the Sharing Economy as listed in Table 6.

Japan's weak capital market is believed to be a primary reason behind the Japanese innovation system becoming outdated in recent years (Storz, 2006b). While the capital market plays a vital role in the Japanese innovation system from a general finance perspective in the approach of NSI, other players in finance could profoundly influence new innovative industries (Christensen, 1992). Considering this factor, this research intends to examine how the Japanese finance system shapes Japan's Sharing Economy.

The Japanese Government arguably played an important role in Japan's success in many industries. The Government has historically used measures to encourage the development of

Table 6. Top 10 Drivers and inhibitors of the Sharing Economy

Top 10 drivers	Top 10 inhibitors
1 Technological enablers (Internet, mobile phones, smart technology)	1 Lack of awareness
2 Financial benefits for individuals (get more from less money, cost consciousness, need for cheaper alternatives)	2 Materialist cultural norms
3 Digital relationships and social networking	3 Lack of IT infrastructure (e.g., broadband in some areas)
4 Cheaper transaction costs through IT	4 Capitalism relies on planned obsolescence and hyper-consumption
5 Lack of conventional employment opportunities	5 Lack of targeted public-sector support of collaborative consumption
6 Willingness for social bonding	6 Establishing trust
7 Cost of ownership	7 Businesses framed as collaborative when they are not
8 More educated, IT-literate consumers	8 Fear of strangers
9 Global economic crisis (including austerity and recession)	9 Legal and regulatory issues
10 Societal change from individualism to local community	10 Vested corporate interests

Source: The Author based on Barnes and Mattsson (2016)

certain industries, or restrict their development by establishing barriers. Scholars have identified the role of MITI, protective policies for domestic companies, and increasing state budget on specific industries as main measures taken by the Government (Storz, 2006b). For the purpose of this study of Japan's Sharing Economy, it is thus necessary to learn about the stance of the Japanese Government and to investigate how existing policies encourage or hinder the development of the Sharing Economy. Legal and regulatory issues could be the inhibitors for this industry as shown in Table 6.

Although reverse engineering played a key role in the success of Japan's automobile industry (Freeman, 1987), it does not fit the discussion of the Sharing Economy, which relies more on technological innovation (such as algorithms to match service providers with consumers, internet and mobile phones). Hence, instead of the role of reverse engineering, the role of research and development (R&D) of related technology needs to be studied.

The role and scale of education and training is another key aspect of the NSI approach. With better education and training, the companies' R&D processes can move faster. In the past, it has been pointed out that Japanese education was training generalists. For the purpose of the development of the Sharing Economy, it is important to investigate if this is still the case and how it influences the Sharing Economy. From another angle, educated IT-literate consumers are more likely to get involved in the Sharing Economy as indicated in Table 6.

The conglomerate structure of the industry in Japan has also been considered a major contributor to Japan's high-speed development in the post-war period (Freeman, 1987). The vested

corporate interests are barriers for the Sharing Economy to grow, according to the study by Barnes and Mattsson (2016). Thus, my framework needs to consider the conglomerate structure of Japan's vested industries.

The lack of conventional employment opportunities might be a motivator, because the Sharing Economy brings many working opportunities for unemployed people via platforms such as Uber and TaskRabbit (McKinsey Global Institute, 2016). From the company side, it needs more people to get involved in the business to keep it running. For example, Uber's business would not be possible without flexible employees. Also, the Sharing Economy provides an alternative way to make income. Japan's labour market is considered to be relatively closed (Storz, 2006b). For the purpose of this study, we need to consider the changing structure of Japan's labour market in relation to the Sharing Economy.

This research intends to adopt the proposed framework as a starting point, and to develop hypotheses on how the innovation system in Japan influences its Sharing Economy. Naturally, there might be some potential elements that are not covered in this proposed framework. There might also be factors that were considered important in the past, but appear irrelevant in this context. Also, additional factors might be uncovered during the fieldwork which are not part of the working framework.

This research will test the NSI approach in an untested context. By applying the widely used NSI framework, this research will contribute to the theoretical foundation of the Sharing Economy. Taking Japan as a case study, significant factors contributing to the development of the Sharing Economy are examined. The NSI approach established in the process might also apply to other economies.

After integrating the findings from the Sharing Economy literature and the Japanese innovation system literature, the following aspects are at the focus of my empirical analysis of Japan's Sharing Economy.

- 1) The role of the government: the government's stance and the relevant policies;
- 2) The role and scale of education and training;
- 3) The industry structure that favours long-term strategic investment in marketing, training, and technological activities;

- 4) The closed labour market;
- 5) The role of Japanese finance;
- 6) The role of research and development (R&D) of related technology.

3.2. Institutional work framework

In addition to the NSI framework outlined above – used to assess the macro factors underlying the development of Japan’s Sharing Economy – this study has adopted an institutional work framework to study the dynamics of the Sharing Economy and the actions of individual actors. In seeking answers to the reasons for the relatively slow development of the Sharing Economy in Japan, there is a need to go beyond an understanding that considers the macro explanatory factors of Japanese society. What is needed is an additional perspective on the work and efforts that may be undertaken by specific organisations and individual actors who seek to maintain the current institutional framework or engage in changing it.

Few past studies have paid attention to the dynamics of the Sharing Economy (Mair and Reischauer, 2017). Mair and Reischauer (2017) noted that dynamics in the Sharing Economy encompass market change, market emergence processes, and intended / unintended consequences of organisations’ behaviour. One of the main contributions of institutional studies is developing strong accounts of processes through which institutions govern action (Lawrence and Suddaby, 2006). Furthermore, in shedding light on the different actions and negotiations of relevant actors within an institutional domain, the institutional work approach makes it possible to look more closely at the underlying causes of the lack of a Sharing Economy in Japan at the meso level.

Therefore, the institutional field concept is introduced in the following section. This helps to identify the key actors in Japan’s Sharing Economy. Based on this, the actual key actors in the field of Japan’s Sharing Economy are then introduced, and the details of the institutional work approach are discussed.

3.2.1. Institutional field

Lawrence and Suddaby (2006) point out that relationships among organisations and the fields in which they operate are the focus in institutional approaches. To help us understand the nature of the field of Japan’s Sharing Economy and build a foundation for further analysis adopting institutional work, the concept of the institutional field, along with field types and field conditions are discussed.

An institutional field can be considered to be the cornerstone concept in institutional theory (Reay and Hinings, 2005). A field is defined as a community of organisations that interact together

‘frequently and fatefully’ (Scott, 1995) in a ‘recognised area of institutional life’ (DiMaggio and Powell, 1983). There are various definitions of ‘institutional field’, and people refer to it by different names such as ‘institutional field’, ‘organisational field’ and ‘strategic action fields’ (Zietsma *et al.*, 2017).

Zietsma *et al.* (2017) summarised four common points that different definitions of ‘institutional field’ all agree on:

1. Fields are made of actors in a relationship with each other and connected by common interests.
2. The idea of boundaries in fields.
3. Fields have hierarchies, and all actors are not equal.
4. There is contestation, competition and struggle in fields.

Zietsma *et al.* (2017) further classified fields into different types, listed in Table 7. As shown in Table 7, The main types of fields are exchange and issue fields, which can be further subtyped.

Table 7. Types of fields

Exchange fields	Issue fields
Industry exchange fields	Competitive issue fields
Professional exchange fields	Interstitial issue fields
Social movement exchange fields	Bridging issue fields

Source: The author based on Zietsma *et al.* (2017)

Exchange fields are defined as fields that consist of a focal population of actors and their exchange partners, including but not limited to suppliers and customers (DiMaggio & Powell, 1983). They can be further classified by their constituents into industry exchange fields, professional exchange fields and social movement exchange fields.

Unlike exchange fields, issue fields form around issues rather than exchanged relationships (Hoffman, 1999; Zietsma *et al.*, 2017). According to Zietsma *et al.* (2017), issue fields consist of actors from diverse backgrounds with commitments to their own institutional infrastructure, located in different exchange fields; as a result issue fields are usually more contested (Wooten and Hoffman, 2008). Competitive issue fields, interstitial issue fields, and bridging issue fields are subtyped in this area.

The field of Japan’s Sharing Economy falls within the spectrum of so-called interstitial issue fields. Interstitial issue fields form when members from various fields interact with one another for the sake of shared common interest or issue (Zietsma *et al.*, 2017). Members of the interstitial issue field come from various exchange fields, and infrastructures within interstitial issue fields are set up by combining elements from the members' various fields. In the case of the Sharing Economy, members from different fields (such as the taxi and hotel industries) are challenged by new Sharing Economy actors.

Field conditions, as shown in Table 8, including the degree of institutionalisation, the evolutionary stage and the complexity of the fields, vary across different fields. Such conditions influence the institutional demands that affect organisations in a field (Greenwood *et al.*, 2011). Zietsma *et al.* (2017) categorise the field conditions into four categories by the state of institutional infrastructure and whether the logic prioritisations are settled or unsettled.

Table 8. Field conditions

	Settled logic prioritisations	Unsettled logic prioritisations
Limited institutional infrastructure (weakly institutionalised)	Aligned/ aligning	Fragmented
Elaborated institutional infrastructure (highly institutionalised)	Established	Contested

Source: Zietsma *et al.*, 2017

For further analysis in this study, the field conditions in Japan’s Sharing Economy are examined. Although the Sharing Economy businesses have various focuses, mobility-sharing and accommodation are the two major fields that appeal to the most attention. The emerging mobility-sharing businesses could threaten the traditional transportation industry. Similarly, the sharing accommodation businesses are considered competitors with the traditional hotel industry. Both of those two fields are well-established and have a highly institutionalised infrastructure. Although there are other Sharing Economy businesses that focus on more niche markets, where the institutional infrastructure is not fully established, the subject field in this thesis is still considered as an elaborated institutional infrastructure because the core fields are well-established. With the presence or rise of new actors, new interests and exogenous shocks, the power position can be contested and even changed (Zietsma *et al.*, 2017).

To sum up, Japan’s Sharing Economy field can be regarded as an interstitial issue fields with highly institutionalised infrastructure. This infrastructure is being contested.

The past literature suggests that not all actors within fields are equally influential on field processes such as maintaining status quo (Zietsma *et al.*, 2017). Only by looking into the field type and field conditions of the subject field can we utilise them to understand agency, change and the nature of our subject field. Thus, by identifying the field of Japan's Sharing Economy as an interstitial issue field, the key actors are also recognised for the next-step analysis adopting the institutional work approach.

Zietsma *et al.* (2017) divided the actors according to their subject positions to:

- central/elite actors which have a significant influence on both change and stability within exchange fields
- peripheral or marginalised actors, which are less bound to existing institutions compared to central actors and hence more likely to introduce innovations
- middle-status actors, which are considered defenders of the hierarchy in professional fields
- new actors that enter the field with the rise of new issues or new technologies or practices, which may result in disrupting field power positions
- formal government units such as regulators and certifiers
- arbiters of taste, which are essentially organisations that structure fields by giving official endorsements such as awards and ranking
- field coordinators, which are usually professional, trade or industry associations
- movement leaders that structure the fields by planning field-configuring events such as conferences and negotiations

By comparing the key actors in institutional fields with Japan's Sharing Economy field, it can be identified that big companies in existing industries are the central/ elite actors (e.g., big taxi companies). They are the main stakeholders of the current institution and there is little motivation for them to change the status quo. Local governments of remote regions can be regarded as peripheral or marginalised actors. They are not closely bound to the system because the central/ elite actors operate mainly in big cities and are open to bringing new actors to solve issues such as depopulation.

The new actors in this field are newly established Sharing Economy businesses. According to the study into the background of Japan's Sharing Economy, the official government units also play a key role in regulating businesses. Various government ministries are responsible. Lastly, along with the rise of Sharing Economy businesses, the Sharing Economy Association Japan (SEAJ) is now active in planning events to promote the Sharing Economy, and holding dialogues with the government to negotiate for possible change on loosening the regulations. The SEAJ is the field coordinator in this case.

In order to adopt the institutional work approach, the institutional field has been discussed briefly, as it is the cornerstone of institutional theories and offers perspectives to understand the nature of our subject field and identify the key actors. It has been examined that the field of Japan's Sharing Economy is an interstitial issue field with highly institutionalised infrastructure, but contested by new actors. The key actors identified are big companies in existing industries as elite/central actors, local governments of remote regions as peripheral/ marginalised actors, the Sharing Economy operators as new actors, government ministries as official government units, and SEAJ as the field coordinator.

3.2.2. Institutional work methods

By adopting an institutional work approach, this research intends to look at the efforts made by different actors to better understand the dynamics of Japan's Sharing Economy. This approach is a complementary to the NSI framework introduced in the first part of this chapter.

The institutional work approach was first developed by Lawrence *et al.* (2019) to capture the interaction between actors and institutions. The value that a focus on institutional work adds to traditional approaches on theorising institutions is in its rejection of the notion that the only agency of interest is that associated with 'successful' cases of institutional change – cases of institutional entrepreneurship that produce new structures, practices, or regimes are produced (Garud *et al.*, 2002; Greenwood and Suddaby, 2006; Maguire *et al.*, 2004).

On the contrary, Lawrence and Suddaby (2006) describe institutional work as phases of conflict and cooperation between actors who represent old and new institutions, where the outcome typically reflects the values and interests of dominant actors.

Instead of simply accepting institutions as innately enduring and their effects as immutable, research on institutional work explores the practices and processes associated with actors'

Table 9. Institutional work definition and category — Creating Institutions

Forms of institutional work	Definition
Advocacy	The mobilisation of political and regulatory support through direct and deliberate techniques of social suasion
Defining	The construction of rule systems that confer status or identity, define boundaries of membership or create status hierarchies within a field
Vesting	The creation of rule structures that confer property rights
Constructing identities	Defining the relationship between an actor and the field in which that actor operates
Changing normative associations	Re-making the connections between sets of practices and the moral cultural foundations for those practices
Constructing normative networks	Constructing of interorganisational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation
Mimicry	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
Theorising	The development and specification of abstract categories and the elaboration of chains of cause and effect
Educating	The educating of actors in skills and knowledge necessary to support the new institution

Source: Lawrence and Suddaby (2006)

endeavours to build up, tear down, elaborate and contain institutions, as well as amplify or suppress their effects. The central questions asked in studies of institutional work are *who engages in institutional work, how it occurs, and what it constitutes* (Lawrence *et al.*, 2013), as well as *why, how, when and where* actors engage in it (Lawrence *et al.*, 2011).

Zvolska *et al.* (2019), have previously adapted the institutional work to the context of the Sharing Economy, trying to map out and classify a variety of mechanisms for urban sharing organisations to engage in institutional creation and disruption. This previous literature inspired this research to look deeper into the actions taken by different ministries, and the logic behind them by adapting the institutional work framework. Mair and Reischauer (2017) also point out that using the perspective of institutional work enhances our understanding of the dynamic of the Sharing Economy.

The institutional work has been divided into three main categories (Lawrence and Suddaby, 2006), which are *creating institutions, maintaining institutions, and disrupting institutions*. Under each classification, institutional work can be categorised further. The original ‘institutional work’ framework proposed by Lawrence and Suddaby (2006) is summarised in Table 9-Table 11.

For creating institutions, as listed in Table 9, typical forms of institutional work encompass advocacy, defining, vesting, constructing identities, changing normative associations, constructing normative networks, mimicry, theorising and educating. **Advocacy** is considered a key element for the marginal actors to initially acquire legitimacy. Different forms of advocacy work such as lobbying,

advertising and litigation enable less powerful actors to actively shape the institutional environment and gain legitimacy (Lawrence and Suddaby, 2006). **Defining** stands for the construction of rule systems, which confer status or identity, define membership boundaries, or establish status hierarchy within a field (Lawrence and Suddaby, 2006). Different from most other regulatory activities, the nature of defining is not prohibitive. Defining is mostly related to establishing the parameter for future or potential institutional structure. **Vesting** refers to institutional efforts to establish a structure of rules for granting property rights. Vesting is often a mechanism of institutional work done by the government (Zvolska *et al.*, 2019). One key element of vesting is negotiating a 'regulative bargain' between the state or another coercive authority and other interested actors (Lawrence and Suddaby, 2006). **Constructing identities** is central to creating institutions because identities delineate the relationship between an actor and the actor's field (Bourdieu and Wacquant 1992). It describes how new identities are developed in an institutional domain. In institutional theory, constructing identities as a form of institutional work is primarily associated with the development of professions. Collective action is vital in accomplishing the construction of identities (Lawrence and Suddaby, 2006). **Changing normative associations** refers to the institutional work aimed at creating new institutions involved reformulating of normative associations, re-making the connections between practices and the moral and cultural foundation for those practices (Lawrence and Suddaby, 2006). This form of institutional work usually aims at creating institutions that are normally parallel and complementary to existing institutions and do not challenge the pre-existing institutions (Lawrence and Suddaby, 2006). **Constructing normative networks** refers to building the 'normative networks', which are practices that result in normative recognition by relevant peer groups in terms of compliance, monitoring and evaluation (Lawrence and Suddaby, 2006). This often leads to the establishment of a peer entity with a normative monitoring, compliance and sanctioning role, which is often parallel with existing institutions, activities and structures (Zvolska *et al.*, 2019). **Mimicry** is institutional work that allows actors to take advantage of existing taken-for-granted rules, practices, or technologies when introducing new ones (Lawrence and Suddaby, 2006). Novel ideas and structures are more likely to be accepted and achieve legitimacy by associating new practices with the old (Zvolska *et al.*, 2019). **Theorising** refers to actors developing new names, categories, ideologies, and concepts to help introduce and accept as belonging to the 'cognitive map of the field' (Lawrence and Suddaby, 2006). **Educating** is a form of institutional work aims at equipping actors with skills and knowledge necessary to support the

new institutions (Lawrence and Suddaby, 2006). Such form of cognitive work is important, as the creation of new systems often involves the development of novel practices. Education can be achieved by study visits; building platforms for knowledge sharing and learning; organising workshops, training sessions; and other activities from where actors can gain knowledge about the novel practice (Zvolska *et al.*, 2019).

The nine types of institutional work that create new institutions can be divided into three categories. Advocating, defining, and vesting can be seen as regulatory work that focuses on rules. Constructing identities, changing normative associations, and constructing normative networks focus on normative structure of institutions. Mimicry, theorising and educating focus more on cognitive side of institutions, namely beliefs (Lawrence and Suddaby, 2006).

For maintaining institutions, as listed in Table 10, typical forms of institutional work are enabling work, policing, deterring, valorising and demonising, mythologising and embedding, and routinising. **Enabling work** refers to establishing rules that promote, complement and support institutions, such as establishing an authorised agent or diversifying resources (Lawrence and Suddaby, 2006). Enabling work also maintains institutions by introducing certainty into institutional arrangements so that actors would not get into intra-institutional conflicts. Professional associations usually engage in such institutional work by introducing constitutive rules of membership, standards or identity (Greenwood *et al.*, 2002; Galvin, 2002); **policing** aims at maintaining the existing system by ‘ensuring compliance through enforcement, auditing and monitoring’ (Lawrence and Suddaby, 2006). Both sanctions and inducements can be involved in policing (Scott, 1994); **detering** involves the threat of coercion to instil conscious compliance of institutional actors (Lawrence and Suddaby, 2006). Deterrence could come from economic coercion. The effectiveness of deterrence is highly subject to the legitimate authority of the coercive party (Lawrence and Suddaby, 2006); **valorising and demonising** refers to institutional work, which maintains institutions by providing the public with positive and negative examples of the normative basis of an institution (Lawrence and Suddaby, 2006). Valorising can be done by fostering public recognition, and demonising can be done through public social shaming (Fuenfschilling and Truffer, 2016); **mythologising** is an institutional work that focuses on the past. The actors work on preserving the normative underpinnings of institutions by mythologising their history (Lawrence and Suddaby, 2006). And stories are usually needed to create and preserve the myth; **embedding and routinising** is about actively filling participants’ daily routines and organisational practices with normative foundations of institutions (Lawrence and

Suddaby, 2006). This institutional work involves institutions maintained and replicated through the stabilising influence of embedded routines and repetitive practices, such as training, education, hiring and certification routines, and celebratory rituals. By repeating the routine exercises over a long time, the original intent has sometimes been forgotten. However, such a routine still keeps members comfortable and assured (Lawrence and Suddaby, 2006).

Enabling work, policing, and deterring all act to make real the coercive underpinnings of an institution, and preserve the mechanism through which rewards and sanctions were associated with institutional obedience (Lawrence and Suddaby, 2006). Those actors who are involved in such coercive work are aware of the effect such work could bring. Valorising and demonising, mythologising and embedding, and routinising, on the other hand, maintain institutions through replicating norms and belief systems.

Table 10. Institutional work definition and category — Maintaining Institutions

Forms of institutional work	Definition
Enabling work	The creation of rules that facilitate, supplement and support institutions, such as the creation of authorising agents or diverting resources
Policing	Ensuring compliance through enforcement, auditing and monitoring
Deterring	Establishing coercive barriers to institutional change
Valorising and demonising	Providing for public consumption positive and negative examples that illustrates the normative foundations of an institution
Mythologising	Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history
Embedding and routinising	Actively infusing the normative foundations of an institution into the participants' day to day routines and organisational practices

Source: Lawrence and Suddaby (2006)

When actors' interests are not served within the current institutions, there is intent for them to do institutional work that disrupts the current institution. Typical forms of institutional work for disrupting institutions are disconnecting sanctions, disassociating moral foundations, and undermining assumptions and beliefs, as listed in Table 11. **Disconnecting sanctions/rewards** refers to state and non-state actors working through state apparatus to decouple sanctions and rewards from practices, technologies, and rules (Lawrence and Suddaby, 2006). Most directly, it can happen through the judiciary; the state does not always work with non-state actors in disrupting institutions. For non-state actors to disrupt institutions, they usually need to challenge the prevailing regulatory structure (Abbott, 1988); **disassociating moral foundations** focuses on the gradual undermining of

the moral foundations of institutions (Lawrence and Suddaby, 2006). Elites are most likely to adopt such institutional work to disrupt institutional practices among the actors (Greenwood and Suddaby, 2006); **undermining assumptions and beliefs** occurs when actors eliminate some of the transaction costs associated with taken-for-granted patterns of practices, technologies and rules, thereby stimulating innovation and reducing the risks associated with differentiation. Actors can undermine assumptions and beliefs by creating an innovation that disrupts the existing institutional environment, or by undermining the system by doing the opposite (Zvolska *et al.*, 2019).

The above three types of disruptive institutional work have three different focuses. Disconnecting sanctions/rewards can be seen as regulatory work, mostly achieved through judiciary. Disassociating moral foundations can be seen as normative work, and undermining assumptions and beliefs can be seen as cultural cognitive work (Zvolska *et al.*, 2019).

Table 11. Institutional work definition and category — Disrupting Institutions

Forms of institutional work	Definition
Disconnecting sanctions/rewards	Working through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules
Disassociating moral foundations	Disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context
Undermining assumptions and beliefs	Decreasing the perceived risks of innovation and differentiation by undermining core assumptions and beliefs

Source: Lawrence and Suddaby (2006)

Different actors tend to adopt different institutional work to maximise their interests. As discussed above, the main actors in Japan’s Sharing Economy are big companies in existing industries, local governments of remote regions, Sharing Economy operators, government ministries, and SEAJ (the NGO). Based on the position of actors, analysis for this thesis is done by applying the institutional work approach in later chapters. As central/elite actors, big companies in existing industries have a strong motivation to maintain the current institutions that favour them. Therefore, they are most likely to do institutional work that helps maintain the current system. Local governments in remote regions, marginalised from the prevailing institutions and in need for changes to solve local issues might be interested in creating institutions. Although not closely bound to the current institutions, they are still unlikely to adopt aggressive institutional work that disrupts the existing institutions. Instead, they may still do institutional work that maintains the institutions. The government regulators might also have little motivation and reason to disrupt institutions in

this case. They likely want to maintain the current system and gradually develop new businesses. Therefore, institutional work that disrupts institutions has been excluded in the analysis of institutional work done by government regulators. On the other hand, SEAJ, as the field coordinator, has strong incentives to create institutions and make the change. Last but not least, entrepreneurs are the new actors, considered the main actors that create new institutions and disrupt current institutions. Thus, the discussion section, later, pays different attention to the institutional work depending on the position of the actors. As a summary, Table 12 lists the actors in the Sharing Economy that this study examines in more detail. Furthermore, it shows their respective institutional work focus that we hypothesised to be at the core of their actions.

Table 12. Actors in Japan's Sharing Economy and their institutional work

Actors	Type of actors	institutional work focus
Big companies in existing industries	Central/elite actors	Maintaining institutions
Local governments in remote region	Peripheral/marginalised actors	Maintaining and creating institutions
Government ministries/regulators	Formal governments	Maintaining and creating institutions
SEAJ	Field coordinators	Creating institutions
Sharing Economy operators/entrepreneurs	New actors	Creating and disrupting institutions

3.3. Summary

To answer the question of why Japan's Sharing Economy is under-developed, this thesis proposes to adopt the NSI for a holistic view from a macro perspective on Japan's institutional settings and to adopt institutional work to look more closely at how different actors respond to the development of the Sharing Economy in Japan from a meso perspective.

As there is scarce literature about Japan's Sharing Economy, this research firstly applies the NSI framework and treats the Sharing Economy as a form of innovation. Since fundamental differences in historical experience, language, and culture will be reflected in national idiosyncrasies, a national level study of the Sharing Economy provides an understanding of the institutional set-up and other qualitative factors that quantitative research finds difficult to reveal (Lundvall, 1992). While innovation systems within the same nation can vary depending on the features of particular industries, the key elements of the Japanese innovation system (as identified in the existing literature) can be a starting point to assess the conditions of the country's Sharing Economy. By integrating previous studies on the Japanese innovation system and the Sharing Economy, this chapter proposes a working framework based on which an initial hypothesis could be formulated and tested during the fieldwork study. As I explain in more detail in the methodology chapter, informant interviews are expected to help confirm whether and to which degree the factors in the proposed framework are relevant. Also, it is anticipated factors will be revealed during the interviews that are not covered in the working framework. Therefore, the NSI approach is adopted to guide the research, and the findings also contribute to the theoretical foundation of the Sharing Economy.

To explore the dynamics of the Sharing Economy, an institutional work framework is applied in this research as a complementary perspective to the NSI. The concept of the institutional field is firstly introduced, to help understand the nature of the field of Japan's Sharing Economy, identify the key actors in Japan's Sharing Economy, and build a foundation for further analysis adopting institutional work. The definition of the institutional field is discussed, along with field types and conditions.

Institutional work is then discussed in detail, because it provides an analytical lens for looking into what, how and why different efforts are made by actors representing various interests. The three categories of institutional work are creating, maintaining, and disrupting institutions. The key

actors have been positioned when comparing the actors in Japan's Sharing Economy with the common types of actors discussed in institutional fields. Depending on their positions, this thesis proposes to pay different attention to the institutional work they adopt.

The NSI approach and institutional work approach shed light on the topic from both a macro level and meso level, as illustrated in Figure 1, which forms the theoretical framework of this thesis. Furthermore, the institutional work approach considers different actors' agencies and offers a closer view of the dynamics of Japan's Sharing Economy field.

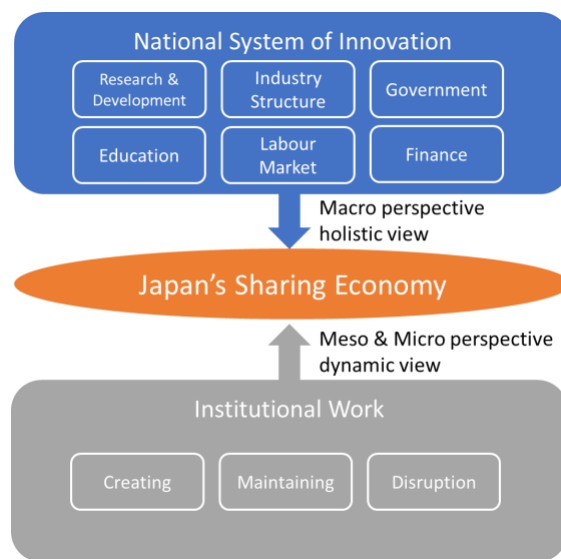


Figure 1. Illustration of proposed theoretical framework

Chapter 4. Methodology

As discussed in the previous chapter, this research intends to solve the puzzle of why Japan's Sharing Economy is developing relatively slowly compared with many other developed economies. To solve this puzzle, this dissertation introduces the NSI as a theoretical framework, looking into this question from six macro perspectives informed by NSI: finance, research and development, education, industry structure, labour market and government stance. Additionally, by applying the perspective of institutional work, this research also looks at the Sharing Economy at the meso level, and takes different actors' agency into account to offer a closer view of the dynamics of Japan's Sharing Economy field.

This chapter sets out to explain why certain methods were chosen and how they were adopted to answer my research question. Ethical considerations and the influence of the COVID-19 pandemic on the research are then addressed. At the end of this chapter, the limitations of the methodology are discussed, and a summary is presented.

In the general methodology literature, research methods are divided into two types: qualitative research methods and quantitative research methods. Qualitative methods include document analysis, interviews, focus groups, etc. Quantitative methods include secondary data analysis, survey questionnaires, etc. (Matthew and Ross, 2010). Qualitative methods enable more in-depth investigation of under-studied issues (Matthews and Ross, 2010). Quantitative research, on the other hand, is often perceived as a research strategy that emphasises quantification in the collection and analysis of data, and requires a deductive approach to the relationship between theory and research, with a focus on testing theory (Bryman, 2012). Qualitative research usually focuses on asking the *what*, *how* and *why* of a certain phenomenon, while quantitative research focuses on the extent to which certain variables affect the phenomenon (McCusker and Gunaydin, 2015). In this research, I made the choice to utilise primarily qualitative methodology. As discussed in Chapter 2, little is known about Japan's Sharing Economy and limited academic literature can be found. Furthermore, due to a lack of commonly accepted theoretical foundations for research in the field of the Sharing Economy, its existence in Japan is treated as a form of innovation in this research. Starting from the theoretical framework informed by NSI, this study develops hypotheses about what factors may contribute to the Sharing Economy's slow development in Japan. The purpose of this study was to collect rich and in-depth data to approach the research questions in an exploratory

manner, rather than to test theories quantitatively. Qualitative methods are usually more flexible, as open-ended questions and probes allow participants to respond in their own words, rather than forcing them to choose from a fixed set of responses, as in quantitative methods (Mack *et al.*, 2005). Therefore, in the process of exploratorily investigating factors that potentially contribute to the slow development of Japan's Sharing Economy, the selection of qualitative methods can be justified.

More specifically, three methods (document analysis, semi-structured interviews, and case studies) were chosen for this study. The following section will delve into why these methods were selected and how they were implemented in this study.

4.1. Mixed methods for triangulation

The term 'mixed-methods approach' does not simply imply that researchers are encouraged to use multiple methods. It implies encouraging the strategic use of different methods within the principles of triangulation (Imai, 2020).

Triangulation generally means gathering and evaluating evidence for something from multiple sources (Arrington, 2020). According to Denzin (2009), methodological triangulation is a way to achieve a more comprehensive understanding of a research subject by using more than one method, in order to avoid the intrinsic bias of any single method, while other forms of triangulation include data, investigator, and theoretical triangulation. Greene *et al.* (1989) also argue that construct and survey validity can be improved by counteracting the maximum heterogeneity of unrelated sources of bias, particularly intrinsic methodological bias, but also investigator bias, substantive theory bias, and survey context bias.

For validation purposes, this research adopts different methods to triangulate data from different sources, and has integrated two theories to construct the theoretical framework in order to obtain a more comprehensive view.

4.2. Document analysis

Document analysis is regarded as a 'systematic procedure for reviewing and evaluating both printed and electronic documents' (Bowen, 2009). Generally, text and images recorded without the intervention of scholars are two major types of documents (Bowen, 2009). To be more specific, documents include many different forms: letters, diaries, newspapers, books, brochures, journals, memos, radio and video scripts, organisational and institutional reports, newspapers etc. Document

analysis is usually combined with other research methods in practice. The advantages of document analysis are low cost, high efficiency, and broad coverage. These strengths are important reasons why this study relied heavily on document analysis. It would be impossible for me to collect all the first-hand data needed from the fieldwork. Fortunately, it is not necessary to do so, as document analysis enabled this study to obtain data with wide coverage and a longitudinal time span.

The document analysis in this study is drawn from the following sources.

- Relevant academic research (secondary sources)
- Government meeting transcripts
- Media coverage
- Government policies and regulations
- Government whitepapers
- Company reports

The document analysis in this study starts with secondary sources. Maclachlan (2020) defines secondary sources as works that explain events or works of art, books and edited books, journal articles, newspaper editorials, television documentaries, literary criticism, etc. The first step of document analysis is essential to get a full picture of the general background and information from previous studies. Bowen (2009) also noted that documents provide background information and historical insights at the same time.

For the following background chapter, document analysis was adopted to capture the general context of the Sharing Economy in Japan. This also includes the history of the Sharing Economy in Japan, and general consumer attitudes toward the Japanese Sharing Economy. By doing so, this thesis firstly established background information and sheds light on Japan's Sharing Economy from a historical perspective.

In Chapters 6-8, guided by my theoretical framework, this study then identifies the role of NSI from six perspectives (including finance, research and development, education, industry structure, labour market and government stance) in the development of Japan's Sharing Economy and how different actors utilised institutional work to make changes. Chapters 6-8 also benefited from previous research, which offered rich and in-depth discussions about these topics. Although the

literature on the Japanese economy is sparse, the field of Japanese studies has evolved considerably over the past half century (Maclachlan, 2020), and as a result, there is no shortage of material on studies of the Japanese labour market, industrial structure, and educational system. Thus, I am able to build on this foundation to develop my perspective and further focus on questions that have yet to be answered.

This study collected and analysed extensive primary sources after the initial study of secondary sources. Maclachlan (2020) categorises autobiographies, interviews, photographs, newspaper reports, government policy statements, and survey data coinciding with the events in question as primary sources. The primary sources in Chapters 6-8 include government meeting minutes, media coverage, government policies and regulations, government whitepapers and company reports. Document analysis of government whitepapers and reports in terms of the performance of the Sharing Economy over the past years enriched the understanding of the attitude and stance of the Japanese government towards the development of the Sharing Economy. Relevant policies, regulations and laws provide sufficient data to be examined, particularly in finance, labour markets, education, and the role of government.

