

**The innovative organisation of Airbnb: Business model innovation and holacracy structure to enhance innovative business behaviour coping with the impact of the COVID-19**

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**Abstract**

Challenging traditional hotel chains, Airbnb is widely known as a major disruptor in the industry of short-term accommodation rentals and is broadening to other hospitality services. On a commission-based digital platform, Airbnb operates as a peer-to-peer business provider where it is driven to match guests and hosts with listings or experiences of relevance at an affordable price. The corporation has originated from the edge of the market, disrupting the contemporary hotel business and amplifying its influence on the mainstream.

This article aims to evaluate Airbnb in the light of business model innovation and disruptive innovation theory. Themes will be discussed and presented on how to enhance innovative business strategies based on the unique organisational framework holacracy, which should be the key factor in sustaining business during and after the COVID-19 lockdown.

**Keywords:** Airbnb, sharing economy, business model innovation, disruptive innovation, informal economy, COVID-19 lockdown, holacracy system

## **1. Introduction**

### 1.1 Background of this study

In 2007, the idea of a commission-based marketplace for accommodations of short-term rental was initiated by 3 young men in San Francisco (Aydin 2019). Till now, it has evolved into a \$31billion-worth business listing millions of both economical and luxurious accommodations, providing plentiful activities taking place in at least 220 nations and regions worldwide (Sherwood 2019). Launched on its own website and mobile application, Airbnb is driven to enable hospitality businesspersons to monetarily make use of their spaces as well as promote local tourism (Airbnb ca. 2020a).

The case of Airbnb has been praised as an innovative disruptor against the conventional hospitality industry (Oskam and Boswijk 2016), despite some criticisms related to having adverse impacts on community safety, real estate market management or customer protection (Bradshaw and McGee 2019; Sherwood 2019). Within the coverage of this paper, Airbnb's behaviour and activities will be evaluated from the perspectives of its innovative business model and disruptive innovation.

### 1.2 Research rationale and aim of this study

Practically, the term of "business model" is commonly used for the plan of a company to create profits or capture values, however, the academic literature has given a variety of inconsistent definitions and understandings on this subject (George and Bock 2011). In which, the most comprehensive pattern is claimed to be the business model canvas of Osterwalder and Pigneur (2010) (Ovans 2015). It consists of nine fundamental elements: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. The interrelation among them can be visualised by a nine-block graphic canvas with notes carrying the idea of each element and how they affect and

contribute to the whole picture. This approach is supposed to intensify strategic thinking for the entire operation of an organisation, rather than excessively focus on detached activities or functions (Osterwalder 2013).

The correlation between business model and technology innovation has been indicated by many studies where a business model is engaged as a mean of transferring from technological potentials and applications, through clienteles and markets, to the creation of economic values (George and Bock 2011). Gradually, innovation does no longer mean a bulk of monetary investment in research, development of new products and technologies, or tremendous costs of commercialising and circulating them in the market (Chesbrough 2007).

## 2. Methodology

### 2.1 Approach

A term-based search method was applied to this research which analysed the literature of peer-reviewed articles in English-language journals and relevant professional articles available from online sources (Groß, 2014). Using desk research approach, a literature review of the articles in the theme of the study was carried out in the context of sharing economy and tourism sector. From this process, an analytical framework with key themes to be examined was developed with actionable implications and recommendations for the relevant practitioners and researchers (Baumeister, 2013; Webster and Watson, 2002).

### 2.2 Data Sources and Study Selections

The published articles were identified through searches in EBSCO and ScienceDirect databases during the period from 2000 to 2020. Keywords, titles, and abstract information were checked and selected (Levy and Ellis, 2006). The main search terms were categorised in two groups:

(a) “Airbnb”, “business model innovation”, “disruptive innovation”, and (b) “sharing economy”, “organisation”, and “COVID-19”. The symbol # was used for identifying all possible words with the key terms: for instance, “innovat#” was used to search, innovation, innovative, innovating, innovator. The professional materials such as company reports, news articles, and other relevant online materials from non-academic resources were also searched.

Only English articles were considered. Book chapters and studies that have been published in non-peer-reviewed journals were also considered because the main aim of this research is to make an exploratory discussion as a pilot study before conducting a precise systematic review. A manual selection of the title information of the identified resources for this research revealed 366 articles which were to be further reviewed as the basis for developing research outcome with an aim to provide a conceptual framework from this study.

