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Racialization of Peer-to-Peer Transactions: Inequality and Barriers to Legitimacy

Abstract

Racial disparities exist in how different peer-to-peer (P2P) business activities are treated. Adapting from institutional theory, whiteness theory, and stereotyping research, we find across a series of experiments that P2P activities are rated more negatively and lower in normative legitimacy when their actors are perceived to be Black as opposed to White. Local acceptance and regulative legitimacy increased normative legitimacy ratings for P2P activities in a Black community, but did not erase the normative legitimacy gap. Moreover, we find that popular terms for P2P businesses (“sharing economy” and “side hustle”) have racial associations, influencing perceptions of normative legitimacy. However, we also show that this may potentially be altered by the legitimating action (an advertising campaign) of a major P2P company employing these terms. Our results suggest that policymakers and programs for improving entrepreneurial achievement need to explicitly consider these racial associations and perceived differences in legitimacy.

Keywords: P2P, race, legitimacy, whiteness, stereotyping, prejudice, sharing economy

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“Garner and Sterling were, in fact, doing something that's now celebrated in very different forums by small-scale ‘entrepreneurs’ who typically don't look like them. They were trying to earn income off what they had at hand in ways that are not strictly legal. The parallels to today's sharing economy aren't such a stretch...In cities where short-term rentals remain technically illegal, we don't typically think of Airbnb hosts as operating in a black market. Nor do we consider Uber drivers skirting the law — making, for instance, illegal airport runs — to be “hustling.” But [selling loose cigarettes and batteries] have been heavily criminalized, with the further help of anti-loitering laws.” (Badger 2016)

The “peer-to-peer” (P2P) economy – where two consumers exchange access to goods and services directly – is perhaps most associated with the sharing economy/collaborative consumption (“people coordinating the acquisition and distribution of a resource for a fee or other compensation”; Belk 2014). However, while sharing economy platforms like Uber and Airbnb have formalized P2P economic activity, similar transactions predate modern economies and are found across cultures. The “P2P economy” is a broad umbrella term that also includes shadow and informal economies (transactions that are not inherently illegal but are not recorded, reported, or governed by regulatory agencies) as well as illegal transactions (e.g., selling illegal drugs) (Alderslade, Talmage, and Freeman 2006; Bonnet and Venkatesh 2016; Dobovšek and Slak 2017; Losby, Kingslow, and Else 2003). Collectively, P2P transactions – varying in familiarity, cultural acceptance, and legality – are worth billions, if not trillions of dollars annually (Plumber 2013; Wadlow 2017).

It has been observed that there are differences in how White and Black P2P activities are perceived and treated (Badger 2016; Baker et al. 2015; Denvir 2016; McGirt 2017; Stole 2016). Many P2P platforms that emerged from Silicon Valley had modest beginnings but are now

highly successful. These P2P platforms, such as Airbnb and Uber, are often celebrated for their ingenuity, entrepreneurial spirit, and for being “disruptive” when breaking or pushing the boundaries of existing laws and negatively impacting other people and industries (Smith 2017; Taylor 2017). Although they have been legally challenged by numerous cities and industries (Barbanel 2019; Fitzsimmons 2018; Honan 2018), they still enjoy a high level of legitimacy in the eyes of consumers.

This stands in stark contrast to how people view driving illegal cabs or selling loose cigarettes, batteries, and bootlegged media, which are P2P activities that are more strongly associated with Black communities. Such activities are generally considered illegitimate, despite showing entrepreneurial spirit and ingenuity while pushing social and regulatory boundaries. Even the exact same and seemingly benign activity – such as selling bottled water or candy bars without a permit – may elicit calls to the police, while such activities are common in predominately White neighborhoods (Campisi et al. 2018; Williams 2017). This difference is perhaps most striking in the cases of Alton Sterling and Eric Garner, where their P2P activities attracted the attention of law enforcement, and these interactions subsequently led to their deaths (Badger 2016; Baker, Goodman, and Mueller 2015).

The current research investigates the role of race in the legitimation of P2P activities. Although institutional theory research has explored how unfamiliar or deviant behaviors and domains become widely accepted and adopted (Humphreys 2010a, 2010b; Humphreys and Latour 2013), the role of race in these perceptions has yet to be studied. We therefore synthesize this work with insights from whiteness theory (Burton 2009a; Davis 2017) and the stereotyping literature to identify potential sources of inequality in P2P markets. We find that the favorability and legitimacy of a P2P activity can vary based on the race of its actors, even when other

legitimizing mechanisms are in place, such as social acceptance among P2P actors and adhering to rules and regulations.

The growing literature on P2P platforms and economies has mostly looked at motivations for participating (Albinsson and Yasanthi Perera 2012; Hamari, Sjöklint, and Ukkonen 2016; Lamberton and Rose 2012; Möhlmann 2015; Yang et al. 2017), regulatory issues, and economic impact (Codagnone and Martens 2016; Frenken and Schor 2017; Koopman, Mitchell, and Thierer 2014; Zervas, Proserpio, and Byers 2017). Although some studies identify racial prejudices in P2P economies such as home sharing and eBay (Ayres, Banaji, and Jolls 2015; Doleac and Stein 2013; Edelman, Luca, and Svirsky 2017), the reasons and broader consequences of these prejudices are left unexplored.

The construct of legitimacy has been largely absent from the marketing literature until relatively recently (Slimane et al. 2019), and, to our knowledge, has not been used to understand the impact of race in the P2P marketplace. This gap is notable, as legitimacy is inherently related to the establishment of trust, which is critical to the acceptance of P2P activities (Lamberton and Rose 2012; Möhlmann 2015). The current research seeks to address this gap by providing insights into how trust is generated in P2P economies. Given that race is a source of inequality in society, the study of race in the legitimation process is also well positioned to address the call for research on the role of consumers in the legitimation process, including the responsibility and influence of relatively powerful vs. powerless consumers (Slimane et al. 2019).

Further, research to date studying racism in marketing is said to lack a strong theoretical grounding (Davis 2017). Legitimation – combined with insights from other theories and literatures – is well positioned to offer a theoretical lens for understanding issues of race in the P2P economy. There is also little empirical research on the concept of whiteness, including

claims made by whiteness theory, the different dimensions of whiteness, and its operationalization (Burton 2009a; Hartmann, Gerteis, and Croll 2009; Morris and Kahlor 2014). Legitimation is a useful framework for addressing these issues, and insights from the current research may be applied more broadly to understand issues of race and racism in marketing, entrepreneurship, and policy more broadly. In short, the current research contributes to our understanding of race and inequality in the marketplace (Bennett, Hill, and Daddario 2015; Bone, Christensen, and Williams 2014; Crockett, Grier, and Williams 2003; Davis 2017; Friedline and Chen 2020), of which P2P activities represent a substantial and growing element. Consumers, as both sellers and buyers, increasingly use these markets to gain access to resources including work and income, which are central to the issue of racial inequality.

INSTITUTIONAL THEORY AND LEGITIMATION

Institutional theory, in part, explains how behaviors and industries gain legitimacy. Three pillars of legitimation have been identified: cognitive legitimacy (the industry is associated with and fits existing (positive) schemas and cultural frameworks in consumers' minds), normative legitimacy (perceiving that the industry is widely accepted by others and is consistent with existing norms and values), and regulatory legitimacy (the industry operates according to existing rules and regulation) (Aldrich and Fiol 1994; Humphreys 2010b; Humphreys and Latour 2013; Scott 1995; Suchman 1995). These various forms of legitimacy regularly influence one another at various stages of the legitimation process. For example, marketing can increase cognitive legitimacy by using positive frames to associate an industry with existing positive schema, influencing how an industry is understood and encoded (e.g., framing gambling as "gaming" and reducing its association with organized crime; Humphreys 2010a; Humphreys and LaTour 2013). These associations can then shape perceptions of normative legitimacy

(Humphreys and LaTour 2013). Regulative legitimacy can help build confidence in an industry when public knowledge and trust are low (Humphreys 2010a; Scott 1995), shaping cognitive associations that lead to broader social acceptance. At the same time, an industry does not need to be lawful to be normative (e.g., driving over the speed limit is not legal but is cultural normative; Humphreys 2010a). Gaining normative legitimacy may pressure lawmakers to change regulations and reduce the conflict between normative and regulative legitimacy (Simkins and Geiger-Oneto 2020).

