



**Operational risks and coping strategies of micro-enterprise
in peer-to-peer accommodation service sector: Evidences
from China**

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Abstract

- Purpose

Focusing on the supply side of peer-to-peer (P2P) accommodation service sector, this study identifies the emerging types of micro-enterprise operators in the growing Chinese market and investigate their perception on operational risks and coping strategies.

- Design/methodology/approach

A qualitative study was adopted to explore the micro-enterprise in peer-to-peer accommodation in China. Twenty semi-structured interviews were conducted to explore the operators' behaviors in the service sector.

- Findings

Based on the types of property ownership and forms of interaction, four groups of operators were identified, i.e. hospitable sharers, remote sharers, roommates and butlers. This study uncovers their operational risk factors (safety, cost, legal and social, psychological) and respective coping strategies.

- Originality/value

Most prior studies on P2P accommodation sector are conducted from the demand side about customer behaviors. This study not only enhances the understanding of the hosts in the sharing economy by developing a novel typology of operators, but also provides insights into the operational behaviors on an individual operator perspective.

Keywords

P2P accommodation, operational risk, coping strategy, micro-enterprise, accommodation services, host typology

1. Introduction

The sharing economy concept has emerged as a trend of entrepreneurial innovation in the tourism industry, particularly vibrant in the accommodation service sector. The inclusive nature of social innovations in sharing economies implies effective uses of scarce resources that engages the entire community to co-create shared value (Reynoso et al., 2015). Leveraged by a two-sided online platform, peer-to-peer (P2P) accommodation integrates spared house and room resources, and then re-distributes the access to accommodation capacity by connecting individuals to a global network of potential suppliers or customers. Travelers buying into the P2P accommodation offers are able to interact with the hosts and the local community, enjoying a more authentic local experience at inexpensive prices (Birinci, Berezina, & Cobanoglu, 2018). Driven by social and economic appeals in the P2P accommodation service sector, many travelers choose to use this alternative offering (Tussyadiah & Pesonen, 2018). Taking the leading global platform, Airbnb as an example, its accommodation marketplace provides access to over 7 million unique places in more than 100 thousand cities in 191 countries (Airbnb, 2019), substantially larger than any major global hotel chain^a.

Empowered by Internet and related technology, a growing number of people are motivated to become service providers in the P2P accommodation sector as micro-enterprise operators, either part-time or full-time. As indicated by the founder

^a As one of the largest global hotel chains, Marriott, for example, has more than 6900 properties and 1.3 million rooms in 130 countries/territories, as of 31st December 2018 (Marriott, 2018).

