The tourism sharing economy and sustainability in developing countries: Contribution to SDGs in the hospitality sector

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Abstract

The tourism sharing economy applies the latest technological applications to monetize excess capacity and to provide ease of access to tourism resources. This concept is premised on the idea of collaborative consumption which emphasizes the importance of access rather than ownership. Homestays through Peer to Peer (P2P) and Business to Consumer (B2C) platforms are on the rise in the global tourism industry and the impacts of this phenomenon on sustainability are significant. In this era of Sustainable Development Goals (SDGs) it becomes important for accommodation providers to leverage off business models that contribute to sustainability. This study is based on a review of literature and addresses how the hospitality sector in developing countries can leverage on the sharing economy to contribute to the achievement of SDGs. The findings suggest that the sharing economy is still in its infancy in sub-Saharan African countries. The extant literature points to the fact that accommodation sharing can contribute to eight of the SDGs, namely 1, 4, 8, 9, 11, 12, 13 and 16.

Keywords: sharing economy, collaborative economy, SDGs, collaborative consumption, sustainability.

Introduction

The sharing economy is a relatively new phenomenon that has gained a lot of attention in the last five years (Cheng, 2016) changing the way people and business interact (Leung et al., 2019). It is based on the idea of collaborative consumption and monetization of excess capacity (Dredge & Gyimóthy, 2015). The sharing economy has seen the popularization of global corporations such as Uber, Airbnb, Lyft, Snapp, Fairbnb, CouchSurfing, Eatwith, Vayable, TaskRabbit, Carpooling and Guest to Guest among many others, leveraging on the ability to offer convenience and lower process to customers (Bornman & Wessels, 2019; Altimay & Taheri, 2019). It is characterised by a shift from a culture where consumers own assets to instead sharing through internet driven Peer-to-Peer (P2P) technological platforms that allow the utilization of excess capacity (Martin, 2016). The tourism and hospitality industry can benefit from the sharing economy as it enables increased availability of tourism products to consumers at a reasonable price (Adeyinka-Ojo & Abdullah, 2019). It is observed that the sharing economy is widespread in the developed world (Yuana et al., 2019) albeit developing countries, particularly those in sub-Saharan Africa, are lagging behind in its application. The major exception is South Africa which is a major focus area for Airbnb operations (Visser et al., 2017). Most studies done on the sharing economy have been undertaken in the context of developed countries (Alrawadieh & Alrawadieh, 2018) like Finland, Cyprus and USA and little empirical focus has been given to the context of developing countries (Yuana et al., 2019).
It is argued that sharing economy promotes the tenets of sustainable consumption behaviours in customers (Leung et al., 2019; Wang et al., 2019) and in this era of Sustainable Development Goals (SDGs) it becomes imperative to promote business models that contribute to sustainability. The 17 SDGs are a product of the United Nations General Assembly and were conceived in September 2015 to replace the MDGs whose life span had come to an end (United Nations, 2015). The SDGs are called the post-2015 development agenda and their life span extends from 2016-2030. The role of business in achieving all the 17 SDGs is strongly acknowledged (United Nations, 2015); the business sector, the tourism and hospitality included plays a bigger role in contributing to the achievement of the SDGs. Gössling and Hall (2019) suggest that the sharing economy can make significant contributions to the achievement of a number of SDGs. Hafermalz et al. (2016) maintain that the sharing economy can contribute to four SDGs: Goal 8: sustainable economic growth; Goal 9: innovation; Goal 12: sustainable consumption and production; and, Goal 16: peaceful and inclusive societies. The growth of the sharing economy presents sustainability challenges to destinations (World Bank, 2018) and it has been noted that the sharing economy business models are beginning to frame their operations around SDGs (Ma et al., 2019). Regardless of the ability of the sharing economy to contribute to the SDGs there is insufficient research on the sustainability aspect (Hu et al., 2019). Leung et al. (2019) aver that studies done on the sharing economy have not addressed fully the sustainability component. Hu et al. (2019) maintain that the sharing economy business model focuses generally on the economic pillar of sustainability with little direct attention being given to the social and environmental impacts. Daunorienë et al. (2015) observed that that there is lack of empirical studies on the sustainability of the sharing economy.

The focus in this article is to determine how the sharing economy can be used as a vehicle to achieve SDGs in the hospitality industry in developing countries. The current debates on sharing economy in the accommodation sector lack a complete analysis of the environmental and socio-economic impacts of the accommodation sharing platforms (Palgan et al., 2017) and the impacts to the SDGs in particular are a knowledge gap which this paper aims to contribute to. The following sections offer a review of literature on the sharing economy ecosystem in different contexts to inform developing countries, especially in sub-Saharan Africa, how collaborative consumption might be leveraged to contribute to the achievement of SDGs.

