

Reflecting on the Effects of Disruptive Innovation in South Africa's Accommodation Subsector: A Focus on Emerging Black-Owned Businesses

Lemay Llorente Quesada*

School of Business and Finance, University of the Western Cape, Cape Town, South Africa,

Email, lquesada@uwc.ac.za

ORCID ID, <https://orcid.org/0000-0002-3253-8230>

Mark Boekstein

Department of Geography, Environmental Studies & Tourism, University of the Western Cape, Cape Town, South Africa

**Corresponding Author*

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Abstract

South Africa's tourism industry has experienced significant changes since 1994. These changes have been propelled by the government's developmental policies with the aim being to redress the imbalances of past racial injustices. The tourism and hospitality industries remain dominated by white-owned enterprises as well as by large and well-established international brands. In light of this narrative, this paper reflects on how the ever-growing online dominion offers palpable opportunities to deal with the ongoing struggles faced by existing and emerging black-owned small tourism businesses in South Africa. Specifically, the paper reviews key literature on disruptive innovation in the sharing accommodation economy. An important take from the literature is that for emerging black-owned accommodation ventures to succeed in the digital era, there needs to be a strategic shift in how they understand new market trends in the industry. The latter is imperative for their success and sustainability in a post-pandemic world.

Keywords: Tourism development; township tourism; disruptive innovation; sharing economy; Airbnb

Introduction

Since the dawn of democracy, the post-apartheid government has mapped out a path for inclusive economic growth in South Africa. In order to attain that imperative goal, the government identified critical areas of development, with tourism being singled out as one of the pillars of present and future economic growth. The Tourism White Paper (DEAT, 1996) highlights the importance of promoting initiatives within the industry aimed at fostering the proliferation of Small, Micro and Medium Enterprises (SMMEs) in Previously Disadvantaged Communities (PDIs). The past two decades have witnessed gradual changes in the South African tourism industry. However, despite the existing policies, much remains to be done to deal with the legacy of apartheid's exclusionary policies, which led to a severe socio-economic disparity between black and white South Africans. It is important to observe that South Africa's tourism and hospitality industries are predominantly dominated by white-owned enterprises as well as by large and well-established international brands, which further perpetuates the continued alienation of black-owned businesses. Furthermore, the ongoing COVID-19 pandemic has further contributed to compound these challenges. Travel data shows that prior to the start of the pandemic, the tourism and hospitality industry contributed 7% to South Africa's gross domestic product (GDP), and accounted for creating 1.5 million jobs in a country

struggling with high levels of unemployment (Naidoo & Bowker, 2021). Seasoned tourism researchers argue that the extent of the devastation affecting the tourism industry in South Africa is likely to have long-lasting effects on the country's economic growth. The COVID-19 pandemic has sent shock-waves across the world and it is considered to be one of the biggest challenges that the tourism industry has faced in the past thirteen years (Rogerson & Rogerson, 2020a). In an insightful manner, Mohale, McKay and van der Merwe (2020) observe that although the impact of the COVID-19 pandemic is yet to be properly determined and understood, there is no denying the fact that people who make a living from tourism have experienced financial constraints as a result of losing their livelihoods. Moreover, Rogerson and Rogerson (2020b) argue that the negative effects of the pandemic are likely to be more severe in local destinations that rely heavily on tourism as the main source of revenue and economic growth. Now more than ever, the South African Government and the relevant tourism agencies and structures need to re-purpose available resources to rescue this pivotal yet vulnerable industry.

Extant studies indicate that poorly developed entrepreneurial and technical skills are contributing factors that could impact the success of small businesses in the South African tourism industry. Marais, Du Plessis and Saayman (2017) suggest that across the tourism spectrum, human resources and related factors are among the main causative determinants of the industry's success. Furthermore, some of these factors include the issues relating to staffing, employees and their skills, morale, recruitment and training. Limited entrepreneurial development and success among previously disadvantaged groups can be attributed to many factors, including access to finance, training and other support initiatives. Rogerson (2008a) and Llorente-Quesada (2009) concur that for SMEs to attain success, there ought to be appropriate channels that could ease the access to financial resources, skills development programmes, and training opportunities. According to the Global Entrepreneurship Monitor (GEM) report, South Africa fares very poorly when it comes to entrepreneurial activity when compared with other Southern African nations (Herrington, Kew & Mwanga, 2017).

