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Department Business Management

Faculty of Economic and Management Sciences

**MANAGING THE SHARED ACCOMMODATION INDUSTRY ETHICAL
DILEMMAS: THE CASE OF CAPE TOWN AND ETHEKWINI'S
COMPETING MULTI-STAKEHOLDER INTERESTS**

by

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ABSTRACT

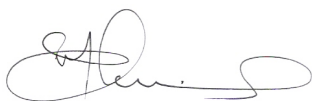
Municipalities face a variety of issues, including the need to reconcile the competing interests of many stakeholders as their jurisdictions expand. This is particularly true as municipalities have emerged as fertile spaces for digital platforms and the growing popularity of the sharing economy around the world. Platform enterprises in the shared accommodation industry have altered society's approach to formal paid accommodation. Some of these changes have had mixed results, posing ethical challenges for municipalities. The governance of the shared accommodation industry (hereafter SAI) and the ethical dilemmas arising from the competing interests of multiple stakeholders have been studied. Using a qualitative multiple case study on the cities of Cape Town and eThekweni municipalities, the study investigated and explored how municipalities manage the ethical dilemmas arising from the competing multi-stakeholder interests in governing the SAI. Semi-structured interviews and field observations were used to collect data. Secondary data from case study documents, including strategic plans, annual reports and media releases, were used to supplement the obtained data. Firstly, the study revealed that the SAI's competing interests in both municipalities stem from licenced accommodation operators and communities. Since shared accommodation enterprises, primarily private homes, charge lower prices due to lower cost structures, they compete for clients with licensed accommodation operators. Communities, like licensed accommodation operators, compete with shared accommodation enterprises for affordable housing and access to municipal services and infrastructure. Secondly, both municipalities face economic ethical dilemmas like gentrification, densification, and the perpetuation of inequality, job losses and worker exploitation. Homelessness and unaffordable housing are amongst the social concerns, as are overpopulation, safety, loss of privacy and neighbourliness, and traffic congestion. Pollution, water scarcity and energy, and environmental degradation are among the environmental concerns. Thirdly, neither municipality possesses the skills and knowledge required to manage the shared accommodation industry. They use the laissez-faire strategy, with a reliance on body corporates and whistle-blowers to enforce existing laws while updating themselves on lessons learned.

Keywords: Case study, ethical dilemmas, governance, home sharing, multi-stakeholders, multiple case study, municipalities, platform enterprises, qualitative study, regulations sharing economy, shared accommodation industry, shared accommodation enterprises, short-term rentals, stakeholder theory.

DECLARATION

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I declare that the above thesis is my own work and that all of the sources I have used or quoted have been indicated and acknowledged by means of complete references.



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DEDICATIONS

- I dedicate this thesis to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. First and foremost, I thank God, the Almighty, for endowing his immense blessing that helped me in each step of my progress towards the successful completion of my research work. It was through God's blessings that I managed to scale the various hurdles I encountered during my years of studying.
- On a personal note, I wish to dedicate the thesis to my late elder brother, Motetemedi Nico Ramawela, who encouraged me to enrol for my studies. My dedications also go to my late mother and father, the ones who planted the education seed in me.

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TO GOD BE THE GLORY

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LIST OF ACRONYMS

BnBs	Bed and Breakfast
CAGR	Compounded Annual Growth Rate
CoCT	City of Cape Town
Fedhasa	Federated Hospitality Association of South Africa
GDP	Gross Domestic Product
LAOs	Licensed Accommodation Operators
LTRs	Long Term Rentals
NOI	Net Operating Income
PE	Platform Enterprise
POPI	Protection of Personal Information
SE	Sharing Economy
SAI	Shared Accommodation Industry
SAEs	Shared Accommodation Enterprises
SALGA	South African Local Government Association
SCAN	Sharing Cities Action Network
STRs	Short Term Rentals
Pwc	PricewaterhouseCoopers
SAT	South African Tourism
SAPOA	South African Property Owners Association
TGCSA	Tourism Grading Council of South Africa
UN	United Nations
UNWTO	United Nations World Tourism Organisation
WEF	World Economic Forum
WTTC	World Travel and Tourism Council

CHAPTER 1: INTRODUCTION AND OVERVIEW OF THE STUDY

1.1. INTRODUCTION

Municipal governments have always played a critical role in the planning and regulation of urban settings and growth. In recent years, they have emerged as fertile spaces for the sharing economy (hereafter SE), which has grown in popularity around the world (Ahsan, 2020; Belk, Eckhardt & Bardhi, 2019; Sundararajan, 2017). Underutilised assets are pooled in the novel SE to maximise resource utilisation by businesses and individuals using sharing platforms or digital platforms. Such sharing activities have the positive effect of stimulating more efficient resource use and reducing the environmental impact of consumption (Ryu, Basu & Saito, 2019; Codagnone & Martens, 2016). However, the same sharing activities can also engender negative effects within communities.

Research on the governance of the SE at the municipal level has revealed significant challenges and opportunities since municipalities are central actors in local governance. As central actors, municipalities define their role, the roles of other actors and the rules of the game in the governance of important policy matters (Vith *et al.*, 2019; Davidson & Infranca, 2016), which includes the shared accommodation industry (hereafter SAI). For example, in many communities, the fervent interplay between the SAI and local housing supply has begun to influence how municipalities organise neighbourhoods and shape their development plans (McKenzie, 2020; World Bank, 2018).

The opportunities and challenges emerge from the rapid rise of SE industries and the digital platforms using them, including the SAI. A particular challenge to municipalities, which is relevant for this study, is the role of ethics in the decisions of municipalities in executing their mandates. The challenges of ethics arise because municipalities are in charge of providing several services benefiting communities daily. In providing these services, municipalities are confronted with the challenge of balancing the interests of various stakeholders, which are often in competition (McKenzie, 2020; Vith, Oberg, Höllerer & Meyer, 2019; Davidson & Infranca, 2016).

The increased supply of shared accommodation in its myriad formations within municipalities contributes to the challenges including the loss of residential home supply, the pressure on housing, displacement and rental costs; and disruption of residential commons and commercialisation, which add to the phenomenon of over-tourism in some municipalities. Furthermore, the increased supply of SAEs, particularly in residential areas, increases the strain on municipal services, infrastructure like energy, roads and water provisioning, including the pollution burden.

Municipalities must balance the interests of the SAI as a rising industry with the interests of market incumbents and local communities. As a result, while these platforms contribute favourably within municipalities, their negative consequences create ethical dilemmas for municipalities. Municipal regulations and policies that are in place to govern the SAI are constantly tested by the hybrid character of such platforms: not directly offering accommodation whilst not being a purely digital provider of information (Garcia-López, Jofre-Monseny, Martínez-Mazza & Segú, 2020; Sharing Cities Action Network, 2020).

1.2. BACKGROUND AND CONTEXT

In the last decade, the SE has drawn the attention of academics from various fields due to its prominence as one of the major phenomena of the technological revolution. This encompasses amongst others information and communication technologies, commerce, law, tourism and hospitality and the management sciences. However, the SE's impact on the socio-economic realm has only just begun to pique the interest of management scientists, including business ethicists (Etter *et al.*, 2019), because it is still characterised by diverse tales and discourses (Acquier *et al.*, 2017).

The increasing narrative is that the SE and its industries are perpetuating the imbalances of capitalism, instead of delivering on the inclusive agenda espoused by various governments and multilateral organisations. Recently, several business ethics scholars have published papers on various facets of the SE (Ahsan, 2020, Singer, 2018; Stemler, 2017; Codagnone & Martens, 2016). The studies covered topics that gave insight into the true nature of the SE and demonstrated the fallacy of its economic, social and environmental promises. Amongst the topics covering the

fallacy affecting the social fabric of society, are the concerns of consumer safety and privacy, particularly as it relates to the SAI (Etter *et al.*, 2019), which has exploded within residential areas. Additionally, because the SE platforms are powered by digital technology, the studies covered issues of accountability and responsibility (Gunz & Thorne, 2019). The seriousness of these concerns spurred governments in the developed countries including the Eurozone, the United Kingdom and the USA to take legislative action. The same action has been slow in developing countries. Amongst others, this is due to the lack of knowledge and capacity within governments at all levels; and studies on the impact of the SE in these countries.

Other studies focused on the economic impacts of employment and entrepreneurship (Stemler, 2017; Codagnone & Martens, 2016) on the ethical concerns of worker exploitation (Ahsan, 2020; Dlugosz, 2014); mainly the circumvention of international trade laws by multinational corporations, especially in developing countries (Ahsan, 2020; Stemler, 2017; McLaren & Agyeman, 2015). The concerns about the exploitation of workers continued to receive attention across the services and mobility industries of the SE including during the period of the COVID-19 pandemic (Batool *et al.*, 2021; Tourism Economics, 2020). Additional studies covered the misuse of concepts like microenterprises, and how SE enterprises have created the illusion of entrepreneurship (Wruk, Oberg, Klutt & Maurer, 2019; Dolnicar, 2018).

Yet more studies focused on the governance and regulation of the SE as an economic sector (Berkowitz & Souchaud, 2019; Bernardi & Diamantini, 2018). Many of these studies attempted to find ways in which to categorise and confine the SE as an economic sector. The attention has been on policies and strategies to align the SE with other stakeholders in the various economic sectors at the international and country level (Ranchordas & Goanta, 2020; World Bank, 2018; PriceWaterhouseCoopers, 2015). Additional studies focused on the business models and the activities of multinational corporations such as Airbnb and Uber (Biber, Light, Ruhl & Salzman, 2017; Edelman & Geradin, 2015).

Given the reality of the impact of the SE on public governance, there has been considerable research focused on governance and regulations (Berkowitz & Souchaud, 2019; Palm, Smedby & McCormick, 2019; Vith *et al.*, 2019). The

increased scholarly focus correlates with the reality that policymakers and public sector actors globally have been under heightened pressure as a result of the SE's emergence and unprecedented growth (Davidson & Infranca, 2016). The issues confronting these governments have multiple administrative repercussions at various levels. According to Codagnone and Martens (2016) and Zrenner (2015), the SE has administrative repercussions, particularly at the local government level, predominantly in municipalities. Municipalities confront numerous challenges that are partly addressed by national and provincial regulations with many governance challenges manifesting at their levels; regulatory responses are often fragmented and vague (McKenzie, 2020; Vith *et al.*, 2019). In consequence, municipalities find themselves at the centre where matters concerning the benefits and drawbacks of sharing endeavours including accommodation are discussed and resolved. This is based on municipalities' mandates, which are focused on addressing social, economic and environmental concerns for society (Mercier-Roy & Mailhot, 2019; Salamat, 2016).

As per Sharing Cities Action (2020), with their well-developed infrastructure, municipalities have provided suitable settings for the growth of SE enterprises. Municipalities provide many daily services ties within their jurisdictions. The services include maintenance of local roads, including rubble removal and sewer management, fire services, municipal enforcement of laws, strategic land use, subdivision and condominium approval, local economic development and tax collections. The majority of the funds for providing these services are raised by municipal governments through levies and property taxes. These taxes and levies are collected from individual community households and businesses based on a predetermined scale.

In consequence, municipalities have anxiety about rates and tax cuts as market incumbents such as hotels and taxis lose business to SE enterprises such as Airbnb and Uber. The anxiety within municipalities occurs because they raise much of the money that they utilise to pay for services from property valuation rates, which is compromised by the growth of private home SAEs (Garcia-López *et al.*, 2020; Sharing Cities Action Network, 2020). With the growth of SAEs operated as private homes, the municipalities are no longer getting the equitable share of taxes and levies. The private home SAEs do not pay their fair share in property valuation rates

and taxes, whilst they and their clientele benefit from the municipal services provided. Additionally, there is concern about the rising affordable housing problem and the disruption of local communities' character caused by the increasing prevalence of SAEs. In consequence, there is increased pressure on residential public infrastructure and services, which is not supported by the revenue collected from private homes. This is one of the areas that bring about ethical dilemmas for municipalities, as choices need to be made between economic development and safeguarding communities while ensuring that everything happens equitably.

Given these realities about municipalities, in their assessment of government position papers from 16 international cities, Vith *et al.* (2019) identified the key obstacles to the sharing economy as stated by municipalities. Examples include social or public provocations (supporting stability and the public interest, social security and the preservation of jobs), marketplace hurdles (protection of existing firms and market incumbents, protection of consumers and safety concerns), and environmental provocations (increased resource consumption and rebound effects).

The SE's value within municipalities is hailed, which includes social or public opportunities (macroeconomic growth and employment creation, social and societal enhancements), opportunities in the market (economic medley, innovative business modes, more choices for users), and opportunities in the environment including the conservation of natural resources and reducing pollution (Vith *et al.*, 2019). Sharing economy platforms are also considered urban innovation accelerators (World Economic Forum, 2016), and digitalisation could be one approach to construct a more appealing image of municipalities (Yaraghi & Shamika, 2017; Zrenner, 2015). To put it another way, the SE has significant consequences for spatial urban systems in addition to socioeconomic and environmental sectors of urban living, making it relevant for urban policy and development.

Furthermore, the study by Vith *et al.* (2019) revealed that municipal policy and strategy makers have a myriad of elucidations of the SE that influence their governance responses. The study found that municipalities have a wide range of interpretations of the SE, which may be attributed to three primary factors. Firstly, it is the fact that different framings of the SE reflect diverse institutional environments in which municipalities are embedded (Vith *et al.*, 2019:1040). Secondly, the ethical

and political implications of sharing, as well as the SE's fair and accountable governance, must be explored. This is due to, amongst other things, the issue of greater social influence and societal benefit (Löfgren & Webster, 2020; Mercier-Roy & Mailhot, 2019), as well as the question of a 'good' SE, which is heavily reliant on the ascribed opportunities and challenges (Gerwe & Silva, 2020; Sundararajan, 2017).

The literature also highlighted the ethical challenges facing municipalities when it comes to governing the SE and SAI. Bauman-Vitolina, Cals and Sumilo (2016) describe ethical dilemmas as extremely complicated challenges, which are not easily resolved. It is a circumstance that requires a choice between competing ideologies in a given situation. In the public sector, an ethical dilemma is defined as a complex situation involving an apparent conflict between moral imperatives, where adhering to one would imply violating the other (Constantinescu & Kaptein, 2020). Given that ethical standards are not codified, disagreements and dilemmas about proper behaviour arise. In every ethical dilemma, the options are at odds with one another; they clash, resulting in a contradiction or paradox. This is because there are times when one has two options; and if one is chosen, it is impossible to choose the other (Singer, 2018; Bauman-Vitolina *et al.*, 2016). Perhaps the most obvious example of an ethical dilemma is a conflict of interest that public sector leaders may face. The conflict of interests includes administrative discretion, corruption, nepotism, administrative secrecy, information leaks, public accountability and policy dilemmas.

Consequently, the ability to find optimal solutions in situations of conflict of interest is critical to all of the involved parties. The ethical dilemmas confronting municipalities stem from the necessity to adapt to the needs of the SE, which are often in conflict with the needs of other stakeholders including market incumbents and the community (Martin, 2019; Mercier-Roy & Mailhot, 2019; Malhotra & Van Alstyne, 2014). According to Vith *et al.* (2019:1040-1041), municipalities incorporate ethical considerations in their interpretations of the SE's potential and problems, both directly and indirectly. Additionally, and as stated by McLaren and Agyeman (2015:84), different cultures appear to value competition and cooperation differently, as well as the concepts of collectivity and individualism more broadly (McKenzie, 2020; Martin, 2019). These elements have an impact on the local receptivity to the idea of sharing as well as the SE in general (Vith *et al.*, 2019:10410). Consequently,

municipalities require public policies and governance strategy responses that assure a balance of the many competing interests of stakeholders.

A case study of major cities including Vienna, San Francisco, New York, Amsterdam and Barcelona (Bernardi & Diamantini, 2018; Vith & Höllerer, 2020; World Economic Forum & PriceWaterhouseCoopers, 2017) highlights some of these ethical dilemmas confronting municipalities. Amongst the ethical dilemmas facing these global cities are gentrification and the densification of residential areas (Ranchordas & Goanta, 2020; Etter *et al.*; 2019; Palm *et al.*, 2019). Urban planners, designers and developers, amongst others, use the term densification to characterise the rising density of people living in metropolitan areas (Löfgren & Webster, 2020; Palm *et al.*, 2019; Sharing Cities, 2019). By allowing the conversion of homes in residential areas into apartment hotels and BnBs, municipalities put increased strain on public infrastructure and services. Similarly, gentrification brings changes in land use, which effectively changes the character of neighbourhoods as private homes are replaced by BnBs and boutique hotels, and community-run businesses are replaced by businesses catering to the needs of new clientele.

Densification and gentrification of neighbourhoods put pressure on public infrastructure and cause challenges such as traffic congestion. The ethical dilemmas resulting from densification and gentrification come in the form of the shortage of affordable housing, traffic congestion and over-tourism, amongst others. The ethical dilemmas for municipalities lie in the paradox of municipalities needing to provide infrastructure and services that support a favourable investment climate, without the investments displacing people and causing challenges such as traffic congestion and pollution. These are the challenges that many residential areas experience with the onset of the SAI and SAEs in cities such as Barcelona and Venice (World Bank, 2018; World Travel and Tourism Council, 2017).

Furthermore, Davidson and Infranca (2016) state that another challenge that municipalities face is the moral challenge of collaborating with SE enterprises. This is due to the reality that municipalities are major role players in the governance of important policy concerns. Municipalities are the focus actors defining the roles of all of the role players including their own, as well as determining the rules of the game (Davidson & Infranca, 2016; Kornberger, Leixnering, Meyer & Höllerer, 2018).

Additionally, municipalities are responsible for establishing the playing field and defining the boundaries for all actors active in their communities' many domains (Vith *et al.*, 2019:1040). Municipalities that collaborate with SEs face ethical dilemmas such as administrative discretion, corruption and public accountability. Municipalities must establish strict protocols to govern their collaborative initiatives with SEs in such cases. When such protocols are in place, the traditional partnership does not have to imply preferential treatment for SE businesses. Instead, it would include amongst others, instances where municipalities gain access to the client data of the SE enterprises, which is utilised to improve service delivery and governance. In exchange, the SE enterprises would lobby the municipality for increased support in their projects (Vith & Höllerer, 2020; Standing, Standing & Biermann, 2018), which would ultimately contribute to the municipality's economic, social and environmental goals.

As already stated, municipalities face the challenges of balancing social imperatives along with economic and other societal interests (McKenzie, 2020; Vith & Höllerer, 2020) in their jurisdictions. On the social front, the advent of the sharing economy brings about various moral challenges. Municipalities face an insurmountable challenge of balancing limited resources, in which individuals and collective actors are committed to diverging interests. These result in discord of conflicting interests in urban spaces where the SE essentially manifests (Davidson & Infranca, 2016). Furthermore, Biber *et al.*, (2017) state that existing regulations might sometimes act as unintentional impediments to modifications that could improve or replace existing public goods or services.

1.3. PROBLEM STATEMENT

The governance and regulation of the SAI, as one of the leading SE industries, has been studied. In the existing knowledge about the SE and specifically the SAI, there is however, a scarcity of knowledge on the ethical dilemmas confronting municipalities in managing the SAI from a developing country perspective; and the measures used by these municipalities to manage them in the face of competing interests of multiple stakeholders. Given the novelty of the SE and SAI, the knowledge gap stems from the limited research conducted in developing countries on the phenomenon that can be used to guide local governments and municipalities.

The prevailing course towards sharing has created new provocations for municipalities globally. The sharing of resources routinely affects both public and private interests, presenting municipalities with both opportunities and challenges (Gerwe & Silva, 2020; Mercier-Roy & Mailhot, 2019). The global rise of the SE and by extension the SAI appears irreversible, endangering existing regulatory frameworks and prompting a reconsideration of peer-to-peer platform governance (Bernardi & Diamantini, 2018; Davidson & Infranca, 2016).

New internet platforms help to facilitate and promote SAI activities, and while these new digital models are good, they can have a multiplier effect on the difficulties experienced by municipalities. The composite character of SAI platforms that do not provide direct accommodation, the fact that they are not pure digital information providers, and the outdated regulatory frameworks create a maze in which municipalities are impacted by the activities of these platforms, but have limited intervening and defending power (Garcia-López *et al.*, 2020; Sharing Cities Action Network, 2019). Platform enterprises generally respond to SAI activities with legal challenges and intense lobbying as local governments respond with increasingly effective regulatory actions. However, SAEs have refused to comply with local legislation (Sharing Cities Action Network, 2020; Stemler, 2017; Sundararajan, 2017).

With a particular focus on the SAI, municipalities are facing numerous difficulties as their populations grow, including overcrowding, gentrification, poor air quality, environmental degradation, waste generation, health dangers, weakened safety, unemployment, large wage disparities, and social segregation issues (Ahsan, 2020; Chai & Scully, 2019; Frenken & Schor, 2019; Belk, 2018). The increased supply of SAEs adds to the reduced supply of residential housing, displacements and price pressure, commercialisation and disturbance of residential commons. Furthermore, it adds to the phenomenon of over-tourism (Brandtner & Suárez, 2021; World Travel and Tourism Council, 2017; Codagnone & Martens, 2016).

In consequence, at a global level, municipalities find themselves in the difficult position of experiencing the impacts of platform enterprises, whose interests are often in competition with those of other stakeholders. Municipalities therefore require new approaches to manage the situations in ways that allow them to defend their

sovereignty, and ensure harmonious settings for all stakeholders. It is within this context that the researcher explored and investigated how municipalities manage the ethical dilemmas of the SAI amidst the competing interests of multiple stakeholders in the cities of Cape Town (CoCT) and eThekweni municipalities.

1.4. RESEARCH PURPOSE

The study aimed to investigate and explore how the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas of the SAI amidst the competing interests of their multiple stakeholders. The study intended to provide a developing country perspective on the shared accommodation industry, as one of the biggest industries within the burgeoning sharing economy sector. The purpose of the research is to uncover the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities and how they manage them in the face of competing interests of their multiple stakeholders guided by the principles of ethics and stakeholder theories.

1.5. RESEARCH QUESTIONS AND OBJECTIVES

Research questions are the starting point of any study because they provide a road map for moving forward while also identifying and focusing on the research gaps. The research objectives are the actions undertaken to answer the research questions. They summarise the study's approach and purpose and help to focus the research. The following section outlines the research questions and objectives emanating from the problem statement and the aim of the study.

1.5.1. The research questions

In essence, the study is about providing answers to the following key questions:

- 1.5.1.1. What is the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the value or benefits derived by municipalities?
- 1.5.1.2. What competing interests confront the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises; and why do they exist?

- 1.5.1.3. What are the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises?
- 1.5.1.4. What is the attitude (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and shared accommodation enterprises?
- 1.5.1.5. How do the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas and the competing interests of their multiple stakeholders?

1.5.2. The research objectives

The following objectives underpinned the study:

- 1.5.2.1. To uncover the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the value or benefits derived by municipalities.
- 1.5.2.2. To use the stakeholder theory to determine the competing interests of multiple stakeholders confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises; and the reasons for their existence.
- 1.5.2.3. To use the ethics theory to determine and identify the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises.
- 1.5.2.4. To determine the attitudes (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and shared accommodation enterprises.
- 1.5.2.5. To use the ethics theory to determine the measures used by the cities of Cape Town and eThekweni municipalities to manage the ethical dilemmas and competing interests of their multiple stakeholders in governing the shared accommodation industry and shared accommodation enterprises.

1.6. OUTLINE OF THE CHAPTERS

The thesis is divided into seven (7) chapters, which also include the Introduction and Conclusion chapters.

Chapter 1: Background and Orientation

Chapter 1 presents the introduction and overview of the study including the background of the study topic, the purpose or rationale, the problem statement which is the knowledge gap identification, the research questions and objectives. The chapter concludes with an outline of the remaining thesis chapters.

Chapter 2: The Business of the Sharing Economy Sector and Shared Accommodation Industry

Chapter 2 is the first of two chapters that provide a review of the literature backing the study. Firstly, the chapter provides a literature review on the sharing economy sector including the definitions, terminology and industries. The ethical dilemmas of the SE are discussed, highlighting the similarities and differences between the two major industries of mobility sharing and accommodation sharing. Secondly, the chapter discusses the shared accommodation segment, as the second biggest SE industry in terms of size, growth and revenue in developing countries. In addition, the chapter examines the approaches and practices of three global cities in terms of embracing the SE, particularly the SAI. The three cities were included in the study to provide reference and context for the study.

Chapter 3: Theoretical Foundation

In Chapter 3, the theories which anchor the study are examined. The chapter discusses the stakeholder and ethics theories from both a managerial and ethical perspective. The stakeholder theory has relevance given the study investigating how municipalities manage the interests of multiple stakeholders. The chapter also discusses the ethics theories of teleology and deontology, which the researcher found to have relevance to contextualise the decision-making practices of the two municipalities.

Chapter 4: Research Design and Methodology

The research design and methodology used to conduct the study are examined in this chapter. It discusses the qualitative multiple case study research method that was used to conduct the study. The chapter also discusses the chosen data collection methods of semi-structured interviews, focus groups and secondary data sourcing. The chapter discusses the study's research participants, including the

strategies utilised to select and gain access to them. Furthermore, the sampling techniques used in the study and the method of analysing the data; and the strategies for ensuring the accuracy and quality of the study are discussed.

Chapter 5: Research Findings

This chapter presents the findings of the study. It presents the responses to the primary and secondary research questions used by the researcher to engage the research participants. The study included secondary questions to enable the researcher to comprehensively investigate and explore the SAI and SAE concepts. The researcher believed that the exercise would allow the reader to contextualise the findings of the study.

Chapter 6: Interpretation, Discussion and Synthesis of the Findings

The chapter's goal is to present an interpretation and synthesis of the research findings in the context of the SAI and SAE literature referenced in the course of the study. The discussion follows the six (6) themes that emerged from the data analysis stage and are used to present the findings in Chapter 5. The chapter discusses the findings in light of prior knowledge about the SE and SAI. Additionally, an interpretation of the findings on the governance practices of the two municipalities is discussed in light of the literature on stakeholder and ethics theories.

Chapter 7: Conclusions and Recommendations

The study's conclusion is presented in this final chapter, which includes a summary of the major research findings, and the contribution to theory and academic knowledge of the SAI. The chapter concludes with the researcher reflecting on the research journey and lessons learned.

1.7. CHAPTER CONCLUSION

The goal of the introduction chapter was to present an overview, purpose and motivation of the study. The chapter provides the reader with an orientation about the study topic, which is to investigate and explore how municipal governments manage the ethical dilemmas of the SAI amidst the competing interests of multiple stakeholders, using the cities of Cape Town and eThekweni municipalities as case studies.

The background and context of the research topic were presented in the chapter to familiarise the reader with the study. As the study's focal industry, the introduction chapter highlighted the knowledge gap in existing shared accommodation industry literature. As stated in Section 1.3, the identified gap is the scarcity of knowledge on how municipalities manage the ethical dilemmas of the SAI in the face of competing interests of multiple stakeholders, particularly from a developing country perspective.

Furthermore, the introduction chapter presented the research questions, the objectives of the study and an outline of the thesis chapters. A discussion of existing knowledge about the SE sector and the SAI is presented in the following chapter.

CHAPTER 2: THE SHARING ECONOMY SECTOR AND SHARED ACCOMMODATION INDUSTRY

2.1. INTRODUCTION

The objective of this chapter is to present a literature review on the sharing economy sector and the shared accommodation industry. The sharing concept is discussed with particular emphasis on the sharing economy sector and its manifestation in shared accommodation. The chapter discusses scholarly materials used to unpack the SE and the SAI, including the definitions, terminologies and the various segments of the industry. By doing so, the chapter contributes to the study's first objective, which is to uncover the definitions and understandings of the SAI and SAEs to provide context on the inquiry about the cities of Cape Town and eThekweni municipalities.

To unpack the SE sector and the SAI, the researcher chose Kipling's Method of Inquiry, also known as the Questioning Method or the Method of the Five Ws+1H (Kaypak, 2017). Rudyard Kipling used the 5W+1H acronym to comprehensively respond to questions and spark thoughts that could help to solve research problems. Each letter within Kipling's Method of Inquiry corresponds to a question of what, who, where, when, how and why. According to Sharp (2002), as cited in Kaypak (2017), Sakichi Toyoda, the founder of Toyota Industries, invented Kipling's Method of Inquiry. Toyota Motor Corporation employed it during the evolution of its manufacturing techniques in the 1950s due to its simplicity and effectiveness. In the 1970s, the strategy gained popularity and was used by many companies to remove errors, boost productivity and streamline procedures. Academics also adopted Kipling's Method of Inquiry as it allows researchers to understand situations and identify problems by analysing all of the related components (Kaypak, 2017).

The critical issues within the study involve the debate on the benefits and drawbacks of the SE and SAI. Scholars contend that the SE benefits in terms of democratising economic participation outweigh its drawbacks (Gerwe & Silva, 2020; *Belk et al.*, 2019; Bernardi & Diamantini, 2018; Acquier *et al.*, 2017). In consequence, these scholars advocate against regulations, especially if it threatens to stifle the growth of the sector and its industries. Other scholars contend that the SE is entrenching the exclusionary capitalist system demonstrated in its various industries including the

SAI. These critics believe that the SE is a continuation of the neo-liberal economic order, which undermines workers' rights and circumvents the laws of host countries, amongst other things (Berger *et al.*, 2020; Morozov & Bria, 2018; Stemler, 2017). Furthermore, they claim that economic benefits flow into the hands of a select and privileged few, rather than a large number of people (Chai & Scully, 2019; Martin, 2019).

Since the SE is primarily an urban phenomenon, a critical aspect of the literature is its governance by municipal governments. Municipalities confront numerous challenges that are partly covered by regulations from other spheres of government. Consequently, municipalities find themselves in the central field where issues concerning the SE are canvassed and resolved. Amongst some of the critical issues in the governance of the SE is how municipalities interpret, engage and govern the sector and its industries (Berger *et al.*, 2020; Etzioni, 2019; Martin, 2019; Mercier-Roy & Mailhot, 2019; Vith *et al.*, 2019). In addition, municipalities confront ethical challenges when executing their mandate due to the tendency that the interests of the SE often compete with those of other stakeholders (Etter *et al.*, 2019; Palm *et al.*, 2019). In South Africa, both national and provincial government regulations cover the SE and related industries.

Overall, the critical issues highlighted are the challenges posed by the SE's multi-dimensional structure (Palm *et al.*, 2019; Vith *et al.*, 2019). This is because all that is considered as sharing has a diverse collection of vested interests that exacerbate local governance challenges. These situations arise as a result of the sharing notion challenging traditional economic and social frameworks, embedded in the modern world economy (Ranchordas & Goanta, 2020; Palm *et al.*, 2019; Davidson & Infranca, 2016).

The following section provides background and context of the sharing economy, followed by background on the SAI, which is the focus of the study. The literature review concludes with a presentation of three global cities that are among the leaders in the global sharing economy sector. The goal is to present lessons that inform the case study of the cities of Cape Town and eThekweni municipalities. Amongst the three cities is Barcelona in Spain, which is regarded as one of Europe's leading sharing economy cities. Second is the city of Seoul in South Korea, which

harbours aspirations of becoming a leading global smart city. Third is the city of San Francisco, which is considered to be the home of technological innovation and SE start-ups including Airbnb and Uber. Although not comparable to the cities of Cape Town and eThekweni municipalities, the strategies and practices of the three cities are considered relevant in the study.

2.2. BACKGROUND AND CONTEXT

Advances in technology have profoundly changed how humans transact to offer and receive products and services in the last decade (Belk, 2018; Berger *et al.*, 2017). Technological advancements have changed how businesses transact with each other (B2B), how they transact with their customers (B2C), and how customers transact with each other (C2C). One of the popular manifestations of this technological revolution is the sharing economy. This is a sector where people gain wages by exchanging products and services or sharing resources through peer-to-peer (P2P) platforms (Ahsan, 2020; Etter *et al.*, 2019; Fraiberger & Sundararajan, 2015).

As noted by Belk (2018), the phenomenon of sharing is an old occurrence. In modern times, it is simply considered an advanced form of the old barter system (Gerwe & Silva, 2020). On the other end of the spectrum, collaborative consumption and the sharing economy are inventions of the digital age. The sharing economy has mainly progressed due to the advent of the Internet, which enables easier production, distribution and mutual collaboration (Etzioni, 2019; Levine, 2019). From the sharing of cars and bicycles to the renting out of homes, apartments and rooms, the sharing economy has completely immersed itself in the global society to become a mainstream act (Ranchordas & Goanta, 2020; Hamari, Sjöklint & Ukkonen, 2016).

In recent times, however, the sharing economy has become a contested terrain, with many debates concerning amongst others, its terminologies and definitions (Belk, 2018; Stemler, 2017; Sundararajan 2017). The debates are fuelled by the fact that the sharing economy is no longer about helping without monetary expectations, but it is more about providing goods and services to strangers for monetary benefits (Frenken & Schor, 2019; Mcdonald, 2015; Keast & Mandell, 2014). Chai and Scully (2019) contend that the sharing economy, aided by platform enterprises, has

become a means for distributing goods and services. Major organisations such as Uber and Airbnb are helping to connect businesses and people for trading purposes.

Platform enterprises, which are sometimes called platforms, are defined as a collection of technologies and tools that provide a foundation for the development of other applications, processes, or technologies (Löfgren & Webster, 2020; Srnicek, 2017). It is a business model that generates value by facilitating exchanges between two or more interdependent groups, typically producers and consumers, instead of directly creating and controlling inventory through a supply chain, similar to linear businesses. Platforms are the dominating innovative enterprise model based on connecting divergent groups. For instance, in marketing, advertisers, enterprises and consumers are connected through platforms like Facebook and Google. To facilitate mobility, platforms like Uber bring riders and drivers together.

At a broader level, three distinct categories of platforms that are gaining traction in business have been recognised. Firstly, there are aggregation systems, which bring together diverse resources and assist users in connecting with the most appropriate resources for their needs. These platforms are typically transaction or task-oriented (Etzioni, 2019; Hagel, 2015). Examples of aggregation platforms include eBay, Airbnb, Uber, Airbnb, Booking.com and SafariNow in South Africa. Secondly, there are social platforms that promote interaction among people who share common interests and also favour relationship networks. Examples of social platforms include Facebook, Twitter, Instagram and LinkedIn.

Mobilisation and learning platforms are the third category of platforms, which inspire people to collaborate to achieve tasks that are beyond an individual's abilities. These types of platforms prioritise long-term connections over isolated and short-term transactions or tasks (Levine, 2019; Hagel, 2015). LinkedIn, Quora, Yahoo and StackOverflow are among the popular platforms in this category, while YouTube, Deezer and Spotify are among the popular ones in the media-sharing space. The service-oriented platform enterprises, which fall in the aggregation category, are leading the drive to redefine how people commute, vacation and exchange products and services (Acquire, Valiorgue & Daudigeous, 2017; Sundararajan, 2017).

Platform enterprises in the SAI, like those in the broader SE, assume the role of mediator, connecting prospective visitors with hosts (World Bank, 2018; World

Economic Forum, 2016; Fraiberger & Sundararajan, 2015). In addition, the platform enterprises offer rating systems to reduce information asymmetry, as well as communication channels, insurance and other services (World Economic Forum & PriceWaterhouseCoopers, 2017:5). The importance of data is central to the platform operating model, which is also indicative of a larger change in capitalism. Data is the primary measure that propels (Löfgren & Webster, 2020; Morozov & Bria, 2018).

2.3. THE BUSINESS OF THE SHARING ECONOMY SECTOR

The phrase 'sharing economy' is being used in specialised literature to describe how the Internet, smartphones and technological applications are changing the global economic dynamic. Before the COVID-19 pandemic, the SE was rapidly expanding and it was predicted to more than double in size by 2025 (World Economic Forum & PriceWaterhouseCoopers, 2017), and the prediction was on track to be realised. In terms of revenue, the report forecasted growth of \$335 billion in the five key SE industries of collaborative finance, shared accommodation, shared mobility, on-demand home services, and on-demand professional services. Unfortunately, the onset of the COVID-19 pandemic shattered the entire SE economic system. The strongest negative impact was observed in the accommodation and transportation industries, which are the biggest industries within the SE in terms of consumers and income.

The hospitality and mobility-related services were negatively affected due to travel restrictions that were imposed by various countries. For example, the worldwide travel bans impacted platforms such as Airbnb, decreasing its revenue by up to 50% at the height of the pandemic (Batool, Ghulam, Hayat, Naeem, Ejaz, Imran, Spulbar, Birau & Gorun, 2021; Airbnb, 2020). Conversely, an increase has been noticed in platforms related to the delivery, entertainment and freelance industries, with many people restricted to travel and working from their homes (Airbnb, 2020; Sharing Cities Action, 2020). The major beneficiaries include online delivery services for food, medicine and entertainment.

Regarding accommodation-sharing services, the COVID-19 pandemic led to the growth of remote working and the emergence of digital nomads, which helped to develop various niches in the SAI such as co-living and apartment hotels (Airbnb, 2022; Sharing Cities Action, 2020). Generally, since the relaxation of COVID-19

restrictions, the SE has been on a rebound with its market size valued at USD 113000.0 million in 2021 and expected to grow at 32.08% CAGR from 2022 to reach USD 600000 million by 2027 (Marketwatch, 2022). The background on the SE is presented in the next section as a foundation for the literature review on the SAI, which is the subject of the study.

2.3.1. Unpacking the sharing economy sector

The practice of sharing is a long-standing phenomenon that dates back to the dawn of human existence. According to Belk (2018) and Sundararajan (2017), the phrase 'sharing economy' first appeared in the USA during the Great Depression of the 1930s. It is a term closely linked to the emergence of social technologies and the search for alternatives in the face of population expansion and the depletion of existing resources (Cohen & Sundararajan, 2015). Consequently, the last decade has seen technological advancements dramatically disrupting how humans transact to receive and provide goods and services (Berger *et al.*, 2020; Belk *et al.*, 2019). Collaborative consumption and the SE are the inventions of these digital innovations.

The Internet has aided the advancement of the SE by making production, distribution and mutual collaborations easier (Etzioni, 2019; Levine, 2019). From the sharing of cars and bicycles to the renting out of homes, apartments and rooms, the SE has entrenched itself in the global society to become a mainstream act (Ranchordas & Goanta, 2020; Yin, Qian & Singhapakdi, 2018). People can earn money in the SE sector by exchanging goods and services or sharing resources via peer-to-peer (P2P) platforms, amongst other things (Ahsan, 2020; Etter *et al.*, 2019; Fraiberger & Sundararajan, 2015).

The sharing economy is still a contentious subject, even amongst scholars (Belk, 2018; Stemler, 2017; Sundararajan, 2017). There are claims that the SE can lessen the impact on the environment, increase social solidarity and promote entrepreneurship (Codagnone & Martens, 2016; World Economic Forum, 2016). On the other hand, the sharing economy is considered a threat to professionalism, labour and security standards (Ahsan, 2020; Chai & Scully, 2019), as well as a possible source of increasing consumption and accompanying environmental consequences (Etter *et al.*, 2019; Frenken & Schor, 2019; Martin, 2019). The fast acceptance of sharing services supplied by international enterprises such as Uber

and Airbnb has caught many municipalities off guard, as they were unprepared for the consequences (Berkowitz & Souchaud, 2019; Vith *et al.*, 2019; Davidson & Infranca, 2016).

The debate over the best way to define the ‘sharing economy’ continues, with no academic agreement on how to define it (Ahsan, 2020; Belk *et al.*, 2019). Nonetheless, consensus exists amongst leading scholars that the sharing economy should be described as an economic system where businesses and individuals share assets and services (Belk *et al.*, 2019; Belk, 2018; Stemler, 2017; Sundararajan, 2017). It is used as an umbrella terminology for a variety of services, applications and products. Additionally, the SE term is used to refer to human or business collaboration to increase efficiency in consumption and creation (Belk, 2014; Sundararajan, 2014).

While the most common definitions for this phenomenon are sharing economy and collaborative consumption, there are many more that apply to this sector. They include amongst others: peer-to-peer economy (Belk 2018; Sundararajan, 2017); shared economy (Ahsan, 2020; Stemler, 2017); Gig or platform economy owing to its digital foundation and technological dependence (Berger *et al.*, 2020; Levine, 2019); the collaborative economy (Gorenflo, 2017; Hossain, 2021) and on-demand economy (Martin, 2019; Fraiberger & Cohen & Sundararajan, 2015).

Figure 2.1: Terminology of the Sharing Economy and Definitions

On Demand Economy	<ul style="list-style-type: none"> Economic transactions enabled by an online platform which matches expressed supply and demand in real time and facilitates delivery of the product or service.
Gig Economy	<ul style="list-style-type: none"> Consists of a platform that connects potential employees with employers looking to fill temporary contract-based roles.
Peer to Peer Economy	<ul style="list-style-type: none"> Decentralized economic model that has no formal marketplace for buying/selling assets or services, but instead is directly dependent on an online P2P platform.
Collaborative Economy	<ul style="list-style-type: none"> Builds on P2P platforms to include “economic systems of decentralised networks and marketplaces that unlock the value of underused assets by matching needs and haves, bypassing traditional institutions.
Collaborative Consumption	<ul style="list-style-type: none"> Encompasses any economic model based on sharing, swapping, trading or renting of products or services, thus enabling access over ownership and continuous group interaction instead of one time, linear buyer/seller relationships
Crowd Economy	<ul style="list-style-type: none"> Group of participants connected through a platform with the purpose of achieving a goal of mutual interest.

Source: Researcher's representation of the sharing economy sector

The proliferation of terminology within the SE has led some scholars to advocate for the simplification of the debate, to make it easier to arrive at an appropriate and relevant definition (Ahsan, 2020; Belk *et al.*, 2019; Sundararajan, 2017). Consequently, the simplification offered is on whether a transaction involves the exchange of money (as in rent payment) or non-monetary exchange: as in the exchange of goods or gifting (Palm *et al.*, 2019; Belk, 2018). The contestation manifests in various forms including the terms used to describe the sharing economy, as illustrated in Figure 2.1.

The broadly used term of the sharing economy is inclusive of centralised marketplaces. These are areas where marketplace users can share resources owned, managed, or aggregated by a third-party institution (Berger *et al.*, 2020; Levine, 2019). The resources are utilised in a way that results in a higher rate of utilisation than would be expected if a single user owned them (Martin, 2019; Vith *et al.*, 2019). The phrase also includes distributed systems wherein peer-to-peer transactions happen without the involvement of a third-party entity (Ahsan, 2020; Frenker & Schor, 2019). In consequence, the broadly used terminology acknowledges that in each case, peers exist on both sides of the exchange where the sharing economy manifests.

The study embraces the definition of Belk (2014:9), which states that the sharing economy is concerned with the "acquisition or distribution of a resource coordinated by people for a fee or other types of compensation". It is a definition that is broadly accepted by many scholars (Ranchordas & Goanta, 2020; Vith *et al.*, 2019; Acquire *et al.*, 2017; Stemler, 2017; Sundararajan, 2017). Figure 2.1 depicts the terminology and descriptions of the various forms of the SE and how transactions and exchanges are enabled. The researcher used Kipling's Method of Inquiry (5W+1H) to further unpack the SE sector, as mentioned in this chapter's introduction. The unpacking is conducted by responding to the following five questions by Kipling's Method of Inquiry:

- (i). What is being shared in the sharing economy?
- (ii). Who is doing the sharing?
- (iii). Where is the sharing taking place?
- (iv). Why is the sharing taking place?
- (v). How is the sharing perceived?

The answers to the 5W+1H questions differ depending on the SE industry under discussion. Consequently, there will be many similarities between the responses provided in the literature section of the SE sector and the SAI section presented later in this chapter.

2.3.1.1 What is being shared within the sharing economy?

Since sharing is an essential part of human existence, people share virtually everything (Acquier *et al.*, 2017; Fraiberger & Sundararajan, 2017; Belk, 2014). This includes pre-owned goods and loaned and custom-made items. People also share services like professional and personal services (Belk, 2014; Belk *et al.*, 2019). Additionally, there is mobility sharing, which comprises transportation services and loaned vehicles (Löfgren & Webster, 2020; Standing *et al.*, 2018).

Figure 2.2: The Sharing Economy Ecosystem



Source: Wirtz, J., So, K.K.F., Mody, M.A., Liu, S.Q & Chun, H.H. 2018. Platforms in the peer-to-peer and sharing economy

There is also the sharing of space which includes office space, a place to stay for day-to-day living, holidays and vacations (Ranchordas & Goanta, 2020; Fraiberger & Sundararajan, 2017). Money is also shared, which includes crowdfunding and moneylending services (Berkowitz & Souchaud, 2019). Figure 2.2 depicts the many

forms of sharing; the goods and services provided for monetary or non-monetary gains; and the vastness of the sector.

Furthermore, public authorities, including municipal governments, are also involved in the SE. They share several services and infrastructure including parking, equipment and many other goods and services (Vith & Höllerer, 2020; Palm *et al.*, 2019; Ryu *et al.*, 2019). Although the sharing of public facilities and services is more prevalent in developed countries, they are also found in developing countries including the cities of Cape Town and eThekweni municipalities. In the cities of Cape Town and eThekweni municipalities, the sharing of public facilities such as the rental of bicycles, parking spaces and shelter is prevalent.

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A technique called the Sharing Spectrum was developed to guide several aspects of the sharing economy sector (McLaren & Agyeman, 2015). From the most tangible to the least tangible, the Sharing Spectrum divides asset sharing into five categories. The most tangible material incorporates concepts such as recovery and recycling, as well as products aimed at redistribution at marketplaces such as flea markets. There are also collaborative lifestyle services such as Airbnb's peer-to-peer travel, which are classified as welfare and well-being services. The last category on the Sharing Spectrum is capacity, which has fewer tangible offerings. The category is thought to be part of the collaborative commons (Ryu *et al.*, 2019; McLaren & Agyeman, 2015), with examples such as participatory politics and the worldwide Internet.

The preceding discussion has outlined the depth and breadth of the sharing economy. The SE incorporates a variety of participants including established market actors with vested interests within particular industries. This aspect provides the basis for the challenges that confront municipalities in governing the SE sector. The

SE's depth breadth, and novelty pose governance and regulatory challenges for municipalities. The determination and discussion of the participants and role players in the sharing economy follow in the next section, using existing literature.

2.3.1.1. Who is doing the sharing?

According to Chai and Scully (2019), traditionally, consumers usually purchase products and services to become owners to utilise whenever they need to do so. However, with the move from freehold to access, the agents and ways of transacting have changed (Ryu *et al.*, 2019; McLaren & Agyeman, 2015). Given the right circumstances relevant infrastructure, and access to technology, sharing is happening amongst various people and entities. A wide range of participants are involved in the SE sector, including governments, businesses, NGOs and ordinary citizens (World Economic Forum, 2016; PriceWaterhouseCoopers, 2015).

The cooperation of the many role players is what makes sharing appealing to even municipalities (Berkowitz & Souchaud, 2019; Vith *et al.*, 2019). The World Economic Forum (2017) arranged the participants in the SE sector into various categories as depicted in Figure 2.3. The first category involves individual users who are involved in sharing via peer-to-peer platforms (P2P) or business-to-peer transactions (B2P). These individuals or businesses do the sharing either for economic, social or environmental reasons. The peer-to-peer options are both for non-profit and profit purposes.

The second category of sharers is for-profit enterprises and profit seekers. This category of sharers engages in buying, selling, lending, renting or trading through digital platforms to lower their transaction costs. The groups that are participating range in size (from worldwide short-term rental platforms to local clothes libraries) and market inclination (from for-profit car-sharing enterprises to non-profit tool pools). In addition, the organisations differ in shape, ranging from bicycle-sharing programmes within municipalities to umbrella-sharing businesses and community-based toy libraries (Biber *et al.*, 2017; McLaren & Agyeman, 2015; Schor & Fitzmaurice, 2015). An illustration of the various role players and participants in the SE sector is depicted in Figure 2.3 including the items that they share.

Figure 2.3: The Actors in the Sharing Economy and what they are sharing



Source: Researcher's representation of the actors and what they share in the sharing economy

All of these activities have an impact on global production and consumption systems, both positively and negatively. Profits from transactional fees levied on customers or funds made from advertisement and sponsorship deals are additional benefits for these businesses. Platform enterprises tailor these transaction fees and revenues based on user data (McKenzie, 2020; Chai & Scully, 2019; Etzioni, 2019).

Additionally, the World Economic Forum (2017) includes a category that involves social enterprise and cooperative participants. The fundamental motives for such firms are environmental or social goals rather than profit (Berger *et al.*, 2020; Yin *et al.*, 2018). Examples of such enterprises include collaboration in tool libraries, computerised directories and car sharing. The not-for-profit segment will typically have non-business role players mostly motivated by pursuing a particular objective or goal (Ryu *et al.*, 2019; Biber *et al.*, 2017). In this category, most transactions are non-monetised and emphasis is placed on interpersonal connection more than the use of digital technologies (Etter *et al.*, 2019; Gori *et al.*, 2015).

The public sector is an additional participant in the SE, either as an actor, intermediary, agitator or regulator (Palm *et al.*, 2019; Davidson & Infranca, 2016).

The public sector has a key and essential role because it generally engages with all individuals, including business people, citizens and government officials (Berger *et al.*, 2020; Gori *et al.*, 2015). Furthermore, the public sector is often responsible for providing the infrastructure on which sharing occurs (Vith *et al.*, 2019), and has a significant impact on the behaviour of SE role players and participants. This is accomplished by the government's regulatory function, information tools and general communication (Berkowitz & Souchaud, 2019; Palm *et al.*, 2019). The tools utilised by the public sector can help to increase awareness about sharing options amongst the various participants (Ranchordas & Goanta, 2020; Gorenflo, 2017).

Furthermore, some municipalities operate sharing services such as bike-sharing platforms, parking spaces and publicly owned community centres, which sometimes include accommodation-sharing facilities (Palm *et al.*, 2019; Davidson & Infranca, 2016). The three global sharing cities of Barcelona, Seoul and San Francisco, discussed later in the chapter, demonstrate the role assumed by municipalities as a participant in the SE sector. In the next section, the discussion focuses on the place where the sharing of goods and services is conducted in the sharing economy.

2.3.1.2. *Where is the sharing taking place?*

Given the reality that the SE is an urban phenomenon, it is unsurprising that it occurs mainly in urban settings. The SE is highly reliant on the density of the urban setting in terms of population and infrastructure amongst other factors (Ryu *et al.*, 2019; Bernardi & Diamantini, 2018). Nonetheless, the methods of organising the SE aside from the question of the physical setting of sharing are of paramount importance. In consequence, even though the Internet is not a physical location, it is a modern vehicle for sharing (Levine, 2019; Mercier-Roy & Mailhot, 2019). The Internet facilitates the sharing of products and services and it is the arena for conducting all forms and types of sharing (Etzioni, 2019; Ryu *et al.*, 2019).

However, to use the Internet and the services it provides one needs access to technological devices like smartphones and computers. It is through these devices that people access the SE platforms. The availability and accessibility of technological tools such as smartphones and the Internet are what drive sharing, as illustrated in the lessons from the city of Seoul, which are discussed later in this

chapter. To govern the SE and its industries, municipalities must have access to technological resources like the Internet and possess the skills to operate them.

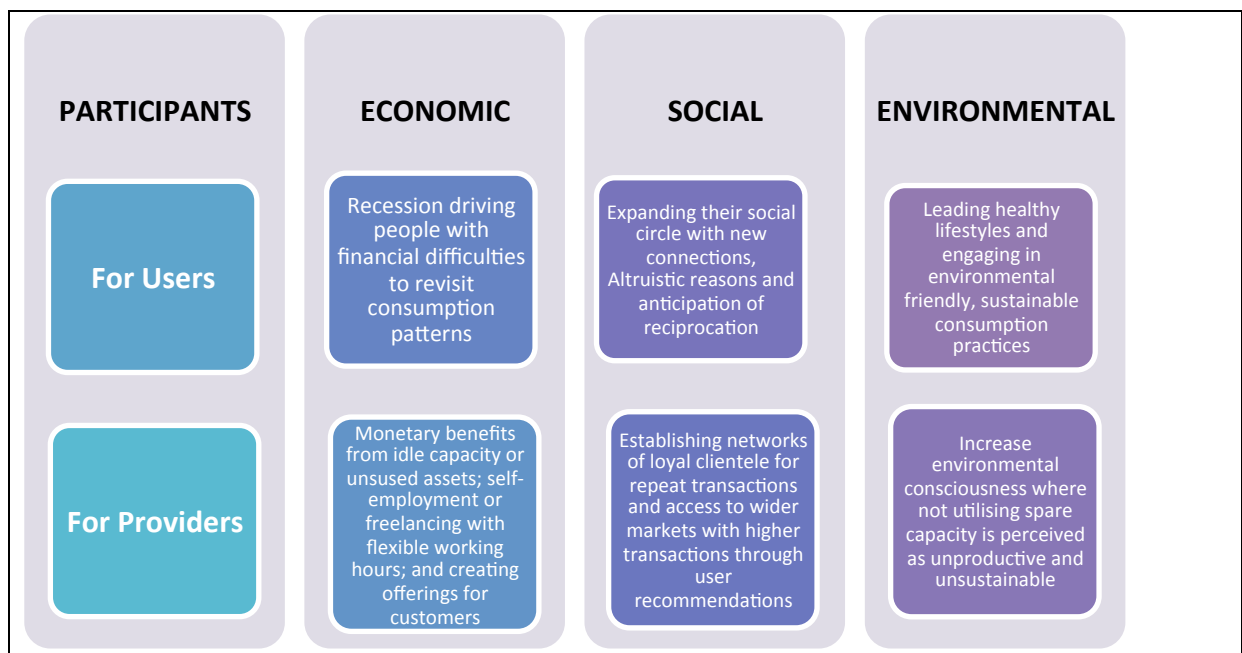
Unfortunately, many municipal governments, particularly in developing countries, continue to rely on manual systems, which contribute to their inability to manage and govern the growing sharing economy sector and its industries. These municipalities lack the exposure, knowledge, and skills to use technology to carry out their mandates. As a result, they frequently find themselves on the defensive, allowing platform enterprises to skirt their systems and policies. The motivation for businesses, individuals and municipal governments to engage in the sharing economy follows in the next section.

2.3.1.3. *Why is the sharing happening?*

The fundamental shifts in the world economy have been recognised as a primary element that enables SE to thrive (Gerwe & Silva, 2020; Sundararajan, 2017). Within these structural factors, the economic, social and environmental elements appear to drive people's participation in the SE. The SE has become a medium for many people to distribute goods and services, with major global platform enterprises fulfilling the roles of connecting businesses and people for trading purposes (Halkias, Neubert, Thurman & Harkiolakis, 2022).