### 3. Airbnb: Key themes and discussions

#### 3.1 Innovative perspective of organisation

Investing in an innovative business model seems wiser and more cost-effective. The proposition of a new business model to a current market which could disrupt competitors, restructure the whole industry and reallocate economic values is an example of disruptive innovation (Johnson et al. 2008). This concept was initiated by Christensen and Bower (1995) by the term of “disruptive technology”. Afterwards, it was substituted by “disruptive innovation” when Christensen realised it was the business model enabled by the technology that could make disruptive impact on the market or at the industry level, rather than the technology itself (Christensen and Raynor 2003). Pursuant to Christensen and his co-writers (2015), to be recognised as disruptive, an innovation must target less demanding or barely profitable customer segments. It does not need to catch up with market trends or serve dominant customers until its quality rises up to customers’ satisfactory standards. The business model of

a disruptor is often crafted distinctively from what is prominently existing. The main aim of disruptive innovation should be the evolving process of getting control of the marketplace eventually.

### 3.2 Disruptive innovation

The theory of disruptive innovation is mentioned as the most comprehensive viewpoint when deliberating the revolutionary challenge of Airbnb against traditional hotel industry (Guttentag 2015). Airbnb has been featured in a number of publications as a fruitful example of disruptive innovation (Antikainen and Valkokari 2016; Bashir and Verma 2016; Gibbs et al. 2017; Guttentag and Smith 2017). Based on Christensen's time-to-time studies, the light will be shed on Airbnb's progress from a low-profile start-up to a major disruptor.

Firstly, the initial target audience of Airbnb is the low-end market, which is allegedly non-potential and unprofitable. Besides the choice of traditional hotels, there is a consumer segmentation who looks for lower-cost and substitutional types of tourism accommodation, and is fond of empirical aspects, such as personal experiences and local authenticity (Lutz and Newlands 2018). Airbnb's strategy is to approach low-budget travellers and low-income hosts where they can concurrently share accommodation expenditures and broaden revenue sources. Moreover, not only limited to financial characters, Airbnb's distinctive segment of traveller is defined as the seekers of originality and the explorers of unique experiences, which can hardly be provided by contemporary hotel chains (Mody and Gomez 2018). The hosts of Airbnb are encouraged to price low and provide a more friendly and open-hearted hospitality service, which is distinguishing from hotel experiences. What makes Airbnb stand out from the rest of technology companies in Silicon Valley is its ability to identify and target customer segments of the minority, making traveling no longer exclusive to prosperous tourists (Kost 2019).

Secondly, the breakthrough of Airbnb is also attributed to how its founders have leveraged the power of technology and integrated it into an innovative business model. With the advent of digital platform, the drastic rise of Internet-based peer-to-peer accommodation marketplace has become inevitable in spite of the denial or counterattack by hotel industry (Kavadias et al. 2016). The dominance of incumbent business model was endangered and became susceptible, whereby the business model innovation, as of Airbnb, could perform as the intersection of technology capability and market demand. Some of key technologies exploited by Airbnb can be called out, including:

- artificial intelligence (AI) or machine learning algorithms to improve search and discovery, avoid fraud, determine pricing for hosts, match the preference of guests and the expectation of hosts, and display results of the most relevance (Airbnb 2018);
- secure financial system offering a wide range of accepted payment methods without rendering cash, and customised options of country and currency (Dolnicar 2018);
- standardised digital platform with simplified and straight-forward booking procedure to optimise user experience (Dolnicar 2018);
- qualitative rating and review system to promote transparency and avoid manipulation (Airbnb ca. 2020g); and
- multimodal verification system for both hosts and guests to safeguard users' account and identity (Airbnb ca. 2020h).

Lastly, the disruption of Airbnb is demonstrated by its relentless expansion from a minority share to taking over the mainstream marketplace, especially in many cities where tourism is one of the key economic drivers (Guttentag 2015; Aznar et al. 2017). According to

Business Insider (Aydin 2019), after the first two years of struggling, the business started receiving attention in 2009 with an investment worth \$600,000. In 2011, Airbnb, with the company value raised over \$1billion, had a presence in 89 countries and the platform had reached 1 million nightly bookings. The number of stays and users on Airbnb continued to grow in millions in 2012, which had brought back a revenue up to \$200 million (The Economist 2012). From this stage, Airbnb also encountered an emergent problem of legally conflicting with some local governments, prominently in New York and San Francisco, which required a substantial effort of the company to negotiate with regulators as well as obtain the consensus of customers (Sherwood 2019). In more specific context, the position of the business operator that provides sharing economy service is to provide a matching platform: Troubles between users (C to C) occur and how to deal with the issues is a critical point for business success. One of the typical cases should be lack of measures to secure the service quality, as the framework of sharing economy does not implement schemes to guarantee quality of services or goods.

Nevertheless, the year of 2016 witnessed the profitable blossom of Airbnb and the strategic launch of Airbnb Experiences, formerly Airbnb Trips, where people could share their expertise and offer services in hosting exceptional experiences (Stone and Zaleski 2017). This year, Airbnb's value of short-term accommodation rental was reported for \$30billion (Ting 2019).