Document analysis is an important method of this study. For example, the six factors (finance, research and development, education, industry structure, labour market and government stance) were proposed in the working framework before fieldwork; however, they remained generic and abstract. Conducting document analysis provided a holistic view for understanding the background of these factors and for developing questions for semi-structured informant interviews. It was expected that the subsequent document analysis, as well as the secondary data analysis, could help to identify additional factors which were not included in the initial framework and are likely to be also relevant to the innovation process of the Sharing Economy in Japan. As a result, document analysis informed the refinement of the proposed framework and enabled the development of the hypotheses and interview question design.

Furthermore, in contrast to its prevalence within academic studies, the Japanese Sharing Economy has received extensive media attention. The Japanese Government has been exploring the adoption of the Sharing Economy to stimulate the economy, and to address the pressures of continued population decline. As such, media reports and government documents provide a wealth of material to rely upon.

Another major source of documents for this study is the meeting minutes of the Sharing Economy Discussion Meetings (SEDMs), which are held on an irregular basis to facilitate discussions between stakeholders about the challenges, issues and development of the Sharing Economy in Japan. According to Maclachlan (2020), government White Papers (Hakusho), press releases, and advisory committee minutes and reports are essential primary sources that can be retrieved directly from government websites. Similarly, the SEDMs are organised by the Sharing Economy Promotion Centre (SEPC), which was set up by the Cabinet Secretariat of Japan to promote the Sharing Economy, and is accessible from the government's website. The meeting minutes are an important source for investigating the government and representative companies' stances/attitudes on the Sharing Economy. Both government officials and some company representatives attend these meetings regularly. The meeting transcripts provide abundant and valuable data to learn the government's stance among the different ministries, as key officials participate in the meetings. The meeting minutes are well transcribed and documented. Gathering such data in person would be significantly more time-consuming and would require another fieldwork, which was not possible due to the impact of COVID-19 (as clarified in section 4.6). However, I do not see this as a compromise in terms of data quality. In fact, real-world research would require substantial adjustments to the original plan. And not only do the SEDM minutes provided high-quality and well-recorded data, but collecting data through different methods also enables data triangulation. Moreover, in the SEDMs, some representative companies I was unable to interview made business presentations and shared their experience as Sharing Economy startups. Therefore, the meeting transcripts provide more data from the companies' side, which I could not have obtained otherwise.

In addition, issues surrounding the emergence of the Sharing Economy have been discussed several times in Shingikai (advisory committees attached to ministries that consist of government officials and prominent figures from academia and the business community) meetings and National Diet sessions – valuable sources for document analysis.

4.3. In-depth semi-structured interviews

In-depth interviews, which can also be referred to as qualitative interviews, involve asking respondents open-ended questions to which they organise their words or elaborate on their answers (Yoshida, 2020, p. 133). The motivation behind adopting a qualitative interview is 'an interest in understanding other people's lived experience and what they mean by that experience'

(Seidman, 2006, p. 9). In-depth interviews can be divided into three major types based on the degree of structure: fully structured, semi-structured, and unstructured. Semi-structured interviews, using a prepared set of open-ended questions known as an interview guide, are probably the most common method (Yoshida, 2020, 133). The focus of a semi-structured interview is the interviewee, and the role of researchers in the process is using a guide to learn from the experience and insights of the interviewees (Hennink *et al.*, 2011). This study also adopted the semi-structured interview. For a semi-structured interview, the interviewer usually has a guide that serves as the checklist of topics to be covered, but the wording and order of the research questions may be adjusted based on the interview flow. Moreover, unplanned questions may be asked to follow up on the interviewees' responses (Robson and McCartan, 2016). The relatively unstructured nature of semi-structured interviews allows more flexibility in conducting such interviews (Bryman, 2012). Semi-structured interviews are more organised than unstructured interviews, and the researcher can pose questions they perceive to be important. Semi-structured interviews also welcome open-ended answers compare to structured interviews. The interviewees have the opportunity to share and provide more in-depth insights based on their experiences. The role of the researcher in the process is that of a moderator. In this study, the semi-structured interviews were structured according to the hypotheses developed from the theoretical framework. Also, this format gave my interviewees the opportunity to share their experiences and insights into potential important ideas that were not covered by my questions at the outset.

One-on-one interviews – in which one researcher interviews one interviewee at a time – are the most common interview format (Kottmann and Reiher, 2020). This study is no exception. The one-on-one interview was chosen when focusing on the experiences and opinions of one person at a time; the depth of the interview can be deeper, and possible influences on statements among the interviewees can be avoided. For these reasons, most of the interviews were conducted in a one-on-one format. In one of the interviews, the interviewee's assistant also participated and gave some additional responses. In this case, this assistant also signed the consent form.

Because the informants in this research are well-informed and experienced about the research subject, as the facilitator, I only had to ask prepared questions and encourage them to share insights during these interviews. Trust-building is essential, as the informants are more willing to share if a trusting relationship has been built (Hennink *et al.*, 2011). When recruiting informants, I explained the purpose of my research in my initial email. I then made appointments with the informants who

agreed on an interview, and conducted interviews with them at their preferred locations. Most informants chose to have the interviews in their offices, a few in cafes. Before the interviews began, I obtained formal consent (in writing) to ensure that informants understood that they had the right to withdraw at any point in the interview and that they knew they would be treated anonymously in this study. This allowed trust to be established – and when trust was established, informants were able to speak more openly with me.

4.3.1. Semi-structured interview design and questions

Before the formal interviews took place, some basic background questions were asked. Most questions were the same across different sectors, while some questions were different depending on the sector (see 3.1.4) the companies were from. After the interviews, the data was gathered and analysed by sector, because factors influencing the Sharing Economy varied across sectors.

Interview audio recordings were made with informants' permission. Audio-recording is helpful for transcription afterwards. This method is helpful because it can reduce the mistakes due to mishearing, compared to taking notes during the interviews, and it is also easy to back up.

Informant interviews were expected to contribute to confirming whether and to which degree the factors in the proposed framework are relevant or not. To avoid confusion for the informants, I did not explain this purpose in detail, because I did not want them to give me only short yes or no answers. The informant interviews can be invaluable to shed light on which of the originally identified factors matter, and to what extent initial hypotheses are supported or rejected. The findings from the interviews helped to identify which factors of the working framework matter and in what way. Moreover, informants also pointed to additional factors that were not included in the initial framework. The information I acquired through in-depth interviews was based on the personal experiences of the informants and I have also obtained contextual information from interacting with the informants.

Background questions provided the opportunity to ask informants for some background information to determine interviewee socioeconomic status. (Ritchie *et al.*, 2013). Background information about educational background and employment status was asked at the beginning of the interviews. This is also a good chance for the subject to practice answering the questions in their own words and be prepared for some follow-up questions (Ritchie *et al.*, 2013). For the researcher,

the background questions can help confirm that the interviewees match the selection criteria, and how easy the interviewees are to communicate with.

Background questions

The questions below were asked after my brief self-introduction, to help build mutual understanding between interviewees and myself.

1. Can you please tell me briefly about your educational background?
2. How long have you been employed in this ministry/university/company?
3. Have you worked for other companies? If yes, in which field?

Other interview questions were designed based on the NSI framework. This framework is early-stage guidance to look into the Sharing Economy in Japan. There are many sub-systems or small elements under this framework that can be helpful to formulate hypotheses and detailed interview questions (Cooke *et al.*, 1997; Odagiri and Goto, 1993).

The following is a list of factors identified as influential, based on existing general NSI literature, Japan's innovation system literature and general Sharing Economy literature.

- The role of the government: the government's stance and the relevant policies; the role of relevant ministries; relevant laws and regulations (Storz, 2006);
- The role and scale of education and training: public training system on IT skills; non-bureaucratized educational and training system (Freeman, 1987);
- The conglomerate industry structure that favours long-term strategic investment in marketing, training, and technological activities: the vested industry interests (Freeman, 1987; Barnes and Mattsson, 2016);
- Closed labour market: labour relations (McKinsey Global Institute, 2016; Storz, 2006);
- The role of Japanese finance: national budget to encourage relevant enterprises; the role of venture capital (Storz, 2006); and
- The role of research development (R&D) of related technology: R&D in the start-up companies and national level (Freeman, 1987).

Though the questions are mostly formulated based on NSI, questions about other factors considered influential to the Sharing Economy were also asked during the interviews. The main factors identified as important to the development of the Sharing Economy in the existing literature are from the consumer perspective, including trust, familiarity with the Sharing Economy, enjoyment of participating in the Sharing Economy, and economic considerations.

The design of the questions depended on the working framework based on Japan's NSI, and did not formulate questions surrounding how institutional work was done. This is because initially, I only employed the NSI as a theoretical framework. After compiling initial findings from the interviewees, I realised that adding a meso-level perspective could complement my working framework, and therefore, incorporated the institutional work perspective. Although the interview questions did not ask directly about institutional work undertaken by different actors, the data contains relevant information, as informants spent a significant amount of time talking about their business and 'behind-the-scenes' stories. At a later stage, I analysed the data collected from the semi-structured interviews based on the expanded theoretical framework.

The following section shows the questions I designed for interviews with company representatives. I prepared different versions of the questions for interviews with academic researchers and industry insiders, as some of the questions for company representatives may not be appropriate for interviews with these informants. To get the most from academic researchers and industry insider informants, I also tailored some questions for them. However, many of the questions were the same. Therefore, to avoid repetition, I have not included them in this methodology section, but present them in the appendix. These questions were sent to the informants prior to the interviews and acted as guidance.

The list of questions below is only a template, as I changed the order of the questions in some interviews and even skipped some of them when running out of time. Also, depending on the sector of the interviewed company, I modified/worded similar questions differently.

Template interview questions for company representatives

1. Many news and data suggest the Sharing Economy in Japan is relatively weak compared to other developed countries and some developing countries, do you think that this is the case?

2. What are the difficulties that you've met in the process of starting up and operating your Sharing Economy business?

The above two questions allowed me to open the interview with general questions about the Japanese Sharing Economy and leave room for informants to provide as much information as they wished. Also, the interviewees usually had more to talk about when it came to their own businesses, which was interesting for this research. Identifying the difficulties that they encountered with their businesses allowed me to ask some follow-up questions connected to the study's theoretical framework.

3. How do you find consumer acceptance of the Sharing Economy? Do you think Japanese consumers are positive or negative towards the Sharing Economy?
4. Do you think Japanese consumers know enough about the Sharing Economy from advertisements, etc.?
5. How does trust influence Japanese consumers' attitude towards adopting the Sharing Economy, when they know they are dealing with strangers they've never met before? Do you think Japanese consumers find it hard to trust strangers they've never met on Sharing Economy platforms?
6. To what extent do you think the Sharing Economy brings consumers more convenience and economic benefits in Japan? Are there enough benefits to motivate Japanese consumers?

Questions 3-6 asked about consumer attitude, as the general Sharing Economy literature suggested that consumer attitude might have a significant impact on how and whether people would adopt the Sharing Economy (Barnes and Mattsson, 2016).

7. Do you think the government is fulfilling a positive role in promoting the Sharing Economy in the sector that you are in? Or do you think the existing policies are preventing the Sharing Economy to develop? Can you discuss this in more detail?

This question was informed by the working theoretical framework to ask about the government's stance in the field of the Sharing Economy.

8. How important is Research and Development (R&D) for your businesses? How do you ensure you can be competitive in this regard? Do you have any collaborations with Japanese universities or other institutions?

Informed by the theoretical framework, this question focused on the role of R&D.

9. How do you find the recruitment of employees to fit your requirement to innovate, e.g., programmers? Would you hire new graduates? If you do so, would you find them to generally fit your requirement directly after education from universities?
10. Do you think people already have enough job opportunities in conventional industries, so that they are not tempted to try the new Sharing Economy?

Questions 9-10 are informed by the working theoretical framework to ask about the role of Japan's labour market. Question 8 also asked about the role of the education system informed by the theoretical framework.

11. Do you find the existing industries to be the obstacles for your business? (For example, for companies in mobility-sharing, do you find it hard to compete with traditional taxi companies?) If you do find the current industry structure is hindering the development of your business, can you discuss it in more detail?
12. What are the obstacles in attracting new users and how does this relate to competition in the traditional market?

Questions 10-11 are informed by the theoretical framework to ask about the role of existing industry and how the industry structure impacted the development of Japan's Sharing Economy.

13. Was it difficult to secure financial help at the beginning of your business? Where did the initial funds come from (e.g., savings, bank loans or other channels)? Does the government financially support the Sharing Economy?

This question aimed at examining the role of Japan's financial system in the development of Japan's Sharing Economy. By asking each company representative this question, I learned about financing a SE start-up in Japan from the informants' hands-on experience.

14. Do you think Japanese consumers can adopt these platforms and have the IT skills to use these platforms?

This question tried to understand how the company representatives think about basic IT knowledge that customers acquire through the education system.

15. What do you think about the prospects of the Sharing Economy in Japan in the future?

16. Are there any issues that we haven't touched upon in this interview, but which you think are important for an understanding of the Sharing Economy in Japan?

The last two questions were asked to encourage informants to share their own experiences or thoughts. These questions were open-ended and helped to identify factors that were not covered by the working framework.

4.3.2. Fieldwork interviews

The semi-structured interviews were conducted in Tokyo from 22nd February to 18th May in 2019 with three different groups of informants: a) representatives from the Sharing Economy companies, b) other industry insiders of the Sharing Economy and c) relevant academics. The length of each interview was designed to last between one to two hours, because it is difficult for the researcher or interviewee to remain focused for longer (Hennink *et al.*, 2011), and it is unrealistic to attempt to recruit interviewees willing to do longer interviews from their busy schedules. It is hard to conduct fieldwork in Japan without affiliation and *meishi* (a business card). Therefore, I needed to be affiliated with a formal organisation in order to gain the trust of my potential informants. For this research, I was based in the German Institute for Japanese studies (DIJ), Tokyo, from February to May 2019, limited to three months due to funding restrictions. I included this information in my recruitment emails to the informants in order to gain their trust. However, I did not print out any *meishi* for operational reasons; this did not have much negative impact on recruiting my informants, perhaps because most of my informants are young entrepreneurs and therefore less reliant on traditional values in business practice.

The primary group of interviewees were the representatives from a range of Sharing Economy companies, offering views based on their own experiences of setting up and operating Sharing Economy businesses in Japan. In addition, the views of these informants derived in part from the market research they conducted before starting their businesses. Their insider knowledge enabled them to reflect and comment on the different factors and hypotheses of the working framework, which I proposed based on the literature review. To recruit relevant informants, I made a list of

Tokyo-based Sharing Economy companies across different sectors and sent emails to all of them requesting interviews.

The target companies in this study can be divided into different sectors under the Sharing Economy umbrella, as past literature identified (Taeihagh, 2017):

- tourism and hospitality
- mobility and logistics
- Labour and service platforms
- food and dining
- goods and equipment
- financial services or crowdfunding

Food and dining companies in Japan provide two types of service: a) provide the platform for people who need to find catering, allowing them to connect with people who are skilled in catering services; b) provide a platform for people with skills to teach cooking. The food and dining companies resemble labour and service platforms, as they are all platforms for people to share skills and time. Therefore, in this research, these companies are all treated as labour and service platforms. This research divides the Sharing Economy companies into five sectors: sharing accommodation, mobility-sharing, sharing skills, sharing goods, and financial services or crowdfunding. A sample list of representatives of these five sectors is shown in Table 13. The companies in Table 13 are all Japanese local companies of the Sharing Economy and registered members with the SEAJ. The selection of Japanese companies is theoretically informed by the NSI (see Chapter 2), which might differ from sector to sector. Local Japanese companies are more representative, because foreign subsidiary R&D departments in companies such as Uber Japan might depend on their parent companies in Silicon Valley. Thus, this research chose local companies as research subjects, to guarantee that all the R&D processes are done in Japan. And to ensure that the study covers the broad spectrum of Japan's Sharing Economy, I contacted companies from various industries for interviews.

Table 13. Japanese Sharing Economy companies in different sectors

SHARING ACCOMMODATION	SHARING GOODS	MOBILITY-SHARING	SHARING SKILL	FINANCIAL SERVICE OR CROWDFUNDING
<ul style="list-style-type: none"> • Spacee • Ecbo Cloak • Coin space • TLUNCH • Nokisaki parking • Akippa • エーヨ • エアトリ民泊 • Sharing Factory • Minikura • Zens 	<ul style="list-style-type: none"> • Saij (watches rental) • Iaxus (bags rental) • Jukies (machine share) • Renca (clothes rental) • Quotta (object rental) • Kirudake (clothes rental) • Air Closet (clothes rental) • My Stock (watch,jewelry rental) • Brista (fashion rental) • Luxurianwatch (watch rental) • Kashiisyo (kimono rental) • アイカサ (umbrella rental) • Rere レンタル (electronics rental) • Charge Spot • Dress Box 	<ul style="list-style-type: none"> • Pippa (bicycle rental) • Notteco • シェアのり • Anyca • Pickgo 	<ul style="list-style-type: none"> • Livedeli (hire players) • Greenmom.pet • Leber (online doctors) • TadaKu (cook teaching) • Code supporter • Kikkake (teach English) • Airchicken • Doghuggy • Cocooking • My Trainer • Kidsha (daycare) • アエルズ (helpers) • Taimee • ストアカ • Wow u (local guide) 	<ul style="list-style-type: none"> • クラウドリアルティ • エメラダ・エクイティ • Makuake

The second group of interviewees is other industry insiders, including professional investors and informants who work in NGOs that are involved in the promotion of the Sharing Economy. These informants offered different perspectives compared to entrepreneurs, and provided a holistic view to this study. I identified these informants and recruited them via emails and introduction from academics.

The third group of the interviewee for this study were academics. Before the start of this research, I created a connection with a professor in Japanese innovation study, based at the National Graduate Institute for Policy Studies (GRIPS) – a renowned Japanese institute for innovation research. As this professor is an expert in Japanese innovation himself, he agreed to be interviewed for this research.

Another group of possible interviewees would be the key government officials. Government officials are knowledgeable about policymaking, regulations and laws. According to the National Strategy Office of IT, the relevant ministries for the Sharing Economy are the Ministry of Internal Affairs and Communications (MIC), the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Ministry of Health, Labour and Welfare (MHLW), the Ministry of Economy, Trade and Industry (METI), the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of the Environment (MOE) (National Strategy Office of IT, 2016). The original plan was to recruit at least one government official from each of these institutions. Initially, I planned to get introduced to the government officials through the recruited informants from academia and industry. However, this plan was aborted in the end. Only one of the informants expressed that they had direct contact with MLIT, while they hesitated to ask favours from government officials. Other informants, including the professor from GRIPS, claimed that they did not have much connection with government officials from relevant ministries.

Additionally – as many ministries are relevant to this study – setting up interviews with government officials across all of these ministries would require at least one additional fieldtrip to Japan (which was the original plan). However, due to the COVID-19 pandemic, the second fieldtrip became impossible (see Section 4.6). Therefore, unfortunately, there were no government interviews. Nevertheless, the transcripts from the SEDMs (which are held on an irregular basis to facilitate the discussions between stakeholders about the challenges, the issues, and the development of the Sharing Economy in Japan by the Sharing Economy Promotion Centre (SEPC)) filled this gap.

In total, 14 interviews were conducted during the fieldwork for this study. Reflecting on the number of interviews, there is no universal agreement on how many interviews are sufficient for qualitative research using interviews as the main research method (Bryman, 2012). Though different scholars could suggest different sample sizes, most scholars agree that the size of the sample that can support convincing conclusions varies depending from situation to situation in purposive sampling, and qualitative researchers have to recognise that they are engaged in a delicate balancing act: in general, sample sizes in qualitative research should not be so small as to make it difficult to achieve data saturation, theoretical saturation, or informational redundancy. At the same time, the sample should not be so large that it is difficult to undertake a deep, case-oriented analysis (Onwuegbuzie and Collins, 2007, p. 289). Guest *et al.* (2006) revealed that in their study,

most data saturation had already been reached by the time they completed their analysis of 12 interviews. After examining 25 in-depth interviews, Hennink *et al.* (2017) suggested that code saturation was reached at nine interviews, at which point the researchers felt they had 'heard it all'. However, between 16-24 interviews were needed to reach meaning saturation, where the authors developed a richly textured understanding of issues. They explained that the more similar the experience of the participants in the sample in terms of the field of study, the faster saturation could be reached. Bryman offers five factors to consider when trying to decide a proper sample size: saturation; the minimum requirement for sample size in qualitative studies; the style or underpinning of the study; heterogeneity of the population from which the sample is drawn; and the breadth and scope of research questions (Baker and Edwards, 2012, p. 18). In terms of the minimum requirement for sample size in qualitative studies, different researchers have a different understanding. For example, Mason (2010) notes that when he looked at the abstracts of doctoral thesis abstracts relating to interview-based qualitative studies in Great Britain and Ireland, he found that the range was between 1-95.

In this study, the key informants were representatives from Sharing Economy companies. Informants from other backgrounds were also included to gather more information and for triangulation purposes. After completing the 10th or 11th interview, I began to feel that the answers provided by the interviewees were quite similar. The informants recruited came from different areas of the Sharing Economy, but near the end of the fieldwork, the responses from later informants mainly confirmed what the earlier informants had said. Thus, although the sample was not homogeneous, I felt confident that I had reached data saturation (Guest *et al.*, 2006) because I heard no new information from informants interviewed later on. Furthermore, given that the interviews were conducted in a semi-structured manner with a well-integrated theoretical framework, this study did not require a large sample of interviews. Although the interviews with government officials were not conducted in the end, due to practical constraints, this aspect of the study was replaced by document analysis.

4.4. Case studies

A case study usually investigates single cases in a detailed and intensive manner, focusing on the complexity or nature of the case in question (Bryman, 2012). The approach of case study can be applied to study a case of a single community, a single school, a single family, a single organisation,

a person, or a single event (Bryman, 2012). The cases that were chosen in this research focus on organisations – specifically, start-ups in the field of the Sharing Economy in Japan.

One of the advantages is that case studies often include some longitudinal elements (Bryman, 2012). Part of this research intends to shed light on how institutional work has been adopted by new start-up companies, and such a process usually takes a longer period.

Furthermore, a case study provides a way to analyse information comprehensively. Gillham (2000) argues that case studies are very much like detective work. Nothing is left unconsidered – everything is weighed and sifted and checked or confirmed. Since there is little research on the topic of this study, and the current research is exploratory, case studies can provide a comprehensive perspective on the subject.

For these reasons, a case study is an appropriate method for collecting and analysing data in this study. In two parts of this research, the case study approach was employed. The first one is to examine how newly published policies and regulations by METI have been adopted by companies in practice. This is to look more closely into the government's role in promoting innovations and SE from cases in practice. The second part is to look at two representative companies in the Sharing Economy industry by following their development paths closely. The second part of the case study intends to reveal how the Sharing Economy start-ups are exerting agency to do institutional work, interact with current players, and create legitimacy, so that they can be accepted by the customers and the market.

The data sources for the case study investigating the role of the government were government-published documents (new policies and regulations) and information from target companies' official websites. Sampling was not necessary here, because there are only a small number of cases where these new policies have been adopted by Sharing Economy start-ups, based on the information disclosed on the government's website. This may be because not many start-ups are aware of these policies, or they have not had the opportunity to explore how these policies could benefit them, or they may not be eligible to adopt these policies. However, since there are only a limited number of examples of companies who adopted the policies, all of them are covered in this case study about the role of the government.

For the case studies on institutional work, two companies from different sectors within the field of the Sharing Economy were chosen. There are mainly three reasons for such selection:

- Firstly, both companies chosen in the case study have been in the business for a relatively long time compared to many other companies in the Sharing Economy industry. Therefore, these two cases can offer more longitudinal data, which is crucial as this research is set to study changes companies made through institutional work.
- Secondly, I have had interviews with both companies, and there is more data about the two companies – both from the interviews and some internal documents shared with me by the informants. To understand the change in the industry, information from all different sources needed to be examined and analysed systematically. Data collected from different sources allow me to triangulate the information and to some extent avoid the bias of single-source data.
- Lastly, the two cases were specifically selected from the interviewed companies, as they are from two different sectors in the domain of the Sharing Economy to reflect a more general picture. By looking at cases in different sectors, the conclusions can be better generalised. One of the cases is in the ‘mobility-sharing’ business sector; the other is from the ‘space-sharing’ business sector.

As I have conducted interviews with the two companies in the case studies, the company names have also been anonymised for ethical reasons, elaborated in section 4.5.

4.5. Ethics Declaration (refer to ethical approval application)

Ethics is considered to be a set of rules by which individuals and societies maintain moral standards and govern behaviour (Matthews and Ross, 2010). Ethical approval needs to be acquired before conducting fieldwork. Ethical approval is important, because it ensures the research complies with ethical guidelines and also helps researchers to think the whole process through (Matthews and Ross, 2010).

According to the Economic and Social Research Council’s (ESRC) core ethical principles, six major factors need to be taken into consideration for ethical discretion as following (ESRC, 2022):

1. Research integrity, quality and transparency need to be ensured;
2. Research participants must normally be informed fully about the purposes, methods, possible use of this research and potential risk for the participants that entails;
3. The confidentiality and anonymity of participants must be respected;

4. Participants must take part in the research voluntarily and free;
5. Harm to participants must be avoided;
6. The independence of research must be clear, and any conflict of interest must be explicit.

I outlined the interview agenda in the email sent to each informant and explained the purpose of the interview. I also made sure that they understood the interview would only be used for this research and not for any other purposes.

I also ensured anonymity and confidentiality. This research was conducted by me individually, and all the data, as well as other information obtained from the interviews, has been stored safely. A consent form was signed by each participant before each interview took place.

To ensure informant anonymity and confidentiality, the companies in the case study section have also been anonymised. Consent was given for the reproduction of all in-text quotes from informants.

Before making contact with the informants, the ethical approval application, including a detailed list of interview questions, was submitted and reviewed by the departmental ethical committee at the University of Sheffield. I subsequently obtained ethical approval from the committee and only afterwards did I start to make contact with informants.

4.6. COVID-19 impact

In the initial stage of this research, I planned to depend more on informant interviews to gather insider perspectives for data analysis. Unfortunately, the COVID-19 pandemic made it no longer possible to conduct further fieldwork overseas. Early in the COVID-19 pandemic, the UK Government, via the (then) Foreign and Commonwealth Office, advised against all but essential travel overseas. In practice, that meant that during that time, University of Sheffield staff and students were unable to undertake travel for research or teaching purposes. Travel against FCO advice invalidated travel insurance.

The situation was similar in the destination country of this research, Japan. The Ministry of Foreign Affairs of Japan also published border enforcement measures to stop the spread of COVID-19. During the period of my proposed second fieldwork (August 2021, already postponed from early 2020), foreign nationals who stayed in any of 159 designated countries/regions within 14 days before application for landing were denied entry to Japan under Article 5, paragraph (1), item (xiv)

of Immigration Control and Refugee Recognition Act, unless special exceptional circumstances were found.

The fieldwork of this research was conducted in Tokyo between February 2019 to May 2019. The original plan was to carry out the second fieldwork in early 2020; aborted because of the pandemic and travel bans. Subsequently, changes and adaptations were made to gather others to replace further informant interviews. For example, I switched to using government meeting minutes as the primary source for government data, even though the original plan was to conduct another round of interviews with government officials. Meeting minutes have been widely used as a primary source by many established researchers (Maclachlan, 2020) and provided high-quality data for this study.

The modification of research methods was made as a necessary adaptation to real-life environment changes. The data sources found to replace informant interviews are no less creditable than the informant interviews. In fact, the data from different sources can triangulate the analysis, as discussed in previous section 4.1.

4.7. Summary

This thesis applies four research methods: document analysis, secondary quantitative data analysis, semi-structured interviews, and case studies. The nature of this research is exploratory and qualitative, as so far very little is known about Japan's Sharing Economy. Figure 2 shows how the theoretical framework has been refined over time and in response to data collected at each stage.

This study examines why Japan's Sharing Economy is relatively underdeveloped compared to most other developed economies, given Japan's leadership position in the global economy. After the literature review, I recognised that there was scant literature regarding Japan's Sharing Economy and no specialised theory to provide a framework for studying this topic. Therefore, in this study, I attempt to answer this question by considering the Sharing Economy as a form of innovation, and by adopting a NSI framework. I proposed this working framework after integrating the Sharing Economy literature, general NSI literature and Japan's innovation system literature.

The research then began with document analysis of both secondary sources and some primary sources such as government whitepapers, to refine the working framework, develop hypotheses and design semi-structured interview questions.

After compiling initial findings from the interviewees, I found that a meso-level perspective could complement my working framework based on the NSI approach. Therefore, I incorporated the institutional work theory into my working framework, to approach the issue more holistically.

After integrating the framework, I collected more data from various sources (secondary quantitative data from primary sources, such as statistics published by the government; document analysis from sources, such as government meeting minutes; and case studies on representative companies.) The interplay between the development of my theoretical framework and the respective methods is visualised in Figure 2.

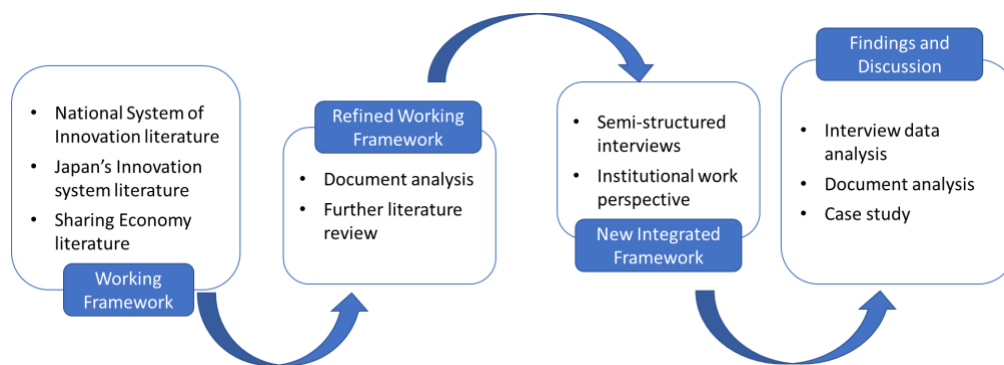


Figure 2. Development of the theoretical framework and methods of the dissertation

4.8. Limitations of this research

Depending mostly on qualitative methods, this research might have the following limitations. In addition to the limitations already mentioned above, there are some general issues with qualitative research. Firstly, qualitative research can be criticised for being too subjective, as the findings might be filtered too much based on the researcher’s views (Bryman, 2012). The samples’ personal experiences might also undermine the objectivity of this research. Moreover, the findings of qualitative investigations are limited, because qualitative research is hard to generalise (Bryman, 2012). Also, the transparency of qualitative research has been criticised, especially in terms of sample recruitment (Bryman, 2012). Despite the many limitations that qualitative research may have, it was deemed to be the best method to derive a rich picture of the current state of Japan’s Sharing Economy, which has so far received comparatively little academic attention. Qualitative research is usually applied when the subject matter needs more clarification before the subject can be quantitatively measured (Ritchie *et al.*, 2014). At this stage, we still know little about Japan’s Sharing Economy – and because of the complexity of the Sharing Economy, there are too many possible variables to be tested by quantitative methods.

Chapter 5. Background

As discussed in Chapter 2, Japan's economic structure provides a basis for understanding Japan's Sharing Economy. Japan is considered as a 'Coordinated Market Economy' with the presence of different stakeholders such as big corporates and the states. In the past, maintaining traditional structures such as lifetime employment, seniority-based promotions, and company-based welfare systems has arguably advanced the competitiveness of larger Japanese companies in the global economy (Hall and Soskice, 2001; Vogel, 2006). However, such economic structure may have limited the ability for smaller businesses and entrepreneurs to enter the market and compete (Calder, 2017). The Japanese market model is especially challenged in the face of changing global economic conditions and increasing pressure for greater accountability and transparency (Calder, 2017).

5.1. Japan's Sharing Economy market

The history of Japan's Sharing Economy is not long. While before 2012, there were a few companies in Japan offering services similar to the so-called Sharing Economy, the Sharing Economy concept 'entered the public discourse around 2012' (Cheng, 2016). The appearance of the Sharing Economy is essentially connected with previous critiques of the current hyper-consumption society (Botsman and Rogers, 2011). The Sharing Economy boom started after the major success of two representative companies, Airbnb and Uber, in Silicon Valley (Martin, 2016).

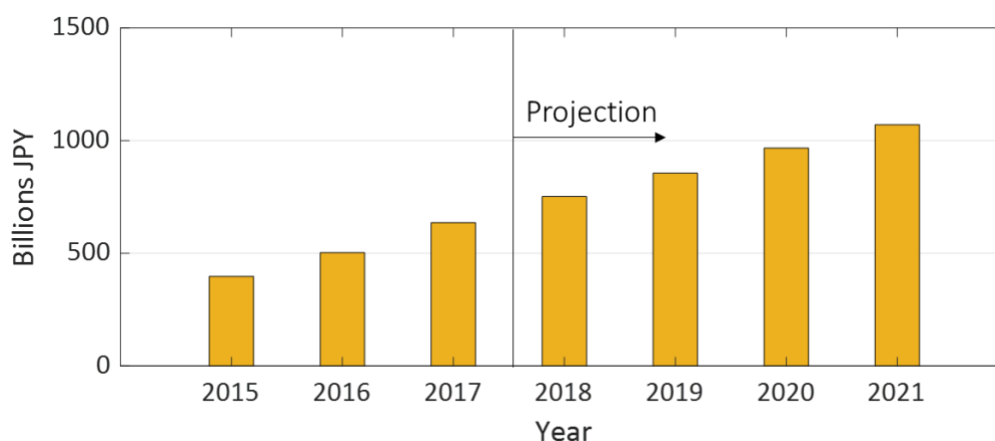


Figure 3. Domestic market size of the Sharing Economy in Japan
Source: Yano Research Institute, 2017

According to a survey conducted by Yano Research Institute, the size of Japan's Sharing Economy has been growing by about 50 per cent between 2015 to 2017, as illustrated in Figure 3. It is also estimated that Japan's Sharing Economy market will continue to expand to around 0.94 billion USD

by 2021. Despite the fact that the market size of Japan’s Sharing Economy is still below the level of many other developed countries, such as the US, the UK, and even some developing countries such as China, Japan’s Sharing Economy has been developing and is expected to continue this trend.

