

The Role of the Sharing Economy in an Island Community

A Host Perspective

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ABSTRACT

The sharing and collaborative platform services still promise to support local communities with their access to resources not otherwise attainable, and therefore extend their impact beyond the scope of large urban environments. However, may be inaccessible to certain geographical areas. *Homesharing* services, Airbnb and Couchsurfing, and their use on Madeira Island, where such platforms have reached critical mass. We explore the way in which hosts understand trust, both with the mediating platforms and with the guests who rent their rooms/homes. Based on preliminary analysis of interviews with local residents who are hosts for Airbnb and Couchsurfing, our results indicated a high level of trust in the platform service (i.e. damage liability) and trust in strangers (i.e. guests). We identified reasons for participation in the sharing economy and we discuss the hosts perspective on trust, the association to ease of use, the self-efficacy related to participation in the sharing economy.

CCS CONCEPTS

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KEYWORDS

Sharing economy, Trust, Participation, Island community, Ease of use, Self-efficacy, Host perspective

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Introduction

This article analyses the home sharing economy (SE) platforms Airbnb and Couchsurfing from the perspective of local providers living on the island of Madeira, Portugal. We chose to use the term sharing economy, but we recognise that this phenomena has been also called as a synonym of the peer to peer, the collaborative consumption, and collaborative economy [3]. In the context of HCI and C&T communities, e.g. [1], [6], the use and definition of ‘sharing economy’ broadly concentrates on the perspective of exchange, referring to the exchange of services and goods between peers with the support of the technology systems [8].

These technological marketplaces exist to support the exchange of physical assets and services. Participants that provide or sell accommodation in these exchanges are also known as (micro)entrepreneurs [13] or hosts (the term we shall use), and those who buy the accommodation services are guests. In these systems, hosts and guests are alike, but both are often connected with social networks, and rely on trust and cooperation for successful exchanges [3].

The benefits of these digital economies are uneven in society and limited to certain populations, and have also been associated with racial discrimination [6], and geographical bias [14].

EU Commission Environment had predicted in 2013 the rise of the sharing economy and its impact, which consequently holds relevance to both practitioners and policymakers.¹

Therefore, understanding the host perspective on local participation in the digital sharing economy occurs in Madeira can support the population. For that, in the following, we describe the research context, and then how we are translating the results of our study in concepts by adapting hosts perspectives.

Research Context

The Portuguese autonomous region of Madeira Islands has a population of 254,876 people, and 25% of its GDP came from the tourism³. The archipelago has a high level of internet penetration at 83% and is the top second in Portugal Internet penetration

¹ New research indicates Sharing Economy is gaining in importance - European Commission. Retrieved February 21, 2019 from http://ec.europa.eu/environment/resource_efficiency/news/up-to-date_news/31052013_en.htm.

³ Retrieved march 20, 2019 from <http://www.jornaldenegocios.pt/empresas/turismo--lazer/detalhe/ilha-da-madeira-premiada-melhor-destino-insular-do-mundo-nos-wta>.

ranking, after the capital city Lisbon with 88%⁴. Couchsurfing⁶ and Airbnb⁷ reported that there are 858 and 1738 active providers in the platform services in Madeira. In spite of this expressive quantity of hosts for an island, accommodation is the only industry in the sharing economy that is currently active on the Island representing global platforms. We argue that this is not simply a case of lagging adoption as described by Satchell and Dourish [10]. Instead, it is a disconnect among Madeira Island residents, which may be affecting local communities access to global social and economic models of digital sharing.

Background

Digital platforms in the SE allow individuals to connect with and across communities to provide benefits from basic skills and physical assets such as accommodation and transportation, or services such as housecleaning, and co-working. Botsman and Rogers contributed a set of guidelines for the sharing economy to prosper [3]. The principles are equally subjective depending on what is being shared and who is participating in the sharing. The principles are 1) trust between strangers, 2) idling capacity, 3) critical mass, and 4) belief in the commons. These four guidelines served as a framework to address our research study.

Many digital systems in the SE require some trust between strangers to function, e.g., sharing your home requires a level of trust that the guest will not demolish it. To use a physical asset in its potential is known as idle capacity (e.g., sharing car empty seats) [3], and to be able to maximize the utility of it is what helps the SE to work. Critical mass brings conformity to enough people participating, and social acceptance among them. Critical Mass is also a primitive instinct that allows people to make decisions based on copying the actions or behaviors of others [3]. Belief in the commons is essential to the SE to function [3], and participating in these platforms supports the system and adds value to the community as a whole.

The future challenges and opportunities of this phenomenon depend mostly on visiting the basics of the sharing economy principles and its starting points, and promises of alleviating many aspects of the society [6]. Certainly, with the spread of sharing economy platforms, many people can access services and tools/artifacts/products without owning it. This could be understood as improving accessibility, but not necessarily, because inclusion encompasses many aspects such as geographic inclusion (i.e. island communities), ethnic and racial inclusion, financial inclusion, digital inclusion, age inclusion and many others¹² which are not addressed explicitly by sharing economy platforms and markets. By looking holistically, it is clear that global sharing economies can support lower-income by given access over ownership to people and increase opportunities to peers by saving and/or profit. However, in order to economically

benefit as a host, people with a lower-income and lower amount of wealth will certainly have less idling capacity to use. For the sharing economy to be truly inclusive and beneficial to different communities in society, it will require innovations and change. Despite knowing this, few formal publications predominantly involve island communities. This paper attempts to do so.