Along with the rise in bookings and arrivals, the quantity and quality of listings on Airbnb have grown exponentially as well, ranging from budget-friendly to costly leisure. For three years from 2010 to 2013, the figure had ascended from 50,000 to over 300,000 listings across 40,000 cities, mostly in Europe and the United States of America (Guttentag 2015). In 2017, 4 million listings worldwide had been attained, making Airbnb the marketplace with more listings than the combination of five contemporary major hotel chains (Hartmans 2017). The tirelessly attempt to go mainstream of Airbnb has broadened out for traditional hospitality

accommodations, such as boutique hotels, hostels and resorts, to be listed on its platform, which has rewardingly perceived the 152% increase of properties and exceptional star ratings (Price 2018; Airbnb 2019). The recent statistics have proven the global attention of Airbnb with more than 7 million listings in over 100,000 cities, 50,000 experiences in 1,000 cities, at least 750 million guest arrivals and the average of 2 million people choosing an Airbnb property to rest per night (Airbnb ca. 2020a). The announcement of going public has been released by the company, which is expected to be one of the biggest listings in 2020 (Aliaj et al. 2019).

### 3.3 Business model innovation

Nowadays, irrespective of commercial purposes or social interests, the communication between consumers and service providers has been fostered by the introduction of digital platform, therefore forming what is so-called sharing or peer-to-peer economy or collaborative consumption (Lladós-Masllorens and Meseguer-Artola 2019). Competitive with distinctive to traditional hotel services, Airbnb acts as an intermediary providing a marketplace to connect travellers and accommodation owners, facilitating their transactions without owning any building infrastructures. This unique business model by Airbnb has enormously appealed customers and turned out profitably (Sherwood 2019). Based on Osterwalder and Pigneur's business model canvas, selectively three out of nine components will be evaluated due to their noticeable impact on and contribution to Airbnb's success.

Being the heart of any business models, it is vital to classify customer segments, meaning various groups of people or organisations designated to approach and serve by a corporation (Osterwalder and Pigneur 2010). As for Airbnb, there are two primary segments from which the company's profit is generated, comprising travellers who look for an alternative to traditional pricy accommodations, and hosts who wish to enrich their sources of income by



renting out their properties (Bivens 2019). Other than common listings of shared properties, entire residences, treehouses or even boats and castles, Airbnb has also opened up to authentic experiences and adventures (Airbnb ca. 2020b). In an effort to expand its clientele, the customer segments typically attracted to hotels are also in sight of Airbnb. Airbnb Plus is implemented towards a more generous group of customers, such as families on holidays and high-end travellers, for outstanding spaces and extraordinary hospitality services (Airbnb ca. 2020c). Business travellers are accommodated by Airbnb for Work where the filter system will only return work-friendly results and exclusive business offers (Airbnb ca. 2020d).

The next factor to deliberate is value proposition that characterises a beneficial package of products and/or services offered by a company to entice customers (Osterwalder and Pigneur 2010). Airbnb's innovative propositions are efficiently tailored to each key customer segment. From the perspective of travellers, they are given a dynamic platform to find, compare and book from a plentiful selection of accommodations without any limits on location, timing and pricing. Airbnb also augments guest experiences by giving out local tips or original sharing about various destinations (Airbnb ca. 2020e). In respect of hosts, they can easily approach potential customers, advertise their properties, manage their leasing, gain credibility and make additional income. Trust and safety are prioritised through accessible and verified profiles, secure communication, qualitative reviews, and protected payment (Airbnb ca. 2020f). Eventually, the greatest offer brought by Airbnb is believed to be economic values contributed to local community. As stated by Oskam and Boswijk (2016), this economic characteristic is practically essential to Airbnb's business model. Based on the idea of collaborative consumption, hosts, without excessive operating costs and unwanted taxes, can list their private spaces at an attractive price, and travellers can enjoy affordable, yet exceptional, journeys. When travelling is boosted thanks to lower accommodation expenditures, spending on local services, such as restaurants, vendors, tourist attractions, will be considered more generously (Boros et al., 2018).

Local economy will be nourished by higher local income and increased employment (Wirtz et al. 2019). Furthermore, the sharing philosophy is trusted by many consumers to be the choice of sustainability and environmental friendliness (Hamari et al. 2016).