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4 of Airbnb, Brian Chesky, the host of Airbnb are a new category, a third category -
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6 people as businesses (Guynn, 2013). They are micro-enterprises but there are, at the
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8 time of press, limited laws and regulations written to govern the practices of these
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10 micro-enterprises and the entrepreneurs. In addition, sharing economy is characterized
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12 by blurring of lines between what used to be amateurs and professionals (Cheng, Fu,
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14 & Vreede, 2018), which greatly lessen the market entry barriers for individuals to
15
16 start their businesses. For most operators, there are a wide array of factors driven
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18 them to participate in P2P network as hosts, for example financial income, social
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20 interaction with guests, and environmental benefits (Karlsson & Dolnicar, 2016;
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22 Böcker & Meelen, 2016). Moreover, some full-time operators or hosts could take this
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24 opportunity to start freelancing and pursue a new lifestyle entrepreneurship.
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32 Although the P2P accommodation service provides attractive opportunities,
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34 there are still many operational risks to be overcome. The greatest difference between
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36 sharing economy platforms and more conventional ones is that transactions are
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38 initiated online but concluded with an element of physical interaction when the online
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40 parties meet offline and face-to-face (Zamani et al., 2019). P2P accommodation
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42 service emphasizes purchasing behaviors by having access to assets, instead of
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44 traditionally owning the assets (Botsman, 2011; Wei et al., 2019). For
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46 micro-entrepreneurs, when providing access of their house, security and privacy are
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48 critical issues (Chang et al., 2018). Besides, the regulation of the sharing economy
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50 remains in its infancy. Therefore, the absence of a solid regulation framework may
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52 raise concerns about its potential risks (Ferrari, 2016). Similar to the traditional
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4 bed-and-breakfast (B&B) industry, P2P accommodation service are also characterized
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6 by integrated work-life conditions. Since accommodation is highly permeated with
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8 daily routine, the temporal and spatial boundaries between work and life have been
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10 significantly weakened, generating some great challenges for them. However, little
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12 research has attempted to explore the risks perception of supply side in P2P
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14 accommodation from an empirical perspective.
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20 This article aims to investigate these P2P accommodation micro-entrepreneurs
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22 in China. It is timely because of a high growth sector in the region with an
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24 increasingly vast number of active operators. In addition to Airbnb, there are some
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26 popular domestic platforms such as *Xiaozhu*, *Tujia* and *Mayi*, which are all catching
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28 up with the good growth momentum and developing local business model for the
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30 Chinese market. A survey by the government think-tank, State Information Center,
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32 indicated that in 2017 China's P2P accommodation had a gross revenue of 14.5 billion
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34 yuan (\$2.1 billion) and with a high new listing rate. For example, *Xiaozhu* had more
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36 than 500 new online listings per day in 2017 (State Information Center, 2018).
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38 Although the scale of the provision of P2P accommodation is incredibly large,
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40 research studies on this are few, particularly on their operational risks and coping
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42 strategies.
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51 Previous studies of the P2P accommodation hosts were conducted from
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53 several perspectives, such as the operators' attitude and behavior towards customers,
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55 "Superhost"^b accreditation system, influence of host's attributes in the sharing
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59 ^b "Superhost" is an experienced host, an exemplar for other hosts, who provides an extraordinary
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4 platforms (Karlsson et al., 2017; Liang et al., 2017; Ert et al., 2016). But little
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6 attention has been focused on operational risks of the micro-entrepreneurs in this
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8 sharing economy. Zhang et al. (2019) has identified eight motivations behind Airbnb
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10 hosts' micro-entrepreneurial activities. However, no study has attempted to classify
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12 the micro-entrepreneurs in the P2P accommodation service sector and therefore a
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14 typology is needed for a better understanding of the operators and their
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16 characteristics.
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22 To fill this gap, this study aims to understand the varieties of
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24 micro-entrepreneur's roles in the P2P accommodation sector, through their different
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26 background and characteristics of operation, as well as their key activities related to
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28 risk management. Thereby, a novel typological framework is to be developed. A
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30 qualitative approach to research was followed as it was deemed more appropriate,
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32 allowing the in-depth exploration of the behaviors of operators in P2P
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34 accommodation. Combining the concept of individual differences and the specific
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36 operation settings of the P2P accommodation service sector, this article analyses the
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38 concerns of operational risks and respective coping strategies of micro-entrepreneur.
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46 The rest of the paper is organized as follows: **Section 2** provides a critical
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48 review on the literature about micro-enterprise in P2P accommodation service sector
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50 and their operational risks. **Section 3** explains the research method and provides
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52 information on the data. The authors then offer a typological framework for P2P
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54 accommodation micro-entrepreneurs in **Section 4**. Finally, a thorough discussion on
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59 experience for their guests. Once a host reaches the "Superhost" status, a special badge will
60 automatically appear on their listing or profile in order to recognize their status (Airbnb, 2019).

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4 theoretical and practical implications is offered in **Section 5**. We summarize the
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6 conclusions and contributions in **Section 6**. **Section 7** offers a commentary on the
7
8 limitations of this research and suggestions for future studies.
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10 11 **2. Literature reviews**