WHITENESS THEORY

Just as legitimation considers the individual- and systemic-level factors that shape the legitimacy of a behavior or domain, Black Americans face both subtle and overt discrimination at the individual- and systemic-level. The concept of whiteness has historical roots and has created a social system that “normalizes the interests, needs and values of those racialized as white” (Owen 2007). From this view, white culture is treated as a lens through which other social groups are judged; it is the unstated default and comparative standard for all other groups, and is therefore normalized and unchallenged (Burton 2009a; Davis 2017). Therefore, whiteness leads to a “systematic preferential treatment for Whites” (Burton 2009a, p 173), as social structures and institutions are inevitably created in a way that favor White culture and reinforce their social advantage (Owen 2007). In short, “what is associated with whiteness becomes defined as natural, normal or mainstream” (Owen 2007). Structural oppression theory similarly argues that dominant groups maintain power through various micro and macro level mechanisms, including stereotypes, negative cultural portrayals of the subordinate group (of which marketing can reinforce), and structural systems that favor the dominant group (Davis 2017; Open Source

Leadership 2012). These ideologies are woven into the cultural fabric of society and do not need to be explicitly expressed.

RACIAL INEQUALITY AND RACIALIZATION OF P2P ECONOMIES

We argue that the legitimation and success of White P2P activities, compared to the illegitimacy and criminalization of Black P2P activities, is wholly consistent with a synthesis of whiteness theory and the three-pillar framework of legitimation. First, recall that cognitive legitimacy refers to cognitive associations between an industry or group and other (positive) concepts/schema (Humphreys and LaTour 2013), allowing for easy classification and judgment. For example, gambling achieved cognitive legitimacy through associations with entertainment (Humphreys and LaTour 2013), whereas the cognitive incongruence between being overweight and beauty (Scaraboto 2013) contributes to the perceived illegitimacy of plus-sized consumers as a group. Associations with race may be one such schema, as whiteness is argued to shape cognitive frameworks (Owen 2007). This is entirely consistent with research showing that Black Americans are often implicitly and explicitly associated with crime, aggressiveness, laziness, and lower competence (Correll et al. 2002; Devine 1989; Fiske et al. 2002; Greenwald, McGhee, and Schwartz 1998; Henry and Sears 2002; Joy-Gaba and Nosek 2010; Levinson, Cai, and Young 2009). The media disproportionately presents Black Americans as criminals (Dixon and Linz 2000; Oliver 2003), and marketing has a history of reinforcing negative cognitive associations, portraying people of color as subhuman, poor, and uncivilized, and Whites as civil and of higher moral character (Davis 2017). In short, when an activity (i.e., P2P transactions) is associated with a particular racial group, it may be granted higher or lower cognitive legitimacy because of the positive or negative concepts associated with that group.

Second, recall that normative legitimacy is the extent to which an industry is perceived to be normative in the *larger social system* and deemed acceptable by “the majority of social actors” (Dowling and Pfeffer 1975; Humphreys 2010a). This is consistent with the argument that whiteness is normalized, and seen as a “default” and unquestioned position that other cultures are compared against (Burton 2009a; 2009b; Davis 2017; Morris and Kahlor 2014; Owen 2007). Whiteness “defines the normal functioning of modern social systems” that people are socialized into (Owen 2007). To this point, research shows that White people are seen as embodying the concept of “American” more so than other racial and ethnic groups (Devos and Banaji 2005). Therefore, whiteness theory suggests that White P2P activities will be granted a degree of normative legitimacy by default.

Based on the above, if a White P2P activity is deemed normative and acceptable within a predominately White community, it may be considered representative of the social system and a majority of social actors as a whole, thereby granting the P2P activity more normative legitimacy. This validation at the local level is essential to the diffusion and broader acceptance of behaviors and industries (Humphreys 2010a). Conversely, when the same P2P activity is conducted in a predominately Black community, local acceptance may be easily dismissed and deemed less representative of a “majority of social actors,” thereby denying it the same level of normative legitimacy.

Finally, recall that regulative legitimacy refers to the industry operating according to existing rules and regulation. Whiteness theory states that institutions (e.g. legal and regulatory) are created by and either implicitly or explicitly benefit the material well-being of those categorized as White (Burton 2009a; Davis 2017; Owen 2007). These benefits may include access to resources or how and when rules are applied. Moreover, although normative legitimacy

can be aided by regulative legitimacy (Humphreys 2010a), many things are normative despite lacking regulatory approval. The “default” status of White culture as described in whiteness theory, combined with positive implicit associations with White people (Joy-Gaba and Nosek 2010; Levinson, Cai, and Young 2009) suggests that White P2P activities do not necessarily need the blessing of regulatory institutions. In fact, these institutions themselves may be racialized (Ray 2019), and this default assumption thus gives White people wide latitude to break or bend formal rules while maintaining normative legitimacy. In comparison, Black P2P activities do not benefit from being associated with the “default” culture, and stereotypes frequently associate Black citizens with crime. As such, Black P2P activities may be deemed less normative for lacking regulative legitimacy. As we have noted, P2P platforms are very popular and accepted despite the fact that many operate with dubious legality, while Black P2P activities are often criminalized and not tolerated. The growth of the marijuana industry among predominately White entrepreneurs and businesses juxtaposed with racial disparities in drug-related arrests (Beckett, Nyrop, and Pflingst 2006) serves as just one example (Hackman 2017; Lewis 2016).

In short, a behavior is not necessarily deemed acceptable simply because it is legal (Humphreys 2010a), and this introduces ambiguity where stereotypes and associations with race can influence judgements. It is possible that while regulative legitimacy may benefit Black P2P activities and help combat negative associations and stereotypes, normative legitimacy may still not be granted to the same extent as when White actors engage in the same P2P activities.

STUDIES AND HYPOTHESES

Study 1 measures consumers’ evaluations of a P2P activity on traits that are conceptually related to normative legitimacy. We predicted that:

H1: A P2P activity will be evaluated more (less) favorably when its actors are White (Black).

Study 2 tests the role of race in normative legitimacy ratings more specifically. We reasoned that acceptance of a P2P activity at the local level would increase normative legitimacy. However, because White culture is often considered the default, local legitimacy for White P2P activities would generalize to society more broadly. Although locally accepted Black P2P activities may be granted increased normative legitimacy as well, we predicted that the normative legitimacy gap between White and Black P2P activities would remain:

H2a: A P2P activity will be rated higher (lower) on normative legitimacy when it is associated with White (Black) actors.

H2b: Social acceptance at the community level will benefit overall ratings of normative legitimacy, but the gap between White and Black P2P activities will remain even when local social acceptance is high.

Study 3 then tests the role of regulative legitimacy in shaping perceptions of normative legitimacy for White vs. Black P2P activities. Based on our theorizing, we predicted that:

H3: High (vs. low) regulative legitimacy will benefit ratings of normative legitimacy, but will not fully attenuate the effect of race on normative legitimacy ratings.