According to Wirtz et al. (2019), the Airbnb's ecosystem facilitates service users to become providers, turning them into prosumers for the purpose of value co-creation. It is argued that novelty is not a critical aspect of a peer-to-peer business model like Airbnb, however, its founders have innovatively transformed the outdated operation of the existing short-term rental market (Dolnicar 2018). Because Airbnb's revenue does not originate from any tangible assets, there is no need for massive investments in construction or renovation. Pricing can be set lower than traditional hotels and a better customer experience can be achieved by focusing more on data system or technological application. While risks and operational costs are mitigated by responsibilities transferred to property owners, Airbnb entices travellers by offering a more personalised, affordable and authentic tourism service. Therefore, making the most of digital platform, Airbnb's business model has challenged the precedented hotel industry and produced more captivating value propositions for customers (Kavadias et al. 2016; Mody et al. 2017).

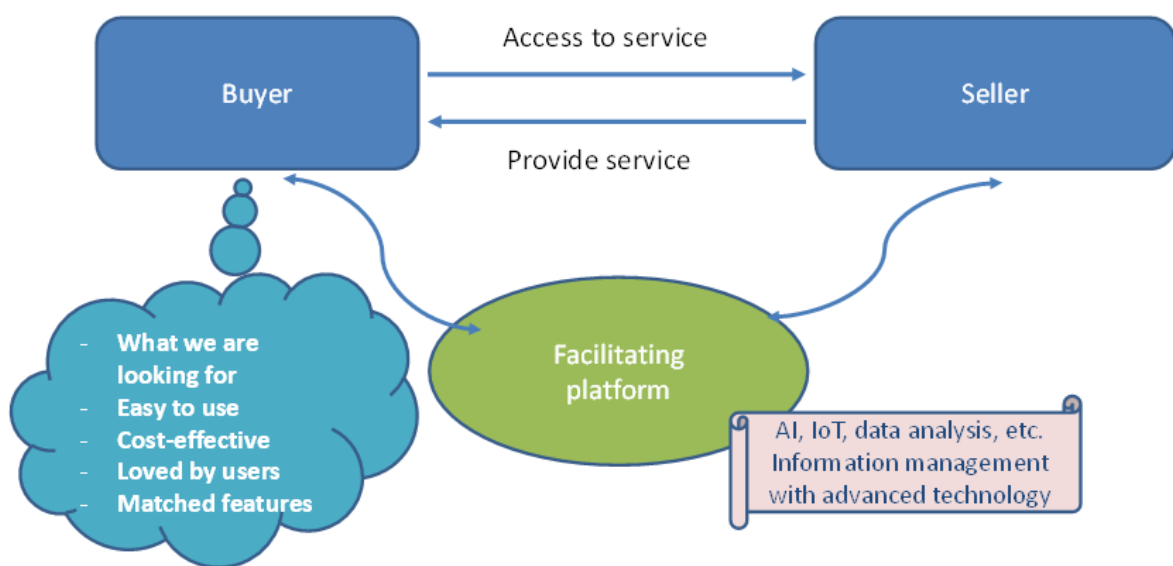
### **3.4 Issues: Innovative behaviour and organisational structures**

#### **3.4.1 Business operation: Informal economy**

Unprecedented issues, namely, hygiene issues, relating to Airbnb operation from a regulatory perspective must be discussed. The flux of the regulatory environment must be acknowledged in relation to how to support informal economy by providing a relevant scheme that secures safety and legality for the users and owners, as destinations are just beginning the difficult

process of responding to the rapid rise of the informal peer-to-peer accommodation sector represented by Airbnb (Jiang & Wen, 2020).

Because Airbnb business operations are done via a peer-to-peer platform, both guests and owners avoid paying taxes that would be systematically charged according to the relevant regulations in the traditional accommodation sector (Figure 1).



**[Figure 1 Peer-to-peer platform (Authors’ collection based on Dolnicar, 2018)]**

In this sense, boosting Airbnb means that it is developing into an ‘informal economy’ (Jihai & Qin, 2016). The informal sector has various definitions, but it usually refers to ‘the production of goods and services that are concealed from or unregulated by public authorities, and it often exhibits characteristics such as low entry requirements and small-scale operations’ (Guttentag, 2020, p. 1200). Similarly, the informal sector, led by Airbnb, which represents the informal tourism accommodation sector, has expanded into the real economy (Becker, 2004; Frey & Schneider, 2001; Neuwirth, 2011; Schneider et al., 2011). There is a vacancy of regulatory implementation for ensuring safe levels of hygiene in accommodation services,

which includes legality issues that require the implementation of a relevant regulatory scheme to protect both travellers and service providers (Kourgiantakis et al., 2020). During and after the COVID-19 situation, corresponding regulatory frameworks are required to ensure safe levels of hygiene, so possible paths for resolution should be sought (Naumov et al., 2020).