12 13 **2.1 Micro-enterprises in P2P accommodation service sector**

14
15 The vast opportunity for self-employment in the hospitality sector offered by
16
17 P2P has attracted many individuals to be entrepreneurs and start their own business.
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19 Micro-entrepreneurship would contribute significantly to socio-economic
20
21 development, particularly in deprived city centers, small towns or rural environments
22
23 (Chan et al., 2016). According to the definition of Schumpeter (1934), an
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25 entrepreneur should be a business owner who has the ability to create and innovate.
26
27 The conventional view of the ownership of a B&B is often regarded as a
28
29 manifestation of rural entrepreneurship, which is defined as introducing new products,
30
31 utilizing an innovative technology, or creating a new market in a rural setting
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33 (Wortman, 1990). These B&B owners are also referred as “B&B innkeepers”, “hosts”
34
35 or “operators” (Schuckert, Peters, & Fessler, 2008; Vallen & Rande, 2002). They tend
36
37 to provide accommodation and breakfast in a home-like environment, creating a
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39 friendly, private atmosphere that entices guests to become acquainted with the local
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41 environment (Nuntsu et al., 2004).
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53 There are several qualifying criteria to define B&B, such as host-guest
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55 interaction, special features of a B&B property, and personalized services, with a
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57 small accommodation capacity (Morrison et al., 1996). There are two main groups of
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4 people who are involved in any type of accommodation services, i.e. the hosts and the
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6
7 guests. The direct host–guest relationship is a key feature in characterizing B&B
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9 (Felix et al., 2008). B&B usually locates in a private home with normally unused
10
11 rooms for temporary stays, offering personalized services in homely atmosphere.
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13 Those entrepreneurs are characterized by integrated work-life conditions in the
14
15 hospitality industry. Offering lodgings can be an intrusive business and demanding of
16
17 host's time; they often have to work long and irregular hours, from preparing
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19 breakfast in the morning to opening door for guests returning late.
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25 When comparing entrepreneurship processes of other industries, B&B
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27 entrepreneurs are unique in their motivations. Instead of being driven solely by
28
29 financial incentives, some entrepreneurs are pursuing a lifestyle that allows them to
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31 spend quality time with family and friends, as well as obtaining satisfaction in career
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33 achievement, earning an enjoyable and respectable living, and experiencing enhanced
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35 personal well-being (Lynch, 1994; Vallen & Rande, 2002). Specifically, the term
36
37 “lifestyle entrepreneurs” is defined as entrepreneurs who create a business to actively
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39 pursue a different lifestyle, rather than solely maximize profit (Ateljevic & Doorne,
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41 2000), and have little desire for growth.
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48 The development of sharing economy has been a key driver in boosting the
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50 growth of micro-entrepreneurs in P2P accommodation, delivering or “franchising”
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52 micro-entrepreneurship opportunities to individual hosts (Cohen & Sundararajan,
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54 2015; Kim et al., 2020). These sharing platforms not only extend the entrepreneurial
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56 setting of B&B to a broader scope, but also greatly lower the threshold for starting a
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4 B&B business. Empowered by sharing platforms, individuals can be connected with
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6 market as the micro-entrepreneurs because they possess available spare spaces for
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8 short terms.
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10 11 **2.2 Risks faced by micro-entrepreneurs in P2P accommodation**

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14 To start and develop their business, it's imperative for operators to take cognizance
15
16 of risks in P2P accommodation. The first step in the risk management process is risk
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18 assessment, which consists of risk analysis and risk evaluation (IRM, 2002). Then, the
19
20 resulting impact of the risk can be estimated on the basis of the probability of
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22 occurrence of the risk and the severity of consequences of the risk. Probability of
23
24 occurrence of a risk can range from "high" to "medium" to "low", while the impact or
25
26 the consequence of the risk could span the spectrum from "critical" to "insignificant"
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28 (AS/NZS, 2004). Finally, based on the significance and expected impact of the risk,
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30 decision will be made about how the risks will be dealt with through adopting
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32 targeted coping strategies.
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41 The risk-taking nature of the entrepreneur should be emphasized, especially in
42
43 P2P accommodation service sector. Entrepreneurship is associated with risk-bearing
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45 because entrepreneurs are required to make risky decisions in uncertain environments
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47 (Caliendo et al., 2009; Wang et al., 2020). Like other entrepreneurs,
48
49 micro-entrepreneurs in P2P accommodation sector are likely to cope with
50
51 uncertainties since their goals are to gain profits in the competitive market. In an
52
53 entrepreneurial environment, "taking risk" refers to a process of assessing
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55 probabilities and acting or making decisions to ensure that, as far as possible, the
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4 consequences of those actions are favorable for the business and the entrepreneur
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6 (Busenitz, 1999). To start a business, financial investment and human cost should be
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8 taken into account. Though sharing platforms allow entrepreneurs to share their assets
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10 with minimal financial investment, there are still risks originated from external
11
12 environmental factors. Due to the nature of the business model, the mechanism of
13
14 trust is built into the online platform through the online profile, and rating and review
15
16 systems. Before meeting their guests face-to-face, they can only grant their
17
18 permission to the guest to access their properties based on the judgment of the guest's
19
20 virtual profile. Opening door to strangers brings lots of uncertainties and probably
21
22 anxieties. There is a very real possibility that the strangers could steal furnishings,
23
24 damage the property and even inflict bodily harm on the hosts. Therefore, before
25
26 starting the business, every micro-entrepreneur should consider the potential
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28 operational risks and adopt some coping strategies.
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38 Besides, operational risk is a major factor in the decision-making process of
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40 any transaction party in e-commerce (Gefen et al., 2008). The information asymmetry
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42 between anonymous buyers and sellers and the inherent uncertainty of online
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44 transactions have rendered risks to both of them (Pavlou, 2003). Also, the transaction
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46 of P2P is perceived as a more complex process than a traditional online transaction,
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48 which is not limited to the monetary aspect but sharing a home with a stranger (Ert et
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50 al., 2006). As the service providers of P2P accommodation, they will face more
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52 uncertainty when building trust with their guests.
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4 Like traditional B&B accommodation industry, work–life balance is one of the
5
6 potential risks faced by micro-entrepreneurs in P2P accommodation. Due to the lack
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8 of spatial boundaries between home and workplace, work-life balance has been
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10 considered as one of the major challenges faced by conventional B&B owners (Li et
11
12 al., 2013). The irregular and unpredictable work hours coupled with a high degree of
13
14 personal contact have been found to be closely associated with their level of stress.
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16 The resulting pressure may force these owners to sacrifice their personal lives, or
17
18 even force them to quit their business (Hsieh & Lin, 2010). Micro-entrepreneurs in
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20 P2P accommodation sector can struggle with the similar challenges. The operation of
21
22 host work could negatively influence their normal life-work balance, and thereby
23
24 directly affects micro-entrepreneurs' work satisfaction and their further decision to
25
26 continue this line of livelihood (Hsieh, Yen, & Chin, 2004). The conflicts brought by
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28 the imbalance between operator work and daily life also have a great influence on
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30 their entrepreneurial behaviors and further business-related decisions.
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40 In traditional hospitality sectors, key risks are mainly divided into internal and
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42 external aspects. Since their risks assessment are based on an organizational
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44 perspective, the internal risks are mainly operational risks for business activities
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46 related to resources and employees, while the external risks are connected to business
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48 environment and regulatory framework, including strategic risks, commercial and
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50 financial risks, and other external risks (Bharwani & Mathews, 2012). However, for
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52 micro-entrepreneurs in P2P accommodation, risks are individual-centered. The
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54 difference in operation mode will lead to different risk management. In this study,
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operational risks will be risks resulted from business activities in their startup stage and operation stage. In addition, some external risks will also be included in the analysis.