On the economic front, Wruk *et al.* (2019) contend that the financial landscape in many countries compels many people to reconsider their options, amongst other things. People who are experiencing financial difficulties reconsider their expenditure habits. These people often opt to share their expensive possessions which they struggle to maintain. In return, the owners derive monetary benefits from capitalising on their idle assets and unused capacity. Figure 2.4. summarises the economic, social and environmental drivers and motivations for providers and users of goods and services in the sharing economy. Additionally, the financial challenges attract people to self-employment and freelancing with the SE sector's flexible working hours (Ahsan, 2020; Stemler, 2017). Equally, businesses have the option to tap into existing customer bases to develop new market offerings (Etzioni, 2019; Frenken & Schor, 2019; Belk, 2018).

Figure 2.4: The Drivers of the Sharing Phenomenon



Source: World Economic Forum and PriceWaterhouseCooper Report, 2017

Furthermore, participation in the SE is also motivated by the impact of uncertainty on pension systems for elderly people, particularly in developed countries (PriceWaterhouseCoopers & World Economic Forum, 2017). In such circumstances, asset sharing is made appealing as a means of supplementing pension incomes. As a result, the SAI and shared mobility enterprises in particular, assist people to avoid poverty in their old age. Since urban areas offer a greater supply of prospective assets and users, older people are less likely to leave urban settings for this reason. Furthermore, Frenken and Schor (2019) cite the availability of ICT infrastructure, the presence of a sharing-oriented populace, and an engaged and adaptable municipality as modern-day drivers of sharing.

On the social front, Ryu *et al.* (2019) contend that people's participation varies between users and providers; as well as between socio-demographic groupings. Salice and Pais (2017), for example, cite the results of an Amsterdam survey that revealed the city's incentive for sharing. According to the survey, the sharing of accommodation and rides was motivated by economic motives, while social motivators drove vehicle and food sharing. Young people and those with low income were more economically driven, whereas younger, wealthier and more educated persons were more socially driven. Women were more environmentally motivated

than males in terms of gender. As corroborated by a related study by Vith and Höllerer (2020), the survey further indicated that users were more economically driven than suppliers and owners.

On the environmental drivers, Davidson and Infranca (2016) cite the desire of users to lead healthy lifestyles, to engage in environmentally friendly ways and sustainable consumption habits. The SAI and shared mobility industries are major beneficiaries of these developments. More people are embracing these opportunities as presented by the SE, with technology providing the platform (Vith & Höllerer, 2020; McLaren & Agyeman, 2015). In consequence, the researcher contends that municipal governments need to understand the environmental developments amongst others, to enable them to manage them in an ethical and balanced manner in the interests of their multiple stakeholders. The next response in unpacking the SE sector is to discuss the perception of the sharing economy in various spheres, including within communities, businesses and municipal governments.

2.3.1.4. *How is the sharing perceived?*

According to Stemler (2017), the SE was once considered a force for social, political and economic transformation. It was perceived as democratising how people produced, consumed, governed and solved social problems. The sector excited people and governments globally as it appeared to provide economic opportunities for a broad section of society (Ahsan, 2020; Berger *et al.*, 2020). The proponents of the SE convinced communities, regulators and the courts about their good intentions. They indicated that the SE facilitates selfless activities that utilise excess capacity, support job growth and alter how people consume goods and services (Belk, 2018; Cohen & Sundararajan, 2015, 2017; McDonald, 2015). They further argued that the SE allows people to bridge the gap between permanent job opportunities and the pursuance of entrepreneurial endeavours (Stemler, 2017). Ranchordas and Goanta (2020) corroborate that the SE allows people to meet the speed, scale and local adaption requirements needed to address climate change concerns. Additionally, Schor and Fitzmaurice (2015) indicate that the SE is a median phase of an economic world order that is centred on people's needs and fairness.

In contrast, scholars such as Ahsan (2020) and Stemler (2017) argue that the SE is a move towards a suppressed world economic order. According to Morozov and Bria (2018), the SE is 'neoliberalism on steroids' as they argue that the owners of these platform enterprises are deriving excess benefits from the sector. In support, Levine (2019) argues that the proliferation of online sharing platforms is allowing for more digital surveillance and security concerns to increase. User privacy is being invaded by these digital surveillance practices accompanied by the loss of neighbourliness in residential areas.

Furthermore, Martin (2019) mentions the concerns about the loss of exchange rules that cause damage to market incumbents, particularly in developing countries. The views of these researchers validate the SE's negative side effects, which are mentioned by its detractors. In consequence, while the SE's benefits were and continue to be considerable, particularly in developing countries, the drawbacks have become apparent. The drawbacks of a growing SE sector, especially in the accommodation industry, have become more apparent post the COVID-19 pandemic, exacerbating the lack of affordable housing in many global cities (Garcia-López *et al.*, 2020; Tourism Economics, 2020).

The 'dark side' of the SE has been exposed in various ways. Lack of worker rights, discrimination amongst participants (Morozov & Bria, 2018; Stemler, 2017), damage to the fabric of local communities due to gentrification, and threats to consumer safety and fair competition are just a few of them (Löfgren & Webster, 2020; Chai & Scully, 2019; Martin, 2019). Furthermore, critics highlight that SE enterprises raise additional social concerns within communities. Large enterprises with bigger networks in the sector are creating monopolies in which one or two platform enterprises control whole markets (Berger *et al.*, 2020; Sundararajan, 2017; Zrenner, 2015).

Criticisms regarding the size and profits made by the large platform enterprises have also been registered. The size of these platform enterprises, their profits and their marketing efforts call into question their role as passive intermediaries (Mercier-Roy & Mailhot, 2019; Wruk *et al.*, 2019). It has been suggested that these companies and their financial backers are taking advantage of the positive symbolic connotation of sharing (Chai & Scully, 2019; Stemler, 2017) while lifting excessive value from the

sector. Consequently, it is argued that these enterprises should be held to greater accountability for the services operating under their names (Etter *et al.*, 2019; Frenken & Schor, 2019; Srnicek, 2017). It is because as larger role players, their continued participation in the SE will undermine the promise of economic democracy made to society and governments.

Some of the difficulties confronting municipalities in governing the SE sector where balance is required include the impact of powerful SE enterprises and market incumbents in various industries. The following section discusses the literature on the shared accommodation industry in the context of the broader SE sector.

2.4. THE BUSINESS OF SHARED ACCOMMODATION

The shared accommodation industry shares many similar attributes with the other SE industries. The key points of convergence are the issues of how and where the sharing of goods and services occurs. Furthermore, there are certain similarities between the motivations and perceptions of the SAI and other SE industries. As a result, the next section of the literature review focuses on the features of the SAI to accentuate the industry as a focus of the study.

2.4.1. Background and context

The SAI, a subset of the sharing economy, is an innovative concept that allows users to gain short-term access to various forms of accommodation, as and when they need it (Ranchordas & Goanta, 2020; Bernardi & Diamantini, 2018; Belk, 2014). In the SAI, platform enterprises have altered society's approach to paid accommodation, whether it is for travel, shelter or housing purposes. The ancient practice of paying for the sole use or ownership of accommodation products and services has been replaced by these platform enterprises. While people have traditionally often seen ownership as the most desired way to gain access to accommodation products and services (McLaren & Agyeman, 2015), increasingly people prefer to pay for temporary access or share the services or facilities, instead of ownership or purchasing them (Belk, 2018; Sundararajan, 2014).

Various types of shared accommodation are mostly determined by the reasons for someone's need for accommodation, and the duration of their stay. The most

common reasons for someone requiring accommodation include shelter social housing; and travel-related services (McKenzie, 2020; Tourism Economics, 2020; Sharing Cities Action Network., 2020). In the case of shared accommodation for travel-related services, the common forms include short-term rental (STRs) and home-sharing (World Bank Group, 2018; Sharing Cities Action Network. 2019).

A rental of any residential housing unit or ancillary building is defined as a short-term rental. Stays of less than a month (30 days) are often included in the term, with differing maximum lengths depending on the jurisdiction and the state where the property is located (Berger, Guo & King, 2020; Sharing Cities Action Network, 2020). Short-term rental is a form of tourist or transient accommodation and is interchangeable with vacation rentals, "overnight rentals," and "nightly rentals," in many parts of the world (Liang, Leng, Yuan & Yuan, 2021; Sharing Cities Action Network, 2020).

The concept of home-sharing on the other hand is described as a form of shared accommodation, where the actual resident of a residential property lends it for lodging to paying guests (Ryu *et al.*, 2019; PriceWaterhouseCoopers. 2015). As Stemler (2017) indicates, home-sharing is frequently a 'Mom and Pop' situation in which spare rooms in a home are offered while the resident is present, or the 'full house' is offered for a predetermined period in a year. In the USA and the Eurozone, the period offered for full houses for home-sharing purposes is less than 183 days every year, otherwise, it would not be the actual residence of the operator.

Long-term rentals are commonly defined as dwellings or properties that are frequently rented to a long-term renter for an extended length of time (Sharing Cities Action Network, 2020; PricewaterhouseCoopers, 2015). Depending on the landlord or property management business, this can range from 30 days to 6 months and more. Properties that are rented out for long periods are usually used for shelter and social housing purposes (Gorenflo, 2021; Sharing Cities Action Network, 2019). However, the emergence of the apartment hotel concept and co-living spaces are merging STRs and LTRs. An increasing number of people, consisting of digital nomads and remote workers, are choosing to live on a long-term basis within apartment hotels and co-living spaces. Within this context, the study focuses on STRs and home-sharing accommodation, which are popular in many parts of the

world with travellers and are lucrative for investors. The STRs and home-sharing accommodations are involved in the commercial activity of providing transitory lodging; hence they should be located in commercially zoned areas. Additionally, they should adhere to the same regulations and requirements as other participants in the SAI.

As mentioned in Section 2.1, shared accommodation platform enterprises were initially popular in developed countries. Their popularity was attributed to the high rate of access to technology and the frequency with which people travelled. The SAI started to see increased growth in emerging markets, the majority of which were in developing countries. However, indications leading to the outbreak of the COVID-19 pandemic suggested that the SAI was stabilising from both a demand and supply perspective (Codagnone & Martens, 2016; World Economic Forum, 2017). According to the World Economic Forum and PriceWaterhouseCoopers (2017), the SAI had approximately 8 million beds worldwide. This figure constitutes 7% of the global paid accommodation industry. However, due to the impact of the COVID-19 pandemic, these figures have been revised.

The UNWTO (2022) indicates that the worldwide tourism industry experienced 11 times greater losses as a result of the pandemic than during the global economic crisis of 2009. The COVID-19 outbreak caused unprecedented disruption to the travel and tourism sector, which is one of the major contributors to the growth of the SAI. The pandemic, according to the UNWTO (2022), caused a major drop in international travel demand due to widespread lockdowns and travel restrictions imposed by countries to stop the virus' spread. This had massive economic and social consequences, putting more than 100 million direct tourism employees at risk, particularly the SMMEs, which account for 80% of the sector and employ many people. The travel and trade segment of the SAI forms part of this heavily affected area. Of particular significance is that the pandemic posed a severe threat to the global vacation rental industry and the co-living segments.

Although initially affected by the drop in travel due to the pandemic, the Long-Term Stay (LTRs) segment showed a steady recovery (MarketWatch, 2022; Tjarksen, 2020). This was largely driven by the increase in the co-living trend with the emergence of digital nomads and remote workers (Airbnb, 2020). For instance,

before the COVID-19 pandemic in the United States, the co-living segment delivered a 30% industry average discount to gross housing prices for tenants per lease, while improving net operating income (NOI) for asset owners by 15% through increased densities (Tjarksen, 2020). With the onset of the COVID-19 pandemic, co-living rentals and occupancy fell along with the COVID-19 epidemic, mirroring declines of other SAI categories. Despite the ongoing crisis, several indicators point to continued demand from the co-living target demographic (Marketwatch, 2022; Airbnb, 2020). Due to the ongoing depth of demand compared to supply, according to Tjarksen (2020), leasing metrics for co-living assets recovered and surpassed pre-COVID-19 rates. Rent collections for co-living have outperformed both multi-family and equivalent product performance.

The prognosis for continued recovery in the SAI is positive with the global sharing accommodation market size projected to grow between 2021 and 2027 (UNWTO, 2022; World Bank, 2022; Airbnb, 2021). The global vacation rental market, which is part of the SAI, was valued at \$91.2 billion in 2021 and is expected to reach \$315 billion by 2031, rising at a CAGR of 12.4% from 2022 to 2031 (Tjarksen, 2020; Gerwe & Silva, 2020). According to Airbnb (2022), the urban home-sharing phenomenon in Africa has continued to grow, especially in the leading economies of Egypt, Ghana, Kenya, Morocco, Nigeria and South Africa, where the segment has spread to smaller towns and villages.

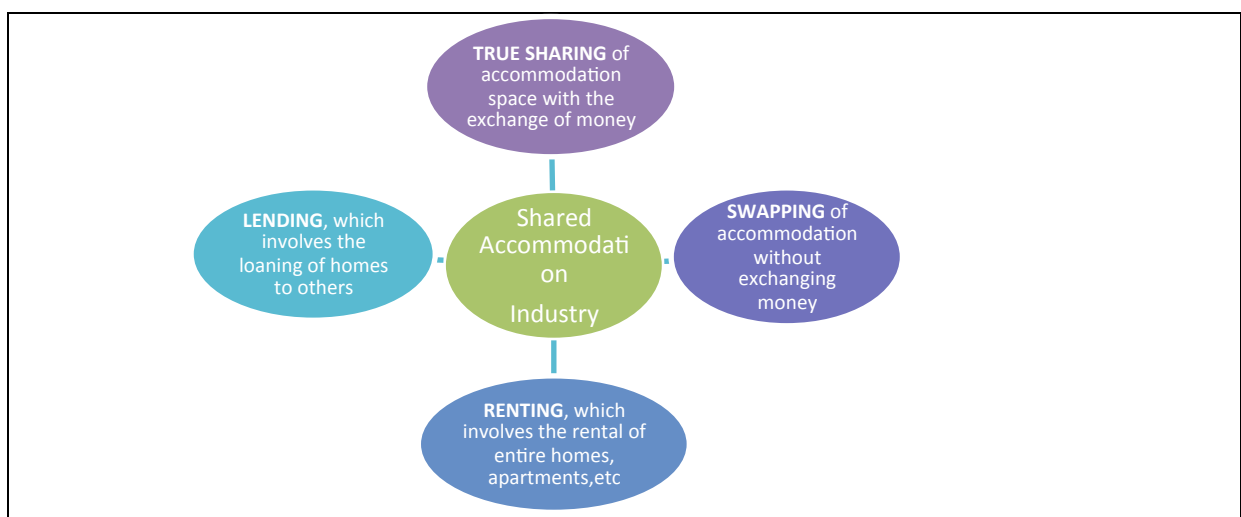
Similar to the broader SE sector, the current trend of shared accommodation has ushered new challenges for municipalities around the world. Municipalities face difficult choices because they occupy central spaces in their communities and are key players in the debate over the SAI's essence and structure. (Vith *et al.*, 2019; Kornberger *et al.*, 2018). The challenges are wide-ranging and include amongst others, the lack of affordable properties for shelter and social housing, as owners choose to rent their properties for short- and long-term stays at higher prices. There are also challenges from competition between traditional operators like hotels, BnBs and guesthouses. These traditional operators compete with platform-driven operators not adhere to the industry rules and regulations and do not contribute their fair share in rates and taxes while extracting the most benefits. In the following section, the nature and structure of the SAI are discussed in more detail using Kipling's Method of Inquiry.

2.4.2. Unpacking the shared accommodation industry

According to the World Bank (2018), the SAI is the biggest revenue contributor in many developed countries. As mentioned in Section 2.4.1, various types of shared accommodation are mostly determined by the reasons for someone's need for accommodation and the duration of their stay. The most common reason for people requiring accommodation includes social housing, shelter and student accommodation; and travel-related services (McKenzie, 2020; Tourism Economics, 2020; Sharing Cities Action Network, 2020). In terms of travel accommodations, the major categories are short-term rental and home sharing.

As stated in Section 2.4.1, a short-term rental is a residential unit or room that is rented out for a short period, typically to visitors (Liang *et al.*, 2021; McKenzie, 2020; Codagnone & Martens, 2016; PriceWaterhouseCoopers, 2015). In many cities, a stay of 30 days or more is referred to as a residency, tenancy, or long-term renting, whereas a stay of less than 30 days is referred to as a transitory or short-term rental (Liang *et al.*, 2021; Sharing Cities Action Network, 2020). Figure 2.5 depicts the major forms and categories of the SAI, with descriptions emphasising their differences.

Figure 2.5: The various categories of Shared Accommodation



Source: Researcher's graphical representation

STRs form part of an economic development archetype focused on interactions amongst distributed groups of individuals supported by digital platforms. The

terminology and definitions for STRs may differ amongst countries, as well as across cities within the same country. Other terms that cities utilise include vacation rental, home sharing, tourism housing, short-term lets and vacation housing (Liang *et al.*, 2021; Sharing Cities Action Network, 2020). Some governments may differentiate between short-term and vacation rentals. To confuse matters, some countries and cities include an accommodation-sharing segment called "Bed and Breakfast" (BnBs) and "Timeshare", as in the case of South Africa. The BnBs and Timeshare segments may be a subset of STRs or distinct from STRs, depending on the country, city or region (Sharing Cities Action Network, 2020, World Economic Forum & PriceWaterhouseCoopers, 2017).

Additionally, Standing and Standing (2018) posit that the sharing of accommodation assumes various forms with the sharing taking place with or without the exchange of money. The four categories include the purchasing, swapping, renting and lending of accommodation. According to PriceWaterhouseCoopers (2015), accommodation sharing where money is exchanged is further divided into various segments, which are graphically illustrated in Figure 2.7:

- True home-sharing, where a person is allowed to rent a room in a home thus enjoying the benefits of interacting with the host although with reduced privacy;
- Conventional guesthouse or bed and breakfast, where one stays in a home with several rooms for rent. In such a situation, the host is usually staying in a separate section of the home implying increased privacy for the guests. This option allows the individual to interact with the host and other guests as well;
- Renting an entire home or apartment. This option gives the individual the least interaction with the host or other guests, as it gives them maximum privacy.

Since they differ from the motivations described in Section 2.4.1.4, which examined the larger SE sector, the motive for individuals, corporations and governments to share lodging are discussed in the next section.

2.4.2.1. The drivers of accommodation sharing

The increased participation in the SAI is due to several factors. Similar to the other SE industries, the factors are broadly categorised into economic, social and environmental considerations. Accommodation sharing is primarily motivated by the fact that participants believe it to be a cost-effective means of accommodation,

whether for business or leisure (Garcia-López *et al.*, 2020; Gorenflo, 2017; Hamari *et al.*, 2016). The SAI has given consumers options with prices reported to be lower than other paid accommodation options (Frenken & Schor, 2019; Fraiberger & Sundararajan, 2015). With such competitive prices, the SAI has created competition for traditional accommodation suppliers such as hotels, BnBs and guesthouses (Ryu *et al.*, 2019). Furthermore, consumers have more options and convenience in terms of consumption and travellers can also live like the locals (Wruk *et al.*, 2019; PriceWaterhouseCoopers, 2015).

The homeowners participating in the SAI do so due to the income that they stand to generate (Ahsan, 2020; Belk *et al.*, 2019; Acquier *et al.*, 2017). The homeowners act as independent business owners with earnings varying according to factors such as location, quality and optional services offered to guests (Fraiberger & Sundararajan, 2017). Standing *et al.* (2018:9) point out that people participate in the sharing of their homes as they sometimes lack employment and conventional business opportunities to earn income. The sharing of private homes has gained traction in the aftermath of the COVID-19 pandemic, similar to the post-2008 economic downturn. With many businesses closing and others struggling to return to pre-pandemic income levels, many people are looking for alternative employment and income sources. The social and environmental drivers for the SAI will not be elaborated on as they are similar to the broad SE sector, which was discussed in Section 2.4.1.4.

2.4.2.2. How and with whom is the accommodation sharing happening

The sharing of accommodation is practised by many people. It is done by participants ranging from ordinary people to large conglomerates. Economics is the main motivator for individuals and businesses alike (Chai & Scully, 2019; Belk, 2018; Sundararajan, 2017; McLaren & Agyeman, 2015). Individuals practice accommodation sharing by using amongst others, idling assets and their second homes (Sharing Cities Action Network, 2019; Fraiberger & Sundararajan, 2017; PriceWaterhouseCoopers, 2014).

The concept of accommodation sharing is also a business venture that is supported by large enterprises (Belk *et al.*, 2019; Ryu, *et al.*, 2019), like Airbnb, CouchSurf and SafariNow. In instances where municipalities own and manage properties, they also participate in the SAI (Ranchordas & Goanta, 2020; Kornberger *et al.*, 2018).

However, such instances occur primarily in developed countries where advanced social services exist (Palm *et al.*, 2019; Davidson & Infranca, 2016). Developing countries like South Africa have such services offered in some of the bigger municipalities, such as the cities of Cape Town and eThekweni.

As in other SE industries, participants access the SAI through electronic marketplaces, which connect people (Chai & Scully, 2019; Belk, 2018; Sundararajan, 2017; McLaren & Agyeman, 2015). The Internet provides the means through which the providers and those with a demand for their services are connected (Etzioni, 2019; Levine, 2019; Ryu *et al.*, 2019) as in the case of Airbnb, CouchSurf, Booking.com and SafariNow.

Platform enterprises facilitate the home-swapping segment, where people exchange homes without exchanging money (Frenken & Schor, 2019; Fraiberger & Sundararajan, 2017). Platform enterprises like HomeAway Inc. and a slew of other high-profile platforms conduct the facilitation in this market on an exclusive basis. In the travel industry, the facilitation is done through travel management companies (travel aggregators) like Expedia and Booking.com (World Bank, 2018; World Economic Forum & PriceWaterhouseCoopers, 2017). The exchange and loaning of accommodation within the SAI happen at the local level, with people who are familiar with each other (Gorenflo, 2017; Gori *et al.*, 2015), as will be shown in the discussions of the cities of Barcelona, Seoul and San Francisco later in the chapter. Here too, access to mobile technology devices like smartphones are major facilitator of sharing as they simplify transactions.

Municipal governments see the sharing of accommodation as contributing towards entrepreneurship and employment opportunities (Ahsan, 2020; McLaren & Agyeman, 2015). However, they see the industry as contributing to a decrease in their earnings through property valuation rates and taxes (Berger *et al.*, 2020; Berkowitz & Souchaud, 2019). This is because property valuation taxation is one of the most important sources of municipal revenue in many countries (Berger *et al.*, 2020; Sharing Cities Action Network, 2019).

The property rates vary based on their registration and utilisation. Rates for properties that are registered and used for business purposes are higher than for residential purposes (Ranchordas & Goanta, 2020; Löfgren & Webster, 2020). With

the rise in the number of private homes used for business purposes to accommodate travellers including digital nomads and remote workers, municipalities are losing out on the opportunity to earn more money. Municipalities lose the ability to charge business rates on these private homes while providing public facilities and services in the affected areas such as roads, parking spaces and water. Private home clientele use these public facilities and services while the homeowners do not contribute their fair share for their provision.

Consequently, one of the major criticisms of the SAI is that its participants (SAEs), particularly the private home operators, flout the laws and regulations governing the industry in many countries (McKenzie, 2020; Stemler, 2017; World Economic Forum, 2016). This is one of the challenges facing municipal governments whose management is expected to treat all stakeholders fairly and equally. Additionally, the challenge is one of the areas of conflict between market incumbents like BnBs, guesthouses boutique hotels, and private homeowners participating in the SAI. The next section discusses the literature on the concerns of other stakeholders including municipal governments about the shared accommodation industry.

2.4.2.3. *The ethical concerns of accommodation sharing*

As one of the leading SE industries, the SAI is a key area of contestation, especially in major global cities (Fraiberger & Sundararajan, 2017; Davidson & Infranca, 2016). Developing countries, however, face an even greater challenge due to their complex socio-economic realities including homelessness and unemployment. According to the United Nations (2019), by 2050, the urban population in developing countries will have expanded by 66 percent. In consequence, municipalities will face increased pressure to execute their mandates equitably and fairly while ensuring the delivery of basic services to the citizenry and businesses.

Several scholars have written about the ethical concerns of the SAI (McKenzie, 2020; Vith *et al.*, 2019; Ahsan, 2018; Stemler, 2017). Although the concerns and considerations are largely similar to the broader SE sector, the next section discusses the subtleties of the SAI in three categories.

2.4.2.3.1. Economical considerations of accommodation sharing

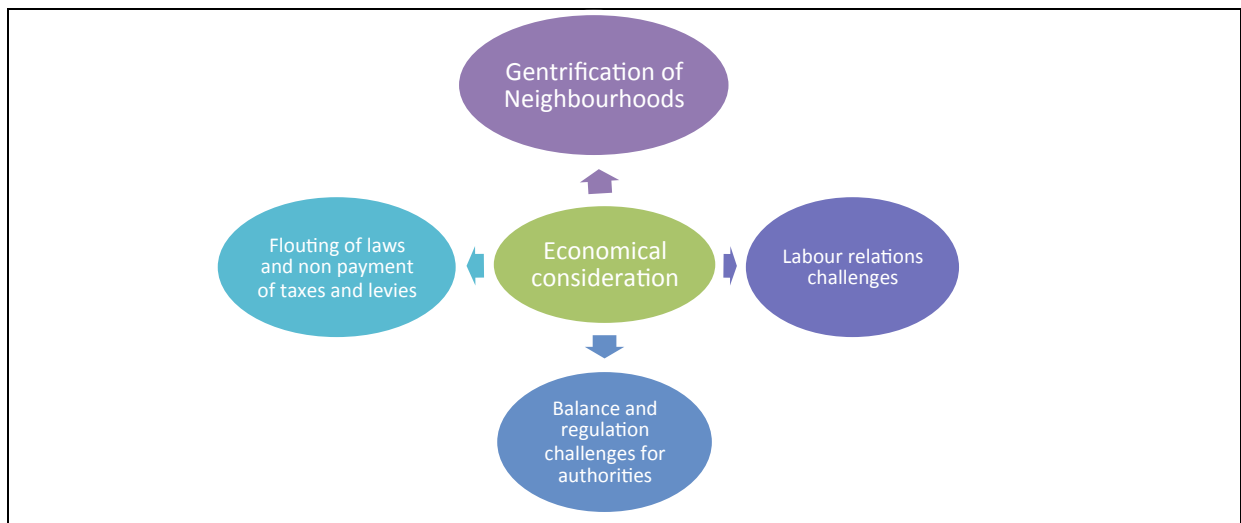
The first consideration centres on the impact of the SAI on the nature and structure of neighbourhoods. The main sources of concern include densification and gentrification, which results in the undesirable merger of commercial and residential spaces (Garcia-López *et al.*, 2020; Salice & Pais, 2017; Sundararajan, 2017). The changes affect amongst others, the housing prices, safety and security; and privacy of the inhabitants (Sharing Cities Action Network, 2019; Schor & Fitzmaurice, 2015).

The World Bank (2018) indicates that the challenges of densification and gentrification are huge in major cities such as San Francisco, Seoul, New York and Barcelona. In these cities, residents have often staged demonstrations urging the municipalities to regulate the expansion of the SAI, particularly private homes, as they are located in residential areas (Garcia-López *et al.*, 2020; Sharing Cities Action Network, 2019).

The complaints of the inhabitants include amongst others the concerns of the SAI encroaching on their private spaces and housing shortages affecting mostly low-income earners (Gorenflo, 2021; Ranchordas & Goanta, 2020). Furthermore, the increased supply of SAEs stimulates economic activity and consumer options, but at the expense of residential neighbourhoods. This includes a decrease in the supply of residential housing, displacement and increasing pressure on the cost for housing; commercialisation and the disturbance of residential commons; and contributing to the phenomena of over-tourism (McKenzie, 2020; Sharing Cities Action Network, 2020). Figure 2.6 provides a graphical summary of the economic concerns of the growing SAI in many global cities and towns. These concerns are amongst some of the leading challenges facing municipalities, which require varying solutions.

Secondly and similar to the shared mobility industry, participants in the SAI have been criticised for flouting laws and evading the payment of their fair share in levies and taxes (Berger *et al.*, 2020; Vith *et al.*, 2019; Acquier *et al.*, 2017). As an example, researchers have found evidence that in many countries the individual homeowner is not subjected to paying taxes on the income they receive from their home-sharing (Berger *et al.*, 2020; Mercier-Roy & Mailhot, 2019). The situation is however changing led by cities such as New York, Amsterdam and Barcelona.

Figure 2.6: Economical considerations of the shared accommodation industry



Source: Researcher's illustration

Similarly, the large platform enterprises equally avoid paying levies and taxes, particularly the multinational operators (McKenzie, 2020; Dolnicar, 2018; World Bank, 2018). The SAI participants are also not subject to regulatory provisions such as zoning, which affect market incumbents such as hotels, BnBs and guesthouses. The majority of the time, SAI operators are criticised for taking advantage of obsolete tax rules and regulatory loopholes. This is particularly the case in developing countries where municipal governments still use manual systems and are often unskilled in the digital economy. In consequence, market incumbents, as well as SE enterprises, have been motivated to defy the rules due to concerns about unpredictable and inequitable taxation laws (Ranchordas & Goanta, 2020; Mercier-Roy & Mailhot, 2019). Some of the major platform enterprises engage in lobbying to avoid compliance with established rules to protect their earnings, amongst other things. Platform companies such as Airbnb and Uber have clashed with regulators in the European Union and the United States over the years, as governments tightened regulatory controls.

In consequence, the critical policy goals for municipalities governing SAI, according to Ranchordas and Goanta (2020), are housing availability and affordability protection, as well as taxes. Regulations that limit SAEs' activities and hold property or homeowners accountable have extremely poor compliance rates, often around 10% to 20% (Palm *et al.*, 2019; Sharing Cities Action Network, 2019). Most

municipal governments use complaints, statistics, inspections and third-party corporations to help monitor compliance. However, even the municipalities with developed policies, regulations and enforcement structures for SAE activities have limited capacity to intervene. As per Morozov and Bria (2018), this is because hybrid platforms adhere to online regulatory regimes that mostly benefit them while evading accountability for their significant local and regional component.

The third consideration is the need for municipalities to strike a balance and be fair in carrying out their regulatory responsibilities. According to Palm *et al.* (2019), two objectives require the attention of municipalities in formulating SAI platform regulations. Municipalities are responsible for fostering innovation and competitiveness, while also safeguarding the interests of the citizenry. They must also ensure that market incumbents and newcomers compete healthily. SAEs are known to have introduced competition, some say unfairly (Acquier *et al.*, 2017; Biber *et al.*, 2017), to highly regulated traditional tourism operators like BnBs, guesthouses and hotels. The SAEs' activities hide behind the platform's websites and applications. Platforms "anonymise" the public locations of SAE listings, making it impossible for municipalities to identify where activity is occurring and who to contact if needed.

Shared accommodation platforms backed by venture capital bring about a well-funded lobbying team, public policy teams and "community organisers" (Berger *et al.*, 2020; Chai & Scully, 2019; Stemler, 2017). These organisers collaborate with local and regional policymakers to promote the economic benefits of SAEs, while minimising or denying any negative consequences (Sharing Cities Action Network, 2020; Vith & Höllerer, 2020). Chai and Scully (2019) contend that this aspect raises the question of whether different regulations should be formulated for modern sharing platforms instead of applying traditional ones. Consequently, conducting a market assessment of regulatory needs in the sectors where traditional and contemporary players compete can be useful. As per Davidson and Infranca (2016), such an assessment can be useful towards formulating and harmonising regulations for both business models and more.

In the fourth place, and terms of workplace relations, SAI participants have been chastised in several countries, for breaking labour regulations, particularly in

developing countries (Ahsan, 2020; Stemler, 2017; Sundararajan, 2017). Private homeowners participating in the SAI, for example, use the labour of domestic workers unfairly in many countries, including South Africa. Homeowners hire domestic workers to serve them privately as well as their paying clients, without fairly compensating them (De Villiers & Taylor, 2019; Katz, 2015). Although they perform similar tasks with workers in industry and formal work, such as hotels, BnBs and guesthouses, their pay rates differ. Domestic workers in South Africa, like in many other countries, are paid according to predetermined government-instituted policies and guidelines. These policies and guidelines do not cover the new trend of private homes operating as businesses, which is where the unfairness manifests.

Fifthly and closely linked to the security considerations, is the protection of data for both clients and home sharers. As part of their business models, platform enterprises such as Airbnb gather and record data from their subscribers and analyse it for their purposes (Etzioni, 2019; Levine, 2019). This includes transactional data and non-transactional data. The data is valuable and as such, it is protected by international laws against potential unauthorised applications (Belk *et al.*, 2019; Vith *et al.*, 2019). In South Africa, platform enterprises and home sharers, as well as market incumbents, like hotels, BnBs and guesthouses, are governed by the Protection of Public Information Act (South Africa, 2022; De Villiers & Taylor, 2019).

The POPI Act's main goal is to regulate the processing of personal data and offer data protection to bring South African data protection laws in line with international norms. The POPI applies to any person or organisation that holds any kind of records relating to anyone's personal information unless those records are subject to other laws that protect such information more. Consequently, platform enterprises address data disclosure risks in their terms of service to safeguard the interests of their clients and service providers.

Municipalities can benefit from the data collected by the platform enterprises. Municipalities use the information to inform their governance plans and strategies (Levine, 2019; Martin, 2019). As a result, concerns have been raised about platform enterprises sharing participants' data with governments including municipalities (Berger *et al.*, 2020; Biber *et al.*, 2017). This is because sharing the data of participants infringes on their privacy. One of the areas where ethics and equal

treatment of stakeholders come into play is the sharing of data by platform enterprises with municipalities.

2.4.2.3.2. Social considerations of accommodation sharing

The main consideration on the social front is that the growth of the SAI has amplified concerns about the lack of affordable housing, mainly in urban settings (Brandtner & Suárez, 2021; Biber *et al.*, 2017; Stemler, 2017; Malhotra & Van Alstyne, 2014). The lack of affordable housing affects individuals and businesses, which are often compelled to relocate their offices from urban centres. The challenge is occurring because homeowners chose to let their properties through the platform enterprises at unaffordable prices for locals, who would prefer to live closer to their workplaces (Frenken & Schor, 2019; Gori *et al.*, 2015). Cities such as San Francisco, Seoul, Amsterdam and Vienna have experienced such challenges, resulting in social upheavals as citizens moved to express their dissatisfaction (Palm *et al.*, 2019; World Economic Forum, 2016).

Secondly, Berger *et al.* (2020) contend that the SAI perpetuates exclusivity instead of inclusivity within society. This is corroborated by Stemler (2017), indicating that most platform enterprises are designed to be accessed by well-connected and digitally informed users who can spend and engage intelligently with them. Higher education students are more engaged with platform enterprises than students with less education and exposure. As a result, the elderly and those lacking access to technology are excluded from participating in this type of sharing. The exclusion also happens with private home-swapping platforms. Municipality officials may be among the excluded, as many of them either lack the technical skills, exposure or equipment (Berkowitz & Souchaud, 2019; Vith *et al.*, 2019) to engage meaningfully with the SAI platform enterprises. This is particularly true in developing countries where technological advancement is slower for a variety of reasons (World Bank, 2018).

The third consideration is the safety and security of both users and service providers in the SAI. This is because home-sharing exposes homeowners to personal and financial risks (Belk *et al.*, 2019; Levine, 2019; McDonald, Fernandez & Montargot, 2015). The supply-side risks mainly affect platform enterprises due to their aggressive expansion in the marketplace. They provide stimulus to participants with earnings depending on backscaling the stimulus when the platform enterprise scales

up (Berger *et al.*, 2020; Bernardi, & Diamantini, 2018). This, in turn, puts their earnings at risk including the operator fulfilling the promise to the end user.

The fourth factor to consider is the unpredictability of the consequences of social inequality for platform enterprises and municipal governments. The major challenge of inequality includes, amongst other things, income inequality, with participation in the SAI benefiting the wealthier people who can afford second homes; and racial and gender bias (Ahsan, 2020; Mercier-Roy and Mailhot, 2019). Participants in large cities such as New York and Berlin, for example, have reported racial and gender discrimination in shared accommodation facilities booked through platform enterprises such as Airbnb, Booking.com and Expedia (Airbnb, 2019; World Bank, 2018). In the Eurozone and the United States of America, major platform enterprises such as Airbnb, Booking.com, and CouchSurf have since enacted rules and regulations to protect end users from such experiences.

2.4.2.3.3. Environmental considerations of accommodation sharing

The impact of the SAI on the environment is also a critical consideration in light of the provisions of the United Nation's Sustainable Development Goals (Salamat, 2016; PriceWaterhouseCoopers, 2015). The increased conversion of private homes into sharing facilities has significant environmental consequences, similar to the shared mobility industry. Traffic congestion, population increases and pollution put undue pressure on scarce resources such as energy and water in neighbourhoods (Etter *et al.*, 2019; Salamat, 2016).

However, platform enterprises have taken steps to reduce their environmental impact (Brandtner & Suárez, 2021; Levine, 2019). The platform enterprises provide mechanisms to work with service providers and municipalities to balance the benefits and side effects effectively (Etter *et al.*, 2019; Levine, 2019). This has been the case in the city of Seoul, which battles to balance the need to use the SAI platforms to deliver on its social, economic and environmental priorities (World Bank, 2022; Ryu *et al.*, 2019). Many municipalities have struggled to develop policies and regulatory frameworks for the SAI, and they frequently find themselves at a crossroads.

While there is a valid view that innovation through the SE should not be impeded by excessive and obsolete regulations (Berger *et al.*, 2020; Belk *et al.*, 2019; Martin,

2019) a counter view also exists. The counter view states that there is a real need to protect the users of platform enterprises from fraud, liability and unskilled service providers (Berkowitz & Souchaud, 2019; Etzioni, 2019; Biber *et al.*, 2017). This dilemma is significantly more complicated than it appears, as regulators face a slew of difficult issues in their search for solutions (Ranchordas & Goanta. 2020; Vith *et al.*, 2019). The challenge of regulating the SAI requires municipalities to walk the narrow path to prevent stifling innovation while attempting to gain social, economic and environmental benefits. This is where municipalities find themselves confronted with difficult choices, particularly where there are no obvious solutions to satisfy all of the stakeholders.

The next section is a discussion of the lessons learned from the three global sharing cities of Barcelona, Seoul and San Francisco. The discussion focuses on the various approaches used by the municipal governments in the three cities. The cities were selected because they represent three diverse perspectives on the ethical challenges that municipalities face, as well as the policies and regulations that they employ in managing the broader SE sector and the SAI. In the context of their thriving SE sectors, the three cities also provide lessons on how municipalities engage with their multiple stakeholders.

Given the level of development in each city, it is clear that balancing the interests of multiple stakeholders is a critical factor in the governance of the SE sector and SAI, especially in the aftermath of the COVID-19 pandemic. This is due to the reality that the SE, particularly the SAI, expanded into various segments during the pandemic, as individuals and businesses sought ways to survive. As a result, new SAI segments such as co-living spaces and apartment hotels are blurring the accommodation lines between social housing and travel.

2.5. Case study lessons from three leading global sharing cities

The study's purpose was to investigate and explore how municipalities manage the ethical dilemmas of the SAI in the face of competing multi-stakeholder interests. A discussion of the lessons from three leading global sharing cities is included to guide and inform the inquiry. Barcelona, Seoul and San Francisco are the three chosen cities. The three cities are key actors in the global sharing and smart cities network which includes the Sharing Cities Action Network. This is a global initiative with

approximately 67 cities from 36 countries. The three cities do not necessarily share the same attributes as the cities of Cape Town and eThekweni. However, the objective is to use the lessons from the three cities to inform and guide the study.

The following criteria, adapted from the Sharing Cities Action (2019) Report, guide the lessons from the three chosen cities.

- (i) The cities' conception and approaches of sharing in terms of definitions and the criteria used to differentiate platforms.
- (ii) The cities' sharing economy agenda. This aspect deals with the main goals of the cities when it comes to embracing the sharing economy. This includes amongst others: encouraging innovation, community development, gender and social inclusivity, and regulations to prohibit and reduce conflicts caused by the impact of the platform businesses.
- (iii) The policy dimensions and design processes of the cities, which are concerned with the cities' engagement modes based on the four governance dimensions of the Sharing Cities Action (2019): the city authorities as a monitor; as regulators (lawmakers); as a promoter or sponsor; and the city as a collaborator or a partner.
- (iv) The type of accommodation sharing in the respective cities. This aspect is concerned with the type or form of shared accommodation enterprises that are active and thriving in the cities.
- (v) The ethical dilemmas confronting the respective cities, i.e. the challenges of governing the sharing economy and specifically shared accommodation enterprises.

The lessons for the cities of Cape Town and eThekweni municipalities are presented using the above-mentioned defined criteria. The focus of the lessons is on how the three cities manage the SE and SAI's ethical dilemmas in the face of competing interests from other stakeholders.

2.5.1. The City of Barcelona

In terms of background, the city of Barcelona is part of Spain and part of the European Union. It is the capital of the autonomous region of Catalonia. In 2019 the city had a population of 1,636,762 inhabitants (United Nations World Population Statistics, 2018). The physical size of the metropolitan area of Barcelona is

approximately 3,291,654 making it the 5th largest city in the European Union. With innovation at the centre of Barcelona's success, it is not surprising that over 150 SE start-ups have decided to set up within the city (Brandtner & Suárez, 2021).

2.5.1.1. Barcelona's sharing economy and shared accommodation industry

From the literature, Barcelona appears to have embraced the SE and all of its opportunities and challenges. The municipality uses various policy levers and strategies to balance their economic, social and environmental objectives. In governing the SE sector and balancing the interests of multiple stakeholders, the city has adopted a conservative and cautious approach.

The city of Barcelona has a diverse range of SE participants including the SAI, for both for-profit and non-profit purposes. In the shared mobility industry, the city has active enterprises including Trip4real, Uber, Bla Bla Car; and other peer-to-peer platforms such as Borrow My Doggy. In the SAI, the city has Airbnb and other home-sharing platform enterprises. In keeping with the city's cautious posture, they adopted a conservative policy on the various SE industries. The city of Barcelona's motivation for embracing the SE is driven by an economic agenda, particularly the promotion of business tourism (Sharing Cities Action Network, 2019). As a result, their decisions are influenced by the city's desire to restrict or promote a specific SE industry.

The city of Barcelona has a strict approach to the SAI due to concerns raised in the preceding sections. The gentrification of neighbourhoods is one of their main concerns, which leads to several challenges. These include increased property prices, shortage of rental stock and affordable housing for locals, the loss of privacy, security and traffic congestion (McKenzie, 2020; World Bank, 2018). Consequently, citizens have protested, expressing their dissatisfaction with these concerns and the phenomena of over-tourism (World Travel and Tourism Council, 2017; World Economic Forum, 2016).

In terms of governance, the city has established a multi-disciplinary framework that allows for the assessment of various platform enterprise models to match their ambitions. Based on the outcome of the municipality's assessment, platform enterprises are permitted, restricted or refused to operate within the city.

According to Brandtner and Suárez (2021), the city uses the following four evaluation criteria:

- (i) The business model of the enterprise and their form of digital platform engagement;
- (ii) The key purpose of the enterprise, whether it is for-profit or non-profit;
- (iii) The degree of open content and open data within the enterprise; and
- (iv) The enterprise's technological platform and the degree of decentralisation impact.

The city of Barcelona uses a policy intervention dubbed “event organisation” in terms of policy design procedures, which is influenced by the European Union (Sharing Cities Action Network, 2019). They employ a strategy that encourages the inclusion of SE operations in the broader economy and society, as well as their regulations. This policy is consistent with their conservative approach of regulating the SE industries to support specific plans of the city. The SAI, for example, is promoted by the municipality as long as it fits with their agenda for leisure and business tourism. The city goes to great lengths to ensure that other government departments are on board with their regulation of the SE sector (Sharing Cities Action Network, 2019).

However, because the municipal authority frequently requires data from the platform enterprises to drive its policies and governance plans, everything is done collectively. In return, the municipal authorities employ measures such as incubation and innovation initiatives to test new ideas and to show support for the SE sector (Brandtner & Suárez, 2021; World Economic Forum & PriceWaterhouseCoopers, 2017). With the SE growing in popularity, there are always new enterprises springing up in Barcelona. This growth implies that authorities including the European Union agencies have to play catch up. In consequence, they often obscure the lines between various legislations and inadvertently inhibit innovation, which is the driving force of the SE sector. Overall, the SE governance in Barcelona gives the impression of a municipality that leans towards tightly governing the sector in favour of market incumbents. The municipality is failing as the SE sector continues to grow with the onset of the 4th Industrial Revolution that is sweeping many European cities.

2.5.2. The City of Seoul

Seoul Special City is the official name of this capital city of South Korea, and the country's largest metropolis. The metropolis has a population of about 10 million people who live within 234 square miles (UN World Population Statistics, 2018). The city is located in the core of the Seoul metropolitan area. It is an alpha world city and was ranked the world's fourth largest in 2014 with a GDP of US\$635 billion. The city of Seoul recently repositioned itself as a sharing city with the municipality establishing a project called Sharing City Seoul to achieve this ambition.

The city's major goal is to provide citizens with the benefits of sharing. Their strategy for achieving this goal is to expand the city's infrastructure to enable sharing, encourage the growth of existing sharing enterprises, support new businesses in the SE, use idling public assets; and offer extra data and digital support services (Sharing Cities Action Network, 2019, World Bank, 2018). The municipality seeks to resolve the city's social, economic and environmental challenges through the Seoul Innovation Bureau. Their ambition is to deliver better lives for the citizens through sharing while allowing them to use the city's resources optimally.

2.5.2.1. Seoul City sharing economy and shared accommodation industry

A variety of SE enterprises are operating within the city of Seoul, including homegrown and multinationals. The SAI includes all of the well-known international brands and home-sharing enterprises, which facilitate home swapping (Sung, Kim & Lee, 2018). Seoul is well-positioned to demonstrate the advantages of digitally facilitated cooperation. It is one of the world's most populous and well-connected cities. It boasts an advanced technology infrastructure, including ubiquitous public wifi. Approximately 60% of South Koreans own a smartphone. However, the city is confronted with significant challenges. These include urbanisation and overpopulation, which has resulted in a lack of housing, parking and transportation, traffic congestion, resource over utilisation and pollution. These are the difficulties that other cities face but due to Seoul's population density, they are magnified. The municipality has embraced the various SE industries to manage some of the difficulties which it faces.

The city of Seoul is one of the world's leading sharing cities in terms of city planning and techniques (Sharing Cities Action Network, 2019). The city has developed

formal criteria to assess platform enterprises. Platform enterprises are given certifications once they have been designated to help with visibility and consumer trust. Furthermore, the municipality is constantly working to alter and repeal obstructive statutes or systems (Sharing City Action Network, 2020).

The Social Innovation Division of the city of Seoul is in charge of handling civilian requests and proposals for sharing. The municipality has taken steps to connect students in need of housing with senior citizens willing to share their products and services (Sharing Cities Action Network, 2019). This arrangement benefits both parties. Whilst the students require housing, the senior citizens derive earnings to supplement their income and companionship.

Secondly, the municipality actively works to instil a sharing culture amongst the citizens as part of its SE agenda. The municipality is continuously introducing innovations as part of its comprehensive plan. Business incubation and the mobilisation of underutilised assets in the public and private sectors are two examples. Furthermore, the municipality actively promotes platform enterprises, which help to increase public awareness in the sector as a phenomenon that bridges the demographic boundaries (Bernardi & Diamantini, 2018; Sung *et al.*, 2018). Thirdly, the municipality actively publicises the brand of Seoul as a sharing city. The move is considered a potent way for the city to attract international attention. It is also seen as a means of accelerating the SE in the city and positioning it as a progressive hub of innovation.

Seoul is doing well in terms of the policy design processes with a focus on its governance structures. Incubation of SE start-ups is one of the services provided by the municipality. They provide office space, advice and subsidies (Sung *et al.*, 2018). In addition, they have established the Seoul Sharing Promotion Committee, with representatives from different sectors. The move is considered a means of broadening SE's appeal and ensuring that it is promoted across various sectors. This single action is also seen as a means of ensuring that the concept of sharing is discussed in the various sectors (World Economic Forum & PriceWaterhouseCoopers, 2017).

In what could be considered an evaluation of the city's handling of stakeholders, Seoul straddles all four policy dimensions of sharing cities. This is because the city

has completely embraced the practice of sharing (Sharing Cities Action Network, 2019). The municipality engages with the SE sector as a monitor, promoter, collaborator and regulator. They often collaborate with platform companies to establish new enterprises and achieve other city objectives.

As in the case of Barcelona, the city of Seoul uses the “event organisation” policy intervention strategy. The strategy is being used by the municipality to encourage the inclusion and regulations of the sector’s activities. Furthermore, the municipality has agreements with platform enterprises to access their data to inform their planning. The city of Seoul has embraced sharing as a way of life for its citizens, in terms of the type and form of SE activities (Sharing Cities Action Network, 2019; Sung *et al.*, 2018). It is their chosen strategy for balancing their crucial economic, social and environmental considerations. As a result, the perception created by the city is that it embraces the SE sector and aspires to support its growth without undermining established enterprises in various industries.

2.5.3. The City of San Francisco

San Francisco is technically both a city and a county. Northern California's cultural, commercial and financial centre is located in this city. It is the 16th most populated city in the United States, as well as the fourth most populous city in Northern California. As of 2019, it had 896,047 residents (UN World Population Statistics, 2019). It covers an area of about 46.89 square miles (121.4 km²). Since 2011, San Francisco has been a member of the international network of smart cities, sharing best practices with other cities such as Barcelona and Seoul. The business of sharing has long taken root in San Francisco. It predates both Airbnb, which launched in the city in 2007, and Uber, which launched in 2009 (Schor & Fitzmaurice, 2015).

In terms of its stakeholder engagement strategy, the city of San Francisco has adopted the roles of a monitor, promoter, collaborator and regulator (Brandtner & Suárez, 2021). The city has leaned towards encouraging responsible platform enterprise options while discouraging those with negative effects on society. The city has done so while ensuring that other established businesses and communities are not disadvantaged. The city's reputation as the hub for technologically driven

companies is at the centre of its approach and decision-making processes (García-López *et al.*, 2020; Sharing Cities Action Network, 2020).

2.5.3.1. Sharing economy and shared accommodation in San Francisco

In terms of policy, innovation and creative commons, San Francisco is regarded as a model for the SE (World Economic Forum & PriceWaterhouseCoopers, 2017). The city is globally recognised as the epicentre of the SE sector and its innovation centre. The city of San Francisco is home to 15% of all of the global SE start-ups (Gorenflo, 2021; Sharing Cities Action Network, 2019). Through innovative policies supporting the SE sector, the city promotes economic benefits, supports innovative enterprises and protects neighbourhoods (PriceWaterhouseCoopers, 2015). The public policy discussions are centred on promoting beneficial innovation while maintaining competition and consumer protection (Schor & Fitzmaurice, 2015).

The municipality pursues an agenda of preserving the rights of workers and discouraging the reduction of taxes that support the city (Gorenflo, 2017). The position of the municipality is that the government cannot decide who wins and who loses in the SE sector. They believe that the market reigns supreme and that the SE will be in the city for a long time. In terms of governance, the municipality engages its citizens in drawing up its policies and strategies (Brandtner & Suárez, 2021). The following undertaking from the Sharing Economy Working Group captures the city's approach: 'The city of San Francisco recognises that the SE sector exists and is a major part of its economy and the people's lives' (Sharing Economy Working Group, 2017). The municipality recognises that the government represents the citizens, not special interests. Furthermore, the municipality is constantly attempting to balance old regulatory control with new alternatives. To improve government operations, they collaborate with new sharing enterprises. The city has also established partnerships across all levels of society to advance the growth and continued innovation of the SE sector (Schor & Fitzmaurice, 2015).

In terms of policy, San Francisco has a long tradition of attracting innovative ideas (Sharing Cities Action Network, 2019). In governing the SE sector, the city has established a multi-level governance system. They have made apparent their preference for minimal interference in the SE unless it is necessary. As a result, the

municipality does not support platform enterprises with harmful consequences to thrive and regulates them afterwards. The municipality established the 'Sharing Economy Working Group' to demonstrate its commitment to the SE sector. This is a structure that allows the government, businesses and citizens to collaborate (Sharing Economy Working Group, 2017). Additionally, the city offers incubation and innovation programmes, as well as laboratory support or pilot projects (Sharing Economy Working Group, 2017). To show its support for the SE sector, the municipality uses these projects and programmes to assist a variety of enterprises.

2.5.4. Summary of the lessons from the three global cities

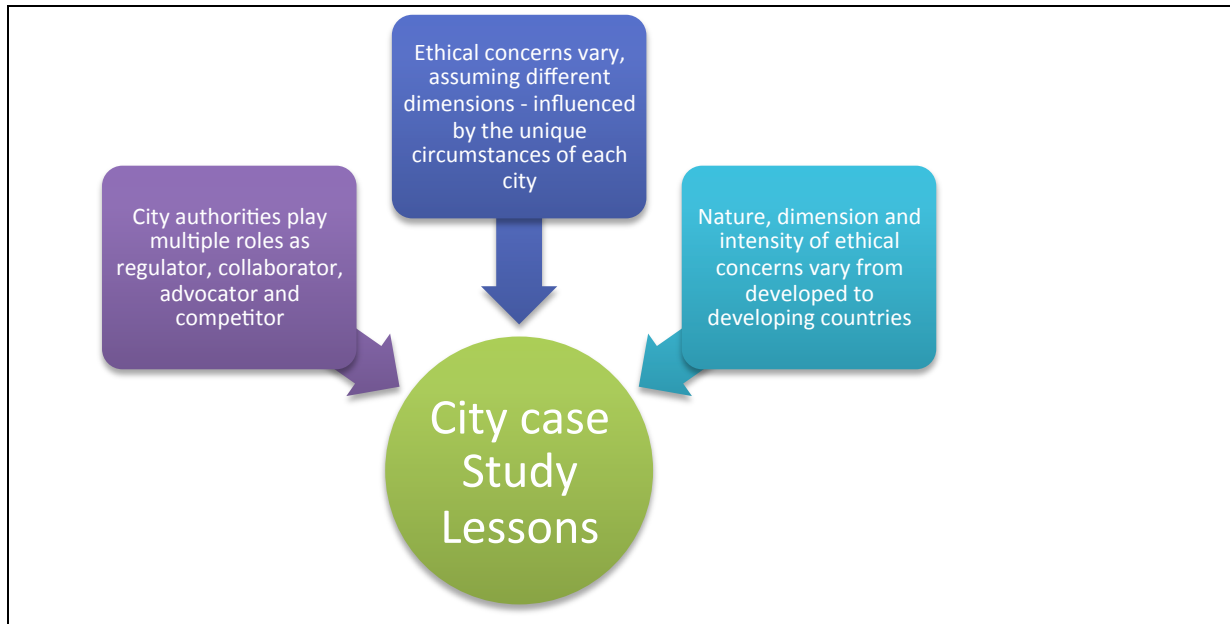
The evidence from the three cities confirms the aspects that are relevant to the current study. The first lesson learned from the three cities is that municipalities are faced with competing interests from multiple stakeholders that are difficult to reconcile. The literature indicates that municipalities assume various roles in the nature and structuring of the SE and the SAI (Kornberger *et al.*, 2018; Vith *et al.*, 2019). Municipalities fulfil multiple roles including as regulators (lawmakers), advocates (on behalf of citizens) and competitors with other stakeholders (Brandtner & Suárez, 2021; Sung *et al.*, 2018). It is in playing these multiple roles and having to balance the competing multi-stakeholder interests that municipalities face ethical dilemmas in governing the SAI.