Kaplan (2004) and Marock (2006) as cited in Rogerson (2008a) concur that as the tourism industry grows, more opportunities are likely to open to tourism entrepreneurs, and most importantly to previously disadvantaged individuals. Despite the South African government's ongoing attempts to promote training for small business owners, access to skills remains largely elusive for black entrepreneurs in the tourism industry. As the country faces unprecedented high levels of unemployment the African National Congress (ANC) led government should push for growth strategies that feature the promotion of entrepreneurship to address the current low levels of entrepreneurial intention. According to Herrington et al. (2017:12) "entrepreneurial intentions (i.e., intentions of becoming self-employed) in South Africa have dropped considerably over the years". The latter could be an indication of the challenges and barriers faced by current and future entrepreneurs in South Africa.

Despite the constant struggles faced by existing and emerging small tourism ventures in South Africa, there are sources of opportunities embedded in the ever-growing online (Internet-mediated) dominion. In this regard, it can be argued that with the advent of the Internet and technology-mediated business operations facilitated by the Fourth Industrial Revolution, tourism businesses have found a niche to capitalise on available commercial opportunities. In this regard, Herrington et al. (2017: 22) highlight that:

A positive finding is that the increase in Black African entrepreneurial participation is driven by a robust increase in opportunity-motivated entrepreneurship. In terms of entrepreneurial motivation, Black Africans are 2.7 times more likely to be motivated by opportunity than by necessity (compared to 1.8 times more likely in 2015). Coloured

entrepreneurs are the only group to show an increase in the proportion of necessity-driven entrepreneurship – entrepreneurs in this population group are only 1.4 times more likely to be motivated by opportunity rather than by necessity.

As South Africa emerges from both political and economic “droughts”, it is vital for key industries to play a role in uplifting the country’s economic future. It was previously argued that in the past few decades, the tourism industry has been at the forefront of the growth agenda in South Africa. However, it is important to highlight that the ongoing changes with regard to travel consumer preferences and the advent of disruptive innovations have shaken the industry and its traditional businesses practices. The concept of disruptive innovation is relatively new, and it was firstly proposed in 1995 by Clayton M. Christensen (Christensen, Raynor & McDonald, 2015). Disruptive innovation can be described as a technological change that introduces a product whose performance is measured in new ways (Christensen et al., 2015; Dombrowski & Gholz, 2009; Guttentag, 2015). In light of this overview, this paper draws arguments from a meticulous review of pertinent extant studies by scholars such as Christensen, Raynor and McDonald (2015); Guttentag (2015), Mhlanga (2019), and Rogerson (2008a; 2008b; 2006; 2004).

Background

The current body of knowledge on SME development often delves into the factors that hinder success, as well as the challenges faced by entrepreneurs at various levels of growth. Entrepreneurship constitutes a key factor of production in South Africa, with the government focusing on SME development to deal with latent socio-economic issues. However, when it comes to SME development, South Africa showcases a relatively low level compared to developed country standards (Mahembe, 2011). Globally, SMEs have become key drivers of economic growth and not just a source of employment creation. Nonetheless, it is argued that growth in the formal economy is not enough to tackle the current high levels of unemployment (Herrington et al., 2017). This situation has worsened during the COVID-19 pandemic.

Global expansion and internationalisation of disruptive technologies can offer the opportunity for governments in emerging economies to promote effective entrepreneurial development initiatives. Christensen et al. (2015) describe disruptive innovation as a technological innovation that supports the creation of a new market and value network, that ultimately disrupts an existing market and its value network. More importantly, disruptive technologies have spread throughout various economic sectors on a global scale, resulting in ongoing innovation supported by Web 2.0 Internet-based technologies. In recent years, the marketplace has witnessed the advent of the sharing accommodation phenomenon in the hospitality and tourism subsector (Ginindza & Tichaawa, 2019). Moreover, Lorde and Joseph (2019) strongly support the notion that the sharing accommodation phenomenon has given rise to disruptors such as *Airbnb*. On that note, it can be argued that the sharing economy has contributed to enabling the participation of diverse population groups compared to the opportunities offered by more traditional tourism business models.

