

## AN INVESTIGATION INTO THE BUDDING SHARING ECONOMY IN AN EMERGING MARKET

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## ABSTRACT

In recent times, largely as a result of advancements in information technology and changing consumer needs, traditional methods of doing business are being challenged by the emergence of software platforms that enable individuals to share goods and services at a given cost. Collaborative consumption also referred to as shared economy, entails individuals offering or renting underutilized assets or services to other individuals usually at a specified price. Enabled by the internet, it is now possible for these assets and services to be disaggregated as peer-to-peer services. The collaborative economy has increasingly grown in recent years to become an integral part of modern society where millions of consumers are utilizing it worldwide. It has raked in billions of dollars in revenue worldwide and is expected to grow substantially. Sharing economy companies such as Uber and Airbnb have grown enough to pose a threat to traditional business models. The purpose of this paper is to investigate the shared economy practices as well the concerns it has brought about. In emerging markets the sharing economy for instance seen to have a higher potential in revenue generation though there has been little study conducted. This may prompt further research in investigating the emerging market potential in exploiting the sharing economy in terms of revenue generation while addressing its concerns.

**KEY WORDS:** sharing economy; Airbnb; Uber; emerging market;

## INTRODUCTION

Airbnb was started in 2008 in the USA. Its business model entails bringing together on an internet platform travelers looking for cheap accommodation and homeowners with excess space. Travelers range from leisure to business customers and offerings range from a couch in a room, to exclusive accommodation in castles and even igloos (Forgacs & Dimanche, 2016).

Since the introduction of this innovation, other accommodation alternatives have appeared, such as Priceline, Vacation Rentals by Owner (VRBO), Homestay, HomeAway, Roomarama and the upmarket OneFineStay (Southan, 2017). This innovation has developed beyond accommodation however, and has resulted in offerings extending beyond spare rooms. Recently an array of services have become available, including ridesharing applications, the best known being Uber. Uber was conceptualized by Silicon Valley entrepreneurs and provides additional transport options to individuals as well as an opportunity for vehicle owners to generate revenue from their vehicle, making it available for more than just regular personal consumption (Berold, 2014). Besides the obvious rental offering of accommodation and cars, there are also the options of renting camping spaces for holidays or parking in the cities (The Economist, 2017).

The above business model is referred to as the sharing economy, and it involves collaborative consumption or simply individuals renting underused or idle assets to each other (The Economist, 2017). In accommodation terms, it entails an internet enabled marketplace where travelers can rent a room from private individuals and not from an establishment formally registered as a hotel or guesthouse (Interian, 2015). In transportation services terms, it means that vehicle owners not necessarily registered as commercial taxis are connected with passengers looking for a ride somewhere, via a cellphone application (Berold, 2014). In general terms, it allows tangible and intangible assets to be disaggregated as services (The Economist, 2017).

Almost in tandem with the growing interest from consumers and the consumer peer-to-peer market, concerns have emerged about online platforms and how these should be regulated. (Edelman & Garadin, 2016). According to Forgacs and Dimanche (2016) the sharing economy and the smart platforms where transacting takes place present an income threat to the traditional hotel and lodging industry as even business travelers now make use of Airbnb (Southan, 2017) and to city management as taxable hotel revenue declines (Levi & Goldman, 2012). Similarly, there are calls for reform, and for regulation and taxation of short-term rentals and making the rental market a priority over the tourist market (Lee, 2016). There are also more severe threats such as the eventual disappearance of the middle class in Los Angeles. Due to the continued reduction of the already limited rental housing stock, rental prices increase driven by demand, and the middle class renters move to find more affordable accommodation in other cities (NBC News, 2017).

In the light of the opposing views of regulators, consumers and suppliers of shared services, the question arises whether the phenomenon of the sharing economy is truly generating national revenue, distributing it evenly or destroying it. If regulated well and done early, perhaps the sharing economy can alleviate the desperately needed increase in entrepreneurial activity, which in an emerging country like South Africa is still lower than in the rest of sub-Saharan Africa (Herrington, & Kew, 2016). The objective of this conceptual paper is to investigate the phenomenon of the shared economy and to present findings of literature studied in the western world and to a limited extent in emerging markets. The contribution of this paper is the theoretical and practical value added. On a theoretical level, the paper adds to the body of knowledge on the sharing economy in emerging markets, which is a growing, albeit slowly. On a practical level, this research adds possible solutions to the phenomenon that is in its infancy in South Africa, an emerging economy. This paper is one of the first scholarly contributions that offer a better understanding of the sharing economy and how it impacts the tourism industry of emerging markets. This paper offers researchers a well-documented investigation into the current practices and an opportunity for further research, particularly in the emerging context, where few articles have seen the light.