Some cities have a conservative and protectionist posture, while others consider the entire sharing practice as an integral part of their development from an economic, social and environmental perspective. This implies that, when it comes to the SE sector, governments and municipalities, in particular, require guidance in framing their policies and governance. This is to ensure that balance is obtained and that stakeholders are treated fairly and equally. Figure 2.8 summarises the lessons learned from the three cities.

The second lesson is on the ethical dilemmas confronting municipal governments within the three cities. The literature from the three cities confirms the ethical concerns presented as part of the literature review on the SE and the SAI in particular. The literature on the three cities indicates that the ethical concerns take on varied dimensions, depending on the circumstances of each city. Certain

concerns may cause alarm in one city but are tolerated in another. As a result, regulatory and governance reactions vary.

Figure 2.7: Summary of the lessons from Barcelona, Seoul and San Francisco



Source: Researcher's illustration

The major ethical concerns of the three cities can be summarised as follows:

1. The city of Barcelona is facing mainly economic and social ethical dilemmas. On the economic front, the municipality has the tough decision of welcoming the SE, which provides economic benefits to the city, while also bringing about issues of densification and gentrification. Gentrification creates a housing shortage as businesses and individuals turn their properties into enterprises to earn increased income. As a result, businesses have shifted their headquarters from the city centre to avoid higher rates and taxes, while also allowing their employees to find affordable accommodation. As a result, businesses and their employees benefit, while the municipality suffers income and earnings losses.
With densification, the municipality faces community complaints about issues such as loss of privacy, traffic congestion, and safety and security concerns. Furthermore, they encounter recurrent demonstrations against the phenomena of over-tourism, which is fuelled by a variety of factors, including the expansion of SE companies, particularly in the shared accommodation and shared mobility

industries (Sharing Cities Action Network, 2019; World Travel and Tourism Council, 2017).

2. The majority of Seoul's ethical concerns are in the social and environmental spheres. As one of the world's most populous cities, Seoul faces the huge challenge of urbanisation and overcrowding. This means that in the city, issues such as housing, privacy, and traffic congestion, as well as environmental concerns like pollution and strain on resources, are exacerbated. The local government is always making decisions to balance the needs of its many stakeholders and has opted to do so by embracing the sharing economy. The municipal government is continuously making choices to balance the needs of its numerous stakeholders, and they have chosen to do so by embracing the sharing economy and leveraging technological platforms.
3. The city of San Francisco faces a huge ethical challenge of maintaining its reputation as the world's technical start-up powerhouse. To maintain this status, the city exercises minimum interference in the market, implying limited regulation over the SE sector. However, the municipal government accepts the obligation of defending workers' rights and the environment. On the social front, the city faces the same concerns of densification and gentrification, with a particular focus on access to affordable social housing, pollution, traffic congestion and pressure on scarce resources.
4. The final lesson from the three cities is that the ethical considerations about the SAI differ in severity and importance between developed and developing countries. In consequence, evidence from the three cities served as pointers and guidance in the study of the cities of Cape Town and eThekweni municipalities. As anticipated, the nature, significance and severity of the ethical concerns changed in the study of the cities of Cape Town and eThekweni; as reflected in the research findings in Chapter 5. Concerns about platform enterprises and their service providers flouting labour laws, for example, take on a new dimension and significance in developing country cities such as Cape Town and eThekweni. To begin with, many people who work within the SAI in the cities of Cape Town and eThekweni (and in other parts of South Africa), do so as an extension of their employment as domestic workers (Airbnb, 2021; De Villiers & Taylor, 2019).

These domestic workers do not receive additional compensation for serving guests in private homes operating as SAEs (Henama, 2018; Visser, Erasmus & Miller, 2017). These workers are not members of any labour union. Until recently, these domestic workers were explicitly recognised by the law as workers who were entitled to a minimum living wage, unemployment insurance, and protection (De Villiers & Taylor; 2019).

In developed countries, the situation is different, with the existence of basic wage stipulations for all workers, even those who work in homes and SAI spaces (Ahsan, 2020; Stemler, 2017; Sundararajan, 2017). For example, the European Union and individual countries have enacted laws that safeguard all workers including those working in home-sharing spaces. This aspect added a new dimension explored in the study, to contribute knowledge of the SE and the SAI from a developing country perspective.

2.5. CHAPTER CONCLUSION

The goal of this chapter was to present existing literature about the SE as an economic sector, with a particular focus on the shared accommodation industry. The chapter also responded to the study objective of uncovering the definitions and understandings of the SAI and SAEs. Using Kipling's Method of Inquiry (the 5W+1H method), the concepts and definitions, terminologies, values and benefits; and ethical concerns of the SE and the SAI were unpacked and discussed. The researcher used Kipling's Method of Inquiry as it enables researchers to better understand and delineate situations and phenomena (Kaypak, 2017).

In addition, lessons on managing the SE and SAI from three global sharing cities, Barcelona, Seoul and San Francisco, were presented and addressed in Chapter 2. The full spectrum of SE industries including the SAI is present and active in the three cities. The three selected cities are leaders in their regions in terms of SE governance and regulation, particularly the SAI, which is the subject of the study. Although the three cities are located in the developed regions of the world, there are crucial lessons for cities in developing countries, particularly on the SAI. As mentioned in Section 2.4.2.1, behind the shared mobility industry, the SAI was the fastest-growing SE industry in developing countries before the COVID-19 pandemic (World Economic Forum, 2016; World Bank, 2018). With the recovery of the global

travel and tourism sector from the pandemic, the SAI has continued its growth, to include new segments of co-living and apartment hotels (Marketwatch, 2022; Tjarksen, 2020).

Furthermore, following the COVID-19 epidemic, predictions show that, with expanding urbanisation and rising living standards in many emerging countries, the SAI may surpass the shared mobility business in certain cities (United Nations World Tourism Organisation, 2022; Airbnb, 2020). Amongst the African cities cited with the projected rise of the SE and SAI are the cities of Cape Town and eThekweni in South Africa.

CHAPTER 3: THEORETICAL FOUNDATION OF THE STUDY

3.1. INTRODUCTION

This chapter's purpose is to present a literature review of the theoretical approaches that underpin the study. This is done within the context of municipalities as part of the government sphere and the shared accommodation industry. The chapter discusses the theoretical principles that respond to the study's objectives of determining the attitudes (posture) and measures used by the cities of Cape Town and eThekweni municipalities to manage the ethical dilemmas of competing multi-stakeholder interests. The discussion includes an overview of the stakeholder theory and the ethics theory and the rationale behind selecting the two theories as anchors for the inquiry.

3.2. THEORETICAL FOUNDATION

According to Loh, Deegan and Inglis (2015), theory in its simplest form is a conception of the relationship between things. Theories are the conceptual foundation for understanding, analysing and designing approaches to look at relationships inside social systems (Hasnas, 2020; Freeman, 2016). In other words, theory refers to a framework and in consequence, determines amongst other aspects how things are recognised, how people observe things, the interrelations of matters and the things that people take to be acceptable and unacceptable (Goodpaster, 2016; Harrison, Freeman & Abreu, 2015).

However, Gray, Owen and Adams (2017) argue that, while a theoretical lens can assist researchers in evaluating specific practices, in the social sciences it is usually assumed that theory is always partial. Consequently, researchers adopt a variety of theoretical perspectives in the analysis and interpretation of social and environmental phenomena (Loh *et al.*, 2015). Furthermore, it is suggested that researchers gain a deeper understanding through various theories, keeping in mind that theories are complementary to one another (Brennan, English, Hasnas & Jaworski, 2021; Collis & Hussey, 2021).

Within this context, the study is based on stakeholder theory as well as the ethics theories of teleology (consequentialism and utilitarianism), deontology (duty theory),

and virtue ethics. These theoretical approaches are useful in the management of stakeholders and their competing interests, as well as the management of the resulting ethical dilemmas.

3.2.1. The rationale for stakeholder and ethics theories

According to Salamat (2016), the quest to achieve multiple objectives representing the interests of multiple stakeholders has become a preoccupation of many organisations. This tendency has become apparent in recent years, with many companies experiencing growing pressure to signify corporate social responsibility while putting various stakeholders' interests first and optimising shareholder earnings. With increased urbanisation occurring globally, municipalities are faced with the challenging task of balancing the competing interests of individuals, communities and businesses.

In many countries, municipalities, according to Vith *et al.* (2019), are both central actors and focal points in the discourse of structuring the SE sector and the SAI in particular. The sharing of resources routinely touches the public and private interests, which forces municipalities to make difficult choices. This is because urban settings have recently emerged as breeding spaces for novel sharing economy ideas. The SAI, in particular, is an urban phenomenon that is posing ethical dilemmas for municipalities in light of competing interests from other stakeholders. As urban settings expand, municipalities face the daunting task of balancing multiple sustainability challenges. The challenges, which often require difficult choices, include overpopulation, densification, gentrification, air pollution, environmental degradation, compromised safety, unemployment, inequality gaps and social segregation issues.

The stakeholder theory and the ethics theories have come up as substantive approaches to strategic management. The researcher has selected the two theories to guide the inquiry on the management of the ethical dilemmas of the SAI amidst the competing interests of multiple stakeholders in municipalities. Concerning the SAI, the competing interests of the various stakeholders raise ethical concerns for municipalities in the economic, social and environmental spheres, as discussed in Section 2.4.2.3. In the situation in which municipalities find themselves governing the

SAI, the principles of the stakeholder theory and ethics theories apply. These are situations involving the management of stakeholders who compete for the attention and support of municipalities to advance their various interests. Municipalities are tasked with reconciling these competing interests, which is not always possible.

The stakeholder theory is an organisational management and business ethics theory that takes into account several stakeholders influenced by business such as suppliers, employees, creditors and local communities (Freeman, Harrison & Zyglidopoulos, 2018; Fernando & Lawrence, 2014). The theory discusses subjects such as corporate social responsibility, the market economy and social contract theory including morality and values in management (Freeman *et al.*, 2018; Goodpaster, 2016).

According to the stakeholder theory, company managers must understand and account for all of their stakeholders including those who influence and are influenced by its operations (Freeman *et al.*, 2018; Fernando & Lawrence, 2014). In a broad sense, stakeholder theory is managerial since it is descriptive, allows for predictions and makes recommendations, all of which help in the management of stakeholders (Goodpaster, 2016; Harrison *et al.*, 2015; Carroll & Bucholtz, 2014). Consequently, there are three important aspects, which allow the stakeholder theory to be applicable in various situations including in the management practices within municipality settings.

Firstly, the stakeholder theory is descriptive because it provides a vocabulary and notions to narrate organisations, their operations and the environmental consequences of their activities (Freeman *et al.*, 2018; Goodpaster, 2016). Given that stakeholder theory aids in understanding and managing organisations, the terminology of stakeholder theory is widely utilised in settings including companies, government and non-profit organisations (Carroll & Buchholtz, 2014:70). Secondly, stakeholder theory is instrumental because managing stakeholders should lead to the attainment of corporate objectives such as greater profitability, growth and sustainability (Freeman *et al.*, 2018). Stakeholder theory also enables the testing of the links between managing stakeholders and achieving corporate objectives (Wicks, Elmore & Jonas, 2019; Harrison *et al.*, 2015).

The third pillar of stakeholder theory is the premise that stakeholders have inherent value. Stakeholder theory, according to Freeman *et al.* (2018), maintains that stakeholders have real stakes in business activities due to their interest in the company and that they have inherent value. The stakeholder theory emphasises the interdependence of a company's customers, suppliers, employees, investors, communities, and other stakeholders with a stake in the organisation (Goodpaster *et al.*, 2017; Harrison *et al.*, 2015). Consequently, a company, as with a government entity like a municipality, should generate value for all stakeholders, not just its shareholders. In this study about the SAI, the stakeholders including market incumbents like hotels, guesthouses BnBs and communities are important and should be fairly and equally treated.

Consequently, the researcher found the stakeholder theory to be relevant to guide the inquiry on the cities of Cape Town and eThekweni municipalities. Amongst others, this is because the stakeholder theory emphasises that all stakeholder interests should be considered and that their well-being should be accounted for equally. Like other major municipalities, both in developed and developing countries, the CoCT and eThekweni municipalities are confronted with the difficult task of managing a growing SE with the SAI as a major segment. The SAI has established itself in the CoCT and eThekweni, with fierce competition coming from other stakeholders. The other stakeholders include market incumbents such as hotels, BnBs and guesthouses; private homes and student housing providers; and the broader community, which includes other businesses within and outside the SE and SAI.

Furthermore, the stakeholder theory provides the researcher with the theoretical support to uncover the framing used by the CoCT and eThekweni municipalities in managing the growth of the SAI, as they do with other SE industries. As a result, it will become clear whether the SAI within the two municipalities is framed in a managerial or an ethical posture. In the study, the researcher used the stakeholder theory to determine and examine the strategies of the cities of Cape Town and eThekweni municipalities in managing their multiple stakeholders. The multiple stakeholders within the two municipalities comprise the broad community and businesses within and outside the SAI. Within businesses, these include market incumbents like hotels, BnBs and guesthouses; and social housing providers such as student housing, apartment hotels, co-living spaces and private homes. In

addition to the stakeholder theory, the researcher has opted to use the ethics theories of teleology and deontology to support and guide the inquiry.

Ethics is concerned with what we should do rather than what we do (Constantinescu & Kaptein, 2020; Tsalikis, 2015), whereas theories are formal, and ideally, consistent and justified statements that explain a subject (Goodpaster, 2016; McDonald *et al.*, 2015). When faced with ethical dilemmas, ethical theories are explicit pronouncements of what people should do. When it comes to ethics, ethical theories play a role in decision-making since they represent the positions from which people seek guidance when making decisions (Baumane-Vitolina *et al.*, 2016). Each ethics theory focuses on different aspects, such as diverse decision-making styles or a decision rule, such as forecasting the outcome and upholding one's commitments to others (Benlahcene, Zainuddin, Syakiran & Ismail, 2018). This is done to achieve what the individual considers to be an ethically correct conclusion in various situations, particularly where the right choices are not obvious.

There are three broad categories of ethics theories including teleology (consequentialism and utilitarianism), deontology theory (duty theory) and virtue ethics (Benlahcene *et al.*, 2018; Baumane-Vitolina *et al.*, 2016; Tsalikis, 2015). The teleological theory category consists of utilitarianism and consequentialist theories. The theory of utilitarianism is an ethical philosophy that is concerned with results to determine what is right and wrong (Constantinescu & Kaptein, 2020). The most ethical choice, according to utilitarianism, is the one that will result in the best for the multitude of people. As an example, the application of the utilitarianism theory is the only moral framework within which military force or conflict may be justified by governments.

The consequentialist theory holds that the moral worth of a deed should be determined by its repercussions (Benlahcene *et al.*, 2018; Baumane-Vitolina *et al.*, 2016). Consequently, a good or correct deed is the one that generates the best overall result. The results of one's activities are the final basis for determining whether or not that behaviour was correct or incorrect, according to consequentialist theories (Constantinescu & Kaptein, 2020; Crane, Matten, Glozer & Spence, 2019).

The second ethics theory of deontology holds that some deeds are ethically required as a matter of principle, regardless of their repercussions for the well-being of people

(Baumane-Vitolina *et al.*, 2016). Examples of deontological ethics are found in expressions such as “Let justice be done whatever it takes,” or “Doing duty for duty's sake,” (Baumane-Vitolina *et al.*, 2016). Virtue ethics (or virtue theory) is the third category of ethics theories. It is a theory of ethics that emphasises a person's character as the most significant part of ethical thought (Brennan *et al.*, 2021; Constantinescu & Kaptein, 2020), instead of rules regarding the acts (deontology theory) or their repercussions as per consequentialist theory. The researcher has used the ethics theories of teleology and deontology to discover and interpret the decision-making practices within the cities of Cape Town and eThekweni municipalities, particularly in the face of dealing with the ethical dilemmas of the SAI. Using these theories, it was possible to determine whether the teleological principle of ‘the greatest good for the greatest number of people’ (Baumane-Vitolina *et al.*, 2016) or the deontological principles of rules (Benlahcene *et al.*, 2018) inform the framing of policy and action of the cities of Cape Town and eThekweni municipalities in managing the growth of the SAI and the ensuing ethical dilemmas.

The researcher opted not to use the virtue ethics theory, as it may prove to be difficult to apply in public institutions like municipalities. Virtue ethics differ from deontological ethics in that they emphasise on the evaluation of rule-based decision-making or the consequences of an action in utilitarianism, closer to the ethics of persons and the human character (Constantinescu & Kaptein, 2020). Their limitations include the fact that they do not account for changes in an individual's moral character and attributes when evaluating good or bad ethical behaviour (Brennan *et al.*, 2021; Goodpaster, 2016).

In the following section, a discussion of the key principles of the stakeholder and ethics theories are presented to provide a theoretical foundation for the inquiry.

3.2.2. The Stakeholder theory

Fernando and Lawrence (2014:157) describe stakeholder theory as a theory about the relationship between organisations and their stakeholders. It is a theory that encourages a realistic, systematic, efficacious and ethical approach to administering organisations, especially in a composite and complex environment (Freeman, Phillips & Sisodia, 2020; Freeman, 2016; Goodpaster, 2016). Stakeholder theory

traces its origin to Ansoff (1965), who is considered the first philosopher to use the term stakeholder theory (Dahan, Doh & Raelin, 2015). However, the evidence from Johnson (1947) as cited in Phillips, Barney, Freeman and Harrison (2019), suggests that the term stakeholder, the heart of the stakeholder theory, was used as far back as 1947. More scholars subsequently embraced it after the mid-1980s.

It was the work of Freeman (1984) and scholars including Carroll and Buchholtz (2009); Branco and Rodrigues (2007); Harrison and Freeman (1999); Donaldson and Preston (1995) and Clarkson (1994, 1995) who inscribed the most fundamental propositions regarding the stakeholder theory. When Freeman (1984) and other scholars conducted the work of advancing the stakeholder theory, it was to question the notion that management was only accountable to shareholders. According to Freeman (2016), shareholders are persons, companies or institutions that own shares (equity) in an organisation. They are the financiers and creditors who reap the benefits of a successful organisation.

Since the pioneering work of Freeman (1984), stakeholder theory has been an integral part of business ethics and strategic management literature. The fundamental principle of stakeholder theory is that a company doesn't only have shareholders, it has stakeholders to manage. Freeman (2016) defines stakeholders as "any group or individuals who can affect or can be affected by the realisation of the organisation's goals and objectives". Freeman *et al.* (2018) corroborate that stakeholders are persons, groups and organisations that have an interest in the operations and results of an organisation; and on whom the organisation depends to realise its aims and objectives. The perspective offered by Freeman (1984) was a significant shift from the understanding of the business as a vehicle for shareholders to maximise their earnings (Dahan *et al.*, 2015).

Freeman *et al.* (2018) contend that stakeholder theory was designed to facilitate the process of making business policy and strategy more effective. To prepare for the changing market conditions, Freeman (2016) pursued an alternative approach for strategic management to respond to globalisation and increased competitiveness, and complexity in the business environment. Different types of stakeholders have been identified. The primary stakeholders consist of groups, persons or institutions that are intimately involved with the affairs of the organisation (Wicks *et al.*, 2019;

Harrison *et al.*, 2015). This includes amongst others, employees and managers, shareholders, financiers, customers and suppliers. Additional stakeholders were identified by other scholars including strategic and moral stakeholders (Goodpaster, Maines & Rovang, 2017); external and internal stakeholder communities, special interest or environmental groups, the media or even society as a whole (Harrison *et al.*, 2015; Fernando & Lawrence, 2014).

Freeman (2016) contends that companies apply the stakeholder concept to plan and manage their operations. Freeman (1984) and other scholars developed this concept to address the three interconnected issues facing organisations. The first is the issue of value creation, particularly in the context of a rapidly changing global business environment. Second is the link between business and ethics; while the third one is the question of managerial thinking, specifically how managers should think about value creation to better link business and ethics (Freeman *et al.*, 2018; Goodpaster, 2016).

Stakeholder theory is concerned with ensuring that companies operate in ways that result in value creation for all stakeholders. The theory holds that business is not only about transactions but rather about relationships, collaboration and interdependencies between the various stakeholders to trade and create value (Goodpaster, 2016; Fernando & Lawrence, 2014). The stakeholder theory proposes that managing for stakeholders requires that organisations must pay attention to the needs and interests of their stakeholders. The theory suggests that the good treatment of all of the organisational stakeholders will generate positive synergy (Goodpaster *et al.*, 2017; Harrison *et al.*, 2015). In other words, how an organisation relates to its clients affects their attitudes and behaviour towards its employees. Furthermore, how the same organisation relates to its communities affects the attitudes and behaviour of its clients and service providers.

The stakeholder theory has developed into a prominent and relevant model for understanding and addressing the challenges facing organisations in a competitive and complex business environment. In this context, a business can be defined as a set of relationships between groups that have an interest in the activities of an organisation. These relationships are underpinned by how employees, managers, suppliers, customers, investors and communities all come together to create value

and trade. It is therefore crucial for organisations to understand how these relationships develop and change over time (Kujala, Lehtimäki & Freeman, 2019; Phillips *et al.*, 2019).

Consequently, stakeholder theory has been effective because stakeholders who are treated with care are likely to display positive attitudes and behaviours regarding the organisation (Goodpaster *et al.*, 2017; Fernando & Lawrence, 2014). The positive attitudes and behaviours could include amongst others, the sharing of precious data by platform enterprises with municipalities, as clients, and the increased purchasing of an organisation's offerings by clients. Additionally, municipalities can offer tax breaks and other incentives to platform enterprises. Furthermore, lenders can provide the organisation with favourable financial conditions; with shareholders purchasing increased shares; and employees putting more effort into their work and being loyal to the organisation amidst difficult conditions (Harrison *et al.*, 2015; Fernando & Lawrence, 2014). In summary, stakeholder theory is an all-encompassing term for theories that guide researchers and managers in the interpretation of the relationships between companies and their stakeholders.

Although scholars have come up with various elucidations of stakeholder theory, two key branches are relevant in the context of the current study. These are the managerial or positive perspective and the ethical or normative perspective.

3.2.2.1. *The managerial perspective of stakeholder theory*

The managerial or positive perspective of the stakeholder theory holds that managers will exert maximum effort to meet the needs of those stakeholders wielding the most influence and power, especially on the resources that power the organisation (Phillips *et al.*, 2019; Gray, Adams & Owen, 2017; Freeman, 2016; Harrison *et al.*, 2015). The power of stakeholders to influence management is thus related to the stakeholders' control over resources needed by the organisation (Goodpaster *et al.*, 2017; Fernando & Lawrence, 2014).

The implication is that managers will prioritise the needs of the stakeholders controlling the resources driving the organisation, thus leaving other stakeholders unattended. This action may cause tensions within the organisation and amongst its stakeholders. Consequently, the main limitation of the managerial perspective is the

predicament encountered by managers in determining the stakeholders to whom they are accountable, and the extent of their accountability (Loh *et al.*, 2015). In other words, from the managerial stakeholder perspective, managers have the challenge of determining the stakeholder who wields the most influence and power for accountability purposes. They then need to determine the expected level of accountability from these stakeholders.

This could be a major challenge in situations with multiple and competing stakeholders such as in governments. An example in the study could involve municipalities pandering to the interests of market incumbents due to their dominance and financial contributions, at the expense of the SAI. The converse could be the case, where the municipality favours the SAI's interests because they have access to the SAI's client database, thus putting the market incumbents at a disadvantage. In many countries, the activities of major platform enterprises like Airbnb and Booking.com are continuously causing concern among traditional operators. These platforms have challenged municipalities in the courts and used lobbying tactics to avoid adherence to established laws and regulations. Municipalities must therefore work hard to avoid being influenced unfairly by these platforms, just as they must avoid being influenced by powerful market incumbents. Consequently, in the managerial approach, stakeholder advocacy is critical for the organisation (Kujala *et al.*, 2019), although the effect can have mixed results depending on the issue at hand.

3.2.2.2. *The ethical perspective of stakeholder theory*

In contrast to the managerial perspective, the ethical perspective embraces all stakeholders. The ethical perspective proposes that all stakeholders of an organisation possess similar rights and deserve to be treated with respect and fairness, notwithstanding the influence of other stakeholders (Freeman, 2016; Harrison *et al.*, 2015; Tsalikis, 2015). This means that rather than attending to the interests of the stakeholders wielding the most power, the ethical view requires management to consider the interests of all of their stakeholders. The ethical perspective requires managers to ensure that the benefits flow to all of the stakeholders notwithstanding their contribution to the performance of the organisation, financially or otherwise (Freeman, 2016; Goodpaster, 2016). In

consequence, from the ethical stakeholder perspective, the organisation is accountable to all of its stakeholders, rather than only to the powerful or financially influential stakeholders (Phillips *et al.*, 2019).

The ethical stakeholder perspective theory is concerned with the moral correctness of the conduct of the company and its leaders (Freeman, 2016). Brennan *et al.* (2021) corroborate and elaborate that normative stakeholder theory promotes the moral responsibility of companies and their leaders towards the interests of different stakeholders and the legitimacy of their claims on the company. They add that the ethical stakeholder theory advocates for the notion that relationships need to be developed between the company and its stakeholders, as this is morally appropriate. Goodpaster (2016) further argues that the ethical stakeholder theory aims to provide foundational guidance for a company and its leaders as it relates to the morality of the purpose of the company. Additionally, the ethical perspective aims to guide the organisation on its obligation towards addressing the needs of multiple stakeholders including investors, government, customers, employees, suppliers and communities.

From the ethical stakeholder perspective, the organisation is viewed as the entity that fulfils the needs of all of the stakeholders, instead of being the vehicle to boost the wealth of shareholders (Fernando & Lawrence, 2014). Consequently, the limitation of the ethical stakeholder perspective is the inability of managers to deal with all stakeholders equally and fairly. This is particularly the case in situations where multiple and competing interests exist, such as in governments. In such situations, managers will need other measures to ensure that the needs of all of their stakeholders are appropriately addressed.

The ethical stakeholder perspective is perhaps evident from the discussion of the three global cities included in the study. The city of Seoul has emerged as a municipality that appears to treat its multiple stakeholders equally and fairly. The city of Seoul is a prime example of a municipality seeking to implement the ethical stakeholder perspective, as discussed in Chapter 2. Overpopulation and overcrowding are challenges in the city, which causes a slew of economic, social and environmental issues. The municipality chose to adopt the smart city approach, in which technology is used to help solve some of the city's challenges, including housing shortages, traffic congestion and pollution. It is for this reason and more,

that the city of Seoul has embraced the sharing economy and the SAI amongst others.

As discussed in Chapter 2, the city of Seoul has put in place appropriate measures to ensure that market incumbents are not disadvantaged in the face of a thriving SE sector. Ethical dilemmas arise because balancing competing stakeholder interests is not always attainable, as highlighted in Chapter 2. The study of the cities of Cape Town and eThekweni municipalities lends itself to the ethical stakeholder approach instead of the managerial perspective, which can be challenging in public institutions like municipal governments. The ethical stakeholder approach complements the stakeholder approach of government, which follows in the next section, and appropriately caters for the nuances of public institutions such as municipalities.

3.2.2.3. Stakeholder Theory and Government

According to Dahan *et al.* (2015), the increasing popularity of stakeholder theory has hailed a valuable framework amongst management experts. It has provided scholars with a framework for comprehending the multiple interconnected functions of government and industry in an increasingly demanding regulatory and political environment (Lees-Marshment, Huff & Bendle, 2020). However, despite these developments, awareness about the role and mandate of government in protecting the rights of citizens is limited. The government is generally seen as a non-actor in the background, or as one of many actors, considering its unique roles and position in the relationship between business, government and society. The typical view of the government stakeholder principle has recently been challenged after the 2008 crisis and the ongoing global economic downturn, which has led to an increase in government participation in the economy (Dahan *et al.*, 2015).

The question to ask is: What is government and what position does the government have in the concept of an intermediary stakeholder between business and society? Dahan *et al.* (2015) define government as an entity consisting of various public authorities. Government formations vary from country to country, as well as with the delineation of roles and responsibilities. In many countries, governments have different geographical jurisdictions and formations including municipalities, provinces/counties, both national and international.

While some scholars have positioned the government as a "normal" actor (Freeman *et al.*, 2020; Freeman, 2017), the government is otherwise framed as positioning the business environment without playing an active role (Freeman, 2016). The government always plays a unique combination of ideal types of roles. At any given time, the government is constantly involved in a distinctive blend of ideal roles. In comparison to business and related stakeholders, Dahan *et al.* (2015) present the government as playing four different roles. The government plays the role of setting the framework (making the rules); the business partner (collaborator); the inceptor (interfering), and the advocate (an agitator). As discussed in Chapter 2, the four conceptions of government role match the role that municipalities play in governing the SE in the three selected cities of Barcelona, Seoul and San Francisco.

There are two propositions of government within the stakeholder theory, which are relevant to the study. The focus of the inquiry falls on municipalities and their management of the ethical dilemmas of the SAI amidst the competing interests of multiple stakeholders. Municipalities have emerged as centres of activity and as primary actors in the discourse on the essence and arrangement of the SE and shared accommodation in particular (Vith *et al.*, 2019). The sharing of resources routinely touches the public and private interests thus requiring municipalities to perform the various roles to balance the interests of the multiple stakeholders. In consequence, the first conception is of the government as the focal point, meaning that it is the final decision-maker concerning the issues at stake in a society (Lees-Marshment *et al.*, 2020; Dahan *et al.*, 2015). The second conception is of the government as a non-stakeholder of business, which focuses on the government's role of creating and maintaining an enabling environment for businesses and the community.

3.2.2.3.1. The government as the focal point

In this conception of stakeholder theory, the government is the focal organisation, which means that it is the final decision-maker on the issue at stake within a society (Dahan *et al.*, 2015). This is a conception that depicts a situation of governance involving public policy-making and policy implementation (Wicks *et al.*, 2019), where roles have changed and the company is one of many participants trying to influence the final decision-making of government. Freeman (2017) argues that governments,

according to stakeholder theory, can act as judges when confronted with the social demands of conflict by different stakeholders. Therefore, when faced with such situations, the government decides what is of common interest within the framework of the common good principle (Lees-Marshment *et al.*, 2020). The government, as the last arbiter of public policy, has the challenge of balancing the demands of multiple stakeholders at all levels, including at the municipal level.

The function of government as the supreme policy maker, arbiter or mediator has two restrictions, according to Dahan *et al.* (2015). The first limitation is the progressive erosion of national sovereignty due to the expansion of international trade agreements that require independent stakeholders rather than local courts to resolve disputes between foreign multinationals and municipalities (Stemler, 2017; Davidson & Infranca, 2015). In such disputes with international treaties at play, municipalities are often forced out. Secondly and on the public policy front, a government acting as the focal organisation faces pushback from social movements (Lees-Marshment *et al.*, 2020). The perception of government overreach in the economy is usually the source of such opposition. Yet again, the opposition could be due to the government's failure to rein in the excesses of businesses.

3.2.2.3.2. Government as a non-stakeholder of business

The government, in this scenario, is the one setting the framework in which businesses operate (Dahan *et al.*, 2015). This is done as part of creating an enabling environment for both business and society to thrive. The government establishes the rules that ensure a level playing field for enterprises. A non-stakeholder government is depicted as providing a legal basis because, by definition, it does not take an active part in dealings with its citizens or businesses operating within its borders. Since rules cannot interact directly with organisations, governments determine the rules of the game based on the context in which companies manage a social life.

The challenge with this conception is that if a legal framework is applied to all stakeholders, it can only be enforced in a limited area. This is because the government's geographic jurisdiction is limited (Lees-Marshment *et al.*, 2020). Consequently, companies have chosen to avoid complying with a tight legal framework by relocating their operations to places where the legal system is less restrictive and less costly (Phillips *et al.*, 2019; Freeman, 2017). This is the case with

many multinational companies that are involved in the SE and SAI as highlighted in Chapter 2. These companies are often accused of circumventing and flouting the laws of their host countries (Ahsan, 2020; Sundararajan, 2017).

The second limitation is that some parties may attempt to sway the regulatory system through lobbying. As a result, the legal regime is only applicable at a specific point in time. The platform enterprises such as Airbnb and Uber are known to be actively lobbying governments in host countries to influence laws in their favour (Ranchordas & Goanta, 2020; Mercier-Roy & Mailhot, 2019; Stemler, 2017). This is one of the major policy challenges facing municipalities as raised and discussed in the various conventions of the Sharing Cities Action Network (Sharing Cities Action Network, 2019).

3.2.3. The Ethics theory

Ethics theories provide part of the decision-making framework when it comes to making ethical decisions. This is because ethical theories represent the perspectives from which people seek guidance in making their decisions (Constantinescu & Kaptein, 2020; Harrison *et al.*, 2015). Ethics is concerned with what people ought to do instead of what people do (Benlahcene *et al.*, 2018). Ethical theories endeavour to provide a comprehensive account of human ethical responsibilities. This means that ethical theories are an attempt to inform a single story about what people are required to do. Individual ethics theories place varied emphasis on distinct factors, decision-making methods, or decision-making principles.

Ethics, sometimes known as "moral philosophy", is a discipline of philosophy concerned with ensuring that people understand the nature of human values, how human beings are expected to behave, and what constitutes acceptable human behaviour (Constantinescu & Kaptein, 2020; Harrison *et al.*, 2015). Ethics is regularly associated with a variety of terminologies such as morals, values and norms, which are used interchangeably to denote "being ethical." At times, this can cause confusion and ambiguity about the nature and meaning of ethics. However, there is consensus on what each concept entails with the distinction between ethics and morality acknowledged in the literature.

The term 'ethics' traces its origin to the Greek language, in the word "ethos" which refers to a code of behaviour that assures that good deeds are done (Brennan *et al.*, 2021; Constantinescu & Kaptein, 2020). McDonald *et al.* (2015:42) note that ethics is comprised of doing the right things employing codes of conduct, having morals and values and applying norms or beliefs that function to inform resolution or contrast conduct. Goodpaster (2016) corroborates that ethics is a philosophy that attempts to define the accurate and proper behaviour of a society and its individuals. However, many definitions suggest that ethics is also about people taking duty and accepting the penalties for their moves and behaviour. In consequence, the study of ethics is a continual endeavour to analyse, examine and scrutinise human conduct in the hope of guiding people towards good moral values (Benlahcene *et al.*, 2018).

The ethical concepts of teleology, deontology and virtues give conformity and coaching on the implementation of certain ethical conducts. The literature presents various configurations of ethics theories. Most researchers, however, agree on three competing approaches to ethical analysis, which are consequentialism and utilitarianism (teleological theories), also known as John Mill's greatest happiness principle; deontology or duty theory (also referred to as Kant's categorical imperative) and virtue ethics, also known as Aristotle's ethics of virtue (Frederiksen, 2017; McDonald *et al.*, 2015).

3.2.3.1. Utilitarian and consequentialism ethics theory

The ethics theories of utilitarianism and consequentialism belong to the teleological branch of ethical theory (Constantinescu & Kaptein, 2020; Goodpaster, 2016). This category of ethical theory is concerned with the incentives that drive the activities of people and organisations. These are theories that base ethical judgements on the consequences of a choice or action. In practice, this means that if the outcome of a deed is perceived to increase benefits, the activity is judged as ethically acceptable (Brennan *et al.*, 2021). In contrast, if the outcome is unfavourable, the deed is considered morally unacceptable. Consequently, the ability to determine whether a conduct is correct or erroneous is based on the outcome of a decision or an action.

The two primary consequentialist theories are egoism and utilitarianism. Frederiksen (2017) defines ethical egoism as a normative ethical concept that emphasises that moral agents should act in their own interest. It is a theory that suggests that one's

self is or should be the motivation for all of the actions of human beings. Egoism, according to Tsalikis (2018), maintains that an act is ethical when it supports the individual's best long-term interests. This means that if an activity results in a larger ratio of desirables in contrast to evil for the person in the long-term than any other option, then that motion is ethical. However, egoism has certain limitations, especially when it comes to its applicability, particularly in public service spheres.

As per Crane *et al.* (2019), the limitations of ethical egoism include amongst others: (i) that ethical egoism does not oppose even the most negative business practices such as discrimination, pollution and hazardous products and services; and (ii) that egoism cannot settle disputes of egoistic ideals amongst individuals. The limitations of egoism are amongst some of the critical considerations in the study. This is in light of some of the SAI's negative perceptions, which include, amongst other things, discrimination, pollution, over-tourism, densification and gentrification of residential areas.

The utilitarian ethics theory, on the other hand, is concerned with the greater good of humanity. Constantinescu and Kaptein (2020) posit that the core principle of utilitarianism is the collective welfare of humanity, rather than the maximisation of a person's welfare. It is a theory primarily based on the "greatest happiness" principle, which is centred on delivering the highest number of benefits for the greatest number of people (Frederiksen, 2017; Macdonald, 2015). Consequently, the maximisation of the advantage for the multitude of people entails the net evaluation of benefits with utility being the consequence of the costs and benefits (Brennan *et al.*, 2021). Utilitarianism contends that people should continually act to produce the biggest proportion of goodness in contrast to the undesirables (Benlahcene *et al.*, 2018). It emphasises the greatest interest of all of the people involved with the action.

The ethics theory of utilitarianism has three essential elements: (i) firstly, it is the principle of the outcome of an activity determining whether it is proper or bad; (ii) secondly, the worth of an action's results is measured in terms of the amount of happiness or well-being gained; and (iii) thirdly, that in evaluating the complete happiness appreciated by many people, equal amounts of happiness are to have equal value with no individual happiness having greater value than that of others (Brenna *et al.*, 2021; Crane *et al.*, 2019).

The limitations of utilitarian and consequentialist theories are embedded in their measurement and justice elements (Constantinescu & Kaptein, 2020). Firstly, the utilitarian criterion of the greatest pleasure for the greatest number of people is silent on how the costs and advantages associated with the pleasure should be disbursed within society. The challenge of measurement comes with the problem of rights, which corresponds to the difficulty of delivering justice. As a result, consequentialist theories risk failing where justice is needed, especially where people have claims to certain rights and equity (Crane *et al.*, 2019).

In consequence, compared to private sector entities, the principles of consequentialist theory may be more difficult to apply in public entities such as municipalities. This is especially true when it comes to novel issues posed by industries such as the SAI and shared mobility, amongst others. Here municipalities are often challenged to balance the needs of market incumbents such as hotels, guesthouses and BnBs and the new entrants to the SAI with its large proportion of private homes as participants.

3.2.3.2. Deontological ethics theory

The ethics theory of deontology judges whether an action is right or incorrect based on an explicit set of rules and regulations (Brennan *et al.*, 2021; Benlahcene *et al.*, 2018). Deontology is a philosophical approach that is primarily concerned with universal truths and principles, without considering the consequences of people's actions (Baumane-Vitolina *et al.*, 2016). In simple terms, this suggests that the 'means' are more important than the 'goals' (Macdonald, 2015:45).

Deontology is a theory that is associated with the German philosopher, Immanuel Kant. Its name comes from the Greek language in which the word "deon" means duty. The Kantian deontological ethics is based on the notion that human actions cannot be good or bad, in isolation from the circumstances that caused them in the first place (Benlahcene *et al.*, 2018). Morality is the expression of the autonomous rational nature of human beings (Brennan *et al.*, 2021; Frederiksen, 2017).

According to Kantians, deontology stems from the belief that humans are rational, that they can introspect and ponder about laws, and that they can make reasonable decisions when necessary (Baumane-Vitolina *et al.*, 2016). Therefore, a moral

requirement is unqualified or categorical and does not depend on people's subjective inclinations or preferences. In consequence, deontological theories focus on the nature of the action itself, as well as its motivation to determine whether it is right or wrong. This is in contrast to utilitarianism where consequences are the focal points in determining which act is morally acceptable, instead of the rules that determine the motives to act and the action to be taken (Benlahcene *et al.*, 2018:35).

Deontologists advocate the belief that certain deeds are intrinsically, morally right or wrong (Crane *et al.*, 2019; Harrison *et al.*, 2015). Additionally, they maintain that an action is ethically good if it fulfils a specific requirement, regardless of the outcome (Harrison *et al.*, 2015). That is, many actions have a moral character by their very nature, even though the outcomes they create are completely unrelated to them. Like utilitarians, deontologists contend that morality can be based on one supreme moral principle, from which all obligations and duties flow (Benlahcene *et al.*, 2018; Tsalikis, 2015).

The centrality of concepts such as moral falseness of actions, individual sovereignty, rights or ownership, and moral boundaries between people, distinguish the deontological theory as a separate moral theory (Benlahcene *et al.*, 2018:36). In addition, deontological ethics solve many of the limitations of consequentialist ethics theories (Baumane-Vitolina *et al.*, 2016). With the deontological approach, everyone has non-negotiable obligations meaning that they cannot be purchased or sold (Constantinescu & Kaptein, 2020). Theories of deontology stipulate that obligations must be resolved, regardless of their consequences, that legitimate rights must be honoured, and that unjust actions are prohibited (Constantinescu & Kaptein, 2020; Benlahcene *et al.*, 2018).

Consequentialism ethics has a reply to concepts such as rights, obligations and justice, which are limitations in utilitarian theory (Frederiksen, 2017; Kaptein, 2015). The duty-based ethical approach of deontology caters for these limitations, as they are the centre of its focus. Deontology theories stipulate responsibilities that have to be determined irrespective of their consequences, in which legitimate rights must be respected and unjust actions forbidden (Goodpaster, 2016, McDonald *et al.*, 2015).

The two primary streams of deontological theories are rule deontology and act deontology (Baumane-Vitolina *et al.*, 2016; Kaptein, 2015; Zrenner, 2015). The act

deontology holds that each situation is unique in that it is unpleasant or even impossible to draw up standard regulations of action (Crane *et al.*, 2019; Kaptein, 2015). The implication is that people ought to decide in each situation which deed is morally binding and how it should be judged. The person in such a situation usually proceeds on the grounds of their instinct or heeds their moral sense. The act of deontology suggests that human beings are obligated to act toward others in a particular way because they are human beings. There is a duty or obligation to take into consideration the dignity and rights of others, despite the consequences to ensure that the focus remains on the ethical value rooted in the act itself (Baumane-Vitolina *et al.*, 2016).

Constantinescu and Kaptein (2020) posit that the rule deontological theory holds that people ought not to assess their deeds individually, but should instead judge the deed using general principles and rules. The rule deontology has the advantage of making decision-making more feasible and realistic for people due to their reliance on rules of conduct and policies (Crane *et al.*, 2019). The rules make it viable to put into practice the deontological approach. There is the additional benefit that using rules and regulations in society helps humanity to relate better to each other as it reduces conflicts (Goodpaster, 2016). The limitation of the deontological theory is that it is difficult to implement in business environments, especially if "doing good" interferes with the profitability motives that drive many companies (Mcdonald *et al.*, 2015:46). It is a suitable approach for public institutions where decisions can be made based on the rules and policies.

The criticism of rule deontology is that it appears to absolve people of their responsibilities. This is due to the assumption that individuals using rules are absolved of responsibility for their deeds, and are let off the hook and permitted to avoid being held accountable for their conduct (Baumane-Vitolina *et al.*, 2016; Goodpaster, 2016). It is believed that management avoids taking objective decisions when confronted with difficult choices, and uses the policies and rules to defend their decisions. What has been overlooked, however, is that people in positions of authority, who are often required to make difficult decisions, rely on these rules and policies. This is particularly true with the novel SE sector and its industries, whose business models operate outside of the established rules and regulations in many municipalities.

3.2.3.3. *Virtue ethics theory*

The virtue ethics theory puts the individual as the focal point instead of their actions (Constantinescu & Kaptein, 2020). This means that virtue ethics does not have the action or the outcome as the focus of the assessment, but the individual committing the deed. Instead of judging what people do, it focuses on the persons committing the deed and assesses amongst others, the quality of their characters (Martin, 2019; Tsalikis, 2018). In virtue ethics, a person is judged based on their character instead of an action that may deviate from their usual behaviour. With virtue ethics, an individual's morals, reputation and motivation are considered in evaluating an uncommon and atypical behaviour that is judged to be unethical (Constantinescu & Kaptein, 2020; Tsalikis, 2015).

Virtue ethics differs from deontological ethics in that it emphasises the evaluation of rule-based decision-making or the consequences of an action in utilitarianism closer to the ethics of persons and the human character (Constantinescu & Kaptein, 2020 & Kaptein 2015). Its major limitation is that it does not take into consideration a change in an individual's moral character and attributes in assessing good or bad ethical behaviour (Goodpaster, 2016; Tsalikis, 2018). Consequently, it is rarely used, especially in businesses, with the preference given to teleological and deontology ethics, as they can provide for the myriad situations within organisations including public institutions.

The theory of virtue ethics may be difficult to apply with the study's focus on public organisations. Consequently, the two ethics theories finding expression in the inquiry are teleology and deontology. They can be used in public institutions including municipalities, as they have the added advantage of complementing one another.

3.3. SYNTHESIS OF THE STAKEHOLDER THEORY

The researcher contends that most municipalities struggle to reconcile the interests of their multiple stakeholders in the age of a growing SE sector. The public sector has an essential role in a growing SE sector. Amongst others, this is because the public sector engages with all individuals, whether they are business people, members of the public or government employees (Berger *et al.*, 2020; Gori *et al.*, 2015).

Furthermore, the public sector has the responsibility of creating and maintaining an enabling environment for both communities and businesses to thrive. Municipalities have emerged as centres of activity and as primary actors in the discourse on the essence and structure of the growing SE sector and SAI (Vith *et al.*, 2019; Kornberger *et al.*, 2018). The SAI, as discussed in Chapter 2, presents municipalities with requirements, which frequently challenge their ethics and moral judgements.

Municipalities are playing an increasingly essential role in managing and governing the sharing economy, which is vital for urban planning and growth. Within this context, municipalities face ethical challenges in executing their mandate due to the tendency that the interests of the SAI often compete with those of other stakeholders (Etter *et al.*, 2019; Palm *et al.*, 2019). The stakeholders, whose interests are often difficult to reconcile, include amongst others, market incumbents such as hotels and BnBs, local communities, and new entrants in the co-living and apartment hotel spaces.

Amongst others, participants in the SAI frequently flout existing rules and regulations, resulting in negative economic, social and environmental effects. In consequence, municipalities are forced to be circumspect in their approaches to governing enterprises participating in the industry. However, most municipalities lack the necessary expertise and understanding to successfully manage the SAI while ensuring that other stakeholders are not disadvantaged. In most cases, the stakeholder with the most power and influence over municipal activities receives more support at the expense of others.

In consequence, the researcher found the stakeholder theory to be practical and useful to inform and guide the study. As a versatile management approach, the stakeholder theory provided the researcher with the necessary perspectives to explore the study topic because all organisations whether in the public or private sector have stakeholders to manage (Phillips *et al.*, 2019; Freeman, 2016; Harrison *et al.*, 2015). The theory has the added advantage that it is frequently used to guide researchers and managers on the interpretation of the relationships between companies and their stakeholders, as well as on the performance outcomes of those relationships.

In addition, the policy dimensions assumed by the three selected cities with relevant lessons for the study are also aligned with the stakeholder theory approach. In particular, the evidence of the three cities' practices in managing the SE and SAI is aligned with the stakeholder conception of government as the focal organisation and as a non-stakeholder of business.

Furthermore, a challenging aspect of managing the SAI is that there are no distinct stakeholder groups. This is because market incumbents in the industry are major role players, with bigger "voices", which also include municipalities. As newcomers in the SAI, most SAEs especially in the co-living and apartment hotels and private homeowners, get treated differently by most municipalities. According to Palm *et al.* (2019), this is important because the framing and the attitude of municipalities determine the level of acceptance or rejection of the SAEs in many cities. The framing of the SAI is largely determined by the economic, social and environmental objectives of the respective municipalities, and the attitudes of the officials (Davidson & Infranca, 2016). As a result, a second theory on municipal decision-making processes was required to build the theoretical foundation for the study, employing the concepts of ethics and ethical governance.

3.4. SYNTHESIS OF THE ETHICS THEORY

The additional ethics theories of teleology and deontology are utilised in the study to guide the research. Specifically, these ethics theories served as interpretive measures. They provide a platform for the researcher to examine municipal decision-making processes in the study.

While the stakeholder theory provides the researcher with measures to determine and delineate the multiple stakeholders in a municipality with the SAI, the ethics theory provides the researcher theoretical base on which municipalities can base their decisions in managing the ethical dilemmas of governing the SAI with objectivity. In consequence, the teleological theories of consequentialism, utilitarianism and deontology were found to be relevant to guide the study. This is in light of the objective of the study, of examining how municipalities deal with the SAI's ethical dilemmas in the face of competing multi-stakeholder interests.

3.5. CHAPTER CONCLUSION

In Chapter 3, the stakeholder and ethics theories were discussed. The purpose of the discussion was to lay a theoretical foundation to understand the competing interests of the multiple stakeholders within the cities of CoCT and eThekweni municipalities and the management of resulting SAI ethical dilemmas.

In the chapter, the researcher presented the theoretical foundation of the study and the rationale for selecting the stakeholder and ethics theories. The stakeholder theory and the ethics theories came up as substantive approaches to strategic management. In consequence, the two theories were purposefully selected to guide the research and the evaluation of the discoveries from the two municipalities.

Amongst others, the stakeholder theory was selected because it emphasises that all stakeholder interests should be considered and that their well-being should be accounted for equally. The stakeholder theory was discussed from three perspectives, including the managerial conception, as well as the ethical conception of government as the focal organisation.

The chapter also discussed the ethics theory to anchor the discovery and interpretation of the decision-making practices within the two case study municipalities, particularly in the face of dealing with the ethical dilemmas of the SAI. The ethics theory was discussed with a focus on the teleological theories of consequentialism, utilitarianism and deontology. Using these theories, it was possible to determine whether the teleological principle of 'the greatest good for the greatest number of people' (Baumane-Vitolina *et al.*, 2016) or the deontological principles of rules (Benlahcene *et al.*, 2018) inform the framing of policy and action of the cities of Cape Town and eThekweni municipalities in managing the growth of the SAI and the ensuing ethical dilemmas. The researcher opted not to use the virtue ethics theory, as it may prove to be difficult to apply in public institutions like municipalities. The research design and methodology used to conduct the study are examined in the next chapter.

CHAPTER 4: RESEARCH METHODOLOGY

4.1. INTRODUCTION

This chapter's goal is to present and discuss the research methods and strategies employed to carry out the inquiry. The chapter examines the assumed philosophical approach or paradigm, and the literature that has informed the researcher's selection of the study design, including the specific techniques for collecting data and responding to the research questions and objectives. The chapter describes the sample and sampling methodologies utilised, as well as a summary of the information necessary to conduct the inquiry. The study's ethical considerations, with a particular emphasis on the critical issues of trustworthiness are also discussed. To conclude the chapter, a summary of the key components of the assumed research methods and procedures is offered at the end.

The study assumes an interpretivist paradigm, which posits that facts are social creations of humans who understand the universe through interpretative activity rather than objective examination (Creswell & Poth, 2016). The interpretivist paradigm advances the notion that the truth varies and is dependent on various factors amongst which is the context in which it is viewed and the social factors such as values and norms.

The researcher opted to use the interpretivist paradigm to guide the inquiry because it is suited to investigate and explore the study topic. There were many unknowns about the SAI and the multiple stakeholders within the cities of Cape Town and eThekweni municipalities, and the ethical challenges confronting them. Aligned with this question, the other unknown was how both municipalities were managing the ethical dilemmas in the face of the interests of other stakeholders. The researcher could only draw lessons from the three global cities of Barcelona, Seoul and San Francisco concerning how the two case studies could handle these ethical challenges. The interpretivist way of looking at things and conducting research allowed the researcher to fully explore and investigate the practices within the two municipalities. In terms of methodology, the researcher opted to use the qualitative method of inquiry.

4.2. RATIONALE FOR QUALITATIVE RESEARCH APPROACH

The study used the qualitative method of inquiry, which entails gathering and analysing non-numerical data such as text, video or audio, to help in the comprehension of people's ideas, views or experiences (Bell *et al.*, 2018). The goal of qualitative research is to investigate social situations or interactions by allowing the researcher to join the world of their participants to gain insights from their lived experiences.

The qualitative approach's general goal is to concentrate on extracting and comprehending the meaning of experience, with an emphasis on discovery and description (Denzin & Lincoln, 2021; Creswell & Poth, 2016). These objectives differ from those of quantitative research, which often seeks to test hypotheses, establish facts, and identify and detect relationships between variables (Baxter & Jack, 2020; Bell *et al.*, 2018). Consequently, the researcher contends that purely quantitative approaches would be unlikely to generate the rich data required to meet the research objectives of the study.

The researcher believes that the key assumptions and critical characteristics that define what it means to proceed qualitatively correspond well with this investigation. As per Baxter and Jack (2020), some of these features include (a) comprehending the mechanisms that allow events and actions to occur, (b) establishing contextual understanding, (c) encouraging involvement between researchers and participants, (d) adopting an interpretive approach, and (e) maintaining design flexibility. A qualitative philosophy requires a novel method of knowledge acquisition and is predicated on the notion that the researcher and the participants are intertwined. It is also predicated on the idea that the nature of meaning is relative rather than absolute (Creswell & Poth, 2016), that phenomena are context-dependent, and that the process of knowing is inductive, constructive and qualitative (Denzin & Lincoln, 2021).

The study topic called for an in-depth and engaging method of inquiry to enable the discovery and understanding of how the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas of governing the SAI in the face of the competing interests of their multiple stakeholders. The researcher believed that the

qualitative method of inquiry was suited to assist in finding the answers to these questions and study objectives.

4.3. RESEARCH DESIGN AND RATIONALE FOR CASE STUDY METHOD

Within the qualitative method of inquiry, the researcher found the case study design to be suited for the inquiry. For a variety of reasons, researchers can choose from a selection of definitions and types of case study approaches, which can be single or multiple.