The dynamism of the tourism industry coupled with technological advances, offer the ideal platforms or grounds for emerging entrepreneurs to source, explore and test innovative ideas which in turn can be used to promote sustainable socio-economic growth. As a developing economy, South Africa struggles with high levels of unemployment, predominantly in low-income communities, but the advent of the sharing economy enables the use of technology to target these chronically affected communities that have been pushed aside by historical imbalances and lack of access to financial and business networks. This paper reviews key literature on the effects of disruptive innovation in the accommodation sector. The paper

begins with a discussion on the role of tourism as an engine of growth in the South African context, as well as the advent of township tourism after 1994. Thereafter, the theoretical underpinnings of disruptive innovation and the sharing economy are discussed, followed by an account of the emergence of *Airbnb* as a disruptor in the sharing accommodation economy and its effects on emerging accommodation businesses in South Africa. Lastly, conclusions are drawn and recommendations for further research are proposed.

Tourism development in South Africa

For decades, tourism has been considered an industry with embedded high growth potential. Many governments in the developing world have been quick to realise the advantages of promoting their countries as tourist destinations (Goodie, Khan & Kilian, 1999) and post-apartheid South Africa is not an exception. The White Paper (DEAAT, 2001) points out that the policy around tourism considers key values of equality, socio-economic sustainability and transformation, as well as environmental conservation among others. Mahony and van Zyl (2002) as cited in Llorente-Quesada (2009) suggest that tourism as an industry must be considered as an integral component of South Africa's economic reform, moving from primarily manufacturing and production to a more service-centered and diverse economy. Furthermore, the Department of Economic Affairs, Agriculture and Tourism (DEAAT) places tourism development as a critical player in supporting the constitutional commitment to improving the quality of life for all citizens, while at the same time safeguarding the natural environment for the benefit of present and future generations (DEAAT, 2001).

Despite the strong tourism agenda driven by government policy since 1996, South Africa has a long way to go in order to attain the desired economic impact in the Southern African region as well as in the African continent. Shocks (2017) points out that statistics from the World Travel & Tourism Council (WTTC) confirm that South Africa's tourism industry lags behind other countries in Africa with similar socioeconomic indicators. The latter offers a bleak picture of the slow pace of growth in the industry despite ongoing government efforts and highlight the need for the materialisation of more inclusive developmental goals.

The advent of township tourism in post-apartheid South Africa

It is not possible to discuss tourism development in post-apartheid South Africa without adding urban and specifically township tourism to the mix. Much has been written about urban tourism and specifically about township tourism in South Africa. In a nutshell, township tourism is described as a form of urban tourism that plays a key role in socio-economic growth and the development of marginalised communities in the country since the dawn of democracy. Rogerson (2006) argues that the tourism industry is not only concerned with profits but also focuses on fostering and promoting poverty alleviation initiatives, where the informal sectors of the economy play a leading role. In South Africa, urban pro-poor tourism initiatives are usually linked or associated with township tourism. The growth opportunities of small tourism enterprises are often severely constrained by the influence and competitive dominance of large and well-established tourism enterprises, and thus, most opportunities for small tourism enterprises are available in alternative niche forms of tourism (Chilli & Mabaso, 2016).

Township tourism has become a fixture of urban tourism in recent decades across many destinations from the Global South (Booyens, 2010; Frenzel & Koens, 2012). It is commonly argued that visits to underprivileged parts of a city or destination are often considered essential characteristics of township tourism, and primarily consist of guided tours through these areas (Rolfes, 2010). For example, tourist visits to disadvantaged areas have increased over the years, with Cape Town's townships leading the way of this trend (Rolfes, Steinbrink & Uhl, 2009).

Cape Town is largely recognised as one of South Africa’s key destinations for overseas tourists. The Mother City (as Cape Town is known) offers a myriad of tourist attractions to visitors ranging from the sea, sun and sand, nature, Winelands, and vast entertainment choices. However, these attractions are often located in sanitised and gentrified areas, where tourists do not get the opportunity to interact with the underprivileged stratum of Cape Town’s population. As townships are usually located in the peripheries, tourists might not be able to experience this type of tourism due to negative perceptions involving people’s safety and security. Rolfes et al. (2009) suggest that South African townships stand as symbols of a bygone era when urban planning was based on racist and discriminatory classifications. Examples of urban black townships across South Africa are Soweto in Johannesburg, Mamelodi in Pretoria, Umlazi in Durban, Mangaung in Bloemfontein, and Ibhayi in Gqeberha to name a few.