In 2015, the Sharing Economy Association Japan was founded, with the mission to better promote this new type of economy in Japan. At that time, only 32 companies were registered members with this NGO. In 2017, more than 200 companies have registered as members.

Member companies can be divided into five different sectors, shown in Table 14 based on the service they provide.

Table 14. Categorisation of Japan’s Sharing Economy

Sharing subjects	Description	Companies
Space	Idle home, parking space and etc.	Airbnb, Akippa
Mobility	Ride-sharing, rental bicycles	Uber
Goods	Sharing underutilised goods	Mercari, Air closet
Skill	Sharing skills in spare time	Crowd works. TIME TICKET
Money	Crowdfunding for potential projects	Makuake

In past years, the sharing skill sector seems to be growing most rapidly, as shown in Figure 4 according to the Mitsubishi Research Institute (2018). Space-sharing and sharing goods are also growing. However, mobility-sharing and sharing money sectors are making slow progresses. The different progresses of Japan’s Sharing Economy in the five sectors also suggests the importance of discussing the Sharing Economy by sector. It is believed that the sharing skill sector is developing more robustly because the entry level for getting involved in this sector is lower than other sectors – which require the possession of properties, cars, money or underutilised goods (Mitsubishi Research Institute, 2018).

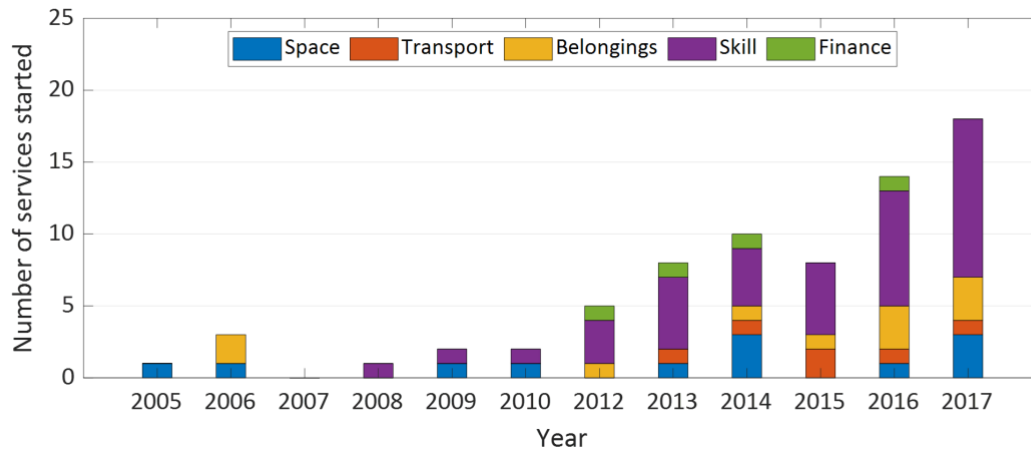


Figure 4. Change in the number of the Sharing Economy services
Source: Mitsubishi Research Institute, 2018

5.2. Background to Japan’s consumer attitude

Although this thesis adopts an institutional perspective to study Japan’s Sharing Economy, it does not intend to deny that the attitudes of Japanese consumers may have contributed to its relatively slow development. In this section, consumer attitude is briefly discussed by reviewing past literature, to give some background to the Japanese context.

Extensive past studies have contributed to the general literature on the consumer attitude of Japanese people (Knight and Kim, 2005; Kohlbacher and Hang, 2011; Synodinos, 2001; Melville, 1999; Schutte and Cialante, 1998; Haghirian and Toussaint, 2011), although the literature about Japanese consumers’ attitudes towards the Sharing Economy is scarce. The general literature can, to some extent, be a reference for understanding the Japanese consumer market. There are several characteristics that past studies have found about Japanese consumers, as summarised below.

5.2.1. Homogenous

Japanese people share a unified language, cultural heritage, and national origin. As a result, Japanese consumers share many meanings, and are relatively homogeneous compared to the populations of many other countries (Synodinos, 2001). The income gap in Japan is smaller than in many other countries (Okahashi *et al.*, 1998), which also enhances Japan's homogeneity.

5.2.2. Group-oriented / collectivist

In general, many Japanese people find it a struggle to belong, and are reluctant to take positions or display behaviours that make them stand out (Schütte and Ciarlante, 1998). In terms of consumer

behaviour, it has been hypothesised that the Japanese are particularly prone to faddism according to Schütte and Ciarlante (1998). 'Group acceptance of the company and its brand determines whether the market will accept its products' (Schmitt and Pan, 1994, pp.44-45).

5.2.3. Risk-averse

Many scholars consider Japan's consumer attitude to be risk-averse and somewhat conservative (Melville, 2012; Synodinos, 2001; Schütte and Cialante, 1998). According to Hofstede's Uncertainty Avoidance Index, Japanese society had one of the highest scores of all cultures studied (Hofstede, 1980). With Japan's huge market potential, it is attractive to foreign companies, but Japan is a much more risk-averse market than its western counterparts (Melville, 2012; Synodinos, 2001).

According to Schütte and Ciarlante (1998, p.74), all consumers are concerned (to a greater or lesser extent, depending on individual circumstances) with monetary, functional, physical, psychological and social risks. However, Asians are often more sensitive to risks than Western consumers.

During an interview given by Itchiya Nakamura, a professor at Keio University who is also an expert in the field of the Sharing Economy, stressed that to develop the Sharing Economy better, the insecurity of Japanese consumers needs to be dealt with (Ichiya, 2017). He added, 'Japanese consumers usually find it hard to trust new things, and this might be one direction to work on in the future.' To further promote the development of the Sharing Economy in Japanese society, trust needs to be established. Also, the well-developed transportation and convenience in other aspects might now hinder the growth of the Sharing Economy. Public transportation is so advanced in Japan that there is a low incentive for people to choose the Sharing Economy over traditional public transportation, which they are already used to. According to Itchiya Nakamura, the conservative attitude of Japanese consumers is believed to be one reason to explain the relatively slow development of the Sharing Economy in Japan.

Japanese people seem to be avoiding risk in many ways. Calder (2017) also concludes that 'Precisely when Japan needed to become more innovative and proactive, it grew more reactive, conventional, defensive, and risk-averse, with a little domestic objection to these tendencies.' The mystery of Japan's hesitant and contradictory domestic response to the sweeping global changes since the 1970s might still be a factor that hinders the development of many innovations.

5.2.4. High quality / brand name focus

The three pillars of Japanese marketing and sales are customer service, product quality and after-sales service (Kotler, 1999). The obsession with quality and brand-name consciousness also indicates the risk aversion of Japanese customers (Schütte and Ciarliante, 1998, p.75). In the Asian context, brand loyalty may sometimes be due to 'inertia', rather than 'brand loyalty' as understood in the Western context, which involves a conscious decision to purchase the same brand continually. In Japan, brand loyalty derives primarily from the psychological comfort of avoiding social risk by sticking with the brand chosen with reference to group norms (Schütte and Ciarliante, 1998, p. 74).

Moreover, in Japan, the relationship between the customer and seller is hierarchical, as the customer holds all the power (Schütte and Ciarlante, 1998, p. 186). Haghirian and Toussaint (2011) state that Japanese consumers usually have different expectations about the service they can receive from the sellers or service providers. They take for granted that every wish of theirs should be taken care of in every possible way.

5.2.5. Not price-sensitive

Past studies also point out that Japanese consumers are not as sensitive to price as many western consumers and are willing to pay a higher price for products or services they have used before and trust, or are from well-recognised big brand companies (Schütte and Cialante, 1998; Haghirian and Toussaint, 2011). Japanese consumers, in general, are said to show insensitivity to price: if the service, quality and technology meet the expectations of the Japanese consumer, they are willing to pay a high price (Melville, 2012).

This might also be connected to the risk aversion attitude of Japanese consumers, as the customer's association of higher prices with higher quality is quite strong in Japan (Schütte and Ciarlante, 1998).

Naturally, this does not mean price is irrelevant when Japanese consumers make decisions, but the price might not always be the priority (Synodinos, 2001). Japanese people have little free time with long working hours and commuting time before and after work (Synodinos, 2001, p. 243); this time-poor culture may result in less time available for pre-purchase research, potentially contributing to price insensitivity.

5.2.6. Ethnocentric

Consumer ethnocentrism refers to a certain kind of consumer behaviour in which consumers are inclined to evaluate products from their home market more positively than imported products. Certain consumer groups show hostility to the idea of buying imported goods. (Haghirian and Toussaint, 2011). According to Gurhan-Canli and Maheswaran (2000, p. 200), in more collectivist cultures, consumers are more likely to be ethnocentric.

Japanese consumers commonly believe that Japanese products are of higher quality than Western products, and they are willing to pay a premium price for them. One reason for this is the remarkably high level of after-sales service, a common feature of Japanese companies not often not expected or received when buying foreign products. Thus, in Japan, quality infiltrates every aspect of the product and involves a constant focus on improvement (Melville, 2012).

5.2.7. Discussion

The past literature points out that Japanese consumers show a high degree of homogeneity coupled with a group orientation, which means that Japanese consumers' consumer choices are similar and usually within the safety of societal norms. Moreover, Japanese consumers tend to avoid risk, prefer higher quality products, and are less sensitive to price than their western counterparts. In addition, Japanese consumers tend to be more ethnocentric in their purchase decisions and think that Japanese products are usually of higher quality.

Naturally, from the consumer attitude perspective, we can try to make a few hypotheses about the slow development of the Sharing Economy in Japan.

Firstly, the Japanese consumers seem to be used to their hierarchical relationships with salespersons and generally demand high-quality products and services. However, the service providers on Sharing Economy platforms are usually not trained as rigorously as the professionals. As Japanese consumers are quality driven and willing to pay a higher rate for better services and products, could this explain the resistance of the Japanese market to the Sharing Economy businesses?

The fact that Japanese consumers are usually more risk-averse than their western counterparts might also pose more challenges for the SE businesses to grow in Japan. The Japanese consumers might feel safer being led by their 'inertia' and make purchase choices that they are familiar with, making it unlikely for them to choose new services or products on the Sharing Economy platforms?

However, since the economic crisis of 2008, which significantly impacted Japan's economy, Japanese consumers have changed in many respects. Haghirian and Toussaint (2011) claim that the Japanese consumer attitude towards product prices has changed from preferring high prices, to broader acceptance of more affordable options. Now, Japanese consumers manifest a wider variety in their attitudes because of the social and economic changes.

Howard (2009) also stated 'A very different type of consumer has emerged: more self-responsible, more independent, and even more individualistic'. With such a shift in consumer attitude, the arguments that Japanese consumers' risk-averse, quality-driven, and price-insensitive attributes make it difficult for the Sharing Economy to grow in Japan might be weakened.

We can therefore conclude that the consumer attitudes of Japanese people may have had a significant impact on the slow growth of the Sharing Economy, but to what extent is uncertain and will require future research.

Moreover, literature on general consumer attitudes has not been updated in recent years, while scholars are dedicated to more specific Japanese consumer behaviour research areas. In more recent years, consumer attitudes have been investigated in specific fields, such as sustainable fashion (Kong and Ko, 2017), sustainable consumption (Lim *et al.*, 2019), and online supermarket trade (Moriuchi and Takahashiba, 2016). Such trends also suggest that consumer attitudes in different fields require separate attention, and call for future research in the context of the Sharing Economy.

This thesis acknowledges that Japan's distinctive consumer attitudes may have played a role in the slow growth of Japan's Sharing Economy, although it approaches the topic from a different perspective – namely that of institutions. This section serves to give the audience more background information about the Japanese context that this thesis explores.

5.3. Japan's consumer awareness and attitude towards the Sharing Economy

After the previous subchapter elaborated on the Japanese consumer attitude in general, this section seeks to give more information about previous surveys and studies that focused on the consumer attitude towards the Sharing Economy.

According to research done by Ministry of Economy, Trade and Industry in 2018, the Sharing Economy seems to remain quite unknown to Japanese consumers. As can be seen from Figure 5,

	EU28	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
a)	36	32	46	36	15	43	30	52	36	36	27	27	28	50	34	41	32	24	29	25	43	29	36	46	44	41	33	34	49
b)	34	37	21	27	34	38	30	21	27	38	41	18	38	11	32	28	36	41	18	39	37	45	30	12	37	26	28	34	21
c)	20	21	19	22	17	28	3	16	16	27	27	18	5	5	15	6	20	15	3	19	26	20	26	11	19	15	14	20	20
d)	17	24	17	21	18	20	8	13	20	27	21	13	6	13	15	6	21	12	5	19	23	18	18	11	16	19	14	19	14
e)	14	19	13	16	14	12	11	12	18	15	16	15	12	10	16	4	15	9	18	12	15	14	22	11	14	16	11	13	14
f)	6	9	5	6	3	5	3	7	6	8	10	4	6	6	11	3	10	7	15	2	6	7	8	7	3	5	6	4	4
g)	13	12	8	16	34	7	28	10	11	14	20	24	15	11	18	17	15	15	16	17	7	8	17	16	14	8	18	14	9

- 1st Most Frequently Mentioned Item 2nd Most Frequently Mentioned Item 3rd Most Frequently Mentioned Item
- a) You don't know what collaborative platforms are
 - b) Preference for services offered via traditional channels (e.g. with direct personal contact)
 - c) Concerns about sharing personal data on the platform or the internet
 - d) Lack of trust in the services offered via collaborative platforms
 - e) Lack of technical knowledge about how to use collaborative platforms
 - f) Poor Internet access
 - g) Others (spontaneous)

Figure 6. The reason that people in the EU have not used the Sharing Economy service
Source: European Commission, 2018

sharing parking spaces and sharing accommodation services are more recognised by Japanese people compared with other Sharing Economy services. The younger generation seems to be more familiar with the Sharing Economy business models. Almost 60 per cent of the population in Japan have no idea or never heard of the Sharing Economy in their life.

		Unit (%)					
		Share Parking Lot (Akipa, Rakupa, Suumo, Drive etc.)	Rideshare (Uber, Notteco, etc.)	Share Private Lodging Service (Airbnb, HomeAway, etc.)	Share Labour such as Housework (AsMama, Any Times, etc.)	Share Personally Owned Belongings (Anyca (car), Eaves (bicycles), etc.)	Others
Samples by age (n = 1,200)		23.0	14.2	31.5	8.4	11.0	58.3
Male	20 – 29 (n = 100)	31.0	24.0	32.0	13.0	15.0	45.0
	30 – 39 (n = 100)	22.0	21.0	32.0	7.0	10.0	54.0
	40 – 49 (n = 100)	25.0	19.0	32.0	6.0	12.0	62.0
	50 – 59 (n = 100)	20.0	16.0	26.0	7.0	11.0	61.0
	60 – 69 (n = 100)	16.0	20.0	27.0	7.0	8.0	65.0
	70 – 79 (n = 100)	11.0	11.0	22.0	5.0	12.0	66.0
	Female	20 – 29 (n = 100)	27.0	14.0	34.0	11.0	12.0
30 – 39 (n = 100)		24.0	16.0	39.0	12.0	11.0	48.0
40 – 49 (n = 100)		24.0	11.0	34.0	10.0	8.0	59.0
50 – 59 (n = 100)		23.0	6.0	39.0	3.0	9.0	59.0
60 – 69 (n = 100)		20.0	9.0	34.0	9.0	9.0	60.0
70 – 79 (n = 100)		23.0	3.0	27.0	11.0	15.0	61.0

Figure 5. The awareness of Japanese consumers towards the Sharing Economy
Source: MIAC, 2018

For comparison, it is worth looking at this factor in another market, such as the EU. Figure 6 shows the findings of a survey of the European Commission in 2018. In the case of the EU market, not knowing the existence of the Sharing Economy is also one of the most mentioned reasons that people have not used this new form of business. But the people in the EU seems more acquainted with the Sharing Economy compared with Japanese consumers. Only 15 per cent of the sample from Denmark have not heard of the Sharing Economy. The people from Ireland and the UK are far less familiar with the Sharing Economy. About 52 per cent of the sample from Ireland and 49 per cent of the sample from the UK say they have no pre-knowledge about the Sharing Economy.

The comparison reveals the fact that compared with consumers from other EU countries, Japanese consumers are less acquainted with the concept of the Sharing Economy. This might correlate with the relative lag of Japan’s Sharing Economy, as most Japanese consumers seem to have little knowledge of the existence of the Sharing Economy, let alone having begun to adopt the Sharing Economy in their own lives.

5.4. Cash-based society

An online payment system is usually vital to cementing transactions to build trust among the service providers, the Sharing Economy platforms, and the consumers (PWC, 2015).

However, Japan has a long track record of being a cash-based society and the dominance of cash is still the situation in today’s Japan. In 2016, cash in Japan accounted for 62 per cent of consumer transactions by value, compared with just 22 per cent in Britain, 34 per cent in America, 10 per cent in South Korea and 50 per cent in China (The Economist, 2017).

Moreover, according to the research conducted by the Mitsubishi Research Institute (2018), transactions made with electronic money (money stored in banking computer systems that can be used to facilitate electronic transactions) is limited in Japan. However, the rate of electronic money use has been growing gradually since 2008, as shown in Figure 7. In 2016, the transactions made by electronic money in Japan only accounted for around 1.7 per cent of the whole domestic consumer spending (Mitsubishi Research Institute, 2018).

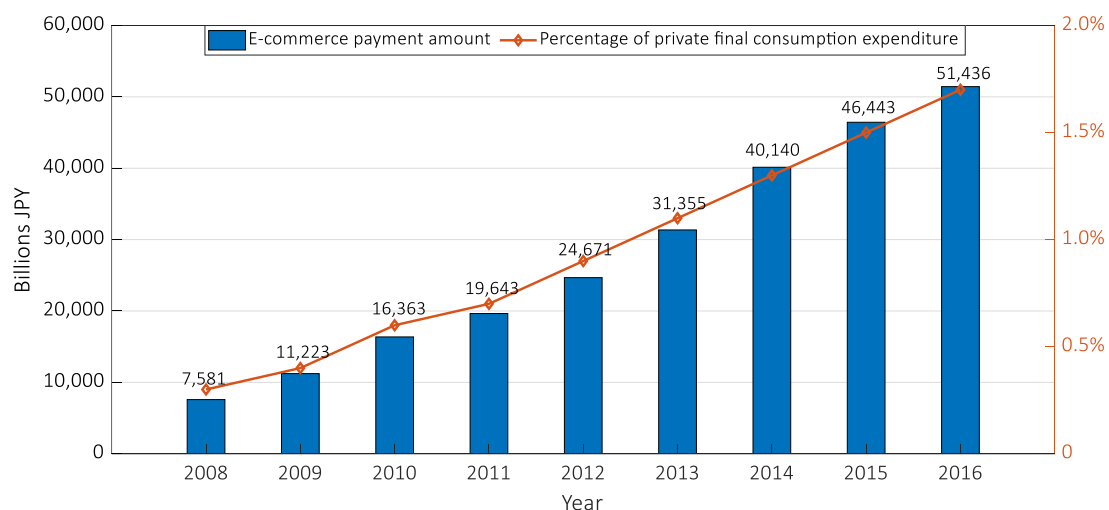


Figure 7. Transactions made by Electronic Money from 2008 to 2016
Source: Mitsubishi Research Institute, 2018

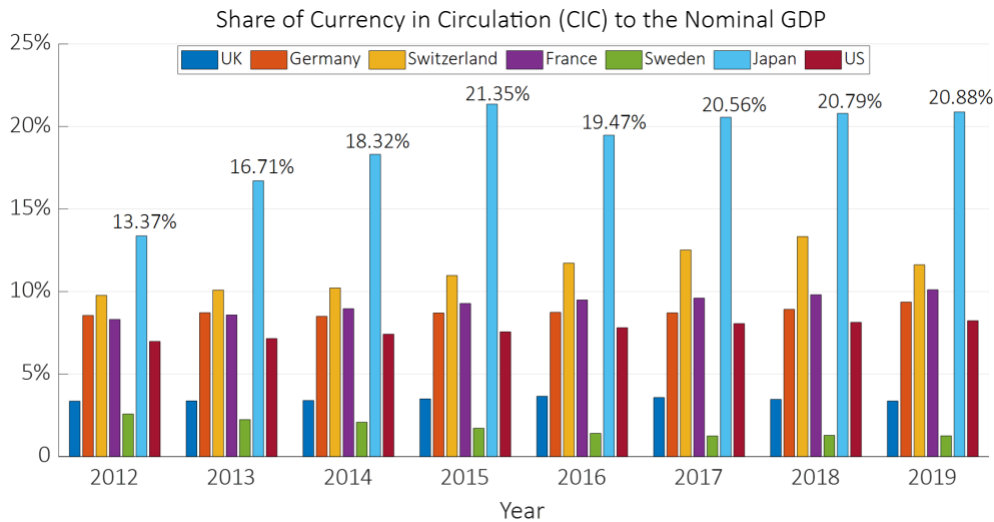


Figure 8. Development of cash to GDP ratio in selected countries.
 Source: IMF; Federal Reserve; BIS; Eurostat; Bank of Japan; World Bank.

As shown in Figure 8, the cash to GDP ratio in Japan has also been rising since 1990s. Shirakawa (2017) gives the following explanation for the wide usage of cash in Japan: 1) with a meagre crime rate, Japan is a safe society, and people feel comfortable carrying banknotes with them (also pointed out by Humphrey *et al.* (1996)); 2) high population density in Japan and the use of cash in P-to-P transactions in urban areas; 3) vigorous pursuit of privacy and anonymity among Japanese people after the changes in the law that lowered the exemption threshold regarding inheritance tax and; 4) public resistance against shifting to ‘the digital processing and payment platform’, magnified by the rapid ageing of Japanese population; 5) high density of ATMs and vending machines encourages Japanese people to carry and use cash; 6) declining interest rate that makes the opportunity cost of holding cash decrease and increases the demand for cash; 7) demand for cash as a safety precaution after the financial crisis in the late 1990s.

However, as slow as it may be, Japan *is* moving towards cashless payment methods. More cashless payment methods, apart from credit cards, are now available. For example, some merchants now accept payment by Alipay, a Chinese e-payment system. Under pressure from the competition of other players, Japanese banks are now also exploring their e-payment systems (The Economist, 2017). But according to Shirakawa (2017), changes in payment habits are challenging. One of the key factors determining the speed of acceptance of new payment methods in society is the proportion of older people who are not necessarily aware of these payment methods. In this

regard, the low penetration of new payment methods in Japan may be due to the fact that Japan is a country with a rapidly ageing population.

The heavy reliance on cash in Japan might be another reason that explains its Sharing Economy lag, because the online payment system is key to trust-building for these online platforms. However, this is also not the focus of this study, and the presentation on Japan as a cash-based society is simply intended to provide the reader with background information to understand more about the context of this research.

5.5. Laws and regulations related to Japan's Sharing Economy

Though there is currently no law that targets the Sharing Economy as a general guide in Japan, the Sharing Economy still has to comply with Japan's existing law and regulatory framework. These relatively new forms of businesses are regulated by laws depending on the relevant business sector. Table 15 shows a number of examples of the sharing businesses and the laws or regulations with which they need to comply. As mentioned in previous chapters, the Sharing Economy is a broad concept, and many different businesses fall within its scope. But these businesses differ from each other in many ways. The Sharing Economy has been divided into five different types of businesses: sharing accommodation; mobility-sharing; sharing goods; sharing skills and crowd-funding. Different businesses in different categories are subject to different laws and regulations. Hence, the discussions towards the law and regulation perspective need to be conducted sector by sector. Actually, in many cases, the categorisation of five types of Sharing Economy is not specific enough. For example, the Sharing Economy companies that run business for 'sharing skills' are subject to the 'Labour Dispatch Law'. However, in the case of 'cooking classes', Japan's Food Sanitation Law also plays an important role in the business. Mobility-sharing businesses are also good examples, which can be subdivided further. The laws can be quite different between ride-sharing services, such as Uber, and rental car services, such as Anyca. Ride-sharing services like Uber are subject to the Road Transport Law, Automobile Liability Security Act and Passenger Transportation Business Transport Regulation. Rental car services are regulated by the Road Transport Law, Automobile Liability Security Act and Road Vehicle Law.

For further interviews and discussions, it is crucial to have clear ideas about relevant laws and regulations. Table 15 is a working table about the related laws and regulations regarding different

types of Sharing Economy businesses under the current law framework in Japan. Moving forward to document studies and interviews, this table will also be updated.

Table 15. Sharing Economy categories and related laws or regulations

Category	Related laws and regulations
Mobility-sharing (ride-sharing)	道路運送法 (Road Transport Law) 自動車損害賠償保障法 (Automobile Liability Security Act) 旅客自動車運送事業運輸規則 (Passenger Transportation Business Transport Regulation)
Mobility-sharing (delivery services)	貨物自動車運送事業法 (Van Transportation Business Transport Law) 自動車損害賠償保障法 (Automobile Liability Security Act)
Mobility-sharing (sharing car)	道路運送法 (Road Transport law) 自動車損害賠償保障法 (Automobile Liability Security Act) 道路運送車両法 (Road Vehicle Law)
Sharing accommodation (private properties)	旅館業法 (Inn and Hotel Act) 旅行業法 (Travel Business Law) 民泊新法 (New Private Lodging Act) 国家戦略特別区域法 (National Strategic Special Zones Act)
Sharing skills	労働者派遣法 (Worker Despatch Law)
Sharing skills (Cooking classes)	食品衛生法 (Food Sanitation Law)
Sharing skills (Tour guide)	通訳案内士法 (Guide-interpreter Business Law) 道路運送法 (Road Transport Law) 旅行業法 (Travel Business Law)
Crowd funding	貸金業法 (Money Lending Business Act)

5.5.1. Accommodation-sharing or private lodging businesses

With the development of the Sharing Economy both in Japan and in other places in the world, the government realises that the current law framework does not work efficiently enough to regulate it. For example, the ‘Minpaku Act’ and ‘New Private Lodging Business Act’ are designed for regulating the use of private properties to run lodging businesses, based on the existing laws. According to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the purpose of the ‘New Private Lodging Business Act’ is to provide a safer, more hygiene environment for the ‘lodgers’, as well as to build a mechanism that responds more efficiently to the potential troubles and complaints such as ‘noise’, and ‘garbage disposal’, raised by neighbours of the lodging business operators.

This law became effective on 15th June 2018. Under the ‘New Private Lodging Business Act’, there are three parties which need to file applications to relevant government ministries in order to run a lodging business: Private Lodging Business Operators (or house owners), who provide the properties to the lodgers in exchange for money; Private Lodging Agents, who provide the online platform for lodgers to find operators that fit their requirements; and Private Lodging Administrators, which are outsourcing management providers when house owners are absent. Figure 9 shows how the new law regulates private lodging services. All three different parties are supervised by different government departments.

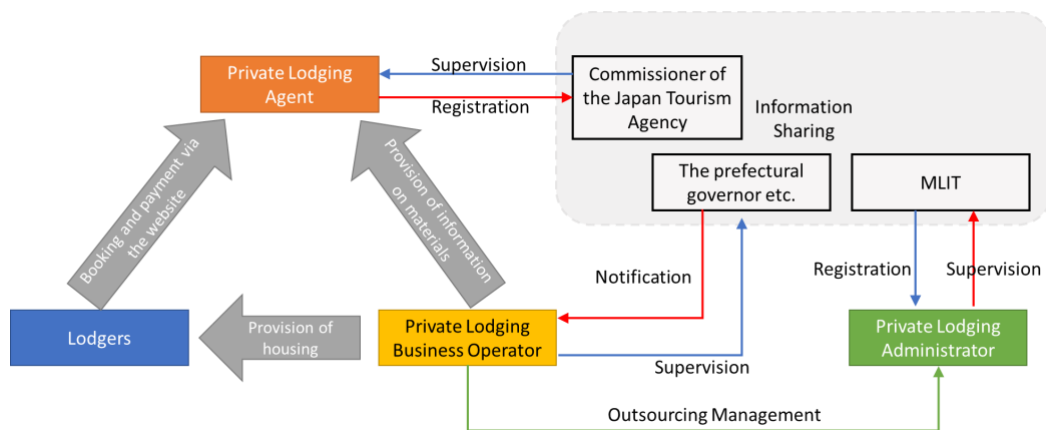


Figure 9. The Private Lodging business supervision under the new law
Source: Japan Tourism Agency (2018)

The Inns and Hotels Act sets the definition of private lodging as:

any business where any person other than a business proprietor in Article 3-2, paragraph 1 provides lodgings at a private house for a fee, not exceeding the use of the private lodgings to

180 days a year from the noon of 1st April till the noon of 1st April in the subsequent year.
(MIAC, 2017),

To ensure the quality of the private lodging service, the 'New Private Lodging Business Act' requires that 'houses' that can conduct private lodging business must be equipped with a kitchen, a bathroom, a restroom (toilet), and a washstand facility. Also, according to the New Private Lodging Act, the house needs to be currently used as the main accommodation of a person, a house which is advertised to a new dweller after the period of lease with a former dweller has expired, as per the residence requirements. When it is necessary to prevent deterioration of the living environment caused by noise and other factors attributable to the Private Lodging Business, the prefecture may limit the period of conducting the Private Lodging Business by defining an area pursuant to provisions of an ordinance, following the guidelines specified by a cabinet order to the extent deemed reasonably necessary (MLIT, 2017). Hence, it is also important that the Private Lodging Operator confirm the rules set forth in the prefecture where the lodging is registered.

The New Private Lodging Act (MLIT, 2017) also requires the lodging business operators keep the Lodger's registry book for three years, once created. Information about the lodger's name, address, occupation and lodging date are required to be recorded. When the lodgers are foreigners without permanent addresses, the nationality and password number also need to be kept in the registry book.

To better accommodate foreign lodgers, the new law also has many specific requirements for the lodging business operators: provide guidance in a foreign language on how to use the equipment in the notified lodging; provide information in a foreign language on means of transportation; and provide guidance in a foreign language on what number to dial in the event of fire or other disasters (MLIT, 2017; Cabinet Office, 2018).

The new law also requires the lodging business operators to entrust a private lodging administrator in the following two cases: 1) The number of lodging rooms in the notified property exceeds five; 2) The business operator is absent during the stay of the lodgers (MLIT, 2017).

According to the New Private Lodging Business Act, it is the operators' responsibility to report to the Prefectural Governor every two months, by the end of February, April, June, August, October and December, about the details of the number of days rented out to lodgers, the total number of lodgers and a breakdown of the number of lodgers per nationality.

According to the MLIT (2018), by 30th November 2018, there were 12,268 applications of business operators, 1,446 applications of business administrator and 68 applications of lodging agent filed after the New Private Lodging Business Act became effective in Japan.

Under the implementation of the new law, Airbnb is also exploring new possibilities to operate in Japan. Airbnb announced a partnership with the Beppu City Ryokan Hotel Association, an organisation of inns in Beppu, to help these Japanese inns to reach tourists more easily.

The influence of the New Lodging Business Act on the business of the Sharing Economy companies and their strategies dealing with the new law has been asked during the interviews with government officers, academics in the related field and industry insiders.

5.5.2. Mobility-sharing

Uber operates in 70 markets worldwide, but has repeatedly stumbled in Japan. It began a ride-sharing trial in the southwestern city of Fukuoka in 2015, but the transport ministry soon ordered the operation to shut down, on the grounds that paying drivers taking part in the trial was illegal (Nikkei Asian Review, 2016). According to the Road Transport Law Article 78, paragraph 1-3 (MIAC,2017), except for the special cases, private vehicles (meaning vehicles other than automobiles for business use) shall not be used for transportation for a fee. Private cars in Japan use white license plates. The terms shiro taku (white taxi) refers to illegal, unlicensed vehicles. Also, the taxi drivers would need to hold a private hire or taxi license. Drivers who drive private vehicles with standard driver license are not allowed to run their vehicles to make money.

Notteco¹¹ is a Japanese mobility-sharing company that provides a platform for drivers and passengers. The idea of the company is to connect the drivers who want to find company for long distance journeys with passengers who need to travel to the same destination. As Japanese law forbids the operation of 'white taxis', there is no service fee incurred in Notteco. Instead, passengers share part of the gasoline cost and road charges.

Other companies choose different strategies to do business in Japan. Understanding the regulatory hurdles, Uber and another big Chinese ride-sharing company 'Didi Chuxing' have both been finding a new way to go around the regulations, by cooperating with Japanese taxi companies.

¹¹ Notteco (notteco.jp) is a Japanese mobility-sharing company that provides a platform for drivers and passengers.

Uber sealed the first deal in Nagoya, to cooperate with local taxi companies from 6th September 2018, expecting this move would enable further expansion of their business in Japan. Their business in Japan transformed into taxi-hailing services instead of a ride-sharing business.

Other than ride-sharing, the rental car business is another major type of mobility sharing. According to the Road Transport Law Article 80, paragraph 1 (MIAC,2017), private vehicles shall not be lent for a fee unless they receive permission from the Minister of Land, Infrastructure, Transport and Tourism. However, this shall not apply if the borrower is the user of the private car.

A good example would be Anyca, a Japanese company, that provides rental car services. By registering on 'Anyca' website, users can find cars to borrow from owners in their area in the platform. The users then need to send a request to the owners about renting the cars. Once the car owner has confirmed the availability of the car at the proposed time, the booking is successful. On the day of renting, the borrower and the car owner can meet, and the car owner can hand the car to the borrower. During the rental period, the car is fully insured by one-day insurance which can be extended if the return is delayed. The Anyca platform receives 10 per cent of the transaction as commission. In businesses like this, cars are treated as a transportation tool. The nature of this kind of business is less regulated, as drivers during the period of renting are the borrowers themselves.

To summarise, as the law is clear that drivers with standard drivers' licenses are not allowed to drive their private vehicles to run businesses, ride-sharing companies need to find ways to tackle this. Uber and Didi are cooperating with taxi industries. Notteco acts as a platform that enables drivers to connect with passengers. Through Notteco, drivers do not make any profit, but gasoline cost and road charges are shared by passengers. It is not clear if the Japanese government would also publish a law that targets the ride-sharing business as it does with the sharing accommodation business.