Case study research, according to Creswell and Creswell (2017), is a method that is used to develop an in-depth, multi-faceted comprehension of a difficult subject in its real-life setting. A case study is typically an in-depth examination of a person, a group of people, or a unit to generalise across several units (Baxter & Jack, 2020; Gustafsson, 2017). The focus of a case study is on a specific unit or unit of analysis. The information in case studies is obtained from a variety of sources including interviews, observations, documents, reports and audio-visual material (Braun & Clarke, 2021; Bell *et al.*, 2018).

Yin (2017) suggests that case studies are useful to deal with inquiries asking the questions of "how" and "why"? Bell *et al.* (2018) corroborate that case studies are useful in studies involving researchers with less control over the events, and a current phenomenon in a real-life environment. Additionally, Yin (2017) posits that the distinctive need for case studies arises out of the desire to understand complex social phenomena. This is due to the notion that case study design enables researchers to preserve the comprehensive and important aspects of real-life experiences, like the managerial and organisational procedures (Baxter & Jack, 2020) which are in focus in the study.

Following Baxter and Jack (2020) there are two basic approaches to case study research. One is by Robert Stake (1995) while the other one is by Robert Yin (2006). Both proposals aim to make sure that the topic of interest is properly explored and that the true nature of the phenomenon is revealed, but their techniques are vastly different. Yin (2017) identified four distinct attributes of case studies. The first attribute is that case study research entails investigating and describing one or more cases in depth. In context, when there is more than one case in an investigation, a

multiple case study is required. A multiple or collective case study allows the researcher to evaluate and compare each instance separately (Baxter & Jack, 2020). Various situations are examined in a multiple case study, to understand the similarities and differences between them.

Stake (1995) as cited in Baxter and Jack (2020), describes case studies by using the terms intrinsic, instrumental and collective. The intrinsic case study method is used in situations where the researcher is interested in a unique circumstance. This usually signifies that the researcher is passionate about the phenomenon and is cognisant that the results are limited in their applicability. However, if the goal is to obtain insight and understanding of a specific circumstance or occurrence, Stake (1995) introduced the instrumental case study. Furthermore, Stake (1995) uses the phrase collective case study when more than one case is being investigated (Baxter & Jack, 2020).

The researcher deemed the study to be suited to an instrumental multiple case study design, focusing on the organisational and managerial processes of the CoCT and eThekweni municipalities. The case study is instrumental due to the need to understand how the CoCT and eThekweni municipalities manage the ethical dilemmas of governing the SAI in the face of the competing interests of multiple stakeholders. Furthermore, the study is also unique, considering the novelty of the SE and SAI, particularly in developing countries. As discussed in Chapter 2, knowledge is scarce on the management of the ethical dilemmas associated with the novel SE and SAI in many developing countries. The majority of existing knowledge was gathered from studies conducted in developed countries including the USA and the Eurozone.

The distinguishing feature of case studies suggested by Yin (2017) is the main reason that the researcher selected the case study design for the inquiry. The researcher deemed it an appropriate strategy that also required the researcher to get closer to the relevant people within the two municipalities. The idea was to ensure that the key people, both in the political and administrative functions, were engaged to learn about their management approaches and governance mechanisms.

Aside from identifying the target case(s) and the sort of case study method to use, the researcher had to decide on whether a single case study or a multiple case study

would be suited for the phenomenon. Additionally, there was also the consideration of the context of the inquiry (Merriam & Grenier, 2019; Gustafsson, 2017). A multiple case study is required when a study contains more than one single case. The distinction between a single case study and a multiple case study is that the latter involves the researcher examining many examples to determine the differences and similarities among the cases (Halkias *et al.*, 2022; Baxter & Jack, 2020). Another contrast is that the researcher can analyse data both inside and across various circumstances (Yin, 2014).

As with other research methodologies, there are limitations to case studies. Bell *et al.* (2018) posit that a typical criticism levelled at case studies is that they provide little foundation for scientific generalisation. However, Yin (2017) countered the criticism by stating that 'case studies are generalisable to theoretical propositions and not to populations or universes'. Consequently, Yin (2017) argues that in conducting a case study, researchers have the objective of contributing to theories, which allows analytical generalisation instead of statistical generalisation (enumerating frequencies). As Gustafsson (2017) posits, case study settings are rarely comparable, and as a result, the knowledge gained in case studies is frequently incomparable.

Additionally, there are the limitations of time and costs in opting for especially multiple case studies (Baxter & Jack, 2020; Gustafsson, 2017; Myers, 2017). This is because more time is needed with the case study method, as the researcher is focused on investigating a phenomenon of social units, which may be complex. Using established networks, careful planning and scheduling, especially for the interviews, the researcher was able to manage the challenges. The researcher was guided by the established time prescriptions to ensure that the correct procedures and protocols were followed to complete the data collection timeously.

In terms of the other challenges of case studies, Baxter and Jack (2020) include (i) the challenge of gaining access to the identified organisation or individuals. The researcher used established networks within and outside the cities of Cape Town and eThekweni municipalities to gain access to the relevant people for the interviews and to collect secondary data. The researcher submitted formal applications for permission to conduct the research within both municipalities. Permission to conduct

the research was granted after a protracted process, particularly with the CoCT, which delayed the gathering of data.

Furthermore, the researcher was also able to secure relevant policies, by-laws and strategic documents from the research interviewees. Other information was obtained from both municipalities' electronic platforms, mainly their internet websites. The exception was with policies and by-laws to govern the SE and SAI, which were in the development stage in both municipalities. Once permission was granted, the researcher faced the challenge of gaining access to the identified participants.

To deal with the possibility of not gaining access to the identified participants, the researcher relied on referrals from those who were engaged in the interviews. This strategy worked well in eThekweni Municipality, where it was easier to gain access to relevant municipal officials as compared to the CoCT. However, by using the established networks, the researcher was able to engage relevant stakeholders outside of both municipalities, including agencies working within their formal structures. They include amongst others, destination marketing agencies, chambers of commerce and industry, community organisations, hoteliers, apartment hotels and co-living facilities, BnBs and guesthouses. The researcher adopted the simple strategy of keeping focus on the issues that mattered within the study to avoid data paralysis, especially during the data collection and analysis stages. The researcher stayed focused on engaging relevant individuals and finding replacements as needed, all the while ensuring that data was recorded and filed on multiple devices.

4.4. SAMPLING

In qualitative research, there are many different sampling strategies available to researchers. Miles and Huberman (2014) posit that sampling in qualitative research is most often driven by purpose and can follow a different logic. Fusch and Ness (2015) attest that: 'a tight design characterised by concrete projects, narrow and restricted questions, structured selection procedures, a limited degree of openness, often by inexperienced researchers, will have a more structured sampling approach to summarise and compare interviews or observations. Conversely, a loose design characterised by less defined concepts, few fixed methodological procedures, new fields of study, and under-developed constructs and concepts, often conducted by

experienced researchers, will have a more open, less structured sampling approach to explore and construct theory around a topic.

In addition, Creswell and Creswell (2017), posit that in most cases, qualitative researchers do not generalise their findings to a broader target audience. As a result, qualitative researchers rarely define a specific demographic to which their findings can be applied (Braun & Clarke, 2021). Instead, qualitative researchers delineate a “study population” by defining qualifying criteria for individuals or organisations, such as organisations, departments within organisations, work teams or branches which must match for their inclusion in a study (Saunders, Sim, Kingstone, Baker, Waterfield, Bartlam, Burroughs & Jinks, 2018). These criteria establish the sample universe, or the pool of people or entities from which examples for case studies can be properly sampled for inclusion in an investigation (Bell *et al.*, 2018).

Furthermore, qualitative researchers may employ inclusion criteria, exclusion criteria, or a combination of both to describe the pool of relevant instances for a study (Collis & Hussey, 2021; Creswell & Poth, 2016). As noted by Saunders *et al.* (2018), the inclusion criteria specify qualities that cases, whether they are entities or individuals, must have for them to be considered for inclusion in an inquiry. Exclusion criteria define characteristics that prohibit cases from participating in a study. A combination of the inclusion and exclusion criteria defines the sample universe from which the sample for the investigation can be drawn (Bell *et al.*, 2018), as was the case in the study.

4.4.1. Context and units of analysis of the study

The study took place within the local government sphere, with the CoCT and eThekweni municipalities as the target entities. The study topic is concerned with how municipalities manage the ethical dilemmas of governing the SAI amidst the competing interests of other stakeholders. The geographical setting was two municipalities in a developing country context. As stated in the opening chapter of the thesis, many studies undertaken to date have concentrated on cities and municipalities in developed countries such as in the Eurozone, the United States of America and the United Kingdom.

The researcher opted to focus the study on municipalities on the African continent,

as a developing region instead of including others in developing regions like Latin America and South East Asia. This was to allow for the study to contribute an African perspective to academic knowledge about the SE and SAI. According to the World Bank (2018), the development of the SE and SAI in the regions of Latin America in particular are at the same stage of development as in Africa, while the countries in South Asia have more cities with advanced SE sector and SAI.

In Africa, the focus of the study fell on South Africa, which is leading other countries in the growth of the SE and SAI (Airbnb, 2019; PriceWaterhouseCoopers, 2015). The leading municipalities in South Africa are the CoCT followed by eThekweni (Durban) and Johannesburg, which is mainly a business destination (Airbnb, 2019; South African Tourism, 2019). Before the COVID-19 pandemic, the CoCT in particular, led cities such as Nairobi and Marrakesh in terms of the Airbnb business (Airbnb, 2019). Additionally, both the CoCT and eThekweni (Durban) led other African cities in their contribution to the SE through other home-grown platform enterprises such as SafariNow and Travelstart (Airbnb, 2017; PriceWaterhouseCoopers, 2015). However, in recent times, other countries including Nigeria, Ghana, Morocco and Kenya have improved their growth (Airbnb, 2021). Post the COVID-19 pandemic, South Africa and the CoCT continue to lead Africa in terms of the SAI recovery and expansion (Airbnb, 2020).

Secondly, the CoCT pronounced its ambition to become the Silicon Valley of Africa (City of Cape Town Annual Report, 2020). The eThekweni Municipality's Integrated Development Plan (IDP) pronounced the municipality's ambition to become the leading regional Smart Port City Region (eThekweni Municipality Annual Report, 2020). Both municipalities (cities) play active roles in global initiatives to support their smart city ambitions. They are leading other African cities in their affiliation and participation in global sharing initiatives like the Sharing Cities Action Network (Sharing Cities Action Network, 2019) and the United Nation's Global Cities Compact (UNGCC). These organisations provide municipalities with networking opportunities and platforms to learn from other global cities to achieve their developmental and innovation ambitions.

Thirdly and in terms of governance of shared accommodation, the CoCT is leading other municipalities in South Africa, and Africa whilst eThekweni follows very closely

(Airbnb, 2019). This is largely due to their popularity in the business and leisure travel segments (Airbnb, 2017; PriceWaterhouseCoopers, 2015). Concerning the CoCT, it is the first South African city (municipal government) to introduce by-laws to regulate and govern SAI (short-term rentals). The CoCT first published its by-laws in October 2019 (City of Cape Town, October 2019). Furthermore, the CoCT was the first municipality in Africa to sign the City Collaboration Agreement with Airbnb. The agreement calls for Airbnb and the CoCT to work together to promote the benefits of people-to-people tourism for inhabitants. As a result, it enhances community-led tourism, particularly in the townships. The initiatives in turn support greater economic and social empowerment in the city (Airbnb, 2017).

Consequently, the researcher selected the CoCT and eThekweni municipalities as units of analysis for the study. According to Myers (2019), the unit of analysis is the entity or things that are the focus of an inquiry. In other words, they are the specific items, whether human beings, organisations or artefacts and things, whose characteristics are the subject of an inquiry and about which we gather data and eventually make conclusions and inferences (Bell *et al.*, 2018).

According to Fusch and Ness (2015), the unit of observation is the entity or the people who are interviewed or subjected to observation. These are the entities or individuals providing the data required about the unit(s) of analysis. The unit of observation for the study was the specific employees within both municipalities. The focus fell on the employees who deal with aspects related to the study topic. This included employees at various levels who are involved in policy development, by-law formulation and planning, especially in the IDPs. In addition, external participants within and outside the municipal structures were engaged, including business and community organisations. A summary of the research sampling design is included later in this chapter as Table 4.1.

4.4.2. Sampling methods

The sampling decisions in research are driven by the gaps in the data. Patton (2014) contends that the general principle is that sampling should always consider the balance between similarity and difference, with enough similarity to compare the sample differences to distinguish them. Patton (2014:266-273) has identified 40 different purposeful sampling strategies, from which the researcher identified three

strategies to use in the study. Firstly, it's the typical sampling strategy that involves selecting cases that are thought to be "typical", "normal" or "average". What constitutes typical, normal or average, according to Patton (2014), is susceptible to opinion and necessitates information about probable cases on important dimensions. The researcher considers the study as typical. Within the context of South Africa, the CoCT, eThekweni and Johannesburg have thriving accommodation-sharing industries (Airbnb, 2019). Despite these three cities' (municipalities) location in a developing region and country, they compete favourably with other global cities within the sharing economy, even post the COVID-19 pandemic (Airbnb, 2020; Sharing Cities Action Network, 2019).

The second sampling technique is the criterion technique, which led to the selection of the CoCT and eThekweni municipalities as the units of analysis. Criterion sampling, according to Patton (2014), includes selecting instances based on specified eligibility criteria. Criterion sampling overlaps with many other purposive sampling approaches because most include the selection of cases based on some or all eligibility criteria. Consequently, the features outlined under the typical sampling technique apply to the criterion technique as well.

The third strategy employed is snowballing sampling. Snowballing sampling is defined as sampling by referral by Collis and Hussey (2021). It is often used after data collection has begun and entails asking participants to recommend other people who may be eligible to be engaged in the inquiry (Rashid, Rashid, Warraich, Sabir & Waseem, 2019; Patton, 2014). The technique is also described as participant-driven sampling. The researcher used the snowballing technique to ensure that as many relevant CoCT and eThekweni municipality employees and external stakeholders were engaged in the inquiry. The technique was used mainly to engage participants who enhanced the inputs from the initial target participants, and also those who were not part of the official structures of the municipalities.

The fourth strategy is the opportunistic (emergent) sampling technique (Patton, 2014). The opportunistic sampling method entails adding additional cases to a study as circumstances change during the collection of data. The approach can also be used in response to fresh leads or possibilities discovered while out in the field (Collis & Hussey, 2021). The technique was included in part to ensure that much

relevant information was gathered to inform and enrich the study. The researcher used the emergent criterion to take advantage of unplanned and unknown participants whose insights enriched the inquiry.

As Miles, Huberman and Saldaña (2018) note, sampling is not only about the selection of targeted participants for research but is also about the selection of sites. Although sampling can take place at multiple levels, in qualitative studies, sampling often occurs at two or more levels (Denzin & Lincoln, 2021). As a result, when it comes to sample selection, qualitative researchers are directed by issues such as: who would be an information-rich source of data for the study, and who should be engaged through interviews or focus groups to be observed to optimise the comprehension of the phenomenon under inquiry; and the attributes and motivation to use them (Merriam & Grenier, 2019). The sampling for the study took place on the two levels of the organisation and the individual participant(s).

4.4.2.1. Sampling of organisations

A typical qualitative case study sampling, according to Bell *et al.* (2018), entails picking cases that are considered "typical," "normal," or "average." What constitutes typical, normal or average is subject to opinion and necessitates information about probable cases on important dimensions. Organisations can be classified as typical (average) based on their number of employees, years in operation, financial turnover, volume of inputs acquired or volume of outputs produced, for example (Patton, 2014:266-273).

The study used typical and criterion sampling strategies. The CoCT and eThekweni municipalities as units of analysis were selected as typical cases for the reasons outlined under Section 4.2.2. The actions and strategies of the two municipalities to date specifically on embracing smart city practices in the implementation of their mandates are all indications of their commitment to sharing.

The selection of the CoCT and eThekweni also fits in with the criterion sampling technique. This is because both municipalities fulfil various criteria including that of being the leading cities in Africa and South Africa in terms of (i) the growth of the shared accommodation industry and the broader sharing economy; and (ii) having IDPs driven by the objectives and concepts of smart cities, which embrace

technology-enabled living spaces. These smart city principles are part of the Design Living Principles and the Sustainable Development programmes of the United Nations (World Economic Forum, 2018; Salamat, 2016). As mentioned in Section 4.4.1., whilst the CoCT harbours ambitions of becoming the Silicon Valley of Africa, the eThekweni Municipality nurtures the ambition of becoming the most liveable smart port city in Africa.

4.4.2.2. *Sampling of individual participants*

In terms of selecting the participants engaged in the study, the researcher opted to use three purposeful sampling techniques. A summary of the overall sampling design is presented in Table 4.1.

Table 4.1: Summary of overall sampling design

Sampling of:	Organisations	Individual Participants
Main inclusion/exclusion criteria:	<ul style="list-style-type: none"> Leading municipalities in the growing shared accommodation industry Have shared accommodation governance measures in place Within a developing country context Have smart city ambitions and strategies in place 	<ul style="list-style-type: none"> Must be heads of identified departments with direct influence on the shared accommodation industry within the municipality Middle management responsible for the execution Must have strategic influence on policy (strategic leadership) Must participate in structures driving economic planning and development within the municipality area
Overall minimum target sample size	Two organisations, it is a multiple case study inquiry	<ul style="list-style-type: none"> Target participants in administrative roles within the municipalities CoCT had 3 senior management participants eThekweni had 5 senior management participants External stakeholders were 11 coming from the private and public sector and community organisations
Minimum target sample size per participating organisation	Two municipalities are involved in this multiple-case study inquiry	A total of 8 senior management from both municipalities were engaged and 12 external participants from both private, public and community organisations
Sampling method(s) used:	Purposeful sampling method and Typical and Criterion sampling strategies	Purposeful sampling method with Typical; Snowballing and Emergent/Opportunistic strategies

The first technique is the typical purposeful sampling method, which involves making a deliberate selection of employees and officials responsible for the areas of relevance in both municipalities. The researcher focused on senior and middle

management employees in the administrative functions of the municipalities. The functions include economic planning and development; town planning and renewal; inspectorate and enforcement; policy and legal services; and land use management. Additional participants were engaged from the agencies linked to the municipalities including destination management, trade and commerce.

The second strategy used in the study is the snowballing technique. The researcher asked the pre-identified participants for recommendations of other officials who could contribute to the study. The strategy worked well within the eThekweni Municipality and in securing participants from outside the official structures of both municipalities. Additionally, the researcher used the opportunistic technique to take advantage of new leads that emerged during the study. The strategy worked well with external stakeholders in the private sector and community organisations. The researcher believed that a combination of the three sampling techniques was useful, as the researcher was not familiar with the functional and staffing arrangements in both municipalities.

4.4.3. Sample size

When it comes to sampling for qualitative studies, Polit and Beck (2020) posit that there are no stipulated rules on the size of the sample that a researcher needs to use. As such, the typical sample of a qualitative study is small, unlike quantitative studies where minimum numbers are applicable (Merriam & Grenier, 2019; Myers, 2019). Consequently, to avoid perpetual sampling, qualitative researchers are guided by the principle of data saturation. Data saturation occurs when researchers continue to sample until no new insights are acquired, no new themes are recognised, and data redundancy is attained (Braun & Clarke, 2021; Fusch & Ness, 2015). Furthermore, according to Braun and Clarke (2021), data saturation occurs when (i) there is sufficient data to repeat the enquiry; (ii) no fresh and new information is retrieved; and (iii) further coding is no longer viable.

However, Dey (1999) as cited in Polit and Beck (2020), cautions researchers not to regard reaching saturation as implying a quality inquiry. He cautions against the practice of researchers closing down categories during the data analysis stages long before it is necessary. The approach adopted by the researcher was to examine and

be familiarised with the data from the study and to allow new elements to emerge from the data (Creswell & Creswell, 2017).

To conduct the study, three stakeholder groupings constituted the sample universe for the study and they are as follows:

- (i) The municipality employees occupied senior management positions with functions that were relevant to the study. The focus functions include economic planning and development; town planning and urban renewal; inspectorate and enforcement; policy and legal services; and land use management. The researcher worked with the officials responsible for processing research applications within the two municipalities to compile a list of relevant employees who were engaged in the study.
- (ii) External stakeholders came from the private sector, mainly hotels, BnBs and guesthouses, destination marketing agencies and community organisations.
- (iii) The researcher also included role players in the emerging SAI segment of co-living, and apartment hotels, who are both operators and investors/venture capitalists.

The list of the research participants includes national stakeholders from agencies that work with municipalities and are also role players in the shared accommodation industry; or in the travel and tourism sector. This includes industry organisations in the hospitality industry, destination marketing organisations and those regarding themselves as active participants in the STRs, which form part of the SAI. This includes amongst others, Airbnb, the Tourism Grading Council of South Africa (TGCSA), the Federated Hospitality Association of South Africa (Fedhasa), the National Accommodation Association (NAA-SA) and the South African Local Government Association (SALGA).

The profile of the research participants in terms of key aspects including their racial classification, the municipality in which they reside and operate and their positions/roles is summarised in Table 4.2, using pseudonyms, instead of their real names to protect their identities.

Table 4.2. Profile of the research participants

Participant	Gender	Race	Business Area	Municipal Area
1. Angus	Male	White	Hotel General Manager	Cape Town
2. Mashudu	Male	African	Municipal Employee	eThekwini
3. Gugu	Female	African	Municipal Employee	eThekwini
4. Andrew	Male	White	Municipal Employee	Cape Town
5. Sammy	Female	White	Hotel General Manager	eThekwini
6. Mahlatse	Male	African	Apartment Hotel General Manager	Cape Town
7. Farouk	Male	Coloured	Government Agency Leader	Cape Town
8. Johan	Male	White	Business Organisation Leader	Cape Town
9. Nomika	Female	Indian	Municipal Employee	eThekwini
10. Maria	Female	Indian	BnB Owner and Community Leader	eThekwini
11. Munroe	Male	White	Co-living Space Owner	Cape Town
12. Jefferson	Male	White	Hospitality Consulting Leader	Cape Town
13. Mxolisi	Male	African	Government Agency Leader	eThekwini
14. Frederich	Male	White	Boutique Hotel Owner	Cape Town
15. Ndabezitha	Male	African	Government Agency Leader	eThekwini
16. Rose	Female	White	BnB Owner and Industry Leader	National
17. Nelly	Female	African	Government Agency Leader	National
18. Peter	Male	White	Guesthouse Owner	eThekwini
19. Marius	Male	White	Municipal Employee	Cape Town

4.5. DATA COLLECTION

The data collection stage is the most important phase of any research. Collis and Hussey (2021) distinguish between primary and secondary data. Primary data, which is also called original data, is data that is collected from participants, while secondary data is data that already exists in the form of books, academic papers, and other documents that are available in libraries and other storage spaces (Creswell & Creswell, 2017). To gain a comprehensive picture of the phenomenon under investigation, several approaches in data collection and triangulation are essential. The triangulation technique gives the research more rigour, breadth and depth, as well as provides evidence to back up the findings (Denzin & Lincoln, 2021; Creswell & Creswell, 2016). In the current study, data was sourced using primary and secondary data collection techniques.

4.5.1. Collecting primary data

The study's data was mostly gathered through the use of qualitative interviews. A qualitative interview is in essence a "conversation with a purpose" in which the interviewer attempts to elicit the participants' thoughts, viewpoints, feelings or experiences regarding the specific topic or phenomenon under examination (Creswell & Creswell, 2017).

The interviews were used to engage the identified participants within and outside the CoCT and eThekweni municipalities as the units of analysis. Three types of interview questionnaires were used based on the three participant categories: (i) municipal employees, (ii) external participants including hoteliers, BnBs, business organisations, destination marketing and community organisations; and (iii) business and public organisations with a national footprint. Although the basic questions were the same, slight variations were permitted on the questionnaire based on the three participant categories.

Given the COVID-19 pandemic, most of the interviews were conducted using the virtual platforms of Microsoft Teams, Google Meets and Zoom. The use of the virtual platforms proved to be cost-effective, considering the seniority of the target participants. The researcher discovered that it was easier to secure meetings with the identified participants using virtual platforms instead of face-to-face interactions. The main reason was that the participants found it easier to switch between their numerous tasks and meeting schedules while still allowing the researcher to interview them.

The interviews were conducted over a period of three months between the months of June and August 2022. The duration of the interviews varied between 45 minutes to 90 minutes, with the transcribed notes ranging between 12 and 24 pages. Even though the interviews were conducted virtually, the importance of maintaining professionalism remained during the interviews. This was the case particularly where the researcher was familiar with the participants, to avoid compromising the integrity of the inquiry.

4.5.1.1. *The interview techniques*

The interview methodology was chosen as the major data-gathering strategy by the researcher. This is because the interview technique offered the researcher the following opportunities: (a) to explore the realities of how the two municipalities manage the ethical dilemmas of governing the SAI, amidst the competing interests of other stakeholders; (b) to obtain in-depth information from the participants as opposed to the broad and general data obtained from surveys; (c) to explore the complexity of the study topic; (d) to capture explanations and arguments from the participants succinctly; and (e) to collect information that may not be available in company records and capturing the nuances that may be missed through the use of questionnaires (Collis & Hussey, 2021; Bell *et al.*, 2018).

The semi-structured interview technique was used to engage the participants in the inquiry. Semi-structured interviews were chosen by the researcher because they are ideal for allowing participants to fully express their lived experiences. Semi-structured interviews are preferred as compared to using a structured interview format, where responses are often restricted (Creswell & Creswell, 2017). The researcher understood that for the study to be successful in responding to the research questions, dialogue was needed with the participants. By permitting dialogue, the participants had the chance to have informal conversations and discussions with the researcher. As a result, the researcher was able to discover pertinent information and relevant nuances relating to the study topic.

To mitigate the limitations of interviews, the researcher used information gathered from secondary materials and observations to supplement the data. In the study, 19 research participants were interviewed including eight employees from both municipalities. From the business and community organisations at the local and national level, 12 participants were interviewed with one opting to make written submissions based on the questionnaire.

4.5.1.2. *Collecting data from secondary sources*

To supplement the data collected from participants' interviews, secondary data including annual reports, IDPs, research reports, media releases and policies and by-laws, were sourced from both municipalities. Additional data in the form of

industry research reports and government policy on the SE and SAI was sourced from various national and provincial organisations including Airbnb, TGCSA, South African Tourism, Western Cape Economic Growth Agency (Wesgro), Durban Tourism and the National Tourism Department.

4.5.2. Data capturing and recording

Since case studies with the combined data collection techniques of semi-structured interviews tend to generate volumes of data (Collis & Hussey, 2021), the researcher used a mixture of tools to manage the capturing and recording of the data. The researcher used the built-in facilities of MS Teams, Google Meets and Zoom virtual platforms to conduct both audio and video recordings of the interviews. An additional online software called Otter was used for recording the interviews and for transcription purposes. As a backup, the researcher used mobile phones for the audio recording of the interviews. The recording of the interviews was supplemented through note-taking and memo writing to ensure that the salient aspects of the interviews were captured (Creswell & Creswell, 2017; Thomas, 2017).

As part of the research protocols, the researcher ensured that the recording of the interviews was done with the consent of the participants. This was done through a letter of consent that was sent to all of the participants before the interviews. The researcher ensured that the participant's consent was secured even at the point of conducting the actual interview. No participant did not consent to the use of the recording device(s).

4.6. DATA ANALYSIS

Data analysis is described as a process of "examining, categorising, tabulating, testing or recombining both quantitative and qualitative evidence to address the initial propositions of a study" (Yin, 2014). According to Miles *et al.* (2018) the qualitative data analysis methodology refers to the process of organising and analysing descriptive data obtained through interviews, surveys, observations, documents and audiovisual material. The approach seeks to investigate the context and discover patterns and meaning in case study data, as well as to develop insights and themes. The techniques used in qualitative analysis include coding, thematic

analysis, content analysis, and narrative analysis. Researchers use qualitative analysis to comprehend your case study subjects' opinions, experiences, and tales, as well as to highlight their uniqueness and diversity.

4.6.1. How data was analysed in the study

Following Collis and Hussey (2021), the analysis of data in the study commenced immediately during the transcription process of the interviews. The most well-known and often utilised qualitative data analysis method is theme generation and coding, in which text is utilised for research analysis. In the current study, the systematic process of interpretation began with the initial transcription of the audio recordings of the interviews. The Otter AI facility was used for transcription during the data collection process. The reason for transcription during the data collection stage is to revise the interview guide for subsequent interviews. The first transcriptions of the interviews were then cross-checked with memos and observation notes made by the researcher during the interview phases. The purpose of cross-checking the transcribed interviews with field notes was to determine whether any details were missed during transcribing and also to ensure accuracy.

Following the feedback, the transcribed interview data was coded and concepts were produced. These produced concepts were then merged to form categories. The categories and the interpretations of the interviews were triangulated using memos, observation notes, and documents obtained from the two municipalities and organisations such as Airbnb and TGCSA. The researcher adopted the common ways of coding recommended by other qualitative researchers (Myers, 2019; Rashid et al., 2019; Yin, 2018). The adopted procedure involves following a four-step approach for interpreting the research material, viz: preparation, exploration, specification, and integration. The four-step technique provided a more organised and systematic method of interpretation, which proved useful in the presentation of research data.

The first step which can be referred to as the preparation stage is concerned with the researcher's familiarisation with the data. In the process, the obtained data was meticulously organised and categorised, and an interpretation framework was constructed. This procedure is also known as "playing with the data" (Yin, 1994). Reading interview transcriptions, reviewing field notes, organising and reading

documents, and referring back to the literature review were all part of this process. The interviews were conducted in a way that the data flowed loosely in the order of the primary and secondary research questions.

Secondly, and once the individual interviews were transcribed and the responses to both sets of research questions were extracted, they were carefully organised into three data summary tables. This was done for each one of the three groups of research participants except the national stakeholder participants. For the two municipalities, three data summary tables were developed to capture the key responses of the research participants on the primary research questions. A second set of data summary tables were developed to summarise the participants' responses to three secondary research questions, which complemented the primary research questions. These data tables recorded responses to the secondary questions focussed on the following aspects: (i) participants' understanding of the SAI; (ii) the SAI participants and the industry's value and benefits; and (iii) participants' suggestions for managing the SAI.

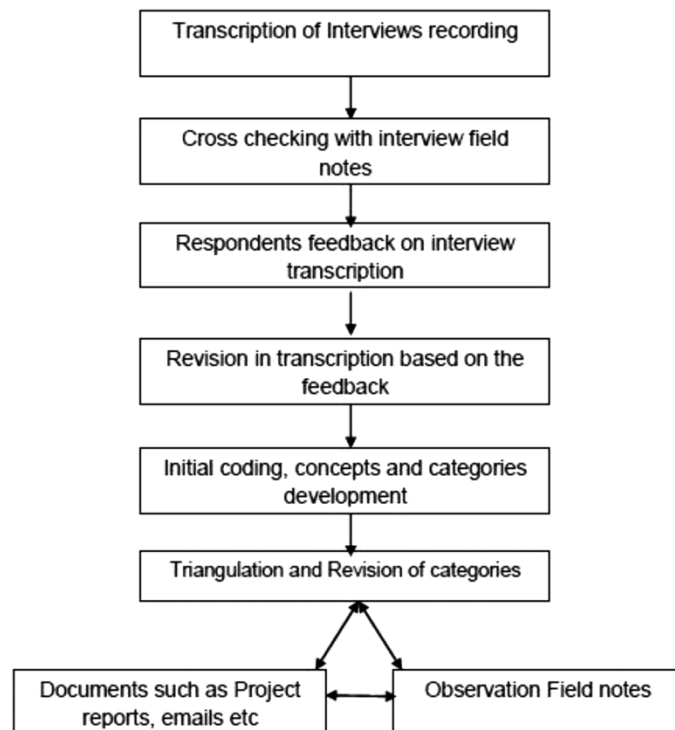
The responses to the key primary research questions and the secondary questions were combined to produce aggregated (combined) data summary tables for each municipality. These data summary tables combined the responses of the three research participant categories National, the CoCT and eThekweni. This was done to get a clear sense and view of the responses from the various participants. A third data summary table was developed to capture the key recommendations that were made by the research participants about the study topic.

Finally, a consolidated data summary table with the key responses to the primary and secondary questions including their recommendations was developed for each municipality. These combined data summary tables separated the responses from the municipal employees and the external participants. This was done to record the different viewpoints of the municipality employees and the external participants, which was glaring in several areas. An aggregated data summary table was developed with the consolidated responses from municipal employees and external participants.

A separate consolidated data summary table was developed to capture the viewpoints of the research participants with a national footprint and their

recommendations. The study's process of analysing the research data is illustrated in Figure 4.1.

Figure 4.1. An illustration of the data analysis process



Source: Rashid, Y., Rashid, A., Warraich, M. A., Sabir, S. S., & Waseem, A. (2019). Case Study Method: A Step-by-Step Guide for Business Researchers

The researcher had a focused approach to the interpretations of the data by organising the data using the three consolidated data summary tables. It prevented the researcher from deviating from the research questions during the text interpretation. It is the researcher's responsibility to sift through the raw empirical information to determine what is significant and put it into a simplified format that can be understood in the context of the research questions. In consequence, the data summary tables also served as a screening strategy, focusing on only that portion of the text that was relevant to the research questions.

The second step in the interpretation process is concerned with the exploration of the data where initial codes and concepts are finalised. Several essential codes from all of the created codes were turned into concepts based on differences and similarities. In addition, during this phase, the less significant codes were merged with the crucial codes. In the third step, the specification process takes place, where the purpose of interpretation is intended to find relationships between concepts and

create categories comprised of diverse concepts. Patterns were carefully examined, and categories were constructed based on these patterns and an awareness of the literature. This was followed by the phase of integration, which involved comparing empirical material interpretation from the two case study municipalities to uncover cross-case patterns.

Even though there were vast areas of convergence in the data for both municipalities, as supplemented by the national responses, there were few areas of difference. The researcher believed that these needed to be recorded. This is because the two municipalities are at different levels of understanding and managing the SE and the SAI. This viewpoint is supported by the research findings as presented in Chapter 5.

4.7. TRUSTWORTHINESS

Trustworthiness in qualitative research ensures the credibility of social science research by assuring the accuracy and inclusiveness of data, as well as the truthfulness of claims arising from the analysis (Bell *et al.*, 2018; Berger, 2015). Similar to other qualitative research methods, case studies have been criticised for the lack of scientific rigour to provide the premise for generalising the research findings to a wider population (Baxter & Jack, 2020; Yin, 2017). Most critical is the criticism that the researcher's subjective feelings may influence the case study due to researcher bias. According to Denzin and Lincoln (2021), the main reason is that qualitative research like case studies is often evaluated and judged based on the positivist notion of validity and reliability, instead of the alternative qualitative measures of trustworthiness.

While qualitative researchers generally agree that it is critical to conduct rigorous and quality research that yields reliable results, there is considerable disagreement about the specific techniques and guidelines to be used to evaluate and ensure the rigour of qualitative inquiries (Morse, 2015). By definition, qualitative research and social phenomena cannot be repeated as the real world evolves. Since each interpretation is unique, duplication is also impossible. The debate about reliability and generalisability is moot because qualitative research is unique. Internal validity

(Merriam & Grenier, 2019) or "authenticity" is the key issue in any qualitative research. To put it another way, "how congruent are one's findings with reality?"

Lincoln and Guba (1985) contend that dependability, credibility, transferability, and conformability can improve qualitative empirical material interpretations. Furthermore, Merriam and Grenier (2019) posit that in qualitative research, reliability can be characterised as dependability and consistency and that the outcome is sensible when they are dependable and consistent. In consequence, the study adopted the four criteria of trustworthiness suggested by Lincoln and Guba (1985), credibility, transferability, dependability and confirmability (Myers, 2019; Saunders *et al.*, 2018).

4.7.1. Credibility

Collis and Hussey (2021) describe credibility as the yardstick for assessing the veracity or truthfulness of qualitative inquiries. A qualitative inquiry is deemed to be truthful when its findings are conferred with adequate contextual account and are discernible to those who have similar encounters and care for or treat them (Bell *et al.*, 2018; Berger, 2015).

Amongst the techniques used in the study was research reflexivity. According to Berger (2015), research reflexivity requires a researcher to be aware of and recognise how their background, training, personal experiences and views may influence the research process and, in particular, the interpretation of findings. Since the researcher was familiar with most of the research participants, care was taken to ensure that the participants were not influenced in their responses. The exception was in a situation where clarification of the terminologies of the SE and SAI was required, considering the novelty of the industry to many people.

Additionally, clarification was required often due to the varying terminologies used in various countries, with most people familiar with short-term rentals. In South Africa, the common terminologies used for the SAI include vacation rentals and short-term rentals, which disregard the nuances within the industry. This can lead to confusion as the researcher discovered while conducting the study. There is also the fact that the researcher comes from the hospitality sector, which has a particular understanding of the SAI, which often disregards the other manifestations of the SAI

including timeshare, co-living and apartment hotels. The study was an opportunity for the researcher to learn about the various manifestations of platform-enabled SAI, which is in its infancy in the country and many developing countries.

The reflexivity requirement was also achieved through the triangulation of the data using secondary data from both municipalities and Airbnb. The secondary data from both municipalities include policy documents, by-laws they use in enforcement and compliance monitoring, media releases and IDPs. As required in qualitative studies, credibility was also ensured through the added provision of substantive elucidations of the interpretation process. This was accomplished by using exact references from the data collected from research participants to demonstrate and aid the interpretation (Merriam & Grenier, 2019). All of these measures provided the depth and richness of data that qualitative research requires. This is necessary because when portions of data and explanations are inconsistent, the veracity of an investigation is always called into question (Miles *et al.*, 2018), which the researcher wanted to avoid.

4.7.2. Transferability

Transferability is the second consideration to assess trustworthiness in qualitative inquiries. It is described and defined as the extent to which findings from an inquiry can be generalised (Creswell & Creswell, 2017; Morse, 2015). The criterion for assessing the external validity of findings from qualitative studies is applicability or transferability (Collis & Hussey, 2021). An inquiry is viewed to match the applicability criterion when its outcomes can be put into contexts outside the situation of the study and the findings of the study are meaningful and applicable to other situations and contexts (Braun & Clarke, 2021; Saunders *et al.*, 2018). By design, case studies have been criticised for lacking the premise to provide a scientific generalisation of their findings (Baxter & Jack, 2020; Saunders *et al.*, 2018). However, case studies are generalisable to theoretical propositions and not to populations or universes (Yin, 2017).

Within this context, the study may indeed have the challenge of its findings not being generalisable. However, the findings are generalisable to the theoretical propositions on the shared accommodation industry as the topic of the study. The major findings in terms of the ethical dilemmas confronting municipalities are congruent with the

findings in other cities and municipalities, including in developed countries. Secondly, the findings are generalisable in terms of the application of the stakeholder and ethics theories underpinning the study.

There is also the additional advantage that the study may contribute to the theory of the developing SE sector and SAI, instead of generalising to a population or a universe. The researcher believes that the study contributes knowledge to the theory of SAI, particularly on the subject of business ethics. The governance of the SAI, which is driven by evolving technology, in the face of managing the interests of other stakeholders, needs more research. This is particularly the case in developing countries where governments are lagging behind the technological innovations driving modern economies.

Furthermore, there is also the opportunity for the research findings to be used by the CoCT and eThekweni municipalities to develop customised SAI governance frameworks and models. Other municipalities in South Africa and other developing countries may also adopt the findings to use them to develop or strengthen their governance measures of the evolving industry and SE sector. According to Vith *et al.* 2019, municipalities' roles in managing and governing the sharing economy are becoming increasingly vital for urban planning and development. Municipalities around the world are feeling the local effects of platform enterprises and need new approaches to ensure liveable environments for all inhabitants while maintaining their sovereignty.

4.7.3. Dependability

Dependability, according to Collis and Hussey (2021), denotes how far research discoveries can be repeated within the same settings and with similar participants. The yardstick of dependability of research findings is another factor used to evaluate the quality and soundness of qualitative studies (Creswell & Creswell, 2017). However, it does not imply that similar outcomes can be achieved in different contexts. It means that with similar data, research conducted by others could discover the same patterns and themes.

Since this is a case study inquiry, the researcher has documented a full description of the processes followed in conducting the inquiry including the questionnaires used

in the interviews. This will assist in case other researchers wish to conduct a similar study, and the verification of the theoretical findings will ensure that conclusions can be traced back to the data. However, the uniqueness of the study and the possibility of circumstances changing within the two municipalities could prevent its replication.

There are other measures to ensure dependability that qualitative scholars can utilise, according to Creswell and Poth (2016). They include sustained involvement in the research field to allow researchers to build trusting relationships with the research participants. These measures allow the researcher to check suspicions, confirm interview data with observations and gain multiple perspectives. The researcher opted to prolong the data collection process, asking for referrals from the participants to check and confirm the expressed viewpoints within and outside the two municipalities. The second strategy involved the presentation of thick and rich descriptions to provide a detailed account of the settings, the participants and the data patterns, as seen in Chapter 5 of the research findings. This is a process that assists in creating a feeling of being 'present' for the readers and scholars who may be interested in repeating the study or gaining deeper insight into the phenomenon (Baxter & Jack, 2020; Yin, 2017).

4.7.4. Confirmability

Confirmability is an additional measure to ensure trustworthiness in qualitative studies. Confirmability is defined as the extent to which research findings can be supported by others having similar interests in the same topic (Myers, 2019; Bell *et al.*, 2018; Morse, 2015). In other words, it is the degree to which results are confirmed or corroborated by others.

To ensure confirmability, researchers are required to take steps to ensure that, to the greatest extent feasible, the findings of an inquiry are the results of the participant's experiences and ideas, rather than the researcher's biases, preferences, motivations and viewpoints (Saunders *et al.*, 2018; Berger, 2015; Morse, 2015). To attain confirmability, according to Collis and Hussey (2021), an inquiry must show that the findings and the data are connected. The inquiry used amongst others the techniques of researcher reflexivity and triangulation, using data from secondary sources including the two municipalities and organisations like Airbnb.

According to Merriam and Grenier (2019), there are other measures to enhance the confirmability of qualitative studies. These include using the actual words of the research participants in the findings as demonstrated in Chapter 5. Additionally, researchers can also explain the limitations of the methods used in the study and the challenges faced during the actual inquiry, which the researcher has articulated in Chapter 7 under Section 7.3.

4.8. CHAPTER CONCLUSION

This chapter presented a detailed description of the study's research methodology. The study assumed an interpretive paradigm and a qualitative multiple-case study methodology to explore and investigate the phenomenon. The phenomenon under investigation was to understand how the cities of Cape Town and eThekweni municipalities manage the shared accommodation industry's ethical dilemmas in the face of competing interests of other stakeholders.

The sample of the research participants consisted of purposefully selected people from within and outside the structures of the CoCT and eThekweni municipalities. Within the two municipalities, participants consisted of 8 employees occupying senior management positions in the administration of the affairs of the municipalities. The participants are responsible for the functions that are relevant to the study topic, including policy and by-law development and administration; economic planning and development; town planning and urban renewal. The external stakeholders (12) consisted of participants occupying senior management positions in hotels, BnBs, guesthouses, destination marketing and business and community organisations. The participants are directly and indirectly impacted by the growth of the SAI, and they operate within and outside the two municipalities.

The snowballing and opportunistic sampling techniques were used to ensure that stakeholders with the potential to enrich the study were engaged. The strategy was equally useful in securing the participation of stakeholders with a national footprint as well as within the provinces and municipal areas. The primary data collection methods of semi-structured interviews and observations were employed. The secondary data came from policy and by-law documents, IDPs and annual reports, media releases and electronic materials from both municipalities. Additional information came from external organisations including Airbnb and the TGCSA. After

transcribing the data and warehousing it, data analysis was conducted through (i) coding and themes; (ii) relational databases; and (iii) triangulation using secondary data. Ethical considerations and trustworthiness were accounted for through the strategies of researcher reflexivity, as well as credibility, transferability, dependability and confirmability. The findings of the inquiry are presented in the next section, which is Chapter 5.

CHAPTER 5: RESEARCH FINDINGS

5.1. INTRODUCTION

The purpose of the study was to investigate and explore how municipalities manage the ethical dilemmas arising from the competing interests of multiple stakeholders in governing the shared accommodation industry. The platform enterprises operating in the SAI have altered how people think about paying for a place to stay, whether for social housing, business or leisure purposes. Some of these changes have had mixed results, leaving municipalities to deal with ethical dilemmas from a management and governance perspective. The challenges emerge because municipalities are central actors, defining their role, the roles of other actors and the rules of the game in the governance of important policy matters (Vith *et al.*, 2019; Davidson & Infranca, 2016). Included amongst these challenges is the role of ethics in the choices and decisions municipalities make in executing their mandates to serve their stakeholders.

Firstly, the goal of the chapter is to present the research findings, which respond to the five primary research questions and objectives, which are as follows:

- a) What is the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the value or benefits derived by municipalities?
- b) What competing interests confront the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and enterprises; and why do they exist?
- c) What are the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises?
- d) What is the attitude (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and shared accommodation enterprises?
- e) How do the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas arising from the SAI and the competing interests of other stakeholders?

In presenting the findings to the research questions, the chapter provides information that responds to the objectives underpinning the study, which are as follows:

- (i) To uncover the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the value or benefits derived by municipalities.
- (ii) To use the stakeholder theory to determine the competing interests of multiple stakeholders confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and enterprises; and the reasons for their existence.
- (iii) To use the ethics theory to determine and identify the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and enterprises.
- (iv) To determine the attitudes (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and shared accommodation enterprises.
- (v) To use the ethics theory to determine the measures used by the cities of Cape Town and eThekweni municipalities to manage the ethical dilemmas and competing interests of their multiple stakeholders in governing the shared accommodation industry and shared accommodation enterprises.

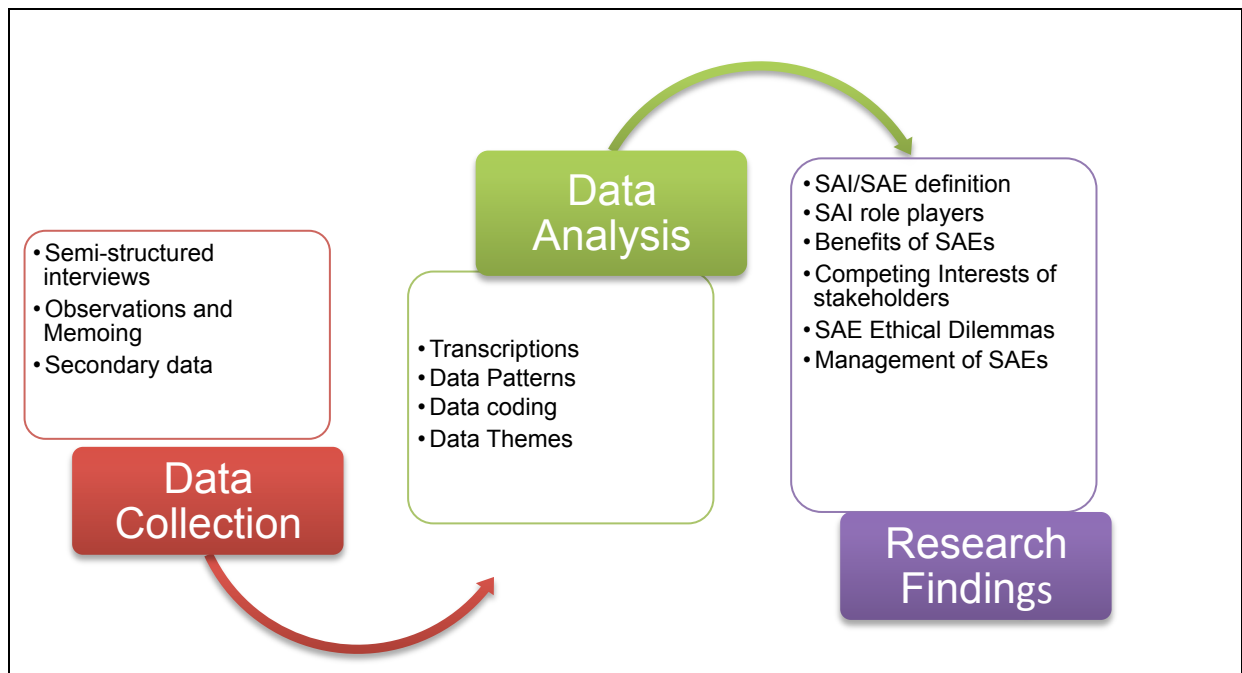
During the in-depth semi-structured interviews, the research participants shared their own experiences and perceptions in response to the research questions about the CoCT and eThekweni municipalities. In responding to the questions, the research participants also shed light on other aspects of the SAI, including the nature of the industry and its enterprises, the benefits they contribute to municipalities and the perceived challenges, which add to the ethical dilemmas confronting the municipalities.

5.1.1. How the research data was collected

The inquiry was conducted through a qualitative multiple case study method using the cities of Cape Town and eThekweni municipalities as units of analysis as indicated in Section 4.5.1. Semi-structured interviews and observations were the primary techniques for collecting the data from 20 research participants. Participants in the study were drawn from both municipalities, as well as from external private

and public sector organisations, and community organisations. Figure 5.1 is a graphical presentation of how the data was collected and analysed, leading to the research findings presented in this chapter.

Figure 5.1: The process for data collection, analysis and research findings



Source: Researcher's illustration of the process from data collection to findings

When it comes to capturing the interviews, the individual interviews were recorded using online platforms as indicated in Section 4.5.2. in chapter 4.

5.1.2. How the research data was analysed

The analysis of the research data began with the transcription of the individual Interviews and processed as indicated in Section 4.6.1. The codes that emerged from the process of aggregating the patterns in the data were utilised to create the six (6) themes. As a result, the conclusions presented in this chapter are based on the consolidation of the patterns and codes, which were summarised into six themes, as follows:

1. The definition and understanding of the shared accommodation industry and shared accommodation enterprises. This is concerned with the terminologies and understanding of the nature of the SAI and SAEs, particularly from a developing

country perspective. This theme presents the research findings that respond to the question "What is shared accommodation, the shared accommodation industry and shared accommodation enterprises".

2. The participants and role players in the SAI and SAEs, which is concerned with the understanding of the people and entities partaking in the SAI as a market segment. The theme responds to the question of "Who is doing the sharing within the shared accommodation industry".
3. The value and benefits of SAEs and SAI. This theme presents the research findings on the benefits of the SAI and SAEs and responds to the question "Why is the sharing happening".
4. The competing interests of multiple stakeholders present research findings on the areas of contestation between the SAI/SAEs and other stakeholders. It provides answers to the question "What are the SAEs competing for with other stakeholders".
5. The ethical dilemmas arising from the SAI and SAEs theme present research findings on the ethical challenges confronting the two municipalities. It responds to the question of "How the shared accommodation industry and enterprises are perceived".
6. The management of SAI and SAEs is the theme that presents the research findings on the posture and measures used by the two municipalities to manage the ethical dilemmas arising from the competing interests of multiple stakeholders in their governance of the SAI and SAEs. It responds to the question "How are the ethical dilemmas managed by the two municipalities".

The part that follows presents the research findings following the six (6) themes outlined in Section 5.1.3. As the units of analysis in this multiple case study, the researcher believed it was vital to present overviews of the cities of Cape Town and eThekweni municipalities. This is done to offer context for the research findings when they are presented.

5.1.3. Overview of the City of Cape Town Municipality

Cape Town is a port city located on a peninsula beneath the towering Table Mountain on South Africa's southwest coast. It is a huge urban area with a high population density, substantial development, and several business districts and

industrial zones. The Cape Metropolitan Council, Blaauwberg, Cape Town CBD, Helderberg, Oostenberg, South Peninsula and Tygerberg are all part of the City of Cape Town (City of Cape Town Annual Report, 2021). The city has a population of 4,618 million people. Cape Town is well-known throughout the world for its gorgeous harbour and is recognised as one of the best locations to visit in the world.

The CoCT is one of the world's most multicultural cities and a popular destination for expatriates and immigrants. As a result, the city and the Western Cape Province attract a large number of migrants, including remote workers and digital nomads from all over Africa and the world (City of Cape Town Annual Report, 2021). This migration has contributed to the city's rapid growth of shared accommodation in all of its forms and shapes, propelling it ahead of other South African and African cities. At the same time, this rate of migration places a significant strain on the city, its people and its infrastructure. The CoCT represents economic activity centres with complex and diverse economies, a single area where integrated development planning and strong interdependent social and economic links between its constituent units are required (City of Cape Town IDP, 2021/22).

5.1.4. Overview of the City of eThekweni Municipality

The eThekweni Metropolitan Area is located on South Africa's east coast in the province of KwaZulu-Natal. It is South Africa's third largest metropolitan municipality, after Johannesburg and Cape Town. It covers an area of roughly 2 555 km². The municipality has 3.9 million people, accounting for 34.7% of the total population of the KZN province (eThekweni Municipality Annual Report, 2020). With a provincial GDP contribution of 59.88% or R468 billion, the eThekweni Municipality area is KZN's economic powerhouse (City of eThekweni, 2021). The metro has a diverse economy, with strengths spanning from manufacturing, logistics, real estate and finance to tourism, leisure, sports arts and culture.

The eThekweni Municipality is well recognised for housing South Africa's busiest port. It is also a significant manufacturing base and a tourist destination due to its sunny climate, gorgeous beaches, distinct culture and numerous attractions (City of eThekweni IDP, 2021/22). The sunny weather, beautiful beaches and culture have driven eThekweni's share of leisure travellers over the years, while the port of Durban

has driven its business traveller numbers. These two factors have driven eThekweni's holiday property rental market over the years, thus making it one of the leading cities within the shared accommodation industry in South Africa and Africa. The city was affected by the floods of 2021, which many people attribute to the increased pressure on the city's infrastructure due to rapid developments and of course, the effect of climate change (City of eThekweni Annual Report, 2021).

5.2. THE PRESENTATION OF THE RESEARCH FINDINGS

The research findings are presented using the six (6) themes which is a consolidation of the research participants' responses to the primary research questions. While the themes are discretely presented, there are some overlaps in places, as the responses of the research participants often include more than one theme. In consequence, the data is used where there is a logical fit. It is important to state in advance that the research findings for both municipalities were mostly similar. The views and experiences shared by the participants were similar, including those of the research participants whose organisations have a national footprint. This paved the way to report the research findings in a combined manner, however pointing out the differences where they occur.

5.2.1. Theme 1: The understanding and definition of shared accommodation

The researcher's goal with this theme was to find out whether there was a shared understanding and definition of the SAI and SAEs within and outside of the cities of Cape Town and eThekweni municipalities. Following the findings, the concept of shared accommodation is broad and various people understand and interpret it differently. The concept of shared accommodation, as indicated by research participants, has existed for a long time, with the arrival of technology changing how people comprehend and interact with the industry. Nomika's point of view captured the breadth of the sector and its applicability by noting that "*there is some kind of shared accommodation everywhere, whether in formal and informal settlements*". To expand on this understanding, Farouk explained that "*the term shared accommodation in its original meaning existed for a long time, as people used to share accommodation for different reasons. Shared accommodation depends upon and is dictated by the needs of the person requiring accommodation*".