Nevertheless, township tourism has become a key feature in South Africa and as a result it is perceived as a profitable niche market, which has been heralded as a beacon of socioeconomic development for underprivileged communities. Koens (2014: 49) indicates that in the 1990s, excursions into the South African townships “became more frequent, therefore, the constant stream of international tourists that entered the locations inspired residents to start restaurants, craft centres and bed and breakfasts”. Townships such as Langa, Gugulethu, Khayelitsha, and more recently, Imizamu Yethu and Masiphumelele, have become iconic and necessary stops for tourists looking for a unique township experience in the vibrant outskirts of Cape Town. As part of this experience, international tourists engage with local communities and get to explore township life first-hand. However, these interactions tend to be brief, and in the case of accommodation, international tourists prefer to stay at places where the risks of violence and crime are lower. With that being the case, it is pertinent to ponder whether or not a disruptive innovation such as *Airbnb* has had an impact on the dynamics of existing black-owned accommodation ventures in urban areas such as townships, as well as an impact on emerging ventures. In addition, it is vital to understand the degree of readiness of township home dwellers and bed and breakfast (B&B) owners to tap into and exploit opportunities emanating from new markets and resources.

SMEs and the emerging black-owned bed and breakfast establishments

The promotion of SME development and entrepreneurship, is without a doubt a priority in order to address the pressing challenges of systemic poverty, unemployment and inequality in South African. Historically, the transition from poverty to wealth in most nations has mostly been through private stakeholders, farmers, investors or small and larger businesses (Moss as cited in Mahadea & Pillay, 2008). In that regard, it can be argued that developing nations such as South Africa could only be able to counter high levels of poverty and unemployment by creating the right conditions for SMEs to grow and prosper in the long-term.

South Africa’s unemployment rate was dealt another blow in the fourth quarter of 2020, as a result of the various lockdowns that paralised the country’s labour market (Mahlaka, 2021). The latter is alarming and it highlights the impact that the measures implemented by the government to curb the spread of the coronavirus has had on the labour market, as well as on the capacity of SMEs to create employment opportunities for job seekers. Although the tourism industry has been deeply upended by the pandemic, it must be acknowledged that tourism still has the potential for employment creation on the rebound. Moreover, it is argued that in the tourism industry, SMEs, of which accommodation businesses account for a significant proportion, contribute not only to employment creation but also to enabling a more stable social and political climate in South Africa (Koens & Thomas, 2015; Rogerson, 2004; Tassiopoulos, 2014, as cited in Wessels, du Plessis & Slabbert, 2017).



Emerging black-owned business ventures, specifically in the tourism and hospitality industry, can be catalysts for economic growth. However, Koens and Thomas (2015) view the above differently, by arguing that there is no palpable evidence about small businesses alone contributing significantly to economic development due to the competitive nature of the industry, combined with an uncertain social and business environment. Nationally, black-owned bed and breakfasts (B&Bs) are found in urban rather than rural areas, specifically in townships or informal settlements. Evidence from past research positively identifies the establishment of township B&Bs as a source for job creation and both opportunity and necessity-driven entrepreneurial activities (Rogerson, 2004). The latter does not occur without palpable challenges that affect SMEs across the various industries and sectors of the economy. For example, black-owned B&Bs have difficulties in getting market access, social networks, as well as poor infrastructure and access to technological infrastructure and government funding among others (Koens & Thomas, 2015; Rogerson, 2004).

Over a decade ago Rogerson (2008b) highlighted the problems relating to the ownership of the South Africa's B&B economy, by stressing the fact that less than 5% of these types of establishments were black-owned. Although these figures have shifted somewhat during the past decade, black ownership in the tourism industry remains a focal point of concern for the government. Considering this inescapable situation, disruptive innovations such as *Airbnb* should offer a window of opportunity for these emerging black-owned business ventures to access new markets created through disruptions. Thus, it is pertinent to ponder on the readiness of these businesses to embrace technological innovations for entrance into and achieving success in a competitive market environment.

The Fourth Industrial Revolution and the emergence of disruptive innovation

As argued by Morrar, Arman and Mousa (2017), the advent of the Internet has significantly altered the world economic landscape. Considering the rapid pace of change and dynamism of technology, business models are constantly changing across the economic spectrum, opening doors to disruptors which bring new skills sets and innovation. In the quest to attain success, many opportunity-driven business ventures would likely attempt innovative ways and practices.