It was important that the questions about the regulatory issues were covered during interviews with informants to study how the companies are operating under the current law and regulatory framework.

5.5.3. Skill-sharing

Similar to other categories of the Sharing Economy, the skill-sharing type is still new to society and many businesses find themselves in a grey area, where regulations and laws are not up to date (Edelman and Geradin, 2015). There are many new start-ups in Japan that promote themselves as

skill-sharing platforms. Typical services provided on such platforms are hourly paid babysitting services, online design services, dog walking services etc. According to the SEAJ, the most relevant law in the business of skill-sharing seems to be Worker Dispatch Law. Depending on the sector of the business, many other laws may apply. For example, to provide sharing food services, the providers must also comply with the Food Sanitation Law. According to this, people who wish to provide food-related business need to apply for certain licenses from the government; if the handling of certain ingredients such as dairy is involved, a qualified sanitation supervisor needs to be appointed. As this would pose issues for platforms for people to sell the food they make, those such as 'airKitchen' choose to avoid such services, instead, advertising their platform as classroom for everyone to learn how to cook. And as mentioned previously, in mobility sharing businesses where owners get involved to act as a driver, the Road Transportation Law, Automobile Liability Security Act and Road Vehicle Law must also be taken as guidance.

As many previous studies addressed, it is still under debate if the service providers are employees of the platforms (Tremblay-Huet, 2018; CIPD, 2017). Platforms are trying to make it clear in their disclaimers that they are simply a platform to match people with each other, and do not in any sense act as an employer. The platforms hold the point that the service providers are self-employed contractors, only using their access to find clients. However, platforms like Uber have rating systems which don't leave much leeway for the service providers to choose jobs as self-employed people, because if their rating drops below a certain point they may be banned from Uber (Kawakami, 2018). Scholars are concerned that the right of service providers is not protected in the Sharing Economy. Service providers in the Sharing Economy may have been making extra money in their free time when there is no risk or danger, but because they are not recognised as being employed, there are no benefits such as pension and insurance; in some cases they may make even less than national minimum wage. In Japan, the lack of protection for these service providers has raised concerns among scholars (Kawakami, 2018). The insecurity in working for such platforms without good benefit packages could make recruitment hard. Hence reformation was needed, and relevant labour laws needed revision in order to make the Sharing Economy work in Japanese society (Kawakami, 2018).

According to SEAJ, the Worker Dispatch Law is also relevant to the skill-sharing business at this point. The Worker Dispatch Law was first introduced to regulate Japanese traditional temporary staffing industry in 1985, which was introduced to regulate subcontractor companies dispatching

temporary workers with skills. As the Sharing Economy companies claim that they are simply providing platforms for their customers, it is not clear how Worker Dispatch Law applies here, because the skill-sharing companies do not deem themselves subcontractor agencies.

Therefore, after presenting background information on the current state of the Sharing Economy in Japan – noting that its development can be described as relatively slow – in the next chapter I will begin the first of a three-part analysis, with an in-depth analysis of the reasons for this slow development. By conducting interviews with industry informants, I was able to find out some answers, which will be elaborated in the next chapter. During interviews with industry informants from different sectors, I proposed questions regarding general regulation that are relevant to skill-sharing businesses, and some customised questions that targeted different sectors.

Chapter 6. Informant interviews

Following the background chapter, this chapter begins with the presentation of empirical data and in-depth analysis and discussion. The chapter provides rich primary data through in-depth interviews with industry insiders from various backgrounds and discussions. The interview data is analysed first by adopting the national innovation framework, and then adopting the institutional work framework to give perspectives from the macro and the meso levels.

This fieldwork took place from 22nd February to 18th May 2019. Fourteen informants were interviewed for one to two hours in a semi-structured format. The informants in this work came from various backgrounds. The entrepreneurs of local Sharing Economy companies, one professor, several investors and other industry insiders are recruited for this fieldwork. The Ethics Committee of the University of Sheffield approved the fieldwork to ensure that this work was carried out ethically. A list of informants is attached in the appendix, after anonymising the informants' identities.

At the preparation stage, emails were sent out to recruit informants. This fieldwork was conducted in Tokyo because a significant portion of the start-ups in Japan is based in Tokyo. I contacted a Japanese professor in innovation studies from National Graduate Institute for Policy Studies (GRIPS). They generously supported my fieldwork grant application and agreed to my interview. Although I sent out over 30 emails to different Japanese Sharing Economy companies, I was only able to interview the responders of my recruitment emails. During my fieldwork, I was kindly hosted by German Institute for Japanese Studies (DIJ), where I was provided with a desk, access to libraries, and help to set up interviews with two Japanese investors.

Before each interview began, consent forms were given to and signed by each interviewee to ensure that they understood their right to withdraw at any point in the discussion. They were aware that they would be dealt with anonymously in this thesis and could talk more freely without concern about revealing their identities.

Because of the lack of knowledge of Japan's Sharing Economy, the nature of this work is exploratory. The design of the interview questions was initially guided by the working theoretical framework inspired by the NSI. The working framework of this research identifies finance, research

and development, industry structure, government policy, education, and labour market to be the six main elements in Japan's national system of innovation.

Three sets of interview questions were designed and adopted to interview different informants depending on their roles. The interviews were semi-structured to allow the informants to share their thoughts and opinions based on their own experiences. After completing the 10th or 11th interview, I began to feel that the answers provided by the interviewees were quite similar. The informants recruited came from different areas of the Sharing Economy. Still, near the end of the fieldwork, the responses from later informants mainly confirmed what the earlier informants had said. Thus, although the sample was not homogeneous, I felt confident that I had reached data saturation because I heard no new information from later-interviewed informants. Furthermore, given that the interviews were conducted in a semi-structured manner with a well-integrated theoretical framework, this study did not require a large sample of interviews.

The findings suggest that the NSI framework is suitable for the analysis in this case. Although there were also factors outside the framework constantly brought up, the informants confirmed that factors identified in the NSI provide explanations for the relatively slow development of Japan's Sharing Economy, which is the question this research poses in the first place. The data analysis adopting the NSI framework is detailed in section 6.1.

After collecting, transcribing, and analysing the interview data with the NSI framework, I realised that the actors' efforts should also be considered and discussed, to give a meso-level perspective complementary to the macro-level perspective that the NSI framework offers. Admitting the agency of different actors in the field, the institutional work theory provides an analytical framework that focuses on efforts made by different actors under three main categories: maintaining institutions, creating institutions, and disrupting institutions. The institutional work framework is adopted in this research to analyse what, how and why different efforts are made by actors representing diverse interests, and thus capture the dynamics of the Sharing Economy.

Although the interviews had been conducted before I decided to adopt the institutional work theory, the interviews still provided much data for analysis under the institutional work framework. The informants all talked about the efforts they had made in the process of developing the Sharing Economy – except for investors and the professor, who were not crucial advocates for the Sharing Economy development in Japan. All informants touched upon the efforts the government and

existing industries had made to maintain institutions. Again, this is thanks to the open-ended nature of semi-structured interviews this work adopted. Section 6.2 analyses the data from the semi-structured informant interviews adopting the institutional work framework.

6.1. The national system of innovation

The analysis is first done by adopting the NSI in this section. As introduced in the earlier theoretical framework chapter, six factors have been identified in Japan's NSI in the field of the Sharing Economy: **the education system, labour market, technology, finance, industry structure and government stance and policy**. This section proceeds to discuss each of these factors, and other factors which informants mentioned in the semi-structured interviews.

6.1.1. Education system

The education system is one of the critical components of the NSI. According to the informants, the education of engineers and entrepreneurs is still weak in Japan (informant 1, 2, 6, 9, 10, 13). Although Japan performs well in hardware engineering education, software engineering education is not as strong (informant 6). Only a handful of universities provide degrees in software engineering (informants 9,10,13).

Compared to studying abroad, life in Japan is much more comfortable for Japanese young people. 'Life in Japan is simply more comfortable. The food, the convenience store, you name it' (informant 6). Education in Japan is also more affordable than other popular higher education destinations (e.g., the US and Europe). In recent years, job hunting is not as challenging as before, partly because of the ageing society and increasing workforce shortage. Therefore, fewer young people choose to go abroad for education in general. If they want to experience other countries in the world, they might decide to go for an exchange programme, in which the time is more limited.

In my company, all the engineers I hire are self-taught because they have a personal interest in software engineering and could not find suitable university programmes to study. It would be much easier for us to hire engineers if more university programmes were offered. There is a big shortage in this industry, and many who apply for the engineer roles are only self-taught. It is not easy to find out if they are qualified because they are not trained systematically from university. We usually have to do in-house training for them
(informant 13).

Additionally, Japanese students tend to choose stable jobs after graduation, which explains why there are not many young entrepreneurs (informants 4, 11). According to informant 11, the reasons behind this are the conservative views held by Japanese society that starting up a business is too risky. If the graduates do not find a stable job right after graduation, it will be too late. Informant 7 stated that the other cause is the lack of entrepreneurial-related courses or training. The students have little access to information and guidance on how to start up a business. And there are not so many successful entrepreneurship examples to motivate newly graduates to start up their businesses (informant 14).

6.1.2. Labour market

One factor that relates to the education system is the labour supply. Several informants supported the hypothesis of this research that the local labour market is not helpful for the development of Japan's Sharing Economy in general (informants 1, 2, 3, 11, 13). Many Japanese corporates still restrict their full-time employees to working for Sharing Economy platforms as their '副業' – a second job that is not the employee's primary focus but another way to earn some income during free time (informants 1, 3).

The supply of engineers is a challenging part of the NSI for the Sharing Economy's business, because of the lack of education programmes in software engineering in universities. Engineers' pay is exceptionally high compared to the average wage in Japan (informants 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13). Also, the informants (1,2, 5, 8) claim that most good engineers are off the market, because they can either quickly get stable jobs in big companies, or work as freelancers who take three or four jobs from different companies. Such engineers would split their time to work two days per week for each company. Many entrepreneurs in the Sharing Economy platforms do not have the software engineering skillset themselves, and therefore it is essential to hire people who have the expertise. In this sense, the labour market is not supplying enough talent for start-ups.

6.1.3. Technology

Technology is essential to Sharing Economy businesses, because the platforms are running online. Algorithms and software systems are the key components to make the platforms work. For example, some platforms adopt a bilateral evaluation system to help build trust. The business providers and customers can rate each other through this system; ratings usually become references for the next customers and service providers to rely upon when making decisions.

Previous research has found that trust is one factor that helps people to decide if they adopt services from online platforms. The review system has been tested to help build trust among strangers who use the platforms. The requirements for the innovation in these systems are not too high: good-standard software engineers can do the job (informants 1, 2, 3, 8, 11, 12). For one team, commonly, only one key person does most of the design. The rest of the engineers are there to realise the design (informants 1, 2, 3, 5, 8). 'It's not like we need to hire a genius team to make it work; one sole person is enough' (informant 8).

Because it is not easy to find engineers in Japan at a reasonable price, some companies decide to move development teams overseas to lower costs. But some companies choose to swallow the cost because they think good communication is vital for a start-up company. In their opinion, it is not acceptable at the start-up stage to sacrifice the communication quality for cost (informant 4, 5, 11, 12).

Most companies start their business with web pages due to limited budget – only a handful of companies started by building an app. The cost for app development and maintenance is higher than operating a website alone. The usual pattern for the company is: testing the service on website first; when they have accumulated a customer base, they start to think about expanding the business by making apps. Because most of the CEO informants interviewed do not have a technology background themselves, it is also essential for them to partner at the beginning with someone who with the right skillset (informants 1, 4, 8, 11).

Although most start-ups have struggled to find suitable technical talent to join their business, and cost more than they anticipated at first, the companies interviewed in this study somehow eventually found technical talent helpful for their companies. Some informants expressed that they were content with their technical employees (informants 1, 5, 13). However, informants recognised that cost of hiring technical talent is high in most countries and regions. The cost of hiring software engineers in Japan is much lower than the Silicon Valley, though the engineers there might have more advanced skills (informants 1, 8).

6.1.4. Finance

The initial funding is always hard for entrepreneurs to get hold of. For the first stages, entrepreneurs are either self-sponsored or get a loan from the bank (informant 2, 4, 5, 7, 11). According to entrepreneurs, Japanese investors are more risk-averse and conservative when

investing. They want to see some positive feedback from the customer's side in the start-up before they decide to invest (informants 1, 2,3, 4, 5, 6, 11, 13).

As in many other countries, entrepreneurs either spend their own savings or get loans to finance start-ups at the beginning stage. There is a slight chance that an investor might spot the potential in a company and support the start-up at this early stage. Usually, a customer base and good record needs to be built to impress investors. It is impossible to continue to the later stages without money from investors. The most usual channels are Venture Capitals (VCs) and Corporate Venture Capitals (CVCs). There are some enterprise competitions; some entrepreneurs have their channels to get in touch with the investors; and some are introduced to investors (informants 2,8,11). There are also individual investors (informants 2, 5, 9, 10). It is feasible to be self-sponsored at the initial stage of the business, and a low-interest loan is not so difficult to apply for from the Japan Finance Corporation (日本政策金融公庫). Usually, a 20-30 million (JPY) loan is easy to access in this way, but any number higher than 30 million might be a bit tricky (informant 1, 2, 5). For later stages, loans are no longer options and the money from investors becomes increasingly important (informant 8). Many entrepreneurs find it difficult to get investments (informants 4, 5, 11, 13). To prove the value of the start-up businesses, some companies obtained investment by participating in some start-up competitions (informants 4, 7, 8). And it is hard work for entrepreneurs to convince the investors their business would be profitable (informant 11). It is common that in the end entrepreneurs get a smaller amount of investment compared to what they need.

From the interviews with the investors, the question that matters the most to them is how to find a valuable programme to invest in. There was a time when the Japanese private investors did not have as much money as they can invest these days, but now there are many stronger Japanese investors with money to invest (informant 9, 10). 'We've talked with many investors as well; the most common complaint is the lack of good entrepreneurs and really valuable start-ups. The investors are also keen to invest money in promising businesses' (informants 9 and 10).

However, the Japanese investors do not only have their focus on investing in the Japanese domestic market. For some investors, the hurdle that holds them back from deciding to invest in Japan's Sharing Economy is the uncertainty about the regulations (informant 14). One of the investor informants elaborated on this: 'I do not see Japan as my sole investment destination. With globalisation, the Japanese entrepreneurs are now competing with a broader range of competitors

not only from Japan but also from elsewhere in the world. Because the government regulations are quite strict with the Sharing Economy in Japan, I think it is too risky to invest in this industry. We can see that this year the 'Minpaku New Law' hurts the business badly in Japan. In general, I think investing in the business in Japan is somehow unpredictable. You may want to invest in the future, which is something new, but the changes happen slowly, and the government usually have to be concerned about the existing industries. Japanese people are not open-minded. Japanese culture is homogeneous. I prefer to invest in global business because by doing that there is the possibility to explore the rest of the world later, whereas investing in Japan means the best prospective is just getting the Japanese market. This is not just with me, among my peers, I think it's becoming mainstream for investors to explore more chances overseas' (informant 14).

6.1.5. Industry structure

Industry structure plays an important role in the development of the Sharing Economy according to the informants. Industry structure has been identified as one important element in the NSI literature. Based on the interviews with informants across different sectors, their experiences in starting up the business are quite different, but they all believe the industry structure is important (informants 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14). Taking the point of one informant, the existing laws and regulations are made to regulate and protect the existing industries (informant 8). In a sector with a strong industry base, the existing companies with vested interests can make it really hard for new businesses to grow. Especially within the taxi industry and the hotel industry, they have strong industry bases and lobbyists (informants 1, 2, 3, 4, 5, 6, 7, 8, 11). Giant Sharing Economy companies such as Airbnb and Uber are almost banned by the government from making new laws and regulations because of the pressures from the existing industries (informants 7, 8, 14). Because the 'taxi' industry is too strong, there is little room for the Sharing Economy to grow. There are companies exploiting grey zones in the regulations and laws, but it is unclear how long they would be allowed to do so (informants 4 & 6). Uber made compromises to search for opportunities in Japan. It ended up cooperating with some taxi companies to offer more localised services. Now Uber becomes a cab-hailing tool rather than a sharing ride platform. In the business of sharing accommodation, the competitors such as hotels and Japanese Ryokan are also strong, so maybe a better idea would be to move on and find something else other than sharing accommodation or ride-sharing, as stated by one informant (informant 9). The industry structure is also important to

the investors as they would also try to avoid uncertainty at all costs, and they are less likely to invest in new business in a sector with a strong industry base (informants 8 & 14).

For businesses that do not have such a strong industry base, the entrepreneurs feel less concerned about competition with the existing companies. They are more struggling with how to make people aware of their existence and appeal to more customers (informants 2,5,12,13).

6.1.6. Government stance and policy

The government has a general official statement about pushing the Sharing Economy forward. It published the 'Future Investment Strategy 2018' on June 15, 2018, and set the tone to strengthen government support through cross-ministerial assistance for Sharing Economy operators (informant 7). One informant expressed that some ministries have stronger motivation to promote the Sharing Economy than some other ministries (informant 7). Cabinet Secretaries (内閣官房), Ministry of Economy, Trade and Industry (経済産業省), and Ministry of Internal Affairs and Communications (総務省) are three main ministries which have a more open attitude towards the development of the Sharing Economy.

The Cabinet Secretaries set up the Sharing Economy promotion centre (シェアリングエコノミー促進室) in 2017. The MITI wants to promote the Sharing Economy because it could also be beneficial for the development of start-ups in Japan and then make a positive impact on the Japanese economy. The MIAC also wants to promote the Sharing Economy because the officers see the Sharing Economy as one possible way to Japan's ageing problems (informants 7 & 8).

However, there are some other more conservative ministries which are not motivated to push the Sharing Economy forward such as the Ministry of Land, Infrastructure, Transport and Tourism (国土交通省). It is quite interesting that although the Ministry of Land, Infrastructure, Transport and Tourism is conservative, its subordinate body, the Japanese Tourism Agency (観光庁) is more open to changes as one informant describes (informant 8). The Ministry of Land, Infrastructure, Transport and Tourism is famous for being conservative not only in the Sharing Economy but also in many other new businesses. An informant state that the priority of the MLIT is to keep the vested interest there and the development of new start-ups does not motivate the MLIT (informant 14).

Although the general attitude of the government is positive toward the Sharing Economy, there is little support for action yet (informants 1, 2, 11, 13). However, according to some other informants,

they understand because the Sharing Economy in Japan is still new, it takes time for the changes to be made and the changes would be made (informants 7 & 8).

6.1.7. Discussion

Six factors identified from the NSI framework have been discussed in the above section one by one. To summarise, Japan's NSI does not provide a generally good environment for the Sharing Economy businesses to grow.

Firstly, different informants pointed out that the education system does not provide resources for students to study software engineering despite the decisive advantage of Japan's education in hardware engineering. Only limited universities offer software engineering degree courses. At the same time, not many Japanese young people have chosen to study abroad in recent years. Many software engineers are self-taught in Japan. Start-ups struggle to find software engineers. Even if they manage to recruit the engineers, they usually need to offer a major in-house training because the newly recruited have never been trained systematically and might lack some essential skillset the company needs. Most graduates still prefer stable jobs at big corporates and do not like to take risks. Entrepreneurship courses are also rarely available in Japanese universities at the undergraduate level. And the entrepreneurs usually have little access to the information and guidance on how to start up a business. Therefore, the education system does not contribute to the development of Japan's Sharing Economy.

As a result of the limited resource for the education opportunities for Japanese to study software engineering, different informants claim that the supply of software engineers essential for Sharing Economy companies has a significant shortage, which poses some hurdles for the businesses to develop. The labour market is vital in this topic because many Sharing Economy businesses promote and make money from skill-share. The preference of the Japanese to work for big corporates means that this type of business needs many part-time workers who already have 9-5 jobs. However, it is not uncommon that big corporates would restrict their full-time employees from working for Sharing Economy platforms.

Technology is another factor that is closely tied to the education system. In the Sharing Economy, a bilateral evaluation system for the service providers and customers to leave feedback is critical for trust-building, and an on-demand matching system is essential for the platforms to operate. For both applications, the algorithm and relevant talents are crucial. Therefore, as the education system

cannot provide sufficient talents to work as software engineers, the technology is negatively affected. However, most informants do not think the technological challenges are too big for them. At least one capable programmer who can work independently is needed in the team to contribute to the technical side. The rest of the engineers are usually only expected to execute non-unprecedented tasks. Although most start-ups had struggled to find suitable technical personnel initially, they all managed to work things around somehow. Some start-ups have at least one well-equipped founder with technological skills, while others outsource their technological development to overseas programmers.

Most informants confirmed that it was difficult to get financed as start-ups. Most entrepreneurs have to spend their own savings or get a low-interest loan of up to 30 million (JPY) from Japan Finance Corporation at the initial stage. It is generally difficult for start-ups to get funded by investors, and when they do, they usually get smaller investments than they need. The ambiguous government attitude toward the Sharing Economy and the potential change in policy and regulation make the investors hesitate to make investment decisions, especially when they have the option to make investments in other fields or even countries.

According to informants, the industry structure primarily dominated by vested interests poses one of the most significant challenges to the Sharing Economy. The informants claimed that the existing regulations and policies had been created to protect the existing industries, making it difficult for new businesses to open the market. Especially in the 'hotel' and 'taxi' industries, the vested interests have a strong position and hinder the operation of big Sharing Economy platforms such as Uber and Airbnb. For businesses that do not have such a strong industry base, the entrepreneurs feel less concerned about competition with the existing companies.

In the interviews, the informants also confirmed that although the government appeared to show a supportive attitude in promoting the Sharing Economy in Japan, some crucial ministries showed resistance to making changes. Therefore, there were few actions made to benefit the development of the SE companies in Japan.

6.1.8. Factors outside the framework

As the format of the interviews was semi-structured, the informants also commented on other factors that are not included in the theoretical framework of this thesis. One of the most mentioned

factors is the Japanese culture. The informants conclude that Japanese culture is still relatively conservative to an extent (‘保守’) (informants 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14).

The Japanese would not easily accept changes in their life. ‘I think the Sharing Economy is interesting and good, but as a consumer. The traditional taxis are convenient enough and I’m used to getting cabs on the street whenever I need them. With the Uber thing, I’ve tried in France and the US, you have to download their app and it’s not really easy to use especially for elderly people. Also, because they’re not properly regulated, the service quality is not as good as professional taxis. One informant talked about this problem that ‘having this in mind, I’m not sure if it’s a good thing that the Japanese government banned them’ (informant 6). The example given by the informant suggests that many people are used to the current situation and feel reluctant and pointless to adopt new ways in daily life. In general, Japanese people are not easily stepping out of their comfort zone. If there are accessible good services already, they would not have the incentive to try new things casually. That’s why in general changes happen slowly in Japan (informant 8).

For elderly people, it is too challenging to use these platforms as there are certain requirements on the knowledge of IT skills. (informants 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14)

Also, the lack of knowledge about the Sharing Economy has been brought up by the informants. Many Japanese people have absolutely no clue what the Sharing Economy is and among those who know about the Sharing Economy, most of them are in their 20s to 40s.

For the consumers who know about the Sharing Economy, there are many of them who have trust issues towards the platform and the other party they might be dealing with. They are more inclined to put their trust in established companies other than individuals who provide their service on the platform businesses. Because many consumers have the mindset that if they ever come across any trouble, they can count on the companies to take responsibility. Traditional companies are more trustworthy and because their brand names are invaluable for the companies, they will deal with troubles more promptly and cautiously. Whereas the individuals are less trustworthy because if things go wrong there’s no guarantee that the individuals would take the responsibilities (informants 1, 3, 7).

The informants also mention that according to the market research they conducted as a preparation for starting up their businesses, the participated consumers showed concerns about dealing with strangers. Many asked if the transactions were fully insured and how disputes would

be handled (informant 2). Some companies that target foreign users to provide tourism-related services find it not as challenging to deal with the trust issues for foreign users. Generally, the foreign customers have a more open attitude towards the Sharing Economy and feel safe doing so, especially in Japan, an environment they consider safe enough and trouble-free. On the other hand, for such platforms, it is usually the case that the service provider side (Japanese local people), worries about how things would be settled in the case of troubles or incidents (informants 4 & 5).

The above findings also confirmed what I introduced in the background chapter regarding the Japanese consumers' risk-averse attitude and awareness of the Sharing Economy. Future research can potentially explore further from the consumers' perspective as this study does not dive deep in this direction.

6.2. Institutional work framework

The second section of this chapter adopts the institutional work framework to analyse the interview data collected from fieldwork. The adoption of the institutional work framework adds another layer of perspective to the analysis while taking into account the agencies of different actors into consideration. The analysis seeks to understand the dynamics of the Sharing Economy in Japan through informant interviews.

Although the interview questions were designed before I determined to adopt the institutional work theory in this thesis to understand the dynamic development of the Sharing Economy in Japan by adding the meso-level perspective, the semi-structured interviews enabled me to extract sufficient valuable data from the conversations with the informants as they were given the opportunities to talk about their own experiences and factors, which they considered critical to their businesses.

The data from informant interviews gave top-level points as to how the institutional work has been done by different actors in the field. However, because the questions were initially phrased to confirm the how the factors identified from the NSI influence the development of the SE in Japan, more detailed information is not extracted from the informant interviews to be analysed by the institutional work theory. To understand how different actors use the institutional work, future chapters will present more data collected from other sources. In Chapter 8, through studying two typical Sharing Economy businesses as case studies, I discuss in detail how the new actors create and maintain institutions to adapt to the business environment.

Past literature has summarised and showcased different forms of institutional work that fall into three categories: maintaining institutions, creating institutions, and disrupting institutions. In the analysis of the following sections, the tables are shown again (although also in the theoretical framework chapter) to make the analysis clearer.

6.2.1. The Sharing Economy Association of Japan

In discussing the institutional work relative actors have done, the Sharing Economy Association of Japan (SEAJ) must be mentioned and discussed. The SEAJ is a non-governmental organisation, which promotes the development of Japan's Sharing Economy. The SEAJ was initiated back in early 2016 by a local company named Gaiax to enhance the influence of Japan's Sharing Economy. Encouraging companies in the Sharing Economy business to join as members, SEAJ hopes to gather as many companies as possible to jointly push the industry forward in Japan. Members are charged a monthly fee for the operation of the SEAJ office. Some staffs who work for the SEAJ office are initially from member companies and work on a part-time basis (informant 7).

There are three primary directions that the SEAJ is working on according to both the informant and the introduction on their official website. As the first direction to tackle the trust issue that Japanese consumers have, the SEAJ is now working on issuing 'the Sharing Economy Trust Mark' to companies in the business of the Sharing Economy. The Sharing Economy Trust Mark is acknowledged by the government. The decision-making is based upon the 'Sharing Economy Guideline' drafted by the Cabinet Secretariat of Japan. The platform companies firstly make applications to the SEAJ. Then the SEAJ screens the application materials and makes interviews with these platform companies. Finally, the decisions are made on issuing the Trust Mark. Until July 2019, the trust marks are issued to 22 services across 21 platform companies. As the Trust Marks are issued under official governmental guidance, it is hoped that consumer concerns can be eliminated in long term.

Secondly, the SEAJ is working as a channel to communicate with the government in terms of the challenges faced by the industry and the potential resolutions. Because it is difficult for the government to hear the voice of the industry, the SEAJ aims at gathering opinions from the platform companies and passing them to relevant governmental organisations or ministries. The SEAJ is working closely with the Ministry of Economy, Trade and Industry; the Ministry of Internal Affairs

and Communications; the Ministry of Environment; Japan Tourism Agency; the Liberal Democratic Party and the Democratic Party (informant 7).

Lastly, the SEAJ is currently working with local governments of some rural areas to realise the mission of creating a sustainable city and reducing costs on local governments.

To industry insiders, some appreciate the existence of the SEAJ. The main reason they find the SEAJ helpful is the networking events that SEAJ organises (informants 2, 4, 8, 11). 'My company benefit from joining SEAJ. There are many seminars they offer to help with networking. I got to speak to some more experienced entrepreneurs in the business and get feedback from them. This is not helping me instantly but can be helpful for me in longer terms' (informant 8).

'Another way they've been helpful is that for my business, it is important to get insurance. But I struggled initially due to the small size of my business at this early stage. It was not easy to get a good deal. I then got the insurance through the SEAJ. Because they're also working with the insurance company. I ended up getting a better deal through them' (informant 2).

The Sharing Economy is still new to Japan, so for now, the merit of joining the SEAJ is not showing up yet. But in the longer term, says one informant, the SEAJ would also be helpful in terms of their publicity and promotion. For that informant, it is also good to have SEAJ to turn to and consult with at this stage (informant 4).

However, there are also some other voices from the informants. 'We are charged a small monthly fee to register as a member, and that's all. Sometimes we receive emails from them about the events they're holding, but they are generally not so helpful' (informants 1, 3, 5, 13). Two statements from informants expressed: 'It's not clear what the SEAJ is doing. I tried to participate in some events they held but didn't see the point, and then I decided not to go to any such events later on. The membership fee is not high, so it's ok to pay them (monthly JPY 10,000)' (informant 1). 'When I set up this business, I was taking advice from friends and my mentor from business school, who suggests that joining such an organisation would make things easier and it's also something we can put on our official website. So, I just went on with it. I haven't received any form of help from them yet' (informant 5).

The following three sections discuss in more detail how the institutions work has been done by different actors.

6.2.2. Maintaining institutions

From the informant interviews, my informants shared their experiences and commented on the actions of other actors that hindered the development of the Sharing Economy in Japan. The summary of the actor, the actions made, and the categorisation of the institutional work have been summarised in Table 16.

Table 16. Institutional work in Japan’s Sharing Economy — Maintaining Institutions

Actor	Action made	Form of institutional work
Existing industries	Associate the Sharing Economy Businesses with illegal or grey-zone businesses	Valorising and demonising
Conservative ministries in the government (e.g., MLIT)	New regulations	Enabling work, Policing
The SEAJ	Talks with the Sharing Economy companies and government ministries	Embedding and routinising

Enabling work and policing

Enabling work is defined as the establishment of rules that promote, complement and support institutions, such as the set-up of an authorising agent or the transfer of resources (Lawrence and Suddaby, 2006). As for policing, in general it aims to 'ensure compliance through enforcement, auditing and monitoring' (Lawrence and Suddaby, 2006) in order to maintain the existing institutions. In the informant interviews, informants 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14 expressed that they understood the government ministries and the existing industries to be posing hurdles to the development of the SE businesses. Informant 8 claimed that the existing laws and regulations are made to regulate and protect the existing industries. As such, we can understand the existing industries and government ministries, particularly the conservative ones such as the MLIT, to be maintaining institutions through enabling work and policing.

Valorising and demonising

Valorising and demonising refers to institutional work that sustains institutions by providing the public with positive and negative examples of the normative foundations of institutions (Lawrence and Suddaby, 2006). In this case, informants 1, 2, 5, 6, 7 and 8 discussed the insecure image of the Sharing Economy in Japan, and account it partly to the role played by some existing industries. For example, the informants believed that the existing industries have strong lobbyists who portraits the services provided by companies such as Airbnb and Uber to be illegal. 'They always emphasise the insecurity of the adopting such services and therefore customers might feel insecure to use such platforms' (informant 1). 'In Japan, Uber is not legal as taxi drivers need special permits to be

allowed to operate. And the image of Uber businesses is usually associated with ‘illegal taxis’ in media and the taxi companies also usually emphasise that point’ (informants 8 & 11).

Embedding and routinising

Embedding and routinising is the infusion of an institution's normative base into the daily routines and organisational practices of its participants (Lawrence and Suddaby, 2006). The SEAJ has the position of promoting the Sharing Economy, while maintaining the *status quo*; this was confirmed by the informant from SEAJ, as they commented ‘the SEAJ does not seek to disrupt the current system and hope to help the Sharing Economy businesses to grow at the same time’. From such comment, I argue that the SEAJ basically internalises the normative base of the existing institutions, and under such a prerequisite makes other efforts to promote the development of the Sharing Economy in Japan.

Often, those with a vested interest have a strong incentive to try to maintain the institutions from which they benefit. In the informant interviews, as the informants were mostly entrepreneurs motivated to promote the Sharing Economy, they did not have much to comment on how they maintained existing institutions.

6.2.3. Creating institutions

Through the informant interviews, my informants shared their experiences and commented on how they endeavoured to build their own businesses or promote the Sharing Economy’s development in Japan. The summary of the actor, the actions made, and the categorisation of the institutional work have been summarised in Table 17.

Table 17. Institutional work in Japan’s Sharing Economy — Creating Institutions

Actor	Action made	Form of institutional work
Sharing Economy start-ups	Offer free trials at the beginning of their businesses Brand themselves as ‘Sharing Economy Businesses’ that provide users the experience of ‘sharing’ Joining the SEAJ, the trust-marks The competitions to get funding	Advocacy Educating Constructing identities Constructing normative networks
The SEAJ	The set-up of the SEAJ Issue trust marks Hold events to promote the Sharing Economy in Japan	Constructing normative networks Advocacy Educating
Proactive government ministries (e.g., METI)	Welcome the establishment of SEAJ Events to promote the Sharing Economy Emphasise the possible economic and social benefits the Sharing Economy might bring	Constructing normative networks Educating Advocacy

Constructing normative networks

Constructing normative networks is about the formation of inter-organisational linkages. This often leads to the establishment of a peer entity with a normative monitoring, compliance and sanctioning role, which is often parallel with existing institutions, activities and structures (Zvolska *et al.*, 2019).

The most typical example of such forms of institutional work is the establishment of the SEAJ, as introduced in detail later (see section 7.1.1). The SEAJ is an inner-organisational peer group. At the beginning, a few companies in the Sharing Economy field initiated the SEAJ to construct networks and form inter-organisational linkages to promote the Sharing Economy. Later, many start-ups in the field joined this business association, and through the SEAJ companies construct normative networks and can work towards the same goal of promoting the Sharing Economy together, even though they might come from different sectors.