The spread of the new coronavirus is blowing headwinds at the global sharing economy. For instance, ride-share services, which are leaders in the sharing economy, and another representative, *Minpaku* (sharing accommodations), have fallen in various cities around the world (Ikeji and Nagai, 2020). Businesses that handle sharing economy service will handle a huge amount of personal information. Regulatory schemes protecting personal information should be met to secure individual data including personal IDs and their payment details. At the same time, marketing data such as history of their travels and payments should be dealt with care by business operators, without leaking it without permission of the individual visitors (Zamani et al., 2019).

For many companies and individuals, even if they have the resources or facilities, they are not 100% always being used. In the sharing economy, by utilising these idle assets, sharing economy services are beneficial to both resource owners and users. Users are enabled to use services at a lower rate than the conventional style of services via direct connection to resource holders, reducing corporate mediation and reducing intermediate margins (Laukkanen and Tura, 2020).

*Minpaku*, especially discloses some issues to be considered. As noted, *Minpaku* refers to providing accommodation services to travellers by utilising all or part of housing and opportunities have expanded for both owners and users. But not too recently, it has been observed various private lodging troubles (Agrusa, 2020). Most of the private lodging properties that use vacant houses are adjacent to ordinary houses. A sort of local ‘over tourism’ situation emerged with inbound tourists who are not familiar with local culture and local rules.

As a result, friction with the local residents become a social problem, such as manners of sorting rubbish and public noise.

Sharing economy during COVID-19 pandemic raised another serious issues which relate to health and safety for both service providers and users. Since the sharing economy uses the assets and skills of others, it is based on sharing space and, because of this, virus infection is spreading and causing hygiene issues. The sharing characteristic may have a negative effect on hygiene, especially where a regulatory scheme does not exist. Sharing through AI will contribute to the future society where AI and robots will handle the miscellaneous tasks that people used to do in face-to-face business.

The sharing economy seems to be shaking significantly due to the spread of the COVID-19 pandemic. The advantage of the sharing economy is that it can provide such services, but during the COVID pandemic, the sharing characteristic may be negatively affected from the viewpoint of hygiene issues. On the contrary, as people's environmental awareness increases, sharing reduces environmental impact and changes ownership to sharing.

Up until now, promotion of the sharing economy has been supported by the improvement of people's environmental awareness and information technology due to the spread of COVID-19.

#### 3.4.2 Major trend of future direction post COVID outbreak

Before COVID outbreak, sharing economy was already been discussed with a future perspective, for instance, it should be transiting into some more collaborative direction with local communities and other stakeholders (Oskam, 2019). Current pandemic raised serious challenges for sharing economy sectors (Hossain, 2020). Whether or not the world can live by accepting the influence of a pandemic will probably depend on the power of technology (George et al., 2020).

Dolnicar and Zare (2020) discussed that COVID-19 has disrupted the Airbnb which has been expanded its businesses with disruptive innovation and they also predicted ethical behaviour of the hosts will increase, which moves Airbnb back towards its original ethos of fair space sharing with citizens. It is insightful discussion suggesting both sharing economy stakeholders such as Airbnb and conventional tourism stakeholders to trade using online platforms, and they predicted an upper limit to supply will be reached especially in the long-term rental market to moderate market shocks relating with risks. Under the difficult disruptive environment for the tourism stakeholders, Airbnb has acknowledged several challenges and future opportunities in sustaining its businesses, it is on the top agenda for Airbnb to have long-term perspectives in building future strategies in coping with the changing environment caused by the Covid-19 (Hossain, 2020).

Then what avenue Airbnb should seek to sustain its business model in the era of post-COVID-19 era? Tracking the contact history of infected people, collaboration tools that enable more people to work remotely, logistics and online services that allow people to transact safely and remotely (Chua et al., 2020). Airbnb business models are being forced to adapt to their increasingly localised and digitalised lifestyles (e.g., Cakar and Uzut, 2020; Goel et al., 2020; Lamker et al., 2020).

It has been discussed tracking the contact history of infected people, collaboration tools that enable more people to work remotely, providing customers with some experiencing opportunities or experiencing gift as potential new business markets to develop, but on the other hand, when the pandemic hit the business model of sharing economy in line with other businesses, Airbnb decided to make a quarter of its staff redundant (McLaughlin, 2020). During the period. the company's chief design officer, Alex Schleifer, emphasised that 'the importance of transparency during these times, and the role creativity can play in helping brands get back on trac' (McLaughlin 2002:1). This business strategy can be a good practice of how to lead in

a crisis, as the way Airbnb has acted to manage and convey a business decision during the difficult period, also which enabled Airbnb decide on further strategies to sustain the businesses based on the Paretian optimum with additional support for those who leave the company in finding other job opportunities.