Table 5.1: High-level summary of definitions and understandings of the shared accommodation industry

Data Theme	Research Findings Summary
Understanding the concept of shared accommodation	<ul style="list-style-type: none"> • Shared accommodation is an old concept • A new term given to the old concept of sharing now technologically driven • Depends and is dictated by the needs of the person requiring accommodation • Speaks to the sharing of facilities including accommodation for various purposes • It can be for social, trade and travel reasons • Shared accommodation also speaks to the community implying co-living • Excludes timeshare and need to be differentiated from short-term rentals
The concept of short-term rentals	<ul style="list-style-type: none"> • Concept doesn't necessarily mean shared accommodation • Shared accommodation is a description of an accommodation type/segment, while short-term rental speaks to the duration of the stay/visit • How people travel has changed the perception of short-term rentals • Digital nomads and remote workers contribute to the change, due to the merger of work and leisure • Short-term rental is any accommodation under 30 days • More than 30 days, it may be shared accommodation but the distinction falls on the purpose of the stay/visit and the duration • It's either for shelter which falls into the social needs category • For travel or trade reasons, it falls on commercial/tourism purposes • Traditionally it was for a fixed period, dictated by the visa period for travellers
Various forms of shared accommodation	<ul style="list-style-type: none"> • SA also involves short-term rentals on the commercial side and shelters on the social side • Include the renting of private homes to hotels and large blocks of apartments • It involves self-catering spaces including lodges, backpacking and hostels • Also includes student accommodation and hostels

Another viewpoint to broaden the understanding of shared accommodation was expressed by Mahlatse, that *“there's two parts to answering the question about SAI understanding and definition. The first part is what is it, what is the technical definition? Or what is it meant to be? Yes, right. And then there is what it is, you know, implicit in the name is shared accommodation, which suggests that I, as a primary resident of a house and apartment, choose to share my available accommodation to a third party for commercial gain, or financial gain: that's what it is meant to be”*. Another viewpoint expressed by Monroe brought forward the concept of co-living by stating that *“shared accommodation as with shared economy, for me,*

it speaks to community. And in respect to the co-living concept, it speaks to the utilisation of common spaces across a building in a way that brings people together. And that advocates community connection and collaboration between people”.

On the other hand, Mxolisi understood shared accommodation as *“the self-catering kind of accommodation, where we book as a family, and then we get some sort of big house and then we all then stay in a particular house. So then that's how I categorise it. It's not a BnB, it's also not a hotel, but it's just family-orientated. But it's not the same as your Airbnb where you'd have just one single room; you have to sort of get the whole house like you would have timeshares”.* And another viewpoint that probably represents the general understanding of shared accommodation, at least outside the travel and tourism sector, is the one expressed by Johan that *“shared accommodation is a new label or term introduced to me today, I'm not familiar with that, as a business term, I am familiar with sharing multiple things in economic activities, and all forms of clustering”.* Table 5.2 provides a high-level summary of the findings under this theme.

5.2.1.1. Subtheme 1: The forms of shared accommodation concept

The research has also revealed that the concept of shared accommodation has a wide application covering both the non-profit and for-profit segments. To some people, the concept of shared accommodation encompasses all forms of accommodation, as evidenced by the viewpoint of Nomika who stated that *“in some ways, when you talk about shared accommodation, you also talk about short-term rentals. And it could also be around the social side with shelters providing social housing; it could have also been in that category. Then it's also obviously shared, and it could also be around student housing and of course, there is Airbnb”.* Taking on a travel perspective to shared accommodation, Jefferson stated that *“shared accommodation enterprise, can effectively range from Airbnb's and can range from private homes being let out on an informal basis, and it can range from boutique hotels to guest houses. It's just all accommodation, other than the formal accommodations”.* And then there is the viewpoint expressed by Angus, who understands shared accommodation as *“everything from Airbnb's to apartments that can be rented out to companies which they rent out as accommodation/apartments,*

that is they pay a monthly rental but they only use it from a Sunday night to a Thursday evening because that is, you know, it's cheaper than staying at a hotel”.

The understanding and definition of shared accommodation as outlined in the preceding section, has to be contrasted with the concept of short-term rentals. This is because the concept of short-term rental is the dominant terminology in South Africa, which can lead to some confusion. Thus, within the understanding of an all-encompassing concept of shared accommodation, a distinction is created with the concept of short-term rental accommodation. This confusion was brought forward by Sammy who indicated *“Well, to be really honest with you up until you told me that as hotels are classified as shared accommodation, I didn't know that. I would have classified us as short-term accommodation which would basically be any lodgings with the exception of the timeshare industry, because I think the timeshare is a little bit different because Number One: it's owner based and its people go for specific time and it's normally about a week”.*

The clarification was offered by Farouk who indicated that *“short-term rental doesn't necessarily mean shared accommodation. The one speaks to the duration of stay while the SAE/SAI is a description of an accommodation segment/type. The two words can't be used interchangeably for all intents and purposes. There are short-term rentals for visitors, which could be that they have a place that they can use as a base, and then they can go and visit other parts of the country or even Africa, and they use that as a base, as they may have it for an extended period of time”.*

And the confusion continues with the determination of what constitutes short-term rentals. This is because the classification of accommodation outside of shelter provisioning, and social and student housing is no longer simplified with the 30-day cut-off time. Farouk further explained and clarified the matter by stating that *“short-term rentals are actually, it's almost in two parts. There's, you know, the word short is the duration. So we look at short-term as being anything under 30 days, based on kind or just experience of what we see, because I think the minute it goes beyond 30 days, then it's not short. And anything beyond that is then where the questioning comes in as to what is the purpose of the visit. So, it is the purpose of the visit or terms of duration which then determine the intent, for all intents and purposes”.*

In the age of the digital nomads and remote workers who often stay longer in the places they visit, the concept of short-term rental takes on a different meaning, as further explained by Farouk *"When you look at short-term rentals that were reflected specifically in the accommodation and property space, it was referred to that way for specific reasons. What has happened now is that because they have what they call sharing economies, kind of the digital space, it has changed the meaning for some people. What has happened is that how people travel has changed how short-term rentals are perceived. Traditionally, it would have been for a fixed period of time, as long as they don't go past the visa period. What we've seen from digital nomads is that it is beginning to shift, where people are merging both work and leisure when visiting a destination so that they can work"*.

The research findings also revealed that to some research participants, as shared by other stakeholders, the concept of a timeshare is excluded from the definition of short-term rentals. This was expressed by some of the research participants including Nomika, who noted that *"our own understanding is that it excludes timeshare from short-term because timeshare is a little bit different because they are not like a hotel and they're not an Airbnb either. So, they caught up in between, and what does it mean for them"*. The viewpoint was supported by Sammy by stating that *"in the definition of short-term rentals, timeshares are excluded because people staying in them are owners of the specific time period since they have already paid for it and all they pay is levies"*.

The perspectives expressed by the various research participants demonstrate the scope of the concept of shared accommodation, which adds to the difficulty of reaching a common understanding and definition. Farouk concluded this section by mentioning the need for work to be done to realise an agreed understanding of what constitutes shared accommodation and consequently, short-term rentals by stating that *"shared accommodation has existed for a long time and it's probably where the nuances of explanation are muddled. And of course, the definition of short-term rental is probably where the issue lies in terms of how we define and distinguish it within the concept of shared accommodation. And maybe it is time for us to define or redefine what short-term rentals mean, and there may even need to be some subcategories of what that means, depending on the intent of the traveller. The last*

six years since the shared economy has become something of significance in South Africa, we haven't really spent that time".

5.2.2. Theme 2: The SAI participants and role players

The second theme from the data analysis stage presents findings on those who do the sharing within the shared accommodation industry and answers the question: Who is doing the sharing within the SAI? The findings have revealed that the role players in the shared accommodation industry are wide-ranging, which is a reflection of the vastness of the industry. Figure 5.2 presents a graphical representation of the research findings under this theme.

Figure 5.2: Graphical representation of SAI participants



Source: Researcher's illustration of the research findings

At a broad level, the participants in the SAI include businesses and individuals, who get involved for mainly social housing, travel or trading purposes. This is evidenced by the viewpoints of Farouk stating that *"If you take the definition, broadly, and on a macro level, then it would be anybody that requires accommodation for a fixed period of time because it is shared. It doesn't say short, long or medium, it's shared. So, anybody that might need a room, in an existing house, apartment, for whatever intent or purpose or duration would be that. The shared bit will be whether it's a*

formal property, an existing property that's designed and zoned to accommodate people, at least more than one person, and then for an extended period.

In addition, Farouk indicated that *"It could then also be informal accommodation, where again, it can at least, have space for more than one person to share that accommodation.* In wrapping up the submission, Farouk indicated that *"so depending on the purpose of seeking the accommodation and its duration, the stakeholder changes from a tourist/traveller to a citizen"*. This is corroborated by Ndabezitha, who shared the same viewpoints that *"the industry is quite huge and focusing only on the segment that services the travelling public, the role players include all forms of accommodation providers. These include BnBs, guesthouses, hotels both large and small, self-catering places and timeshare.* In addition, Ndabezitha stated that *"It also includes those providing services to the industry such as the syndicated cleaning operators, the travel agents, tour operators and the online travel platforms"*.

Providing a perspective on property development and management of short- and long-term stays, Monroe indicated that *"everyone is really involved in the industry. The banks obviously play a massive role in funding new developments"*. Monroe also added that *"the visitors, especially the remote workers mainly including the Europeans, Brazilians, Argentinians, living and working in our spaces, Germans, Dutch, Swedish people, sometimes English people as well and from a religious point of view, more Muslims use SAEs so they can cater for themselves"*. Adding a travel facilitation aspect to the findings, Monroe indicated that *"the visa conditions determine the length of stay that is going to be required by the traveller, and that then of course will influence the type of accommodation they would choose and their budget/affordability factor"*.

Presenting a CoCT municipality perspective, Andrew stated that the SAI role players include *"the individual homeowners using it as supplementary retirement income, or as single parents' occupational income. The other big ones are the body corporates, some of whom didn't want to tolerate short-term leases within their buildings. And then the other ones were from sort of closed gated communities. Then there are hotel groups and property developers also involved"*. The eThekweni municipality participants presented a slightly expanded and nuanced perspective, with Mashudu

indicating that *“obviously, it includes self-catering establishments, timeshare, BnBs and other small accommodation establishments”*. In addition, Mashudu indicated that *“big business does take part from property developers to operators who manage huge blocks of apartments, which they rent out to travellers as well as students and residents. The municipality and body corporates are also major role players with SAEs/SAI. The viewpoint was also expressed by Gugu, who indicated that “this includes the business community, like the accommodation establishments, the visitors, the tourists, and then provincial and national departments, and then the internal departments within the municipality”*.

Taking on the narrow perspectives of business and leisure travel services, the findings revealed that SAI participants include private homeowners renting their properties on a periodical basis, then large hotels and property developers. The hotels participate in the industry as part of the short-term rental offering. This segment of the formal paid accommodation industry, according to Jefferson, is expanding its boundaries due to technology and the sharing economy. The viewpoint expressed by Maria presented the perspective that the SAI role players *“include people using their private homes, apartment hotels, property developers supplying stock to the operators and big business operating self-catering, timeshare facilities, and internet operators who provide the platform to the likes of Airbnb, Booking.com, etc.”*

Sammy supported Maria’s viewpoint by indicating that *“it’s also hotel groups and mainly because when people travel, typically they seek out hotels first because they have the strength in their brands and certainty in the service and offerings. And of course, there is a different type of tourists/travellers, which is business, trader versus an investor and leisure. Another travel service perspective shared by Mahlatse indicated that “first it’s the individual property owners who constitute the main part of the business model of Airbnb in the beginning. Then it’s the platform owners themselves, the likes of Airbnb, and then there is the shared accommodation service providers which has led to the emergence of a considerable real economy created in that shared space”*.

The preceding presentation of the SAI's role players is as broad and diverse as the section on the SAI's understanding and definition. This reflects the breadth of shared

accommodation and its nuances, which contribute to the diverse role players reflected in the research participants' diverse perspectives.

5.2.3. Theme 3: The benefits and value of SAI and SAEs

The fourth theme is a presentation of the value and benefits of the shared accommodation industry, according to the research participants. Table 5.3 is a high-level summary of the findings on the values and benefits of the SAI.

Table 5.2: High-level summary of the value and benefits of SAEs

Data Theme	Research Findings Summary
Value and benefits of shared accommodation industry and enterprises	<ul style="list-style-type: none"> • The benefits are mainly to the economy with a positive impact on the social side of communities • On the economic side, the benefits include employment creation though it's reduced and in syndicated services/brokerage of employment • Allows people to leverage their assets, to build wealth and to build financial security • On the social side, it includes a sense of community through concepts such as co-living
Supply-side benefits/value	<ul style="list-style-type: none"> • Spreading the economic benefits wider including restaurants, shopping malls, attraction sites • Transformation of supply-side participants, opportunities for more diversified entrepreneurs and accommodation options • Allows people to leverage their assets whether idle or as second dwellings • Enhancing the competitive advantage of municipalities • Contribution to investment through urban renewal and rejuvenation of municipalities/localities • SAEs are flexible with less organisation, no registration and licensing requirements, etc. • SAEs can take on any sort of excess demand that the more formal sector can't take on
Demand side benefits/value	<ul style="list-style-type: none"> • More choice for travellers, making it easier for travel to be enjoyed by more people • Transformation of the traveller profile particularly in South Africa with its apartheid history • Offering clients diversified experiences, a new home with new hosts (home away from home) • Co-living has reduced the cost of living especially for young professionals and long-stay clients • Sense of community in co-living spaces, provide support for young/start-up professionals and single-stays

The researcher deemed it necessary to include this aspect in the presentation of the research findings as part of the expanded understanding of the industry. The disbenefits of the industry, which refers to its challenges, are also included in the presentation. The discussion of the disbenefits may overlap with the presentation of the ethical dilemmas coming from the shared accommodation industry, which will be presented later in this chapter.

The values of the SAI include its benefits to the economy of municipalities and those accrued to the operators in the industry. All of the research participants lauded the shared accommodation industry for its benefits, which include spreading the money to the wider community and improving the competitive advantage of the municipalities, particularly from a travel perspective. Additionally, the benefits expressed include its employment creation, even though it is through syndicated service providers; and also the industry's contribution to the development of infrastructure. This is evidenced in the viewpoints expressed by Johan that *"the benefits are both on the supply and the demand side and definitely good for the economy"*. In addition, Ndabezitha highlighted the spread of the SAI money into the broader community: *"The Airbnb spread of money tends to be much bigger because even the local restaurant person knows I'm going to get something, the Spar operator knows the store is going to get something and the restaurant and so on"*.

Furthermore, Ndabezitha mentioned the contribution to the infrastructural developments within municipalities that *"the SAEs/Airbnb has made it possible for some development to happen. Whereas the hoteliers may have been reluctant to invest in a highrise building, private investors in their own capacity may be tempted to do that and therefore you start seeing further and further new developments"*. Additionally, Mxolisi added the aspects of SAEs contributing to the competitive advantage of municipalities that *"the benefits of having SAEs/SAI is also that they give the city a competitive advantage over other destinations, because they are seen as the cheapest way to go."*

The other contribution made by shared accommodation is through its ability to enable ordinary people to earn a living, which includes the leveraging of idle assets and entrepreneurship endeavours. This is evidenced in the viewpoints of Andrew that SAEs *"allow people to leverage their assets, to build wealth and to build financial*

security". Another aspect which is highlighted by Nomika is the benefit to the operators of SAEs, which goes beyond the earning of income. This aspect speaks to the reasons for many private owners opting to participate in the SAI "*the benefits for operators include flexibility, less organisation, no registration and licensing and membership fees to be paid; and operating under the radar of municipalities*".

Additionally, the shared accommodation industry has made it easier and more affordable for many people to travel. The views expressed by Jefferson captured this finding that SAEs "*bring a tremendous amount of value, because they provide another angle, another arm to the accommodation sector, because not everybody has the wherewithal to stay in formal accommodation, being in hotels or formal guest houses, in particular hotels, since people don't have as much disposable income*". Jefferson added that "*even from a business point of view, quite a few business people are also staying in short-term letting facilities because of the basic cost, because many companies are still only paying the employees that are lucky enough to have a job, or 20% and 30% of the actual salaries due to COVID-19. So, it very definitely provides a niche in the market*".

There is also the aspect of SAEs helping to transform the economy from a participation perspective, as expressed by Farouk "*the opportunity to make travel accessible to all including the domestic markets and also the potential to drive transformation and entrepreneurship in previously marginalised areas of our cities. Better opportunities for SMMEs*". There is also the benefit to the consumers, especially from a travelling point of view. According to Maria, the other benefit of SAEs is that "*travellers benefit from experiencing a new home, a new culture, and gain its lessons and experiences, that they can learn and do so through shared accommodation*".

The research participants highlighted the social benefits of shared accommodation as expressed by Monroe "*the value of shared economy spaces is twofold. One, because you are sharing spaces, the cost comes down. In theory, it should cost someone 20% to 30% less than a bachelor unit of a market-related flat in Cape Town by staying in an SAE. So the first and foremost benefit is really saving from a cash flow perspective for consumers, because of the way that the SAEs are designed and serviced*". Monroe added that "*a second benefit is being able to build shared economy spaces, bringing*

the cost of living down substantially which speaks to community. SAEs create community across people, you know, who, in the sort of a country where there are absent fathers and community, this is needed more than ever, support is needed, more than ever”.

5.2.4.Theme 4: The competing interests of multiple stakeholders within municipalities

The third theme in the presentation of the research findings focuses on the interests that the SAI competes for with other stakeholders. Accordingly, Theme 3 findings can be summarised in that the SAI operators compete with stakeholders in the business and broader community. They compete for access to municipal infrastructure and services with both businesses and people in the broader community. Table 5.4 provides a high-level summary of areas of competition between SAEs and other stakeholders within both municipalities.

Table 5.3: Summarised representation of the competing interests of SAEs

Data Theme	Research Findings Summary
Competing interests of SAEs with other stakeholders	<ul style="list-style-type: none"> • They compete with other SAI operators such as BnBs, guesthouses and boutique hotels for clients, especially private homes have lower costs • They compete with individual community members
Areas of competition with other SAI participants and businesses	<ul style="list-style-type: none"> • Compete for clients as smaller SAEs charge lower prices due to low-cost structures • Access to land, buildings and funding to develop and operate • Compete for municipal services such as marketing and funding support • Access to affordable housing for employees of companies • Their access and clientele's access to municipal infrastructure like roads, parking, water, energy • Licensed and registered SAEs pay business rates and taxes, while unlicensed ones pay residential rates and taxes
Areas of competition with community members	<ul style="list-style-type: none"> • Access to affordable houses and apartments to rent closer to their workplaces (densification and gentrification) • Access to municipal infrastructure like parking, roads and services including water, energy, etc.
Areas of competition with municipalities	<ul style="list-style-type: none"> • Access to clientele database needed by municipalities to update their database and also for service delivery purposes • For social housing for municipal employees and infrastructure including parking, water, energy and roads

The first stakeholder group that competes with the SAI/SAEs is businesses operating within and outside the industry and ordinary people within communities. The main areas of competition with other businesses are for clientele who prefer to stay with SAEs for various reasons including affordability. They compete for clients as the SAEs can charge lower rates for their facilities due to their lower cost structures. The bulk of the operators in the SAEs who are not registered, particularly private homes, pay residential tax rates. Additionally, they are not burdened with requirements such as business licenses, liquor licenses and the payments of occupational health fees and insurance. This was expressed by Friederich in that *“the biggest issue is that they compete with formal accommodation operators from an unfair vantage point as they are not regulated. They compete for clients on price because their costs are low. The commission structure of Airbnb for instance is lower than established operators like Booking.com; hence they can offer their rooms at lower prices”*.

The findings have also revealed that SAEs don't adhere to established rules and regulations that govern their competitors. Friederich expanded that *“SAEs don't abide by the regulations affecting other paid accommodation spaces such as health and safety, labour, liquor licensing, fire, zoning, building regulations, business taxes. Angus corroborates that by indicating that “the lack of regulations for the SAEs is a concern, the unfair advantage in terms of costs, etc. Unfair advantage because for SAEs, if it doesn't become economically viable for them, then they possibly just stopped doing it, as opposed to hotels”*. This is supported by Jefferson who added that *“SAEs pay residential rates and taxes instead of those paid by formal accommodation operators (registered operators), whilst enjoying the same benefits in terms of access to public infrastructure”*.

Furthermore, Mxolisi added the element of *“competition for access to municipal services such as marketing and signage support, discounted rates and taxes (rebates); access to infrastructure such as water and electricity and access to funding where necessary. SAEs want to make money from clients of their competitors without having to follow the right procedures and processes that are then required by such establishments*. Moxolisi added the critical matter that troubled participants in the travel space that *“they compete for clients with hoteliers, BnBs and guesthouses and they undercut their prices. They also undercut the prices of established operators with travel agencies and tour operators and corporate clients”*.

However, Nomika disputes the significance of the rates and taxes contestation by indicating that *"the competition is not really about rates and taxes, since they are not linked to how many people stay in a house, although overcrowding could make it a problem which needs the municipality to adjust the rates based on consumption such as in water and electricity - that's where the real competition lies"*. This view was also supported by Andrew expressing a view on business licenses by indicating that *"no, I am not concerned about the loss of city earnings due to SAEs, I mean, you know, to be honest, a business license is not that much. License application is a once-off activity; rather builds sustainable effects within your economy. So, people coming and going to events or utilising services or reinvesting into areas, those things have a far greater impact on our ability to create economic wealth to support economic development"*.

From a property development and SAE management perspective, Monroe indicated that it's the *"competition to raise capital needed to establish shared living spaces – banks are not always willing due to the unpredictable nature of a SAE business model and the damaged profile of hospitality/tourism due to COVID-19"*. Another dimension mentioned by Ndabezitha involving property developers is that *"with big SAE developments like the Baldwyn property near Pretoria, it's a classic case of investors and residents competing. Investors want to rent out their properties for good returns, while residents want a quiet space to live with their families"*.

The second stakeholder group that competes with SAEs are ordinary people within communities. Within the broader community, the SAI/SAEs compete for access to affordable social housing, with the rise of property prices and rental fees for apartments as the biggest challenge. This is evidenced in the viewpoints of Marius as he indicated that in the case of their municipality *"a big pressure that came to us as a city was around the issue of, in fact, social housing, maybe not so much shared accommodation. But I mean, the issue of affordable housing. It was that the prices of houses in this area were really going up at a very high rate, the rentals were going up at a very high rate, as well as people were struggling to get rentals. And one of the factors that were quoted was Airbnb and the issue of lack of regulations for SAEs/Airbnb was raised as it applies to formal accommodation"*.

The perspective was corroborated by Farouk, indicating that *"the lack of housing/homelessness is a challenge, citizens without housing vs others leveraging*

them for economic benefits". Adding a perspective from eThekweni Municipality, Sammy indicated that *"I think they behaved very unethically because the other thing that we have is the homelessness in Durban. I mean, it's increasing all the time. But there's no sense of urgency"*.

In terms of locating the source of contestations, Andrew mentioned that as municipalities, *"the greatest contestation that we've seen has come from two different sorts of two of the three tiers. The one has been from residents themselves, who said that they felt that it brings sort of surplus activity into the area that isn't always wanted. So they don't like gentrification within their areas or they don't like densification and the high urbanisation. Some residents feel that it is unduly increasing their rates account because the city sees these areas as being more dynamic and active in terms of how they generate economic activity and the city tries to recoup its service delivery within those areas"*. Furthermore, Andrew indicated that from their experience *"the other sort of big pushback has been from businesses, from guesthouses, and to a degree from hotels, which see this as a crowding in of their marketplace. Hotels tend not to view it as a system which supports healthy economic activity. They tend to view it as being quite suffocated"*.

The third stakeholder category that competes with SAEs is the municipalities themselves. The research participants indicated that municipalities compete with SAEs in areas such as access to the clientele database that the platform enterprises such as Airbnb possess; access to affordable housing and public infrastructure and services by municipal employees. In terms of the client database, these are owned by the SAEs as they provide the connection of clients and the accommodation service provider. In terms of the contestation for access to affordable housing, public infrastructure and services for municipal employees, Angus mentioned the following: *"The city is experiencing shortages in housing stock and many corporates struggle to have their employees living closer to their work because the rent has become so expensive, because people make more money with short term rentals, and municipalities are also caught in the same thing."*

A further area of contestation of SAEs with municipalities is the databases of information about the people who utilise the services of SAEs. Platform enterprises such as Airbnb as mediators in the industry collect massive data about the service

providers and personal data of their clients. Some of them sometimes use the data as leverage to advance their interests, especially when dealing with governments. This important matter was raised by Ndabezitha, who stated that *"with SAEs, there is also the issue that they collect massive personal data from their clients. They retain the data for their purposes, governed by international laws of privacy; municipalities could make good use of such data"*. This viewpoint was supported by Sammy who lamented that *"the municipality doesn't seem to have a record of the role players in this segment of the accommodation industry. Do the clients or authorities have recourse in case of trouble?"*

The data challenge is further highlighted by Mahlatse, suggesting that municipalities seek to access the databases of SAEs. However, Mahlatse indicated that their challenge is that by *"going to an Uber or Airbnb and say, every single business or every single one of your listings, has an address and has a person who's listed you know, so, you know, make that listing database available to us. The SAEs will probably tell municipalities that they are a platform enterprise and that they cannot divulge that information"*.

5.2.4. Theme 5: The ethical dilemmas arising from the shared accommodation industry

The research findings on Theme 5 present the ethical dilemmas arising from the competing interests of multiple stakeholders in the two municipalities. The section presents the research participants' account of how the SAI and SAEs are perceived. It is prudent to state that in exploring the ethical dilemmas arising from the SAI, participants also raised other issues which are more of the challenges associated with the SAEs, as opposed to them being ethical dilemmas. These will also be included towards the end of presenting the key findings.

To investigate the ethical dilemmas arising from the competing interests of multiple stakeholders, the research participants were first asked to share their understanding of ethics. The researcher deemed it necessary because the participants' understanding of ethics would invariably influence their responses to the research question. On the question of ethics, Nomika indicated that the concept of ethics *"depends on what you really mean, but it's largely about being correct, in some ways, morally positive. There's a personal side and a business side to ethics and*

morals. There's a side to tourism, there's a side to what it means around other types of businesses that happen to be in the business environment like hotels, lodges, etc. Is it an unfair competition?" Nomika added that *"in some ways, what is ethical to you may not be ethical to me as the municipality, or to you as a stakeholder, and sometimes it will be ethical to all of us"*. Mxolisi on the other hand stated that ethics *"it just simply means good behaviour that a particular business really needs to adhere to, when you look at the choices that they make, whether they are the ones who operate legally or illegally"*.

Another understanding of ethics expressed by Gugu was that *"ethics generally means the moral values, or the rules, and it can either be something that is written or it's not written"*. Furthermore, Ndabezitha added that ethics is *"the idea of business people and municipalities acting responsibly and with integrity and in compliance with laws and regulations"*. An understanding offered by Maria was that *"to me, it means making sure that everybody is in a fair playing field, everyone with a similar business is in a fair playing field, it's as simple as that."*

With the understanding of ethics offered by the research participants, they expressed their views on the ethical dilemmas confronting the CoCT and eThekweni municipalities. Marius captured the essence of the ethical dilemmas facing municipalities by stating that *"we have obviously been besieged over the last five, six years. As I said, it's kind of ebb and flow in terms of the pressures around this. Every city faces electricity, social housing, you know, issues of economy, conditions of competition, all of these kind of things"*.

Consequently, the ethical dilemmas from the inquiry were divided into three categories in line with existing knowledge on the ethical dilemmas associated with the SAI, as a subset of the sharing economy. Furthermore, the findings on the ethical dilemmas were categorised into sub-themes of economic, social and environmental considerations, as graphically illustrated in Figure 5.3.

5.2.4.1. Subtheme 1: Economical considerations

The research revealed various ethical dilemmas associated with the economic activities of SAEs about other stakeholders. The first area of consideration is the business model of SAEs. The views expressed by Mahlatse summarise this major

ethical dilemma by stating that *"the bulk of the firms involved in SAEs are international/global businesses with no real home other than maybe Silicon Valley, no commitment to countries in which they operate, as opposed to local operators. No regard for issues/regulations in the various territories in which they operate. They operate outside established regulations and rules of trade"*. In addition, Mahlatse mentioned the added challenge of *"SAEs' business model entering a regulated sector but wanting to circumvent those rules/regulations by not wanting to play by the established rules"*.

Furthermore, Mahlatse indicated that SAEs *"use technology to circumvent the regulations in the sector, intentionally creating a situation where regulators are ill-equipped and need to play catch-up"*. Another aspect mentioned by Mahlatse was the concern that *"SAE operators now include commercial operators circumventing existing regulations of not paying their fair share of levies and taxes"*. Ndabezitha corroborated this assertion by stating that *"the fact that cities face a faceless business operation of Airbnb and SAEs, and that one has someone you've never met, as the big driver of people coming in, but you don't know what the ethics are, that is a huge ethical dilemma. How to hold the faceless platform enterprise accountable for their type of business and client conduct? Therein lies the biggest risk of SAEs and Airbnb (safety security and privacy issues). Now you have this business with no license, operating under no conditions whatsoever, other than maybe the conditions set by the body corporate to the owner"*.

To conclude this finding, Mahlatse highlighted another observation on the role of the municipality as an enabler in the transgressions of SAEs. He stated that for instance in the case of Cape Town *"the CoCT is sometimes seen as breaking their laws in encouraging SAEs, especially the tech firms with no jurisdiction in SA and not playing by the same rules/not benefiting the city and its citizens, a catch twenty-two situation"*.

Linked to the ethical dilemmas emanating from the SAE business model is the second concern of financial leakage due to the business practices of SAEs. Amongst others, these include the payment of residential rates and taxes as opposed to the business rates applicable to licensed and registered operators. This was raised by Angus in that *"other paid accommodation faces regulations and costs not passed on"*

to SAEs which pays residential rates and taxes instead of business rates and taxes. There's no real parity, and I think that the disparity between the two is sometimes a source of frustration". Friederich added that "a lot of the Airbnb people don't declare their revenue, they don't pay and contribute to the upkeep of services, and municipalities are not proactively going after them". An additional concern raised by Mahlatse is that "municipalities are facing renters who are associated with SAE platforms that have become distributors, and leaving them to be exposed to situations of defaulting on the regulations. Commercial players are also joining the SAE distribution platforms as they no longer see the need to license and register their operations, as whole buildings get developed and set up for Airbnb".

The third ethical dilemma is that most SAEs operate illegally as they don't abide by the policies and regulations of the industry. Considering that most of the operators in the SAI are small, they don't register their operations and don't abide by the related requirements. This is expressed by Nelly in that *"municipalities face ethical dilemmas of wanting SAEs to grow and contribute to economic growth, but they have the challenge of the SAEs refusing to be registered and licensed, to operate unregulated and under the radar. Other stakeholders in the sector feel hopeless competing with unregulated, unregistered and unlicensed SAE operators".* In addition Nelly mentioned the perception that *"the authorities target them (the legal operators) for enforcement of the by-laws because they know about them and they are registered".* Aligned to this ethical dilemma is the concern raised by Jefferson that *"there is also the concern on the lack of checks and balances on compliance in terms of issues such as public liability, occupational health, fire evacuations, insurances, health and safety, etc. With SAEs, they are not in place and there is no recourse/redress".*

Farouk added to the complexity of the ethical dilemmas by stating that there is the practice of *"formal accommodation's inability to compete with SAEs and asking government to regulate the industry whilst they self-regulate.* On the other hand, Nomika added the dimension that *"when we think a lot about issues around dilemmas and all the rest, we must also think about it from a global South context, where so many things are informal. There is also the issue about a municipality and regulation: is it okay to regulate the informal trader, but it's not okay to regulate the person that has Airbnb in the flat or the house"?*

The research findings also revealed the challenges that may be compelling SAEs not to register or abide by the regulations of the industry. This was expressed by Nelly in stating that *“SAEs don’t want to register as many do not host guests for more than 30 days annually, which is a challenge for municipalities, as they battle to find ways to regulate them without stifling innovation and the ability for people to leverage their idle/extra properties”*. This assertion was also supported by Nomika who mentioned that *“the operators want to access municipal services, but they don’t want to be regulated as well. The unpredictability of the SAI especially the Airbnb, their popup nature and the speed at which technological changes manifest, it’s challenging to lawmakers considering the popup nature and the process of law-making”*.

The fourth ethical dilemma is exhibited by the assertion that SAEs do not contribute to employment creation, and if any jobs are created, the applicable laws and regulations are flouted. This is to the views expressed by Rose that *“SAE operators don’t create employment, as many owners do the work of cleaning themselves without employees”*. The assertion is supported by Ndabezitha, as he stated that *“SAEs and Airbnb type facilities don’t employ people, but they use syndicated services for cleaning and many other aspects meaning that employment generation is compromised”*. Friederich added the dimension that is applicable in South Africa *“A lot of these smaller places employ people who don’t have work permits, and there are a lot of people who get paid cash. They don’t have any health insurance, and the city is aware of it, but I am not sure that they have a viable solution to the challenge as yet”*.

Further revelations from the research are that even the jobs created through the syndicated services are mostly temporary, without offering any security and related benefits to the employees. This is done under the pretence of SAEs creating entrepreneurship. This is evidenced by the views expressed by Farouk that *“the loss of employment is due to how SAEs such as Airbnb operate with owners doing the cleaning, and employees losing jobs to syndicated service companies and employment brokers”*. However, as stated by Mahlatse, in a developing country like South Africa, the municipalities face the additional ethical dilemmas of *“needing to balance the need to create employment and also stimulate entrepreneurship to address unemployment and economic growth, and having to promote entrepreneurship and innovation and to also regulate with fairness across the board”*.

The fifth ethical dilemma confronting municipalities is the increasing densification and gentrification of neighbourhoods and residential areas. Andrew stated that *“the gentrification one is a solid one. I mean, there are a number of sort of complaints that we’ve seen about gentrification arising in certain areas of Cape Town, particularly Woodstock and Observatory, fuelled by narratives of short-term letting”*. Andrew added that *“the problem of gentrification while it implies economic development and reinvestment, also increases the problem of inequality”*. As Angus stated, *“gentrification and densification with these old houses that were then turned into apartment complexes, puts a city or a town or a suburb in a difficult position, given that its planning is in a very specific way and it has a specific infrastructure from roads and traffic to the sewage, water and electricity supply”*.

The perspective is corroborated by Nomika from an eThekweni perspective *“There’s also the other ethical stuff that I spoke about, like people buying property because they can rent it out and good neighbourhoods are displaced. Gentrification leads to properties becoming too expensive because it’s gone up for rent. So sort of middle-class, lower-middle-class people have been pushed out”*. And one of the unintended consequences of gentrification according to Freiderich is that *“unregulated SAEs force business to go out of cities to find better places where they can have employees who can pay for the accommodation because people make more money with short-term letting”*. In addition, Friederich stated that *“municipalities are also unable to provide affordable accommodation for the people who work in their offices because people make more money with short-term letting”*.

In the sixth place, the research participants also mentioned the ethical dilemmas regarding the support systems to back the service offerings of SAEs. The concerns were about the standards and quality of the SAEs’ offerings, considering that they equally contribute to the destination's reputation. As stated by Sammy, there are *“concerns about service standards and quality and lack of recourse for consumers if they choose Airbnbs, which has a bearing on destination reputation. Mxolisi stated from eThekweni that “the city is not sure what guides the SAEs in terms of quality and standard of service that they offer, which may compromise the reputation of the city. And the SAI clientele has no recourse when something goes wrong”*.

Nomika added the concern about the *“erosion of the star grading system with SAEs growing and more operating illegally, is there still value in grading plus online review platforms”*? In support, Mahlatse added that this is because *“SAE firms don’t have the required support for their operators and when trouble occurs, there is no recourse or redress immediately available and that can damage destination reputation”*. As mentioned by Rose to corroborate the concerns regarding the lack of support for the SAEs, she added the challenge is that *“SAEs operate as popups, which means they switch their operations as and when it suits them, which means that they cannot be counted as part of the accommodation offerings of most municipalities, they are not reliable. We noticed that consumers are going now for cheaper accommodation and they don’t care about the quality anymore”*.

The seventh challenge raised by the private sector research participants is the perceived lack of consultation by municipalities and the dominance of big business. The concern is based on the effect that it has on small businesses, especially in the BnB and guesthouse segment. Monroe expressed this concern by lamenting the *“lack of consultation and communication except with the major corporates, not small and start-ups”*. An example that was mentioned by Jefferson in the case of the Cape Town municipality is that *“the biggest concern from stakeholders is that the CoCT signed an agreement with Airbnb before they even engaged with the formal accommodation sector”*.

In support of this viewpoint, Johan stated that *“the larger businesses, typically, I’m generalising now, have a voice and are heard and the smaller guys typically get shut down or get more fight than is necessary. The bigger guys are dominating and using the rules against smaller ones, they play in as referees”*. Johan mentioned that the bigger players *“they are the tourism association, they make their own rules, and then they apply it, but they’re not really listening. And they’re not really in my view optimising according to the industry’s priorities and the realities”*. According to Johan and other research participants who supported this view *“the smaller guys need support to learn from the more sophisticated established people how they can create more value for their customers, and therefore they can charge more”*.

The eighth challenge raised by the research participants about the SAEs is that they operate illegally and under the radar. This behaviour makes it impossible for

municipalities to account for and verify the economic contribution of the SAEs. This sentiment was expressed by most of the participants in various forms, adding the impact thereof. Nelly indicated that *“many SAEs operate under the radar, especially those using their private homes, as little is required for one to operate and municipalities don't get to know about their contribution to the economy. Their contribution is not accounted for since they operate under the radar. Their economic contribution and their actual size/capacity as an industry is unknown”*.

This sentiment was also highlighted by Gugu in that *“the municipality doesn't seem to have a record of the role players in this segment of the accommodation industry. How is their contribution to the local economy measured and the support they can access from the municipality?”* Further lamenting the same concern and its impact on the ability of the municipalities to execute their mandates, Peter added that *“the absence of records about their existence, the SAEs and their numbers, result in many challenges from infrastructure such as water and electricity to safety, security and health concerns”*.

5.2.4.2. Subtheme 2: Social Considerations

When it comes to social challenges, the research revealed ethical dilemmas confronting municipalities including housing shortages due to increased costs and expensive rentals, increased inequalities within society and safety. According to Monroe *“things like an overpopulation of spaces, mismanagement of common spaces, security, gender-sensitive issues like security is a massive thing, if not managed correctly within SAI spaces”*. With the lack of affordable housing being a major consideration and raised by most of the research participants, Andrew stated that *“there's a lot that's written about how uneven and unequal Cape Town's housing market is so, at the moment, the benefits of our shared economic activities is really happening in your traditionally well-served areas and that's where the city falls short and probably where a policy response or innovation and a developmental approach is required”*.

Farouk expatiated the challenge by adding that *“where it's become a dilemma for governments in general is that in a country like South Africa, where housing and the lack of housing is a significant problem, at a significant scale, it creates a thing where the haves are able to generate more revenue and not comply with the regulations*

that are set for the formal sector that has to comply with certain regulations in order to operate". In addition, Farouk indicated that "the disadvantage is that you've got a major housing problem in traditionally well-off areas, wherein a lot of people from disadvantaged areas who need to be closer to the areas of production in the CBD, can't find housing, but you've got people that have housing and are offering it to others at huge prices". To expand on this perspective, Farouk further added that "If you look at the housing that's being rolled out since the start of democracy, it's all in the same far-off places, building housing not close to the areas of production. So what the municipalities do is, they will say, we will build you special housing here, but not close to the areas of production".

According to Farouk *"the municipality is not dealing with the real issues around apartheid-era spatial planning. They continue to view property as investment instead of a basic human need, with apartheid-era spatial planning still intact. Commercial interests versus addressing housing challenges is the zoning or not the zoning but the spatial planning".* The same sentiments were expressed by Friederich in stating that *"unregulated SAEs force business to go out of cities to find better places where they can have employees who can pay for the accommodation because people make more money with short-term letting".*

The perception that is also mentioned by Monroe is that *"municipalities are so disconnected from what happens on the ground, a big disconnect between operations and government. They see cities from a value perspective".* Angus concludes the views expressed on housing shortages and expensive rentals by stating that *"SAEs are causing housing shortages with companies unable to find accommodation for the people who work in their offices because the rent has become so expensive, because people make more money through Airbnb, etc."*

The second consideration raised by most of the participants is the perception that SAEs contribute to increasing the gap between the rich and the poor. This is evidenced in the views expressed by Nomika that SAE challenges *"include the unfair advantage of people earning income from their private homes".* In support, Farouk expressed the view by mentioning the *"lack of housing/homelessness challenge with citizens without housing versus others leveraging them for economic benefits".* According to Farouk, the owners of these SAEs *"are often sitting on properties that*

are 80% empty most of the year using the 30-day occupancy rule. These can be used to address housing shortages”. Adding to the complexity of this concern is the perceived double standard played by municipal officials in the marketplace as expressed by Farouk that *“municipal officials are complicit with many owning properties they rent out as part of SAEs, implying that conflict of interests is not being addressed”*.

The third consideration is the management of various social issues amidst growing SAEs. These social issues include culture, discrimination, social norms, security and safety, which are an essential part of the accommodation service offering. This aspect was mentioned by Monroe in stating that *“in Cape Town, there's so many diverse cultures. Making sure that we manage the balance between foreign people and domestic people in our space, whether it's white, black, Indian, coloured, making sure that we offer equal opportunity to anyone who's visiting the city is critical to our business”*. This is an important factor from a destination reputation perspective, especially in a country such as South Africa considering its history of segregation.

On the concern of safety and security, which was mentioned by most of the participants, Farouk stated that with SAEs, especially those operating outside the regulations, there are *“safety and security risks for clients and operators due to no vetting within SAEs and data privacy; reputation of the destination, etc.”* This was supported by Rose who stated that *“safety and security concerns of guests and operators are huge because there is no support system, especially when problems arise. SAEs are treated as private residential properties and when problems emerge, they are treated as civil issues/domestic issues by authorities and the police”*. Highlighting the safety and security concerns Maria indicated that *“safety and security issues are being compromised by the eThekweni Municipality not managing the city well, with crime out of control; properties especially in the inner city falling into a state of disrepair”*.

The fourth consideration raised by the research participants includes issues of hygiene, with an increasing number of BnBs and guesthouses joining the online platforms of Airbnb and others. Additionally, participants also raised the concern about the loss of privacy for both guests and operators, as expressed by Nomika, that *“there is also the concern on the loss of neighbourliness and social interaction in*

residential areas. Additionally, Nomika mentioned the inconvenience factor to residents caused by SAEs, hence the comment that "Nuisance is a big factor in residential areas. It's not even so much about them making revenue and not paying their dues in levies and taxes". Sammy supported this viewpoint by mentioning that "although the municipality is supportive of businesses that add to the local economy in terms of employment and many other forms, the operators and owners abdicate their responsibilities thus causing tensions within neighbourhoods with their guests causing a nuisance and other disturbances".

Rose supported the concerns and highlighted the hygiene factors as well *"So all of a sudden hygiene is becoming a big issue, because now you need to employ more staff. Because when somebody's cooking in your apartment, you need more cleaning. So, it will cost you actually more to have a long-term guest than a short-term one".* In support of the hygiene concern in the case of eThekwini, Sammy indicated that *"no one is holding the Department of Sanitation accountable for all of the reports of things that are going wrong, especially with beachfront properties. Years ago, people didn't cook with ghee and butter, and now they are. So the system wasn't built for that. It was never a by-law to have a fat trap because it's a residential building. Perhaps now's the time to go to these buildings and say you have to install a fat trap because they are causing drainage problems".*

In addition, Sammy mentioned that the blocked drains caused the *"current sewage spills into hotel parking areas and the sea, spoiling the Blu Flag status previously bestowed on the eThekwini city and other environmental degradations such as at the harbour, etc. And nothing has been done".* The loss of privacy for guests and operators was also raised by Rose in that *"the other concern with short-term rental is that the guests come into your space, unlike a regular client who has become like a family member, and keeps to the distancing rules".*

The fifth concern that was highlighted by most of the research participants pointed to the increased social challenges within municipalities. Participants mentioned this challenge concerning eThekwini, with Peter highlighting the concern that *"the eThekwini CBD is falling apart with corporates relocating to Umhlanga, taking with them jobs and rates needed for the city, and the added sophistication of the city is removed/eroded".* Where the municipality is attempting to renew and rehabilitate the

inner city, they introduced student accommodation which adds to the challenges, especially on the beachfront. Sammy lamented about the same concern by adding that *“the introduction of student accommodation involving properties that pushed families out and disrupted the neighbourliness, privacy and its implication for other types of accommodation, is indeed a concern”*. Maria supported this viewpoint by stating that *“the city having allowed student accommodation in the inner city and the beachfront, it's a problem. Now there is noise, there are safety issues, traffic issues, crime and grime – it's no longer nice to go into the city to window shop and sight see in the Smit Street area, and we certainly can't take our clients there”*.

Yet other participants highlighted the damage caused by the unregulated expansion of SAEs amidst ageing and unmaintained infrastructure, such as drainage systems. This aspect is mentioned by Sammy that *“in the absence of the municipality managing or regulating them, their expansion which depends on the existing and ageing infrastructure is a risk to all other operators. For example, the drainage network which results in sewerage spills onto the beach and parking areas, etc.”* This aspect was mentioned under the hygiene challenge section, but it also fits in under this perspective as well. It also fits in under the perspective that speaks about the lack of maintenance of municipal infrastructure amidst innovations such as the SAI, which is meant to move the municipality forward.

5.2.4.3. Subtheme 3: Environmental considerations

The third area where municipalities confront ethical dilemmas arising from the competing interests of multiple stakeholders in managing the SAI is the environmental considerations. The environmental considerations feature strongly within the sharing economy as a growing sector, given the increased calls to preserve the planet by minimising the human impact, particularly on scarce and non-renewal resources. The environmental concerns raised by the research participants include the pressure on mostly scarce natural resources, pollution, nuisance and disturbances, particularly in residential areas.

To substantiate the environmental concerns, Angus mentioned the pressures that residential areas experience with the expansion of unregulated SAEs, by stating that *“these old houses were then turned into apartment complexes, with specific infrastructure from roads and traffic to the sewage, water and electricity supply. You*

took something that was traditionally made to have five to eight houses and you took that space and put 40 people/apartments, adding onto the city's infrastructure, and you also then have the additional traffic - no, it should be regulated". The result of such wholesale changes within municipalities, especially residential areas, leads to challenges like the ones stated by Nelly regarding the "pressure on scarce resources such as water and energy since SAEs and their guests don't contribute their fair share".

Table 5.4: Research findings on the SAI ethical dilemmas

Economical considerations	Social considerations	Environmental considerations
<ul style="list-style-type: none"> • Densification and gentrification of residential areas • Unemployment and syndicated employment • Inequality increased • Platform enterprises as faceless entities, circumventing local regulations • Unlicensed and unregistered entities competing whilst not paying equal share in rates and taxes • No support system to back SAEs and no customer recourse • Urban renewal through misplaced student accommodation 	<ul style="list-style-type: none"> • Unaffordable housing • Safety and security in inner cities/CBD e.g. eThekweni • Loss of neighbourliness • Companies unable to find accommodation for their employees including municipalities themselves • Increased homelessness in the cities • Overpopulation of shared spaces • Mismanagement of common spaces • Discrimination, gender and religious sensitivities • Unfair advantages of wealthy people, often seated with empty properties 	<ul style="list-style-type: none"> • Pressure on scarce resources including water and energy (day zero water shortage in Cape Town) • Pollution of water, air and general degradation (sewage spills on beachfront in eThekweni) • Nuisance and noise (student accommodation in eThekweni)

In addition, Nelly added the challenge of "increased traffic that leads to air pollution due to increased Co2 emissions in residential areas". Peter corroborated the concerns by stating that "in eThekweni, the expansion of SAEs also brings about environmental challenges such as pollution, and such as the sewage spilling onto the beaches due to blocked and unserviced drainages facilities. There is also traffic congestion and parking concerns". Sammy supported the concern about the deteriorating condition of the beaches by adding that "the beaches are no longer safe with student accommodation located without demarcations in the city, and high-paying tourists are shying away from Durban beaches and attractions".

Stating a municipality viewpoint, Mashudu mentioned that *“from a town planning department, since they haven’t zoomed into the SAI, considering that their idea of SAI is Airbnb type of accommodation, the challenges are likened to the challenges they experience with student accommodation. They include traffic and parking, noise levels and competition to access municipal services such as water and electricity”*.

5.2.4.4. Subtheme 4: The SAI challenges not necessarily ethical dilemmas

The research findings also revealed challenges that are not necessarily causing ethical dilemmas for the CoCT and eThekweni municipalities. These are challenges that were raised by some of the research participants and are included to enhance the completeness of the inquiry. The challenges include issues of access to finance to develop and maintain SAEs, awareness creation amongst communities and governments and mobility facilitation. In support, Monroe indicated that *“the biggest challenge is the cost of building which is number one for greenfields projects within the SAI. It is difficult in Cape Town because things are expensive and buildings in Cape Town, specifically historical ones, are too expensive to buy and repurpose. So, it's hard to actually acquire buildings and make the numbers work because of the cost of renovation”*. In addition, Monroe mentioned that *“the other big challenge for shared economy accommodation is also around capital raising. So, the banks specifically like long-term 5 to 10-year lease agreements that are predictable, and they don't like to finance unpredictable short-term accommodation as they need a track record. And so funding absolutely and the cost of building”*.

The second challenge that was raised is also around travel and mobility facilitation that affect mainly international travellers, whether they visit South Africa for business or leisure purposes. Monroe captured this challenge which was also highlighted by several research participants, by stating that *“outside of normal economical and social issues around SAEs, as a consumer, or digital nomad who's coming to South Africa, there is also the visa system for visitors and for digital nomad long stays which hasn't been promulgated yet. So the digital nomad visa of three months is still in the process that's been quite slow. To compensate for young people who have skills who want to work in the country, and experience Cape Town, Durban and Jo'burg, that hasn't been possible just yet, because you can only come on a travel visa”*.

The third challenge which was also raised by some participants and articulated by Monroe was that *“there is also the education around SAEs. People don’t really understand the shared economy, they understand student housing, because that exists. However other business models of shared economy, like the hybrid spaces where young people graduate from student housing, between the 23 and 35-year-old group is not something that people understand”*. To conclude the findings regarding these outlier challenges, Monroe raised the issue of the management of SAEs by stating that *“the other challenges relate to the actual management of the shared economy spaces, because obviously, what shared spaces means is that people need to clean up after themselves. So, managing that human interaction within the space can be interesting to see or witness as well, it can be a real challenge”*.

5.2.5. Theme 6: Municipality management of SAI and SAEs

The sixth theme in the research findings is concerned with providing answers on the measures used by the two municipalities to manage the shared accommodation industry and its enterprises. The section presents the findings on the attitudes or posture of both municipalities on the SAI and SAEs and the tools that they use. The first component of this theme was about the posture and attitudes of both municipalities towards the SAI and SAEs. The second component was about the measures and tools that both municipalities use to govern and manage the SAI and SAEs. The researcher thought it prudent to include the responses of the external research participants on the same question. This was done to provide a perspective from the external research participants on the performance of both municipalities on this important aspect of the study since most of them are role players in the SAI. The researcher deemed it necessary to include an account of their posture and attitudes towards the SAEs, particularly the smaller operators like the private home operators.

5.2.5.1. Subtheme 1: The attitudes and posture towards SAI and SAEs

The research findings on the attitudes and posture of both municipalities towards the SAI revealed that it varied from those of the external research participants. This is particularly the case with the external participants who are role players in the SAI. Whilst the CoCT Municipality was upfront about their positive posture towards the SAI, the eThekweni Municipality presented an undecided and slightly negative posture towards the SAI and SAEs.

In terms of the attitudes/posture of the CoCT, Marius indicated that *“the CoCT is supportive of the SAI as we have positioned ourselves as a tech city to support our economic ambitions. We prefer not to overregulate, but adopt a laissez-faire approach”*. This view was reinforced by Andrew who indicated that *“the job of the city is to balance predictable and equitable distribution of services so that people have an opportunity to platform their enterprises and to move forward in a sort of a self-generational way”*. Andrew went on to state that *“to us, the SAI represents the most unbelievable platform to leverage your assets for additional income; hence we support it as a city”*.

The situation is slightly different in the eThekweni Municipality. The sentiments expressed by the municipality officials revealed an undecided posture towards SAEs. This was reflected in the mixed sentiments expressed by the participants including Nomika, who mentioned that *“I don’t believe that the municipality officials have wrapped their heads around the SAI and Airbnb. It’s a bit like on the one hand the stakeholders want as little as possible, while on the other hand, they also want protection”*. The viewpoint was reinforced by Mashudu, stating that *“in eThekweni they (the municipality) want to manage the SAI, but they must understand first what it is and how it differs with existing paid accommodation types such as BnBs, guesthouses and hotels and self-catering establishments. Additionally, our posture is informed by the practicality and what we know about it. So, I’m saying Airbnb is still foreign terrain to us as eThekweni Municipality, unfortunately”*.

Reflecting a slight opposition to SAEs with the assertion that SAEs operate illegally, particularly the private home operators, Mxolisi indicated that *“the city’s posture is to encourage and embrace SAEs, as long as they comply with established by-laws and policies, especially if they are operating as businesses”*. This viewpoint is supported by Gugu who indicated that *“the posture from a licensing point of view, we are welcoming to shared accommodation, but there must be licensing that is done properly and they must comply and work within the by-laws, otherwise we will penalise them if discovered by our inspectors”*.

For the external research participants, the findings revealed two major viewpoints. Firstly, is their perception of both municipalities’ posture on the SAEs, and secondly, are their attitudes towards the industry and its enterprises. The first finding is that the

external research participants expressed viewpoints that both municipalities are supportive and welcoming to the SAI and SAEs. However, eThekweni Municipality is perceived to be lagging behind Cape Town Municipality. This perception is captured in the viewpoint expressed by Mahlatse *"In terms of postures, I think the CoCT is a firm supporter of shared accommodation. The CoCT sees these platform businesses and SAEs as tools to fast-track enterprises integrated into the tourism sector and to fast-track the growth of the tourism sector as a key to the city/provincial economy"*. In addition, Mahlatse indicated that *"the CoCT's view on shared enterprises is that it's an enabler to achieve a goal of diversity of role players in the tourism industry, acceleration of the pace of growth in the industry, and a faster integration of the informal into the formal industry – and I'm sure they will probably want going forward to have an even more intense relationship with those platforms"*.