Advocacy

Advocacy happens when actors mobilise political and regulatory support through direct and deliberate means of social persuasion (Lawrence and Suddaby, 2006). Three main forms of advocacy are lobbying, advertising and litigation. From the informant interviews, it became obvious that the Sharing Economy companies, the SEAJ, and some proactive government ministries such as METI have done institutional work to promote the SE through advocacy.

The SEAJ is in contact with different ministries to lobby some regulatory changes for the Sharing Economy (informants 4, 7, 8). Informant 8 claimed that they had been involved in many lobbying conversations with the government, and tried to convince relevant ministries that their operations would not threaten the existing industry. Informants 7 and 8 also claimed that the METI had been supportive within the government to promote Sharing Economy businesses. Other than advocacy through lobbying, companies also adopted advocacy through advertisement. 'We have also tried to make advertisements for wider public to know about us' (informants 4, 7, 8, 13). 'Our company competed in start-up competitions and therefore also got more publicity' (informant 4).

Educating

Educating is a form of institutional work aimed at equipping actors with skills and knowledge necessary to support new institutions (Lawrence and Suddaby, 2006). Such a form of cognitive work

is important, as the creation of new systems often involves the development of novel practices. The SEAJ is a typical example of actors adopting educating as an approach to create institutional work. The SEAJ holds seminars for both business insiders and the wider public, to discuss the Sharing Economy (informant 7). 'We have offered free /discounted trials at the very beginning of our business for customers to get familiar and learn how to use the services through our platforms' (informants 1, 2, 8).

Constructing identities

This describes how new identities are developed in an institutional domain. As seen from the following two contributions, efforts made by informants are a form of constructing identity: 'METI is overall very supportive to promote the Sharing Economy, as they see this as an opportunity to advance Japan's economy and at the same time address societal issues such as aging population, depopulation, environmental deterioration of childcare and education and financial difficulties in rural areas' (informant 7). 'We have tried to offer some services to rural area in Japan to promote the benefit of the Sharing Economy as something that can help mitigate some societal challenges' (informant 8). By making such efforts, new actors are essentially constructing their identity to be beneficial for the public.

6.2.4. Disrupting institutions

According to the theory literature, typical forms of institutional work for disrupting institutions are disconnecting sanctions, disassociating moral foundations, and undermining assumptions and beliefs. In the 14 interviews I conducted, there was no mention from any of the informants of efforts they made to attempt to disrupt institutions. As introduced earlier, the SEAJ informant commented that the SEAJ did not intend to threaten the vested interests of existing industries in any way. According to this informant, SEAJ tries to make the Sharing Economy more acceptable for consumers who find the notion unfamiliar. Informant 8 claimed that they saw the possibility of working together rather than confronting the existing institutions, which does no good to their business. Some others (informants 1, 2, 4, 8) also claimed that they tried to avoid direct competition or conflict with existing industries, neither did they have the resources to disrupt institutions at the time of the interviews.

Therefore, although disrupting institutions is one of the three categories of institutional work, the data from informant interviews suggests that such institutional work has not been adopted by key actors in their attempts to promote the Sharing Economy in Japan.

6.3. Summary

This chapter presented and discussed primary data collected from semi-structured interviews with informants from various backgrounds, during my fieldwork trip to Japan. The design of the interview questions was guided by the NSI framework and the semi-structured nature of the interview format allowed me to extract rich data for analysis (also guided by NSI and institutional work frameworks). The analysis drawn from adopting the NSI suggests that Japan's current system overall does not offer a supportive environment for the Sharing Economy to develop. The informants also pointed to factors outside the NSI framework. Almost all informants acknowledged the possible influence of Japanese consumers' risk-averse and conservative attitude on the relatively slow development of Japan's Sharing Economy.

The second section of this chapter adopted the institutional work theory to analyse data collected from informant interviews. The analysis suggests that no actors have tried to do institutional work towards the direction of disrupting institutions. This section of analysis suggests that actors, including some existing industries, and more conservative ministries such as MLIT and the SEAJ mainly maintained institutions by enabling work and policing, valorising and demonising, and embedding and routinising. Actors such as the Sharing Economy start-ups, the SEAJ, and more proactive government ministries such as METI created institutions through constructing normative networks, advocacy, educating and constructing identities.

In the next two chapters, data is presented from the Sharing Economy Discussion meetings and case studies, for further analysis. Although data from informant interviews covers information about the institutional work different actors have done in order to consolidate their position in the field, such data is not enough, as informant interviews were designed based on the NSI framework. In addition, taking into account data from different sources can reduce the bias introduced by data from a single source. Therefore, in the next two chapters, more data from Sharing Economy Discussion Meetings (SEDMs) and case studies will be presented and discussed. The SEDMs provide rich data from the government side and case studies provide rich data from the business side.

Chapter 7. Analysis of the Sharing Economy Discussion Meetings

In the previous chapter, I presented and analysed primary data collected through semi-structured interviews with informants from various backgrounds in the industry and academia. Another vital voice for understanding the development of the Sharing Economy is the government. Although another round of interviews with government officials was planned at an early stage, the pandemic interrupted the research plan; due to global travel restrictions, I could not do another round of interviews. However, government data is necessary to triangulate data and reduce bias from single-source data. Fortunately, the Sharing Economy Discussion Meetings (SEDMs) (シェアリングエコノミー検討会) provide high-quality data for analysis from both government and industry. Key government ministries were all involved in the meeting sessions and shared their stances. Even though I was not responsible for organising these meetings and could not design or ask questions, many points relevant to this thesis were covered. Moreover, the meeting minutes were well documented and available to me. This approach also avoided potential data collection bias from my subjectivity. Therefore, although this thesis initially planned to conduct interviews to collect primary data from the government officials, the adaption and change of plan did not sacrifice the quality of the work.

The SEDMs are held on an irregular basis to discuss challenges, issues, and the development of the Sharing Economy in Japan. These meetings are organised by the Sharing Economy Promotion Centre (SEPC), set up by the Cabinet Secretariat to promote the Sharing Economy. This part of work aims to investigate government and representative companies' stances/attitudes towards the Sharing Economy, based on the evidence collected from the talks/materials presented in these official meetings.

The meeting dates are listed in Table 18. The first meeting was held in 2016. Within the first four months, there were seven consecutive meetings. Then there was an 11-month gap between the 7th and the 8th meeting, held on 04/11/2016 and 29/09/2017, respectively. The length of the transcript ranges from 14 pages to almost 50 pages. There have been 16 meetings held so far in total, and 15 transcripts available online from the Cabinet Office's official website.

The arrangement of the meetings is summarised in Table 19. The main participants of the meetings include entrepreneurs from new start-ups in the Sharing Economy, officers from the CIO

Table 18. Held Sharing Economy Discussion Meetings

SEDM	Date
1 st	2016.07.08
2 nd	2016.07.25
3 rd	2016.08.03
4 th	2016.08.31
5 th	2016.09.14
6 th	2016.10.04
7 th	2016.11.04
8 th	2017.09.29
9 th	2018.03.20
10 th	2018.09.26
11 th	2018.11.30
12 th	2018.12.07
13 th	2019.02.19
14 th	2019.04.03
15 th	2019.04.23
16 th	2020.03.25

office of the Cabinet Office, officers from the SEAJ and other NGO associations in related fields, law representatives from Japanese law firms, academic experts from universities, and sometimes local governmental officers from depopulated regions. According to the SEAJ informant, due to the direct communication difficulties between entrepreneurs and government, the SEAJ takes a bridging role for these meetings. Additionally, government officers from various ministries participated, mainly as observers. Brief introductions about these organisations/institutions/ministries and their roles in the meeting sessions will be given respectively in Section 7.1.

The process of the meetings is as follows:

1. Opening comments by the moderator and distribution of meeting materials.
2. Presentations given by representatives of the Sharing Economy businesses/local governments interested in utilising Sharing Economy/law experts (presentations are mainly about the current status of the Sharing Economy and the possible challenges to move forward. In most meetings, industry representatives from Sharing Economy companies share their business ideas, presenting the significance of the Sharing Economy, and the challenges to their businesses. They usually talk for 15-20 minutes.).
3. The ministries' representatives comment on their general attitude towards and efforts to promote the Sharing Economy. Otherwise, government officers across various

ministries (e.g., Ministry of Land, Infrastructure, Transport and Tourism (国土交通省), Ministry of the Environment (環境省), Ministry of Economy, Trade and Industry (経済産業省), Ministry of Health, Labour and Welfare of Japan (厚生労働省), the Consumer Affairs Agency (消費省)) do not actively join the discussion, but mainly observe.

4. Discussion.

5. End of the meeting.

Table 19. Arrangements of Sharing Economy Discussion Meetings

Location	Tokyo Metropolitan Government Building No.4, 3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo
Participants	(Participants) Professor from Faculty of Law, Chuo University Researchers from Interfaculty Initiative in Information Studies, Tokyo University Representatives from the SEAJ Representative from Japan Association of New Economy Researcher from Media Design Centre, Keio University Representatives from Law Firms Representative from Japan Consumers' Association Representative from Human Informatics Research Institute (Observer) Officer from the Ministry of Economy, Trade and Industry Officer from the Consumer Affairs Agency Officer from Cabinet Secretariat Officer from Ministry of Internal Affairs and Communications Officer from Ministry of Health Labour and Welfare Officer from Ministry of Environment (Guest) Representatives from local government
Meeting agenda	Distribution of materials Open up Presentations from stakeholders (Mostly from business representatives in the first 4 meetings and government officers join to make comments in later meetings) Exchange of opinions among different stakeholders Close up of meeting

To analyse the pertinent information from the meetings, reports and opinions from different government ministries, local governments, and company representatives are laid out in Section 7.1-7.3, interpreted and summarised from publicly available meeting transcripts. Discussions and analysis are then conducted in Section 7.5 based on the information collected in the meeting records.

7.1. Opinions/reports given by different ministries

In this part, reports and comments from different stakeholders are introduced.

7.1.1. Cabinet Secretariat and the Sharing Economy Promotion Centre

The Cabinet Secretariat claims to have a positive attitude toward supporting the Sharing Economy from top to bottom. The Sharing Economy Promotion Centre (SEPC) was set up to manage Sharing Economy promotion tasks. According to the SEAJ informant, the SEPC works closely with the SEAJ, and also organises and hosts the discussion meetings.

In the SEDM on 29th September 2017, Takada from the SEPC presented:

After all, it is a C2C service, and its quality varies. One key feature is the difficulty of managing service quality under the Business Law. People who utilise the Sharing Economy should be aware of the uncertainty and choose the services wisely. Some troubles might happen because it is not easy to control the quality of the Sharing Economy services. This has also been the focus of our discussion in previous meetings. Hence, we decided to push the Sharing Economy Promotion Programme forward.

Based on the talk given by the representatives, the four main points of this Sharing Economy Promotion Programme are:

1. To ensure the security and trust of the services in this new business, the Sharing Economy Model Guideline created by the SEPC suggests service providers self-assess its risks and consult with law experts that the new service would not violate the current law before operation.
2. Efforts to eliminate grey areas that conflict with existing business law.
3. Promote the Sharing City concept. Selected local government will trial national demonstration project and build the best practice model.
4. Because less than 5 per cent people understand the Sharing Economy, it presents a challenge to promote and make more people aware of their option in the Sharing Economy.

The SEPC highlights the trust problem as the major hurdle for the Sharing Economy to thrive. The representative believes that transactions through C2C platforms challenge consumers to trust the

service providers and the quality of the services. Therefore, the SEPC claims that creating a more trustworthy environment for businesses to grow is vital at this point.

The SEPC representative also summarised their efforts, claiming the following approaches:

1. The SEAJ has been working with SEPC on the trust mark, which is considered one solution to the security and trust issues. The trust mark shows the service has been certified as safe and trustworthy by the association and government.
2. In terms of eliminating grey areas in the Sharing Economy, all services related to ride-sharing and accommodation have been legally clarified under related laws.
3. There are examples that local governments consider the Sharing Economy services can utilise idle public infrastructure better to help with the local economy.
4. Sharing Economy ambassadors are appointed for promotion, by making public speeches and communicating with local governments that wish to utilise the Sharing Economy.

7.1.2. The Consumer Affairs Agency (CAA)

The Consumer Affairs Agency (CAA) claims that it has conducted consumer research in Tokushima to better understand Japanese consumers' preference. One-page material reporting this consumer research was distributed to meeting participants. Similar material has been distributed three times by the CAA in three different meetings, between September 2017-September 2018. This shows the progress made by the CAA in studying the Sharing Economy is fairly slow (CAA, 2017; CAA, 2018).

In the 8th meeting (SEPC, 2017), the CAA officer presented:

Until now, the Consumer Affairs Agency has mainly worked on administrating B2C businesses in the past to protect the right of the consumers. With increased transactions in C2C businesses, we also need to catch up and protect consumer's right.

...Various technologies will come out in the future, starting with the Sharing Economy, which would change consumers' lives. But, at the same time, we need to consider what can be done to help consumers better utilise the services safely and happily as our mission.

...We do not think everything about the Sharing Economy would be regulated in the end. Instead, we think more about what issues are there now, what else could happen in the future and what we could do to better cope with the challenges.

...There are many different fields fall into the scope of the Sharing Economy. Some businesses are in the fields with existing laws and regulations, other businesses might be in the fields without any existing laws or regulations. There are just many different cases when it comes to the Sharing Economy. There are some general topics in the Sharing Economy that we can take a cross-field perspective to analyse.

In the 14th meeting (3rd April 2019), the CAA officer confirmed that the public's awareness of the Sharing Economy has raised over the years, but the number of people who have experience adopting it is still small. To help further raise the awareness of the Sharing Economy and encourage people to utilise it, the CAA is designing a 'guidebook' to introduce the basic steps to utilise the Sharing Economy, and basic troubleshooting. The guidebooks are accessible through the CAA homepage and other relevant platforms. The CAA officer hoped that Sharing Economy Ambassadors would also use and distribute these to local residents.

7.1.3. Ministry of Economy, Trade and Industry (METI)

A METI officer from the Information Economy Division, Commerce and Information Policy Bureau participated in various meetings, and presented at the 6th meeting (4th October 2016). The division is not a team that works exclusively on Sharing Economy-related businesses, but is in charge of the environmental maintenance for promoting economic development-related information handling, the protection of personal privacy-related information handling etc.

The METI's presentation focused on introducing the process to eliminate the 'grey zones' in new businesses, referring to a lack of sufficient regulation. According to the METI officer, in December 2013, the Industrial Competitiveness Enhancement Law was enacted by National Diet. Based on this law, a Special Exception System for corporate demonstration ('企業実証特例制度') and a Grey Zone Elimination System ('グレーゾーン解消制度') have been established. Before a new business starts, the business operator needs to confirm if it is subject to current regulations and laws. Clarification needs to be acquired before conducting business. According to the Industrial Competitiveness Enhancement Law, the minister in charge of business would consult with the

minister in charge of regulation. The new businesses can move on to operate if no laws or regulations are applicable. The process of the Grey Zone Elimination system is shown in Figure 10.

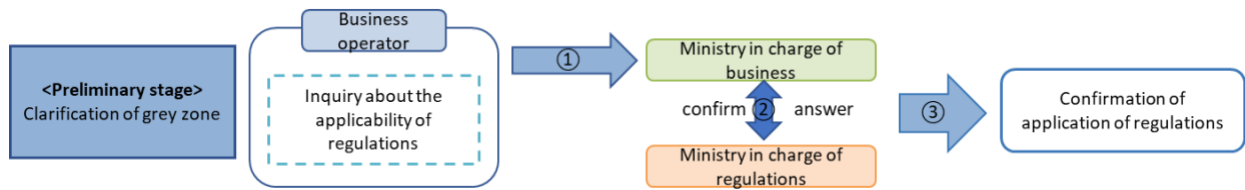


Figure 10. Grey Zone Elimination System

Suppose the result of confirmation reveals that the product is subject to regulations or laws. In this case, the ministry in charge of the business will propose special measures for regulations, by utilising the special verification system for enterprises in consideration of the intentions of the business operators. A Special Exception System might be in place to allow the new business to operate. In this case, such a system could be applied more widely at a later stage to other businesses. In some cases, regulations and laws cannot be changed, so new businesses would not be allowed to operate unless the operator changes the whole business proposal entirely. The process of this system is illustrated in Figure 11.

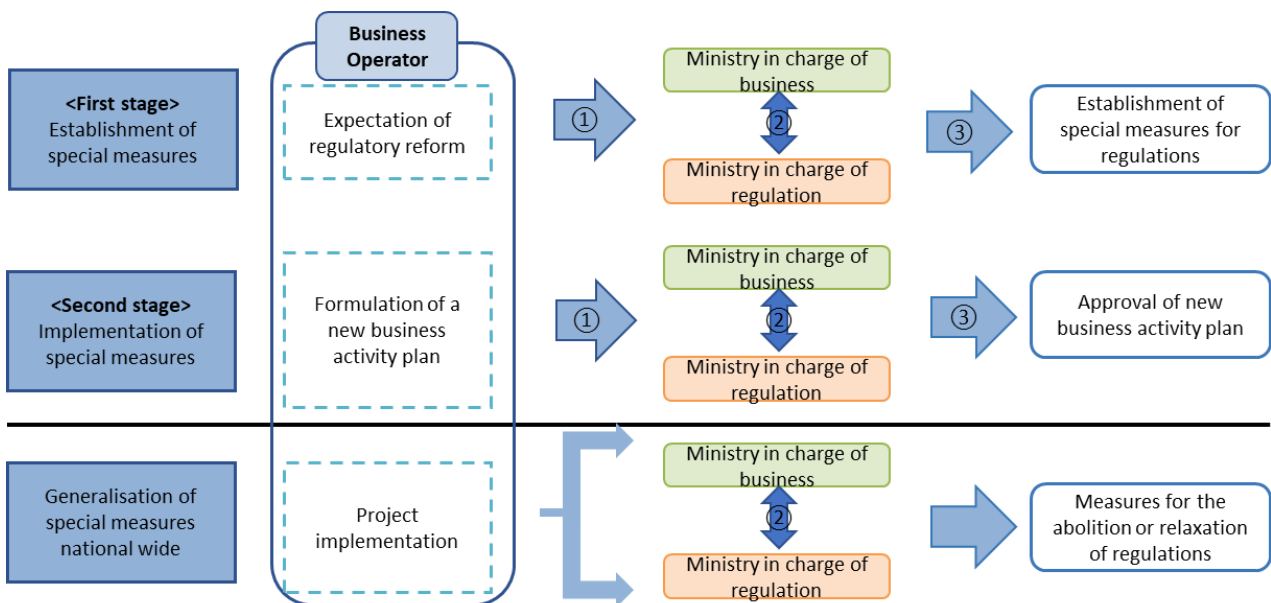


Figure 11. Special Exception System for corporate demonstration

According to the METI officer, it takes up to one month for them to respond to the business operator; if no decision is made within one month, they would also notify the business operators about why the decision had not yet been made. In many cases in the Sharing Economy, METI is the ministry with jurisdiction over new Sharing Economy businesses. The officer from METI claimed that,

by 2016, they have filed 79 cases under the grey zone elimination system, and 11 cases have applied for the special exception system; this approach is METI's main contribution to promoting the Sharing Economy. However, within the examples given in the 79 cases under the grey zone elimination system, and the 11 cases under the special exception system for corporate demonstration, many businesses are not part of the Sharing Economy. It is not clear how many companies in the Sharing Economy field are successfully cleared to begin business after going through the process.

The representative officer also discussed the METI event 'The IoT Promotion Lab', which supports collaboration between local governments and businesses. This umbrella event comprises three types: IoT Lab Connection, IoT Lab Selection and Big Data Analysis Contest. IoT Lab Connection matches business and local government in tourism and manufacture. The IoT Lab Selection is a pitch contest, in which METI provide various kinds of support (financial, consultation, and regulation reformation) to operators who have become finalists in the event. SpaceMarket¹² is one such successful representative. Finally, the Big Data Analysis Contest is an online development algorithm contest for utilising the big tourism data provided by companies.

The IoT Promotion Lab is related to the Sharing Economy, but has much broader scope for coverage; the Sharing Economy is just one sub-set of the aspect that METI claims to support. It is unclear how much attention METI has given to promoting the Sharing Economy alone.

In the 9th SEDM (20th March 2018), the METI officer talked about the Regulatory Sandbox System ('[規制のサンドボックス]制度') that METI proposed in recent Diet meeting. The current regulatory and law framework are designed based on the established industry structure and technology, and thus cannot match the new business model. Hence – from the viewpoint of performing trials first and making policies later – a specific scheme for the Regulatory Sandbox System is under consideration. The proposed Regulatory Sandbox System is illustrated in Figure 12. The Regulatory Sandbox System was officially set up on 6th June 2018.

7.1.4. Ministry of Environment (MOE)

The MOE also participated in the meetings, and commented on the 8th SEDM (29th September 2017). The relevant division is the Global Warming Policy Division in the Earth Environment Bureau,

¹² SpaceMarket (spacemarket.co.jp) is a Japanese company which provides a platform for space rental, e.g., conference room and party space.

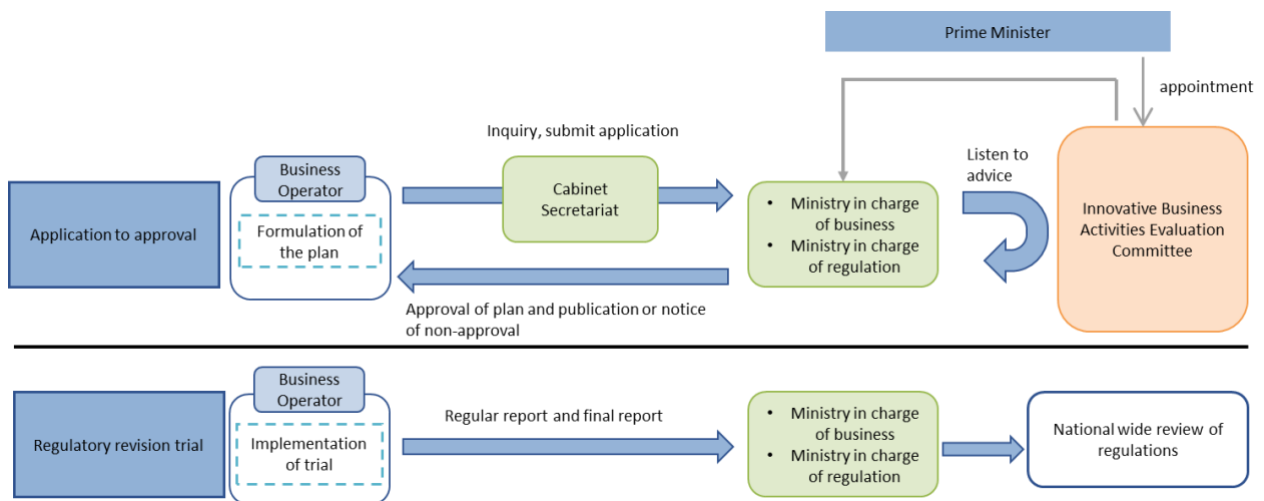


Figure 12. Regulatory Sandbox System (METI, 2018)

which focuses on tackling global warming-related issues – there is no MOE division closely tied to the Sharing Economy-related policymaking. The MOE representative claimed that they value the Sharing Economy as a way to tackle climate change and reduce CO2 emissions. It has been mentioned that encouraging more people to use sharing bikes could be an alternative to private cars in Tokyo and other regions; thus, mobility sharing could potentially be a way forward for the MOE. The MOE officer claimed the ministry is working with entrepreneurs who want to operate in the Sharing Economy business and help them with their applications. Later, in the 10th SEDM, the case of supporting DOCOMO (a bicycle sharing platform) to initiate their bike sharing business was mentioned as an example illustrating the MOE’s positive attitude towards the Sharing Economy.

The other idea from the MOE is to encourage people to adopt space sharing services. (For example, it would be more environmentally friendly for people to stay in libraries or parks in the daytime rather than use air conditioning at home. The MOE tried to cooperate with department stores to provide a free area for people to use their air conditioning, to achieve energy-saving goals.)

7.1.5. Ministry of Internal Affairs and Communication (MIAC)

In most held meetings, the MIAC representatives came from the Information Distribution Promotion Section, Information Distribution Administration Bureau (総務省情報流通行政局情報流通振興課), but there were occasions that other MIAC departments joined the meeting. MIAC claims to recognise the importance of promoting the Sharing Economy, and such work falls to various departments within the ministry. This arrangement differs from the arrangement with the

Cabinet Secretariat, which set up the SEPC to be in charge of the Sharing Economy-related businesses.

MIAC officers gave presentations at the 6th meeting and 8th meeting, sharing the ministry's attitude towards Japan's Sharing Economy, possible approaches needed and the role of the MIAC in the promotion work. The two main focuses in this regard are 1) raising awareness of the Sharing Economy among Japanese people; 2) reassurance on security and trust-building in Sharing Economy services. MIAC's conclusion is that trust issues and insecurity for Sharing Economy transactions are the biggest challenges, based on the reports made by the Cabinet Secretariat; the slow development of the Sharing Economy is the conservative and sceptical view of the consumer. Therefore, MIAC officers suggest the measures needed are 1) working on Sharing Economy publicity by promoting successful examples and initiating events to help people know what it is; 2) building a secure and trustworthy consumer environment, by clarifying quality standards and service regulation through legal systems and norms. The above points were also been mentioned and stressed by other government ministries, such as the Cabinet Secretariat. This suggests that, across various ministries, government officers tend to believe it is the nature of the Sharing Economy which makes it difficult to develop in Japan. To make it better accepted by consumers, many ministries hold the view that a better regulated environment is essential.

The MIAC officer also gave a summary about the ministry's efforts in 1) research, analysis and introduction of the Sharing Economy; 2) working with the SEAJ to hold Sharing Economy promotion events; 3) working with the Cabinet Secretariat with any new proposals; 4) cooperating with the local governments in promoting the Sharing City concept.

The main points given by MIAC is summarised in Table 20. This suggests that MIAC is working closely with other ministries and organisations to promote the Sharing Economy, but does not play a leading role in such actions.

In the 8th SEDM, held nearly a year after the MIAC presentation in the 6th meeting, representatives from MIAC took active roles in the discussion. Officers from two departments shared their views about the progress and future plans of MIAC. In this meeting, the low awareness of Japanese consumers and concerns about the security were again brought up as the main challenges of pushing the business to grow bigger.

Table 20. Main points given by MIAC

Main challenge	Necessary resolution example	The effort made by MIAC until 6th meeting	New progress in promoting the Sharing Economy
Raise the awareness of the Sharing Economy among Japanese people	Public promotion of successful or positive examples of the Sharing Economy Promote and initiate relevant events in the Sharing Economy	Research, analysis and introduction of the Sharing Economy Promote the Sharing Economy events in assist of the SEAJ	Sharing Economy utilisation promotion project Project to promote businesses in depopulated areas Include the Sharing Economy as one IoT services and support financially
Reassure the security and trust-building in the Sharing Economy services	Clarify the quality standard of the Sharing Economy services Regulate the Sharing Economy service with legal systems and norms	Respond to the proposals of the Cabinet Secretariat Cooperate with the local governments in the Sharing Economy promotion (Support the maintenance of rules and guidelines)	

Also in this meeting, the presentation from MIAC focused on briefing the progress made under 'IoT Service Creation Support Business'. The Sharing Economy falls in the scope of the government IoT services, and IoT services' policies benefit the Sharing Economy.

To promote the Sharing Economy, the MIAC's Regional Power Creation Group (地域力創造グループ) has initiated two programmes that involve financial support, introduced at the 8th meeting.

(1) Sharing Economy Utilisation Promotion Project

This project supports initiatives by local governments to utilise the Sharing Economy to revitalise the local economy, by solving local social issues and implementing new lifestyle industries. The funding budget is up to 100 million JPY.

(2) Project to Promote Businesses in Depopulated Areas

This project aims to promote businesses in depopulated areas, with a funding budget of up to 240 million JPY, prioritising the Sharing Economy with 100 million JPY budget from this 240m total. Each business can apply for funding up to 10 million JPY.

Other than this, officers from the MIAC's Information Circulation Promotion Office and Information Circulation Administration Division ('情報流通行政局情報流通振興課') also shared their effort on promoting the Sharing Economy.

MIAC has been supporting IoT service projects for many years, and decided to include the Sharing Economy as part of this service from the 2017 fiscal year. The proposing bodies' financial

support, including local governments, universities, and user companies, can be up to 60 million JPY. The officer announced four projects supported by MIAC; this means the MIAC could contribute up to 240 million JPY to promoting Sharing Economy projects.

Regional IoT implementation for promoting business was also initiated in 2017, to support the local government or business operators financially. The funding cap is 30 million JPY for each project. TABICA, a platform that matches hosts with guests in touristic spots, was the business selected for 2017, and cooperated with several local governments to promote local tourism.

Financial support from MIAC could reach 470 million JPY (roughly 4.3 million USD) for one fiscal year. This figure certainly backs the story that MIAC supports the Sharing Economy in Japan. But for now, the Sharing Economy is supported as part of the IoT service, and before 2017, financial help from MIAC was not accessible for businesses. Even in 2017, there were limited cases receiving support. In summary, MIAC has started to pay attention to the Sharing Economy, but progress is slow. Comparisons need to be made among various sectors to see how much money MIAC has channelled respectively, to see whether MIAC really prioritises the Sharing Economy.

7.1.6. Ministry of Education, Culture, Sports, Science and Technology (MEXT)

Japan Sports Agency (JSA) is one department under the jurisdiction of MEXT. The officer in charge of sports businesses joined from the 11th meeting, and presented at the 12th (7th December 2018). To create a society where people can have easier access to resources such as instructors and spaces for sports of their choice whenever they want, JSA has started to encourage the Sharing Economy in sports. The JSA plans to triple the sports market by 2025, and one of the strategies is to utilise the Sharing Economy.

Because there are many sports facilities in Japan, such as school sports facilities, public sports facilities and private sports facilities, and sufficient potential instructors including athletes and retired athletes, the JSA is considering widely adopting the Sharing Economy. More jobs can be made available through such an approach, as the demand for personal trainers and instructors would rise. Underutilised facilities could be put to more use and also make profit by doing so, and it would encourage people to participate to exercise more. Adopting the Sharing Economy platform would make it easier for consumers to see availability of spaces and instructors on websites or mobile apps. Digitalised information would be more convenient for customers.

The JSA is an example that explores the Sharing Economy step by step. The first steps proposed were ‘testing the water’, with a few model businesses and preparing guidelines for companies. These two measures were tried out in 2017, and since then the JSA have other new potential plans: utilising sports resources to attract inbound visitors from other countries; and combining sport with tourism to attract tourists interested in local activities, e.g., Japanese baseball.

Taking the above examples, the positive attitude of the JSA is clear, as it quickly started to work with start-ups and local governments in order to try out the Sharing Economy within its jurisdiction. However, there has been no radical action taken by the JSA. The JSA officer also expressed some hesitation about the negative aspects of the Sharing Economy, and emphasised the importance of making a secure and trust-worthy transaction environment – a similar view to that mentioned by other ministries. Also, there is one main regulatory hurdle in front of utilising the idle facilities, which is that such facilities are meant to be free for residential use. Thus, the JSA is still exploring the way forward in order to utilise such resources for profit.

7.1.7. The Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

The MLIT is one of the most important policymaking ministries in the field of the Sharing Economy, due to their role in policymaking restricting business operations. The Policy Bureau, General Policy Division of MLIT represents this ministry at SEDMs. However, MLIT has not made many comments in the meetings; no presentations of MLIT are recorded and there is only one brief comment from the MLIT representative from the 15th meeting.

However, MLIT was mentioned by other ministries in their presentations and the information, which also helps with understanding the MLIT stance. In the 10th meeting, the coordination of Railway Division, MLIT was briefly brought up by the MOE in promoting public transportation as an alternative to private cars to reduce emission. In this case, the cooperation of MLIT could potentially benefit the railway businesses that MLIT administrates.

From the information that METI talked about in the 6th discussion meeting, it can be noticed that the ministry has followed the Industrial Competitiveness Enhancement Law, and replied to the inquiries brought up by METI on behalf of new businesses in the Sharing Economy. The car sharing service on the platform established by Nettecco is a representative case in this regard, where drivers receive money from customers to pay back petrol and road maintenance fees. This service was ruled not to fall under the passenger car transportation business regulated by the Road Transportation

Law. This can be one example to indicate that MLIT lifted the block for the operation of Notteco and clarified the law. Whilst other businesses that share more similarities with the traditional taxi industry (such as Uber) have been banned by MLIT, this case shows that MLIT is not taking all businesses in the Sharing Economy as uniform. This difference also suggests the Grey Zone Elimination process works case by case. However, since there is no guarantee that the process will always get a good result for new businesses, many entrepreneurs still face uncertainty. As pointed out by informant 14, MLIT has a reputation for being conservative (informant 14).

In the meetings, there is almost no direct comment or presentation given by MLIT. In the 15th meeting, the MLIT officer commented:

For MLIT, the priority to adopting ride-sharing is to ensure its safety. Ride-sharing is based on the premise that only the drivers of private vehicles are responsible for transportation without any entity to be responsible for operation management and vehicle maintenance. We believe that from the standpoint of ensuring safety and protecting users in the for-profit ride-sharing, we have to be cautious before moving forward.

This comment manifests the conservative view of MLIT about Japan's for-profit ride-sharing businesses. In the author's opinion, it would be interesting to learn about the reasons behind policymaking logic in different cases. Most informants who mentioned MLIT expressed their opinion that the ministry is a conservative, risk-averse governmental institution – yet, we do see examples where MLIT lifted the block to new business. This might be because that the ministry wants to promote the new business without harming the vested interests of existing industries; MLIT may want to test the water with certain businesses, see if it is safe for the public, and then decide to move on with such businesses. Also, one informant mentioned disagreement within the MLIT between divisions (informant 8). The different attitudes towards different businesses may also suggest that policymaking lies in different departments within MLIT.

In the next stage of this work, it is important to try to build connections between this part with existing literature about MLIT, and understand how MLIT impacts the NSI in Japan's Sharing Economy. It is also important to focus on the legal and regulatory documentations published by MLIT to understand how they perceive the Sharing Economy, and whether MLIT adopts different approaches towards different sectors. More cases such as Notteco need to be examined, to form a full picture of MLIT's attitude.