### 3.4.3 Issues that block creative innovation: Organisational perspectives

Starting from a seemingly simple idea of renting out air mattresses, Airbnb has become a forerunner in the field of short-term accommodation rentals and reached out to other experiential travelling services more than ten years later. In this paper, the organisation's behaviour and activities are examined through its innovative business model and the lens of disruptive innovation theory.

Innovation in Airbnb's peer-to-peer business model is assessed in accordance with three noticeable factors: customer segments, value propositions and revenue streams. The company focuses on travellers who want travelling accommodations and experiences at a lower cost and hosts who wish to make additional incomes out of their currently used or idle properties (Presenza et al., 2020). By understanding such demands, Airbnb is presented as a meeting point for these audiences to share their economic values on an inventive digital platform. Travellers are offered a variety of affordable lodgings to stay at and authentic experiences to discover. Hosts are given an easily accessible marketplace to approach potential guests, offer unlike-any-other-hotel hospitality services and enjoy their earnings. The Airbnb platform is guaranteed through trust and safety, built not only by the corporation's effort but also by the commitment of its customers (Cheng et al., 2019). The contribution to local communities and the concern of environmental sustainability are also valued and endorsed by Airbnb, which fascinates customers. The corporation's revenue streams come from commission fees obtained from successful transactions between travellers or guests and hosts on Airbnb. In this way, the

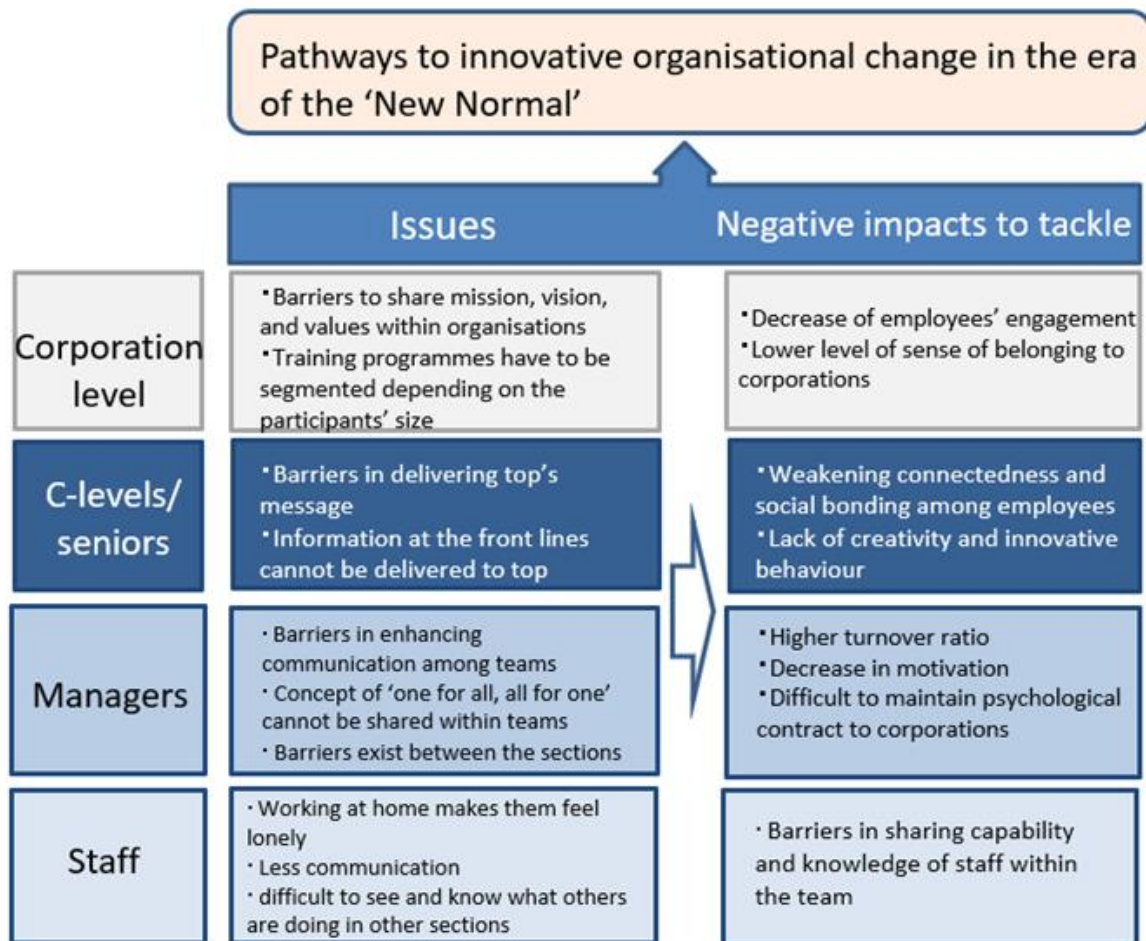
prices of listings on Airbnb can remain appealing to guests and profitable to hosts at the same time, without uncalled-for investment in construction, renovation or management processes like conventional hotels. The more customers participate in this sharing accommodation network, the more profits Airbnb is likely to earn.