Study 4 then manipulates the term used to describe the P2P activity. We reasoned that “side hustles” would be more associated with Black actors than “sharing economy”. This manipulation of actor race was predicted to impact normative legitimacy ratings (H2a), as well as behavioral intentions (likelihood of participating). To our knowledge, no research has explored consumers’ associations with different terms for P2P activities. Despite the growing use and relevance of the term “side hustle” among consumers, it is virtually nonexistent in the academic literature. Finally, in Study 5, we demonstrate the ecological validity of our results by

conducting a text analysis of contemporary U.S. newspaper articles to assess how these activities are described over time.

From a measurement and analysis standpoint, the current research considers both micro (i.e., consumer judgments) and macro-level approaches. Our research is primarily at the micro/consumer-level of analysis, which is relatively lacking in the institutional theory/legitimacy literature despite being a viable level of analysis (Ansari and Phillips 2011; Humphreys and LaTour 2013; Slimane et al. 2019). We largely focus on consumer judgments of normative legitimacy specifically as the outcome variable of interest. This is because consumers play a central role in both creating and normalizing P2P activities, many of which are not coordinated by any centralized or formal organizations, and because broad social acceptance has been identified as particularly important form of legitimacy (Humphreys 2010a).

STUDY 1

Study 1 served as a basic test of the hypothesis that a P2P activity will be evaluated more negatively (positively) when it is engaged by Black (White) actors. We chose to measure a range of desirable attributes such as trustworthiness and praiseworthiness, which are inherently related to social acceptability and desirability (i.e., normative legitimacy). We also measured perceptions of being ingenious and innovative, as these are traits commonly ascribed to successful “disruptive” P2P platforms. We kept constant the activity (selling bootleg sports team t-shirts) and indirectly manipulated the race of its actors.

Method

Participants

Three hundred and one participants were recruited from Prolific (170 men, 122 women, 6 other/prefer not to answer, 3 no response; White = 206, Black = 26, Hispanic/Latino/Spanish

origin = 25, American Indian/Alaska Native = 2, Asian = 29, Middle Eastern = 1; Other = 8, Choose not to respond = 4; $M_{age} = 34.45$, median income \$40k-50k). Prolific is an online crowdsourcing platform designed primarily for academics, providing quality data that is more diverse than other common data sources, and has shown an ability to reproduce known effects (Peer et al. 2017).

Procedure

Participants were randomly assigned to condition in a two-level (P2P actor race: Black, White) between-subjects design. Participants read about individuals selling bootleg sports team t-shirts outside games without proper permits or approval. Race was manipulated by either saying that the sellers were University of Chicago students, or residents of the South Side of Chicago. We predicted that assumptions about these groups would lead the sellers to be seen as predominately either White or Black, respectively. A manipulation check was included toward the end of the study to test this. *Italic text indicates differences between conditions:*

“To make some extra cash, some University of Chicago students [*some residents of the South Side of Chicago*] are making team t-shirts and selling them outside of Chicago Bears, White Sox, and Cubs games. Strictly speaking, they do not have the rights to use the team’s logo or player names on their products, nor do they have a permit or approval to sell their shirts on the stadium’s private property.”

Evaluations of P2P activity. Participants then were asked to rate the P2P activity on each of the following: trustworthy, ingenious, innovative, praiseworthy, is a great example of entrepreneurial spirit, it should be encouraged (1 = not at all, 5 = moderately, 9 = very). Items formed a reliable composite ($\alpha = .90$), and all items loaded onto a single factor.

Manipulation check. Participants then completed a three-item manipulation check measure, asking “To what extent does the person below represent who came to mind when thinking about the people engaging in this activity?” This was followed by a face of a White male, Black male, and Asian female (1 = not at all, 5 = moderately, 9 = very much).

Finally, participants completed the demographics section of the study.

Results and Discussion

Manipulation check

Our experimental manipulation was intended to manipulate the race of the individuals who came to mind when reading about the activity. Consistent with is, when the sellers were described as University of Chicago students, participants indicated that White males came to mind the most, and more so ($M = 6.13$, $SD = 2.27$) than when the sellers were described as residents of the South Side of Chicago ($M = 4.34$, $SD = 2.24$), $t(299) = 6.86$, $p < .001$. Further, South Side sellers brought to mind Black sellers the most, and more so ($M = 5.23$, $SD = 2.18$) than University of Chicago sellers ($M = 4.38$, $SD = 2.25$), $t(299) = 3.31$, $p = .001$. This suggests that the race of the P2P actors was effectively manipulated.¹

Evaluations of P2P Transactions

Evaluations of an identically described P2P activity differed by condition in the predicted direction. Favorability ratings were higher in the White condition (University of Chicago students, $M = 3.84$, $SD = 1.91$) than in the Black condition (South Side residents, $M = 3.36$, $SD = 1.61$), $t(299) = 2.33$, $p = .02$. These results support H1.

¹ Participants generally saw the Asian woman as not representative of the sellers ($M = 3.21$, $SD = 2.13$), but did see them as more representative of the sellers in the University of Chicago condition ($M = 3.54$, $SD = 2.26$) than the South Side residents condition ($M = 2.88$, $SD = 1.95$), $t(299) = 2.70$, $p = .007$. Controlling for these perceptions did not change the effect of condition on favorability ratings.

Although our sample did not allow for testing our effects across different specific racial or ethnic groups, we indicator-coded participants as White and non-White. There were no significant main or interaction effects on any of the above measures $F_s(1, 297) < .53, p_s > .47$, indicating that our findings were not affected by participants' race. Controlling for this variable also did not change our effects. Similar analyses were conducted in all studies and no effects were observed and we therefore we do not discuss participants' demographics further.

STUDY 2

Study 2 builds on Study 1 by more directly measuring normative legitimacy – the perception that *others in general* approve of a behavior or industry. It also manipulated whether or not the P2P activity was deemed acceptable and normative at the *local* level, which is an important step in establishing normative legitimacy (Humphreys 2010a). We predicted a main effect of race (H2a), such that P2P activities in a predominately Black (White) community would be rated as having less (more) normative legitimacy. We also predicted that acceptance at the local level would increase perceptions of normative legitimacy, but would not eliminate the race bias in judgments of normative legitimacy (H2b).

Method

Participants

Eight hundred and two participants were recruited via Prolific. Six failed an attention check asking what city they read about, leaving 796 participants (371 men, 409 women, 15 “other/prefer not to answer”; $M_{age} = 34.05$; median income = \$50-\$70k; White = 568, Black = 63. Hispanic/Latino/Spanish origin = 63, American Indian/Alaska Native = 5, Asian = 75, Other = 17, Choose not to response = 5).

Procedure

The study employed a 2 (P2P actor race: White, Black) X 2 (local acceptance: control, high) between-subjects design. Participants read a vignette mimicking a news story about local P2P activities that are not necessarily legal. The activities and their description were inspired by news stories on the informal economy and work by Venkatesh (2006).

First, the P2P activity was described, with differences between White and Black conditions indicated by italics:

“Somerset is a rural area of Maryland. It is mostly (about 80%) White [*West Baltimore is an urban area of Maryland. It is mostly (about 80%) African American*], and has been hit with high unemployment rates and poverty levels. In a place where work can be hard to come by, people are selling goods and services without store fronts, proper licenses, permits, formal payrolls, or taxes...”

The rest of the vignette manipulated local acceptance (control vs. high). In the high local acceptance condition (italics), information and quotes were included which described the P2P activities as normal, accepted, and embraced by local citizens. In the control condition, this information was omitted:

“...It is not legal in the strictest sense, but this informal economy is part of the backdrop of life in Somerset [*It is not legal in the strictest sense, but residents aren't complaining; in fact, this informal economy is just part of the backdrop of life in Somerset*]. As one example, people get rides to the nearest mall where they buy cheap t-shirts, batteries, and socks, and then sell them to residents. Exchanges happen on street corners, people's homes, or outside the few small businesses that operate in the neighborhood. They pay a local resident a small fee to store excess product until it is all sold.