The study is based upon a desk-top review of international literature which investigates and debates issues around the sharing economy. The researcher thus gathered facts and existing research data that helped to answer the research question.

**Sharing Economy**

The sharing economy is often used interchangeably with terms such as collaborative economy, peer to peer business models, platform economy, participative economy and gig economy (Heinrichs, 2013; Tescasiu et al., 2018; World Bank, 2018; Adeyinka-Ojo & Abdullah, 2019; Gössling & Hall, 2019). Although there exist certain differences between the sharing economy and the alternative terms forwarded above, the underlying principle that shapes this business model remains the same (Tescasiu et al., 2018). As forwarded by Frenken and Schor (2017: 5) the main idea of sharing economy entails consumers granting each other temporary access to under-utilized physical assets (idle capacity), possibly for money. This said, there is no one agreed definition of a sharing economy (Adeyinka-Ojo & Abdullah, 2019) and of late there have been attempts to distinguish between the sharing economy and the collaborative economy (Gössling & Hall, 2019). Ertz and Leblanc-Proulx (2018) argue that the term ‘sharing economy’ is used more in literature than collaborative economy and it is applied as an umbrella term to describe business models that involve access-based consumption of goods and service. Hamari et al. (2016) concur that the sharing economy is a broader concept that entails using online platforms to share the consumption of goods and services. In this discussion the
terminology of the sharing economy, collaborative economy and collaborative consumption will be terms that are used interchangeably.

Botsman and Rogers (2011) define a sharing economy as “an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary and non-monetary benefits, largely focused on peer-to-peer transactions”. Businesses in the sharing economy do not sell physical products nor purchase inputs but they rely on providing a platform for matching the demand with the supply side of business through technological applications (Hu et al., 2019). Altinay and Taheri (2019) argue that a sharing economy is characterised by service enablers that intermediate between suppliers of products and customers demanding the underutilized products. Zervas et al. (2017) aver that in the sharing economy people make use of underutilized capacity through fee-based sharing by companies like Airbnb or Uber (Carmody & Fortuin, 2019; Giddy, 2019). The sharing economy is generally categorized into two, that is the consumer to consumer (C2C) sharing economy also known as peer to peer (P2P) sharing economy and the business to consumer (B2C) sharing economy (Ma et al., 2019). The Peer-to-Peer sharing economy (e.g. Didi the Uber of China) is when individuals link and engage in value co-creation by sharing excess capacity through digital platforms and business to consumer sharing economy involves established businesses providing shared products to registered users (Ma et al., 2019).

The sharing economy is seen as a form of vertical disintermediation which is characterised by the interaction of suppliers and customers through digital platforms (Geissinger et al., 2018). Growth of the collaborative economy is attributed to developments in the ICT sector as it is anchored on technological platforms to reach the intended customers (Toni et al., 2018). Hamari et al. (2016) argue that the advent of the web 2.0 is the key to the growth of the sharing economy and technological tools like mobile phone applications and websites are used to coordinate the sharing of goods and services.

Tourism Sharing Economy in the Accommodation Sector

The tourism sharing economy refers broadly to the application of collaborative consumption in the tourism and hospitality industry. Tescasiu et al. (2018) state that the sharing business model is more applicable to the tourism industry and Adeyinka-Ojo and Abdullah (2019) reiterate that the sharing economy has wider impacts and utilization in the tourism industry, ranging from home-sharing to ride sharing between hosts and tourists. The tourism and hospitality industry is dominated by two corporate ‘unicorns’ that is Uber and Airbnb and it is these platforms which have set the pace concerning the application and adoption of the tourism sharing economy (Adeyinka-Ojo & Abdullah, 2019; Ma et al., 2019). It is estimated that the P2P accommodation economy will be US$139 billion in size by 2020 and by 2025 is forecast to contribute as much as 17% or 8 billion of the annual hotel sector’s global revenues (World Bank, 2018).