To further this viewpoint, Farouk stated that *"one only has to look at the initiatives that the City of Cape Town collaborated upon with the likes of Airbnb during the COVID-19 lockdown. The city recognises the likes of Airbnb and others as role players in the tourism sector. They seek to actively engage and collaborate with them and I think they see them as an ally in the tourism marketing initiative"*. Concerning the perception of eThekweni Municipality, Mahlatse expressed a viewpoint that *"eThekweni is equally embracing SAE as tools for transformation, economic empowerment of the youth, women, bringing in new role players into that space and general economic growth through tourism receipts"*. Mahlatse continued to add that *"the one thing that I do know about eThekweni Municipality is a real understanding about the value of tourism - the value that tourism brings to that city. They would see the shared accommodation subsector and its platforms as an empowerment tool"*. However, Mahlatse conceded that *"eThekweni has not been so much of a tech city as compared to Cape Town, they don't necessarily look at the likes of Airbnb through a tech lens which can become a problem if not addressed"*.

Secondly, and coming to the external participants themselves, the finding was that the posture of SAEs was mostly negative and unwelcoming. This is due in part to similar reasons advanced by the eThekweni municipality officials. The negative perceptions of the SAI and SAEs are largely driven by accusations that they operate illegally and have an unfair advantage over market incumbents. This is mainly attributed to the SAEs' perceived advantageous cost structure. The research

revealed that most of the negative sentiments come from the small accommodation role players, as expressed by Maria *"I think Airbnb is fantastic because you're opening the market for the man in the street to earn a living, however it's disheartening that many operators in this space are not registered and the municipality does very little to restore order"*. Furthermore and in support of the viewpoint, Angus admitted that, *"I do think, I'm obviously not a massive supporter of SAEs because it's causing competition for my hotel, especially in areas of the southern suburbs of Cape Town where there are less tourists and large hotels"*.

However, there were positive viewpoints from other role players, mainly large hoteliers, as expressed by Sammy that *"Airbnb are not a real threat to large scale hotels, mainly because an Airbnb is not really competing with large hotels. This is because if you book an Airbnb, and you don't know it, you are going on the grading or the reviews of people you don't even know. And if it's not up to standard, you have no recourse"*. The findings revealed that it's mostly the small accommodation establishments such as BnBs, guesthouses and boutique hotels with negative attitudes towards SAEs, particularly private home operators. The larger the accommodation establishment like large hotels, and the stronger their brand and market share, the lesser the concerns about the growth and activities of the SAEs, especially private home operators.

5.2.5.2. Sub Theme 2: Municipalities' management of the ethical dilemmas

The research findings on the management of the ethical dilemmas arising from the competing interests of multiple stakeholders in the governance of the SAI within the eThekweni and Cape Town municipalities were mostly similar. There were a few exceptions, which will be highlighted later in the chapter. The research findings concerning the measures used by the two municipalities will be presented from two perspectives. The first perspective is the viewpoints of external research participants while the second perspective is from the internal municipal officials.

5.2.5.2.1. Sub Theme 2.1: Municipality perspective on managing SAI and SAEs

Both municipalities have similar measures and approaches to managing the ethical dilemmas arising from the competing interests of multiple stakeholders in their management of the SAI.

The case of the City of Cape Town Municipality

In the case of the CoCT, the findings indicated that the municipality has not developed by-laws and policies to specifically manage and regulate the SAI. The municipality has instead adopted a laissez-faire approach, with a heavy reliance on body corporates and the element of self-regulation by the various market participants. This is evidenced in the response from Andrew *"My candid answer is that I think the city has kind of turned its back on it (SAI) and allowed it to sort itself out, which sometimes in governance is the best thing you can do. It's a risky approach. The city doesn't want to over-engineer a regulatory response to something"*. In addition, Andrew indicated that *"the city doesn't want to over-regulate something that you don't even know how it might develop in the future. The city has kind of not turned a blind eye but has abdicated its own sort of regulatory response within the sector to say it's permissible unless you as a group come together and say it's not. So, it's also very much a community-driven regulation, I suppose, at the moment"*.

Furthermore, in terms of the measures and approaches, the CoCT has various by-laws and policies to regulate the accommodation industry, whether it is formal paid accommodation or for social housing purposes. The Guest Accommodation Policy and the Short-Term Rental By-law are some of the measures used within the CoCT along with others applicable to the accommodation industry. According to Andrew *"Along with the Short-Term Rental Bylaw, the city has densification policies and encourages density in certain areas. And in terms of zoning permissibility, operators are allowed to undertake the activity, if it's in a sectional title or within a freestanding home because in a freestanding home, you're automatically allowed to partake in short-term rentals. And that's, you know, there's no other further restriction on you. But if you're in a sectional title unit, you need to get permission from the body corporate, so there has to be consensus from the landlords or landholders in the body corporates"*.

However, when it comes to specific laws or regulations of the SAI, Andrew admitted that the CoCT *"doesn't have a specific policy position on the sharing economy, as such, but the city's got an economic growth strategy on inclusive economic growth"*. Andrew indicated that *"after the consultations with Airbnb and various stakeholders*

and through the survey in 2017, the city opted for the laissez-faire approach, which they believe is the best approach under the circumstances and for now". Andrew reiterated that "the city supports people being able to utilise their properties and to leverage them for cash. Yes, it is pretty much a laissez-faire approach, which I think is useful in combating contestation or like, sort of dissenting voices". In addition, Andrew indicated that "the city's sort of move has been to include the tolerance for short-term rental within its planning by-law within its District Development Management Scheme".

The viewpoint on the position of the CoCT is corroborated by Marius, who admitted that *"to be honest, we haven't implemented much, what we have said in the planning model as well is that, and it's essentially come down to body corporates to ultimately regulate this as well. The city's attitude is to let the marketplace determine these things".* However, Marius indicated that in recent times the CoCT has *"developed a policy to govern the sharing economy which Council hasn't approved as yet with the disruptions that came with COVID-19, and also because pressure subsided and they put it on hold".* Marius indicated that *"the draft policy will require all people with SAEs to register and if they are using their second homes/running it as a business, they will impose a little bit more city rates and taxes".* According to Marius *"the intention with the policy was to take a kind of consistent approach and bring certainty to the market around. We want to also be a city that encourages innovation that encourages the sharing economy; we don't want to stamp it out through heavy-handed regulations".*

The case of the City of eThekweni Municipality

In the case of the City of eThekweni Municipality, the findings indicated that they are lagging behind the CoCT in terms of understanding and managing the SAI and SAEs. This view is captured in the viewpoints expressed by Mashudu that *"the concept of the SAI as it refers to Airbnb type accommodation is not yet understood and embraced by the municipality. The municipality is engaged in debates on ways to manage and regulate SAIs including Airbnb".* In admitting the shortfall within the municipality, Mashudu indicated that *"the existing town planning scheme doesn't have a definition for the SAI and for Airbnb but they have short-term accommodation which is the BnBs or Guesthouses".* Mashudu indicated that *"the municipality has no*

record of the location of Airbnb type facilities operating in the city, although they are fully aware that they do exist in large numbers". Ndabezitha added that "the municipality doesn't have a very clear idea of how well the SAI business is doing, insofar as checking the costs, versus the income that you generate. The other challenge is that municipalities don't monitor them, as we pay a lot of attention to your traditional hotel, through, for instance, the likes of the STR global hotel occupancies".

According to Nomika, the municipality is challenged due to *"the unpredictability of the SAI, especially the Airbnb type that makes it difficult for municipalities to find ways to govern/manage them, their pop-up nature and interface with technology"*. According to Nomika, *"the speed at which technological changes manifest, it's challenging to lawmakers considering the pop-up nature of most SAEs and the process of law-making"*. Nomika also mentioned the matter that *"ethically, also, not everything must be over-supervised, because, at some point in time, there's a diminishing return on trying to organise and manage every circumstance"*. Nomika also stated that *"there is also the unique feature and circumstance in South Africa where people always want supervision, that is also a challenge while municipalities don't want to over-regulate and overreach"*.

Furthermore, and as reflected by the research participants, the municipality does not regard SAEs as being any different from existing operators including BnBs, guesthouses and self-catering facilities. It is within this context that the municipality regards SAEs as illegal accommodation providers who need to be penalised using existing policies and by-laws.

Similar to the CoCT, the eThekweni Municipality has existing policies and by-laws to regulate various accommodation entities including BnBs, guesthouses, hotels and self-catering facilities. As indicated by Mxolisi, *"we have an accommodation by-law that is currently in place, as one of the set of by-laws or policy that is in place"*. In corroboration, Gugu indicated that as the municipality *"we have an accommodation establishment by-law, which talks to any enterprise that provides accommodation and lodging where people have to pay, like the tourists/visitors, and it is currently under review to cover some of the gaps, because it's quite an old by-law"*. In addition, Gugu mentioned that *"we also have the Land Use Management By-law,*

and the policies there like the Town Planning policies reviewed them to include these new types of business; health and safety by-law within the municipality; the National Building Regulations (NBRs); Fire Safety and Environmental by-laws as well". From a policing and enforcement perspective, Gugu further indicated that the eThekweni Municipality as is the case with the CoCT "the city has inspectors that go out to the field, and identify those enterprises, advise them of our processes to apply a system in that process". According to Gugu, "the inspectors don't have extensive powers as they are not police officers. They are appointed in terms of the Criminal Procedure Act and have powers to enter premises and ask questions and things like that. But if a person locks the gate or something, they are unable to use force to go inside and see what is happening. The inspectors usually work with the police officers, especially when we've received a complaint".

Additional measures that the municipality utilises include whistleblowing and the good working relationship that they enjoy with Community Tourism Associations (CTAs). According to Gugu, *"The community tourism associations have members who are usually helpful to us in our inspection work. So, they easily report when they see something like when they suspect that it's becoming an accommodation establishment activity".* This viewpoint is supported by Ndabezitha, who indicated that *"since Airbnbs especially in the private homes operate under the radar, the municipality relies on neighbours complaining and community members through whistleblowing".* Furthermore, Mashudu indicated that in terms of lessons *"the municipality has policies and regulations to manage student accommodation, which involves owners/operators submitting building and management plans to the municipality for consideration and approval. We use some of these measures as well".*

Similar to the CoCT, eThekweni has also embarked on a process of updating its policies and by-laws. As indicated by Mxolisi *"the city recognises the gap to regulate SAI and Airbnb type operators, hence they have started to develop a tourism policy to assist in consultation with the provincial structures".* Mxolisi mentioned that *"we are drafting a tourism by-law. These measures add to the existing business licensing. The intention of the tourism by-law is just to undo the illegal businesses that are trading within the city, particularly those that are categorised as tourism. The city wants Airbnb-type accommodation and the SAI which they regard as self-*

catering establishments to comply with by-laws and register as businesses". The objective of the tourism by-law, according to Mxolisi, is to ensure compliance and to balance the interests of the various role players in the eThekweni Municipality including community members.

Furthermore, according to Mxolisi, the eThekweni Municipality, through Durban Tourism, has a strategy wherein *"they have partnered with local tourism associations to assist with the registration of local tourism businesses and also with provincial tourism agencies like KwaZulu-Natal Tourism. They also rely on the partnership with other departments including Business Licensing, Town Planning and Environmental Services to enforce compliance to existing by-laws and policies"*.

5.2.5.3. Sub Theme 3: The external stakeholder perspective on managing SAI

On the question of how both municipalities manage the SAI and shared accommodation enterprises, the external research participants expressed similar viewpoints. The overall finding is that both municipalities are failing to manage the ethical dilemmas arising from the competing interests of multiple stakeholders in governing the SAI. The major indicators from the research participants supporting these viewpoints include the lack of understanding and skills to manage the SAI, the lack of implementation and enforcement of by-laws regulating the accommodation industry; the lack of records of SAI activities within municipalities, the abdication of governance responsibilities to body corporates and the reliance on the whistleblower mechanisms to enforce compliance.

Firstly, the research finding that supports the assertion that both municipalities are failing to manage the SAI's ethical dilemmas was eloquently expressed by Jefferson in that *"the municipalities are not managing the SAEs and the various competing interests sufficiently. Municipalities have not been creative to have records of SAEs. Many of them are listed on platforms such as Airbnb to promote their properties. Those are platforms which they can use to trace and track SAEs. There is no effective monitoring and enforcement, thus allowing SAEs to operate under the radar and allowing SAE operators not to register and get licensed and pay their fair share of rates and taxes"*. A further assertion expressed by Jefferson and most of the research participants is that *"municipalities are failing to put systems in place, a*

tiered system to get SAEs to be appropriately registered in one way or the other, to be legitimate and legal”.

The viewpoint is supported by Mahlatse in the case of the CoCT, that *“municipalities have managed it by not managing it, for the longest time. But I think, left to their own devices, with no pressure from the formal sector, I think they would have quietly let this go on with no regulation. I think the response to finding some way to regulate this is a function of pressure from the formal sector and less so but still, they come from residents”*. And Farouk corroborated the viewpoints by indicating that *“municipalities are not seen to be managing SAEs at all. By-laws and policies are in place, but with little implementation in terms of policing and enforcement, and no system in place for monitoring. Enforcement is directed at registered and traditional operators, especially with liquor licenses, which is a bias against established operators such as BnBs and hotels”*.

The situation is no different in eThekweni where participants indicated that the municipality is unable to manage the SAI and its growth. Maria indicated that *“BnBs, guesthouses and small accommodation establishments are under siege from the likes of Airbnb in eThekweni. We have a list of unregistered operators because we belong to an association. We will even give them (the municipality) the list. We do the homework, we give them their addresses and their phone numbers and they do nothing about all of it. Their focus is on those that are legitimate and are registered for law enforcement and inspections”*.

The findings on eThekweni are corroborated by Peter who indicated that the eThekweni Municipality is unable to manage the SAI and the city in its entirety when it comes to service delivery. Peter indicated that *“the eThekweni Municipality is out of touch with the realities of the business people in the city, especially tourism. The municipality also lacks the knowledge and understanding of the sharing economy and its nature in the accommodation sector. Simply put, they don't seem to know how to manage it”*. In addition, Sammy indicated that *“the city is turning a blind eye to the decaying city. Take the current sewage spills into the sea spoiling the Blue Flag status previously bestowed on the city, and other environmental degradations such as at the harbour, etc. eThekweni as a city is falling apart thus losing its appeal to travellers”*. Sammy lamented that *“the economic impact no one gets it in their*

head because they haven't seen it yet. I think the city at the moment, I think it's in such a dire situation, it's in a mess, I don't think anyone knows where to turn”.

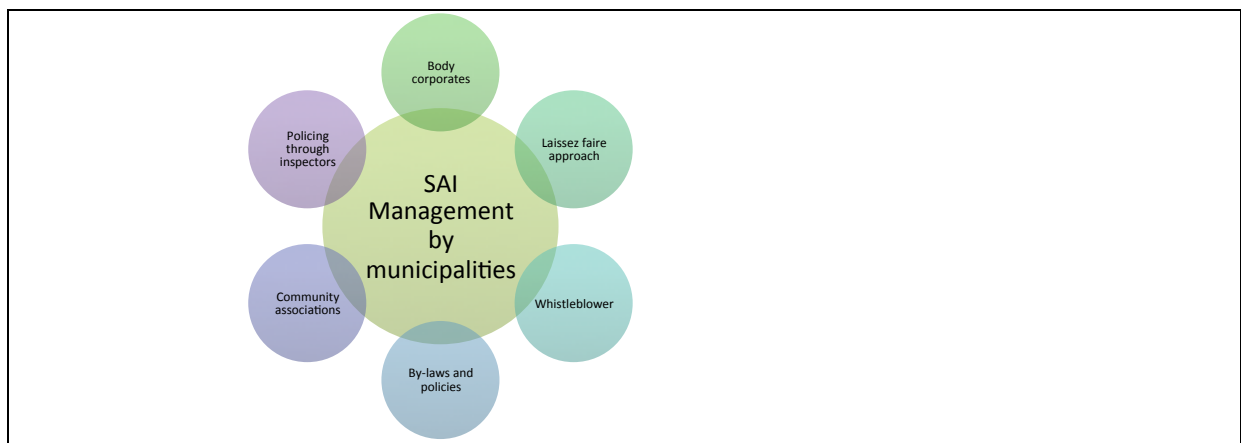
In the second place, the research findings also indicate that most of the research participants indicated that the municipalities target market incumbent and registered operators. Sammy indicated that in the case of eThekweni Municipality *“I think what they (the municipality) do is they target the shared accommodation, specifically the larger hotel groups, when they need data to prove that they are doing audits. So, I don't think they get involved at all, to be honest. So, when they issue business licenses, etc., they don't look at those things which they should be looking at”.* This finding was supported by Angus presenting the case of the CoCT, by stating that *“municipalities don't subject SAEs to the same amount of regulations and rules that are costly, and the regular inspections. The municipal inspectors and law enforcement need to up their game since experience tells us that they target licensed and registered operators like ourselves in hotels, BnBs and guest houses”.*

Thirdly, the research revealed that both municipalities lack the knowledge and skills and have adopted a laissez-faire attitude and posture towards the SAI and SAEs. Farouk supported this viewpoint by indicating that *“municipal officials are not trained or skilled to deal with SAEs/platform enterprises. The CoCT has a laissez-faire attitude to SAEs/platform enterprises which is free market enterprise values and attitude”.* In addition, Farouk indicated that *“they also have inconsistent by-laws and applications with no appetite to enforce and monitor. The CoCT uses the duration of stays within SAEs to regulate the industry, but there is no enforcement and monitoring. The Municipality relies on whistle-blowers and complaints, a reactive system”.* Supporting this viewpoint, Mahlatse stated that *“the CoCT position themselves as a Tech Capital for SA and Africa, hence the laissez-faire attitude/approach. But pushback from formal industry and the community forces them to act, hence the reliance on body corporates and community complaints/whistle-blowers”.*

In support of the findings from the eThekweni municipality, Sammy indicated *“I don't think that eThekweni Municipality is in charge at all. From an economic perspective, they understand how important we are, but that doesn't mean that they do the utmost to make sure that we receive clean water, and that we always have water. And I*

think it's a big problem in this city in particular because all of the old hotels that did not make it through COVID-19 have been turned into student accommodation". The viewpoint was supported by Maria who indicated that "oh the city manages what exactly, there is just nothing. The municipality doesn't understand SAI but then what is there to understand, rental has always been in the market for generations. I think the less the municipality has to do with this, the better because they do nothing because they bring up the rules for a few good people while Airbnb and the likes of Booking.com take our money to foreign countries and SA loses".

Figure 5.3: Graphical representation of the measures used by Cape Town and eThekweni Municipalities to manage the ethical dilemmas



Source: Researcher's own illustrations

Fourthly, the research also revealed that most of the participants were not aware of the existence of regulations and policies for managing the SAI and SAEs in both municipalities. To support this viewpoint from the CoCT, Angus indicated "*I'm not aware of any regulations if there are any. I'm not sure that municipalities are managing the SAEs because they have sprung up and grew up too fast for new regulations to be promulgated to manage them*". In addition, Freiderich indicated that "*I think they're not managing it at all. To be honest, I've not yet had any evidence that they regulate it, that they go after it, that they are inspected you know*".

In the case of eThekweni Municipality, Ndabezitha expressed a similar viewpoint on the regulations by stating that "*to be honest, I have not seen anything in terms of the SAEs being regulated. Maybe there have been, but I have not seen any, as I know that at the provincial level, there was this registration thing. But the issue of the shared accommodation, particularly the one that is Airbnb driven, was really*

beginning to be an issue because the municipalities were saying, well, there's a lot of people who are running illegal businesses. They were calling them illegal businesses, based on the by-laws of the eThekweni City". Figure 5.4 offers a graphical summary of how both Cape Town and eThekweni municipalities manage the ethical dilemmas associated with SAI and SAEs according to the research findings.

In the fifth place, the research findings revealed the challenge of municipalities enacting rules and regulations not conducive to business growth including SAEs. As expressed by Johan *"the challenges are mainly around enforcement. So, the government/municipalities make up certain rules and businesses just do what they can to abide by the rules. So, I think some of the rules are unnecessarily costly and complex. I think in many cases, the rules are excessive. And the support systems are maybe not as good as they should be"*. In addition, Johan conceded that *"it's not just the public sector, it's maybe also from organised business. The rules that are made are not always ideal, and they're not anticipating all of the context and all of the situations"*.

Submitting a viewpoint from a property development perspective, with a different slant to the challenge of excessive regulation, Monroe indicated that *"the CoCT and eThekweni municipalities understand the SAI since at the moment there's obviously student housing as an asset class. There's residential that is commercial, but there are no building codes that have been promulgated for shared economy spaces outside of student housing. Additionally, there are generally high levels of bureaucracy around business development because of the nature with so many processes, and so much red tape around decision-making"*.

However, in the sixth place, the research findings revealed a positive side to the work of both municipalities. The general view by most of the external stakeholders is that the City of Cape Town Municipality was doing a better job than other municipalities including eThekweni. This was expressed in at least understanding the SAI and making strides to support their growth and development; and also, in generally managing the city. In support of the viewpoint, Friederich indicated *"I believe that the CoCT is doing a good job or trying under difficult circumstances, of less resources and wanting to grow the economy and jobs, and I believe that they do*

listen". It is a viewpoint that is supported by Monroe who indicated that *"I feel like generally speaking, Cape Town as a city is probably a little bit more forward-thinking in respect to its approach. But by and large, both the City of Cape Town, Jo'burg, Durban, all of them just have massive amounts of red tape as it relates to driving business development"*.

The perspective is also supported by Mahlatse, who indicated that *"Cape Town is far more flexible than Durban because the zoning codes or general business zoning, which are across the entire city, predominantly allow for residential, commercial"*. Johan supported the viewpoint as well, however pointing out the challenges facing small businesses by indicating that *"the intent is good by the CoCT but, you know, resources are limited. So compared to other places in the country, I think they do a decent job of communicating what the rules are, not to comply with it. But that requires you to have access to the Internet to be able to find them, find the rules and download them. And the smaller businesses don't actually have it; maybe they don't even have a smartphone"*.

About eThekweni, Maria indicated that there are some positive initiatives that the municipality has implemented to support existing operators in the SAI. Maria indicated that *"the city has to be commended for the support through marketing and rebates, especially during COVID-19, for the licenced and registered accommodation operators including BnBs and guesthouses; and some business support funding"*.

5.3. CHAPTER SUMMARY

The purpose of the current chapter was to present the research findings of the study. The goal was to present information responding to the main research question of how the CoCT and eThekweni municipalities manage the ethical dilemmas arising from the competing interests of multiple stakeholders in the management of the shared accommodation industry. In particular, the chapter presented a consolidation of the views expressed by the 20 research participants, who responded to the five primary research questions and the associated objectives as outlined in Section 5.1. Additional information to corroborate the views expressed by the research participants came from documents from both municipalities. Further supplementary information came from Airbnb, as they opted not to participate in the interviews.

The data that was collected was categorised into 6 themes that were informed by the research questions which helped the researcher with an in-depth investigation and exploration of the topic. The six (6) themes were: (i) the understanding and definition of the shared accommodation industry and its enterprises; (ii) the participants and role players in the SAI/SAEs; (iii) the competing multiple stakeholder interests; (iv) the value and benefits of SAI/SAEs; (v) the ethical dilemmas of the SAI/SAEs; and (vi) the posture and management of the SAI/SAEs by the two municipalities.

On the theme of the understanding and definition of the shared accommodation industry and shared accommodation enterprises, the overall finding is that the SAI as an emerging sharing economy industry is broad and lacks boundaries in terms of definitions. The responses from the research participants were wide-ranging in terms of the definition of the SAI, with many confining the SAI to short-term rentals which include BnBs, guesthouses and hotels. Most of the research participants equate SAEs to Airbnb, whilst others understood them to be self-catering operations.

Additionally, most of the research participants do not view SAEs within the broader concept of the sharing economy that is driven by technological innovations. Only a few of the research participants understood the true meaning of SAI/SAEs, which is accommodation in all forms, whether it is for social housing or travel purposes. The distinguishing feature in modern sharing, which confuses many people, is the addition of technological platforms to enable the sharing of accommodation facilities. For this study, the focus was on accommodation intended for business and leisure travel purposes.

On the question of the role players and participants in the SAI, the research findings were that almost everybody is a participant in the industry, including businesses and individuals within communities. The business role players range from BnBs, guesthouses, hotels and self-catering establishments, to property developers, financiers municipalities and other forms of government. On the community side, the role players include citizens who venture into the SAI as entry-level entrepreneurs using their private homes and other syndicated services that provide employment opportunities on a short to medium-term basis.

The research findings on the competing interests of the multiple stakeholders within municipalities are that the SAI/SAEs compete with businesses and ordinary

members of communities for various things. With businesses, the SAI/SAEs compete for clientele, as the SAEs can charge lower prices due to their lower cost structure. They also compete with businesses for access to municipal infrastructure such as roads and parking; and for services including water, energy, funding and marketing support. With communities, the SAI/SAEs compete for social infrastructure such as affordable housing and municipal services and infrastructure.

On the theme regarding the perceived value and benefits of the SAI and SAEs, all of the research participants were agreeable that SAEs have a beneficial effect on the municipalities. The SAI/SAE benefits that were highlighted include their economic contribution, which was reported to be wider within a municipality. This includes employment creation, even though it is through syndicated service providers; competitive advantage to the cities, especially from a travel attractiveness perspective; property development and the regeneration of cities, especially the inner city as is the case in the Cape. There were also findings that SAEs benefit the consumers as well as the operators on a social front, with diversified experiences, and affordable value propositions for travel and cultural exchanges.

The disbenefits of the SAI/SAEs were also shared by the research participants, which were largely included in the ethical dilemmas section. The major challenges expressed border on the concerns of non-compliance to established laws governing the industry. Most of the research participants lamented about the unfair advantage that SAEs enjoy by flouting the laws governing, especially the formal paid accommodation industry. Additional challenges include the reputational risk for cities with increased SAEs operating without measures to safeguard consumers, in terms of quality service and standards.

In terms of the ethical dilemmas confronting municipalities, these were grouped into three categories economic considerations, social considerations and environmental considerations. On the economic considerations, the research revealed that in both municipalities the areas of contestation include the gentrification and densification of neighbourhoods, loss of employment and increased inequality among the citizens. On the social considerations, the findings include homelessness due to the increased unavailability of affordable housing to buy and rent; the loss of neighbourliness; loss of privacy and concerns about safety and security. Regarding

environmental considerations, the concerns include increased pollution due to increased traffic in residential areas; and increased pressure on scarce resources such as water and energy.

The findings regarding the interpretation and management of the ethical dilemmas by both municipalities were similar. The research participants indicated that both municipalities lack the knowledge and skills to manage the growing SAI and SAEs. This means that both municipalities are lagging in terms of training to understand the SAI to enable them to manage it in balance with other stakeholders. On the posture of both municipalities about the SAI, the findings indicate that both municipalities are welcoming and positively disposed to the industry. Whereas the CoCT readily opted for a laissez-faire approach to the industry, especially after its consultative process, the eThekweni Municipality leans towards embracing the industry whilst enforcing the existing by-laws of formal paid accommodation to all role players.

In terms of the measures both municipalities use to manage the SAI, the findings indicate that both municipalities have not developed specific by-laws or regulations to govern the industry. In the case of the CoCT, they use the short-term rental by-laws in addition to other by-laws and regulations including land use management, zoning and building codes. This is similar to eThekweni Municipality where the formal paid accommodation by-laws and regulations are used. This is in addition to other municipal regulations including the student accommodation policies which they have developed in collaboration with stakeholders in the higher learning educational industry.

With the SAI growth and the pressure mounting from market incumbents and communities for the SAEs to be regulated, the findings revealed that both municipalities have embarked on processes to develop by-laws and regulations for the industry. In the case of eThekweni Municipality, whilst they reported that they are still studying and debating the SAI given their inability to differentiate it from self-catering establishments; they are amending and expanding their existing regulations and by-laws. Additionally, they are developing a tourism policy/by-law in collaboration with the provincial government focusing on the SAI and shared mobility. As indicated earlier in this chapter, the CoCT has developed a by-law and policy to govern the SAI and it is pending Council approval.

5.4. CHAPTER CONCLUSION

In the findings chapter, the researcher presented a consolidation of the views expressed by 20 research participants on the broad question of how the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas of the competing interests of multiple stakeholders in managing the shared accommodation industry. The views expressed include the voices of officials from both municipalities and the voices of external stakeholders from private businesses, community organisations and industry associations.

Their viewpoints summarise that both the cities of Cape Town and eThekweni municipalities are not managing the ethical dilemmas of the shared accommodation industry, as they lack amongst others, the technical knowledge and skills driving this subset of the sharing economy. The participants, however, acknowledge that the CoCT is doing better than eThekweni in many respects. The participants indicated that SAEs compete for clients with market incumbents in the formal paid accommodation industry, while they compete for access to affordable housing with ordinary members of the community. The SAEs compete for access to municipal infrastructure and services with businesses and members of the community.

CHAPTER 6: INTERPRETATION AND SYNTHESIS OF THE RESEARCH FINDINGS

6.1. INTRODUCTION

This chapter provides the reader with a discussion of the research findings as presented in Chapter 5 and the analysis of the findings concerning the literature as presented in Chapter 2 and Chapter 3. The goal of the chapter is to interpret and discuss the research findings responding to the study's research questions as presented in Chapter 1. The research findings will be interpreted and synthesised in light of existing literature on the shared accommodation industry and shared accommodation enterprises. The interpretation and synthesis of the research findings will be conducted within the context of the existing literature on the shared accommodation industry and shared accommodation enterprises. The purpose of the study was to investigate and explore the strategies and measures utilised by the cities of Cape Town and eThekweni municipalities to manage the ethical dilemmas arising from the competing interests of multiple stakeholders in governing the SAI and SAEs.

The researcher conducted the study by interviewing participants from both within and outside the CoCT and eThekweni municipalities, which served as the units of analysis. To engage the research participants, the researcher chose the qualitative method of semi-structured interviews. This is because the qualitative method of inquiry focuses on people and their experiences, behaviours and opinions (Baxter & Jack, 2020; Bell *et al.*, 2018). By engaging the participants in this way, the researcher was enabled to find answers to the questions of 'how' and 'why', which provided detailed insight and understanding of the phenomenon under inquiry. The research participants included senior and middle management officials from both the municipalities, owners and senior executives from private, public and community organisations.

In terms of structure, the chapter is arranged to respond to the questions that have informed the study as follows: (a) What is the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the value or benefits derived by municipalities?; (b) What competing interests confront the cities of Cape Town and eThekweni municipalities in

managing the shared accommodation industry and shared accommodation enterprises; and why do they exist?; (c) What are the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises?; (d) What is the attitude (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and shared accommodation enterprises?; (e) How do the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas arising from the SAI and the competing interests of other stakeholders?

The discussion chapter includes an interpretation and the synthesis of the three secondary questions that were included in the inquiry. The three questions were included so that the researcher could fully investigate the concepts of the shared accommodation industry and shared accommodation enterprises. The researcher believed that the exercise would allow the reader to contextualise the findings on the three primary research questions. The secondary questions were as follows:(i) What is the definition and understanding of the shared accommodation industry and enterprises?; (ii) Who are the participants and role players in the shared accommodation industry and enterprises?; and (iii) What are the value and benefits of the shared accommodation industry and enterprises?

In this chapter, the responses to the primary and secondary research questions are provided by connecting the research findings to existing knowledge as presented in Chapters 2 and 3. To provide rigour in the interpretation and synthesis, reference will be made to the research findings associated with the six themes and the corroboration with the literature.

6.2. THE DISCUSSION OF THE RESEARCH FINDINGS

The research findings presented in Chapter 5 were based on the consolidation of the patterns and codes that emerged from the semi-structured interview data. These were supplemented with secondary information sourced from documents of both municipalities. The analysis yielded the six themes mentioned below, which correspond to Kipling's 5W1H Method of Inquiry and Questioning. In Chapter 2, the literature review on the sharing economy and shared accommodation industry was presented using Kipling's 5W1H Method of Inquiry and Questioning. Using Kipling's

5W1H Method, the six themes that emerged from the analysis of the research data, and were presented in Chapter 5, are restated as follows:

- a. **What are shared accommodation, the shared accommodation industry and shared accommodation enterprises?** The theme is concerned with the definition and comprehension of the concept of shared accommodation, the SAI and SAEs, particularly from a developing country perspective.
- b. **Who is doing the sharing within the SAI?** This theme is concerned with the knowledge of the people and entities involved in the SAI as a market segment. It provides information on the participants and role players in the SAI.
- c. **What are SAEs competing for with other stakeholders?** The theme focuses on the interpretation and discussion of the research findings on the areas of competition between SAEs and other stakeholders.
- d. **Why is the sharing happening?** Under this theme, the research findings on the value and benefits of the SAI and SAEs are interpreted and discussed.
- e. **How are the SAI and SAEs perceived?** The research findings on the ethical dilemmas arising from SAI and SAEs, and confronting both municipalities are interpreted and discussed under this theme.
- f. **How are the SAI and SAEs' ethical dilemmas managed?** Under this theme, the research findings on the posture (attitudes) and measures (tools) used by the CoCT and eThekweni municipalities to manage the ethical dilemmas arising from the competing interests of multiple stakeholders in their governance of the SAI and SAEs, are interpreted and discussed.

6.2.1. Theme 1: The definition and understanding of the SAI and SAEs

In keeping with the discussion of research findings in Chapter 5, this theme is focused on answering the questions: What are the shared accommodation industry and shared accommodation enterprises? The research findings have revealed a nuanced understanding of the concept of shared accommodation and its application within the CoCT and eThekweni municipalities. From the research findings, it would appear that most of the research participants were unclear and confused with the use of the terminology of the shared accommodation industry. Most of them were familiar with the concept and terminology of short-term rentals, which include what is commonly associated with formal paid or traditional accommodation such as hotels, BnBs and guesthouses. As discussed in Section 1.1, the STR terminology includes

BnBs, guesthouses, hotels and self-catering establishments. The STR terminology excludes private home sharing, which is commonly associated with platform enterprises such as Airbnb. Existing knowledge classifies these home-sharing establishments under the home-sharing segment.

However, it would appear that most of the research participants distinguished between two main forms of shared accommodation. The one is commercial and is associated with leisure and trade travel services (tourism), whilst the second one is associated with the provision of shelter, social and student housing. Within the commercial shared accommodation category, a further distinction is made between formal accommodation or traditional accommodation and platform-based accommodation enterprises. This is even though it is all shared accommodation providing a leisure and business travel service.

From the research findings, two determinations can be drawn on the definitions and understanding of the SAI and SAEs. The first determination is that the concepts of the shared accommodation industry and shared accommodation enterprises are not known and are not commonly used by the stakeholders within and outside the travel and tourism sector, including among governments. The concepts of SAI and SAE are mainly used within academia as they form part of the broader sharing economy sector (Vith & Höllerer, 2020; Mercier-Roy & Mailhot, 2019; Sundararajan, 2017; Belk, 2014), which includes the mobility sharing industry and many others. Scholars use the SAI and SAE concepts in their various inquiries and can distinguish them from the other concepts including STRs, vacation rentals and home sharing. Confusion with the concepts occurs among the operators in the travel and tourism sector, who use the concepts interchangeably. Furthermore, the concepts are also utilised by regulators who govern these industries including municipalities.

The second determination that can be drawn from the research findings is that the STR concept needs to be clarified and simplified. This is particularly the case, given the new entrants that have emerged, and are blurring the lines between SAEs providing social housing and travel services. The new segments include co-living spaces and apartment hotels, which accommodate guests like digital nomads, remote workers and young professionals, who tend to stay for both the short term and the long term. This development calls for the concept of shared accommodation

to be simplified, at least into two segments of STRs and LTRs, using two distinguishing factors that emerged from the research findings.

The first criterion is based on the reason for the accommodation requirement. The criterion indicates that when accommodation is required for shelter, social or student accommodation, it implies stays of a longer term, usually of more than a month (30 days). According to existing knowledge, this type of accommodation is regarded as LTRs. The LTR type of accommodation is offered for a longer duration, usually six (6) months or more depending on the property owners. They are usually offered in apartment blocks, and more recently, in co-living spaces, apartment hotels and home-sharing establishments. The second criterion is based on the duration of the stay or visit. If the accommodation is provided for a maximum of between 28 and 30 days, it should be defined as STRs, which include vacation rentals and self-catering establishments. This is in line with current practices within the travel and tourism industry, although the distinctions are increasingly narrowing. The distinctions differ from country to country, as was indicated in Section 1 of this thesis.

Notwithstanding the distinctions between the STRs and LTRs, all participants are involved in the sharing of accommodation. It is no longer easy to distinguish a hotel from a BnB or a co-living space to an apartment hotel, as they are all catering for people whether they are travellers or residents, and they are all distributing their products using platforms. Simply stated, a platform enterprise like Airbnb is no longer serving small SAI operators such as private homeowners. Traditional accommodation providers in the social housing and travel and tourism sector like hotels and housing apartments are all distributing their products through platforms such as Airbnb, CouchSurf and Booking.com. These platforms form part of the evolving and growing sharing economy that requires support and governance by municipalities. Otherwise, if municipalities do not step up, they run the risk of upsetting market incumbents, losing their sovereignty and the mandate of ensuring liveable settings for their citizens.

In summary, it would appear from the research findings that the concepts of the shared accommodation industry and shared accommodation enterprises are not understood and used appropriately by operators and municipalities. The SAI and SAEs are concepts used in academia, where they are used with clarity and are

clearly distinguished from other concepts such as vacation rentals, STRs and home sharing. The travel sector and municipalities use the concepts of STRs, which seem to refer to all accommodation including social housing, student accommodation and travel-related accommodation. Of particular concern is that municipalities do not appear to make the distinction, considering the nuances within shared accommodation. In the researcher's view, this is one of the reasons that municipalities are unable to manage and regulate SAI and SAEs.

Municipalities are stuck in a tangle of interchangeable terminology, hampering their capacity to build effective management for the fledgling industry. A similar challenge exists with some industry stakeholders continuing to associate shared accommodation with Airbnb only, and excluding other related types of accommodation. The researcher contends that the ambiguities and confusion of concepts and terminology are evidence of the novelty of these technologically enabled shared accommodations within municipalities. As a result, municipalities must constantly become acquainted with them and devise innovative ways to manage and support stakeholders while guaranteeing liveable settings for communities. Shared accommodations are here to stay according to Sharing Cities Action Network (2020) and Sundararajan (2017), as they are popular with tourists, and are profitable for investors across the world (Palgan *et al.*, 2021; Sung *et al.*, 2018; World Bank, 2018).

The research findings have probably raised the need for more attention on the sharing economy and its industries by all stakeholders including municipalities. As mentioned in Section 1.1, municipalities are the central actors and breeding grounds for the manifestation of the SE. The essential goal is to clarify the concepts and definitions of the SAI and SAEs and to ensure congruency amongst the stakeholders. Given the fact that the global spread of the sharing economy appears irreversible, this is an important goal to ensure that municipalities, in particular, are better prepared. As these platform enterprises expand, they tend to erode established regulatory frameworks (Palm *et al.*, 2019; Vith *et al.*, 2019; Stemler, 2017), necessitating a rethinking of platform enterprise governance.

6.2.2. Theme 2: The participants and role players in the SAI and SAEs

Knowing and understanding role players and participants within the SAI as the second biggest SE industry in developing countries, is the focus of this theme. The section interprets and discusses the research findings about the people and entities involved in the SAI, responding to the question: Who is doing the sharing within the SAI? As stated in Section 2.4.1.2, the SAI consists of individuals and businesses that together constitute the industry.

The research findings support the existing knowledge that virtually everybody is engaged in the sharing of accommodation for different reasons. The sharing is conducted both in informal and formal settings, as already indicated in Chapter 2. According to Belk (2014) and Fraiberger and Sundararajan (2015), a wide range of participants are involved in the SAI including businesses, governments, NGOs and ordinary citizens. Economics is the main motivator for individuals and businesses alike (Chai & Scully, 2019; McLaren & Agyeman, 2015; Belk, 2014). Individuals practice accommodation sharing by using amongst others, idling assets and their second homes (Fraiberger & Sundararajan, 2015).

The sharing of accommodation by individuals using their idle assets and secondary homes was one of the findings of the research. Private home and apartment owners dominated the individual home sharer segment, which was generally operated on an occasional basis. Most of these individual operators didn't regard themselves as businesses and were largely unregistered and unlicensed. The implication is that most of these individual owners operate under the radar and they disregard the established industry lawyers and regulations. This is also true in developed countries, except that in developed countries, these entities are governed by simplified measures and policies to restore market balance. The measures utilised in most of the developed countries were highlighted in Section 2.4.3, with a discussion of the cities of Barcelona, San Francisco and Seoul.

According to Belk *et al.* (2019) and Ryu *et al.* (2019), the sharing of accommodation is also a business venture that is supported by both small and large enterprises. The research findings support the existing knowledge with participants ranging from small enterprises such as private homes and traditional operators like BnBs, guesthouses

and boutique hotels to large hotel chains. The involvement of property development enterprises and financiers was also highlighted in the research findings. These enterprises invest in the development of properties that are sold to individuals for rental purposes, as well as for their use on a large scale. Platform enterprises such as Airbnb, Booking.com and Expedia are other participants who connect consumers to operators. The research findings corroborate the existing literature, with many research participants lamenting the involvement of foreign multinational corporations. The research findings highlighted Airbnb, which has a large presence in many developing countries.

As indicated by Ranchordas and Goanta (2020) and Kornberger *et al.* (2018), municipalities and other government entities also participate in the SAI. This is true when they own and manage the property. The research findings revealed that the CoCT and eThekweni municipalities are participants in accommodation sharing, as is done in other developed countries with advanced social services (Palm *et al.*, 2019; Davidson & Infranca, 2015). However, the CoCT and eThekweni mostly get involved through the provision of shelter social housing as part of their human settlement mandate. There was no indication that either of the two municipalities engages in the commercial sharing of accommodation for travel and trade purposes, as is done in the case of developed cities such as Barcelona, Seoul and San Francisco.

The consumer, whether as individuals, private businesses or governments plays an important role in driving consumption in the SAI. According to the research findings which are supported by the literature, the reasons for people's need for housing affect what form of housing is provided and who provides it. As stated in Section 2.4.2.2.1, the presence of platform enterprises as industry mediators means that suppliers of shared accommodation are no longer split between social housing and travel services. According to the study's findings as indicated in Section 5.2, digital nomads and remote workers travel to diverse locations for a variety of reasons. They may initially travel for business and intend to stay for a short time. However, when their travel circumstances change and visa restrictions allow it, they frequently extend their stay, sometimes using a location as a base to explore more areas. This is when they may need to change their accommodation, which may cause them to become unstable. As a result, most formal accommodation providers are increasingly offering blended services, resulting in the blurring of the accommodation

segments with the shared accommodation industry. The blurring of lines in the shared housing industry, as discussed later in this chapter, is complicating the municipalities' SAI governance responsibilities.

6.2.3. Theme 3: The value and benefits of SAEs and SAI

The subsequent discussion focuses on the research findings on the motive for accommodation sharing within the CoCT and eThekweni municipalities. It provides an analysis of the motivations of accommodation sharing, answering the question, "Why is accommodation sharing happening? The examination of values and benefits should be conducted in the context of a developing country, where significant socioeconomic challenges exist. In some ways, this part presents the positive side of the SAI based on the research findings, whereas the negative side will be analysed later, addressing the ethical dilemmas confronting municipalities.

As stated in the literature, participation in the SAI is motivated by several considerations that benefit both individuals and businesses. The benefits are broadly categorised as economic, social and environmental considerations. According to Fraiberger and Sundararajan (2017), accommodation sharing is primarily motivated by participants' belief that it is a cost-effective means of accommodation, whether for business or leisure. The research findings in Section 5.5 support the SAI's benefits, which include a wider spread of spending in the community, such as shopping malls, restaurants and attraction sites. Furthermore, the findings indicate that SAEs contribute to the enhancement of municipalities' attractiveness and competitive advantage, particularly in terms of travel and trade.

The research findings also highlight the industry's generation of employment through syndicated service providers, which some scholars see as forms of worker exploitation (Ahsan, 2020; Stemler, 2017). This is because some of the operators of syndicated services that support SAEs in particular use workers who are not legally protected (Ahsan, 2020; De Villiers & Taylor, 2019; Sundararajan, 2017). There was also mention of the SAI's contribution to infrastructure development through the construction of new accommodation facilities including hotels and apartments, which contribute to the availability of accommodation in the municipalities. The development of infrastructure was recognised as a primary driver of urban

regeneration and revitalisation of the CoCT and eThekweni, from which innovative concepts like co-living spaces and student housing are generated.

The SAI's direct positive benefit to consumers and businesses is also mentioned in the literature. The positive contribution comes in the form of lower prices than formal or traditional accommodation options (McKenzie, 2020; Hamari *et al.*, 2016). With such competitive prices, the SAI has created competition for formal accommodation suppliers such as BnBs, hotels and guesthouses (Ryu *et al.*, 2019). Furthermore, consumers have more options and convenience in terms of consumption, with travellers enabled to live like the locals (Wruk *et al.*, 2019; PriceWaterhouseCoopers, 2015).

According to the research findings, the SAI has also contributed to the transformation of the accommodation-sharing landscape by providing consumers with more choices. This has resulted in travel no longer being the purview of the wealthy, with more reasonable accommodation options accessible on the market. In the South African context, the effect is the increased participation and inclusion of previously disadvantaged groups in travel and the entrepreneurship space.

The research findings on the service provider side corroborate the possible earnings from the SAI as a key motivator for homeowners who engage in the SAI (Ahsan, 2020; Belk *et al.*, 2019; Acquier *et al.*, 2017). The homeowners operate as independent business owners, with earnings varied depending on factors such as geography, quality and optional services offered to guests (Cohen & Sundararajan, 2015). Furthermore, the research findings underlined the reality that people share their homes when the financial landscape forces them to reevaluate their options to earn a living (Wruk *et al.*, 2019; PriceWaterhouseCoopers, 2015). In consequence, people who are experiencing financial difficulties reconsider their expenditure habits. These people often opt to share their expensive possessions, which they struggle to maintain, especially post the COVID-19 pandemic.

The findings of the study also revealed that people are encouraged to participate in the SAI because they lack employment and traditional business possibilities to earn a living. In addition, the literature discusses the influence of uncertainty on pension systems, particularly for retirees and the elderly, which is an increasing phenomenon in developing nations such as South Africa (World Economic Forum &

PriceWaterhouseCoopers, 2017). As a result, asset sharing becomes important as a means of augmenting pension and retirement incomes. In this context, a recent trend is that some people have turned to the SAI for its self-employment and freelance opportunities, which also offer flexible working hours (Ahsan, 2020; Standing *et al.*, 2018; Stemler, 2017). The move is especially important in developing countries where many people struggle to find work. Platforms like Airbnb are popular in many developing nations because they enable the elderly and unemployed to make a living, amongst other things. For example, according to the research findings in Section 5.2, one of the reasons that the CoCT welcomed the SAI and entered into an agreement with Airbnb in 2019, was to strengthen its economic growth initiatives and ensure that even township areas participated.

Turning to the social front, the benefits highlighted in the research findings include the provision of housing for young professionals who require housing with a sense of community. This is provided within co-living spaces, which also serve digital nomads and remote workers. The elderly are another group that benefits from the sense of community provided by co-living establishments. This is consistent with the literature presented by Stemler (2017), who noted that most platform enterprises are built to be accessed by well-connected and digitally savvy users who can spend and engage with them intelligently. In terms of the benefits to the elderly, the case of Seoul Municipality corroborates the research findings. The City of Social Innovation is responsible for handling civilian requests and proposals for sharing. The Seoul Municipality collaborates with platform enterprises to connect students in need of housing with senior citizens willing to share their products and services (Sharing Cities Action Network, 2019).

The second benefit on the social front, highlighted in the research findings, is the SAI's role in unifying and connecting families in an age when relationship and family breakups are on the rise (Ahsan, 2020; Acquier *et al.*, 2017; Stemler, 2017). SAEs provide products and services like the rental or swapping of entire homes and apartments, allowing families to travel together for work or leisure. The concept of remote working is encouraged by allowing business people to travel with their families and boosting the bleisure concept, which is a new travel trend where consumers blend work and leisure (World Bank, 2018; PriceWaterhouseCooper, 2015).

On the social front, the study findings underlined the contribution that SAEs can make within the areas in which they operate by collaborating with municipalities to address the social concerns of homelessness, amongst others. The suggestion was made that the issue of homelessness for the CoCT and eThekweni municipalities could be resolved in partnership with SAEs, whose properties are vacant at certain times. The properties are vacant due to the regulatory restrictions allowing accommodation letting of between 28 and 30 days annually. This is particularly the case for small accommodation operators and private home sharers. The researcher considers the proposition as a noble idea that could favourably promote good stakeholder relations between the SAI, communities and municipalities. After all, good stakeholder interactions are critical to successful governance at the local government level.

On the environmental front, while the majority of the literature focuses on the negative effects of modern platform enterprise-based shared accommodation, the industry does have some positives. According to Etzioni (2019) and Levine (2019), one of the main advantages of the SAI is the sharing of products and services rather than the single-use that has been a feature of the global economic order for decades. This is especially true when considering the amenities available to people staying in these establishments. Unlike traditional hotels, BnBs and guesthouses, where people tend to stay for shorter periods, SAEs have people staying for longer periods of up to 30 days. By staying longer, the operator can rationalise the provision of services such as linen changing, resulting in cost savings on water and energy.

Davidson and Infranca's (2016) assertion that an increasing number of people want to live healthy lifestyles, engage in environmentally friendly activities, and adopt sustainable consumption habits corroborate the research findings. Platform enterprises such as Airbnb, Expedia and Booking.com for instance, have adopted initiatives to reduce their environmental impact, while also encouraging their partner SAEs to make similar contributions (Airbnb, 2019; Belk, 2018; Gorenflo, 2017). Platform enterprises provide mechanisms for collaborating with SAEs and municipalities to effectively balance the benefits and side effects of their operations (Levine, 2019; Yin *et al.*, 2018). Municipalities, after all, play critical roles in the planning and regulation of sustainable urban growth and development.

6.2.4. Theme 4: The SAI's competing interests with multiple stakeholders

This section analyses the research findings on the areas of competition between the shared accommodation industry and enterprises with other stakeholders in the municipalities of CoCT and eThekweni. It provides an interpretation and discussion of the responses to the question: What are SAEs competing for with other stakeholders?

According to the research findings, SAEs compete with three major types of stakeholders. The first category includes businesses both within and outside the SAI, while the second includes individuals and local communities. The third category is the municipalities themselves. This is because municipalities play a significant role in the governance of major policy issues, wherein they define their role, the roles of other actors, and the rules of the game (Vith *et al.*, 2019; Davidson & Infranca, 2019).

In the first category, the SAEs compete with traditional shared accommodation operators including BnBs, guesthouses, boutique hotels, backpacking facilities and hostels, large hotels and self-catering facilities. Access to clients; the costs and pricing of their products and services; and access to municipal support services and infrastructure are the main areas of competition. As highlighted in the research findings in Section 5.5, a major area of contestation with the SAEs is also for access to consumers and the pricing of their products and services.

Traditional accommodation establishments such as BnBs, guesthouses and hotels struggle to compete with SAEs, particularly private homes and apartments. This is because private homes and apartment owners have lower-cost structures. After all, they do not deal with the obligations confronting traditional operators. Traditional operators face cost obligations such as the payment of business registration and licence fees, insurance payments, business rates and taxes. There are also other additional statutory obligations associated with businesses that are registered and licensed. Many smaller SAEs, particularly private homes and apartments, are not registered and they lack licences such as the liquor licence. Additionally, they don't comply with other statutory obligations such as occupational health requirements and securing business insurance, which are major contributors to the cost structures of traditional SAI operators.

Similarly, in the literature, participants in the SAI have been criticised for flouting laws and evading the payment of levies and taxes (Berger *et al.*, 2020; Vith *et al.*, 2019; Acquier *et al.*, 2017). Additionally, evidence exists that, even in developed countries, individual homeowners are not required to pay taxes on the income they receive from their home-sharing ventures. Furthermore, according to the research findings, SAEs are not subject to regulatory provisions such as zoning, which affect market incumbents such as BnBs, hotels and guesthouses and add to their cost structures.

According to the study findings, SAEs compete for municipal services such as marketing, promotional and funding support, as well as the periodic discounting of rates and taxes. For example, rates and taxes were discounted during the COVID-19 pandemic, as many businesses struggled to meet their statutory obligations. The research revealed that registered and licenced SAEs received benefits in the municipalities of Cape Town and eThekweni. However, the unregistered and unlicensed market participants were also reaping the same benefits. The municipality's negligence, with failures in monitoring and policing, could be one of the reasons. Another reason could be that municipalities were leaning toward supporting SAEs equally because they viewed them as contributing to economic growth, which is a critical consideration. The risk with this response and practice is that many SAEs will refrain from renewing their licenses and continue deregistering their businesses. Following the research findings, this is unfortunately a growing trend in South Africa with many BnBs and guesthouses choosing to deregister their businesses and join platform enterprises such as Airbnb.

In addition, the research findings indicate that smaller SAI operators face more competition from large SAEs. In the CoCT and eThekweni municipalities, competition comes from home-grown platform operators such as SafariNow, who are finding it difficult to compete with multinational platforms like Airbnb. According to the sentiments expressed, "faceless" multinational corporations are stifling the development and growth of local platform enterprises. The argument presented is that this is risky for the municipalities and South Africa's competitiveness. The assertion is corroborated by the literature, which states that large enterprises with bigger networks in the sector are creating monopolies in which one or two platform enterprises control whole markets (Berger *et al.*, 2020; McLaren & Agyeman, 2015; Malhotra & Van Alstyne, 2014). In the city of Barcelona, where such experience

remains a challenge, the phenomenon has drawn the attention of European Union regulators, who intervened and inadvertently stifled innovation and development.

The last area of competition for SAEs highlighted in the research findings is access to municipal infrastructure and services including water, energy, roads and parking, as supported by existing knowledge (Palm *et al.*, 2019; Davidson & Infranca, 2016). According to the research findings, access to public amenities such as parking, roads and water are major points of contention, particularly amongst unregistered and unlicensed operators. As an example, the Day Zero incident, which affected businesses and residents in the CoCT was noted. During the water shortage incident, the CoCT discovered many unregistered and unlicensed SAI operators. It was at this time that traditional operators pressured the municipality to regulate the industry. The CoCT responded with the enforcement of existing regulations governing the accommodation industry concerning rates for water usage. The municipality went even further, launching a consultative process to develop regulations that would balance the interests of the various stakeholders, who were competing for a resource that was under threat.