The course of how Airbnb disrupted the hotel business and became the greatest competitor in this industry starts from the low-market segmentation, when the corporation primarily chose to target customers who are short of financial security, yet passionate about travelling and hospitality. Other than proposing an economical solution, Airbnb has elevated more aspects of experiential tourism and disseminated more captivating value propositions. With the innovative utilisation of technology, the founders and developers of Airbnb equipped their platform with game-changing technological features for the finest user experience, which can hardly be found when booking any regular hotels. Gradually, Airbnb, a sharing economy provider, turned out to be a great danger and surpassed even major hotel chains. The endeavour to displace the incumbents and dominate the mainstream market of Airbnb is proven, as the company constantly expands its clientele and improves its services. The results that return are impressive figures in corporation value, revenue, the number of arrivals and listings and worldwide influence.

In the world of globalisation and digitalisation, the environment surrounding companies is changing rapidly. With the development of technologies such as AI and machine learning, tasks that do not need to be changed will be automated, and the remaining tasks will mainly be of those that involve decision making and require creativity. This means that companies are required to create new values based on innovative business behaviour (Zach et al., 2020). As noted, redesigning the organisational structure from a long-term perspective is needed. Since disruptive innovation with large impact is not something that can be strategically and reliably brought about in the short term, it is necessary to restructure and redesign the organisation



culture as well. Creating an environment that maximises individual power to generate new ideas is the key factor for sustainable business behaviour. Figure 2 demonstrates an overview of issues and pathways in the context of remote working during the COVID-19 lockdown.



[Figure 2 Issues and solutions in the context of remote working during COVID-19 lockdown (Authors' collection)]

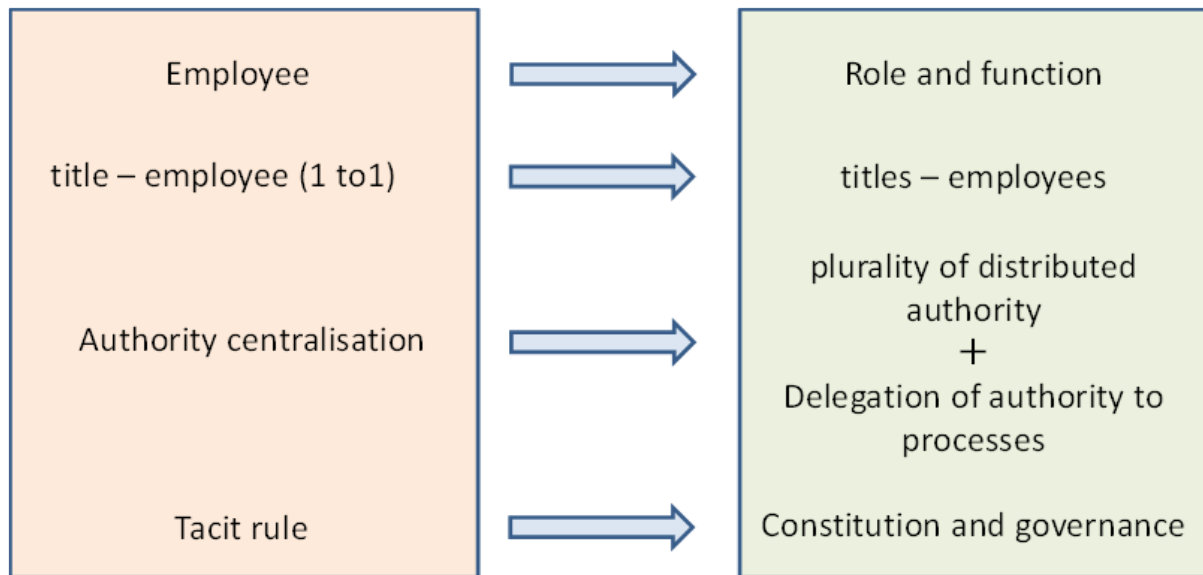
### 3.4.4 Holacracy system to react proactively to requirements in the era of post COVID-19

Airbnb is one of the organisations that have been enhancing disruptive innovation to change the relevant industrial sector by transitioning from the conventional hierarchical organisation to a unique flat organisation; this enables them to gain knowledge that initiates creativity and

strategic innovation (Huang et al., 2020). Underpinning the growth of Airbnb is an organisational structure that gives employees roles, rather than positions, to make decisions for individuals and teams. To evaluate this aspect of Airbnb business structure, a concept of holacracy should be useful in enhancing critical discussion. Hernaus et al. (2020) described a new structure of organisation using a term of holacracy, which has been enabled with digital technologies in influencing on the way of managing and organisational structuring. Moreover, it is used as a term opposite to the traditional Hierarchy. As the hierarchy implies a centralised and hierarchical pyramid, then holacracy is a decentralised, non-hierarchical cluster (Lee and Edmondson, 2017). It can be interpreted as a self-propelled organisation that divides the organisation into small pieces and makes decisions and executes them at the optimum place. There is no subordination like conventional line managers and bosses, but there is a division of roles on an equal footing.