7.2. Sharing Cities – developing the Sharing Economy in rural areas

Apart from the above opinions, grouped by ministries and organisations, the Sharing City is a concept frequently mentioned by multiple participants in the SEDMs. This concept appeared in SEDMs for the first time on 8th July 2016. The SEAJ proposes it as a potential solution to realise sustainable development and reduce costs for local government, by promoting Sharing Economy services in local areas. One of the missions for the SEAJ is to promote the Sharing City as a solution to many issues that local regions share, including: the aging population, population decline, environmental deterioration of childcare and education, and financial difficulties. The SEAJ has worked with local governments and certified Sharing Cities in previous years. Sharing City requirements are: 1) introduce two or more sharing services from SEAJ member companies to the city; and 2) local governments should make efforts to promote and introducing the Sharing Economy through public relations (PR) promotion.

A list of selected Sharing Cities is shown in Table 21, summarised from SEAJ (2019). To be certified as a Sharing City, the local governments meeting the requirements need to submit an application to the SEAJ, which will review the application and award the Sharing City Approval Mark. Local governments need to introduce sharing services on their official website; the Sharing City Approval Mark needs to be updated at the end of every fiscal year by submitting a new application to SEAJ. The purpose of promoting the Sharing City concept is to make the public aware of the Sharing Economy. Getting local government to endorse the Sharing Economy makes it easier for the consumers to choose the service. At the same time, enterprises in this business are more motivated to invest and work in such cities, knowing the local governments are supportive in principle.

At the time, the MIAC Minister, Noda Seiko, sent out her greetings via a pre-recorded opening video for the 'Share Summit 2017'. In the recording, she officially stated that the MIAC is, in principle, supportive of the Sharing Economy. Minister Seiko also took some time to talk about the Sharing City, highlighting its potential benefits: encouraging full-time homemakers and retired people to get opportunities to work and make income; solving the childcare problems that many local areas are facing; moving towards a sustainable society in which people share things instead of making redundant material production. The minister presented a positive attitude toward the idea of Sharing City and considers it a possible resolution for the depopulating Japanese society.

Table 21. Certified Sharing Cities

Name	Service
Amami City (Kagoshima)	Lancers, PIXTA, minne
Otsu City (Shiga)	AsMama, TASKAJI
Kaga City (Ishikawa)	SPACEMARKET, TABICA, Nokisaki PARKING
Kamaishi City (Iwate)	Airbnb, TABICA, cogicogi, Sharenori
Kawakami Town (Nagano)	ANYTIMES, CrowdWorks
Sabae City (Fukui)	FAAVO, Makuake, SPACEMARKET, TABICA
Shimabara City (Nagasaki)	SPACEMARKET, TABICA, Nokisaki PARKING
Taku City (Saga)	CrowdWorks, TABICA
Chiba City (Chiba)	SPACEMARKET, TABICA
Teshio-Cho (Hokkaido)	Notteco, Lancers
Nanto City (Toyama)	Lancers, Airbnb
Nichinan City (Miyazaki)	FAAVO, CrowdWorks, ANYTIMES
Hmamatsu City (Shizuoka)	SPACEMARKET, TABICA
Yazawa City (Akita)	SPACEMARKET, AsMama, TASKAJI
Yokaze City (Saitama)	SPACEMARKET, TABICA

On 4th October 2016, the representative gave a presentation about the ‘Regional Revitalisation Promotion Grant’. Battling against the problem of depopulation and excessive population concentration in the Tokyo area, the government wants to encourage development in different regions and create a liveable environment for all. The ‘Town, Person, Work Creation Policy’ was proposed, and a local revitalisation promotion grant was set up as a financial measure to support development in the local area. The budget for the fiscal year of 2016 was 100 billion JPY (around 0.9 billion USD). Public work such as sewage treatment is also covered by the budget, and took more than 40 per cent in 2016. Sharing Economy businesses operating in rural areas are also eligible to apply for this funding. This measure suggests that the Japanese Government is paying more attention to development in rural areas, providing financial support.

Representatives from local governments of the sharing cities in Japan gave presentations and further discussions at the SEDMs held on 25th July 2016, 31st August 2016, 4th October 2016, 29th September 2017 and 26th September 2018, respectively.

In the 2nd SEDM (25th July 2016), the officer from Nichinan City presented adopting the Sharing Economy to solve local issues. Nichinan city is located in the south part of Kyushu, population around 50,000. Geographically, the city is not easily accessible by automobiles; due to limited hotels in Nichinan, tourists usually take day trips and stay in nearby Miyazaku. To solve this problem and encourage more tourists to visit Nichinan city, the local government is considering adopting sharing

accommodation service platform Airbnb. But the representative also mentioned it is important to make sure such an exception of adopting sharing accommodation services would still fit the legal framework.

Nichinan's local government also intends to solve the ageing problem, by collaborating with skill-sharing companies: they hope that helping the elderly to get involved in the Sharing Economy would benefit their health, possibly reducing the incidences of senile dementia. The Sharing Economy company 'Anytime' created a platform for elderly people who have the time to work with women who need help with childcare matters. The officer also talked about the plan for the local government to team up with 'SpaceMarket' and offer coworking spaces.

The Anytime company hopes to work with the Nichinan city government, making a successful case here in order to promote their business elsewhere later. Companies need to know that they can get administrative support from government. Therefore, even though local government does not have budget to support the Sharing Economy business financially, start-ups across different fields are still willing to develop their businesses in Nichinan city, in hopes that they can build a successful case to promote nationally in the future.

The official representative from Chiba gave a presentation on 31st August 2016. Chiba was appointed as National Strategic Special Zone on 28th January 2016. According to the officer, Chiba has three focuses for promoting the Sharing Economy: sharing public infrastructure; implementing crowdsourcing; and childcare services. Whilst not a detailed presentation, the officer expressed a positive attitude about promoting the Sharing Economy in Chiba, as it has the potential to make a more effective society and promote local economy.

On 31st August 2016, a representative from Kawakami town also made a presentation about promoting the Sharing Economy in the local area. Kawakami's main challenge is to increase the local marriage rate. With a population of fewer than 4000, residents in the small city are moving out. Agriculture is the main industry there, and men are the workforce. While there is even less work opportunity for women, they tend to stay in big cities. With fewer women resident in the area, there are many single men in their 30s and even 40s, and the birth rate is also low as a result. Local government has been trying to work with Sharing Economy companies to create a better environment for women (to encourage greater adult female residency and marriage with local men)

through working on a programme called 'MAKETIME!', a platform for women to find opportunities to work from home.

On 29th September 2017, a representative from Tokushima city of Tokushima Prefecture gave the presentation. This officer introduced the case for adopting the Sharing Economy during the Awa Dance Festival¹³. Although the government strictly restricts space-sharing services on platforms such as Airbnb for security reasons, exceptions can be made according to the 'Event Minpaku Guideline'. Local governments that hold events must apply to use sharing accommodation services.

In the past, the number of visitors for this four-day event has reached 1.23 million, while the capacity of local hotels only added up to 3400 rooms (around 6100 people). To better host the event, Tokushima City tested adopting the sharing service for a limited time. The local government set up an office to operate event accommodation-related issues. The office is responsible for recruiting accommodation providers and giving discussion sessions to explain how it works to local people. The limited period was for five days; the accommodation had to file application forms by post and wait for the office to approve the application after examining the property. The service users also had to get approval from the office before they could use the service. In the end, 26 service provider applications were approved out of 36 applications, and 273 people out of 1458 who made applications were accommodated during the five-day exception period.

Tokushima local government hoped to provide more accommodation by adopting the Sharing Economy, but in the end, it did not seem to be of great help. Also, to make it easier for local people, the local government took a much more traditional way of taking applications, through post instead of online.

An officer from Teshio town, Hokkaido, also made a presentation on 29th September 2017. The biggest challenge for this local area is transportation. As a really small town, with a population of only around 3000, residents need to go to Wakanai city for hospital visits and shopping. It is impossible to do day trip by public transportation, because there is no direct train and a single trip takes more than three hours. So, for people who do not own cars / non-drivers it is really inconvenient. This poses bigger issues for the elderly who have to visit hospital regularly. Therefore,

¹³ The Awa Dance Festival (阿波踊り), Awa Odori is held from 12 to 15 August as part of the Obon festival in Tokushima Prefecture on Shikoku in Japan.

Teshio town is working with Notteco, the ride sharing company to help local people. Notteco provides a platform for drivers to match with passengers. To make it easier for users who cannot use online systems, phone reservations are also possible.

On 26th September 2018 SEDM, a representative from Seiki City of Gifu prefecture gave a presentation. The population of Gifu is around 90k, with an aging rate of 28.8 per cent. Local government started to research the Sharing Economy from 2017, and established connections with the SEPC. Promoting the Sharing Economy was set as a regional revitalisation strategy from 2018; 2 million Yen (around 18000 USD) budget was planned for the Sharing Economy in fiscal year 2018.

According to the representative, Seki City is facing challenges including: depopulation due to the younger generations moving out; limited working opportunities for the younger generation; increasing empty housing and open space. All types of Sharing Economy services are being considered by local government to address these issues.

7.3. Summary of government’s stances as indicated by ministries

Based on the meeting records, the government’s indicated stances are analysed by the author in this section, with a summary presented in Figure 13.

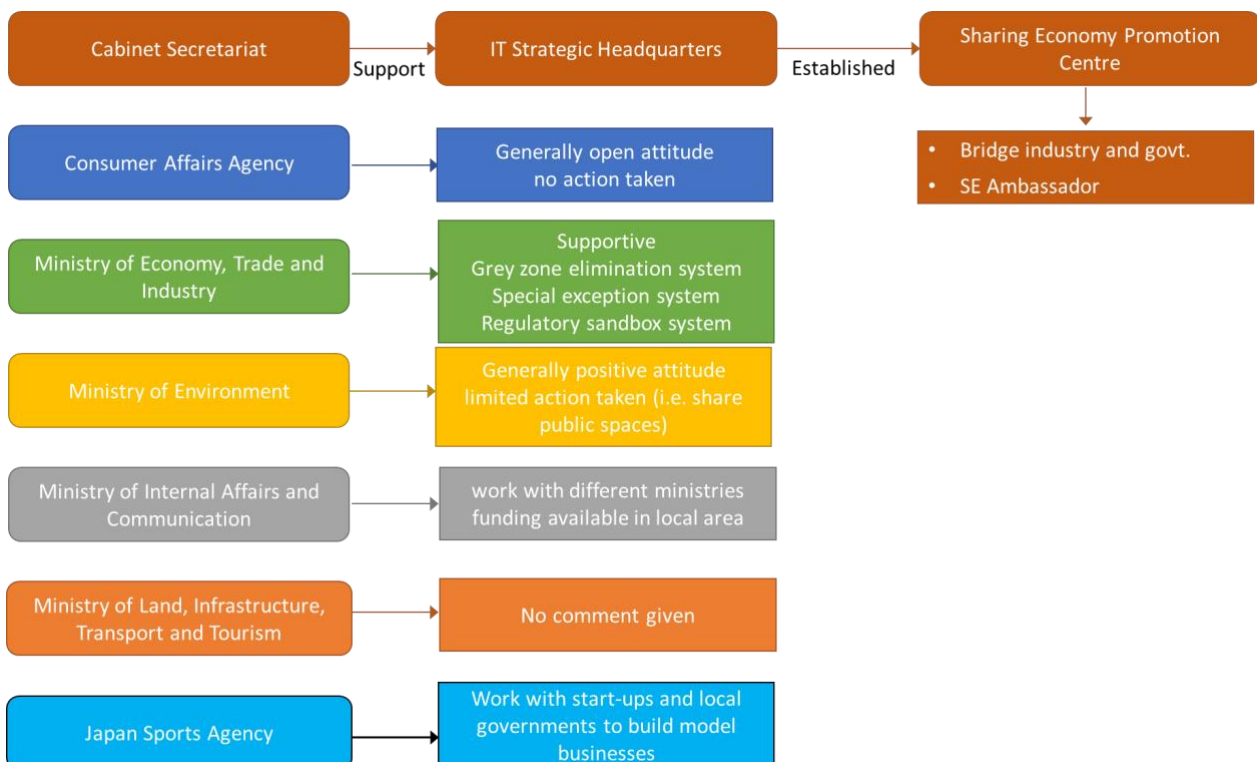


Figure 13. Summary of government’s stances by ministries

Most of the ministries made their official attitudes towards the Sharing Economy in the discussion meetings as supportive, with some reservations about security, trust, and service quality. In most of the presentations given by various ministries, they emphasised that low awareness and insecurity amongst Japanese people contributed to the underdevelopment of Japan's Sharing Economy. Hence, according to the ministries, they consider a regulated environment vital in order to help consumers build confidence in these new businesses.

The main ministries showing a positive attitude are: the Cabinet Secretariat; the MIAC; and the METI. They are also the main ministries that take measures to promote the Sharing Economy.

The Cabinet Secretariat set up a special team to work on promoting the Sharing Economy. As decision-making in business depends more on other ministries, the SEPC functions as a bridge between industry and government, and works on increasing publicity for the Sharing Economy. SEDMs are initiated by the Cabinet Secretariat and organised by the SEPC. Officers from various ministries are gathered in the SEDMs to communicate and learn about each other's stances and attitudes. The meetings are not held on a regular basis, although this originally envisioned.

The MIAC claims to be working closely with various ministries in promoting the Sharing Economy. It is not a ministry in the leading position to initiate programmes directly stimulating the Sharing Economy, but it has cooperated with various ministries and some local government. Other than helping with research and analysis of the market, MIAC also has programmes that could provide funding to businesses in rural and depopulated area. However, MIAC treats the Sharing Economy under the umbrella of 'IoT', and this funding is available for other businesses as well.

The METI introduced systems to eliminate the grey zone in new businesses, to increase consumer trust in the platforms when they follow government guidelines. METI claims a supportive attitude towards new Sharing Economy businesses. However, most of the measures taken by METI are still relatively conservative, following the current legal framework. In most cases, to clear new businesses to operate, METI must make contact with other ministries holding jurisdiction. METI supports the Sharing Economy as one form of 'IoT' business. More recently, METI has suggested a sandbox system, arguing new businesses might not fit in the old regulatory and legal system; however, this proposal has only been since 2018, possibly suggesting that METI are taking small steps in this regard.

The CAA, MOE and JSA also joined the meeting discussions and expressed their interest in promoting the Sharing Economy. In general, they do not hold negative views, but they are only at the stage of discussing possibilities for new businesses, without yet taking substantial action.

The MLIT is another major ministry that plays a crucial role in policymaking associated with the Sharing Economy. Unlike the other ministries, MLIT took a largely silent role throughout the SEDMs; officers from MLIT are basically only observers. However, MLIT was brought up several times in other ministry’s presentations, because many relevant policies are made by MLIT. The fact that no comment was given in the scripts recorded might suggest that MLIT does not wish to give an official stance openly. Therefore, it is important to focus on the legal and regulatory documentations published by MLIT, to understand their perception of the Sharing Economy, and whether there are different approaches adopted by MLIT towards different sectors.

7.4. Opinions/reports given by representative companies

In this part, the presentations given by different representative companies are introduced, listed in Table 22.

Table 22. Companies discussed

Company Name	Meeting Date
SpaceMarket	25/07/2016
AsMama	25/07/2016
Notteco	03/08/2016
Spacee	03/08/2016
Coconala	03/08/2016
Anytimes	31/08/2016
AsMama	26/09/2018
Tasukaji	26/09/2018
Airbnb	30/11/2018
Crowdworks	07/12/2018

SpaceMarket is a platform that provides matching services for people who want to rent space for events from those who have idle space and want to make some money by renting it out. (Purposes of renting include partying, office renting, photo/film shooting etc.) The company representative spent substantial amount of time introducing the measures they implemented to ensure the safety of transactions for both parties. The company representative recognises the safety concerns for both sides, dealing with unknown people online being a reason people may hesitate to

use the service. To address these concerns, the company representative claims that the company sets a rigorous identity verification standard. For all individual users, credit card information must be registered in the platform. Company users are allowed to make bank transactions. For private lodging services, users must register with passport or driving license. Service providers and their customers can talk via online a chat function. Like Airbnb, the company also introduced a mutual review mechanism on the platform. This company claims to be cooperating with insurance companies in case any accident occurs. In 2016 (when the presentation was given), it was noted that income tax issues had not been addressed but the company was set to tackle tax issues. Also, the company representative highlighted cooperation with local governments in rural areas. At that time, the business remained relatively unknown to public and government and SpaceMarket were hoping for more government support (e.g., JSA and local government endorsement).

AsMama¹⁴ is a platform that provides flexible matching services for childcare support. According to the company representative, AsMama provides the platform free of any charge for both service providers and customers. The customers pay service providers through the platform, but AsMama does not take commission from transactions; every transaction is insured against accidents. AsMama were supported by the 'New Jump Nippon', a support programme for start-ups initiated by METI in 2013. AsMama cooperates with local companies and to secure excellent human resources by introducing childcare support into their employment support programme; the company receives payment from these businesses, but overall, AsMama is designed as a non-profit organisation. Under the current regulatory framework, the company has concerns about inappropriate regulation as AsMama staff are neither babysitter nor dispatch workers. The company representative also talked about the need to get more government support. In September 2018, AsMama gave another presentation, sharing some progress in expanding their market. From 2016-2018, AsMama worked with local governments in rural areas to promote their platform, and was awarded with Regional ICT Activation Awards by MIAC in 2017. According to the data shared by company representatives, by 2016, there were 39,713 users registered with AsMama; this number increased to 57,904 in 2018.

Notteco is a ride-sharing platform which provides matching services for medium to long distance ride-sharing. Notteco's business model is somewhat comparable to a more well-known European

¹⁴ AsMama (asmama.jp) is a Japanese company that provides flexible matching services for childcare support.

platform called BlaBlaCar¹⁵. It does not operate within cities; thus, not a taxi competitor, but positions itself as an alternative for night bus and train. The idea is the driver can reduce their costs by taking some passengers on a mutual journey and sharing the cost with them. The passengers could avoid changing train/bus and arrive at their destination more easily. According to the representative of Notteco, drivers who offer carpooling services are not allowed to make a profit from doing so. They can only share the expenses such as petrol cost and toll road charges. Representatives from Notteco also went through the details on how they tried to address security concerns and eliminate hazards for users. Notteco was not imposing any service fee for transactions at this point in their business plan, because it was still expanding the market and accumulating users. Notteco has also been working with local governments in rural areas. Notteco was facing a number of challenges, including: 1) government and insurance companies could not distinguish Notteco from other ride-sharing businesses, such as Uber and Lyft. The lack of understanding of the nature of Notteco's business made it hard for the company to secure partnerships with insurance companies, as they were assumed to be direct competitors to more well-established business industry members; insurance companies were reluctant to build partnerships due to the perceived conflict of interest. Although services provided by Notteco are not prohibited by law in Japan, there is also no formal law clarifying such services are legal. Positive support from the government is needed to acknowledge the legitimacy of the business.

Spacee¹⁶ is a platform for office and conference room-sharing services. Business providers list idle space on the Spacee website, and the users who need space for meetings can search, book and make transactions through Spacee. The company retains 25 per cent of every transaction as their service fee. The representative also walked through the measures Spacee took on ensuring transaction security and avoiding disputes, as well as highlighting the challenges the company faced to expand their business when the awareness of the Sharing Economy business was quite low. The company hoped for government endorsement and partnerships in rural areas. This representative did not talk about any regulatory issues potentially hindering the business.

¹⁵ BlaBlaCar (blablacar.com) is an online carpooling marketplace founded in France. Its website and mobile app match drivers with passengers willing to travel together between cities and share the cost of the journey. The company does not own any cars itself; it charges a commitment fee of between 18% and 21% for each transaction.

¹⁶ Spacee (spacee.jp) is a Japanese platform for office and conference room-sharing services.

Coconala¹⁷ is an online market for knowledge and skill exchange. Like other Sharing Economy businesses, service providers and users make transactions on the Coconala platform; common services include fortune-telling, business/career/relationship consulting, translation etc. After introducing the business model and security measures, the company representative noted the need for clarification on existing laws, as some operations of the Sharing Economy fall outside of the existing legal framework; it is difficult to run the business without official legislative/regulatory interpretation.

Anytimes¹⁸ is a skill-sharing platform matching service providers with potential users. Service providers list their specialties and availability on the platform; users make appointments through Anytimes on services such as housekeeping, furniture assembly, babysitting, tutoring, pet-sitting and other errands. Anytimes business model is similar to the European skill-sharing company TaskRabbit. Anytimes charges 15 per cent as service fee per transaction. The company is actively working with local companies in rural areas, and hopes for more government support and promotion in rural Japan.

Other than the Sharing Economy businesses briefed above, other participants also made presentations in the SEDMs. These presentations usually focused on introducing the business function and how the companies tried to address concerns over security issues with safety measures. Most businesses profited from the online transactions by charging a commission fee; some businesses waived the service fee in the initial stages as a strategy to expand the market; one company offered free services to both service providers and users, but received financial sponsorship from local businesses benefiting from the services this company provides. For those who knew little of the Sharing Economy, the presentations given by the companies would offer a glimpse into Japan's Sharing Economy. The companies that engaged in the Sharing Economy discussion meetings all presented a positive side of the business, i.e., they have been growing, albeit slowly; progress has been made over time. Most companies shared their story of working closely with local government in rural areas. There was little complaint about the regulatory framework, all businesses showing understanding towards government's security concerns, and all spent time explaining their mechanisms to eliminate hazards for users. However, many companies (e.g.,

¹⁷ Coconala (coconala.co.jp) is a Japanese online market for knowledge and skill exchange.

¹⁸ Anytimes (any-times.com) is a Japanese is a skill-sharing platform matching service providers with potential users.

Anytimes and Notteco) expressed their preference for the government to clarify the legal framework so they can operate their businesses with certainty about the legal conditions.

7.5. Discussions and analysis – institutional work

In this section, SEDMs data are analysed. This thesis looks at the Sharing Economy by adopting both the NSI and institutional work perspectives. The institutional work perspective is brought in as a complementary perspective to the NSI. In the context of this work, it seems perfectly appropriate to adopt the institutional work framework to analyse data accessed from the SEDM transcripts, because those data reflect the changes different stakeholders made in the process of the development of the Sharing Economy. And as Mair and Reischauer (2017) point out, using the framework of institutional work enhances our understanding towards the internal dynamic of the Sharing Economy.

The institutional work is proposed at first to capture the interaction between actors and institutions (Lawrence *et al.*, 2009). The efforts of actors and organisations to ‘cope with, keep up with, shore up, tear down, tinker with, transform, or create new the institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines’ is a process called institutional work (Lawrence *et al.*, 2011 p.53). Instead of simply accepting institutions as innately enduring and their effects as immutable, research on institutional work explores the practices and processes associated with actors’ endeavours to build up, tear down, elaborate and contain institutions as well as amplify or suppress their effects. The central questions asked in studies of institutional work are: who engages in institutional work, how does it occur and what does it constitute (Lawrence *et al.*, 2013), as well as why, how, when and where actors engage in it (Lawrence *et al.*, 2011).

As discussed in the theory chapter, the original ‘institutional work’ framework (see Table 9-Table 11) has been proposed by Lawrence and Suddaby (2006). Inspired by the original framework, different types of institutional works done by different government ministries in the field of Japan’s Sharing Economy are analysed and proposed by the author (see Table 23-Table 24).

Disrupting institutions has been excluded in this part of analysis, because the government ministries are the main subject here, and there is little motivation and reason for them to disrupt institutions. The meeting transcripts also prove this point, as no institutional work disrupting current institutions has been brought up by any representative, from government ministries or local

Table 23. Institutional work in the Sharing Economy in Japan — creating institutions

Actor	Action made	Form of institutional work
Cabinet Secretariat and the Sharing Economy Promotion Centre	Organising the Sharing Economy discussion meeting Working with the SEAJ on trust mark Create Sharing Economy model guideline Promote 'sharing city' concept Sending out ambassadors to promote the SE in rural area	Advocacy Constructing normative networks Educating Constructing identities & Advocacy Educating
The Consumer Affairs Agency	Designing guidebook (promotion booklet)	educating
Ministry of Economy, Trade and Industry	Grey Zone Elimination System ('グレーゾーン解消制度') Special Exception System for corporate demonstration ('企業実証特例制度') Regulatory Sandbox System ('[規制のサンドボックス]制度')	Defining Vesting Vesting
Ministry of Internal Affairs and Communication	Work on Sharing Economy promotion events with the SEAJ Cooperate with the local governments in the Sharing Economy promotion (Support the maintenance of rules and guidelines)	Educating Vesting
Local government	Sharing city concept (create an identity for SE to be helpful for sustainable development, aging society and promote local help)	Constructing identities
Sharing Economy companies	Make presentations and introduce their businesses to audience in the SEDM and make request for government support Cooperate with local government on promoting their businesses in rural area first Imposing and improving safety measures in their businesses Business focus Engage in the SEDMs and join the SEAJ as members	Advocacy Advocacy and constructing Identities Mimicry Mimicry Construct Normative networks

governments. Sharing Economy start-ups mostly shared how they try to make their business more well-known to people. In the author's opinion, because Sharing Economy companies face government stakeholders in the SEDMs, displaying confrontational behaviour / attitudes would be counterproductive. Thus, they may not share anything that can be categorised as disrupting institutions in these meetings. SEDM transcripts also confirm that the start-ups did not touch upon any work done to disrupt institutions. Hereby, this part of analysis ignores institution disruption.

Table 24. Institutional work in the Sharing Economy in Japan — maintaining institutions

Actor	Action made	Form of institutional work
Cabinet Secretariat	Effort to eliminate grey zones that conflict the existing business law	Policing
Ministry of Economy, Trade and Industry	Grey Zone Elimination System ('グレーゾーン解消制度') Special Exception System for corporate demonstration ('企業実証特例制度')	Enabling work Policing

7.5.1. Creating institutions in the Sharing Economy in Japan

As shown in Table 23, creating institutional work (including advocacy, defining, vesting, constructing normative networks, constructing identities, and educating) is done by government ministries.

Advocacy

Advocacy happens when actors mobilise political and regulatory support through direct and deliberate means of social persuasion (Lawrence and Suddaby, 2006). Three main types of advocacy are lobbying, advertising and litigation. In this case, government actors with a positive attitude towards Japan's Sharing Economy adopted such methods to advocate for changes of regulations and laws in order to help the development of the Sharing Economy. The SEDMs themselves can be regarded as one example of advocacy. The meetings are organised by the SEPC. By gathering different stakeholders in the meetings, stakeholders can promote Sharing Economy opportunities and platforms to persuade those who do not see their necessity to support the Sharing Economy and advocate for policy change. The promotion of 'Sharing Cities' is also an example of advocacy. The SEPC and local governments are working together to push the Sharing Cities' concept forward. If Sharing Cities gain good reputations and work well in rural areas, the SEPC could use it as successful example and advocate for change of regulation in bigger cities. This is a strategy that the SEPC uses to lobby other government ministries.

The companies that engage in the SEDMs are also doing institutional work, under the category of advocacy, to create institutions. They have government representatives as their audience and can pitch Sharing Economy businesses. Some company representatives even speak directly about their need for more government support for them to grow.

Defining

Defining enables actors to construct a system of rules that confers status or identity, or that defines the boundaries of membership or standards of practice (e.g., certification or accreditation of actors within the field), or that creates status hierarchies (Lawrence and Suddaby, 2006). Defining has been adopted by METI in the Grey Zone Elimination System ('グレーゾーン解消制度', see Figure 10) based on the Industrial Competitiveness Enhancement Law enacted in 2013. The Grey Zone Elimination System ('グレーゾーン解消制度') requires new businesses to acquire

clarification from pertinent government ministries. In the case of the Sharing Economy, new businesses need to contact METI before operation, and METI officers then contact relevant ministries in charge of business regulation, as appropriate to the aspiring businesses' challenges. This clarifies the relevant ministries in charge of regulating the businesses, and once confirmed by regulating ministries, the new businesses are then cleared to go ahead to operate their business legally. The institutional work of 'defining' confers the identity of the Sharing Economy businesses, and clarifies to which category of organisation and/or business they belong, thereby determining whether existing or forthcoming legislation applies to them (Zvolska *et al.*, 2019).

Vesting

Vesting refers to institutional work aimed at establishing a structure of rules for conferring property rights. Vesting occurs when government power is used to redistribute property rights (Lawrence and Suddaby, 2006). Vesting is a form of institutional work that is done by governmental agencies (Lawrence and Suddaby, 2006; Zvolska *et al.*, 2019).

The Special Exception System for corporate demonstration ('企業実証特例制度', see Figure 11) is proposed under the Industrial Competitiveness Enhancement Law enacted in 2013 and is one important institutional work of vesting.

In terms of the Grey Zone Elimination System ('グレーゾーン解消制度', see Figure 10), in the case that the regulating ministry decides the new business is subject to regulation or law, METI announced a special verification system for enterprises, depending on the intention of the business operator. Such a system could also be applied more widely at a later stage to other businesses. The Special Exception System for corporate demonstration ('企業実証特例制度') gives the opportunity for start-ups to get special permission to operate, even though they are not normally allowed to do so under the current regulatory framework. Thus, the 'institutional work' of vesting is done in this case to confer rights for the new businesses to proceed.

Similarly, the Regulatory Sandbox System ('[規制のサンドボックス]制度', see Figure 12), that METI proposed and approved in the Diet meeting, also gives new businesses opportunities to trial and operate. METI advocates a specific scheme for the Regulatory Sandbox System, because the current regulatory and law framework could not match the new Sharing Economy business

model. Once approved by the Regulatory Sandbox System, businesses can gain legal ground to trial and operate.

MIAC is cooperating with local governments in the Sharing Economy promotion in rural areas. MIAC has initiated two programmes which involve financial support to encourage the adoption of the Sharing Economy, to revitalise economy and solve social issues such as depopulation. Such official endorsements also can be considered as vesting.

As shown with previous examples, the common ground of ‘advocacy,’ ‘definition,’ and ‘attribution’ is that these are all kinds of institutional work targeting a change of the regulatory framework. Starting with mimicry, I will now elaborate on institutional work that targets already existing regulations, with the intention to apply them in new or further ways.

Mimicry

Mimicry is a form of institutional work in which actors try to leverage existing rules, practices or technologies when introducing new ones (Lawrence and Suddaby, 2006). New businesses commonly associate new practices with old ideas and structures in order to achieve legitimacy, as incumbent businesses are more understandable or accessible to the public (Zvolska *et al.*, 2019). For Sharing Economy start-ups, they introduce measures to verify identities for both service providers and service users. This is something other businesses (such as car rental companies and hotels) have long been doing. The new companies also mimic the business focus of existing industries. For example, Uber provides a service quite similar to taxi services. Not only do the start-ups take advantage of existing practices, techniques, and rules to which traditional organisations are accustomed, but they also copy each other's successful and proven practices (Zvolska *et al.*, 2019). We can see this in the transcripts, where a representative from Notteco talks about the European car-pooling platform BlaBlaCar, already established in Europe. In addition, there are also many other cases where companies try to leverage practices from other businesses operating in the field. And mimicry is no doubt an important factor for newly introduced businesses in creating institutions and operational legitimacy.

Educating

Educating is a form of institutional work aimed at equipping actors with skills and knowledge necessary to support new institutions (Lawrence and Suddaby, 2006). Such a form of cognitive work is important, as the creation of new systems often involves the development of novel practices.

The SEPC created a 'Sharing Economy Model Guideline' (see Section 7.1.1) that suggests service providers self-assess their risks and consult with law experts, ensuring that the new service will not violate current law before operation. By educating service providers about the necessity to conduct self-assessment and experts, legal consultation risk is reduced, and transaction safety increased.

As discussed, representatives from various ministries attribute lack of awareness to be one of the main reasons that Japan's Sharing Economy has been developing relatively slowly. Different ministries have brought up various strategies to educate people and raise awareness about the Sharing Economy, as follows:

- The SEPC assigns Sharing Economy ambassadors (see Section 7.1.1) to promote the Sharing Economy in different events and especially in rural areas.
- The CAA is working on a guidebook/promotion booklet, accessible on their website, to provide basic information about how to adopt the Sharing Economy step by step and how to deal with issues.
- The MIAC also works with the SEAJ to hold promotion events.

Constructing normative networks

Constructing normative networks is about the formation of inter-organisational linkages. This often leads to the establishment of a peer entity with a normative monitoring, compliance and sanctioning role, often parallel to existing institutions, activities and structures (Zvolska *et al.*, 2019).

The SEAJ is an example of an inner-organisational peer group. Its members vary across industries. The Sharing Economy 'trust mark' (see Section 7.1.1) has been created to certify sharing services; the Cabinet Secretariat's SEPC also supports the trust mark. Although it is not legally required for businesses to obtain the trust mark, it is a form of peer normative monitoring. It is hoped that the official endorsement of the Cabinet Secretariat will make the trust mark more reliable.

Those companies that have registered SEAJ membership did so to create institutions. Not every company can speak directly to government about their issues, thus joining such a business association gives them a communication channel. Through the SEAJ, it is the author's opinion that the companies construct normative networks and can work towards the goal of promoting the Sharing Economy together, even though they may come from different sectors.

Constructing identities

Constructing identities describes how new identities are developed in an institutional domain. The Sharing City concept (see Section 7.2) is a good example of the institutional work of constructing identities. The Sharing City has been given a quite different identity, compared to the Sharing Economy *within* the cities. The SEPC, MIAC and local governments are all working on the Sharing City concept, as it is considered a potential solution to realise sustainable development and reduce costs on local government by promoting the Sharing Economy services in local areas. The government also wants to solve social issues such as aging population, depopulation, environmental deterioration of childcare and education and financial difficulties in rural areas by promoting Sharing Cities – stakeholders identified the Sharing City with pro-social values, using terms such as ‘sustainable development’ and ‘local help’ to describe the benefits.

7.5.2. Maintaining institutions

As shown in Table 24, maintaining institutional work (including enabling work and policing done by government ministries) is summarised in this section.