Previous studies have explored the perceived risk of customers, and its impact on their purchase behaviors and intention (Chang & Wang, 2018; Mittendorf, 2017). From supply perspective, some researchers investigated the impact of perceived risks on accommodation provider's intention to accept a booking request (Mittendorf & Ostermann, 2017). As the new entrepreneurs in P2P accommodation service sector, they face a different set of challenges and adopt targeted strategies. Farmaki and Kaniadakis (2020) found that different host groups tend to adopt varying hosting practices, ranging from standardized hospitality activities that are analogous to hotel services to offerings wherein the guest is expected to share the responsibility of certain activities. This research intends to categorize different types of micro-entrepreneurs and analyze their risks management specifically. This study provides an entrepreneurial insight of P2P accommodation and explore their operational risks and coping behaviors.

3. Research methods

3.1 Data collection

This study deployed the semi-structured interview method in order to understand the behavioral characteristics in the process of building a typology of the operators. According to Ezzy (2002), qualitative research may provide rich data on the individual perceptions and experiences that reveal new understandings of a

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4 phenomenon, particularly under-studied phenomenon. Specifically, this study drew on
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6 rich qualitative data from the perspectives of individual micro-entrepreneurs,
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8 including pilot studies and formal interviews.
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11 Pilot interviews were conducted with five informants in June 2017. The five
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13 interviewees were approached through the research team's personal network. These
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15 pilot interviews were very helpful for the researchers to be familiar with the research
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17 context and research respondents' experience. Based on the outcomes of the pilot, a
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19 revised interview scheme was developed. The key issues discussed in the interviews
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21 include their experience as an operator of P2P accommodation, their concerns and
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23 risks, and how they cope with these challenges. Other aspects such as their perceived
24
25 benefits of being a host, perceptions as hosts, best experience and worst experience
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27 were also discussed. The formal interviews were then conducted from July to
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29 September 2017 with 20 sharing accommodation hosts. The interviewees were
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31 recruited through two approaches:
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- 40 i) Information about the research project and invitation to participate was
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42 delivered an online community, where more than 350 Airbnb hosts are
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44 registered, with the assistance of the online community leader.
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46 Twenty-seven of the hosts responded to our invitation.
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- 49 ii) Interviewees were also identified through the research team's personal
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51 networking through snowball method, where eleven more interviewees
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53 were identified.
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A brief communication was first made to get the basic background information to ensure that a range of diversified hosts were covered. To quality, the candidates were required to have operated their business for at least one month. Twenty hosts from eleven cities in China were finally interviewed, before reaching the information saturation, when fresh information was being disclosed by the last few interviews. The interviews were mostly telephone based, except for three interviews conducted face-to-face because the interviewees are based in the same city with the research team. The interviews lasted from 40 to 74 minutes and were voice recorded with the participants' permission.