["I think just about everyone here just sees it as normal. It's how you live. It's how you get convenient access to these kinds of everyday necessities when you need them quick."]

"Ask just about anyone here and they'll say that they've bought something from these sellers in the past week or two, and they're happy to."]

Others do car repairs without a shop. Tools are stored with whoever has room (for a small fee), and repairs happen in parking lots, alleys or wherever is convenient.

As you might expect, it's a pretty low-tech operation done cheaply.

["There's a DIY spirit to it that is nice. Most of us participate in it one way or another, and we all respect it."]

Pretest of local acceptance manipulation. To ensure that our manipulation of local acceptance had the intended effect, a pretest was conducted with forty-nine Prolific users. People read the same description (no information control vs. high local acceptance) as in the main study, except that race-related information was omitted. Participants rated the extent to which most local residents see the P2P activities as: appropriate, consistent with their values, normal, and socially acceptable. Results showed that the manipulation was effective; the high local acceptance condition rated local acceptance higher ($M = 7.80$, $SD = 1.30$) than the control condition ($M = 6.05$, $SD = 2.30$), $t(47) = 3.27$, $p = .002$.

Normative Legitimacy. The primary dependent measure was the perceived normative legitimacy of the P2P activity. Based on the definition of normative legitimacy (Humphreys and LaTour 2013; Scott 1995; Suchman 1995), participants first read, "How do you think most Americans, as a whole, would view these activities if they saw them happening in their own communities, by those in their own communities?" This was then followed by five items: Most

Americans would... “approve of these activities in their own community,” “would be accepting of these activities if they were happening around them,” “would support their neighbors if their neighbors started engaging in these activities,” “would be put-off by these activities happening in their neighborhood,” (reverse coded) and “would be suspicious of these activities if they started happening in their own community” (reverse coded) (1 = *not at all*, 5 = *moderately*, 9 = *very*). These items formed a reliable composite ($\alpha = .92$) that loaded onto a single factor. These items are face valid measures of normative legitimacy and are similar to those of Elsbach’s (1994) normative legitimacy measure used in Study 4.

Results

Means and standard deviations can be found in Table 1. A two-way ANOVA revealed significant main effects of P2P actor of race, $F(1, 792) = 26.21, p < .001$, and of local acceptance: $F(1, 792) = 14.76, p < .001$. Planned contrasts further investigated simple effects. Within the control condition, the activities described were seen as lower in normative legitimacy when occurring in a primarily Black ($M = 3.58$) as opposed to primarily White community ($M = 4.10$), $t(792) = 3.07, p = .002$. A similar effect of race was also observed when local acceptance was high ($M_{\text{Black}} = 3.94, M_{\text{White}} = 4.66$), $t(792) = 4.17, p < .001$, thus supporting H2a and H2b. Moreover, while higher local acceptance led to higher normative legitimacy, ratings in the Black-high local acceptance condition were not different from those in the White-control condition, $t(792) = .91, p = .37$. Finally, the interaction effect was not significant, $F(1, 792) = .61, p = .44$, indicating that the effects of the normative legitimacy manipulation did not significantly differ as a function of P2P actor race.

[Insert Table 1 about here]

These results support H2a and H2b, offering experimental evidence for the prediction that P2P activities in a White community would be granted higher normative legitimacy by default compared to the same transactions among a mostly Black population. This suggests that a benefit of the doubt is given to legally questionable P2P activities when they are carried out by White actors. In comparison, Black P2P activities required explicit statements regarding local acceptance in order to gain the same level of legitimacy as White P2P activities with no mention of local acceptance. Study 3 builds off Study 2 by testing if the addition of regulative legitimacy will eliminate the normative legitimacy gap between White and Black P2P activities.

STUDY 3

Study 3 tested whether or not local approval combined with regulative legitimacy can eliminate the observed race gap in normative legitimacy judgments. Based on existing theory and research, we predicted that this is not the case. Study 3 also used a different P2P activity (buying drinks in bulk and selling them at local events) than in earlier studies. Finally, while it seems self-evident that our fairly direct manipulation of race in Study 2 would have the intended effect on race perceptions, Study 3 included a manipulation check to ensure that this is the case.

Method

Participants

602 participants completed the study via Prolific. Six failed an attention check asking what city they read about, leaving 596 participants (274 men, 312 women, 10 “other or prefer not to answer”); $M_{age} = 35.20$, median income = \$50k-\$70k, White = 461, Black = 38, Hispanic/Latino/Spanish origin = 33, American Indian/Alaska Native = 2, Asian = 50, Middle Eastern = 2, Other = 7, Choose not to respond = 3).

Procedure

The study employed a 2 (P2P actor race: White, Black) X 2 (regulative legitimacy: low, high) between-subjects design. Participants first read the following, with differences between race conditions in italics:

“Somerset is a rural area of Maryland. It is mostly (about 80%) White [*West Baltimore is an urban area of Maryland. It is mostly (about 80%) African American*], and has been hit with high unemployment rates and poverty levels. To make a bit of money, some residents are buying drinks – soda, bottled water, Gatorade, etc. – in bulk, and then selling them at local sporting and community events.”

To manipulate regulative legitimacy, participants were given additional information in the vignette. In the low regulative legitimacy condition, the passage continued as follows:

“With these transactions, the sellers are violating laws regarding the resale of these products. They are violating rules regarding proper licensing and permits, and they generally do not have explicit permission from property owners. The income is rarely reported for tax purposes.”

In the high regulative legitimacy condition, the passage instead noted:

“With these transactions, the sellers are complying with laws regarding the resale of these products. They are not violating any rules regarding proper licensing and permits, and generally have explicit permission from property owners. The income is often reported for tax purposes.”

Finally, all conditions contained statements suggesting that the activity described is accepted and normative at the local level:

“Regarding these sellers, locals say:

‘I think just about everyone here just sees it as normal. You get convenient access to these drinks on a hot day. What’s not to like about it?’

‘Ask just about anyone here and they’ll say that they’ve bought something from these sellers in the past week or two, and they’re happy to.’

‘There’s a DIY spirit to it that is nice. Most of us participate in it one way or another, and we all respect it.’”

Pretest of regulative legitimacy manipulation. Fifty participants from Prolific read the same P2P description (low vs. high regulative legitimacy) as in the main study, but with no additional information regarding race or local acceptance. Participants rated their perceptions of the P2P activity on face-valid items measuring perceptions of regulative legitimacy: illegal (reverse), following regulation, operating outside the rules set by government institutions (reverse), sanctioned by explicit rules and policies. As predicted, regulative legitimacy scores were higher in the high regulative legitimacy condition ($M = 7.38$, $SD = 1.37$) than in the low regulative legitimacy condition ($M = 3.37$, $SD = 1.61$), $t(48) = 9.46$, $p < .001$.

Normative legitimacy. Our measure of normative legitimacy was similar to that used in Study 2, with participants rating the extent to which most Americans: “would approve of these activities in their own community,” “would be accepting of these activities if they were happening around them,” “would support their neighbors if their neighbors started engaging in these activities,” “would consider these activities normal behavior,” “would welcome these activities in their community” (1 = *not at all*, 5 = *moderately*, 9 = *very*). ($\alpha = .96$; items load on one factor).

Finally, participants completed a manipulation check measuring the extent to which White/Caucasians and Black/African Americans represented who came to mind when

envisioning the individuals in the vignette (1 = not at all, 9 = very). They then completed the demographics section of the study.