Trust in the Sharing Economy

Prior work has reported that in the sharing economy context, trust operates not just on an interpersonal level, such as trust in an unknown person, but also on a system level, illustrated by the trust in the platform system as an experienced mediator [6]. Another study has also found that concerns for personal safety and distrust toward a provider, for example, a host on Airbnb or Couchsurfing, can act as a barrier to participation¹³. Lampinen and Cheshire [9] supported these studies reporting that Airbnb hosts overcome the perceived risks of transacting with strangers by relying on the assurances provided by the platform and helping to resolve disputes between hosts and guests [9].

A study of under-represented demographics' use of real-time ridesharing services suggested, that the key factors to the sharing economy truly function is acceptance and initial trust from the users' to the platform service, by working with trusted community organizations and promoting trust in a brand [7]. Participation variants in the sharing economy depend on various factors, but first of all, they need to have access to the activities in order to choose to be (or not) part of.

Research Method

We interviewed 10 people, 6 males, and 4 females, whose ages ranged from 31 to 54, recruited based on the requirements of being a host for a home sharing platform (i.e. Airbnb and/or Couchsurfing) and residents of Madeira Islands. After sending around 50 invites, we recruited the participants through three ways: 1) snowball (N=3) (network sampling - referrals), 2) online (N=5) (inbox messages to local hosts from Couchsurfing and Airbnb platforms), and 3) community partnership (N=2) [11]. All hosts reported that they had also used home-sharing platforms as a guest.

We conducted semi-structured interviews (in Portuguese) with each participant. Interviews were audio-recorded, transcribed and translated by the first author to English.

The interviews were structured as follows: a) background questions regarding the participation in the sharing economy and their previous experiences as an user, b) their perspective of trust [4] based on past and current relationship with digital platform, tourists, platform idea. The interviews lasted 30-40 minutes each.

⁴ https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUES_dest_boui=316115377&DESTAQUESmodo=2

⁶ https://www.couchsurfing.com/members/hosts?utf8=%E2%9C%93&search_type=host&search_query=Madeira%2C+Portugal&placeid=ChIJ7y75-KDpXwwRb166dGfldww

⁷ <https://www.airdna.co/vacation-rental-data/app/pt/default/madeira/overview>

¹² The dark side of the sharing economy. *World Economic Forum*. Retrieved February 11, 2019 from <https://www.weforum.org/agenda/2018/01/the-dark-side-of-the-sharing-economy/>

¹³ Drivers and barriers of peer-to-peer accommodation stay – an exploratory study with American and Finnish travellers: *Current Issues in Tourism*: Vol 21, No 6. Retrieved February 21, 2019 from <https://www.tandfonline.com/doi/full/10.1080/13683500.2016.1141180>.

Upon transcription, the interviews were analyzed by a hybrid coding approach using NVivo - a priori codes based on background research and an open-coding process. The 10 interviews attributed 233 excerpts to 28 codes. The research analysis was focused on 5 codes as the main result to research as part of this work.

Results

These results are from our interviews to hosts from Couchsurfing and Airbnb. The questions were built on an emerging line of research that seeks to understand whether and how this island community participates in the sharing economy from the user perspective of use.

Trust

In response to the question about the importance of trust for their participation in the sharing economy; all participants agreed that trust is crucial in these relationships. They all mentioned starting using the platform services at first by truly trusting strangers (guests) with no hesitation. Contrasting and also connected to that question, we asked the meaning of trust for each of them correlated to the mediated platform services, Airbnb and Couchsurfing, which they struggle to answer and by assuming '*it is hard to define*'.

Since most interviewees expressed over-trusting in strangers as a sign of good faith, in technology, and in the system service idea, we insisted in understanding these three trust aspects. In result to that, one participant stated complementing with a joke, '*I always have good faith in the guests, even though tourists cannot go far away inside the Island*' (P05). At the same time, they expressed concern about the risk of their items being damaged, but again showing over-trust in tourist (guests), and consequently associating their belief in technology by saying that '*the platform service will give support in case something bad happens*' (P02); by assuming that, they all said that in a supposed future, if necessary, they will rely first on the guest, then in the local police, and lastly in the platform service businesses.

This effect of over-trusting in technology also gave the interviewees the sense of freedom to use the digital platform on their own stated by '*I completely trust in this platform (Airbnb), because everything in the platform works well*' (P03) or even indicated '*I never had reason to distrust this platform*' (Couchsurfing) (P09).

Self-Confidence and Ease Of Use

Most of the hosts started to use the platform services because someone close to them had advised to. In addition to this, the majority has affirmed how easy and practical - Airbnb and Couchsurfing - are to be managed by themselves.