Table 1 shows the demographic information about the interviewees. It is found that the hosts are relatively young. They are mostly from coastal cities, especially the most economically well-developed areas, such as the Yangtze River delta, the Pearl River delta, and also from Beijing. This is reasonable because these coastal cities are popular tourism destination with a great demand for accommodation, and the citizens in these coastal cities tend to have more acceptance of new phenomenon and technology. The hosts are diversified in occupation, have some experience as a sharing accommodation service provider, and own properties. They use a number of different platforms to share their properties, e.g. Airbnb, Xiaozhu, Mayi and Tujia.

Table 1: The demographic information of the interviewees

Code	Other occupation	Age range	Location	Nature of hosts	Experience as service providers	Ownership
H1	Student	20-29	Huizhou	PH	Two years	Yes
H2	Public relations manager	20-29	Shanghai	PH	One year	No

H3	Tourism Consultant	20-29	Hangzhou	PH	One year	No
H4	International cultural Receptionist	40-49	Xian	PH	One year	Yes
H5	Architectural Designer	20-29	Hangzhou	PH	Three months	No
H6	Freelancer	20-29	Chengdu	FH	Five months	No
H7	Freelancer	20-29	Chengdu	PH	Two months	Yes
H8	Sales Staff	20-29	Wuhan	PH	Three months	No
H9	Freelancer	20-29	Chengdu	FH	Two months	No
H10	Headhunter	30-39	Suzhou	PH	Three months	Yes
H11	Financial consultant	20-29	Hangzhou	PH	One month	No
H12	Freelancer	20-29	Hangzhou	PH	Two years	Yes
H13	Handicraftsman	30-39	Nanjing	PH	One year	No
H14	Freelancer	20-29	Nanjing	FH	Ten months	No
H15	Public relations manager	20-29	Beijing	PH		Yes
H16	English teacher	30-39	Hangzhou	PH	One year	Yes
H17	Product Manager (hotel industry)	30-39	Chengdu	PH	One year	No
H18	Interior designer	20-29	Shenzhen	PH	Nine months	No
H19	Catering manager	20-29	Shanghai	PH	Nine months	No
H20	Student	20-29	Chengdu	PH	Two years	Yes

Note: PH= Part-time Host, FH= Full-time Host

3.2 Data analysis

All the interviews were conducted in Mandarin. They were transcribed and read carefully by the research team. Berge's (2007) advice on thematic analysis was adopted to analyze the data. In detail, the research team took the following steps:

- i) Identifying and checking the quotes; developing analytical codes and allocating content to the codes;
- ii) Transforming codes into categories or themes; and finally sorting material by those categories.

- iii) Examining the sorted material for similar phrases, patterns, relationships, commonalities or disparities.

All the manual coding processes were conducted in Mandarin. For the readability of the work, the results were presented in English. Whenever the quotes are used, a back-translation technique was used to ensure the quality of the work. Specifically, the typology of micro-entrepreneurs was identified based on their background information and characteristics.

The risks and their coping strategies were coded for all groups while the probability of occurrence was evaluated within each typological group based the subjective perception of operators. Interviewees were asked to evaluate the likelihood of occurrence of each risks based on three broad scale: i.e. “almost certain”, “likely”, and “unlikely”. And during the analysis stages, 1, 2 and 3 represent the probability of occurrence from unlikely to almost certain. Based on the average value of each group, the likelihood of occurrence of risk for different groups were calculated. Finally, the relevant risks and likelihood of occurrence in different operator types was shown in **Section 4.2**.