Results

Race Manipulation Check

The manipulation of race had the desired effect on perceptions of who was participating in the described activities. Those in the White condition reported envisioning White actors ($M = 6.94$, $SD = 1.86$) more so than Black actors ($M = 3.94$, $SD = 2.18$), $t(593) = 18.08$, $p < .001$. The opposite was found for the Black condition, where people envisioned Black actors ($M = 7.48$, $SD = 1.52$) more so than White actors ($M = 4.12$, $SD = 2.43$). This suggests that the manipulation had the desired effect.

Normative Legitimacy

See Table 2 for means and standard deviations. A two-way ANOVA revealed significant main effects of race, $F(1, 592) = 66.20$, $p < .001$, and regulative legitimacy, $F(1, 592) = 7.44$, $p = .007$). The interaction between the race and regulative legitimacy manipulations was not significant, $F(1, 592) = 1.50$, $p = .22$. Planned contrasts further investigated simple effects. When regulative legitimacy was low (activities did not conform to existing laws and regulations), normative legitimacy ratings were higher in the White condition ($M = 6.47$) than in the Black condition ($M = 5.63$), $t(592) = 4.08$, $p < .001$. This same effect emerged even when regulative legitimacy was high ($M_{\text{White}} = 6.69$, $M_{\text{Black}} = 6.20$), $t(592) = 2.38$, $p = .02$. While regulative legitimacy had a significant positive effect in the Black condition, $t(592) = 2.80$, $p = .005$, it was not significant in the White condition, $t(592) = 1.06$, $p = .29$. These results support H3.

[Insert Table 2 about here]

In short, while high regulative legitimacy had a beneficial effect on normative legitimacy for P2P activities in a Black community, two points are worth noting. First, normative legitimacy was already relatively high in the White condition when regulative legitimacy was low, and did not benefit at all by conforming to laws and regulations. Second, P2P activities in a predominately Black community required high regulative legitimacy to simply be granted a level of normative legitimacy that was comparable to illegal P2P activities in a predominately White community, $t(592) = 1.31, p = .19$. These findings too are consistent with whiteness theory.

Study 4 tests if popular language used to describe P2P activities – namely, “sharing economy” vs. “side hustle” – carry associations with race and therefore differ in perceptions of normative legitimacy. We predicted that these terms serve as framing devices which are associated with race, leading to differences in normative legitimacy. In addition to being a novel way of exploring the role of race in P2P transactions, it is also relevant to marketers; both terms are popular ways of describing P2P platforms and activities, often within the same company.

STUDY 4

Having demonstrated the effects of manipulating P2P actor race in the first three studies, the remaining studies explore how stereotypical associations with P2P labels can lead to similar results. “Sharing economy” and “side hustle” have become popular terms for various P2P activities. The definition of side hustle – “work performed for income supplementary to one’s primary job” (Merriam-Webster 2017) – substantially overlaps with the definitions of P2P and the sharing economy mentioned in the introduction. The terms “hustle” and “side hustle” emerged from and were used almost exclusively in Black publications in the 1920s and 1950s (respectively) (Merriam-Webster 2017). While “hustle” originally referred to a scam or swindle, it has become increasingly associated with P2P transactions that serve as alternative or secondary

forms of income. However, associations between this term and the Black community may exist in the minds of consumers.

Different P2P terms are often used interchangeably (Alderslade, Talmage, and Freeman 2006; Botsman 2013; Torpey and Hogan 2016; Koopman, Mitchell, and Thierer 2014). For instance, driving for Uber can be characterized as part of the sharing economy, but an Uber advertising campaign that began in October 2016 also suggests that an individual can “Get your side hustle on” by becoming an Uber driver. While we do not argue that these terms are perfectly identical, we do observe them being used interchangeably to describe the same P2P activity – even by the company itself. Similar to how Humphries and LaTour (2013) found that framing devices (e.g. “gambling” vs. “gaming”) can influence judgments of normative legitimacy, we propose that “sharing economy” and “side hustle” are associated with race. If consumers see side hustles as more associated with Black actors and therefore as less legitimate, then it follows that consumers will also be less interested in engaging with the activity. Thus, behavioral intentions are also measured in Study 4 as a consequence of a P2P activity being racialized and delegitimized.

Method

Participants

Three hundred and forty-eight American participants (149 male, 196 female; 3 declined to respond; $M_{\text{age}} = 35.48$) completed the study online via MTurk.

Procedure

The study employed a two-level (P2P activity: sharing economy, side hustle) between-subjects design. Participants were asked to read about an example of the sharing economy, or a

side hustle, depending on condition. They rated their familiarity with the term (1 = not at all, 5 = very) to be used as a control variable. They then read about peer-to-peer money lending:

“One example of the sharing economy [*a side hustle*] is interpersonal money lending; that is, money lending between individuals that does NOT involve banks or other traditional money lending institutions (also called peer-to-peer lending, or crowdlending). Apps help track and facilitate these unsecured personal loans. For example, a person might need money for a larger or emergency purchase, and can use a phone app to connect them to people willing to lend them the money. They then have to pay the loan back with interest. This form of lending can be useful for people who have or anticipate having difficulty getting loans from banks.”

Manipulation check. After reading the vignette, participants estimated the percent of peer-to-peer money lending that is done by each racial or ethnic group listed (White, Black, Hispanic, Asian, and Other). Responses had to add up to 100%. Similar estimates were made for men and women, and various age groups (18-25, 25-34, 35-44, 45-54, 55 or older).

Normative legitimacy. Participants then completed a nine-item normative legitimacy measure ($\alpha = .91$; all items available in Appendix A) adapted from Elsbach (1994). This scale was made to measure normative legitimacy of the cattle industry and thus necessarily had to be adapted. It has been successfully modified in other legitimacy research in marketing (Humphreys and Latour 2013). Moreover, in a separate sample of participants (Prolific, $n = 80$), this measure was highly correlated with our measure of normative legitimacy in Study 3 ($r = .68, p < .001$), suggesting convergent validity.

Behavioral intentions. Participants were then asked how likely they would be to participate in this activity as a borrower of money and as a lender of money (1 = not at all likely,

9 = very likely; averaged into a single score; $r = .55, p < .001$). We reasoned that higher levels of normative legitimacy ought to predict an increased willingness to participate in the P2P activity.

Results and Discussion

Manipulation Check

As predicted, an ANCOVA with familiarity included as a covariate indicated that those in the side hustle condition perceived more Black actors in peer-to-peer money lending ($M = 25.05, SD = 15.68$) compared to the sharing economy condition ($M = 21.56, SD = 11.85$), $F(1, 345) = 4.02, p = .046^2$. This supports the idea that the terms sharing economy and side hustle carry associations with race.

Normative Legitimacy and Behavioral Intentions

The same ANCOVA model revealed that participants in the side hustle condition rated peer-to-peer money lending as lower in normative legitimacy ($M = 3.93, SD = 1.74$) than in the sharing economy condition ($M = 4.98, SD = 1.45$), $F(1, 345) = 28.81, p < .001$. Similarly, those in the side hustle condition reported a decreased likelihood of participating in peer-to-peer money lending ($M = 2.96, SD = 2.29$) compared to those in the sharing economy condition ($M = 4.40, SD = 2.13$), $F(1, 345) = 29.16, p < .001$.

Mediation

Normative legitimacy ratings were significantly related to behavioral intentions ($r = .60, p < .001$). Therefore, a mediation model (Hayes 2017 PROCESS macro for SPSS, Model 4) tested the indirect effect of condition (sharing economy vs. side hustle) predicting normative legitimacy, in turn predicting behavioral intentions. The indirect effect of condition on normative

² Reported means for ANCOVAs are estimated marginal means when adjusted for covariate.

legitimacy on likelihood of participating in peer-to-peer lending was significant ($b = -.81$, 95% CI (-1.1235, -.5160).