## **LITERATURE REVIEW**

### **The efficiencies made possible by the sharing economy**

The onset of the sharing economy may be attributed to a combination of the global economic downturn, advances in technology and in particular, internet-based sharing applications (simply called 'apps'), as well as the creative thinking of individuals who are capitalising on unused space, assets or capacity (Griffith, 2016). Early estimates have it that the revenues from the sharing economy will exceed USD20 billion by 2020 (Interian, 2015).

In conventional rental markets, owners hold assets to rent them out, however in recent times, startup technological firms have established this new form of markets in which owners sometimes utilized their assets and at other times rent them out. These markets are regarded as peer-to-peer or sharing economy markets. Rental by consumer-owners has been present for long, although confined mostly to expensive goods such as vacation homes and often they were shared among family and friends, with or without payment. The peer-to-peer systems in present times are open markets and the goods or services are shared at a cost (Horton & Zeckhauser, 2016).

The shared economy describes a new wave of business models that have challenged the traditional models, broken down industry categories and made the most of limited resources. The proverbial of these are the transport service giant Uber and the accommodation service Airbnb. The sharing economy however extends further into sectors such as finance, investment, and everyday tasks, such as renting a lawnmower (Allen & Berg, 2014). The sharing economy is defined as an economic model, founded upon sharing, merchandising as well as renting products and services in a manner that facilitates access over ownership. It can include business-to-consumer (B2C), business-to-business (B2B), or peer-to-peer transactions (Pluess, Kim, Lee & Pelaez, 2016).

Botsman and Rogers (2010) define the sharing economy as an economic system primarily focused on the sharing of underutilized assets or services at a given cost or for a given fee that comes directly from individuals. Juul (2015) states that the shared economy, also known as collaborative, peer or access economy cannot be defined by a single definition, however it can be described as an economic model dependent on network technologies that enables products and services to be exchanged in ways that have not been possible before.

Another way of looking at the sharing economy can be that in conventional traditional markets, consumers buy products and services that they own while in the sharing economy suppliers share their resources briefly with consumers, whether at a fee or not. Anybody can share things from products such as bicycles, cars, and property, to time, skills and competencies (Dervojeđa, Verzijl, Nagtageal, Lengton & Rouwmaat, 2013).

Airbnb was started in 2008 by two art students in San Francisco, USA (Forgas & Dimanche, 2016; The Economist, 2017). Although Airbnb has emerged as the most prominent example of the home sharing model, other such service providers have entered the sharing economy, such as The Priceline Group (Fastcompany.com, 2017). The Priceline Group offers similar services, under the trade names of Booking.com, Kayak and Open Table (Fastcompany.com, 2016). The shareholders of both Airbnb and the Priceline Group earn a service fee charged to the guest and the host (Dervojeđa *et al.*, 2013).

The traditional mode of businesses and other organisations produce services offered by organisations to consumers, so called B2C. However, the sharing economy has introduced peer-to-peer offerings. Generally, this form of sharing goods and services is usually facilitated through online mediums that match demand and supply.

These platforms in a number of cases are developed and managed by private organisations known as peer-to-peer organisations or sharing economy organisations. The sharing economic model is known as a peer to peer model whereby peers who are mostly individuals offer and request goods and services. The platform acts as a facilitator between them (Juul, 2015).

The sharing economy has been on a rising growth path in recent years and has gained the interest of stakeholders globally. Technology is crucial in the sharing economy and numerous sharing platforms have emerged providing individuals the opportunity to share goods and services. The pervasiveness of mobile devices in recent times has led to a digital revolution that serves as a catalyst for growth in the sharing economy (Gururaj, 2015).

The appeal of the sharing economy lies in the fact that sharing platforms create a win-win situation for all stakeholders. The sharing economy has many benefits, such as facilitating on demand access to goods and services, efficient utilization of underutilized assets leading to a multiplier effect such as increased employment, digital literacy and the rise of micro entrepreneurship (Gururaj, 2015).