Enabling work

Enabling work refers to the establishment of rules that promote, complement and support institutions, such as the establishment of an authorised agent or the diversion of resources (Lawrence and Suddaby, 2006). In section 7.1.3, the Grey Zone Elimination System (‘グレーゾーン解消制度’, see Figure 10) has been discussed as a ‘defining’ institutional work. Meanwhile, the establishment of Grey Zone Elimination System is also a form of institutional work that in some cases supports the existing / old institutions. Therefore, Grey Zone Elimination System serves a two-fold purpose: it enables the creation of new institutions when the regulating ministry gives permission for a new business; and old institutions are maintained in the case that the regulating ministry denies the permission for the new business.

Policing

Generally, policing aims at maintaining existing systems by ‘ensuring compliance through enforcement, auditing and monitoring’ (Lawrence and Suddaby, 2006). The Cabinet Secretariat made efforts to eliminate the grey zones that conflict with existing business law. As no new law or regulation is proposed by the Cabinet Secretariat, it only monitors and enforces the Sharing Economy businesses based on existing law. Hence, it is categorised under ‘policing’.

The Grey Zone Elimination System (‘グレーゾーン解消制度’, see Figure 10) and the Special Exception System for corporate demonstration (‘企業実証特例制度’, see Figure 11) can also be considered as ways of policing, because new sharing businesses must go through such processes to confirm they are permitted to operate.

In some cases, the regulating ministry can decide that the new business is non-operative under the system, and the regulations and laws cannot be changed. Therefore, Grey Zone Elimination System (‘グレーゾーン解消制度’) and Special Exception System for corporate demonstration (‘企業実証特例制度’) maintain the existing system by closely monitoring new businesses.

7.6. Summary

In this chapter, data from SEDMs was discussed and analysed by adopting the institutional work framework with the identified aspects illustrated in Figure 14.

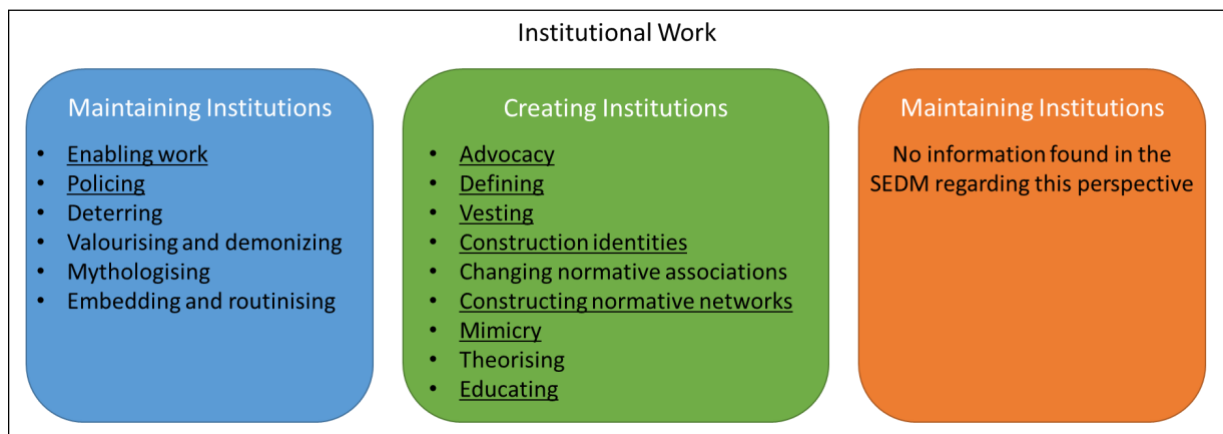


Figure 14. Aspects of institutional work identified in analysing the meetings

In the first part, the SEDM background was briefly introduced. The reports and important comments given by the participants from the government ministries, local governments and business side were also summarised and discussed.

Moving forward, the ‘institutional work’ framework was employed to analyse the efforts made by different stakeholders. Although there are three types of institutional work according to previous literature (creating institutions, maintaining institutions, and disrupting institutions), disrupting institutions has been excluded in this part of analysis as discussed. Additionally, little about maintaining institutions has been shared by the stakeholders – which is understandable, as the theme of the discussion is the efforts to promote the Sharing Economy. The figure below illustrates the institutional work implemented, so far as summarised and analysed in this chapter.

Based on the presentations and comments given by various ministry officers, the discussions informed by the institutional work concept demonstrate that a small number of government ministries have made efforts to try and create new institutions, and make a more friendly environment for the Sharing Economy to grow. Although ministries such as the Cabinet Secretariat, METI, MIAC are positively supporting the Sharing Economy (with substantial efforts), they are at the same time cautious, as they must equally try to maintain existing institutions. Within the government, there are more conservative ministries with greater reserve about pushing the Sharing Economy fast such as METI.

All in all, the detailed analysis and discussion guided by 'institutional work' can contribute to our understanding of the efforts made by different actors in the field of the Sharing Economy and Japan's innovation system. Some Sharing Economy businesses actively engage in the SEDMs. The transcripts of their reports are important material for analysing the institutional work the business side has done. Although such material is not comprehensive enough to capture all the efforts those companies have made, such information as has been extracted from meeting transcripts is directly from Sharing Economy start-ups. Therefore, from this part of analysis, some of the institutional work the business side that has been done to create institutions supportive for their businesses has become clear.

Nevertheless, because SEDM data alone is not sufficient to capture the efforts made by companies to create institutions, two selected case studies of Sharing Economy companies are presented in the next chapter. They detail the NSI, in which Japan's Sharing Economy is embedded, and the institutional work that these companies have done to change the current institutional framework.

Chapter 8. Case studies

In the first section of this chapter, I discuss the three systems proposed by METI to see how Sharing Economy start-ups have adopted them and whether they have been generally helpful. METI is a crucial department of the Japanese government in promoting the Sharing Economy. Through this case study, we will gain further insight – even though METI appears to be a proactive ministry in the government, it will become clear that, in general, the systems proposed by METI have not been helpful.

In sections 8.2 and 8.3, I explore further through two case studies, Company A and Company B. The two companies are typical examples by which to observe and understand how Japan's NSI presents opportunities or challenges for new players – namely, start-ups in the Sharing Economy field – and how these companies have taken the initiative to adapt and make changes by applying the institutional working framework.

8.1. Case Study of the three systems proposed by METI

The National Diet enacted the Industrial Competitiveness Enhancement Law in December 2013. Based on this law, a Grey Zone Elimination System (‘グレーゾーン解消制度’) and a Special Exception System for Corporate Demonstration (‘企業実証特例制度’) have been established. Before a new business is started, the business operator must confirm whether the new business is subject to current regulations and laws. Clarification needs to be acquired before conducting business. According to the Industrial Competitiveness Enhancement Law, the minister in charge of business would discuss with the minister in charge of regulation, from the standpoint pertaining to aspiring companies. If no laws or regulations are applicable, the new businesses can move on to operate. The process of the Grey Zone Elimination system is shown in Figure 10 (see Section 7.1.3).

If the product/service is subject to regulations or laws, the ministry in charge of the business would then propose special measures for regulations, by utilising the Special Exception System in consideration of the intentions of the business operators. A Special Exception System may be put in place to allow the new business to operate. In this case, such a system could be applied more widely at a later stage to other businesses. In some cases, the regulations and laws cannot be changed, so the new businesses would not be allowed to operate unless the operator changes the whole business proposal entirely. The process of this system is illustrated in Figure 11 (see Section 7.1.3).

Similarly, the Regulatory Sandbox System (‘「規制のサンドボックス」制度’) as shown in Figure 12 (see Section 7.1.3) – that METI proposed and approved in the Diet meeting in 2018 – also gives new businesses opportunities to trial and operate. METI advocates a specific scheme for the Regulatory Sandbox System when the current regulatory and law framework cannot match the new business model of the Sharing Economy. Once approved by the Regulatory Sandbox System, businesses can gain legal ground to trial and operate. By allowing new businesses to trial for a limited time without being constrained by the current regulatory framework, the government also expects to receive feedback and data from such trials, and only after that would a possible regulatory reform be discussed.

METI has introduced the above three systems in the SEDMs as possible measures which enterprises could adopt to promote new business models that do not fit in the regulatory framework. METI has published all the cases where any of the three systems were adopted; by June 2020, 165 out of 170 applications under the Grey Zone Elimination System and 13 out of 13 applications under the Special Exception System for Corporate Demonstration were made to METI. Because METI is also the ministry responsible for new businesses, this research looks at the applications made to METI one by one, and identifies cases relevant to the Sharing Economy discussion (as shown in Figure 15).

SYSTEMS ADOPTED BY METI	CASES	YEAR
Grey Zone Elimination System Before officially starting up the business, business operators need to confirm if the new business is subject to current regulation and laws.	• a new car-sharing service to construct mutual aid between the elderly and the community	2015
	• driver matching services	2016
	• Mid-to-long distance carpool matching service	2017
	• Ride Matching	2018
	• Matching service that enables cat owners to find help from other cat owners when their cats are left alone at home	2019
Regulatory Sandbox System Apply to trial new business within a limited period and then possibly lead to reform of the current regulatory framework.	• Sharing scooter service (trial in Kyushu University campus)	2019
	• Sharing scooter service (trial in Yokoyama national university)	2019
	• Camping van converted from bus	2019
Special Exception System for Corporate Demonstration Get permission from the government to operate as exceptions from the current regulatory framework.	• Sharing scooter service (apply for using bike lane for scooter users, apply to ride scooter in more area, apply to	2021

Figure 15. Cases that adopted the systems METI proposed

From the above, it becomes apparent that only a small number of businesses have adopted the three systems. To understand how these systems are applied in practice, a case study is adopted for

this part of the analysis. For the Regulatory Sandbox System and Special Exception System for corporate demonstration, the case of the E-scooter-sharing service is chosen, for the following two reasons: firstly, it is the only case so far available under Special Exception System for Corporate Demonstration; secondly, this case has adopted both the Regulatory Sandbox System and Special Exception System for corporate demonstration. Looking at this case enables us to understand how the procedure works in practice, step by step, and hopefully also elaborates the logic for business operators to implement such systems. As for the Grey Zone Elimination System, due to being a simple and straightforward process, all five cases are briefly discussed in later this chapter.

The E-scooter-sharing service case study

The data for this case study is collected from the companies' official websites and the METI's website. Mobby Ride¹⁹ and LUUP²⁰ are both companies that provide sharing E-scooter-sharing services. They first applied to adopt the Regulatory Sandbox System on 2nd October 2019 and gained approval to run trials on 17th October 2019. After these trials, the Special Exception System for Corporate Demonstration was utilised for the next stage trials.

In the Sharing Economy, e-scooter-sharing services are considered an efficient tool that may help solve many short-distance mobility issues, both for local residents and tourists. However, e-scooters have been treated as motorised bicycles, and are subject to relevant regulations. According to those regulations, in order to ride e-scooters on public roads, vehicles must be modified with additional safety parts, and may only be operated by licensed users wearing a helmet. Under such a regulatory system, it would be almost impossible to run an e-scooter-sharing business. Therefore, it was necessary for the business operators to adopt either the Regulatory Sandbox System or Special Exception System for Corporate Demonstration, to either advocate a reform on the current system, or get government permission to operate as exceptions from the current regulatory framework.

Mobby Ride is a company established in Fukuoka; LUUP is a Tokyo-based company established in 2018. Both companies applied to run trials on university campuses. The reason for this is that the campus is not defined as 'public road', therefore does not violate current regulations. Both

¹⁹ Mobby Ride (mobbyride.jp) is a Japanese company providing electric kickboards services.

²⁰ LUUP (luup.sc) is a Japanese company providing E-scooter and E-bike services.

companies hoped to prove the safety of e-scooters by conducting the trials. Mobby Ride Ltd conducted the trial in Kyushu University, and requested that e-scooters be classified as a regular bicycle. LUUP Ltd conducted the trial at Yokohama National University, and requested that e-scooters be allowed to use lanes other than the roadway. Both applications were processed within two weeks and gained approval. (Mobby Ride was granted a four-month trial period in Kyushu University, and LUUP was granted a two-month trial period in Yokohama National University.)

Information about their engagement in the trials is well documented on their official websites respectively. In May 2020, LUUP launched its service in some areas of Shibuya, Meguro, Minato, Setagaya, Shinagawa and Shinjuku. Subsequently, the company announced investment from both Corporate Venture Capital and Daito Trust Construction. Following the trial conducted in Kyushu University, Mobby Ride started to work with companies such as Toyota, to provide mobility solutions within factories.

Although both companies seem to have benefited from the Regulatory Sandbox System, the regulatory hurdles are still there. Their requests have not been addressed after running the trials. The Special Exception System for Corporate Demonstration has been adopted by the two companies, along with another company, EXx Ltd. These three companies successfully applied to operate their businesses during a limited period (between October 2020-March 2021) with permission for their e-scooter users to use the bicycle traffic zone. As a result, LUUP, Mobby Ride and EXx are now able to take advantage of the new regulatory exemptions and carry out their new business activities. However, the permission for their businesses to operate is only for a limited time, and restricted to the three companies in the planned area. These companies are therefore still at the trial stage, albeit with fewer restrictions compared to the trials carried out on university campus under the Regulatory Sandbox System. By comparing with Figure 11, the three companies are now in the second stage of the Special Exception System for corporate demonstration. After this stage – in theory – this business model might be generalised across Japan. But at the time of this case study, it is still unclear whether the government will eventually give them the clearance to operate without the current restrictions.

To sum up this case study, there are some changes due to the companies taking advantage of the METI systems (designed to better promote new businesses), but nothing fundamental has happened yet. The companies have spent between 4-12 months simply running trials in order to get

the regulations changed – but there is still no guarantee yet that such regulatory hurdles will be cleared. That said, it is still worth noticing that from October 2019 to October 2020, these companies have progressed from trials limited to university campuses to those in public traffic zones.

Additionally, whilst the companies' requests have not been addressed directly by the government, by adopting the Regulatory Sandbox System, their efforts did receive recognition from investors and brought the companies more opportunities. This can be possibly explained from two perspectives. Firstly, as the government permits the companies to trial their business, this sends a positive signal that regulatory hurdles might be eventually removed. Secondly, the trials also offer the investors and potential users to become familiar with and to build trust in the trial services.

This case shows that the systems proposed by METI can be indeed helpful for businesses to develop. Although the changes develop slowly, these systems still offer the possibility for companies to seek opportunities that are not allowed under the current regulatory framework. Also, the initial trial offers new businesses to attract users and investors. But, with a significantly long time for trial and discussion within the government, companies are required to have sufficient funds available to get through the early stages. Also, adopting such an approach carries uncertainties, as there is no guarantee the businesses would be allowed to operate fully after the trial period, and therefore not every company could consider. The fact that so few businesses have taken such an approach provides weight to the author's claim that the systems proposed by METI do not offer opportunities for new businesses to change the existing regulatory framework in a timely manner; and, that companies are forced to go at this relatively slow pace of approval may in part explain a relative lack of the development of the Sharing Economy in Japan, which is also indicated by the absence of the broad adoption of the METI systems.

In order to further examine this matter, the following two company case studies are presented.

8.2. Company A case study

This case of Company A is an example of the efforts made by one Sharing Economy platform to promote its business and adapt to the current framework in Japan. Company A is chosen for two main reasons. First, Company A was established in 2017 and is still active today in this field in Japan. This case of Company A can thus provide longitudinal data on how changes happen over time. Secondly, there is also a wide range of media coverage on this company, which offers valuable and accessible data. This case study is developed out of the interview data I gathered in Japan in 2019.

As I had an interview with one informant from Company A, I can analyse data from the company website, media coverage and the interview. Data collected from these different sources allows me to triangulate and thus minimise potential bias from single-source data. The case study introduces Company A's attempts to promote its business over the years; a timeline is summarised and presented in figures. Furthermore, data is integrated into the theoretical framework proposed in Chapter 3, presenting findings and a discussion.

8.2.1. Background information about Company A

This company was co-founded on 18th July 2017 by a programmer, who was a PhD student in engineering and an entrepreneur who held an MBA degree, who had work experience in both Japan and overseas. The company is in the mobility-sharing sector. Similar to some more well-known platforms such as Uber and Didi, Company A endeavours to create a ride-sharing platform. However, to avoid conflicts with the current Japanese regulatory framework, Company A proposed a different business model. The app this company developed helps the users to match with people who want to go in the same travelling direction, so that they can share the same taxi and split the fee. Ride-sharing is banned in Japan, because the regulatory framework defines the act of making a profit from ride-sharing without holding a special driving license as operating a 'white taxi' (which is illegal). Taking this into consideration, Company A responded by devising a business model for users to share taxis rather than private vehicles. Also, according to informant 8, it is not legally allowed in Japan for taxi drivers to take more than one group of passengers at the same time. This app enables people to form a group before getting into the taxi, and thus makes it possible for taxi drivers to provide the service to all of the passengers without contravening the current law. Company A claims that this offers users the benefit of lowering taxi costs by splitting the bill with other passengers, with whom they share the ride, while they still enjoy the service quality offered by professional taxi drivers.

The timeline shown in Figure 16 is a summary of the key events for Company A. The information is collected and summarised by the author from news coverage and the official account on the company's Twitter and Facebook accounts. The timeline below lists the information regarding Company A's collaborations / business partnerships with local governments and other companies, development milestones (e.g., funding grants), and new service initiatives. Although most of the information is not detailed enough to show more 'micro-level' efforts that this company made, it is

2017	
July	<ul style="list-style-type: none"> • Establishment of the enterprise
2018	
June	<ul style="list-style-type: none"> • App release
June- August	<ul style="list-style-type: none"> • Offline marketing test
July-December	<ul style="list-style-type: none"> • Start-up contests
2019	
June	<ul style="list-style-type: none"> • Announcement of regional trial in Nagaoka city, Niigata Prefecture
August	<ul style="list-style-type: none"> • Business partnership announcement with Japan Taxi (app) • Discussion with Hokkaido local government about its operation in Hokkaido
September	<ul style="list-style-type: none"> • Pre-series A fund \$3 Million for smart shuttle service • Update of the app
November	<ul style="list-style-type: none"> • Business partnership announcement with JR East start-up programme: regional trials in Niigata • Business partnership announcement with Keikyu Train group on 'Green slow mobility' in Yokohama
December	<ul style="list-style-type: none"> • Okinawa trial
2020	
January	<ul style="list-style-type: none"> • Travel Shuttle Trial funded by JR East in Niigata city: Trial duration: 18th Jan 2020 – 3rd March 2020
February	<ul style="list-style-type: none"> • Okinawa trial
April	<ul style="list-style-type: none"> • Commute Initiative
June	<ul style="list-style-type: none"> • Commute in Fukuoka: Business partnership with Toyota Kyushu
July	<ul style="list-style-type: none"> • Airport initiative: door-to-airport smart shuttle
August	<ul style="list-style-type: none"> • Business alliance with Aioi Nissang Dowa Insurance for regional revitalisation
September	<ul style="list-style-type: none"> • Business alliance with ANA • Business alliance with JAL • Business alliance with JTB Shanghai • Business alliance with Jorudan major route service in Japan
October	<ul style="list-style-type: none"> • \$5 million in series A funding for smart shuttle new AI & door-to-door mobility (funding from Japanese investors)
November	<ul style="list-style-type: none"> • Expand smart shuttle business to Fukuoka Airport • Expand smart shuttle business to Shirahama Airport
December	<ul style="list-style-type: none"> • Business partnership with ANA mileage
2021	
Jan	<ul style="list-style-type: none"> • Student package for college entrance: provide rides to students between the hotel and test venue
Mar	<ul style="list-style-type: none"> • New normal initiative supported by METI and Shibuya
Apr	<ul style="list-style-type: none"> • New partnership announcement with taxi industry DX in Kyoto

Figure 16. Timeline of the development of Company A

sufficient to show us how Company A worked to promote its business. And the timeline can present the development process more clearly.

At the initial stage of the establishment of this company, the founders actively participated in start-up/entrepreneurship competitions. By winning such competitions, the founders secured the funds for the company's initial stage. In addition, this also brought networking opportunities.

Since its establishment, the company also has been working actively to make business alliances with other companies to expand the market. So far, Company A has announced business alliances with many taxi companies, railway companies, airlines, and an insurance company.

As briefed earlier, Company A's initial business idea was to build a mobility-sharing platform where users can form groups with others, share taxi rides once the group is formed, and split the bill on the platform. The company's app was released in June 2018, soon after its establishment. From the App Store update history page, it is clear that between June 2018-September 2019, Company A's app was updated regularly. This app is rated by 34 users and the rating is 3.4 out of 5. Among the 34 ratings, 10 left reviews, which are quite divided. Six people gave a 1-star rating and left negative comments, mainly complaining about the limited coverage of the service. Four positive reviews were left in June and July 2018, when the service had just been released. Complimentary reviews also mentioned that the service was only available in a very limited area, but explained this was understandable at an early stage when the customer base is weak. The app has stopped updating since September 2019. The most recent review left in October 2020 complained about log-in errors. It is unclear if the app is still in use at the moment – but during the COVID-19 pandemic, such a business model also seems difficult to continue.

From 2019, Company A also collaborated with taxi companies and launched three different shuttle services. By developing and operating the ride-sharing platform, Company A gained experience and maintained a good relationship with taxi companies. Working together with these taxi companies, Company A later launched more services: shuttle service operating from/to airport, shuttle service from/to a golf club and commuting shuttle services for companies to hire. The shuttle services are all provided by taxi companies, where Company A operates as an agency offering the ride-sharing platform for users. Users can make reservations on the platform to employ the shuttle services that operate from/to the airport and a golf club online. This procedure is rather standard. After the users make a reservation online, Company A would then plan the route and notify the user. On the other hand, the commuting shuttle service is only available for company clients to hire. This service emerged since the outbreak of COVID-19. Companies interested in this service can reach out to Company A by filling out an online form. After receiving requests, Company A tailors routes and provides quotes to the client company. Then Company A usually proceeds with some negotiations with client companies until an agreement can be reached. The partnership with Toyota Fukuoka is an example for the commuting shuttle service. The smart shuttle service has been attractive to investors, and Company A received both pre-Series-A funding and Series-A funding that adds up to around \$10 million. After receiving the pre-Series-A funding, Company A shifted its focus from the development of the mobility-sharing app to expanding its smart shuttle services.

Furthermore, Company A also invests substantial time and resources to work with local governments on regional revitalisation trials. From 2019, Company A became actively involved in collaboration with local governments in the prefectures Niigata, Hokkaido and Okinawa, on regional revitalisation trials in a bid to promote tourism in these regions, and trial shuttle services. To give a holistic view of these trials, one example is detailed in this part as a reference. The trial was conducted in early 2020 in Niigata city, aiming at promoting tourism to realise regional revitalisation. Company A worked with JR East (a local taxi company) and the city government. The trial was initially planned for the period between mid-January 2020 and the end of March 2020. Due to the COVID-19 pandemic, the trial ended early on 3rd March 2020. This trial was funded by JR East, and backed by the local government. Some sightseeing routes were designed for users to choose from, advertised to tourists as a way of being guided by local sightseeing drivers, to discover Niigata's charm. On Company A's website, users could make an appointment in advance. On the day of the appointment, the driver would pick the customers up at the agreed location (either train station or hotel), then take customers around sightseeing spots and drop them off in the end. There were no follow-up results of this trial released publicly, but Company A continued to carry out similar trials in different rural areas and announced more business alliances for smart shuttle services since the trial.

To put this into perspective, the company's effort since it is established can be divided into three main categories:

1. Build a relationship with other companies by participating in contests; build business partnerships or alliances.
2. Work on regional revitalisation projects with local governments.
3. Trial and launch different services.

8.2.2. Discussion – national system of innovation

From the NSI-informed framework, the main aspects of this research are:

- 1) The role of the government: the government's stance and the relevant policies;
- 2) The role and scale of education and training;
- 3) The industry structure;
- 4) The closed labour market;

- 5) The role of Japanese finance;
- 6) The role of research development (R&D) of related technology.

The discussion of this case study focuses on the role of government, industry structure, labour market and related technology R&D, as these aspects can be sector-specific. The education system and financial system have been discussed in previous chapters; they do not apply differently to certain economic sectors but rather count as variables to consider across different sectors. Therefore, the role of the Japanese financial system and education system are not repeatedly discussed in the following part.

Related technology R&D

Company A brands itself as an innovative enterprise that utilises AI technology to maximise the efficiency and accuracy of its mobility services. Company A's app (released in 2018) picks up users' real-time location information, and makes matches for users to form a group and share a taxi. However, in the later stages of model development, as the company gradually shifted its focus to smart shuttle businesses, the requirements for the company's technology become less crucial. Although Company A continues to claim its technology as its main competitive advantage, the smart shuttle service it focuses on now is nothing new – such services have been around for decades (for instance, MK Corporate, established in Kyoto back in 1960, has operated similar businesses for decades).

However, the innovation of this service is, perhaps, the business model. Compared to existing companies in the field, Company A merely provides the platform for users to access the service. It does not physically own any vehicles or hire any drivers directly. Instead, it has contracts with some taxi companies (for comparison, MK Corporation has 1920 employees and around 869 vehicles as of 2019).

Both shuttle services provided by MK Corporation and Company A are made available for reservation online. The reservation processes are also quite similar. To use both companies' shuttle services, reservations must be made on its website in advance. The reservations can then be processed and confirmed.

With the development of Company A, the technology became less important than at the beginning. In this case, the technology mattered in the beginning, in order to realise the business

model of real-time matching service. Due to the shift of business focus, technology became more valuable as a tool for branding than for actual implementation of the business. The adoption of AI technology in shuttle services seems like an overclaim.

Industry structure

Within the field of mobility-sharing, the service that Company A provides can be more comparable to the traditional taxi call centres, which take calls from customers and then assign taxis. Unlike the business model of Uber and Didi, Company A's business model does not pose any threat to the current stakeholders in the field of transportation, especially Japan's taxi industry. All the rides available on this platform are provided by local taxi companies. It does not bring in any new service providers to the competition. Company A acts as an intermediate that bridges taxi companies and customers. As a result, many taxi companies are supportive of the company, and have agreed contracts with Company A to work within the shuttle business. The initial strategies of Company A positioned it not to confront, but rather to provide complementary services to the existing industry.

Labour market

The drivers that contribute to the services are all official employees of taxi companies. Compared to freelancer service providers in more 'standard' Sharing Economy (P2P) services, the labour supply, in this case, is more predictable. Also, all the drivers have been trained to uphold the standard of their services, so there is less risk for Company A to deal with complaints and accidents and therefore lower reputational risk. On the other hand, because the drivers are hired by taxi companies, Company A also does not need to take care of their benefits etc.

Government stance

Company A's business strategies were proposed to work around possible obstacles posed by Japan's current regulatory framework. It carefully avoided using freelancer drivers and instead works together with taxi companies. From SEDM analysis, the trust issue has been identified as the major concern for different government ministries in promoting the Sharing Economy. In this case, because the service providers are professional drivers, the government's concern over trust has also been successfully addressed.

On a more micro level, Company A is welcomed by different local governments. In response to the Regional Revitalisation Act, that aims to tackle the population decline and correcting the excessive population concentration in Tokyo, MITI and local governments have strong incentives to encourage the development of the tourism industry. Local governments in many regions, such as Niigata, Okinawa and Hokkaido, have provided support for Company A to conduct trials. As a result, Company A ran many trials to promote Regional Revitalisation.

8.2.3. Discussion – institutional work

As discussed, institutional work is categorised into three types: creating institutions, maintaining institutions and disrupting institutions. By comparing the data from this case study with the above three types, it becomes clear that Company A, a new actor in the field, has focused on creating new institutions.

As summarised in the findings, Company A has mainly achieved the following:

1. Building relationships with other companies by participating in contests, building business partnerships / alliances;
2. Working on regional revitalisation projects with local governments;
3. Trialling and launching different services.

To go into more detail, Company A's approaches that create new institutions can be broken down in the following way:

Mimicry²¹

In this case, the business model of Company A is not brand new. The app idea is similar to the operation of Uber and Didi, though Company A later saw the regulatory obstacles for freelancer drivers and changed the business model to fit Japan's legal and regulatory framework. As for its shuttle business model, it has also been around for decades in Japan, with some transportation companies specialising in providing such services. Company A mimics such a business strategy and markets it as a new idea by applying so-called 'AI technology'.

²¹ Mimicry is a form of institutional work that actors try to leverage existing taken-for-granted rules, practices or technologies when introducing new ones (Lawrence and Suddaby, 2006).

Educating²²

By conducting trials in different regions, especially rural regions, Company A offers the opportunity for customers to experience and become familiar with its business.

Other than education, by running such trials in collaboration with railway companies, taxi companies and local governments, Company A also receives more publicity and partnership opportunities.

Changing normative associations²³

By introducing itself as a new actor in the business of transportation, Company A also creates institutions by changing normative associations. The customers have been presented with a new way to make bookings for their mobility. Company A enters the field as an intermediary between the current actors in the field and customers, thus it does not pose any threat to pre-existing actors.

It is also common for some new actors to disturb institutions by disconnecting sanctions, disassociating moral foundations, and undermining assumptions and beliefs. However, working closely with pre-existing companies in the field of mobility, Company A does not work towards the direction of disrupting institutions.

8.2.4. Summary

This case study has focused on Company A as a new actor in the field of mobility-sharing. At the initial stage, this company recognised Japan's regulatory obstacles for P-to-P mobility-sharing services. To work around possible obstacles, Company A proposed business models that are complementary to existing institutions instead of confronting them directly. In general, the NSI is helpful for such development. By settling a partnership with taxi companies, Company A earned the legitimacy to work as an intermediary in the field of mobility-sharing. Shifting its business focus, the original technology focus became secondary. Although Company A still promotes itself as a highly innovative company that provides a solution through its 'AI technology', this narrative is doubtful.

²² Educating is a form of institutional work that aims at equipping actors with skills and knowledge necessary to support the new institutions (Lawrence and Suddaby, 2006).

²³ Re-making the connections between sets of practices and the moral cultural foundations for those practices. Such institutional work is common among the establishment of new institutions which act parallel or complementary to existing institutions but do not confront the pre-existing institutions directly (Lawrence and Suddaby, 2006).

As a new actor, Company A has the agency to do institutional work. To promote itself, it has mainly applied three approaches to create institutions: mimicry, education, and changing normative associations. Building close relationships with actors in the field, such as railway companies and taxi companies, Company A situates itself in an assisting role that works in parallel to existing institutions, without challenging them by disturbing the current institutions in any form. Through trials in rural areas, Company A builds good connections with local companies and new business partners. It also earns positive publicity.

Such efforts have been recognised by its business partners, local governments and investors. Company A has received around 7.5 million USD of funding. Company A is positioned as a platform to match customers' needs with the services offered by taxi companies. As presented in Chapter 2, one difference between the Sharing Economy and the traditional economy lies in transactional partners. In the Sharing Economy, transactions occur between individuals, whereas in the traditional economy, transactions occur between individuals and organisations. Therefore, it has become apparent that by adapting to this system, Company A has become less of a Sharing Economy company.

8.3. Company B case study

Company B is another example of the efforts made by a Sharing Economy platform to promote a business and adapt to the current framework in Japan. This company works in the space-sharing sector. The main sources of this case study are the company's official website, media coverage and online customer reviews. There are three reasons Company B has been chosen for a case study. First of all, Company B was established in 2015 and is still active in this field today. Similar to Company A, Company B can provide longitudinal data on how changes happened over time. Secondly, there is sufficient media coverage for this company, and lastly, this company works in a different field compared with Company A, and thus can offer a different perspective to the analysis. In this case, I also developed the case study out of my interview data for the same reason, that I have multiple data sources for analysing. This case study firstly introduces how Company B has tried to promote its business over the years. A timeline is summarised and presented in figures. Furthermore, the data is integrated into the theoretical framework proposed in earlier chapters, followed by findings and discussions.

8.3.1. Background information about Company B

2015	
June	<ul style="list-style-type: none"> • Establishment of Company B
2017	
January	<ul style="list-style-type: none"> • Web service launch in the Shibuya area of Tokyo
February	<ul style="list-style-type: none"> • Introduced on major TV channels such as NHK, TBS
March	<ul style="list-style-type: none"> • Business partnership with Tokio Marine Nichido to provide insurance to users
October	<ul style="list-style-type: none"> • Received undisclosed amount of funding from individual investors and one local VC
November	<ul style="list-style-type: none"> • Fukuoka trail (indirectly supported by METI because METI promotes Japan's hospitality to attract more foreign tourists) • Hands-free travel service launch in Iwate (supported by Japan Tourism Agency (MLIT)) • Participated in JR East start-up programme and awarded a 'special prize' out of 237 company peers • Business partnership with Taiwanese online travel agency 'KKday'
2018	
February	<ul style="list-style-type: none"> • Service launched in the first department store partner 'Fukuoka Mitsukoshi' • Trail service in collaboration with Post Office in 26 branches in Tokyo & Kanagawa • Secured an undisclosed amount from several investors, including Japan Railways Group and Mercari
April	<ul style="list-style-type: none"> • Received 'Trust Mark' from The SEAJ
August	<ul style="list-style-type: none"> • Received an undisclosed amount of funding from a new individual investor
October	<ul style="list-style-type: none"> • Business partnership with Komehyo • Business partnership with hair & salon chain 'Earth'
November	<ul style="list-style-type: none"> • Business partnership with Yaizu Shizuoka Tourism Association to promote local tourism • Trail service in collaboration with Post Office in 32 branches in Kyoto • Business partnership with 'Tower Record' in Shibuya • Service launch in JR West stations • Introduced new paying methods
2019	
January	<ul style="list-style-type: none"> • App release on ios and android systems • More service coverage by building more business partnership with department stores and railway companies • More media coverage
August	<ul style="list-style-type: none"> • Achieved coverage in 47 prefectures in Japan
October	<ul style="list-style-type: none"> • Change of service fee (small luggage from 300 JPY to 400 JPY; big luggage from 600 JPY to 700 JPY)
November	<ul style="list-style-type: none"> • Business partnership with Hokkaido Tourist Information Centre Sapporo Tanukikoji (its app can operate in multiple languages to offer more convenient service to foreign tourists)
2020	
April	<ul style="list-style-type: none"> • Temporary service suspension due to global pandemic (COVID-19)
May	<ul style="list-style-type: none"> • New service released in response to the pandemic influence (takeaway service)
July	<ul style="list-style-type: none"> • New service terminated after 2 months
2021	
March	<ul style="list-style-type: none"> • Sharing storage service restart after 11 months suspension
April	<ul style="list-style-type: none"> • Launch new service 'parcel collection services'

Figure 17. Timeline of the development of Company B

Company B's founder did not have many years of work experience (as did the founder of Company A) before starting up this company; rather, the founder's limited work experience came through an internship with Uber Japan in 2014. Shortly after the internship, the founder started to prepare for this start-up. From an early stage, the company promoted itself as a typical example of the Sharing Economy. The founder claimed to recognise the insufficient supply of coin lockers in Japan, and decided to build a business to fill the gap between demand and supply.