There are several examples of disruptive innovation. For instance, at one point in time “personal computers were considered disruptive innovations as they created a new mass market for computers” (Christensen et al., 2015: 7). Furthermore, it can be observed that while high-tech industries are the focus of disruptive innovation, often, low-tech industries are also affected by disruptive non-technological business model innovations that are market-driven. To a large extent, technological change has always been perceived to be a major source of disruptive innovation both internationally and locally. Anecdotal evidence shows the impact of disruptive innovations across many industry structures, ranging from communications, retailing to travel. With catalytic innovations, however, social change is the primary objective (Christensen, Baumann, Ruggles & Sadtler, 2006). However, it is not clear that the social change caused by these disruptive innovations can be fully attributed to them, but might just be a by-product emerging from the pursuit of business opportunities.

The sharing economy, Airbnb and its impact on tourism and the economy

The rapid pace of technological advances since the turn of the 21st century has propelled the emergence of social networks and online platforms, which in turn enable peer-to-peer (P2P) information sharing connected via the Internet. In particular, P2P, also known as “the sharing economy is a contemporary phenomenon, which emerged as a response to societal and economic factors, technological advances, and the 2008's global economic downturn”

(Priporas, Stylos, Rahimi & Narasimhan-Vedanthachari, 2017: 2281). Koh and King (2017) suggest that those engaging in the sharing economy are afforded opportunities to boost consumer access and at the same time, mitigate the progressive commercialisation of assets.

Existing literature on disruptive innovation asserts that *Airbnb* is one of the most recognised examples of the sharing economy in the tourism and hospitality industry, due to its commercial impact and success (Christensen et al., 2015; Guttentag, 2015; Zervas, Proserpio & Byers, 2017). According to Lorde and Joseph (2019), considering the growing importance of *Airbnb* as a tourism industry disruptor, attention must be given to the economic and class conflict that has emerged around the competition to traditional hotel businesses from smaller informal players whose involvement in the industry has benefitted from direct access to existing markets and consumers.

Since its creation, *Airbnb* was destined to move and shake up the hospitality industry. The idea for *Airbnb* originated in 2007 when the two founders Brian Chesky and Joe Gebbia set up an air mattress in the living room of their shared flat and rented it out to guests (Lu & Kandampully, 2016). In a nutshell, *Airbnb* is an online platform that enables individuals (i.e., homeowners) to rent their personal space (e.g., rooms, apartments, or houses) to others (i.e., guests) on a short-term basis (Priporas et al., 2016: 694). In line with the main tenet of the sharing economy, *Airbnb* started as a relatively simple scheme that merged economic benefits for travellers and for the people residing in tourist areas and destinations (Oskam & Boswijk, 2016).

One aspect of *Airbnb* that many researchers agree upon is the platform's exponential growth in many cities and destinations where tourism constitutes an important economic activity (Aznar, Sayeras, Rocafort & Galiana, 2016; Lu & Kandampully, 2016; Oskam & Boswijk, 2016). According to Priporas et al. (2016: 694) "the reasons for its successful run, could be attributed to *Airbnb*'s offerings at competitive and perceived affordable prices, as well as the way in which property owners and paying guests are encouraged to review their experiences by using the review system to rate each other". Furthermore, the success of *Airbnb* can be explained by its ability to offer a compelling experience, easy access to ready-made markets and the establishment of a trusted marketplace, through engagement and community (Oskam & Boswijk, 2016).

Airbnb's remarkable worldwide success has stirred the traditional business models in the hospitality industry. While travellers have responded positively to this disruptive new entrant, established hotels and other accommodation types such as B&Bs have reacted with concern for their future and what many perceived to be unfair business practices. The hotel industry is characterised by cumbersome entry barriers such as operating licenses, high initial investments, and fixed costs; while *Airbnb* is increasing the supply in accommodation by offering a similar, but more affordable alternative with reduced fixed costs (Aznar et al., 2016). Some studies have highlighted the fact that the exceptionally fast expansion of sharing economy platforms such as *Airbnb* has put strain on traditional accommodation providers who generally perceive these disruptors as a threat and as unfair competition. For example, Williams and Horodnic (2017) argue that in most instances, these disruptors do not follow the same regulations as their traditional accommodation counterparts and tend to operate in the informal sector.