Although we also observed differences between the side hustle and sharing economy conditions in the perceptions of gender balance (more male vs. female actors in side hustles, $p < .001$) and age (more 31-40 year old actors in side hustles, $p = .01$), controlling for these did not change the above results. Of the remaining demographic estimates, none significantly differed across condition ($ps > .16$).

STUDY 5

As we have shown, the racialization of P2P activities affects perceptions of normative legitimacy. In the final study, we continue Study 4's focus on the sharing economy and side hustles, and their associations with Black actors and legitimacy in a real-world context through an examination of popular media discussion surrounding them. In so doing, we extend the earlier experimental findings by demonstrating these effects in an ecological valid context.

Method

To examine the associations between terms for P2P activities, race and legitimacy, we conducted a text analysis of newspaper articles in the United States where P2P activities were discussed. Newspapers were an appropriate context because they can be used as reliable barometers of public opinion (Gamson, et al. 1992), and are frequently used in studies of communication and marketing to examine how ideas are perceived in the popular conscious (Ertimur and Coskuner-Balli 2015; Humphreys and LaTour 2013). In our analysis, we included national publications along with smaller metro and local newspapers, which increased the diversity of opinions that would be represented in the data and allowed us to capture localized perceptions of P2P activities. Our goal was to use this data to measure the overall legitimacy, as

well as the cognitive, normative and regulative legitimacy of the P2P terms “sharing economy” and “side hustle,” along with how strongly these terms were associated with Black actors. We expected that these results would be similar to those of our earlier findings, with the sharing economy seen as generally more legitimate compared to side hustles.

In addition to capturing these associations at a fixed point in time, this approach also enabled the investigation of how, after having established normative legitimacy for their business, a major P2P company can potentially alter the associations for these P2P market terms in communities where consumers interact with the company. We examine this by considering the launch of Uber’s “Get your side hustle on” campaign in October 2016 in the United States (iSpot.tv 2016). This action explicitly associated Uber with the term “side hustle.” Uber, who had done much to popularize P2P activities and established itself as a major player in this section of the economy, would have a high degree of normative legitimacy. Thus, we expected that in communities where Uber had launched its services, the campaign associating Uber with the term “side hustle” would increase side hustle’s legitimacy and decrease its association with Black actors. However, it would be unlikely to have much impact on its regulative legitimacy given Uber’s approach of disruptive innovation outside of traditional legal channels (Dudley, Banister and Schwanen 2017).

Data. To gather articles for analyses, searches were conducted based on the phrases “sharing economy” or “side hustle” in the Factiva, Nexis-Uni and Newsbank databases for articles published in U.S. newspapers. Due to overlapping coverage between the databases, the initial set contained a number of duplicate articles, which were identified based on time proximity (less than seven days difference in publication date), Simhash algorithm scores (scores of less than 10; Manku, Jain and Sarma 2007), and Levenshtein distance ratios (greater than 0.7).

When duplicates were identified, the shorter of the two articles was deleted from the set.

Following this process, the article set contained 8318 articles from 1109 publications, with publication dates between December 3, 1986 and October 2, 2019.

We then assigned addresses for publications using the Google Maps API, and geolocated these addresses to their respective 2010 core-based statistical areas (CBSAs), which are defined by the Office of Management and Budget (OMB) as a county anchored by an urban area with a population of at least 10,000 people, along with any adjacent counties that are connected to the urban area by commuting. These were matched with CBSA-level Uber introductions (Burtch, Carnahan and Greenwood 2018). There were 4363 articles in 636 publications representing 210 CBSAs that saw an introduction of Uber during the observed time period and had matching publications.

We divided the matched articles into two corpora (see Table 3). The first was defined as articles that were published prior to the commencement of Uber's "Get your side hustle on" campaign, which range from December 3, 1986 to October 2, 2016, totaling 2303 articles. The second corpus was composed of articles were published after the commencement of the campaign, and there were 2060 articles from this date through October 2, 2019.

The corpora were assembled following standard natural language pre-processing techniques (removing stop words, punctuation, numbers and URLs followed by lemmatization; Tirunillai and Tellis 2014). Vocabularies for each corpus were created based on unigrams and bigrams (i.e. single words and pairs of words that appear frequently together, most importantly "side hustle" and "sharing economy") using the Gensim library's Phraser (Řehůřek and Sojka 2010), and the vocabularies were pruned to eliminate n-grams that were observed less than five times in each corpus with the tuning threshold set to 1.

[Insert Table 3 About Here]

Analysis. The analysis was conducted using a vector space semantic modeling approach, which involves the creation of a term co-occurrence matrix, representing the co-occurrence of a given n-gram within the context of all other n-grams for each corpus using symmetric 10-word skip-gram windows (that is, the context for word co-occurrence; words that occurred up to ten words before and after each individual word were considered). This large, sparse matrix was then factored using the Word2Vec algorithm (Mikolov, et al. 2013) in a manner similar to a principal components analysis. The Word2Vec algorithm is a well-known unsupervised learning model that has seen applications in marketing research (Gabel, Guhl and Klapper 2019; Timoshenko and Hauser 2019; Wang, Xiong and Yang 2019). We employed embedding sizes of 50 dimensions estimated over 25 iterations, using the skip-gram model and trained using the hierarchical softmax algorithm. Because training the Word2Vec model involves the use of stochastic gradients, the results are not deterministic; therefore, to ensure the stability of the estimates (Pierrejean and Tanguy 2018), we ran each model 50 times and calculated the means of the cosine similarities across each estimation (Antoniak and Mimno 2018). We also estimated the model using different hyperparameters and obtained similar results, suggesting the relationships observed are robust.

Estimating the model resulted in 50-dimensional vector representations of all of the individual words that appear in each corpus, based on their observed contextual co-occurrence. To understand the meaning of words based on their embeddings, measures of semantic similarity can be used to reveal the relationships between pairs of words. One of the most commonly used measures is the cosine similarity (Berman et al. 2019; Bhatia 2019), which captures the proximity between the two vectors. The cosine similarity is bounded by $[-1, 1]$, with -1

indicating vectors with opposite directions (suggesting perfect antonyms), 1 indicating vectors with the same directions (perfect synonyms), and 0 indicating that the vectors are orthogonal (unrelated).

To assess the legitimacy of P2P terms, we measured the cosine similarity between “legitimate,” and “sharing economy” and “side hustle.” In addition, we considered the cognitive, normative, regulative legitimacy, using word lists derived from prior work (Zhang, Kien and Lee 2018; Humphreys and Latour 2013). While word embeddings are able to capture context to some degree, homonyms, words that have the same spelling but different meanings, can sometimes be difficult to accurately classify, and the word “black” presents such an issue. To address this potential ambiguity, we used the bigrams “African-American,” “black man” and “black woman” to form a clear representation of the associations with Black actors. The complete word lists are provided in Table 4. For the measures of cognitive, normative and regulative legitimacy, along with Black actors, we calculated the cosine similarities for all of the individual words within the word list and averaged these items together.

Results

We anticipated several patterns in the cosine similarities. Prior to the start of Uber’s “Get your side hustle on” campaign, we anticipated that compared to “side hustle,” “sharing economy” would have higher similarity to “legitimate,” and higher average similarities for cognitive, normative and regulative legitimacy. Conversely, we expected that the similarities between “African-American” and “sharing economy” would be lower than those with “side hustle.” However, after the commencement of the advertising campaign, we expected that the pairing of Uber with “side hustle” would have a legitimizing effect, positively impacting the similarity between “side hustle” and legitimacy (in general, as well as cognitive and normative

specifically) and decreasing its association with “African-American.” However, we did not expect it to significantly impact regulative legitimacy.