Some critics however lament the notion that Airbnb is causing a dual problem, i.e. firstly reducing the already limited supply of affordable housing and thereby increasing the price, and secondly, creating 'cottage hotels', in residential areas not zoned for commercial, but for residential purposes (Lee, 2016). The biggest disruption to the tourism industry however, has been the decline of bookings in traditional hotels. In 2015 alone, almost 60% fewer hotels rooms were booked (Forgacs & Dimanche, 2016). This has caught the hotel industry off guard and although they may be able to fight a price war, there is also the competitive advantage of a sense of authenticity and the local experience that only the neighbourhood landlord can provide.

#### **Revenue generated by the sharing economy**

The business interest in these sharing platforms is ever-increasing. For instance Airbnb alone has attracted almost \$2.4 billion in investment in 2016 and it is expected to reach US\$20 billion by 2020 (Southan, 2017). Organisations such as Avis have invested 500 million dollars for the U.S-based car sharing service Zip-car. Such financial investments have contributed to a positive economic revolution that has gained significant attention. (Malhotra & Marshall, 2014). Berg and Allen (2014) estimate the consumer peer-to-peer rental market to be approximately \$26 billion in 2014. The shared economy is estimated to have grown at 25% in 2013 with over \$3.5 billion in revenue worldwide, resulting in significant potential to foster economic growth and improve living standards.

For instance Uber, which was valued at \$50 billion, now ranks higher than 80% of all organisations on the Standard and Poor's index. Consumers cite that the benefits from Uber are availability, convenience, low cost and seamless transacting. For the drivers, there is enhanced economic opportunity and higher earnings (Schor, 2015). In certain major US cities, it is already cheaper to use Uber (which has now become a verb) than own a vehicle (Berold, 2014).

The potential market revenue for the shared economy worldwide is growing. According to PriceWaterhouseCoopers (2015) the five key sectors, which are accommodation, travel, car finance, staffing and music and video streaming, have the potential to increase global revenue from 15 billion dollars to 300 billion dollars by 2025. The benefits, however, reach more than the hosts, who use the additional income to pay home loans or rent, or buy groceries. Local businesses benefit as a result, also from the tourists who shop there (Finweek, 2015).

Uber and Airbnb seem to be at the forefront of introducing the sharing economy on the African continent, and in emerging economies like Nigeria and South Africa, creating job opportunities and capitalising on the growing middle class and its increasing disposable income (Jackson, 2016). This income is not taxed and approximately 15% is payable to Airbnb (Burmeister, 2013). While there is money to be made, renting out a room in one's apartment, or an entire house may hold certain inherent risks. Guest on premise injury or damage to property need to be considered, which results in additional expenses to the host (Sojini, 2016). Ridesharing poses the risk of accidents or opportunistic behaviour on the part of the driver, although Uber has structures and systems in place that will yield a response following on a customer complaint (Edelman & Geradin, 2016).

#### **Regulation and compliance**

The sharing economy has created value for consumers who are comfortable and feel secure to trade online and to property owners who are prepared to share their personal space (Burmeister, 2013). It enables local

entrepreneurs to add a new dimension to the tourist industry, such as hosts offering tour guide services. This introduces the dimension of compliance and meeting regulatory requirements (Sojini, 2016).

Lines (2015) states that Airbnb remains unregulated in the state of Arizona where concerns center on issues such as health and safety, tax evasion and property value preservation. In a city like Los Angeles, California, the already short supply of rental accommodation is aggravated and the housing market is distorted by short-term rentals for the sake of its positive effects on tourism and the economic activity (Lee, 2016). The city management of Los Angeles filed a lawsuit against the owners of Airbnb and intends to regulate short term rentals and issue large fines to unregistered homeowners transgressing city laws (Johnson, 2016). Airbnb is fighting back in the federal court, opposing the city's registration process (NBC News, 2017). Certainly the registration and verification of hosts will introduce an administrative burden to Airbnb, which will be difficult to regulate and execute (NBC News, 2017).

Despite residential development the stock of affordable rental accommodation in Los Angeles is not meeting the demand. This can be attributed to a shortage of funds and the foreclosure crisis in 2010 which turned more than 100 000 former homeowners to the rental market (Lee, 2016). At the same time, the tourism sector is developing and city authorities are losing the battle against finding a balance between vacation rentals and rental property stock (Slee, 2016)

Digital applications of the sharing economy are still new and despite having positive reception there have been concerns as well. Dillahunt and Malone (2015) point out that platforms such as Airbnb make it easier to racially discriminate online because it requires hosts and users to provide photos. Questions in addition have been raised about the concern for the worker, legal liability and insurance. Addressing these issues will require innovativeness in changing economic fields, public policy as well as information technology.