Disruptive innovation from the South African tourism industry perspective

In order to capitalise on the potential opportunities that are created by disruptive innovations, it is important to reconsider the most effective strategies that focus on customer engagement and business development. As explained before, the disruptive innovation process is

characterised by a product that transforms a market, occasionally to the point of upending dominant incumbent firms (Christensen et al., 2015). Empirical evidence indicates that disruptive products initially tend to underperform in relation to existing products, yet their unique set of benefits offer cheaper and more convenient alternatives to the market. *Airbnb* is the archetypal example of a disruptor in the sharing accommodation economy, harnessing new P2P platforms to drastically upscale an existing economic activity, reducing transaction costs, and enabling access to a global market (Crommelin, Troy, Martin & Pettit, 2018).

From an economic point of view, there is no denying that *Airbnb*'s business model has generated an interesting debate in tourism scholarship. A key argument in the debate points out that *Airbnb* hosts are able to offer competitive pricing compared to traditional accommodation businesses such as hotels. Oskam and Boswijk (2016) explain the latter by stating that when it comes to private residences, fixed costs such as rent and electricity, are already covered, as well as the fact that the revenue generated is usually considered an additional income for the homeowner, and generally not taxed. For example, Lorde and Joseph (2019) suggest that the business model around which *Airbnb* offerings are established is tailor-made to the needs of the smaller, informal, less centrally organised, newer, and less dominant players in the industry. On the other hand, there are more sceptical views regarding the negative impact of the lack of regulation of disruptive innovations on traditional accommodation such as hotels and B&Bs. One of the biggest concerns about the rapid rise of *Airbnb*'s business model is the lack of regulation of these short-term rentals, which poses a significant threat to traditional accommodation businesses (Guttentag, 2015).

Within the sub-Saharan Africa context, South Africa has become a key focus of *Airbnb* operations on the continent. By responding to the shifting preferences of tourists and the dynamic changes in readily accessible technologies, *Airbnb* has managed to strategically identify a very profitable niche market within the tourism accommodation subsector that has been left unfilled by traditional accommodation businesses (Visser, Erasmus & Miller, 2017). However, this does not imply that the *Airbnb* business model is a winning formula for all. Oskam and Boswijk (2016) point out that homeowners see an opportunity for higher financial gains by means of listing their apartments and homes on the *Airbnb* platform, which might lead to housing price hikes in areas where historically marginalised groups reside. Abdulla (2017:5) points out:

that the existence of Airbnb allows homeowners to temporarily rent out their spaces to wealthy tourists who can afford high rents for short stays. This is argued to increase housing prices in the area, thus contributing to gentrification – the gradual economic exclusion of poorer individuals from communities they can no longer afford due to rising property prices. Cape Town is struggling with issues of gentrification, with those living closer to the CBD being driven towards the outskirts of the region. Communities moved to cheaper regions often live-in housing that is less safe, poorly serviced, and environmentally hazardous and can end up spending up to a third of their income on travel costs.

Considering the previous arguments about *Airbnb*'s disruptive nature, it is important to question the future of traditional B&Bs in the era of the Internet. Mhlanga (2019) states that regulatory bodies in South Africa such as the Department of Tourism and the Tourism Business Council of South Africa (TBCSA) have discussed the relationship between disruptive innovation and competition policy enforcement, concluding that the task of defining competition market for new business models that comprise disruptive innovation is a cumbersome process that needs thorough analysis and attention. This suggests that the

government and other policy makers recognise the need for more regulation and a better understanding of how disruptors can affect market competitiveness. Despite the fact that *Airbnb* is a recent entrant in the South African tourism and hospitality industry, its disruptive nature and business model have left a palpable trail of controversy along the way. It is argued that “the threat of entry and growth of *Airbnb* is directly felt by low-end hotels and B&Bs because private room prices are generally aligned with rooms offered by budget hotels” (Guttentag, as cited in Mhlanga, 2019: 445). Three years ago, the Department of Tourism announced its move towards regulating *Airbnb*’s practices in South Africa, aiming to ensure that all players involved compete fairly and ultimately reap the economic benefits of the shared economy in a responsible manner (Businessstech, 2019).