The accommodation sector is hugely impacted by the exponential growth of the collaborative economy (Toni et al., 2018). Stors and Kagermeier (2015) add that in the tourism industry the sharing economy affects mostly the accommodation sector. The World Bank (2018) projects a 31% annual growth rate of the accommodation sharing economy between 2013 and 2025. Accommodation sharing refers to ICT-enabled Peer to Peer swapping, short term renting, and the lending or borrowing of existing individually owned idle accommodation facilities (Palgan et al., 2017). The World Bank (2018) views P2P accommodation as when people offer a room for money or a whole house for short term accommodation rentals. Visser et al. (2017) maintain that the sharing economy in the accommodation sector facilitates the bringing together of accommodation providers (hosts) and accommodation seekers (guests). Short term rentals and home swapping are the most common business models of collaborative consumption in the accommodation sector (Tescasiu et al., 2018). Popular sharing platforms in the accommodation sector include Airbnb, CouchSurfing, Houseswap, TripAdvisor rentals,
Windmu, Homeexchange, HomeStay, 9flats.com, Booking.com and HomeAway (Dredge & Gyimóthy, 2015; Stors & Kagermeier, 2015; World Bank, 2018; Adeyinka-Ojo & Abdullah, 2019).

Palgan et al. (2017) propose a taxonomy of accommodation P2P sharing which they categorize into free platforms (e.g. Couchsurfing, BeWelcome, and Warm Showers), reciprocal platforms (e.g. My Twin Place, Home Exchange and Home Link) and rental platforms (e.g. Airbnb, 9flat, Evergreen B&B). Free sharing platforms are characterised by non-monetary exchanges motivated by non-monetary gains, reciprocal platforms entails home swapping simultaneously or at different intervals among users and rental platforms are fee based overnight stays motivated by profit making gains for both hosts and platform operators (Palgan et al., 2017).

Tourism Sharing Economy and Contribution to SDGs in the Hospitality Sector

There is minimal literature at present which addresses the contribution of the sharing economy to the SDGs. Even though attempts have been made to link sharing economy with sustainability few studies have been done to link it with SDGs. This study therefore makes use of previous research on sustainability in the sharing economy to assess the SDGs that accommodation sharing can contribute to. At the outset it is considered that a sustainable economy has remained elusive many years after the publication of the Brundtland report which ushered in the concept of sustainability (Gössling & Hall, 2019). It is within this context that the sharing economy is widely seen as a move towards achieving an environmental, economic and socially sustainable society (Ciulli & Kolk, 2019). Cherry and Pidgeon (2018) agree that the sharing economy concept can contribute to addressing environmental, social and economic concerns.

The sharing economy can make contributions to SDG 1 on ending poverty in all its forms everywhere by providing opportunities to locals to earn income to sustain them. Gössling and Hall (2019) argue that intermediaries in the sharing economy can open up opportunities for businesses in rural areas and also in developing countries. The sharing economy creates opportunities for micro-entrepreneurs and allows people to earn extra income from their excess capacity (Ciulli & Kolk, 2019). Airbnb is an opportunity for locals to be ‘disruptive entrepreneurs’ and to earn additional income (Henama, 2018). Kadi et al. (2019) maintain that Airbnb provides an opportunity for ordinary people to earn income by renting out their excess capacity. An average Airbnb host in South Africa according to the World Bank (2018) earns US$ 1900 a year, which is a significant contribution to the annual income.

The World Bank (2018) observes that 55% of accommodation providers on Airbnb are women and for Homestay.com women make up 64% of accommodation providers. In addition, it cites a case study from India’s Self-Employed Women’s Association (SEWA), that facilitated a partnership with Airbnb to empower women to earn income through homestays. Another case study on Nepal as discussed by the World Bank (2018) shows that women in certain rural areas are allowed to operate community homestays to supplement their income. Henama (2018) with reference to Airbnb argued that the accommodation sharing economy assumes a leading role in ensuring that the previously marginalized members of the community benefit from the tourism economy. This demonstrates that the accommodation sharing economy potentially can contribute to SDG 5 on achieving gender equality and empower all women and girls.
The contribution of the sharing economy to SDG 8 on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all has been discussed at some length in the academic discourse. Alrawadieh and Alrawadieh (2018) aver that the sharing economy helps to solve unemployment challenges and create micro-entrepreneurs that provide short-term accommodation rentals through platforms like Airbnb. Palgan et al. (2017) concur that the sharing economy in the accommodation sector provides direct and indirect employment as well as empowering people. Ciulli and Kolk (2019) maintain that a sharing economy provides new employment opportunities. Likewise Toni et al. (2018) assert that the collaborative economy creates employment as well as providing entrepreneurial opportunities. Frenken and Schor (2017) observe that the sharing economy increases the volume of business and improves purchasing power in an economy. Cherry and Pidgeon (2018) note similarly that the sharing economy is capable of contributing to economic growth through creating employment and financial opportunities. Overall, the accommodation sharing economy reduces barriers to entry for entrepreneurship (World Bank, 2018) like the need for a huge initial capital outlay to start a business (Alrawadieh and Alrawadieh, 2018) allowing certain marginalized members of the society to earn additional incomes.