Secondly, the SAEs compete with community members who want to start their businesses or who require social services and infrastructure. According to the research findings and existing knowledge, a major area of contention is access to shelter and affordable social housing. Both the CoCT and eThekweni have massive homelessness challenges, which is a major issue for many cities. The challenge is particularly huge in developing countries, due to urbanisation and other factors. Gentrification, which combines commercial and residential spaces, is another factor contributing to homelessness. As a result, house prices and rental rates have risen, making housing unaffordable for many people. In other cities, rising housing prices and rents have triggered social unrest, forcing municipalities to regulate SAEs. According to the Sharing Cities Action Network (2019), the cities of Barcelona, San Francisco and Seoul are among the most affected internationally.

Furthermore, traditional SAI operators compete for trading spaces with individual community members pursuing their entrepreneurial dreams. However, most of the time, individuals pursue their business ideas without adhering to the industry's regulations. As indicated in Section 5.2, the regulations are available from both

municipalities for entrepreneurs who want to run their shared accommodation facilities lawfully and legitimately. However, regulations for platform enterprises such as Airbnb, whose role is to connect the client with the owner of the accommodation available for sharing, particularly the private homeowner, are still lacking. In mitigation, the CoCT agreed with Airbnb. Despite these efforts, most SAEs, particularly private homeowners, prefer not to register their properties and instead operate under the radar. According to the study findings in Section 5.2, the majority of these private homeowners do not consider themselves to be entrepreneurs or business owners.

Another area of contestation between SAEs and communities is access to municipal services and infrastructure. As in the case with the business competitors, the competition is for services and infrastructure including water, energy, roads and the use of public parking spaces. As the literature states, municipalities as part of the public sector are responsible for providing the infrastructure on which sharing occurs (Vith *et al.*, 2019), and have a significant impact on the SAEs' behaviour. As an example, the effects of the increased pressure caused by student accommodation on communities in eThekweni were highlighted in the research findings.

Thirdly, the platform enterprises providing access to shared accommodation products and services also compete with municipalities. This is because some municipalities are participants in the SAI. Following the literature, municipalities are either actors, intermediates, agitators or regulators in the SE and SAI (Palm *et al.*, 2019; Davidson & Infranca, 2016). Municipalities as a sphere of the public sector generally engage with all individuals, including business people, citizens and government officials (Berger *et al.*, 2020; Gori *et al.*, 2015). The public authorities, including municipalities, share several services and infrastructure including parking, equipment and many other goods and services (Vith & Höllerer, 2020; Palm *et al.*, 2019; Ryu *et al.*, 2019).

According to the research findings, both the municipalities of Cape Town and eThekweni compete with SAEs in three areas. The first area is for their employees to have access to affordable housing for purchase and rental in the same way that other businesses do, particularly in major city centres. The findings highlighted that with the legacy of apartheid spatial housing, many municipal workers are unable to

live close to their places of employment. Even in South Africa's democratic era, many employees still live far from their places of employment because they cannot afford to rent or buy homes nearby. As a result, they spend the majority of their earnings on transportation.

The other area of contestation according to the research findings is access to the SAEs' client and service provider databases. Platform enterprises, such as Airbnb, collect and analyse data from their subscribers and service providers as part of their business models (Etzioni, 2019; Levine, 2019). Platform enterprises can do this because they occupy the central space between consumers and operators. These platform enterprises will sometimes use the data to further their interests, such as lobbying and persuading governments to support their courses. In exchange, municipalities would benefit from gaining access to platform enterprises' databases to improve their data on SAE activities, governance measures and service delivery.

The findings are supported by existing literature, with Levine (2019) and Martin (2019) stating that municipalities sometimes approach platform enterprises to gain access to the information they have to inform their governance plans and strategies. According to the research findings, the CoCT strives to work more closely with SAEs to achieve, amongst other things, similar goals. To this end, the CoCT was the first African city to sign a collaborative agreement with Airbnb in 2019 for this and other reasons.

The work of Davidson and Infranca (2016), corroborated by Palm *et al.* (2019), suggests another reason for municipalities to compete for clients with SAEs. This is because some municipalities operate sharing services such as bike-sharing platforms, parking spaces, and publicly owned community centres that occasionally include accommodation-sharing facilities. Although this practice is more common in developed countries, the research revealed that both the Cape Town and eThekweni municipalities have elements of such facilities and services. In recent years, the CoCT, in collaboration with some formal accommodation service providers, introduced a bike-sharing service. During the inquiry, the CoCT shared plans to increase the development of more publicly shared facilities as part of their sustainable development goals programme.

6.2.5. Theme 5: The ethical dilemmas arising from SAI and SAEs

The theme discusses the research findings regarding the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities. It discusses the responses to the question of How the shared accommodation industry and enterprises are perceived by stakeholders including communities and other businesses. As one of the leading sharing economy industries, the SAI is a key area of contestation, especially in major global cities (Davidson & Infranca, 2016; Fraiberger & Sundararajan, 2015).

Platform enterprises in the SAI were initially popular in developed countries, with an estimated 8 million beds globally (World Economic Forum & PriceWaterhouseCoopers (2017). This figure constituted 7% of the global paid accommodation industry. Despite its small size, the industry was growing faster than the market incumbent before the COVID-19 pandemic, with projections of 31% growth by 2025 (World Bank, 2018). The industry's popularity is attributed to the high rate of access to technology and the frequency with which people travel. In recent times, the SAI started to see increased growth in emerging markets, the majority of which are in developing countries. According to Airbnb (2019), before the COVID-19 pandemic, the urban home-sharing phenomenon in Africa was expected to lead the growth in the SAI, particularly in the leading economies of Egypt, Ghana, Kenya, Morocco, Nigeria and South Africa.

However, as stated in Chapter 2, the trends towards accommodation sharing have created challenges for municipalities, particularly in developing countries. Municipal authorities have emerged as centres of activity and as primary actors in the discourse on the essence and structure of the SAI (Kornberger *et al.*, 2018; Vith *et al.*, 2019). The sharing of resources frequently affects both public and private interests. Municipalities face multiple challenges to sustainability as their population expands, such as overcrowding, densification, escalating air quality, gentrification, waste generation, environmental degradation, health concerns, compromised safety, unemployment, wage disparities and social segregation issues (Palgan *et al.*, 2019; Gorenflo, 2017). Accordingly, these challenges are the source of ethical dilemmas for municipalities due to the difficult decisions which they must make. Due to the complex socioeconomic realities in most developing countries, municipalities such as

the CoCT and eThekweni face increased pressure to address these challenges, equitably and fairly to all stakeholders. Municipalities face ethical dilemmas in their efforts to deliver their mandates equitably and fairly, with particular consideration given to the role of private homeowners supplying shared accommodation and platform enterprises as intermediaries.

The following section discusses the research findings presented in Chapter 5 concerning the cities of Cape Town and eThekweni municipalities in the context of the discussion of the SAI ethical dilemmas in Chapter 2. The ethical dilemmas will be discussed in three categories economic, social and environmental.

6.2.5.1. *The Economic Considerations*

The research findings on economic considerations were extensive, reflecting the research participants' focus on the economic impact of the SAI within municipalities. The concerns that emerged include densification and gentrification of residential areas, the increase in unreliable employment and jobs, increased inequality amongst the citizens, the circumvention of regulations by both local and multinational platform enterprises, and the safeguarding of data for both clients and service providers.

The first consideration, according to the research findings, is the ethical concerns of densification and gentrification. The concerns were mostly pronounced in the CoCT, which has experienced massive growth of SAEs in recent years. Densification and gentrification are occurring at a faster rate in the CoCT than in eThekweni. Densification has resulted in the construction of apartment complexes in areas with public infrastructure designed to accommodate a limited number of private homes. Residential areas have been converted into apartments for more people without the necessary public infrastructure upgrades. Once these apartments have been developed, they are either sold to individuals who rent them out to people on a short-term or long-term basis.

Alternatively, large enterprises develop apartments and rent them out as part of their shared accommodation offerings. The clientele for such accommodation includes students and academics, remote workers and digital nomads. These types of facilities are suited for this clientele as they often stay longer than in traditional accommodation facilities of BnBs, guesthouses and hotels. The major consideration for their choice of a place to stay is cost and comfort. According to the research

findings, the CoCT has experienced greater densification than eThekweni. The evidence as indicated in the research findings includes the renewal of the Cape Town CBD and the nearby residential areas of Observatory, Woodstock and Claremont.

On the other hand, the findings highlighted gentrification concerns for both municipalities. The main concern with gentrification, as stated in the literature, is the undesirable merger of commercial and residential spaces (Salice & Pais, 2017; Sundararajan, 2017). The changes have an impact on housing prices and residents' privacy, amongst other things (Schor & Fitzmaurice, 2015). Gentrification blurs the distinction between residential and commercial areas, resulting in a slew of social and environmental issues. As previously stated, when businesses relocate to residential areas, the prices for houses to rent or buy rise, displacing many families, some of whom need to be closer to their places of employment.

Furthermore, gentrification affects not only individuals but also businesses that are not affiliated with the SAI. According to the research findings, businesses that are affected frequently relocate their offices to other locations, reducing municipal earnings. Gentrification is evident in the eThekweni CBD, with major businesses relocating their headquarters to the Umhlanga and Ballito residential areas of Durban North. The impact of the shift from eThekweni's inner city to the residential areas of Umhlanga and Ballito presents the municipality with a multitude of challenges. At the heart of their challenges is ensuring that the interests of all stakeholders are addressed equitably and fairly.

However, densification and gentrification are not always negative because they can also have a positive effect in the municipalities where they occur. In the case of the CoCT, densification is allowing for the much-needed renewal of the CBD and also upgrading township locations and smaller towns. The effect of gentrification is equally welcomed in some parts of eThekweni Municipality because it is driving the development of Umhlanga and Ballito residential areas, as well as helping to retain major businesses in Durban and the KwaZulu-Natal Province. According to the research findings, the municipality is using the densification strategy to revitalise the Durban CBD. For instance, eThekweni Municipality is working with the South African

Property Association (SAPOA) to transform some of the old office buildings within the CBD into residential and student housing.

The second ethical concern emerging from the investigation is labour relations. According to the research findings, the SAI hurts employment and job security, as indicated in the literature (Ahsan, 2020; Stemler, 2017; Malhotra & Van Alstyne, 2014). The findings revealed that SAEs, particularly private homeowners, do not contribute to the creation of jobs and decent work as advocated by the International Labour Organisation (ILO). Many of the smaller SAEs, according to the research findings, do not employ workers in their establishments. The owners, particularly private home operators, usually do the work themselves or contract it out to syndicated service providers. Although syndicated service providers employ workers to deliver their services, they do so without providing job security or other labour-related benefits. Many more syndicated service providers use labour brokers to hire their employees (De Villiers & Taylor, 2019; Katz, 2015). Some SAEs use the services of domestic workers to service their homes and clients, often without compensating them appropriately (Ahsan, 2020; Sundararajan, 2017).

As in the case of gentrification and densification, here too municipalities are faced with no easy choices. On the one hand, the municipalities must promote economic development to create jobs and entrepreneurial opportunities. At the implementation level, the establishment and growth of SAEs are beneficial to economic development and job creation. However, the municipality faces a challenge in terms of the quality and sustainability of the jobs created by these SAEs. The ILO advocates for decent jobs for all workers, particularly in developing countries, as part of improving the living standards of the citizens. However, the reality is that SAEs, particularly smaller operators and private homeowners, do not contribute to decent job creation, as evidenced by the research findings.

The third case of ethical concern concerns economic considerations and is the assertion that the SAEs contribute to the perpetuation of inequality amongst the citizens and industry participants. The economic legacy of apartheid and spatial planning in South Africa were cited by research participants as one of the reasons for the inequality among the citizens. According to the research findings, while the SAI allows people to leverage their assets to create wealth and financial security,

this is a privilege enjoyed by a few people in the country. It is a luxury enjoyed by the "haves" rather than the "have-nots," and it occurs in areas where SAEs thrive, which are typically wealthy residential areas and spaces. In consequence, municipalities find themselves unable to ensure that the benefits of the SAI are enjoyed by all the citizens and that it remains a preserve for the few.

The other dimension of inequality concern is the one between the SAI platform enterprises and their accommodation suppliers. Large enterprises with larger networks in the industry are creating monopolies in which one or two platform enterprises control entire markets (Berger *et al.*, 2020; McLaren & Agyeman, 2015; Malhotra & Van Alstyne, 2014). The size of these platform enterprises, their profits and their marketing efforts call into question their role as passive intermediaries (Mercier-Roy & Mailhot, 2019; Wruk *et al.*, 2019). It has been suggested that these companies and their financial backers are taking advantage of the positive symbolic connotation of sharing (Mercier-Roy & Mailhot, 2019) while lifting excessive value from the industry.

According to Stemler (2017), large enterprises do so by giving very little to smaller role players and the countries in which they conduct their business (Stemler, 2017). Consequently, it is argued that these enterprises should be held to greater accountability for the services operating under their names (Etter *et al.*, 2019; Frenken & Schor, 2019; Malhotra & Van Alstyne, 2014). The research findings have revealed similar concerns in the CoCT more than in eThekweni. This is due to the CoCT's greater embrace of technology, as well as the prevalence of platform enterprises such as Airbnb in the municipality. To demonstrate their resolve to embrace technology within the SAI, the CoCT was the first African municipality to sign a cooperation agreement with Airbnb in 2019.

The fourth economic consideration highlighted in the research findings was the flouting and circumvention of laws and regulations governing the accommodation industry in both municipalities. Furthermore, the findings highlighted SAEs' proclivity to avoid paying their fair share of rates and taxes levied by municipalities to fund services and public infrastructure. As a result, municipalities are compelled to choose between supporting these SAEs as part of encouraging economic

development or enforcing the regulations, as they do with market incumbents such as hotels, BnBs and guesthouses.

Traditional SAI operators including BnBs, guesthouses and hotels have already accused the municipalities of targeting them with regulatory enforcement while ignoring the “illegal” operators like the private homeowners. The research findings are supported by the literature, which asserts that SAI participants have been criticised for breaking the laws and failing to pay their fair share of the levies and taxes (Berger *et al.*, 2020; Vith *et al.*, 2019; Acquier *et al.*, 2017). In cities including Vienna, Amsterdam and Barcelona, researchers found evidence that individual homeowners were not subjected to paying taxes on the income they receive from their home-sharing operations (Berger *et al.*, 2020; Mercier-Roy & Mailhot, 2019). Furthermore, the large platform enterprises equally avoid paying their fair share of levies and taxes (McKenzie, 2020; Dolnicar, 2018; World Bank, 2018).

Additionally, the research findings have revealed that in the case of the CoCT and eThekweni, the SAI participants are also not subject to regulatory provisions such as zoning, which affect market incumbents such as BnBs, hotels and guesthouses. Large SAEs frequently take advantage of outdated tax rules and regulatory loopholes found in many countries, particularly developing countries like South Africa. By the time that the authorities catch up with the SAEs' activities, it is frequently too late to reverse the negative effects. For both municipalities, the unintended consequence is the deregistration and non-renewal of business licenses by BnBs and guesthouses. As revealed in the research findings, many BnBs and guesthouses are no longer renewing their business licenses and insurance, which are costly. Instead, they are joining the list of Airbnb-affiliated properties, which does not require them to pay registration fees or insurance. Airbnb charges a commission and service fee, which is paid by the clients instead of the accommodation providers (McKenzie, 2020; Stemler, 2017). The Airbnb commission forms part of the final price paid by the client or user of the accommodation service.

The fifth economic consideration, linked to security considerations, is data security for both clients and accommodation providers (home-sharers). Platform enterprises, such as Airbnb, gather and record data from their subscribers as part of their business models and analyse it for their purposes (Etzioni, 2019; Levine, 2019). The

data includes both transactional and non-transactional information. If municipalities could gain access to the data, they could use it to inform their governance plans and strategies (Levine, 2019; Martin, 2019). However, some scholars have raised concerns about platform enterprises sharing participant data with governments, including municipalities (Berger *et al.*, 2020; Biber *et al.*, 2017). This is because sharing participant data violates their privacy, posing ethical dilemmas for municipalities. Municipalities must constantly improve their service delivery and infrastructure, which necessitates access to the most recent data on users and accommodation providers. However, gaining access to data through platform enterprises may not be desirable for them as a sphere of government.

Similar concerns emerged in the research findings about the apparent collaboration between CoCT and SAEs such as Airbnb. Others saw the move as an opportunity for the municipality to learn more about platform-based SAEs to inform the CoCT's regulatory measures, while others saw it as a risk. The risk was that the SAEs and municipalities would exchange favours, which may disadvantage other SAEs. The favours could include the exchange of client and service provider data, which could jeopardise the fairness and objectivity of the municipality.

The sixth economic consideration that emerged from the research findings was the need for users of platform enterprises to be protected. The users and service providers need to be protected against fraud, liability and unskilled service providers (Berkowitz & Souchaud, 2019; Etzioni, 2019; Biber *et al.*, 2017). Amongst some of the concerns emerging from the inquiry was the lack of measures to ensure that SAE customers have recourse in the event of problems. It has been stated that platform enterprises that connect users and accommodation providers do not provide protection and safeguard measures for both customers and home sharers. Furthermore, because platform enterprises do not share their client data with municipalities when challenges arise, the outcome is frequently unsatisfactory. Since this may harm the reputation of a destination, traditional SAEs including BnBs, guesthouses and hotels have increased their calls for SAEs to be regulated, particularly the private home sharers.

6.2.5.2. The Social Considerations

The SAI's exponential growth has heightened, amongst other things, social concerns about housing shortages, particularly in urban areas (Brandtner & Suárez, 2021; Biber *et al.*, 2017; Stemler, 2017; Malhotra & Van Alstyne, 2014). This is occurring because more people choose to rent out their properties through platform enterprises at unaffordable prices for locals (Frenken & Schor, 2019; Gori *et al.*, 2015). Amongst others, the research findings ranked highly the renting out of accommodation via platform enterprises such as Airbnb. This is because it was viewed as contributing to the scarcity of houses for sale and rent, particularly in the CoCT. The effect of increased housing prices and rent is the displacement of people to areas far from their workplaces.

The scarcity of affordable housing also has an impact on municipalities and businesses, forcing them to relocate their offices to areas where affordable housing is available for their employees. The unintended consequence of businesses relocating their offices, as in the case of eThekweni, is that the municipality's earnings in property valuation rates and taxes are reduced. According to Palm *et al.* (2019) and the World Economic Forum (2016), major global cities such as San Francisco, Seoul, Amsterdam and Vienna have experienced such challenges, resulting in massive social upheavals, usually expressed through frequent protests. The CoCT was one of the few municipalities in South Africa to experience protests related to over-tourism, while others experienced protests related to a lack of service delivery to citizens and businesses (News24, 22 September 2020).

The second social consideration, according to the research findings, is consumer and service provider safety, security and privacy concerns. This is because home-sharing exposes accommodation providers and users to both personal and financial risks (Belk *et al.*, 2019; McDonald *et al.*, 2015; Malhotra & Van Alstyne, 2014). The research findings highlighted the concerns of increased crowding of residential areas arising from the densification through SAEs. Amongst other things, the effect is the loss of neighbourliness and privacy. With the reported high numbers of SAEs operating under the radar in both municipalities, security concerns have emerged, which the authorities must address. According to the research findings, the introduction of student housing in prime locations such as the beachfront has exacerbated the situation in eThekweni. The affected spaces include the areas

primarily occupied by traditional accommodation establishments such as hotels, BnBs and guesthouses. As a result, tourists' numbers visiting these establishments have continued to decline, resulting in revenue loss for both the operators and the municipalities.

Another social consideration that emerged from the research findings, corroborated by Berger *et al.* (2020), is the exclusivity rather than inclusiveness perception of the SAI. According to Stemler (2017), most platform enterprises are built to be accessed by well-connected and digitally informed users who can spend and engage with them intelligently. This excludes a large number of people from the industry, including those who may require it the most. The elderly and students are amongst those who may benefit the most from the SAEs that are accessible to all. In the case of the CoCT and eThekweni, individuals and entrepreneurs from previously disadvantaged communities, retired and elderly people including young working professionals may benefit from an accessible SAI.

Furthermore, the exclusivity perception also happens within the private home-swapping platforms, which are far more sophisticated and out of reach for many people. The research findings revealed that the wealthy within the CoCT and eThekweni municipalities actively participate in the practice of home swapping. Both municipalities have a higher concentration of high-net-worth individuals and a higher proportion of foreign-owned homes (De Villiers & Taylor, 2019; Katz, 2015). However, the home-swapping operators frustrate the CoCT and eThekweni municipalities in terms of governance and regulations, making municipal officials part of the excluded stakeholders. Municipal officials, for example, lack the technical skills and equipment required to engage effectively with the industry (Berkowitz & Souchaud, 2019; Vith *et al.*, 2019). In consequence, governance lapses may occur, which may compromise the ability of the municipalities to treat their stakeholders equitably and with fairness.

The fourth consideration is the unpredictability of the repercussions of social inequality. According to Mercier-Roy and Mailhot (2019), shared accommodation creates social inequality based on race, gender, religious bias (user-facing) and sexual orientation (World Economic Forum & PriceWaterhouseCoopers, 2017). The research findings highlighted the concerns of racial, gender, religious and sexual

bias, particularly in the co-living segment of the industry. The gender, sexual and religious bias was user-facing, with incidences of discrimination reported to authorities. On the other hand, racial and religious bias was also a service provider facing, particularly in the quest of entrepreneurs pursuing their aspirations and seeking assistance from financiers and municipalities.

Municipalities were encouraged, as stated in the research findings, to strike a balance and be fair in carrying out their regulatory responsibilities. As stated by Palm *et al.* (2019), two objectives require the attention of municipalities in formulating SAI platform regulations. Municipalities are responsible for fostering innovation and competitiveness while also protecting citizens' interests. They must also ensure that market incumbents and newcomers compete equitably and fairly at all times, as failure to do so will inevitably lead to anarchy and lawlessness. In this context, several municipalities globally are leading efforts to achieve the UN Sustainable Development Goals while remaining competitive, attractive and liveable (Sharing Cities Action Network, 2019; Salamat, 2016).

6.2.5.3. The Environmental Considerations

According to Salamat (2016), the impact of the SAI on the environment is also critical, considering the provisions of the United Nation's Sustainable Development Goals (SDGs). The increased conversion of private homes into sharing facilities has significant environmental consequences, particularly in residential areas. The population increase, traffic congestion and pollution put undue pressure on scarce resources such as energy and water in residential areas (Yin *et al.*, 2018; Yaraghi & Shamika, 2017; Salamat, 2016). The research findings highlighted the environmental concerns emanating from the activities of SAEs and their clientele. The concerns include the pressure placed on scarce resources such as water and energy, which affects many South African municipalities including Cape Town and eThekweni. In Cape Town, the rapid increase in the population combined with climate change resulted in massive 2018 water shortages dubbed "Day Zero". During the water rationing period, the CoCT discovered many private homes operating as SAEs and abiding by existing laws and regulations.

Another issue highlighted in the research findings is the concern of environmental degradation, which affects both municipalities under the inquiry. As indicated in

Section 5.2, the example of eThekweni Municipality is relevant. In 2021, the eThekweni Municipality was struck by massive floods. Amongst the reasons given for the tragedy were the unregulated developments and human settlements throughout the city. Other reasons include a failure to maintain the municipality's bulk infrastructure, such as stormwater drainage systems, bridges and drainage pipes.

Aside from flooding, the study's findings highlighted environmental hazards caused by poorly maintained sewerage drainage systems, as stated in Section 5.5. The impact of the poorly maintained sewerage drainage system, according to the research findings, resulted in the sewerage spilling into major hotel parking lots, particularly around the tourist areas of the Durban harbour and beaches. In addition to the drainage systems being neglected, there was a problem with the installation of appropriate measures to remove wastage such as ghee fat from SAE apartments, particularly those on the Durban beachfront. As explained during the investigation, the city's drainage systems would be overburdened without the fat traps. This is because the existing systems were not designed to accommodate the cooking habits of modern-day Durban beachfront residents, which includes SAE operators.

The second area of concern regarding environmental considerations, as discussed in Chapter 2, is air pollution caused by increased traffic, particularly in residential areas. The research findings in Section 5.2 relate to the issue of air pollution, and highlight noise pollution and general nuisance, especially with the onset of student housing in both municipalities. Whereas regulations exist for student accommodation, the challenges emanating from other SAEs, especially the private homes and apartments, persist because many of them disregard the existing laws governing the industry. However, according to Etzioni (2019) and Levine (2019), platform enterprises have taken steps to reduce their environmental impact. Platform enterprises provide mechanisms to work with service providers and municipalities to balance the benefits and side effects of their operations effectively (Levine, 2019; Yin *et al.*, 2018). This has been the case in the city of Seoul, which battles to balance the need to use the SAI platforms to deliver on its social, economic and environmental priorities (Ryu *et al.*, 2019; Katz, 2015).

The research findings revealed that work is underway at least within the CoCT to work with SAE operators to mitigate environmental challenges. According to their

2019 agreement, the CoCT and Airbnb collaborated to reduce the impact of an increasing number of tourists visiting the city and using its infrastructure and services (City of Cape Town, October 2019). Several initiatives have since been implemented within the municipality's shared accommodation establishments, including small SAEs and some private home sharers. Other municipalities, including eThekweni, will follow suit in their efforts to verify SAE activities in their respective areas. Even in developing countries, SAES must make positive environmental contributions following the United Nations' SDGs. However, in line with the responsibility of treating all stakeholders equitably and fairly, the municipalities bear the greatest responsibility for performing their balancing act.

6.2.6. Theme 6: The municipalities' management of the SAI and SAEs

The discussion in the research findings on the attitudes (posture) and measures (tools) used by the cities of Cape Town and eThekweni municipalities is the focus of this theme. The goal is to discuss the research findings responding to the question of "How do both municipalities manage the ethical dilemmas arising from the competing interests of their multiple stakeholders in governing the SAI and SAEs? The discussion is of the findings within the context of existing knowledge of the stakeholder and ethics theories presented in Chapter 3; and the lessons from the three global cities of Barcelona, Seoul and San Francisco. The stakeholder and ethics theories served as theoretical anchors for the current study.

According to Vith *et al.* (2019), municipalities are both the central actors and focal points in the discourse of structuring the SAI in many countries. The sharing of resources routinely touches the public and private interests, which forces municipalities to make difficult choices. The modern models of SAEs pose ethical dilemmas for municipalities in light of competing interests from other stakeholders, particularly market incumbents like hotels, BnBs and guesthouses.

The quest to achieve multiple objectives of representing the interests of multiple stakeholders, according to Salamat (2016), has become a preoccupation of many organisations including governments. This tendency has become apparent in recent years, with many organisations under growing pressure to show corporate social responsibility prioritising the interests of various stakeholders and optimising shareholder earnings. With increased urbanisation occurring globally, municipalities

are faced with similar challenges of balancing competing interests from multiple stakeholders.

The stakeholder theory and ethics theories have come up as substantive approaches to strategic management. The principles of the two theories apply in the situation in which municipalities find themselves governing the SAI and SAEs. These are situations involving the management of stakeholders who compete for the attention and support of municipalities to advance their various interests. Municipalities find themselves with the responsibility of reconciling these interests, which is not always possible to achieve. In the study, the researcher used the stakeholder theory to determine and examine the strategies used by the CoCT and eThekweni municipalities to manage their multiple stakeholders including the SAI. On the other hand, the ethics theories of teleology and deontology were used to interpret the decision-making practices within the two municipalities in the face of dealing with the ethical dilemmas of the SAI and SAEs.

The research findings revealed varying iterations of the management of the SAI ethical dilemmas by the two municipalities, within the context of the three perspectives of the stakeholder theory discussed in Section 3.2.2. Firstly, the overwhelming viewpoint expressed during the inquiry was that both municipalities lacked the acumen, skills and comprehension necessary to manage the SAI. However, Cape Town was perceived to be doing better than eThekweni. The CoCT has set the ambitious goal of becoming Africa's Silicon Valley, competing with municipalities such as Nairobi in Kenya. With this ambitious strategy, the CoCT embraced technology, as evidenced by their collaboration agreement with Airbnb in the SAI. In essence, the Airbnb agreement represents the CoCT's commitment to supporting technology-driven enterprises as part of the city's economic development and growth plans. The CoCT would be accused of implementing the managerial stakeholder theory, which holds that managers will exert maximum effort to meet the needs of those stakeholders wielding the most influence and power, especially on the resources that power the organisation (Phillips *et al.*, 2019; Gray *et al.*, 2017; Freeman, 2016; Harrison *et al.*, 2015).

In developed countries, this action would be lauded as a pragmatic move by the municipality. However, the CoCT would be accused of pandering to the interests of

the platform enterprises at the expense of others, including market incumbents and local communities. However, the approach would be opposed because, as a developing country, many people in South Africa lack access to SE-enabling tools like computers and the Internet. In addition, many people do not have the luxury of owning homes, let alone second homes to rent out. In this aspect, most people, particularly those in need of the intervention, are barred from participating in the SAI and enjoying the benefits. During the interview, one of the research participants raised this point that the SE and SAI's innovation eludes many people and small businesses in particular, who do not have access to technology.

Furthermore, the research findings revealed that the CoCT was criticised by market incumbents and communities for neglecting to consult them. The stakeholders expressed their displeasure as they continued to be impacted by the rapid expansion of SAEs. The negative effects of the SAI as highlighted in Section 5.2 on the municipality's economic, social and environmental aspects were at the heart of the complaints. While business stakeholders lamented, amongst other things, unfair competition from the SAEs, communities complained about the lack of affordable housing and loss of employment. Both stakeholders expressed dissatisfaction with the competition for municipal services and infrastructure.

It is also prudent to state that, given the novelty of the SAI within the municipality and the country, the CoCT would be unable to implement the ethical stakeholder approach. It is possible that as the CoCT's understanding and skills to design appropriate measures to manage the SAI grow, they will strive to strike a balance with the interests of other stakeholders. This could imply that the CoCT adopts an ethical stakeholder perspective to ensure equity, fairness and accountability for all stakeholders, rather than just the trendiest, most powerful or financially influential stakeholders (Phillips *et al.*, 2019). However, given the constraints of the ethical stakeholder theory perspective on managers' inability to deal with all stakeholders equitably and fairly, this ideal may be unrealistic (Freeman *et al.*, 2018; Harrison *et al.*, 2015).

Secondly, different iterations have been noted in the case of the eThekweni municipality. Although the research findings indicated the municipality's welcoming attitude to the SAI, it would appear that they have adopted a hybrid stance of

conservativeness and laissez-faire. From the findings of the inquiry, it was revealed that the municipality lacks the understanding and knowledge of the SAI, more than is the case with the CoCT. The municipality was still in the process of understanding and gathering information about the SAI, which would inform their governance measures. The municipality didn't believe that the industry was widespread, because they hadn't seen verifiable evidence of SAEs' existence and contribution to their economy. Furthermore, the municipality perceived SAEs to be similar to self-catering establishments, resulting in debates over the need for regulations.

According to the research findings, the effects of the SAEs are felt by other businesses within and outside the SAI, as well as the communities. This is especially true for SAEs that operate "under the radar", as evidenced by their complaints about the need for regulations. Within the context of the stakeholder theory, it would appear from the findings that eThekweni was in favour of embracing the SAI. However, the municipality was equally in favour of ensuring balance amongst all of its stakeholders. It is for this reason that they put a huge emphasis on enforcing existing regulations and policies governing the SAI.

In terms of the research findings, eThekweni Municipality equally understands the value of the visitor economy. They view it as a means to transform the economy and achieve their inclusive growth objectives. According to the research findings, the municipality was changing their regulations for the accommodation industry to ensure that they are in line with the business model of platform-based SAEs. The municipality was updating its existing accommodation by-law and was planning to introduce a tourism policy to manage developments in the travel and tourism sector, including the SAI.

It would appear from the research findings that both the CoCT and eThekweni municipalities are still finding ways to find balance for the interests of their stakeholders amidst a modern technologically driven shared accommodation industry. The research findings revealed clear areas of conflict between the platform-based SAEs, market incumbents like hotels and BnBs and local communities. All three stakeholder groups can exert power to influence the actions and decisions of both municipalities at any given time. Since both the CoCT and eThekweni municipalities indicated that they are busy updating their policies and regulations,

they have the opportunity to use lessons from the cities of Barcelona, Seoul and San Francisco in terms of their posture.

From the research findings, it would appear that the CoCT is poised to embrace a posture similar to that of San Francisco as discussed in Section 2.4.3.3. The San Francisco Municipality exercises minimum interference in the market but accepts the obligation of defending workers' rights and the environment. The municipality recognises that the government represents the citizens, not special interests and as such, constantly engages the citizens in drawing up their policies and strategies (Brandtner & Suárez, 2021). The eThekweni Municipality on the other hand, according to the research findings, is leaning towards a posture similar to the city of Barcelona as discussed in Section 2.4.3.1. The city of Barcelona has a strict approach to the SAI, which leans towards tightly governing the sector in favour of market incumbents. The municipality uses a policy intervention dubbed "event organisation", which sees them embracing the SAI and other SE industries, as long as it fits with their agenda for leisure and business tourism. Similar to eThekweni Municipality, Barcelona has suffered the loss of corporates shifting their headquarters from the city centre to avoid higher rates and taxes, while also allowing their employees to find affordable accommodation.

The research findings on the posture and measures used by both the CoCT and eThekweni within the context of the study topic are consistent with the literature on the stakeholder theory of government. In terms of decision-making mechanisms, the research findings appear to point to a preference for utilitarianism and deontology theory approaches as discussed in Section 3.2.3. Spheres of government, laws and policies generally guide municipalities to make decisions that benefit the greatest number of people. The research findings indicated the various measures (tools) used by the municipalities of CoCT and eThekweni to inform their decisions in managing the novel platform-based shared accommodation industry. Municipalities and external research participants verified the reliance on municipal policy and by-law prescriptions.

Furthermore, the research findings indicated that both municipalities rely on the work of body corporates within residential areas, including apartment complexes and gated residences. The rules established by the body corporates govern the activity of

inhabitants and investors. The reliance on body corporates is part of the laissez-faire approach, which the CoCT for instance, has indicated as their preferred governance approach in the absence of specific SAI by-laws and policies. This is partly because it relieves the municipality from the pressure of mediating between stakeholders in case of disputes. However, it is also part of their free market principle, which permits market players to self-regulate.

The CoCT research participants expressed their reluctance to regulate the SAEs during the inquiry. Their hesitancy stemmed from the lack of knowledge about the business model of platform enterprises, as well as the ramifications of regulating them. Besides, the CoCT embraces technology to drive its development ambitions, but they are also cognisant of the legal authority of these multinational platforms. The only problem is that in a developing country like South Africa, the market cannot be left to its own devices. There are complex socioeconomic concerns that will not be addressed if left to the market.

Furthermore, the research findings indicate the use of inspectors in both municipalities pointing to the principles of rule-based deontology theory. These include inspectors employed by the municipality for business registrations and licences, occupational health and safety, zoning and building inspections. The work of municipal inspectors is supplemented by the work of provincial or national authorities. These inspectors cover areas that fall under the purview of provincial and national governments and their agencies. This includes labour, insurance and tax compliance issues.

The study's conclusions also emphasise the use of act-based ethics theory principles. The CoCT and eThekweni municipalities use the whistle-blower system, which can be classed under the act-based deontology ethics approach. The research findings indicate that communities and trade organisations are the primary users of the whistleblowing measure. In consequence, the municipalities, industry and community organisations collaborate to expose illegal SAE operators. Some of the more active trade and community organisations make it their business to monitor and collect information about illegal operators, which they pass on to the municipalities' relevant authorities for remedial actions.

The research findings in Section 5.2 provide evidence of the implementation of the principles of utilitarianism ethics theory, particularly in the contestation of access to public infrastructure and services. Access to municipal infrastructure and services was a regular source of contention amongst SAEs, and other businesses and communities. The study's conclusions emphasise the practice of making decisions that benefit the vast majority of people, whether in communities or businesses. The CoCT's joint arrangement with Airbnb is part of employing technology to help more individuals engage in the SAI and provides evidence for businesses. To solve the student housing crisis and homelessness in Durban, the municipality in eThekweni collaborated with firms such as the South African Property Association. Collaboration with businesses aided in addressing the problems of a decaying inner city as well as homelessness.

The laissez-faire approach, however, does not relieve municipalities of community pressure for access to public infrastructure and services. Community members' interests, unlike those of businesses, cannot be left to the market to resolve issues of contention. Municipalities must intervene, using measures such as by-laws and policies to achieve balance and restore order. The principles of the stakeholder conception of government as the focal point capture the essence of how municipalities resolve contestation issues at this level.

The findings of the study revealed the enormous challenges that the CoCT and eThekweni municipalities face in a changing global economy that appears to perpetuate the divide between the wealthy and the poor. It is also perpetuating the divide between those with the knowledge and those without. Whereas the sharing economy and its industry of shared accommodation were supposed to democratise the global economy using technology, existing evidence and research findings suggest that the opposite is happening. It is the responsibility of government entities such as municipalities to act as arbiters, mediators and agitators to maintain market and societal balance. Lessons from Barcelona, Seoul and San Francisco as discussed in Section 2.4.3 provide possible models for the cities of Cape Town and eThekweni municipalities. The lessons could be helpful to both municipalities as they work to amend and design by-laws and policies to govern the SAI and SAEs to be in harmony with other stakeholders.

6.2.6.1. Summary of the municipalities' management of the SAI and SAEs

In summary, the findings of the research on the posture and measures used by the cities of Cape Town and eThekweni municipalities revealed that both municipalities lack policies and tools to govern the modern internet-based shared accommodation industry. Municipalities are unfamiliar with the business models of these platform-based enterprises, particularly the multinationals that dominate the industry. Municipalities lack the skills and knowledge to govern these enterprises unless they understand the business model.

According to the literature, the major platform enterprises exploit regulatory loopholes in the countries in which they operate, particularly developing countries. They would have maximised their benefits and found ways to avoid the regulations by the time the regulatory authorities developed measures to regulate them. There is also the reality that most SAI participants, particularly private homeowners, operate under the radar to avoid being discovered by municipal inspectors and other authorities.

The research findings revealed that both municipalities used existing by-laws and policies developed to govern traditional SAEs such as BnBs, guesthouses and hotels. The body corporates, which regulate SAEs in residential areas and residential complexes, are another measure on which municipalities rely. Other supportive measures include the use of trade and community organisations as whistle-blowers. These existing measures, however, were found to be insufficient to regulate and govern modern SAEs that use the Internet to connect consumers and service providers.

Both municipalities, according to the research findings, were developing policies and regulatory measures to meet the needs of a technology-driven SAI. The market balancing measures which they are developing are intended to ensure that businesses within and outside the SAI and communities receive fair and equitable treatment following the principles of the stakeholder theory. The intention is to address existing imbalances in the way in which municipalities treat various stakeholders within the SAI.

In terms of decision-making practices, the research revealed a mixed application of the principles of utilitarianism and deontology ethics theories. The greatest good for the greatest number of people principle was used to manage competitions between SAEs and other businesses and communities, such as gaining access to public infrastructure and services. Community members and other affected businesses ensured that their dissatisfaction was registered to the extent that both municipalities failed to apply this principle.

The other decision-making principles used, according to the research findings, come from the deontology ethics theory. The rule and act deontological principles were the most common approaches. The rule deontology principle holds that people should not judge their actions individually, but rather judge them using general principles and rules (Kaptein, 2015; Zrenner, 2015). On the other hand, the act deontology approach holds that each situation is unique in that it is undesirable or even unfeasible to draw up standard regulations of action (Crane *et al.*, 2019; Tsalikis, 2018).

The SAI, as discussed in Chapter 2, presents municipalities with requirements, which frequently challenge their ethics and moral judgements. The research findings have indicated that municipalities face ethical challenges in executing their mandate, due to the tendency that the interests of the SAI often compete with those of other stakeholders (Etter *et al.*, 2019; Palm *et al.*, 2019; Acquier *et al.*, 2017). The stakeholder groups include amongst others traditional SAEs like BnBs, guesthouses and hotels. In addition, there are other stakeholders within and outside the SAI like local communities, trade organisations and municipalities. Municipalities must treat all of these stakeholders with equity and fairness by implementing appropriate policies. After all, municipalities, as spheres of government, are accountable to everyone in society.

6.3. CHAPTER CONCLUSION

The objective of this chapter was to interpret and synthesise the findings of the study in light of existing knowledge on the SAI and SAEs. The goal was to present existing knowledge that confirms or refutes the research findings based on a case study of the cities of Cape Town and eThekweni municipalities, both of which are major economic hubs in South Africa. The discussion is an integral part of the researcher's

effort to answer the following research questions: (a) What is the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the value or benefits derived by municipalities?; (b) What competing interests confront the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and enterprises; and why do they exist?; (c) What are the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and enterprises?; (d) What is the attitude (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and enterprises?; How do the cities of Cape Town and eThekweni municipalities manage the competing interests of their multiple stakeholders?

In terms of structure, the discussion was organised around the six (6) research findings themes, which correspond to Kipling's 5W1H Method of Inquiry and Questioning as discussed in Section 2.4.1. The questions used to present and discuss the research findings were as follows: (i) What are shared accommodation, the shared accommodation industry and shared accommodation enterprises?; (ii) Who is doing the sharing within the SAI?; (iii) What are SAEs competing for with other stakeholders?; (iv) Why is the sharing happening?; (v) How are the SAI and SAEs perceived?; and (vi) How are the SAI and SAE's ethical dilemmas managed?

Overall, the research findings were consistent with existing literature on the shared accommodation industry, as one of the fastest-growing sharing economy sectors (Hossain, 2021; McKenzie, 2020; Belk *et al.*, 2019). The findings confirmed the existing proliferation of terminology and understanding of the SAI under the theme of the definition and understanding of the SAI. The existing literature confirms the ongoing debate about the sharing economy, with scholars disagreeing on whether the new technology-based mode of doing business deserves to be called a new economic sector, or whether it should be given mention amongst the various economic sectors. The same debate has spread to the shared accommodation industry, with research findings indicating confusion amongst both insiders and outsiders. The changes that have occurred throughout the industry's existence, since the dawn of humanity, have resulted in ongoing debates and confusion. Consumers and suppliers of accommodation connect through technological platforms like Airbnb in the modern way of sharing. As a result, technological advancements have

changed how businesses interact with one another (B2B), how businesses interact with their customers (B2C), and how customers interact with one another (C2C).

In consequence, the modern sharing of accommodation has a different configuration of participants and role players. The traditional accommodation sharers including BnBs, guesthouses, hotels, backpackers and self-catering establishments such as lodges; a new generation of private home sharers; and the platform enterprises facilitating the connection, are the main participants in modern accommodation sharing. The connection is conducted through the Internet, which makes it easier for consumers and suppliers to connect and transact. Municipalities serve as regulators, agitators, arbiters, as well as consumers of sharing products and services. Other businesses and the broader community are stakeholders, which adds to the challenges that municipalities face in balancing the various stakeholder interests.

The modern configuration of the SAI highlighted the source of competition amongst the role players and participants. The modern SAI business model has pitted operators against each other. According to the research findings, traditional operators complain about their inability to compete on cost with smaller operators, particularly private home operators. They stated that smaller operators who do not follow industry regulations charge lower prices, attracting more customers their way. Traditional operators complain about the numerous requirements which they must follow, which increase their cost structures. Access to municipal infrastructure and services is another issue raised by traditional operators, other businesses and community members. All of these issues require municipalities' attention to create a balanced environment in which businesses and communities can thrive harmoniously.

The research findings found resonance in existing knowledge in terms of the value and benefits of the SAI and the enterprises. According to the research findings, there were doubts about the SAI's immense economic, social and environmental benefits. The study's findings emphasised the SAI's economic benefits, which go beyond the individual home sharer or the large operator. However, several concerns in the economic, social and environmental spheres, bordering on ethical dilemmas, were also raised and confirmed in existing literature (Ahsan, 2020; Vith *et al.*, 2019; Morozov & Bria, 2018; Stemler, 2017).

The ownership and the operational model of modern SAEs are two of the major ethical dilemmas to consider. For example, enterprises that own the platform connection, such as Airbnb, are distributors rather than owners of the products offered. Many of these platform enterprises are multinationals with no permanent presence outside of their home countries, where their earnings are repatriated. Amongst others, the lack of permanency by these platform enterprises allows them to circumvent the laws of their host countries. This aspect is included in the ethical dilemmas confronting municipalities, along with other challenges of the platform enterprise business model. Municipalities face challenges as both central actors and focal points in the discourse of structuring the SAI, as a result of this modern mode of sharing. This is because resource sharing frequently involves both public and private interests (Etter *et al.*, 2019; Palm *et al.*, 2019), which sometimes forces municipalities to make difficult and impossible choices.

According to existing knowledge, the ethical dilemmas arising from the competing interests of the SAI and other stakeholders fall into three categories. The considerations are within the economic, social and environmental spheres. The research findings on ethical dilemmas are consistent with the existing literature. The findings were similar to those found in other municipalities, particularly within developing countries, due to their complex economic and social realities. According to the United Nations (2019), by 2050, the urban population in developing countries will have expanded by 66%. In consequence, municipalities will face increased pressure to execute their mandates equitably and fairly, while ensuring the delivery of basic services to the citizens.

The chapter also includes a discussion on how the municipalities of Cape Town and eThekweni manage the ethical dilemmas arising from the SAI's competing interests with other stakeholders. According to the research findings, both municipalities lack the knowledge and technical skills required to govern the modern technologically driven SAI. Municipalities must acquire the necessary skills and knowledge to develop and implement regulations that will regulate the industry fairly and equitably. The skills and knowledge are also critical to enable municipalities to balance the needs of economic development with the protection of people's liberties and way of life. The literature highlighted the need for governments to exercise caution when allowing technological innovations within society. This is in the interest of preserving

people's liberties as well as limiting the wholesale erosion of cultures, values and norms (Etzioni, 2019; Levine, 2019; Stemler, 2017).

In terms of SAI management measures, the research revealed that neither municipality has developed specific policies and by-laws to govern the SAI, particularly the modern Internet-based SAEs. This was the main reason for the discontent with other stakeholders including other SAI participants and communities. According to the research findings, the reason for the absence or delay in developing the SAI regulatory measures was due to the pop-up nature of the modern version of the industry. Furthermore, the blurred distinction between traditional and modern Internet-based operators was mentioned (Etzioni, 2019; Martin, 2019; Mercier-Roy & Mailhot, 2019).

The absence or lack of regulatory measures in both municipalities, according to the literature, is not a unique situation. This is because the modern platform-based SE and SAI are new to many countries, particularly in developing nations. It was noted, however, that both municipalities were in the process of updating and adding new accommodation policies and by-laws to cater for these modern platform-based SAEs. Important lessons from other developed and developing country municipalities will be critical in the work that both municipalities have begun to do. The lessons from the municipalities of Barcelona, Seoul and San Francisco are applicable as well as those from other developing countries.

The study's conclusion and recommendations are presented in the next chapter. The findings of the research will be weaved together with existing literature to present possible measures for the municipalities to manage the competing interests of their multiple stakeholders in governing the growing shared accommodation industry.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1. INTRODUCTION

The objective of this chapter is to present a summary of the major findings of the study, the researcher's conclusion and recommendations. Additionally, the chapter provides a synopsis of the preceding chapters and revisits the problem statement and the research questions. The purpose of the study was to investigate and explore the ethical dilemmas of the shared accommodation industry and how the cities of Cape Town and eThekweni municipalities manage them in the face of competing interests of their multiple stakeholders. The study was motivated by the reality that municipalities have become incubators for innovative sharing economy industries, whose business models are challenging established regulatory systems, particularly in the shared accommodation industry.

According to existing knowledge, the platform enterprises connecting the providers of accommodation and users are endangering existing legal structures within municipalities (McKenzie, 2020; Vith *et al.*, 2019). Due to their function as intermediaries, these platforms have found themselves in contentious circumstances. This is due to the principles and goals they prioritise, as well as the strategic threat which they pose to market incumbents. According to existing knowledge (Etter *et al.*, 2019; Martin 2019; Ryu *et al.*, 2019; Stemler, 2017), the technological tools on which shared accommodation suppliers rely are not morally neutral. They are intended to have a high value, and they are part of networks of human and non-human entities that enact specific realities at the expense of others (Mercier-Roy & Mailhot, 2019). The existing knowledge is corroborated by the research findings as indicated in research participant views in Section 5.2. of the Findings chapter and in Section 6.2.5.1 of the Discussion chapter. In consequence, their legitimacy and traction are dependent on key stakeholders' formal or informal, direct or inferred approval of the moral choices that they imply (Etzioni, 2019; Levine, 2019; Acquier *et al.*, 2017).

Similarly, providers of shared accommodation, like private homes, are not acting fairly in the market (Frenken & Schor, 2019; Martin, 2019). This is even though they are in the business of providing transitory accommodation, which requires them to operate in commercially designated zones and adhere to the same commercial

standards and criteria as hotels, BnBs and guesthouses (Palm *et al.*, 2019; Sharing Cities Action Network, 2019; Biber *et al.*, 2017). In addition, the self-regulation of these enterprises is often arbitrary and self-serving. The municipality requests for data to better understand the platform's activity and enforce regulations are routinely denied and subjected to litigation (McKenzie, 2020; Sharing Cities Action Network, 2020; Sung *et al.*, 2018).

Municipalities' role in governing the sharing economy is becoming increasingly important, particularly in the treatment of all stakeholders with equity and fairness. The sharing economy and its industries have the potential to revolutionise municipalities as well as their economic growth, environmental stewardship and social viability if properly managed.

7.2. SUMMARY OF THE THESIS CHAPTERS

The objective of the first chapter was to provide an introduction and overview of the sharing economy and the shared accommodation industry. The chapter briefly discussed the SE and SAI in the historical and contemporary contexts of sharing practices. In this context, the chapter addressed the problem statement, which stems from the role of the municipalities in managing the business models of modern sharing platforms and their service providers. As noted in the Introduction chapter, research on municipal governance of SAI has identified significant challenges. Amongst others, the challenges include the reality that modern sharing platforms are endangering existing regulatory structures within municipalities.

There is also the role of ethics in municipal decisions when carrying out their duties. Ethical issues arise because municipalities are major actors in defining their function, the responsibilities of other actors, and the rules of the game in the governance of important policy matters (Davidson & Infranca, 2016; Vith *et al.*, 2019). Municipalities make judgements based on ethics when providing services to all stakeholders hence the use of the ethics theory. Furthermore, municipalities must balance the competing interests of a wide range of stakeholders (McKenzie, 2020; Vith *et al.*, 2019).

The chapter also presented the five primary research questions, which are as follows: (a). What is the definition and understanding of the shared accommodation industry and shared accommodation enterprises, including the role players and the

value or benefits derived by municipalities; (b) What competing interests confront the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and enterprises; and why do they exist? (c) What are the ethical dilemmas confronting the cities of Cape Town and eThekweni municipalities in managing the shared accommodation industry and shared accommodation enterprises?; (d) What is the attitude (posture) of the cities of Cape Town and eThekweni municipalities on the shared accommodation industry and shared accommodation enterprises?; (e) How do the cities of Cape Town and eThekweni municipalities manage the ethical dilemmas arising from the SAI and the competing interests of their other stakeholders?

In Chapter 2, the reader was presented with foundational knowledge about the sharing economy as a sector. The chapter contributes to the study's first objective, which is to uncover the definitions and understandings of the SAI and SAEs and to provide context on the inquiry about the cities of Cape Town and eThekweni municipalities. As stated in the chapter, the SE is a sector that includes amongst others, the SAI and shared mobility industry. Using Kipling's Method of Inquiry or the 5W+1H Method, the concepts and definitions of the SE and its various industries were discussed. The researcher chose Kipling's Method of Inquiry because it is a good method to enable better understanding and delineation of situations and phenomena (Kaypak, 2017).

Additionally, in Chapter 2, contextual knowledge from three global cities, which have embraced the SE was presented. The three cities of Barcelona, Seoul and San Francisco have a full spectrum of SE industries including the SAI and shared mobility industry. The three cities are leaders in their regions in terms of SE governance and regulation, particularly the SAI, which is the subject of this study. Although the three cities are located in the developed regions of the world, the researcher found them to have crucial information to inform the study of the cities of Cape Town and eThekweni municipalities.

In Chapter 3, a review of the literature with relevant theoretical approaches to underpin the study was presented. The chapter discussed the theoretical principles that respond to the study's objectives of determining the attitudes (posture), and measures used by the CoCT and eThekweni municipalities, in managing the ethical

dilemmas of competing multi-stakeholder interests. The main issues presented include the theoretical foundation of the study, an overview and a discussion of the stakeholder theory and ethics theories within a municipality setting. While the stakeholder theory provided the researcher with measures to determine the multiple stakeholders in a municipality with the SAI, the ethics theory provided the researcher with alternative decision-making approaches. The ethics theories provide the theoretical foundation on which municipalities can base their decisions in managing the ethical dilemmas of governing the SAI. The teleological theories of consequentialism, utilitarianism and deontology were found to be relevant for the study, as they provide an interpretive lens to the municipal decision-making processes. This is in light of the study objective of examining how municipalities deal with the SAI's ethical dilemmas in the face of competing multi-stakeholder interests.

Chapter 4 of this thesis provides a detailed description of the methodology used in the study. The study assumed an interpretive paradigm. A qualitative multiple-case study methodology was used to explore and investigate the phenomenon. The chapter also presents the sample audience engaged in the study from both the cities of Cape Town and eThekweni municipalities; the data collection techniques of semi-structured interviews and of using secondary data; and the data analysis technique employed to discover patterns, coding and assigning themes to determine the findings. Finally, the chapter presented how the researcher addressed the requirements of trustworthiness within the context of a qualitative case study inquiry.

The goal of Chapter 5 was to present the research findings responding to the primary research questions and objectives. In Chapter 5 the answers to the main research questions on the ethical dilemmas of the SAI and how the cities of Cape Town and eThekweni municipalities manage them amidst the competing interests of multiple stakeholders were presented. The chapter offered a consolidation of the viewpoints expressed by the research participants, which included the written submissions from those who didn't consent to face-to-face interviews.

The objective of Chapter 6 was to present an interpretation and discussion of the research findings in light of existing knowledge on the SAI and SAEs. The goal was to present existing knowledge that confirms or refutes the research findings based on a case study of the cities of Cape Town and eThekweni municipalities, both of

which are major economic hubs in South Africa. A presentation of the major findings, the conclusions drawn and the researcher's recommendations are presented in this chapter, under Section 7.3.