While local hotel groups and other well-established accommodation businesses have welcomed this move by the South African government, it is imperative to note that smaller players and most significantly, black-owned emerging B&B owners, might be at risk of losing market share if not adequately equipped to react to the rapid changes in the accommodation subsector. vann Deloach (2018, para. 10) reveals that the availability of technology (or the lack thereof) may be the biggest limiting factor for sharing economy companies in emerging markets such as South Africa, as most platforms require a smartphone or some kind of mobile device and a credit card to pay. Moreover, the advent of *Airbnb* emphasises how technological changes affect not only the way in which work is conducted, but it also determines which social groups are likely to be the dominant participants in this niche market and which groups can be excluded from a socio-economic point of view (Lorde & Joseph, 2019). The South African context is not exempted from these challenges, which are exacerbated by the legacy of apartheid. An extract from an editorial by Fast Company SA (2017:5) supports the previous argument by stating that:

the digital divide still exists in South Africa, but this isn't expected to last much longer. The government is partnering with The World Economic Forum on an Internet For All Project, with a focus on increasing internet use in rural areas. In the meantime, South African entrepreneurs without access to the Internet have limited possibilities for growth. Your product could be in high demand beyond South African borders, but if you aren't online, you'll never know.

Overall, tourism entrepreneurship in transitional economies is often exposed to several challenges and hurdles that are directly linked to economic policy, capabilities, skills development and access to existing markets. This situation is aggravated by South Africa’s unequal distribution of wealth between white and black entrepreneurs, which affects the ability of emerging entrepreneurs to succeed in tourism (Mtshali, Mtapuri & Shamase, 2017). Notwithstanding the challenges faced by emerging entrepreneurs, evidence from the South African context shows that they are responding to the changing technological landscape as more businesses engage with their customers using digital channels (Segal, 2016). As technology becomes more readily available in South Africa, emerging black-owned businesses are compelled to ride the disruptive wave through ongoing innovation in order to market and promote their ventures effectively. By investing in technologies specifically designed for B&B operations, these businesses could create novel strategies that would allow them to compete with more established accommodation businesses and with disruptors such as *Airbnb*. Additionally, as the world becomes more digitised, governments, legislators and businesses must find common grounds to work together to fast-track socio-economic development and inclusion.

Conclusion

The purpose of this paper was to review the extant literature on the effect of disruptive innovation in South Africa's accommodation subsector. This review is informed by the limited pool of theoretical frameworks written from a developing world context and specifically from the Southern African perspective. Although there is a plethora of online sources in the form of blogs, business reviews, reports, and magazine articles available, limited academic and empirical evidence exist on the emerging black-owned B&B economy on issues revolving around the effects of new market trends in the backdrop of the Fourth Industrial Revolution as reflected in the existing literature. Firstly, the review of key literature revealed that tourism is regarded as a crucial industry to promote growth, socio-economic development, and inclusion across the world. In addition, the body of work on SME development in South Africa highlighted several pervasive challenges, which contribute to stifling the access and growth of black-owned accommodation businesses.

Secondly, the literature on disruptive innovation strongly highlighted the role of disruptors in creating new markets. In line with this premise, it was revealed that disruptive innovations in the sharing accommodation economy have contributed to changing the business landscape in the sector by transforming the relationship between consumers and business, using flexible and inclusive business models such as *Airbnb*'s. Flexibility and adaptability are identified as the key ingredients to be able to access and successfully operate in these competitive business environments. However, it must be stated that the adoption of disruptive business models such as *Airbnb* could pose a challenge with regard to marginalised resident groups.

Thirdly, it must be noted that the opportunity for emerging entrepreneurs to be able to access and participate in existing markets on an equal footing with established businesses could be a cumbersome endeavour in developing economies such as South Africa. In particular, it is recommended that for emerging black entrepreneurs to capitalise on the potential opportunities brought about by disruptive innovations, they must reconsider or rethink the way they conduct their business operations and their strategies while engaging with the market.

After reviewing the literature and reflecting on how disruptive innovations such as *Airbnb* influence the business practices of emerging black-owned accommodation ventures, it is evident that for these businesses to succeed in the digital era, there needs to be a shift in their strategic planning and the way they understand the ever-evolving tourism market trends. The latter is imperative for their success and sustainability in a post-pandemic world. Although this paper has unlocked critical challenges about the effects of disruptive innovation in South Africa's accommodation subsector, it is acknowledged that this review cannot stand alone, hence further research is recommended. Significantly, empirical research is needed to unpack the key issues highlighted above from the perspective of previously disadvantaged groups.

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