This holacracy system began to be implemented around 2007 in industries such as computer programming, where decentralised work styles are preferred, and it became famous when Zappos, an American shoe store site, announced its introduction in 2013 (Kumar & Mukherjee, 2018). Especially in the current difficult moment of COVID-19 outbreak, contemporary firms have looked for the competent model which would support their business sustainability. Holacracy is a new method that enhances the efficiency, and *'...many firms have taken a sledgehammer to the traditional corporate hierarchy. Instead of entrusting the entire work to superior's, the workers can coordinate with their group and prove their individuality'* (Rani et al., 2019:1). They also discussed especially holacracy model can enhance *'organisational employee's performance which enables organisation to gain cost effective process, efficient time management, and greater transparency'* (Rani et al., 2019:1). Ohgeezreagan (2017) analysed that Airbnb organisational functions are aligned with a matrix organisation (Gottlieb, 2007), utilising attributes of a holacracy in some of their larger

departments. The business strategy that Airbnb partially introduced the holacracy organisational system was examined and evaluated by Moreno (2015) who suggested implementing holacracy depending on a complexed environment, 'leaving managers and teams at a minimum, and managing the ideas that employees and teams think are good with a sense of speed and without going through unnecessary processes (Rani et al., 2019). Under the COVID-19 outbreak and also forthcoming 'New Normal' phase, tourism sectors need to develop sustainable business strategies responding to hygienic and safe requirements, also they need to present attractive business continuity plan to relevant stakeholders, which involves proactive action and business review process to sustain business performance. Especially with a variety of challenges and issues business organisations face during the lockdown, the decision making should be proactively responsive to the market condition and customers' needs and wants. During COVID-19 pandemic, flexible and swift development of business strategy is critical. To enable this proactive decision making, individual autonomy, independence and self-management are essential, whereas organisation has nurtured a longer-term perspective. How to cope with the impact of COVID-19, which is a common issue for the whole sector, holacracy business structure enhances awareness of ownership by involving staff in the decision-making process to sustain the businesses in the 'New Normal' era.



**[Figure 3 Image of holacracy structure: Enabling to respond proactively to requirements of the ‘New Normal’ phase (Inspired by Kumar & Mukherjee (2018) and Rani et al. (2019))]**

Figure 3 demonstrates that the management role is not ‘director’ but ‘colleague and helper’. The emphasis is on the flatness of the organisation, which does not mean that the manager is completely eliminated. At Airbnb, instead of having a manager that governs the company goal and objectives, senior staff are meant to provide a working environment that enhances the work performance of employees. With the support of a manager, as explained above, each employee is expected to think and execute the necessary tasks and processes for achieving business goals (Airbnb, 2020a, 2020e). Airbnb, therefore, secures the employees’ sense of ownership, which enhances their motivation and engagement in development of sustainable business strategies responding to the disruptive environment, such as COVID-19 pandemic.

## **4. Conclusion**

### **4.1 How to cope with the issues**

In the constantly changing context of the commercial ecosystem, it is crucial to find ways to innovate business models and tackle ongoing encounters. From the theoretical view of disruptive innovation, success is the goal but not necessarily the destination. The stellar success of Airbnb is an inspiring example of a newcomer that employs the power of technology to disrupt a dominating industry, builds a new empire and reforms the value chain. The beneficial values that Airbnb creates are not only essential, but also greatly enhanced from the individual to the community level. It has been observed that the combination of technological innovation and a disruptive business model is the key to Airbnb's prosperity.

### **4.2 Moving forward: further research opportunities**

As Guttentag (2015) emphasised, future research on Airbnb is needed, as it has the potential to be a new format due to the impact of COVID-19. While the tourism sector has been under pressure because of COVID-19, a clarification of the issues and provision of effective guidance would support the rise of informal peer-to-peer accommodation business opportunities. The various questions and issues surrounding Airbnb are relevant to all major tourism stakeholders, hence, the research of this topic could contribute to further discussions and produce actionable recommendations for relevant researchers and practitioners.

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