7.3. LIMITATIONS OF THE STUDY

The study contains limiting factors, some of which are related to the broader critique of qualitative research technique, while others are intrinsic to the study's research design. A lot of thought went into accounting for these constraints and minimising their impact. The limitations of a study are its shortcomings, which could be the result of amongst others, the unavailability of resources, data collection methodology, sample profile and size (Collis & Hussey, 2021; Bell *et al.*, 2018). The distinctive characteristics of qualitative research methodology present possible constraints in its application. Given that analysis is ultimately based on the researcher's thinking and choices, qualitative studies in general are limited by researcher subjectivity. As a result, an overarching disquiet is that of researcher bias, which frames assumptions, interests, perceptions and desires. Under Section 4.7, the researcher indicated how these limitations were addressed in the study.

On the limitation of subjectivity and bias, from the start, the researcher acknowledged that the study might lean towards a travel and hospitality perspective, as it is the researcher's professional background. However, there is also the reality that this is the sector in which the SAI manifests the most as compared to other economic sectors (Tourism Economics, 2020; World Travel and Tourism Council, 2017). In consequence, the researcher's subjectivity and bias towards a travel viewpoint on the SAI has dominated the study, instead of a general business management view. The SAI as a subset of the SE is broad and covers various accommodation segments including social housing, shelter, student housing and travel.

The second limitation of the study lies in the case study methodology. As Yin (2014) puts it, one prevalent concern regarding case studies is that they do not provide a solid foundation for scientific generalisation. However, Yin (2017) countered this criticism by stating that case studies can only be generalised to theoretical propositions and not to populations or groups or universes. Linked to the second limitation, is the third limitation on the sample audience. From the beginning, there

was always the possibility of the researcher's inability to engage all of the relevant participants, in both municipalities. Consequently, in both municipalities, the researcher was unable to engage all of the participants who had accepted to take part in the study. The reasons offered were scheduling pressures and work commitment.

Additionally, the researcher was unable to secure a face-to-face interview with Airbnb as the main actor in the South African SAI and other developing countries. Unlike in developed countries, the Airbnb platform is used by the majority of SAI operators in South Africa, notably private house operators. Other platform enterprises, such as Booking.com, Travelstart, Expedia and Agoda, have a smaller footprint than Airbnb, especially with private home operators (Wesgro, 2017; PriceWaterhouseCoopers, 2015). Due to their ways of operation, private home operators are creating the most concern among regulators. While competing with market incumbents who are usually compliant, they generally do not comply with existing laws and regulations governing the industry.

The fourth limitation is that the study leaned towards engaging business stakeholders and excluding other stakeholders who may be affected by the growth of the SAI in both municipalities. The researcher endeavoured to secure participants from other stakeholders within and outside government structures, hence the inclusion of destination marketing and community organisations. The strategy worked to a limited extent, because the market is wide, with the researcher risking losing focus. The fifth limitation is linked to the limitation concerning the terminology of the shared accommodation industry, which has a broad application. The broad application of shared accommodation terminology, which is commonly referred to as short-term rental, made it a challenge for the researcher to establish clear demarcations of the study area. The shared accommodation terminology in reality includes all accommodation, with or without the exchange of money. The SAI also involves informal and formal shared accommodation segments, serving mainly as shelter in the social housing category.

The research was limited to shared accommodation that excludes social housing, student accommodation and shelters, both informal and formal. The study was therefore focused on shared accommodation to facilitate travel for leisure and

business. This is defined as short-term rentals within the by-laws of both the cities of Cape Town and the eThekweni municipalities; and the TGCSA as stated within the South African National Tourism Policy. It is also the same within the Airbnb Policy, with whom the CoCT concluded a collaborative agreement.

7.4. SUMMARY OF THE MAJOR RESEARCH FINDINGS

The section that follows is a summary of the study's principal findings. In Chapter 5, the detailed study findings with the data richness required in qualitative case studies were presented.

7.4.1. Theme 1: The definition and understanding of the SAI and SAEs

On the theme of the understanding and definition of the SAI and shared accommodation enterprises, the overall finding is that the SAI as an emerging subset of the SE is broad and lacks boundaries in terms of definition. The modern SAI forms part of an emerging SE sector that is technologically driven. Similar to the SE, the definition of the SAI is broad with a vast application, even within the paid accommodation industry. This is because people share virtually everything and within the paid accommodation industry, the sharing also varies with wide-ranging definitions. In most cases, the definition of the SAI is confined to short-term rentals (STRs) which include BnBs, guesthouses and hotels. Furthermore, when it comes to the SAEs, they were either equated to Airbnb or self-catering operations. In addition, most of the SAEs were not viewed within the broader concept of the SE that is driven by technological innovations. In consequence, the distinguishing feature of modern sharing is the addition of technological platforms to enable the sharing of accommodation facilities. The modernisation of the way sharing is facilitated, using technological platforms such as Airbnb, is what brings confusion in definitions and terminology.

The conclusion that can be drawn is that although it could be a challenging task, a definition of what constitutes the SAI and SAEs within the technological era needs to be determined. A distinction is required in the SAI with emphasis placed on what is being shared. If people share a place to sleep (accommodation) such as when people share a room, a house or an apartment, appropriate terminology is needed. In the case where the sharing involves facilities such as a kitchen, ablution facilities

and lounge area, a different and distinctive terminology is required. Once again, the appropriate terminology needs to be informed by the goods and services that are being shared. Additionally, a distinction is required between the terminologies of shared accommodation and short-term rental, which will go a long way to reduce confusion in the marketplace. The determination of distinctive terminologies of the various segments within the SAI, factoring in the nuances, will simplify management and governance. The simplification will assist entities including municipalities and foster healthy relations within and outside the industry.

7.4.2. Theme 2: The participants and role players in the SAI and SAEs

It has emerged from the research findings that almost everybody is a participant in the SAI, including businesses and individuals. The business role players range from BnBs, guesthouses, hotels and self-catering establishments to property developers, financiers and the municipalities and other structures of government. On the individual side, the role players include individuals who venture into the SAI using their private homes on either a periodical or permanent basis. Most of these individuals have no intention of converting their private homes into fully-fledged businesses, which requires compliance with various regulations. Many of them either make use of their second homes, usually in a different location, whilst others use their primary homes. The individual participant also gets involved in the industry through the provision of syndicated services that provide employment opportunities on a short- to medium-term basis.

Furthermore, there are foreign multinational corporations that are the major drivers within the SAI. The research findings highlighted Airbnb, as a major driver of SAEs, particularly the private homeowner segment. However, South Africa as a middle-income country has home-grown platform enterprises that are also playing a role in the industry. The conclusion that can be drawn is that existing knowledge that virtually everybody is engaged in the sharing of accommodation for different reasons is corroborated. The sharing is conducted both in informal and formal settings. The consumer, whether as individuals, private businesses, or governments, plays an important role in driving the SAI. The reasons for people needing accommodation dictate what type of accommodation is provided and who provides it.

The conclusion that can be drawn is that the SAI is a multi-faceted industry with virtually everybody involved in it. There is an added dimension in that with the participation of platform enterprises as industry mediators, providers of shared accommodation are no longer divided between social housing and commercial purposes. This is partly due to the added participation of digital nomads and remote workers, particularly during the COVID-19 period. This clientele travels to various locations for a variety of reasons. They may initially travel for business and intend to stay for a short time. However, when their travel circumstances change and visa restrictions allow it, they frequently extend their stay, sometimes using a location as a base to explore more areas.

In consequence, most formal accommodation providers are increasingly offering blended services, resulting in the blurring of the accommodation segments. Additionally, private homeowners are increasingly getting more platform enterprises to assist them in participating in the market. Most of these individual operators don't regard themselves as businesses and are largely unregistered and unlicensed. The implication is that municipalities need to find smarter and simpler ways to get them to comply with regulations. This is necessary amongst others, to protect the clientele, SAEs and the reputation of destinations. Additionally, established industry organisations need to find ways to organise these private home operators instead of perpetuating adversarial relations.

7.4.3. Theme 3: The value and benefits of SAEs and the SAI

On the theme regarding the perceived value and benefits of the SAI and SAEs, the findings were that all of the research participants were agreeable that SAEs have a beneficial effect on the municipalities and broader society. The major disbenefits are that SAEs, especially private home operators, do not comply with the regulations governing the industry. This practice presents a reputational risk for municipalities which can be damaging to themselves, their clientele and the destination. However, the value and benefits of the SAI and SAEs need to be understood within the context of the ethical dilemmas arising from competing interests with other stakeholders. Additionally, the value and benefits should be assessed within the context of a developing country, saddled with complex socioeconomic challenges.

In consequence, the overall finding is that the SAI and SAEs have value and are beneficial to the municipalities and society. As much as there are negative aspects associated with the SAI, there are immense economic, social and environmental benefits that need to be nurtured. The benefits that were highlighted include the economic contribution which was said to be wider within municipalities such as Cape Town and eThekweni. This includes employment creation, even though it's through syndicated service providers; competitive advantage to the cities especially from a travel attractiveness perspective; property development and the regeneration of cities, especially the inner city areas.

There were also findings that SAEs benefit the consumers as well as the operators from a social side with diversified experiences, and affordable value propositions for travel and cultural exchanges. The other benefits highlighted particularly for co-living enterprises are their contribution to social cohesion and uniting families. These are critical matters in a developing country such as South Africa with its social challenges. On the environmental front, the contribution of the SAI was demonstrated in the increasing number of people wanting to live healthy lifestyles. They do so by engaging in environmentally friendly activities and adopting sustainable consumption habits such as sharing accommodation and related facilities. The negative side of the SAI and SAEs was factored into the ethical dilemmas' findings.

The conclusion that can be drawn from the findings is that there are tremendous benefits to be harnessed from the SAI within municipalities and society. However, there are also disbenefits to the industry which require collaboration by all stakeholders including municipalities. The stakeholders including municipalities need to embrace enterprises driven by technological innovations to achieve economic growth and social cohesion, amongst other things.

7.4.4. Theme 4: The competing interests of multiple stakeholders

The operators within the SAI compete with businesses and individuals for various goods and services. With other businesses including within the SAI, the SAEs particularly private home operators compete for clientele. This is because the SAEs, particularly the private home operators, can charge lower prices due to their lower cost structure. Additionally, they compete for access to municipal infrastructure such

as roads and parking spaces for their clientele. Furthermore, they compete for access to services including water, energy, funding and marketing support. With individuals within the communities in which they operate, the SAEs compete for access to social goods and services. This includes amongst others, access to affordable housing. In terms of municipal infrastructure and services, they compete for the same items as other businesses including access to water, energy, roads, parking spaces, welfare and policing.

The conclusion that can be drawn is that the SAI operators have many areas of competition with various stakeholders within municipalities. The competition with other businesses within and outside the industry is managed where registered and licensed operators are involved. However, the challenge comes with the unregistered and unlicensed SAEs, which are mostly private home operators. This, therefore, puts municipalities under pressure in terms of fulfilling their service delivery mandates. As the SAI is growing, there is an urgent need for simpler and more effective mechanisms to be developed and implemented to restore order and balance in the market and within communities.

7.4.5. Theme 5: Ethical dilemmas confronting municipalities in managing the shared accommodation industry

The ethical dilemmas confronting municipalities were organised into three categories of economic, social and environmental considerations. The main economic considerations include the gentrification and densification of residential areas; loss of employment; increased competition from unregistered and unregulated operators and increased inequality amongst the citizenry. On the social considerations, the findings include increased homelessness due to the unavailability of affordable housing to buy and rent; the loss of neighbourliness; discrimination; loss of privacy and concerns about safety, security and nuisance. The environmental considerations include increased pollution due to increased traffic in residential areas; increased pressure on scarce resources such as water and energy and loss of natural habitats due to environmental degradation.

The conclusion that can be drawn is that the research findings confirm existing knowledge on the ethical dilemmas confronting municipalities with the expansion and growth of the modern technologically driven SAI. Although there are similarities in

the type of ethical dilemmas confronting most municipalities, there are differences in the depth and intensity. This is probably influenced by various factors including the effect of urbanisation, the pace of economic development and political, social and environmental considerations. In consequence, municipalities must have the requisite skills and knowledge to mitigate the ethical dilemmas emerging from the activities of a technologically driven SAI. It is not an easy matter to address because the SAI does add value to the economy and societal development, amongst other things.

7.4.6. Theme 6: The municipalities' management of the ethical dilemmas from the competing interests of multiple stakeholders

The overall research finding is that the municipalities of Cape Town and eThekweni are failing to manage the competing interests of their multiple stakeholders. This failure is attributed to the lack of skills and knowledge to manage the technologically driven SAI and SAEs. This means that the two municipalities are lagging in terms of training to enable them to manage the SAI interests in balance with the interests of other stakeholders. In terms of the posture of the two municipalities towards the SAI, the findings were that both municipalities are welcoming and positively disposed toward the industry. Whereas the CoCT readily opted for a laissez-faire approach towards the industry, particularly after their consultative process in 2017, the eThekweni Municipality leans towards embracing the industry whilst enforcing the existing by-laws governing other paid accommodations serving the travel industry.

Furthermore, in terms of the measures to manage the SAI, both municipalities lack specific regulations to govern the industry. In the case of the Cape Town Municipality, they use the short-term rental by-laws in addition to other by-laws and regulations including land use management, zoning and building codes. It is the same situation in eThekweni Municipality where the travel-related accommodation by-laws are used in addition to other municipal regulations including the student accommodation by-laws.

The implication of the lack of skills, knowledge and specific governance measures for the SAI is multifold. Firstly, is the inability of the municipalities to ensure fairness and balance in the market, particularly between registered and unregistered SAEs. This is while both operators enjoy equal access to municipal services and

infrastructure. It is the same situation within communities, where individuals operating unregistered and unlicensed SAEs compete for municipal goods and services. It is plausible that municipalities, as is the case with other government structures, find it difficult to keep up with technologically driven industries such as the SAI. This is due to their “pop-up” nature, which was highlighted during the research. It is for this reason that municipalities need to find ways to develop measures to exercise control within the SAI, even though the task may be difficult due to the nature and nuances of the industry.

The conclusion that is drawn from the findings is twofold. Firstly, there is unequal treatment of business and community stakeholders within municipalities concerning the SAI and SAEs. The lingering legacy of apartheid has caused unequal service delivery in most municipalities. This is compounded by the added needs of unregistered SAEs. There is an imbalance between the registered and licensed operators who bear the brunt of municipal inspections and enforcement. Secondly, there was an overwhelming call for regulation from affected stakeholders to ensure balance. The call is for municipalities to ensure that all operators in the SAI contribute their fair share. However, the question that remains is how this balance should be achieved within municipalities. The researcher offers possible solutions under the recommendations section hereunder.

7.5. CONTRIBUTIONS OF THE STUDY

The study aspired to investigate and explore the measures and mechanisms used by the cities of Cape Town and eThekweni municipalities to manage the ethical dilemmas of the shared accommodation industry amidst the competing interests of their multiple stakeholders. The goal was to comprehend and document the interpretation of the shared accommodation industry from the perspectives of social, economic and environmental moral issues, as well as how municipalities manage them in the interests of other stakeholders, including other business organisations and communities. The study aimed to answer the five research questions and objectives as indicated in Section 1.5. Three secondary questions, as indicated in Section 4.6.1, were included to enable a deeper knowledge of the phenomenon.

The study was motivated by the reality that municipalities have become incubators for innovative sharing economy industries, whose business models are challenging

municipalities, particularly in the shared accommodation industry. The platform enterprises connecting the providers of accommodation and users are endangering existing legal structures. Due to their function as intermediaries, these platforms have found themselves in contentious circumstances. This is due not only to the strategic risk they provide to market incumbents but also to the values and goals which they prioritise. Existing research suggests that the technology tools on which shared housing providers rely are not morally neutral. They are value-laden and are part of networks of human and nonhuman entities that implement specific realities at the expense of others (Etter *et al.*, 2019; Martin 2019; Ryu *et al.*, 2019; Stemler, 2017).

Similarly, providers of shared accommodation, like private homes, are not acting fairly in the market (Frenken & Schor, 2019; Martin, 2019). This is even though they are in the business of providing transitory accommodation, which requires them to operate in commercially designated zones and adhere to the same commercial standards and criteria as hotels, BnBs and guesthouses (Palm *et al.*, 2019; Sharing Cities Action Network, 2019; Biber *et al.*, 2017). In addition, the self-regulation of these enterprises is often arbitrary and self-serving. The municipality requests data to better understand the platform's activity and enforce regulations which are routinely denied (McKenzie, 2020; Sharing Cities Action Network, 2020; Sung *et al.*, 2018).

The bulk of research contributions increase knowledge by providing new findings, expanding research into new areas, or making existing theories and methodologies more precise, accurate, or acceptable in a given context. The study highlighted three knowledge gaps. The first gap stems from the work of Vith *et al.* (2019:1040) who recommended further research to "assess the medium-term impact of public governance strategies on the further development of the sharing economy, which could contribute to the formulation of practical governance measures for the sector and its industries' implications."

Secondly, and within the study of business ethics, the literature on modern platform-driven SE and SAI is still relatively new. Much research focusing on the SE and SAI only emerged in the previous decade (Palgan *et al.*, 2021; Ahsan, 2020; Sundararajan, 2017). There have been few studies in this context focused on the

ethics of the SAI and its enterprises within municipalities (local government), as important actors and breeding grounds. Thirdly, the extant literature on the SAI is almost silent on the governance of its ethical dilemmas within municipalities in the face of the interests of other stakeholders including other businesses and communities. This is especially true in developing countries, where the industry is expanding rapidly (Sharing Cities Action Network, 2020; Sung *et al.*, 2018; World Bank Group, 2018), despite the significant socioeconomic challenges.

The study seeks to fill identified knowledge gaps in three ways: (i) Contribution to academic knowledge, specifically to the growing literature on the sharing economy, through empirical evidence; (ii) Contribution to the disciplines of business ethics, tourism and hospitality and local government; and (iii) Contribution to practical management within the broader SE and shared accommodation industry.

7.5.1. Contribution to theory

According to Creswell and Creswell (2017), a theory is a thought-out explanation for observations of the natural world that have been produced through the scientific method and that bring together various facts and hypotheses. Theoretical contribution is a process based on knowledge creation and the advancement of current theory via the use of reasoning and facts. Through empirical evidence, the study contributes new ways of understanding and thinking about the SAI and related SE industries, particularly at municipal and local government levels where they manifest.

As already mentioned in Chapter 3, the study is anchored on the stakeholder of government and the ethics theories of utilitarianism and deontology. The two theories were relevant to the study as they have come up as substantive approaches to strategic management including at local government levels. As stated in Section 3.2.2, the stakeholder theory is an organisational management and business ethics theory that takes into account a variety of stakeholders influenced by business, including amongst others, employees, suppliers, local communities and creditors (Fernando & Lawrence, 2014; Freeman *et al.*, 2018). By nature, the business of the stakeholder theory includes the fact that all stakeholder interests should be considered, and their well-being should be accounted for equally. By design, municipalities lend them to interact with a multitude of stakeholders, which requires them to treat all of them with fairness and equity, which is sometimes difficult. Table

7.1 provides a summary of the study's contribution, achieved through the provision of empirical evidence responding to the research questions and objectives, and linking them to existing knowledge.

Additionally, the researcher opted to use the ethics theories of teleology and deontology to guide the inquiry. As already discussed in Chapter 3, ethical theories are formal declarations regarding what people should do, since they represent the positions from which people seek guidance when making decisions (Constantinescu & Kaptein, 2020; Tsalikis, 2015). The study provides empirical evidence to contribute towards the stakeholder theory of government and the ethics theory of deontology, with the nuanced application of the theories as summarised in Table 7.1.

Furthermore, in terms of managing stakeholders, the evidence from the study revealed a nuanced approach within the two municipalities, including the decision-making practices. The evidence from the study revealed a leaning towards a collaborative approach in terms of governing the SAI and managing the ethical dilemmas within the CoCT and eThekweni municipalities. While the CoCT uses the laissez-faire principle in managing the SAI, the eThekweni Municipality is conservative and enforces the laws governing the accommodation industry without exception. At the same time, evidence also revealed the municipalities' reliance on body corporates, which are independent business entities in their own right.

Additionally, both municipalities collaborate with community organisations and individuals through whistle-blowing to manage the SAI and the ensuing ethical dilemmas. The practice as described is tantamount to a public-private partnership, intended to ensure a balanced and equitable marketplace. The researcher believes that this empirical evidence contributes to the expansion of the rule-based deontology theory of ethics. Furthermore, evidence revealed that both municipalities also use their inspectors to monitor compliance with the by-laws used to regulate the commercial accommodation industry. In consequence, the combination of relying on the free market principles (laissez-faire), collaborating with body corporates and communities through whistleblowing and the use of inspectors' ushers in an expansion of the stakeholder theory of government. It ushers in a flexible approach by governments, which demonstrates their ability and willingness to utilise various measures to manage innovative concepts such as in the case of the internet and

Table 7.1. Theoretical Contribution Summary

Theoretical Lens	Research Question	Research Objective	Existing Knowledge	Study Contribution
Ethics Theory	What are the ethical dilemmas confronting the CoCT and eThekweni municipalities?	Using the Ethics theory to determine the ethical dilemmas within the CoCT and eThekweni municipalities	Economic, Social and Environmental concerns as discussed in Chapter 2 and highlighted in the cities of Barcelona, Seoul and San Francisco	Nuanced Economic, Social and Environmental concerns associated with developing countries as presented in Chapter 5 of this thesis
	What measures are used to manage the ethical dilemmas by the CoCT and eThekweni?	Use Ethics theory to determine the measures used to manage ethical dilemmas	Use of Utilitarianism 'the greatest good for the greatest number of people' principle; and Use of the rule-based deontological principles	Laissez-faire or free market principle, contributed by the CoCT; Collaborative and Public-Private Partnerships with Body corporates, Community organisations, and Individuals, extending the utilitarianism principle
Stakeholder Theory	Who are the multi-stakeholders of the CoCT and eThekweni municipalities?	Use the Stakeholder theory to determine the multiple stakeholders	Stakeholders are groups, persons or institutions intimately involved with the affairs of the organization (Wicks <i>et al.</i> , 2019; Harrison <i>et al.</i> , 2015) Organisations must pay attention to the needs and interests of all their stakeholders (Goodpaster, 2016; Fernando & Lawrence, 2014)	The CoCT and eThekweni consist of all who resides in their localities including businesses of all type, communities and individuals. This is consistent with the existing literature
	What are the competing interests of the multiple stakeholders?	Use the Stakeholder theory to determine the competing multiple stakeholder interests	Existing knowledge is mainly from developed countries with competition in the economic, and social spaces and growing concerns in the environmental area. There is more sophistication as compared to the experience in developing countries with municipalities equipped and skilled to manage the various multi-stakeholder interests	SAEs, particularly private homes compete for clientele and municipal services with established SAI operators. Competition with communities and individuals for affordable housing and municipal services. Differences in context and intensity developed with a lack of municipality expertise

technologically driven SAI. Perhaps this is caused by the novelty of the SE and SAI within municipalities in developing countries. The SE and SAI are proving to be difficult to manage due to their evolving and pop-up nature.

In consequence, the evidence achieved points to a collaborative approach where municipalities work with business and community entities to fulfil their mandates of governing the SAI and managing the ethical dilemmas arising from the competing interests with other stakeholders. This is a trend that is consistent with evidence from the work of the Sharing Cities Action Network (2019), which is constantly investigating new ways of managing the SAI in the face of resistance from platform enterprises. The evolving measures of governance in which municipalities collaborate with various stakeholders to fulfil their governance mandates are probably the way of the future in the age of digitisation and the 4th Industrial Revolution. It is most likely the route governments should take to avoid falling behind

in their governance obligations, while maintaining their sovereignty and guaranteeing liveable environments for all citizens.

The flexibility in terms of managing and relating with stakeholders is also demonstrated in the decision-making approaches revealed in the study. The study provides evidence of municipalities using the rule-based deontology theory, which unfortunately allows them to externalise and absolve themselves from their responsibilities as central actors and focal points in the discourse of structuring the SE and the SAI. Equally, there is also evidence of the municipalities' reliance on the mechanisms of Body corporates, community whistle-blowers and platform enterprises such as Airbnb, to govern the SAI and manage the ethical dilemmas arising from the competing interests of multiple stakeholders.

However, municipalities cannot rely on external agencies and platform enterprises to fulfil their mandates. Following existing knowledge, the technological devices on which SE and platform enterprises rely such as the Internet and smartphones are not morally neutral. They are loaded with certain preconceived ideas and are also part of networks of human and nonhuman entities that implement specific realities, often to the detriment of other market players (Vith & Höllerer, 2020; Etzioni, 2019; Martin 2019; Stemler, 2017). In consequence, it is pleasing to note from the inquiry that both the cities of Cape Town and eThekweni municipalities are developing new regulations to govern the SE and SAI.

7.5.2. Contribution to academic disciplines

The study also contributes to addressing emerging issues within the discipline of business management. Business management is a vast discipline with many intersections, including entrepreneurship, general management concepts, human resource management, leadership styles, strategy and supply chain management. It also includes management within the local government; and tourism and hospitality. Within this context, the study makes several contributions.

In this context, the study contributes by addressing a topic influenced by globalisation, technological transformation, social and environmental concerns, and political instability. The world has changed and is expanding so quickly, as a result of rapid and continuous development (Bäumlisberger, 2019), with new questions

emerging all the time and prompting research to find alternative solutions. Furthermore, the continual rapid advancements in social technologies that have revolutionised marketing, communications and organisational connections make these themes critical.

Secondly, according to the United Nations (2018), emerging pressing challenges of sustainable development and resource management including water and energy management have all been highlighted as the century's great macro themes. Without immediate resolution of these concerns, life on Earth may be jeopardised or become unpredictably difficult. As indicated in Section 5.5, the expansion of SAEs has been cited for exerting pressure on scarce resources such as water and energy and contributing to increased waste and environmental degradation.

Thirdly, the research advances understanding of crucial topics such as ethics, accountability and corporate responsibility. For some time, the concept of corporate social responsibility (CSR) has also been a popular topic and leading scholars in the field believe it remains a high research goal (Berger *et al.*, 2020; Benlahcene *et al.*, 2018). Ethical challenges are one of the key topics in business research in modern times (Brennan *et al.*, 2021; Chai & Scully, 2019), and sustainability, responsibility, and ethical governance within governments are some of the targeted research areas (Palgan *et al.*, 2021; Hasnas, 2020). The requirement came primarily as a result of the lasting impact of the 2008 financial crisis, which implies that corporate responsibility, accountability and fair value accounting continue to be key areas for research (Tourism Economics, 2020; Palgan *et al.*, 2019; Dahan *et al.*, 2015). As indicated by the World Bank (2018), there are other pressing global issues including war and global security; global labour standards including regional and industry issues, with an impact on the evolving SE and SAI and the business environment as well. With the study focusing on the sharing economy, it is timely since the management of innovation and technology is critical in today's environment.

7.5.3. Practical contribution

Management is the administration of an organisation, whether it is a business with a profit motive, a non-profit, or a governmental agency. The inquiry has investigated the misunderstanding of meanings and terminologies; the participants; and ethical concerns coming from the modern technology-driven SAI within the context of local

government; and tourism and hospitality. The researcher believes that these findings may be used in the ongoing process of amending existing regulations to include the SAI, particularly private home operators. At the same time, they can also influence the development of new regulations to govern the technologically driven SAEs such as Airbnb. This will go a long way to harmonise relations in the marketplace. Developing countries are the new growth areas for the sharing economy, especially in accommodation and mobility services (World Economic Forum & PriceWaterhouseCooper, 2017).

The third contribution is towards getting municipalities and other stakeholders to embrace technological innovation and enhance support systems for platform enterprises. This should be done without increasing the divide between established and emerging entrepreneurs and enterprises. The aspect of closing the divide between established and emerging enterprises featured strongly during the research. Many research participants mentioned the need for municipalities to ensure that small operators were not excluded from participating in the SAI, due to lack of access to technology, particularly in the townships, small towns and rural communities.

Globally, municipalities are experiencing the impacts of platform enterprises and need new ways to understand their business models and find ways to approach the situation, as well as ways that allow them to defend their sovereignty, as well as to ensure harmonious settings for all stakeholders. The study adds to the literature by further explaining the mechanism through which the SAI can be understood and governed by municipalities.

7.5.3.1. Contribution to the definitions and terminology within the SAI

The contribution to existing knowledge can also be made in the definition and terminologies used within the SAI. The researcher recommends clarity and distinction in the definition and terminologies within the SAI. This will go a long way to assist governments such as municipalities to develop regulations suited for the various segments. This will avoid the use of regulations that may prove to be onerous to smaller SAEs and private home operators. The definitions will also contribute towards achieving harmony amongst the various operators within the industry.

Based on the research findings, the researcher recommends the use of the phrase of shared accommodation when people share a room, apartment or home. This will include traditional accommodation services for travel purposes such as hotels, BnBs, guesthouses, boutique hotels and game lodges. One of the distinguishing features should be the purpose for requiring the accommodation, i.e. whether it is for social housing or travel purposes. If the accommodation is for travel purposes, which is the focus of this study, some distinguishing features are required. The researcher recommends a distinction based on the duration for when the accommodation is required. If the accommodation is required for a period, of not more than 30 days, the recommendation is to use the short-term rental (STR) terminology. This definition and terminology will cover traditional accommodation services for travel purposes such as hotels, BnBs, guesthouses, boutique hotels and game lodges.

In the case where the accommodation is required for more than 30 days and to a maximum of 12 months, the recommendation is the use of the terminology of long-term rental (LTR). This will cover accommodation for travel purposes including hotels, BnBs, guesthouses and boutique hotels, which are now accommodating people for longer periods. The modern concept of Apartment hotels is one example of hotels offering long-term stays; and co-living establishments, which cater for remote workers and digital nomads.

The third determination concerns the concept of self-catering accommodation and timeshare. This is where the confusion manifests within the SAI. The researcher recommends the use of the terminology of self-catering to describe SAI establishments where there is sharing of facilities such as kitchens, lounging areas, ablution, swimming and other leisure and business facilities. In practice, the terminology of self-catering is commonly used for leisure travel purposes. Concerning timeshare accommodation, the researcher recommends the use of the STR or LTR terminology, depending on the duration of the required accommodation. The nuance of timeshares as properties that are owned but rented out to other people is operated in similar ways to the modern Apartment hotel.

Finally, determining the terms for the various segments within the SAI as well as distinguishing between accommodation and short-term rental, could be beneficial. More conversations are needed within the social housing and travel accommodation

industries to determine the acceptable and required terminology. On the governance front, they will enable municipalities to develop suitable regulations without burdening all operators with similar onerous rules. The onerous regulations stifle entrepreneurship, innovation and economic development. On the stakeholder side, this will help to improve interactions amongst market participants in the accommodation industry. It is not going to be an easy task, considering the nuances within the accommodation industry, as well as technological innovation. However, it is a necessary task to simplify governance and ensure justice and equity amongst stakeholders.

7.5.3.2. Contribution to the management of SAI within municipalities

According to the research findings, both municipalities have initiated the process of changing their legislation to accommodate modern platform-based SAEs. Given the challenge of regulating "pop-up" enterprises like most SAEs, the research findings make the following recommendations:

7.5.3.2.1. That municipalities in South Africa should adopt a municipal service delivery and costing model tailored to the modern technologically driven SAEs. The modern SAI, in all of its manifestations, necessitates revised or different legislation that is flexible enough to govern the industry. The policies should be written in ways that safeguard municipal income, while also fostering innovation and development. The South African Local Government Association (SALGA) should spearhead this endeavour.

7.5.3.2.2. Municipalities should establish and strongly promote a registration process for all SAEs, particularly private home operators. The system should however be streamlined, because most SAEs are operated as private homes, on a periodical basis. A streamlined and user-friendly system is preferred over a stringent one; otherwise, most people would continue to operate under the radar.

7.5.3.2.3. The practice of limiting the number of days that people can rent their private homes should be implemented and strictly enforced. Furthermore, a tiered municipal rate/rates scheme should be introduced to ensure that private homeowners pay their fair share for the services provided to them and their clients.

7.5.3.2.4. A streamlined system of grading SAEs, particularly private homes, is suggested as part of addressing standards and quality problems, as well as safety and security for owners and guests. This is essential primarily to protect the destination's reputation, particularly from a travel standpoint. Service standards and quality assurance organisations should be involved.

7.5.3.2.5. Municipalities should collaborate with SAE stakeholders to create an exchange system that addresses social issues such as homelessness and a lack of affordable housing, particularly for young professionals just starting. The participating SAEs should be compensated through municipal tax rebates and other means. Both solutions might be implemented during the property owners' downtime or when their properties are vacant.

7.6. RECOMMENDATION FOR FUTURE RESEARCH

The study produced many questions that could not be considered during the research, as they fell outside the focus area of the research. The following topics for future research can be considered:

7.6.1. Since the study was focused on paid shared accommodation for travel purposes, it did not explore the topic in the other segments of social housing and student accommodation. A replication of the study focusing on social housing and/or student accommodation, which is growing in South Africa, could be considered. The study could be conducted within the same municipalities or others since these two segments are growing.

7.6.2. A replication of the current study in other municipalities or other developing countries in Africa and on other continents such as Brazil, China and Asia using similar or different research methodology, could be undertaken. Comparing the findings of this study with other major municipalities in developing nations with comparable features to Cape Town and eThekweni might be beneficial in terms of knowledge generation.

7.6.3. A study to explore how local governments should manage/govern "pop-up" type enterprises in the shared accommodation industry or other SE industries; with an added focus on ethics and stakeholder management would be beneficial.

7.6.4. A study on how the SAI can contribute towards social housing in the face of the growing challenge of homelessness, absent parents and reduced social cohesion to address the growing concern of loneliness amongst many societies could be undertaken.

7.6.5. A comparative study of the municipalities of Cape Town and eThekweni with other cities in developing countries or developed countries on a similar topic, focusing on paid accommodation in the travel industry, would be useful.

7.7. CONCLUSION AND RESEARCHER REFLECTIONS

Stake (1995) asserts that qualitative case study research is highly personal. The people being analysed are thoroughly investigated. Researchers are advised to consider their perspectives when interpreting their findings. The value of the meanings generated by the researcher or the reader determines the quality and usability of the research (Rashid *et al.*, 2019; Roller, 2019; Patton, 2014). In consequence, a personal appraisal of the work is expected.

The inquiry allowed the researcher to enter an unfamiliar but interesting world of technologically enabled enterprises. It allowed the researcher to explore the confusing world of shared accommodation, which forms part of the modern platform-based sharing economy. At least in South Africa, since the advent of the platform-enabled sharing economy, all accommodation that is accessed through the platforms is referred to as Airbnb. The existing distinctions including vacation or holiday, timeshare, self-catering and backpacking accommodation have been thrown into disarray. This has led to confusion in the market including the operators, consumers and government entities such as municipalities.

Within the travel and hospitality sector, the confusion has brought about disharmony, with the market incumbents complaining about unfairness and loss of market share. To the governments, it has confused their regulations and it is making it difficult for them to make adjustments to restore balance in the market. The beneficiary of the innovation has been the consumer and individuals who have opportunities to use their idle assets to earn income without the burden of complying with various laws and regulations. The confusion within the industry made it a challenge for the researcher to explore the topic. There was always a risk of research paralysis with

confusing definitions and terminologies. It was for this reason that the researcher took the paid accommodation segment and focused on accommodation for travel purposes. Even with the segmentation, it remained a challenge to keep the focus and avoid the nuances within the specific accommodation segment.

Secondly, the study was initially going to be a single case study of the municipality of Cape Town. However, it was converted to a multiple case study with the challenges experienced in securing permission within the CoCT. This was the time when the researcher approached the eThekweni Municipality, which was identified as an alternative. It was when both municipalities responded positively that the study was converted to a multiple case study, which the researcher believed would enrich it.

Thirdly, the challenge of the confusing definitions and terminologies within the SAI continued in the data collection phase. It was during the data collection phase that the researcher discovered the full extent of the confusion. However, despite the challenges, the study was a fulfilling and enjoyable journey. It allowed the researcher to expand knowledge about the sharing economy and its interface with technological innovation.

Additionally, the study allowed the researcher to appreciate the role which technology plays in economic growth; to address social challenges such as homelessness and social cohesion and the environmental challenges such as pollution. The researcher is encouraged and inspired to find ways to influence municipalities and other government structures to embrace technological innovation to address pressing issues such as access in the economy; and others in the social, political and environmental spheres.

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APPENDIX A:

Research Participant Invitation and Consent Letter

Letter of Introduction and Informed Consent

Dept. of Business Management

Managing the shared accommodation industry ethical dilemmas: the case of Cape Town and eThekweni's competing multi-stakeholder interests

Research conducted by:

Ms. Mmatšatši Ramawela (u02553961)

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Dear Participant

The discipline of research is vital for the growth and development of economies and industries in many countries including South Africa. With this in mind, I am writing to invite you to take part in a research that I am conducting as part of my PhD studies with the University of Pretoria.

For the dissertation towards a Doctoral degree, I am conducting a study on the topic of **“Managing shared accommodation industry ethical dilemmas: the case of Cape Town and eThekweni's competing multi-stakeholder interests”**. The purpose of the study is to investigate and explore how the cities in developing countries are managing the ethical dilemmas of the shared accommodation industry (short term rentals) in the face of competing interests from other multiple stakeholders. Shared accommodation industry (short term rentals) is a subset of the Sharing economy sector. In many developing countries, it is the second biggest revenue generator behind the shared mobility industry whilst leading in the developed countries. It is an integral part to the growing sharing economy sector and a major contributor for employment and entrepreneurship. However, as part of the sharing economy, debates have ensued on the benefits and drawbacks of shared accommodation, especially at local government level where it manifests.

Multiple benefits have been identified for the study, which includes amongst others, a contribution to the development of policies to promote the growth of the industry within the broader sharing economy sector. Furthermore, the study intends to contribute towards the development of models for municipalities to use in ensuring the coexistence of the shared accommodation industry with other industries and stakeholders. In this case, it is hoped that study will be used in the development of regulations at national, regional and local government levels within South Africa and other developing countries. The study is also intended to contribute to academic

knowledge on the growing sharing economy sector and shared accommodation (short term rentals).

The Invitation to Participate in the Study

As one of the identified participants, I would like to invite you to take part in the study by giving me the opportunity to meet with you to conduct the interview. Due to the Covid19 protocols, it is likely that the interview will not be conducted face-to-face but virtually. I will be the person conducting the interviews and your responses will be dually recorded using a tape recorder (in case of face-to-face interviews) and supplemented through personal note taking. The responses will be virtually recorded if the interview is conducted virtually. Please be assured that the information you will provide during the interviews is totally confidential and will be used towards the completion of my dissertation only. Your name and your position within the organisation will remain anonymous.

Please take note that as part of the requirement in post-graduate studies, I will be required to use the findings of the study to publish articles in academic publications. In addition, I may be required to use the findings at conferences. A free copy of the study can be made available to you as a participant on completion of the dissertation if needed. Should you have any queries or need further information in this regard, please make contact with me or my study supervisor Professor Natasja Holtzhausen at the University of Pretoria, natasja.holtzhausen@up.ac.za. Please let me know if you are willing to take part in the study so that I can schedule the interview with you at your earliest convenience. The interview will take place at a time and place or virtual platform that is convenient for you.

I am looking forward to your positive response. Thank you in advance for taking part in the study.

Yours sincerely

Ms Mmatšatši Ramawela
Doctoral Student
University of Pretoria

APPENDIX B 1:

Semi-Structured Interview Guide: City of Cape Town municipal Officials

<p>Theme 1: Who is the city of Cape Town's Stakeholders and What are their interests?</p>
<ol style="list-style-type: none">1. Who are the stakeholders of the city of Cape Town municipality?2. What do you understand to be the interests of the city of Cape Town's stakeholders mentioned in (1) above?3. What is the level(s) of importance given to each Stakeholder(s) within the management of the city of Cape Town?4. What is your understanding of Shared accommodation (short term rental accommodation)?5. Do you regard Shared accommodation enterprises as one of the stakeholders of the city of Cape Town and why?
<p>Theme 2: What are the competing multi-stakeholder interests which confront the Cape Town City Council in governing the sharing accommodation industry?</p>
<ol style="list-style-type: none">6. What do you understand to be the interests of shared accommodation enterprises within the city of Cape Town municipality?7. What other interests does the city of Cape Town need to contend with in managing shared accommodation?8. Which other stakeholder interests specifically competes with those of shared accommodation?9. What is your assessment of how the city of Cape Town is performing managing the interests of its stakeholders?
<p>Theme 3: What ethical dilemmas arise as a result of the competing multi-stakeholder interests confronting the city of Cape Town in governing the shared accommodation industry (SAI)?</p>
<ol style="list-style-type: none">10. What is your understanding of Ethics and what does it mean to you within the context of the city of Cape Town municipality?11. In your experience, what are the ethical dilemmas confronting the city of Cape Town in managing shared accommodation enterprises?12. In executing your duties, do you encounter any ethical dilemmas in managing Shared accommodation enterprises?13. In your experience, how has the city of Cape Town handled the ethical dilemmas of managing shared accommodation?
<p>Theme 4: How does the city of Cape Town interpret and manage the ethical dilemmas from the competing multi-stakeholder interests in governing the shared accommodation industry?</p>

14. How can you describe the posture of the city of Cape Town in managing shared accommodation industry?
15. How can you describe the posture of other stakeholders on shared accommodation within the city?
16. What is the existing policy position of the city of Cape Town on Shared accommodation?
17. What policy framing inform the policy position of the city of Cape Town on Shared accommodation?
18. What strategies does the city of Cape Town have in place to manage Shared accommodation enterprises?

APPENDIX B2:

Semi-Structured Interview Guide: City of eThekweni municipal officials

<p>Theme 1: Who is/are the Stakeholders of the eThekweni municipality and What are their interests?</p>
<ol style="list-style-type: none">1. Who are the stakeholders of the eThekweni municipality?2. What do you understand to be the interests of the eThekweni municipality's stakeholders mentioned in (1) above?3. What is the level(s) of importance given to each Stakeholder(s) within the management of the eThekweni municipality?4. What is your understanding of Shared accommodation enterprises (short term rental accommodation) – what are they?5. Do you regard Shared accommodation enterprises as one of the stakeholders of the eThekweni municipality and why?
<p>Theme 2: What are the competing multi-stakeholder interests which confront the eThekweni municipality in governing the sharing accommodation industry?</p>
<ol style="list-style-type: none">6. What do you understand to be the interests of shared accommodation enterprises within the eThekweni municipality?7. What other interests does the eThekweni municipality need to contend with in managing shared accommodation?8. Which other stakeholder specific interests competes with those of shared accommodation enterprises?9. What is your assessment of the eThekweni municipality's performance in managing the interests of its stakeholders?
<p>Theme 3: What ethical dilemmas arise as a result of the competing multi-stakeholder interests confronting the eThekweni municipality in governing the shared accommodation industry (SAI)?</p>
<ol style="list-style-type: none">10. What is your understanding of Ethics and what does it mean to you within the context of the eThekweni municipality?11. In your experience, what are the ethical dilemmas confronting the eThekweni municipality in managing shared accommodation enterprises?12. In executing your duties, do you encounter any ethical dilemmas in managing Shared accommodation enterprises?13. In your experience, how has the eThekweni municipality handled the ethical dilemmas of managing shared accommodation?
<p>Theme 4: How does the eThekweni municipality interpret and manage the ethical dilemmas from the competing multi-stakeholder interests in governing the shared accommodation industry?</p>

14. How can you describe the posture of the eThekweni municipality in managing shared accommodation industry?
15. How can you describe the posture of other stakeholders on shared accommodation within the city?
16. What is the existing policy position of the eThekweni municipality on Shared accommodation?
17. What policy framing inform the policy position of the eThekweni municipality on Shared accommodation?
18. What strategies does the eThekweni municipality have in place to manage Shared accommodation?
19. What specific laws are in place – can you name them?

Theme 5: Explore suggestions on how municipalities can balance the needs of SAI and other Paid Accommodation enterprises/industry stakeholders

20. What do you suggest as the best way to manage and govern shared accommodation in South Africa/Your city?
21. What suggestions do you have for municipalities to balance the interests of shared accommodation and other paid accommodation industry participants?
22. What measure would you suggest to manage and govern the growth and development of shared accommodation industry in South Africa/Your city?
23. Do you have any suggestions of other people that we can approach to participate in the study – inside and outside the municipality?

APPENDIX B3:

Semi-Structured Interview Guide: External Stakeholders

<p>Theme 1: Understanding and unpacking the shared accommodation industry (short term rentals)</p>
<ol style="list-style-type: none">1. What is your understanding of shared accommodation (What constitute shared accommodation/short term rentals in your own opinion?)2. What example can you give of shared accommodation to indicate your understanding of the concept and business?3. In your own understanding, who are the main participants in the shared accommodation industry/major role players and beneficiaries?4. In your opinion, what is the value of shared accommodation in the CoCT and/or eThekweni municipalities?5. What are the challenges facing shared accommodation enterprises in the CoCT and/or eThekweni municipality?
<p>Theme 2: How municipalities are governing/managing shared accommodation enterprises (short term rentals) in South Africa</p>
<ol style="list-style-type: none">6. In your opinion, what are the interests of shared accommodation enterprises within the CoCT and/or eThekweni municipalities?7. What are the challenges are you aware of that arise from the existence of shared accommodation enterprises in the CoCT and/or eThekweni municipalities?8. In your opinion, what other interests do municipalities need to contend with in managing shared accommodation enterprises in the CoCT and/or eThekweni municipalities?9. How would you describe how the CoCT and/or eThekweni municipalities manage shared accommodation enterprises?10. How does the way the CoCT and/or eThekweni municipalities manage shared accommodation enterprises compare with their management of other paid accommodation enterprises?11. Which other stakeholder interests specifically competes with those of shared accommodation enterprises in the CoCT and/or eThekweni municipalities?12. What is your assessment of the performance of the CoCT and/or eThekweni municipalities in managing the interests of their stakeholders including shared accommodation enterprises?13. Are you aware of any existing governance measures within the CoCT and/or eThekweni municipalities used to manage/govern shared accommodation enterprises? Please motivate your answer.
<p>Theme 3: What ethical dilemmas arise as a result of the competing multi-stakeholder interests confronting municipalities in governing the shared accommodation industry (SAI)? What are the Ethical Dilemmas confronting the CoCT and eThekweni municipalities?</p>
<ol style="list-style-type: none">14. What is your understanding of what constitute an ethical dilemma?

15. Would you say that there are ethical dilemmas facing municipalities with the existence of shared accommodation enterprises?
16. If yes, what are the ethical dilemmas confronting municipalities in managing shared accommodation enterprises within the CoCT and/or eThekwini municipalities?
17. In your experience, how have the CoCT and/or eThekwini municipalities managed the ethical dilemmas of managing shared accommodation enterprises?

Theme 4: How do the CoCT and eThekwini municipalities interpret and manage the ethical dilemmas from the competing multi-stakeholder interests in governing the shared accommodation industry?

18. How can you describe the posture of the CoCT and/or eThekwini municipalities in managing shared accommodation enterprises?
19. How other paid accommodations enterprises view the shared accommodation enterprises (what is their posture)?
20. Are you aware of any existing policies and strategies of the CoCT and/or eThekwini municipalities to manage shared accommodation enterprises?
21. What are the framing that informs the policy position of the CoCT and/or eThekwini municipalities on Shared accommodation enterprises (experiences, pressures, priorities, attitudes)?

Theme 5: Explore suggestions on how municipalities can balance the needs of SAI and other Paid Accommodation enterprises/industry stakeholders

22. What suggestions do you have on how the CoCT and/or eThekwini municipalities can manage shared accommodation in view of the interest of other existing paid accommodation enterprises?
23. What measure do you suggest to manage and govern the growth and development of shared accommodation enterprises in the CoCT and/or eThekwini municipalities? What suggestions do you have for the CoCT and/or eThekwini municipalities to balance the interests of shared accommodation and other paid accommodation industry enterprises?

APPENDIX C:

The permission letter from the City of Cape Town for the study



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Date : 8 March 2022
To : Director: Policy & Strategy
Reference : PSRR-0386

Research Approval Request

In terms of the City of Cape Town System of Delegations (June 2019) - Part 29, No 1 Subsection 4, 5 and 6

"Research:

- (4) To consider any request for the commissioning of an organizational wide research report in the City and to approve or refuse such a request.
- (5) To grant authority to external parties that wish to conduct research within the City of Cape Town and/or publish the results thereof.
- (6) To after consultation with the relevant Executive Director: grant permission to employees of the City of Cape Town to conduct research, surveys etc. related to their studies, within the relevant directorate

The Director: Policy & Strategy is hereby requested to consider, in terms of sub-section 5, the request received from

Name	: Mmatsatsi E. Ramawela
Designation	: PhD candidate
Affiliation	: University of Pretoria
Research Title	: "Managing the shared accommodation industry ethical dilemmas: a study of Cape Town and Durban's competing multi-stakeholder interests".

Taking into account the recommendations below (see Annexure for detailed review):

Recommendations

That the CCT via the Director: Policy & Strategy grants permission to Mmatsatsi E. Ramawela in her capacity as - a PhD candidate at the University of Pretoria, to conduct research in the City of Cape Town, subject to the following conditions:

- All National, Provincial and CCT COVID—19 pandemic response requirements are to be adhered to at all times in the implementation of the research project;
- No face-to-face interviews to be arranged; only online platforms to be used for interviews; where face-to-face is inevitable, social distancing to be maintained at all times, and protective gear to be worn and used continuously during face-to-face engagements;
- The willingness and/or availability of the CCT officials to participate in the research, in a voluntary capacity;
- Adherence to the scope and scale of the study as proposed;
- The candidate to liaise with respondents for individual arrangements for interviews and focus groups, based on staff availability, as follows:
 - o Director: Enterprise and Investment – Lance Greyling, via Lance.Greyling@capetown.gov.za
 - o Executive Director: Human Settlements , Nolwandle Gqiba, via: NolwandleZukiswa.Gqiba@capetown.gov.za
- This permission is for interviews with City officials only and does not include the release of any City data;
- All City inputs should be referenced correctly, and the City acknowledged as the source;
- All the contributions from officials should be acknowledged and inputs to be anonymised and referenced by functional role in CCT; and the conditions of anonymity be adhered to in the research report;
- CCT officials are not to be quoted directly without prior and written approval, as well as a review of the relevant quotation text before finalisation and use, for purposes of verification of accuracy.
- Clear acknowledgement in the research report that the analysis derived from the interviews are not regarded as official CCT policy;
- Approval is limited to this research request only and does not include any future research, publication(s) and/or presentation(s) permissions should be sought from the City;

CIVIC CENTRE IZIKO LEENKONZO ZOLUNTU BURGERSENTRUM
12 HERIZOG BOULEVARD CAPE TOWN 8001 PRIVATE BAG X9181 CAPE TOWN 8000
www.capetown.gov.za

Making progress possible. Together

APPENDIX D:

The permission letter from the eThekweni for the study



APPENDIX D:
The permission letter from the City of eThekweni for the study MANOR, DURBAN 4001
TEL: 031 322 4513, FAX: 031 261 3405, FAX TO EMAIL: 086 265 7160, EMAIL: MILE@DURBAN.GOV.ZA, WEBSITE: WWW.MILE.ORG.ZA

For attention:
Chair of Faculty Committee for Research Ethics and Integrity
Department of Business Management
Faculty of Economic and Management Sciences
University of Pretoria
0083

16 March 2022

RE: LETTER OF SUPPORT TO M.E. RAMAWELA, STUDENT NUMBER 02553961 - GRANTING PERMISSION TO USE ETHEKWINI MUNICIPALITY AS A STUDY SITE

The Deputy City Manager (Economic Development and Planning Cluster) and Municipal Institute of Learning (MILE) in eThekweni Municipality, have considered a request from Mmatsatsi Emmah Ramawela (Ms) to use eThekweni Municipality as a research study site leading towards a doctoral degree (PhD. Business Management) under project title *"Managing the shared accommodation industry ethical dilemmas: a study of Cape Town and Durban's competing multi-stakeholder interest."*

We wish to inform you of the acceptance of this request and hereby assure the student of our utmost cooperation towards achieving her study goals; the outcome which we believe could help the municipality improve its services. The researcher is reminded of the ethical considerations and the Disaster Management Act, Act 2020 Regulations when conducting this study. The research must take all necessary measures to ensure her personal safety during the research period as eThekweni Municipality indemnifies itself from any incidental claims that may arise. **In return, we stipulate as mandatory that the student contacts Dr Collin Pillay (MILE) to share the research results and recommendations of this study to the related unit/s.** Thank you for confirming the participation of the academic supervisor in this feedback session.

Wishing the student all the best in her research.

APPENDIX D:
Mr Philip Sithole
Dep. City Manager
eThekweni Municipality

Dr Collin Pillay
Program Manager: MILE
eThekweni Municipality

Language Editing Confirmation Letter

Mmatsatsi E. Ramawela.....have read and understood the conditions and hereby accept as mandatory that I will comply fully as per the stipulations above.

The confirmation letter concerning language editing of the thesis is available from the researcher if required.

Signed: *[Signature]* Date: *16/03/2022*

APPENDIX E:

Ethical Clearance Approval



Faculty of Economic and Management Sciences

RESEARCH ETHICS COMMITTEE

Tel: +27 12 420 3434
E-mail:
alewyn.nel@up.ac.za

Amendment

Approval Certificate 29 June 2022

Ms ME Ramawela
Department: Business Management

Dear Ms ME Ramawela

The amendments to the research project described below have been approved by the Committee:


Protocol No:	EMS179/21 Line 2
Principal researcher:	Ms ME Ramawela
Research title:	Managing the shared accommodation industry ethical dilemmas: a study of Cape Town and Durban's competing multi-stakeholder interests
Student/Staff No:	02553961
Degree:	Doctoral
Supervisor/Promoter:	Prof N Holtzhausen
Department:	Business Management

The decision by the committee is reflected below:

Decision:	Approved
Conditions (if applicable):	Extension of validity period
Period of approval:	2022-04-01 to 2022-11-30

We wish you success with the project.

Sincerely



pp PROF JA NEL
CHAIR: COMMITTEE FOR RESEARCH ETHICS

APPENDIX F:

Confirmation of language editing letter

KNG LANGUAGE EDITING SERVICES

“Say It With Style”

K.N. Groenewald

22 Marais Street

Bailey’s Muckleneuk

Pretoria

0181

0829366250

16 May 2023

To Whom It May Concern

CONFIRMATION OF LANGUAGE EDITING OF A PHD DISSERTATION:

**MANAGING THE SHARED ACCOMMODATION INDUSTRY ETHICAL DILEMMAS: THE
CASE OF CAPE TOWN AND ETHEKWINI’S COMPETING MULTI-STAKEHOLDER
INTERESTS**

Herewith confirmation that the abovementioned dissertation, by Ms Mmatsatsi Ramawela,
has been language edited.

Yours sincerely



K.N. Groenewald