The collaborative economy is regarded as an innovative consumption model shaped by the rise in e-commerce, growth of technology, social media influence, web communities and increased customer awareness (Toni, Renzi and Mattia, 2018). Zervas et al. (2017) assert that innovation in the technological sector has helped give rise to the sharing economy. The World Bank (2018) points out that technological innovation in the global environment now provides individuals with access to consumers in the global marketplace and that accommodation sharing platforms enable the application of big data analytics to gain insights into visitor behaviour by collecting real time data on their activities. Carmody and Fortuin (2019) contend that the sharing economy unlocks value from assets though social innovations facilitated by the growth of information technology. All this is linked to SDG 9 which is concerned with fostering innovation.

Gössling and Hall (2019) argue that the sharing economy can contribute to the achievement of the SDG 11 which is to make cities and human settlements inclusive, safe, resilient, and sustainable. Indeed, the sharing economy provides economic, environmental and social benefits to players in the tourism industry like the tourists, service providers as well as cities (Tescasiu et al., 2018). Importantly, the rating system on most sharing economy platforms increases the sense of safety and security among users (Giddy, 2019).

Evidence from a number of studies demonstrates that the sharing economy contributes significantly to the achievements of SDG12 on ensuring sustainable consumption and production patterns. Gössling and Hall (2019) point out that the sharing economy is seen as a business model that encourages the sustainable consumption of resources. Likewise, as is observed by Ciulli and Kolk (2019), a sharing economy encourages the efficient use of resources. This is because the sharing economy prioritizes sharing over ownership which therefore results in a change in behavior in the market and in the society (Rechene, Silva and Campos, 2018). Ciulli and Kolk (2019) further contend that by promoting access rather than ownership of goods the sharing economy allows the intensive and efficient use of excess capacity. Ma et al. (2019) note that the sharing economy integrates the production and consumption processes and that this has a huge impact on the achievement of SDG 12 which emphasize on sustainable production and consumption. In the case of hotels the sharing economy is said to be eco-friendly because it reduces the need for new goods and the construction of new facilities as people share idle existing capacity (Frenken & Schor, 2017). Böcker and Meelen (2017) maintain that the sharing economy provides for efficiency in the
utilization of goods stemming from the fact that resources that would have otherwise been used to produce new goods are preserved. Therefore, the sharing economy reduces the production of goods furthering a sustainable consumption model (Daunoriene et al., 2015). Overall, the accommodation sharing economy is credited for having a small environmental footprint, with Airbnb users in Europe said to consume 48% less water, use 78% less energy and produce about 28% less waste as compared to guests staying in hotels (World Bank, 2018).

There is also a very strong case in the academic discourse on the ability of the sharing economy to contribute to SDG 13 on taking urgent action to combat climate change and its impacts. Gössling and Hall (2019) argue that since the sharing economy encourages the sharing rather than ownership of goods, it is more likely that usage of resources such as materials, water and energy will be reduced resulting in a more sustainable business model. Gössling and Hall (2019) highlight that accommodation sharing results in less energy use as compared to conventional hotels. Equally, Cherry and Pidgeon (2018) view that the sharing economy is capable of helping to reduce carbon emissions. Accommodation rentals helps to disperse tourism accommodation over a wider geographic space as compared to hotels that usually are concentrated in a small area thereby spreading impacts of tourism accommodation over a larger area (World Bank, 2018).

Finally, there is some evidence that by allowing deep interactions between guests and hosts through home stays, the accommodation sharing economy can hopefully forge trust and social understanding among people, thereby contributing to SDG 16 on promoting peaceful and inclusive societies for sustainable development. In accommodation sharing guests interact with hosts who introduce them into the community (Böcker & Meelen, 2017) therefore enhancing host-guest relationships and understanding. The sharing economy in the tourism and hospitality industry provides an opportunity for high end customers to enhance their travel experience by choosing the way they wish to communicate and interact with local cultures (Altinay & Taheri, 2019). Gössling and Hall (2019) assert that P2P accommodation sharing results in the creation of stronger social ties, cultural learning as well as enhanced host guest experiences. Ciulli and Kolk (2019) maintain that a sharing economy provides non-monetized interactions, social bonding and gives a voice to communities. Furthermore, Cherry and Pidgeon (2018) observe that the sharing economy improves social cohesion and quality of life. The work of Palgan et al. (2017) contends that it builds trust and social cohesion among users.