Full results are presented in Table 4. Consistent with our expectations, prior to the introduction of Uber, the similarity between “legitimacy” and “sharing economy” was higher ($M = .237$) compared to “side hustle” ($M = .073$). Similar patterns emerged for cognitive legitimacy ($M_{\text{Sharing Economy}} = .232$, $M_{\text{Side Hustle}} = .128$), normative legitimacy ($M_{\text{Sharing Economy}} = .328$, $M_{\text{Side Hustle}} = .081$) and regulative legitimacy ($M_{\text{Sharing Economy}} = .395$, $M_{\text{Side Hustle}} = .055$). The similarity between “African-American” and “sharing economy” was lower ($M = .101$) than that with “side hustle” ($M = .247$), consistent with the findings of Study 4.

However, in the period following the launch of Uber’s “Side Hustle” advertising campaign, we find evidence consistent with a legitimizing effect on the term “side hustle” while also dissociating the term with black actors. We observe a decrease in the similarity between “side hustle” and “African-American” relative to the prior time period ($M_{\text{Pre-campaign}} = .246$, $M_{\text{Post-Side Hustle}} = .078$). More importantly, we observe sizeable increases in similarity for overall legitimacy ($M_{\text{Pre-campaign}} = .073$, $M_{\text{Post-campaign}} = .250$), cognitive legitimacy ($M_{\text{Pre-campaign}} = .128$, $M_{\text{Post-campaign}} = .233$) and normative legitimacy ($M_{\text{Pre-campaign}} = .081$, $M_{\text{Post-campaign}} = .199$), and a trivial increase in similarity with regulative legitimacy ($M_{\text{Pre-campaign}} = .055$, $M_{\text{Post-campaign}} = .079$).

[Insert Table 4 about here]

Discussion

The results of Study 5 provide convergent evidence for the findings of our experimental studies based on real-world discussions surrounding the terms “sharing economy” and “side hustle.” We found that the term “side hustle” was associated with Black actors, and had weaker associations with overall legitimacy, as well as cognitive, regulative and normative legitimacy.

Once Uber effectively tied itself with the “side hustle” term, though, we note an increase in the associations with overall legitimacy, along with cognitive and normative legitimacy. However, there was no change in its regulative legitimacy, suggesting some independence of regulative and normative legitimacy. That is, while perceptions of regulative legitimacy can drive increases in normative legitimacy as observed in Study 3, the normalizing effect of a large company adopting the term can increase the perceived normative appropriateness of the activity without impacting the perceptions of its regulative legitimacy.

It is notable, however, that the strong association between side hustles and Black actors was substantially weakened following Uber’s endorsement of the term through their advertising campaign. Though its similarity remained higher than that for the sharing economy, this suggests that the widened usage of “side hustle” outside of its origins in Black communities may have diluted its meaning. However, it appears to have retained some of the negative perceptions it originally engendered, as it continued to be seen as less legitimate overall, and less cognitively, normatively and regulatively legitimate compared to the sharing economy. This is consistent with our findings from Study 4.

GENERAL DISCUSSION

Although journalist and activists have noted P2P activities are perceived and treated differently in Black and White communities (Badger 2016; Baker et al. 2015; Denvir 2016; Stole 2016), the existence and reasons for this phenomenon and its implications have not been empirically studied. We posited that institutional theory – and the concept of legitimation more specifically – could shed light on this. While past research has studied the legitimation process, it has not considered how this process may be altered by the race of the actors within a particular domain. We suggested that insights from whiteness theory, systemic/structural oppression

model, and research on stereotyping could be synthesized to provide insights into the role of race in the legitimation of P2P activities.

We found that P2P activities are perceived more negatively and as less normatively legitimate when they are associated with Black actors as compared to White actors. Clearly stating that the activities are supported at the local level increased normative legitimacy ratings for Black P2P activities, but only to the level of White P2P activities where local acceptance was unknown. We also observed that White (vs. Black) P2P activities were rated more normatively legitimate even when regulative legitimacy was explicitly high. White P2P activities that complied with laws and regulations were rated as no more normatively legitimate than when the same activities were said to be illegal. In contrast, Black P2P activities needed to be compliant with laws and regulations just to be as normatively legitimate as White-illegal P2P activities. This suggests that White P2P activities are granted more normative legitimacy by default.

We also found that popular terms for P2P transactions – sharing economy and side hustle – are associated with race. No research to our knowledge has investigated different meanings associated with these or other P2P terms, which are frequently used interchangeably. Study 4 found that side hustles (vs. sharing economy) were more associated with Black actors. Side hustles were seen as lower in normative legitimacy, which then predicted decreased interest in participation. These findings were supported by the results of a text analysis of newspaper articles, which also demonstrated how these perceptions can be affected by the local entry of a large company in the sharing economy space.

Theoretical Implications

The current research is consistent with past work on the exclusion of Black consumers from mainstream economies and access to capital (Bone et al. 2014; Crockett et al. 2003; Davis

2017). Much of this past work considers exclusion and the barriers faced when interacting with traditional businesses and institutions (e.g., banking and loans; Bone et al. 2014). We instead explore race issues in the P2P economy and offer insights into how the public and media react to and legitimize different P2P activities.

These findings highlight the micro and macro-level factors that can intersect with race to create inequality in the marketplace and serve as barriers to various forms of legitimacy. For example, local validation is an important stage in the legitimation process which then leads to broader diffusion and acceptance (Humphreys 2010a). However, we find that local acceptance of P2P activities in a Black community may not generalize to the population to the same degree as with White P2P activities. Thus, Black P2P activities may be seen as “fringe” or suspicious, and acceptability at the local level may be perceived to not transfer well to a different community or social context. A lack of resources to control the framing of these activities or to network with legitimized actors and institutions may serve as additional barriers. Contrast this with other activities that vary in their legality and face initial hurdles of legitimacy, such as ride- and home-sharing platforms. These services have access to capital, marketing and media, technology, and other means of influence, and as such have enjoyed a rapid gain in legitimacy. Consistent with past research and theorizing, non-White consumers may face numerous barriers in gaining access to resources (e.g., financial resources: Bone et al. 2014; Friedline and Chen 2020) that aid in legitimation.

These different levels of legitimacy may interact and influence each other in various ways. For example, the lack of cognitive legitimacy that comes with associations with Black communities may entrench a particular and unfavorable frame for the activity, which may then be repeated in the public discourse and media, which shapes normative legitimacy (Zimmerman

and Zeitz 2002). Without resources, negative frames are difficult to change (Humphreys 2010a). A lack of general acceptance in society may then impact how P2P activities are perceived and treated by law enforcement and policymakers. Without public approval, there will be less pressure for policymakers and law enforcement to change how these activities are treated.

In short, while there are empirically derived strategies and suggestions for gaining legitimacy (Humphreys 2010a), the process of legitimation may be fundamentally different, or at least more difficult, for Black consumers. Numerous agents (consumers, law enforcement, competing business owners, property owners, regulatory agencies, etc.) may come into contact with P2P actors, with the potential for either conscious or unconscious biases to be applied. Future research may explore these possibilities further, as insights from the current research and our synthesis of various theoretical frameworks could be used to study specific P2P activities or issues regarding race and the marketplace more generally. For example, it has been noted that distributing drugs and drug addiction are seen as a criminal/legal matter when taking place in Black communities, but are framed more as a health crisis when taking place in White communities (Lopez 2017). In this context, one can see how race, framing by the media and institutions, and normative and regulative legitimacy may influence one another. Another relevant domain is that of firearms. In many states, laws allow for the P2P sale of firearms and for consumers to carry firearms with them in public. However, it has been noted that the treatment of gun laws and rights are not evenly applied across racial groups (Serwer 2018). Future research should further delineate the extent to which known insights regarding the process of legitimation apply to non-White consumers, entrepreneurs, and businesses.