The participants' fear and uncertainties happened only at the beginning of the platform use, which was decreased in part because most of them were introduced by friends or family, who had a few experiences with the platform service earlier and made them comfortable to start the activity. In addition, all participants,

when asked how the platform helps them to reach their goals, '*it is easy to use the platform interface, for example before accepting the guest, I do not need to do much the guests find me, I also have all that I need to proceed with the transaction inside the website/app, I am able to go through the process all by myself*' (P04).

Clearly, hosts have felt comfortable with these technological systems, Airbnb and Couchsurfing. Given that, they strongly believe that the usability of these service systems are simple to use.

Discussion and Conclusion

Unlike [15], our results showed that idling capacity and access to resources was not a major concern. Still, we present three themes, which suggest further expansion of sharing economy prerequisites [3]: 1) Hosts trust in the sharing economy; 2) Ease of use and Self-efficacy as easy access to economic and social opportunities; 3) Critical Mass and Belief in the Commons requirements to participate in/with local community.

Hosts Trust in The Sharing Economy

Cheshire et al. [4], once said you can study *Trust* where is a certain sign of uncertainty and risk [4]. How should we approach the topic when participants affirmed over-trusting this digital phenomenon? We found an evidence that hosts from Airbnb and Couchsurfing completely trust the digital platform (technology, idea and the guests) as a sign of a good faith. On the contrary, interviewees also indicated that Madeira Island geographic location is one of the reasons for this sense of trust, because they are surrounded by the ocean, so as hosts said, it is not easy to scape in case something goes wrong.

Still, to sustain political and ethical action across people with irreducible differences is necessary to build alliances on common causes rather than common experience or identity [6]. The sharing economy systems have its opportunities and challenges of sustaining existing socio-technical systems.

Sharing economy is not new among populations. What is still new is having trust in technology to support the sharing economy activities. This is distinct from trust among strangers. Trust in technology is a security issue related to the protection from harm and includes the ability to use technology and facilitate transactions in physical places [6]. The global scalability of shared economy platforms has created mistrust, especially when it involves monetization, but there is still alienation beyond data protection.

Compared to large cities, individuals' experiences with digital sharing activities and effects that come with this phenomenon may be mismatched with island communities' reality. Based on our results, over-trust has been associated to not enough experience with other kinds of sharing economy services in the Island, it may consequently also affect activities in society or communities.

Ease of Use and Self-Efficacy as Easy Access to Economic Opportunities

Theoretically, perceived *Ease of Use* is a factor that influences self-efficacy. Perceived ease of technology use describes an individual's belief that using a specific system is simple, or easy to do [5]. To take advantage of the sharing economy application, a study performed among Dutch citizens found out that users needed some proficiency with technology¹⁴. Likewise, *Self-Efficacy* is an individual's belief of the capability to perform a certain behavior or accomplish a specific task [2]. Prior research shows that users who live in the metropolitan area chose not to participate in the real-time ridesharing study because they were not comfortable with technology [16]. This is not the case of our study context, because all participants said it was easy to use the platform services.

Previous studies on the same Island had identified intrinsic and extrinsic motivations to trust and to had started using sharing economy platforms in the *homesharing* industry [12]. These findings had shown promises for potential benefits of the new economy. In this current study, all interviewers believed that these kinds of digital platforms of sharing, bartered, or exchanges could help to save or to make money, as well as beneficiate tourists and locals to build trust and to decrease waste.

The association that hosts in our study made to trust goes beyond the fear of the unknown [23]. Trust connections were strongly associated with people needs, like gaining or saving money. Later connecting participation to 'easy' to use the technology to deliver what they want as a benefit, and lastly, but not less important, being able to use the digital tool freely by themselves without technical support for everyday management.

Critical Mass and Belief in the Commons Requirements to Participate in/with the Local Community

Our results suggest a need for balanced reciprocity, collective efficacy, and income generation for the sharing economy to work best among island communities, for that *Critical Mass* is crucial because it brings conformity among people who need to see enough users participating before joining an activity. *Belief in the Commons* principle was strong among our interviewers, also mentioned as having good faith in strangers is one of the reasons to over-trust tourists. Our respondents had a strong belief in the commons and saw the potential for the sharing economy to bring employment and money to the island. However, geographical location may not help to increase local participation in the sharing economy if it continues to be concentrated only in high-value physical assets (e.g. accommodation sector). This kind of community is less likely to be in a position of power than wealthy urban areas¹⁵. To foster participation, relationships still remains a challenge to the new economy.

Similar to [6] findings, participants in our study felt more comfortable in using the sharing economy systems at first when

someone from their network had already used it, who could provide support if they encountered difficulties using the platform service.

The scope of our work has focused on the island of Madeira. It is subject to a particular global economic standing, as part of Portugal, and more generally within the EU. People who live in areas with a few specific services available to them, such as home-sharing and/or car-sharing, would not have been able to use the service even if they were willing to do so.

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