This said, there are however certain concerns that because of its nature, the sharing economy is difficult to regulate which may pose a challenge to its sustainability (Ma et al., 2019). In particular, Ciulli and Kolk (2019) argue that the contribution of the sharing economy to sustainability can be questionable because of, inter alia, the boomerang effect whereby consumption is increased due to accessibility becoming cheaper; the entrance of the traditional companies into the sharing economy further extending the capitalistic and monopolistic tendencies as well as increased income inequalities arising from the fact that those with excess capacity are normally the affluent members of the society. In addition, Cherry and Pidgeon (2018) point out that the sharing economy is blamed for furthering the capitalist tendencies of large corporates with Airbnb cited as a good example. The World Bank (2018) highlights critical developmental challenges in P2P accommodation that include difficulties to regulate the sector, potential loss of tax revenues as most providers are unregistered, challenges in monitoring standards which may affect the reputation of a destination, risk to visitors’ safety, increase in housing prices and rental costs for locals, reduced employment opportunities in hotels and also widening the equality gap as hosts in
more affluent neighbourhoods receive more bookings as compared to those in poor
neighbourhoods. Safety concerns were also raised in the context of Airbnb (Phua, 2019).
Finally, in the global South the platform economy results in revenue leakages from the
economy as most of the big companies are based in the affluent countries in the global North
(Giddy, 2019) Uber and Airbnb headquartered in San Francisco being cited as perfect
examples (Adeyinka-Ojo & Abdullah, 2019).

Sharing Economy in the Developing Countries

As a whole there is a dearth of literature relating to the sharing economy specifically in
developing countries (Yuana et al., 2019) particularly those in sub-Saharan Africa. Several
notable works on the sharing economy in developing countries are observed (Visser et al.,
2017; Henama, 2018; World Bank, 2018; Carmody & Fortuin, 2019; Giddy, 2019). In China it
is recorded that the sharing economy is growing at an unprecedented rate (Ma et al., 2019).
Ma et al. (2019) further argue that C2C sharing economy is a characteristic of an affluent
society where car and house ownership are high, a prerequisite for creating excess capacity,
something lacking in developing countries. Giddy (2019) notes that developments in the
mobile technology in many countries of the global South have allowed more people access to
internet providing the potential for the sharing economy to develop. Ojanperä et al. (2017)
observe that of late there is a notable growth in technological developments and connectivity
in sub-Saharan Africa providing opportunities for the knowledge economy and related
applications like the sharing economy to thrive. The dynamics of the sharing economy in
African cities are shown to be different from developments in the global North (Giddy, 2019).
In terms of Airbnb in Africa South Africa dominates in terms of listings (Henama, 2018).

The most significant work on the sharing economy in the developing world or global South is
that recently produced by the World Bank (2018). A number of important observations were
made by this landmark report. It was noted that the number of guests from low income and
lower-middle income countries using Airbnb increased by 1160% between 2014 and 2017.
P2P accommodation practices are more pronounced in developed countries with America and
Europe leading in accommodation listings on digital platforms and Africa is lagging behind all
other regions. The World Bank also noted low internet usage in developing countries (less
than 15% of households from developing countries have access to internet) and the
prevalence of a cash economy in developing countries as challenges which are hindering the
expansion of the sharing economy.

Conclusions

This paper has sought to interrogate the growing volume of debates about the sharing
economy with particular reference to its potential contributions for the United Nations
Sustainable Development Goals. In particular, the discussion has focused mainly on the
potential contributions by accommodation sharing to the achievement of SDGs. It is evident
that technological innovations have provided an impetus to the growth of the sharing economy,
a phenomenon that has extended to the hospitality sector and resulted in increased
homestays through digital P2P platforms. Further, although there is an expanding corpus of
research on the sustainability of the sharing economy few studies have directly focused on
the contributions of accommodation sharing to the achievement of the SDGs.

Based upon a review of extant research this study deduces that the sharing economy
potentially can make significant contributions to SDGs 1 (No poverty), 5 (Gender equality), 8
(Decent work and economic growth), 9 (Innovation), 11 (Sustainable cities and communities),
12 (Responsible consumption and Production), 13 (Climate action) and 16 (promoting
peaceful and inclusive societies). It was noted that the sharing economy as yet is not
significant in the developing countries particularly in sub-Saharan Africa. This said, it is
observed that the growth in technology in the developing countries can be leveraged as an opportunity to grow the sharing economy in the accommodation sector which has potential for contributing to the achievement of the mentioned SDGs. In final comment in light of knowledge gaps particularly in the context of the global South further empirical research studies must be done to determine the efficacy of the sharing economy in the achievement of SDGs.

Acknowledgments

Thanks are due to Profs Jarkko Saarinen and Christian Rogerson for inputs to this paper.

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