Rental income exceeding USD74 500 per year is taxable and Airbnb is expected to pay 14% VAT to the South African Revenue Service (Sojini, 2016). Airbnb collects income tax on behalf of the Internal Revenue Services (IRS) in the USA and provides information to registered hosts on how to keep accurate tax records, tax deductible expenses, and how to report tax revenue from rental income (EY, 2017). A new rule in the city of San Francisco, New York State and Chicago require Airbnb hosts to register as such with the city authorities, yet only about 20% have done so (Slee, 2016). Taxes are used by governments to promote and ensure a more equitable and fair distribution of wealth. Yet, individuals' willingness to comply with the laws results in a divergence between the intended impact of a tax and its actual impact (Mayiek & Yego, 2015).

The term 'sharing' may imply a commercial relationship, which in a strict sense may mean both parties are contributing to the expense or sharing the benefits. This term needs to be clarified for the purposes of lawmakers. While on the one hand these software platforms introduce cost savings and efficiencies, on the other hand they introduce negative externalities to non-customers, for example pedestrians who are exposed to the risk of unsafe, unlicensed, uninsured or underinsured Uber drivers, to the same extent as a user of the service. Similarly, the neighbours of Airbnb hosts could experience negative externalities in the form of consuming neighbourhood parking spaces or other shared resources (Edelman & Geradin, 2016). A more serious externality is the permanent removal off the market of rental property stock and the city centres becoming deserted, as tourists now prefer accommodation outside the city in Airbnb establishments (Slee, 2016).

Edelman and Geradin, (2016) express concern about inconsistencies in the application of minimum requirements for commercial services providers and for providers using software platforms. Taxis must meet certain legislative requirements or risk losing their permit to operate. This includes that vehicles be of a certain make, mileage or age. Yet, this requirement is not imposed on ridesharing platforms such as Uber. Hotels need to install fire retardant bedding or suppression systems like fire extinguishers and sprinklers, this rule does not apply to Airbnb establishments (Edelman & Geradin, 2016). Regulation may be able to protect consumers by introducing minimum standard requirements.

Farronato & Levin (2015) also point out that there are issues that need to be addressed with regard to the shared economy. The rise of organisations such as Uber and Airbnb for instance has led to the call on them to be regulated. This is because some of these software platforms have in some instances failed to protect their end consumers despite their assurances. Trust is at the center of the shared economy and sometimes this trust can be misguided since the business model of the shared economy relies on low cost checks. For the shared economy the key tenets such as efficiency, trust and value proposition must be sufficiently satisfied. Gujuraj (2015) supports this and states that in order for the sharing economy to make progress in markets such as India, sharing

platforms have to address a few issues. These issues include trust between individuals involved in a transaction, a technological platform that provides fair pricing, verified listings and background checks.

The issues surrounding the shared economy are mainly regulatory and consumer protection issues resulting from informal production of goods and services, potentially unfair competition with business to consumer service providers and market strength of peer to peer operators. More nuanced and less radical approaches call for innovation and brilliant forms of regulation attempting a compromise to ensure consumers protection and safety without undermining innovation. Possible solutions can be through information based regulation of metrics and performance, cooption of sharing organizations within a city's or country structure of governance, slow deregulation of incumbent firms if needed as opposed to traditional regulation approach to the sharing economy (Codagnone & Martens, 2016). When there is a new collaboration between the peer's business model and the traditional business model, it enables organisations to grow more quickly, learn faster and deliver better product and services. (Chase, 2015).

### **Emerging markets and the shared economy**

Small and medium enterprises are the fastest growing business segment in many emerging economies according to Mayiek and Yego (2015). In emerging markets, the stakes are high in the sharing economy since there is a higher willingness to participate in sharing communities. In emerging markets comprising of Asia-Pacific, Latin-America, Middle-East Africa, the willingness participation is at 67 per cent whereas in North-America and Europe it is 33 per cent (Nielsen, 2014). Examples to support this are: Go-Jek, the Indonesian 'Uber' for motorcycles launched in 2011 now has over 10000 riders. Similarly, other models have emerged in Africa such as Safe Boda. Another example PrepClass, a Nigerian education platform enabled independent tutors to provide more than 14000 hours of lessons with average pay of \$6 per hour (Price Water House Coopers, 2015).