Practical and Policy Implications

For policymakers, one of the most significant findings of this work is the relationship between regulative and normative legitimacy of P2P activities. In Study 3, we observed that without regulative legitimacy, a P2P activity engaged in by Black actors was seen as less legitimate than the exact same activity engaged in by White actors, but also that regulative legitimacy increased the normative legitimacy of Black P2P activity. This highlights the important role that decriminalization may have in supporting entrepreneurial activity in Black communities. However, it is worth noting that Black P2P activities with high regulative legitimacy were still judged as no more normative than White P2P activities that explicitly lacked regulative legitimacy. This is consistent with whiteness theory and speaks to the fact that discrimination still exists even in highly regulated and institutionalized industries, such as banking (Bone et al. 2014). In short, increased regulative legitimacy is no guarantee of eliminating bias, just as the algorithm-driven decentralized nature of many P2P platforms also does not eliminate bias (Ayres et al. 2015; Doleac and Stein 2013; Edelman et al. 2017).

Many popular P2P platforms would be unlikely to have succeeded had they been surveilled or treated as severely by institutional and regulatory forces in their early stages. For example, Airbnb started when two roommates essentially subletted their rental apartment to short term visitors, who slept on air-mattresses in their living room. One can easily imagine how such an activity could be shut down if they were being more closely supervised by their landlord, threatened with eviction, or faced other barriers that may be more often applied to Black consumers. Thus, it is critical that policymakers consider the deleterious effects of aggressive enforcement and how such enforcement may be doled out unevenly.

It is possible that Black P2P activities may achieve greater legitimacy by association with other institutions or individuals who have high normative and/or regulative legitimacy. This is

reflected in Study 5, which provides evidence for the normalizing effect of Uber. However, the fact that predominately White entrepreneurs and institutions can enter a market and legitimize it when Black consumers have been criminalized in the same or similar space can be a form of coopting and marginalization that is of concern. For example, the legitimacy of marijuana sales has increased its popularity among mainstream society and attracted White entrepreneurs, a disproportionate number of Black Americans remain in prison on marijuana possession or distribution charges (Hackman 2017; Lewis 2016). Now that marijuana legalization is spreading across the US, Black and Latino people are concerned about applying for a license because of the history between these communities and law enforcement (Schachter 2019). For this and other reasons, only 4.3 percent of marijuana businesses are owned by Black businesspeople (McVey 2017). Policy may be leveraged to address these issues. For example, an ordinance was passed in Somerville, Massachusetts that requires half of recreational marijuana licenses to go to Black and Latino applicants (Schachter 2019). Such policies seek to explicitly correct for racial biases as opposed to solutions that simply rely on aligning a practice or activity with whiteness for legitimacy.

However, policy changes still face numerous challenges and may fail to fully address the problem. For example, although Airbnb implemented a policy where a host does not see the face of the potential renter until they are approved (NewsOne 2018), this neglects to account for the fact that a person's race or ethnicity can be inferred by other information such as their name. Numerous studies have shown that name-based inferences about race can lead to discrimination (Bertrand and Mullainathan 2004; Edelman et al. 2017).

For those entering into the P2P market, the current research also offers insights into how new peer-to-peer transactions might be positioned. The current findings suggest that labelling

and terminology could be important in controlling how others think about and refer to one's product or service. Other associations with various P2P activities and terminology could be a fruitful direction for future research. For example, "sharing economy", by containing the word "sharing," may elicit more prosocial associations and lead potential users to assume that the company and its actors are less motivated by profit.

Changing the positioning and framing of P2P activities may also be useful from an activism and policy perspective as well. For example, an "entrepreneurial" frame could be used to better and more accurately position certain P2P activities and actors – such as unlicensed hair salons and car repair services – as reflecting positive traits and a sense of community. Such frames may be useful in communicating to policymakers the value of helping individuals meet their needs or legitimize their businesses rather than criminalizing them. This is not unlike how cities such as Philadelphia have dealt with the problem of graffiti; rather than seeing it as criminal and destructive, it was reframed as work created by artists, who were then recruited to create public art for the city (Ao 2019).

Conclusion

While informal economies have long existed in the shadow of the formal economy, recent sharing and gig economy platforms have legitimized P2P activities and brought them to the mainstream. The current research suggests that race plays an important role in the legitimation of P2P activities, and that the public's perceptions of Black and White P2P activities is markedly different, with Black P2P activities viewed as less legitimate by society. Thus, we recommend that both marketers and policymakers take these perceptions into account when developing and implementing P2P activities, and that racial disparities in the potential paths and barriers to legitimacy are considered.

Appendix A: Legitimacy Scale (Study 4)

Measure is adapted from Elsbach (1994) and also inspired by Humphreys and Latour's (2013) adaptation of the same scale. The original scale contains 12 items, three of which were not adapted and thus not measured due to difficulty adapting to the current context.

- The general public approves of interpersonal money lending's operating procedures.
- Interpersonal money lending follows government regulations for operating procedures.
- Most of the general public would approve of interpersonal money lending if asked their opinion.
- Interpersonal money lending as a service is committed to meeting financial industry standards in its operations.
- Most people would continue participating in interpersonal money lending even if they had other options available to them.
- Interpersonal money lending as a service is concerned with meeting acceptable standards for ethical behavior, fair play, and non-predatory practices.
- Interpersonal money lending is viewed by business writers as one of the top fields in the financial industry.
- Interpersonal money lending providers believe in "playing by the rules" and following accepted operating guidelines.
- Most consumers in the general public approve of interpersonal money lending's operating practices.

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TABLE 1

Effect of p2p actor race and local acceptance of the p2p activity on ratings of normative legitimacy (Study 2)

	Control	High local acceptance
White (University of Chicago students)	4.10 (1.73)	4.66 (1.82)
Black (Chicago South side residents)	3.58 (1.54)	3.94 (1.72)

Note: Standard deviations in parenthesis.

TABLE 2

Effect of p2p actor race and regulative legitimacy on ratings of normative legitimacy (Study 3)

	Low regulative legitimacy	High regulative legitimacy
White community	6.47 (1.75)	6.69 (1.64)
Black community	5.63 (1.91)	6.20 (1.80)

Note: Standard deviations in parenthesis.

TABLE 3

Summary statistics for newspaper articles (Study 5)

	Pre-campaign	Post-campaign	Overall
Publication data range	1986-12-03 – 2016-10-02	2016-10-03 – 2019-10-02	1986-12-03 – 2019-10-02
Number of articles	2303	2060	4363
Vocabulary size	20,749	20,014	37,603

TABLE 4

Cosine similarities for “side hustle” and “sharing economy” (Study 5)

	Words	Side hustle		Sharing economy	
		Pre-campaign	Post-campaign	Pre-campaign	Post-campaign
Legitimacy	<i>legitimate</i>	0.073	0.250	0.237	0.347
Cognitive legitimacy	<i>accept, authentic, benefit, embraced, fair, good, help, honest, moral, positive, principle, responsible, successful</i>	0.128	0.233	0.232	0.298
Normative legitimacy	<i>entrepreneur, fund, innovative, invest, investor, market, startup, trust, venture</i>	0.081	0.199	0.328	0.433
Regulative legitimacy	<i>government, legal, law</i>	0.055	0.079	0.395	0.450
Black	<i>African American, black man, black woman</i>	0.246	0.078	0.101	0.045

Note: For legitimacy, the values reported are the cosine similarities with “side hustle” and “sharing economy,” before and after the launch of Uber’s “Get your side hustle on” campaign. For cognitive, regulative legitimacy, normative legitimacy, and black, the values reported are the average of the cosine similarities of the words listed.