Simply speaking, this company provides a temporary storage service similar to that of coin lockers, which have been in use for a long time. In Japan, most coin lockers are accessible in underground stations, railway stations, airports, and some department stores, frequently used by people who travel with luggage. The cost of renting a coin locker usually varies from 300-700 JPY per day, depending on size. By paying the fee upfront, customers can store their luggage temporarily (usually between several hours to fewer than three days). This is a convenient solution for those who do not want to travel with heavy luggage. Company B's founder believed that the demand for such coin lockers had not been met with the supply, and as a result, many people struggled to find coin lockers at popular locations although they would be happy to pay for the service. The founder proposed working with local shops to offer an alternative to customers. Through an internet platform established by Company B, customers can make reservations with a local shop in their desired location and store their luggage for a fee. On the day, customers only need to drop their luggage in the shop by showing confirmation issued by Company B. In this way, local shops can make some extra earnings while providing convenience to the customers. With more visits from customers, this could bring more in-store spending and might thus benefit the local shops further. Company B takes a small fee from each transaction to sustain its business. There are a variety of shop-types Company B recruits, the most typical shop types are cafés, bars, nail salons, guest houses and convenience stores.

The timeline shown in Figure 17 is a summary of the key events for Company B, collected and summarised by the author from news coverage and the official website of Company B. The timeline below lists the information regarding Company B's collaboration/business partnership with local governments and other companies, milestones of the company's development (e.g., funding grant), and new service initiatives.

The company was established in 2015, when the founder only had a rough idea about the business. The company then spent over one year planning its service and trialling early beta versions. The service was officially launched in January 2017, only for use in the Shibuya area of Tokyo, as at the early stage of the business, Company B needed to pitch their business concept to local shops to start building partnerships. After the Shibuya launch, Company B made significant publicity efforts, gaining introductions from major TV channels such as NHK and TBS. Many newspapers also covered reports about the business. Through advertising, Company B received more publicity. Shortly after the service launch, it announced a partnership with Tokio Marine Nichido to provide insurance to

users. The insurance would pay up to 200,000 JPY (1,820 USD) in the case of theft and other accidents. In March 2017, Company B received an undisclosed amount of funding from investors. The investors consisted of two individual investors and one local venture capital firm. At the same time, Company B kept recruiting more shops to expand its service coverage. Following the initial launch of service in Shibuya, Company B launched its service in Kyoto, Osaka, Fukuoka, Okinawa, Hokkaido, and many other regions subsequently. Later in 2017, Company B worked with Fukuoka and Iwate local governments to run regional trial services. To boost the hospitality industry, the METI initiated a public project called 'IoT Utilisation Hospitality Project' (many trials are carried out under this project in different locations). The Fukuoka trial was recognised by METI as an example of the 'IoT Utilisation Hospitality Project', lasting from October 2017-March 2018. Supported by local government and businesses, more than 80 shops participated. Similarly, to promote the tourism sector, MLIT started to promote 'Hands-free Travel', providing temporary storage and luggage delivery services to tourists. There are only 28 'Hands-free Travel' counters listed on the website. In the trial, Company B provided the platform for tourists to make reservations at one of the 'Hands-free Travel' counters in Iwate. It also participated in the JR East start-up programme and was awarded a 'special prize' out of 237 companies. To attract foreign users, it managed to establish a partnership with an online Taiwanese travel agency called 'kkday'.

In 2018, Company B launched the service in Fukuoka Mitsukoshi, its first department store partner. It also started to build collaboration with Post Offices in Tokyo and Kanagawa, so that users could store their luggage in these branches. In February 2018, Company B announced that it had secured another investment (undisclosed amount) from several investors, including Japan Railways Group and Mercari, a Japanese E-commerce company. In April 2018, Company B received the SEAJ trust mark. In August, it received another undisclosed amount of investment from a new individual investor. Throughout 2018, Company B maintained the trend of building partnerships with a variety of companies and working with local governments to expand its service coverage nationwide.

After two years since the launch of its service, Company B released its iOS and Android app simultaneously in January 2019. In August 2019, Company B had service coverage in all 47 prefectures in Japan, and again continued to expand its service coverage and promoting its business throughout 2019.

2020 was a difficult year for Company B, due to the COVID-19 pandemic. In April 2020, it temporarily suspended its business for social distancing reasons. As an attempt to minimise the impact of the pandemic on the business, it launched a takeaway service, and worked with its business partners. However, this service was terminated by Company B only two months after launch.

In March 2021, the luggage storage service restarted after an 11-month suspension. The company also announced a new service launch in April 2021, to provide parcel collection services. This service enables users to choose to deliver their parcels to a local shop that joined the service network, and collect in person later. This offers more flexibility to users that do not want to wait for their deliveries at home. There are only few details about this service available at this point, as it is newly launched.

Since the release of its iOS and Android apps, Company B has received 149 reviews from Appstore with an average rating of 4.1 out of 5, and 96 reviews from the Google Play store with the same rating (4.1 out of 5). Google Play also shows that the app has been installed more than 50,000 times. The reviews on Appstore are mostly written in Japanese, and only two reviews are left in English. Most of the reviews are positive, mainly praising the convenience the app provides. There are a few bad reviews about the limited payment methods app accepted back in 2019, and the price change (the fee went up from 300 JPY to 400 JPY for bag-size luggage and from 600 JPY to 700 JPY for suitcase-size luggage). In 2021, two reviews complained that some of the shops available on the app had closed due to the pandemic, which caused troubles. But overall, the service seems to be welcomed by most users.

8.3.2. Discussion – national system of innovation

From the NSI-informed framework, the main aspects of this research are:

- 1) The role of the government: the government's stance and the relevant policies;
- 2) The role and scale of education and training;
- 3) The industry structure;
- 4) The closed labour market;
- 5) The role of Japanese finance;
- 6) The role of R&D in related technology.

This case study focuses on the role of government, industry structure, labour market, financial system and related-technology R&D, because these aspects are more sector-specific. The education system has been discussed in previous chapters and the results also apply to this case. There is little sector-specific knowledge required for both working for Company B. Therefore, the role of the education system is not separately discussed in the following part.

Related technology R&D

By starting with the website and moving the service to apps after two years, Company B took its time to accumulate a user base and to expand service coverage. Company B promotes itself as a technology company, building the platform for users and local shops. In Company B, four out of a total of 16 employees work as software engineers, with the company now trying to expand by recruiting a further five people in this area.

Judging from the online reviews, the user experience is generally good, as it has received a 4.1 rating in both iOS and Android apps. Even the bad reviews do not necessarily imply a poor user experience, because some of the reviews complained about the price rise.

However, Company B has not branded technology as its absolute advantage in the market. It places more emphasis on the innovative business model. Compared with companies such as Uber (that adopt AI and machine learning to optimise real-time matching between user and driver), the technology-side requirements for Company B seem to be limited.

Technology is essential for Company B, as its business builds on the online platform. To build and maintain its website and apps, average software engineers can suffice. This company does not have the incentive to invest heavily in R&D or hire top talents in the field. It finds its competitiveness depends more on the business model and broad coverage of its service.

Industry structure

Company B's business model emerged after the founder noticed the gap between the supply of coin lockers and the unsatisfied demand of customers. Company B's business does not pose a huge threat to companies that run coin locker businesses. Coin lockers are still more convenient when available, as they can be easily located in major stations. Coin lockers are also totally contact-free. Moreover, the storage service that Company B provides does not have obvious advantages in terms of price.

Coin lockers are managed by railway companies and other private companies. Unlike industries such as the taxi industry, there is no strong coin locker industry in this case, and the existing actors in the industry do not necessarily see Company B as a competitor. One of the existing actors, Japanese Railways, even supports Company B by providing funds and building a partnership. Therefore, Company B appears not to be directly confronting the existing industry, and has a relatively comfortable environment in which to develop.

Labour market

Due to the nature of the business, labour supply is not an obstacle in this case. Because the reservations are confirmed and processed by the platform, the service is relatively simple and painless for the shops; the receptionist or other staff in charge only need to check in and out the luggage when the customers come, and there is no need for special training. In this sense, the labour market is not causing any trouble for Company B's development.

Government stance

The government also appears to be quite supportive in this case. Firstly, there seem to be no major safety concerns about the temporary storage service. In the case of mobility-sharing businesses, safety appears to be the biggest concern for the government, but it has not been mentioned by the government in this sector.

Both local governments and some ministries (such as METI and MLIT) want to promote the Japanese tourism industry, and therefore have a supportive attitude towards this business. The 'hands-free travel' service supported by MLIT's Japan Tourism Agency also demonstrates that the government wants to attract tourists by offering similar services. Although there is no direct (financial) support provided to Company B from METI or MLIT, it is unlikely that this business will face any upcoming regulatory obstacles. Some local governments have been more proactive by working with Company B in many regional trials to promote local tourism. Overall, the government generally appears to be supportive of the temporary storage service Company B operates and provides an overall friendly environment for it to develop.

Financial system

Company B has not received any funding from the government so far. Between 2017 to 2019, it received three investments from various sources. The investment amounts have not been disclosed.

These funds come from local venture capital, big Japanese corporates (Japanese Railways and Mercari) and some individual investors. Overall, the financial system seems not particularly hostile for Company B, as it has secured multiple investments in the past. However, as the investments come from various sources, this potentially suggests that the amount invested by each investor is relatively small. Also, as some of the investments come from individual investors (non-institutional), this might indicate strong networking skills / good personal connections within the company leadership, which might not be easily replicable for other businesses.

8.3.3. Discussion – institutional work

By comparing the data from this case study with three types of institutional work (namely creating institutions, maintaining institutions and disrupting institutions), it becomes clear that Company B, a new actor in the field, has focused on creating new institutions.

As summarised in the company timeline earlier, Company B has mainly achieved the following:

1. Expanding service coverage by recruiting more local shops and building partnerships with major companies such as Japanese Railways;
2. Getting publicity via television and newspapers;
3. Working with local governments to trial and promote the local tourism industry;
4. Receiving the trust mark as recognition from the SEAJ.

To go into more details, the institutional work that Company B takes to create new institutions can be broken down into the following aspects:

Mimicry²⁴

In this case, it is clear that the business model of Company B is not brand new. This business resembles the existing coin locker business to a great extent. Company B takes a similar concept online and provides alternatives to customers. Because consumers are already relatively familiar with coin lockers, it is less difficult for them to accept the new business idea Company B introduces.

Educating

²⁴ Mimicry is a form of institutional work that actors try to leverage existing taken-for-granted rules, practices or technologies when introducing new ones (Lawrence and Suddaby, 2006).

By conducting trials in different regions, especially rural regions, Company B offers the opportunity for customers to experience and become familiar with its businesses. Other than education, by running such trials in collaboration with railway companies, Post Office and local governments, Company B also received more publicity and partnership opportunities.

Advocacy²⁵

Advertising is one of the most common ways of advocacy. Company B has made great efforts to promote itself on both television and via newspapers in advertising. Many Japanese TV channels (both national and local) conducted interviews with the founder and introduced the business. Various newspapers also gave some coverage on its story. This does not only help Company B with attracting more users, but also recruiting more business partners and expanding the operational coverage.

Changing normative associations

By introducing itself as an intermediary between the local shops and customers, Company B also creates institutions by changing normative associations. The users are now presented with a new way to store their luggage temporarily. The new business model does not confront the pre-existing business, because the pre-existing business still retains its advantages (such as location, ease, contact-free transaction). The new business acts in parallel to the pre-existing coin locker business and offers an alternative to users who cannot use pre-existing service.

Constructing normative networks²⁶

The SEAJ is an example of an inner-organisational peer group. Its members vary across industries; the Sharing Economy trust mark has been created to certify sharing services. Although it is not legally required for the businesses to obtain the trust mark, it is a form of peer normative monitoring. Company B Joined SEAJ and was trust mark certified in 2018. By joining SEAJ, Company B made the effort to construct normative networks and can work towards the same goal of promoting the Sharing Economy together, across different sectors.

²⁵ Advocacy happens when actors mobilise political and regulatory support through direct and deliberate means of social persuasion (Lawrence and Suddaby, 2006).

²⁶ Constructing normative networks is about the formation of inter-organisational linkages. This often leads to the establishment of a peer entity with a normative monitoring, compliance and sanctioning role, which is often parallel with existing institutions, activities and structures (Zvolaska *et al.*, 2019).

It is also common for some new actors to disturb institutions by disconnecting sanctions, disassociating moral foundations and undermining assumptions and beliefs. However, Company B has not tried to work in that direction. It is not considered a disruptive innovation by pre-existing actors. On the contrary, it works closely with pre-existing actors and even receives support from them.

8.3.4. Summary

This case study has focused on Company B, which entered the space-sharing field as a new actor in 2017. Seeing the opportunity in the temporary luggage storage business, it started to operate a service that resembles the existing coin lockers through its online platform.

The NSI is generally in favour of Company B. The innovation in this case lies in its business model and does not require high-level technology for its realisation. This business does not confront the pre-existing industry but works in parallel to provide an alternative for customers; neither is the labour supply troublesome thanks to the nature of the business. Its development also aligns with the government's goal of promoting Japan's tourism industry. Therefore, there are few obstacles in the way of Company B, and it has been able to secure investments to further its expansion.

As a new actor, Company B also utilises its agency to do institutional work. To promote itself, it has mainly applied the following approaches to create its business: mimicry, education, advocacy, changing normative associations and constructing normative networks. It mimics the pre-existing coin locker business and promotes its own business via conventional media (TV, newspapers) to attract new users. Offering trials in different areas, Company B has managed to get more publicity and build close connections with local governments and big corporates.

Unlike Company A, Company B has built a business within an industry where there is no strong vested interest, and is able to grow without major obstacles. However, it still does institutional work to better adapt itself to the system. And so far, such efforts have been recognised by its users, business partners, the government and investors.

The findings and analysis of the case studies confirmed what was discussed in the informant interviews in Chapter 6 – i.e., overall, the NSI in Japan provides difficult 'soil' for developing Sharing Economy companies. Nevertheless, Sharing Economy companies try to adopt institutional work to better adapt to the system. The analysis in this chapter is consistent with that in Chapter 7 on the analysis of Sharing Economy companies. In the case studies, both companies adopted similar

institutional work to maintain and create institutions, without attempting to disrupt institutions. The fact that they did not attempt to disrupt institutions through institutional work suggests that Sharing Economy companies are weaker actors in the system. They try to gain legitimacy for their existence by adapting to the system in which they are embedded.

Chapter 9. Conclusion

This research identified the puzzle that Japan's Sharing Economy develops more slowly, despite its generally solid economic position. There has been some non-academic discussion in the media, attributing slow development to regulations imposed by the state, and the risk-averse attitude of Japanese consumers; however, research systematically analysing the development of the Sharing Economy in Japan is scarce. This thesis explores the understudied topic of Japan's Sharing Economy, as it becomes increasingly important in the global economy. This study's starting point asks why Japan's Sharing Economy has developed more slowly than other countries, including most developed countries and even some developing countries such as China, despite Japan being the fourth-largest economy globally.

As stated in the introduction chapter, this study does not intend to make the normative argument that Japan *should* have a strong Sharing Economy; it seeks to find answers to the relatively slow development of the Sharing Economy in Japan.

In Chapter 3, I discussed the theoretical framework in detail. When I proposed this study in 2017, there was no theoretical framework available to analyse the development of the Sharing Economy at a national level in Japan. Previous research mainly focused on issues surrounding trust, implications for other industries, and the possibility of sustainability that the Sharing Economy might bring. Therefore, this study integrates the national system of innovation (NSI) framework and institutional work theory to provide a theoretical framework for the discussion of the development of the Sharing Economy in a local context – in this case, Japan. The adoption of the NSI in this study is appropriate, because the Sharing Economy has been recognised as a form of innovation in previous literature. Meanwhile, the NSI framework has been used extensively in the past to study other innovations in Japan, focusing on macro-level factors. By integrating the findings from the Sharing Economy literature and the Japanese innovation system literature, this study proposed a working framework of the following six aspects:

1. The role of the government: the government's stance and the relevant policies;
2. The role and scale of education and training;
3. The industry structure that favours long-term strategic investment in marketing, training, and technological activities;

4. The closed labour market;
5. The role of Japanese finance;
6. The role of research and development (R&D) in related technologies.

The adoption of institutional work adds perspectives from the meso-level, taking the agency of all actors in the Sharing Economy into consideration. It provides the theoretical underpinning for different actors in the Sharing Economy to learn how the key actors make efforts to create, maintain or disrupt institutions in the development of Japan's Sharing Economy.

This study adopted an exploratory and primarily qualitative methodology to approach the research question, given that little was known about Japan's Sharing Economy. The design of the methodology was guided by the theoretical framework, integrated with the NSI and institutional work theory, elaborated in Chapter 4. Although this thesis takes a macro/meso perspective to approach this topic, it does not deny that other factors may have contributed to the slow development of Japan's Sharing Economy; aspects outside of the theoretical framework were discussed whilst reviewing past literature. In addition, this thesis adopted mixed methods for data collection and data analysis, including document analysis, secondary quantitative data analysis, semi-structured interviews, and case studies. The adoption of a mixed-method approach helps to triangulate the findings, by analysing data from different sources.

From Chapter 5 to Chapter 8, I presented data analysis and discussion, guided by the theoretical framework of the thesis. The data analysis begins with selected documents from relevant policies, regulations, and laws and secondary data from government-published policies and white papers. Secondary data published by the government provides rich quantitative data for further analysis and triangulation of this study. The advantages of document analysis are low cost, efficiency, and broad coverage. The importance of document analysis in this research is that documents simultaneously provide background information and historical insights (Bowen, 2009). The data analysis also helped refine the proposed theoretical framework and semi-structured interview design.

The semi-structured interviews were conducted in Tokyo, Japan, between February and May 2019. They provide rich qualitative data from the informants. I completed 14 interviews with informants from different backgrounds, reaching data saturation. The relatively unstructured

nature of semi-structured interviews allowed more flexibility in the process (Bryman, 2012). The ethical committee carefully designed and approved the fieldwork before the fieldwork.

Originally, additional fieldwork in Japan was considered, for more interviews with government officials. However, this became impossible due to the travel restrictions imposed by the British and Japanese governments during the COVID-19 pandemic. Therefore, I switched to using government meeting minutes as the primary source of obtaining government data, and adopted document analysis. Meeting minutes have been widely used before as a primary source (Maclachlan, 2020) and have provided high-quality data for this study. The Sharing Economy discussion meetings (SEDMs) were organised and held by Cabinet Secretariat and the Sharing Economy Promotion Centre (SEPC). The ministries involved in Sharing Economy policymaking have all sent representatives to participate in these irregular meetings. Gaining data from these meetings is by no means a compromise, in terms of data quality compared to interviews, because all crucial government stakeholders are involved in the meeting discussions. The SEDMs also cover a long timeframe, through which it is possible to observe a change in attitude towards the Sharing Economy over the years. Additionally, many new businesses sent representatives to join the SEDMs, which offered more complementary data alongside informant interview data.

In Chapter 8, the case study approach was employed. The first case examines how companies have adopted newly-published policies and regulations by METI in practice. This is an opportunity to look more closely into the government's role in promoting innovations and Sharing Economy from cases in practice. The second case looks at two representative companies in the Sharing Economy industry, by following their development paths closely. The second part of the case study intends to reveal how Sharing Economy start-ups exert agency to do institutional work, interact with current players, and create legitimacy so that the customers and the market can accept them.

The adoption of case study in this thesis provides a detailed analysis and understanding of the sharing economy in two specific contexts. It also serves to triangulate, uncovering distinct perspectives that may have gone unnoticed through alternative research methods as the case study here provides longitudinal data of years of timespan.

9.1. Key findings

9.1.1. Japan's national system of innovation from the macro perspective

This research concludes that from the macro perspective, Japan's NSI does not provide an overall advantageous environment for Sharing Economy businesses to develop. Start-ups encounter many difficulties trying to expand the market, but receive little help from the external environment. The reasons can be found in Japan's NSI.

The education system in Japan still mainly serves to prepare graduates for 9-5 jobs in big companies. Education on technological skills and entrepreneurship knowledge is not easily accessible in Japan. The technological infrastructure has not been beneficial for developing Sharing Economy businesses, which is also attributed to the education system. The gap between the supply and demand of software engineers drives wages up. Some start-ups find it difficult to afford in-house engineers. Some Japanese Sharing Economy companies subcontract this part of the work to engineers based in south-east Asian countries, such as the Philippines and Vietnam. Some companies hire freelance engineers to work part-time.

The industry structure is a big hurdle for new businesses to develop. Established industries do not welcome newcomers, and this is especially the case in certain sectors. The two most deeply-discussed examples would be the hotel and taxi industries. Existing industries put tremendous pressure on the government to regulate Sharing Economy businesses – as a result, most of the services that Uber and Airbnb provide have been banned.

The Japanese Government has displayed a conflicted attitude. To be more specific, some ministries are more proactive, such as METI. They see the Sharing Economy as a possible solution to stimulate the Japanese economy and as the answer to many of the country's demographic problems. However, there are also more conservative ministries, that appear to be reluctant to make changes. They also play a significant role in decision-making for the Sharing Economy businesses in different sectors. Having close connections with existing industries, they are mostly content and comfortable with the status quo and see no instant benefits from promoting the Sharing Economy. Therefore, their attitude appears to waver. These conservative ministries claim they do not want to rush anything, because there are concerns over transaction security. So, even though some ministries are interested in pushing the Sharing Economy development in Japan further, few positive changes have been made. A (perhaps somewhat oversimplified) summary vividly compares Japanese approaches with American approaches: everything is permitted in

America unless explicitly forbidden; nothing is permitted in Japan unless explicitly sanctioned (Gilpin, 1996).

The financial system has also failed to provide substantial help. There are indeed some tax benefits and low-interest loans for which entrepreneurs may apply at the early stages of their businesses, but going further can still be difficult for start-ups, after this initial stage. Venture capital in Japan does not favour Sharing Economy businesses, due to the hostile regulatory environment experienced by the Sharing Economy. Investors try to avoid the risk of sudden implementation of new laws and regulations that might block the business altogether. Even if some start-ups have a decent track record operationally, they may still not find enough funding to expand their business. It is likely they may have established their customer base by that stage but are not yet profitable; without further investment, they will fail. Furthermore, some Sharing Economy start-ups do decide to terminate their operations at this stage (this was noted even before the COVID-19 pandemic impact).

Compared to international start-up hubs such as Silicon Valley, Japan also lacks a supportive start-up environment. For start-ups, the benefit of venture capital investment is not limited to the funding but also other intangibles; experienced venture capitalists can help early-career entrepreneurs beyond providing money (such as networking opportunities and professional advice / experience).

The labour market in Japan is more open than before, but if we were to compare it with other markets, the disadvantage is still apparent. Japanese workers, in general, still prefer to take a 'stable job' in large / major companies. Some people only accept job offers in start-ups as a last resort to avoid unemployment. In addition, many employers do not allow their employees to take a second job, which prevents many people from working as service providers on Sharing Economy platforms.

Gilpin (1996) argues that, because powerful vested interests resist change, past success can become an obstacle to future innovation and adaptation to a changing environment. Therefore, Japan's NSI helps explain many achievements in the past, but also provides answers to why Japan's Sharing Economy is developing slowly today. The successful historical NSI has created vested interests. Without solid motivation and actors pursuing change, existing industries and government ministries that work closely with them and other aspects of Japan's NSI now hinder the development of the Sharing Economy.

9.1.2. Efforts made by different actors from a meso perspective

This research has adopted the institutional work theory to capture the dynamics of Japan's Sharing Economy from a meso perspective. This framework stresses the agency of each actor within the field and looks at efforts made by different actors under three main categories: maintaining institutions, creating institutions, and disrupting institutions.

The main actors in the field are Sharing Economy start-ups, the SEAJ, government ministries and existing industries. From the data, it can be identified that most institutional work conducted by the actors is linked to maintaining or creating institutions. Conservative ministries and existing industries benefit from the current institutions. Therefore, they do not want to make changes that might bring uncertainty to the well-established institutional environment. Instead, they take measures to ensure the institution they benefit from is maintained. Although more proactive ministries want to promote the Sharing Economy, they do not wish for drastic changes either. They are content to only make incremental changes, without breaking the current system. They thus conduct institutional work that maintains institutions and, at the same time, creates new institutions. Because the existing industries and the government are vital actors in the field of the Japanese Sharing Economy, and it is not of interest to disrupt the *status quo*, institutional work that disrupts institutions could not be found. Sharing Economy start-ups and the SEAJ – as actors who have the most motivation to further push the Sharing Economy development – mainly make efforts to create institutions to adapt to the existing system, gain legitimacy, and grow. Sharing Economy start-ups are relatively weak actors in the field, looking for government support. Therefore, most of them make efforts to create institutions, rather than disrupt existing institutions.

In short, powerful actors who benefit from the current system still resist making significant changes. The more minor actors have limited power to make changes. They work to fit into existing institutions – without presenting a threat to vested industries – whilst making small changes.

9.1.3. Summary

To sum up, Japan's NSI offers a macro perspective to address this research question. After refining the NSI framework, six aspects are included:

1. The role of the government: the government's stance and the relevant policies;
2. The role and scale of education and training;

3. The industry structure favours long-term strategic investment in marketing, training, and technological activities;
4. The closed labour market;
5. The role of Japanese finance;
6. The R&D role for related technology in Japan's NSI.

This analysis of these six components suggests that Japan's once successful NSI now hinders the development of the Sharing Economy. Adopting an institutional work lens, we can see that efforts have been made by actors to promote Japan's Sharing Economy; however, their institutional work is not yet influential enough to fundamentally boost it.

9.2. Contribution of this thesis

The contributions of this thesis can be viewed in three aspects. Firstly, this thesis contributes to the literature of Japanese studies, both in the field of the Sharing Economy and innovation studies. There is minimal past research on the topic of the Sharing Economy in the context of Japan. This thesis provides rich empirical data to explore Japan's Sharing Economy from macro and meso perspectives. It offers in-depth discussion about the institutional setting in Japan and its influence on the development of Japan's Sharing Economy. Meanwhile, by adopting the institutional work framework, key actors have been identified, and their roles in Japan's Sharing Economy have been analysed and discussed. The findings are also in line with many important prior studies and reveal that Japan's 'Coordinated Market Economy' structure has created challenges for innovation to occur, as previously noted by Vogel (2001) and Calder (2017). The case of Japan's Sharing Economy proves this point. Overall, this thesis provides a timely update on the study of Japan's economy structure, reinforcing earlier research and enriching the current understanding of the topic.

This thesis also makes the contribution of proposing the examination of the Sharing Economy at both macro and meso levels, by integrating the NSI framework and the institutional work framework. The NSI framework is adopted in this thesis, due to the lack of a theoretical framework in Sharing Economy literature. By treating the Sharing Economy as a form of innovation, the NSI framework is introduced, refined, and tested in this thesis. Admitting different actors' levels of agency, this thesis adds another perspective at the meso level, by integrating the institutional work theory to locate key actors and their roles in developing Japan's Sharing Economy. This integration of the NSI

framework and the institutional work theory is proposed for the first time in this thesis; it may be adopted in future studies in the field of the Sharing Economy and even other innovations.

Furthermore, this thesis also makes a contribution to Sharing Economy research in general. By adding to the research on the Sharing Economy in its under-explored context of Japan, this thesis enriches the general Sharing Economy literature.

9.3. Implications for different stakeholders

These findings of this study have many implications for different stakeholders, including academic scholars, policymakers, enterprises and investors. Not only does this research have implications for academics and future research, but it has implications for stakeholders outside of the academic domain.

9.3.1. Implications for future research

This thesis adds new perspectives to Japan's Sharing Economy literature, to explain a broader range of factors contributing to or hindering the development of the Sharing Economy. Consumer attitudes and trust are the only factors that have been touched upon in past research.

This thesis proposed a new theoretical framework to analyse the development of the Sharing Economy at a national level and collected empirical evidence based on the Japanese context. For future research on the Sharing Economy, this framework can provide a starting point. Naturally, modifications may be necessary depending on the local context. Scholars interested in the Sharing Economy can adopt this theoretical framework to analyse the subject from a macro perspective in national or regional contexts. Such research could also further test this theoretical framework and refine it for further generalisation.

Academics in innovation studies may also adopt this theoretical framework, to investigate other new forms of innovation from macro and meso perspectives where no existing theories are available.

Although this research concludes that Japan's NSI does not work effectively to develop Japan's Sharing Economy, NSI factors are dynamic. With positive changes, the system may one day be better able to promote Japan's Sharing Economy. The analysis and conclusions of this thesis should be revisited from time to time. Also, if new progress in Japan's Sharing Economy is made, analysis can be drawn based on this framework, to identify what has contributed to that development.

This thesis focused on Japan's Sharing Economy; the various differences among sectors were not discussed, due to limited resources and time. In future studies, more in-depth analyses of different sectors should be considered, to deepen knowledge.

Lastly, the framework this thesis proposed in the Japanese context has not been tested in other regional and national contexts. This framework needs to be tested in more contexts, to analyse the Sharing Economy for broader generalisation.

9.3.2. Implications for stakeholders outside of the academic domain

This thesis also has implications that extend to stakeholders outside the academic field, as this thesis has systematically sketched a complete picture of Japan's Sharing Economy.

As the findings reveal, overall, Japan's innovation system has failed to support the development of Japan's Sharing Economy, despite the fact that the Japanese Government has an open, supportive attitude, and intends to encourage the Sharing Economy as a method to resolve many societal problems in the depopulated rural area.

This thesis points to directions for policymakers, especially those who want to promote the Sharing Economy. Policymakers can identify factors rooted in Japan's institutional settings that hinder Japan's Sharing Economy development. They may also propose changes to promote the Sharing Economy businesses in various fields.

This thesis offers many implications and provides perspectives for Sharing Economy enterprises already in operation, or considering entering business. First, this study offers a comprehensive investigation into Japan's Sharing Economy from a macro/meso perspective, which can be helpful for the Sharing Economy enterprises to rely upon in their decision-making. Although this study found that Japan's NSI overall does not support the development of Japan's Sharing Economy, it should not be interpreted as a discouragement of their venture in this field. There are successful examples from the past. Moreover, the Japanese Government has an overall supportive attitude towards developing the Sharing Economy, even though no considerable progress has yet been made.

Business enterprises may adopt the theoretical framework proposed in this study as a tool to identify key actors in the field in which they are interested, and analyse and assess their opportunities and obstacles. However, it is essential to integrate such assessments closely with sectoral context, as situations may vary from sector to sector. Then, businesses may make

assessments under the framework of institutional work, to reflect on the resources they have on hand to address possible resistance from existing industries.

The analysis section on institutional work may also provide Sharing Economy enterprises with ideas for business models. For example, to create legitimacy, many start-ups have been working in rural areas with the help of local government, thanks to the supportive role many local governments play. They managed to trial their business models and build up networks in this way. Examples of successful businesses may help enterprises identify where to start.

This study provides business enterprises with a comprehensive analysis of Japan's Sharing Economy from a different perspective – rather than only thinking from the consumers' perspective.

In a similar way, potential investors interested in the Sharing Economy may also find this paper helpful in providing a macro/meso analysis of Japan's Sharing Economy. They can benefit from this work and make better-informed investment assessments, based on the framework and findings reported here.

Furthermore, as such discussion is very limited in the academic domain, and the debate outside of the academic world usually fails to provide systematic analysis, this study can contribute to real-world business, as essential analytical guidance.

9.4. Limitations

Inevitably there are a few limitations, upon which I have reflected. First, the adoption of the theoretical framework positions this research to study Japan's Sharing Economy from macro and meso perspectives, and as such, only focus on institutional settings and key actors in the field. This thesis does not deny the possible impact of factors outside of this framework, such as consumer attitudes, which are not discussed, due to limited resources.

This thesis has taken samples in data collection and, therefore, may have some bias due to the limited number of samples that have been analysed and discussed. In addition, the analysis in this thesis may have some bias due to author subjectivity.

The COVID-19 pandemic also caused some difficulties for this study. I had to adjust my research plan due to the impact of the pandemic. Although sufficient data from different sources is collected for the findings and conclusions that I have presented, I would have been able to access richer data if additional fieldwork had been possible.

Lastly, this thesis has only applied the theoretical framework to analyse the development of the Sharing Economy. This framework has not been tested in other contexts outside of Japan. For the generalisation of this theoretical framework, future studies are needed. Before applying this framework to different regional or national contexts, modifications may be necessary.

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Appendix

Table 25. List of informants

Number	Description	Gender	Age	Education Background
1	CIO of one sharing economy company, which provides rental photographer service	Male	40s	PhD
2	CEO of one sharing economy company, which provide the platform for people to find pet-sitters	Female	30s	Bachelor
3	Project manager from a big cooperation and assigned to work on a sharing economy project in which the cooperation invested	Male	40s	N/A
4	PR manager of a sharing economy company which provides locker-sharing services	Female	20s	Bachelor
5	CEO of one sharing economy company, which provide a platform for people to find local guides who can speak foreign languages	Male	30s	Master
6	Academics	Male	50s	PhD
7	Industry insider works for the SEAJ	Male	20s	Master
8	CEO of one sharing economy company focused on ride-sharing business	Male	40s	Master
9	Investor	Male	60s	Master
10	Investor	Male	60s	N/A
11	CEO of a sharing economy start-up focused on space-sharing for long-stay cars	Male	20s	Bachelor
12	CEO of a sharing economy start-up that provides the platform for people to find cooking lessons for cuisine from different countries	Male	30s	N/A
13	CEO of one sharing economy company, which provides a platform for people to find local guides	Male	30s	Bachelor
14	Investor	Male	50s	N/A