Emerging markets are particularly poised to benefit from this growth because since digital economies are where digital sharing will prosper. This model of the sharing economy converts emerging markets liabilities into scarce assets and plentiful labour into opportunities. Analysis conducted estimate that emerging markets are 40-50% more likely to engage in digital sharing given the right access to the right tools. In one sector, digital sharing in finance delivered approximately \$34 billion to entrepreneurs and small businesses in over 45 countries in 2015 through lending and investment. (Dalberg, 2016). In Africa, where youth unemployment is high, it is anticipated that the sharing economy will be dominated by the young people (Jackson, 2016).

Cuba is one of the fastest growing market for Airbnb, according to Griffith (2016). The increase in tourist arrivals from the USA creates big opportunities for Cuban homeowners, although access to basic amenities such as running water and advance amenities such as internet access greatly challenge the establishment. The country however needs the entrepreneurs whose income has increased from \$23 to \$250per month.

In Africa, online payments may still present problems. Whereas easy payment services, internet access and the rule of law lead to higher levels of trust and confidence in online transacting, it is not the case in Africa (Jackson, 2016). Uber has had to adapt its model in Africa, where many still don't have access to debit and credit cards. The Kenyan capital of Nairobi is the second city in the world where Uber accepts cash payments (Jackson, 2016). In addition, the expense of creating infrastructure is prohibitive in more than 50 African countries, each with its own challenges and online payments still in its infancy. The young consumer class is however pushing for solutions and the sheer size of the market may soon result in innovative answers fit for the continent (Botha, 2015). Africa is the one continent where the rate of cell phone adoption is the highest in the world. In South Africa, 94% of the population has a cell phone and the well-developed cellphone infrastructure (Botha, 2015).

### **The response of the hospitality industry**

In the past, both hotels and Airbnb could operate in relative harmony. Lately though, hotels are starting to fight back (Southan, 2017). The hotels have formed a lobby group and finance the fight to have Airbnb regulated. Airbnb is targeting business travelers, who are more lucrative and travel more frequently than leisure travelers. Hotel chain AccorHotels has acquired OneFineStay and Oasis Collections, and bought more than 2 000 homes in major European, UK and US cities, that offer high end hotel features such as concierges, quality linens and free iPhones on loan. At the same time hotel employees are trained to interact with guests in a homier manner. Satellite organisations, offering complementary products and services have also emerged as the sharing economy is gaining momentum. Organisations offer to take professional photos, screen guests, manage queries and restock the refrigerator (Griffith, 2016). Of late, blogs have become available comparing prices and offering alternatives to Airbnb accommodation (Forgacs & Dimanche, 2016).

Some unfortunate incidents at Airbnb, for example houses that got damaged, unprofessional conduct on the part of the hosts and bad customer experiences may inadvertently result in hotels regaining market share, should they use the opportunity to turn such incidents into a competitive advantage for themselves (Forgacs & Dimanche, 2016). Owners of taxi businesses have joined Uber to benefit from their brand. The traditional service providers are not necessarily doomed, provided they can learn from the success of the newcomers and come up with innovative solutions.

**DISCUSSION**

The disruption caused by the likes of Airbnb, Uber and Dollar Shave Club are not new. Over the years many such disruptions to accepted business concepts have resulted in either the industry giants joining the disruptive trend or buying out the new entrant, thereby eliminating the competitive threat. Unilever bought the Dollar Shave Club, a startup that disrupted the razor blade industry by offering men razor blades delivered to their doors, in exchange for a USD3 per month subscription (Cao & Mittelman, 2017).

At the same time, the governments of emerging countries actively encourage entrepreneurial behaviour and job creation, both of which are major stimulants of economic growth, wealth distribution and reduction of social ills such as crime. Shared accommodation and transportation services may both create jobs and encourage entrepreneurial activity in an economy where it is much needed. However, in South Africa, government policy is frequently cited as one of the drawbacks to the development of entrepreneurial activity (Herrington & Kew, 2016). A tax introduced on peer-to-peer entrepreneurs is likely to discourage compliance if the cost of compliance is increased due to the burdensome process of registering as a peer-to-peer provider. Legislation intended to regulate the shared economy may have a further dampening effect on entrepreneurial activity, and encourage tax evasion, if not handled correctly. While legislation is needed to regulate the already volatile taxi and ridesharing rivalry any delay on the part of government to regulate it may result in further antagonism. Regulation is needed to protect the interests of all parties involved in the shared economy as well as the hotel and taxi industries, the mainstream providers of such services.

The findings of this study are summarized in the table below, which contrasts the findings in the form of a SWOT analysis.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>• Consumers gain value for money by sharing goods and services and paying competitive prices for the service.</li> <li>• Home owners are able to offer underutilized resources thus using it more productively, for instance renting a spare room or a vehicle.</li> <li>• Sharing platforms have generated business interest that has a positive impact in the economy with the potential to improve economic growth and living standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Niche opportunities are growing through specialized sharing sites e.g. Trusted house sitters that caters for travelers who are partial to animals</li> <li>• Big companies and venture capitalists have great potential to join in as the reputation of the sharing economy becomes increasingly stable and successful</li> <li>• Large segments of the population such as baby boomers and teens are not yet buying into the sharing economy. These segments represent future opportunities for the sharing economy.</li> </ul>
WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>• A number of sharing economy businesses are not meeting legal regulations, which has led to issues with authorities.</li> <li>• The sharing economy has also negatively impacted mainstream businesses, like hotels who feel their profits have been adversely affected by upstarts such as Airbnb.</li> <li>• Through selling and buying, online shoppers are not totally protected from fraud and malpractices. Buyers may be exposed to inferior merchandise and sellers may find troublesome buyers. There are still gaps in ensuring transaction safety and reliability.</li> </ul>	<ul style="list-style-type: none"> <li>• Subsequent strikes and protests against some shared economy platforms such as Uber have highlighted the issues regarding regulating the sharing economy and working with established competition.</li> <li>• As a result of the sharing economy not being regulated, concerns about health and safety regulations have been raised as well as the difficulty to enforce and check. This may negatively affect their customer reach.</li> <li>• There is however also a growing threat of overregulation by local and state governments which may hamper the progress and growth of the shared economy.</li> </ul>

## **CONCLUSION**

As shown, the authors have done research on the shared economy and how it has challenged the traditional business models as well as the challenges experienced in the shared economy. The authors have also shown the effect the shared economy has on emerging markets. However, further research is required to investigate what measures and initiatives emerging markets can implement to address its challenges. The corrective measures and improvements needed to address the same have not been discussed in depth. These need to be further interrogated in order to find ways of exploiting emerging markets potential in generating higher revenues thus benefiting the overall economy.

The authors suggest that further research needs to be conducted into the sharing economy. The many challenges faced by the policy makers of emerging economies are different from those in developed economies as was uncovered during the research above. At the time of the study, no formal corrective measures had yet been suggested or found to be emerging from recent research. This first round of the research is therefore descriptive. For that reason it is suggested that during a next round, an empirical study is conducted, which will add analytical rigor, perhaps developing an empirical model for use by policy makers. Given the unique conditions in an emerging market, investigating the true potential of the sharing economy, especially while it is in its early stages of development will add value to the overall economy.

## **IMPLICATIONS FOR MANAGERS**

The sharing economy may not replace traditional trading or shopping patterns entirely, however it may cause some transformation or disruption (The Economist, 2017). There are calls for regulatory bodies such as city councils to regulate peer-to-peer businesses (Lee, 2016; The Economist, 2017). While in a city like Los Angeles, the affordable housing crisis is resulting in lobby groups and researchers calling for an outright ban on short term rentals, in other US cities the authorities are welcoming short-term rentals and charging hotel occupancy taxes (Lee, 2016). Although the sharing economy causes other economic concerns such as increased rent, reduced rental space, and an eventual disappearance of the middle class it does create financial benefits for tourists and hosts. Certain lobby groups have managed to get peer-to-peer taxi businesses banned (The Economist, 2017) and claims of unfair practices against metered taxis as well as an unwillingness of government to intervene has seen violence erupt between members of the taxi association in SA and Uber drivers (Gwangwa & Makhubu, 2017).

From this research, managers from incumbent organisations will be better equipped in identifying how new entrants could undermine their current business models and how to invest in exploiting these gaps themselves. The sharing economy is similar to any other disruptive threat that has been made easier by rising penetration and comfortable online exchanges. As for the entrepreneurs in the shared economy, they may be better informed of the risks and concerns involved. This may prompt them to take actions that address their concerns which may include government involvement. They may also be in a better position to exploit the revenue creation opportunities brought about by the shared economy, especially in emerging markets.

Future research, especially empirical research, will be helpful to shed further light on this topic. While current research points to the success stories and benefits to entrepreneurs and small businesses, it is not known if hosts are expected to register as such, if they comply with legislation and what challenges they may experience with both Airbnb management and their local authorities.



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