4. Findings

4.1 Typologies of P2P micro-entrepreneur

Based on the analysis of this research, four typologies with distinctive features emerged from the data (**Figure 1**). Specifically, two dimensions were adopted. The first is ownership of property. Since the service of P2P accommodation is offered in a homely and private environment, the quality of service is attached to the tangible

properties, ranging from a shared room to a whole house for different market segments. Notably the type of property ownership is influential on defining host type and practice. For micro-entrepreneurs with ownership, they just rent out their own shared property. But those without ownership tend to rent a temporary residence and then share the extra space or whole space with guests. Some of them will delicately re-design the layout and improve the decoration for their own house. Second, the interaction form between guests and host is critical to achieve the traction of product. From the value co-creation perspective, the service experience is shaped through the interactions of suppliers and consumers (Zhang et al., 2018). Their interactions include online and offline interaction. For those living with guests, their interactions include face-to-face service encounters and online communication. And the face-to-face interactions can be intimate, in that peers emotionally and physically let others into their personal lives for a period of time (Molz, 2014). For those who live apart from the guest, their interaction mainly focuses on online communication. Connected by these online channels, micro-entrepreneurs could complete the service delivery and transaction without meeting the guests in person.

Dimensions	With ownership of property	Without ownership of property
Interaction form: online/offline	Hospitable sharers	Remote sharers
Interaction form: offline	Roommates	Butlers

Figure 1: Typology of micro-operators in P2P accommodation

(1) *Hospitable sharers*

Hospitable sharers refer to those micro-entrepreneurs who live with consumers in their own property. Five out of the 20 interviewees (25%) fall into this category. Some of them usually regard their business as a part-time job or even just a sharing behavior. As micro-entrepreneurs, they are more socially and culturally motivated to offer accommodation for guests than profit driven and treat the guests like friends.

(2) *Remote sharers*

Remote sharers are those who own the property, but they don't live together with the guests. They rent their independent spare property to guests with limited face-to-face contacts with the guests. In a sense, their behaviors are equivalent to sharing their property's unused time with guests. Fifteen percent of interviewees are in this group. For this group of micro-entrepreneurs, they are more concerned with the economic return from using their idle properties.

(3) *Roommates*

Roommates are defined as micro-entrepreneurs who live together with guests in their rental property. Eight out of the 20 interviewees, (40%), all of whom live in China's most expensive cities, such as Beijing and Shanghai, fall into this category. All of them highlighted the financial stress of renting a well-located and reasonably maintained apartment. The sharing economy offers them an approach to lower the

renting cost and also enrich their life in a big city. On the one hand, hosting those unacquainted “roommates” from different parts of the world could ease their economic stress and even gain extra income. On the other hand, meeting people from different cultural backgrounds also broadens their social contacts.

(4) *Butlers*

The final type of micro-entrepreneurs appears quite different from the hosts introduced in the earlier sections. They are labeled as *butlers*, and they are the only group who take the business as their full-time jobs. Four out of 20 interviews (20%) fall into this category. Most of them don't own the properties, nor live with guests. They tend to simultaneously manage multiple properties located in a close area of a city. Since it's their full-time career, their priority is to achieve better performance and make maximized profits.

It's worth noting that, attracted by flexible working hours, some of butlers grasped this opportunity to change their lifestyle. Like lifestyle entrepreneurs, they desire to pursue a certain quality of life by earning a suitable income (Li, Miao, Zhao, & Lehto, 2013).

4.2 Operational risks and coping strategies of micro-entrepreneurs

The operational risks and coping strategies can largely be categorized into four aspects based on the data analysis presented in detail in **Appendix A**. Based on the transcripts, the operators' perception of the likelihood of occurrence for the types of risk were estimated for the four groups of operators (see **Table 2**).

Table 2: Risk perceptions and likelihood of occurrence in different operator types

	Safety-related risks	Cost related risks	Legal and social related risks	Psychological risks
Hospitable sharers	High (2.4)	Low (2.0)	Medium (2.2)	High (2.4)
Roommates	Medium (2.3)	Medium (2.1)	Medium (2.4)	High (2.4)
Remote sharers	Medium (2.0)	Low (2.0)	Medium (2.0)	Medium (2.0)
Butlers	Low (1.0)	High (3.0)	High (2.8)	Medium (2.0)

Note: The mean value of given by the operators in every group is in the bracket

4.2.1 Operational risks

Safety related risks: The first aspect of risks is about safety. Opening one's door to strangers inevitably brings uncertainties and concerns for hosts, including property safety and personal safety. There is greater possibility that visitors could steal furnishings and damage the property, even hurt the hosts.

Safety related risks are shared by all of hosts. For those who live with guests, they are under the concern of personal security. For those who own the ownership of property, they will worry more about their safety of property. Besides, their exposure of profile descriptions online may bring risks by privacy leakage. Among all groups, *hospitable sharers* were most likely to encounter safety related risks. Particularly, single female operators tend to pay more attention on personal security.

Cost related risks: For all micro-entrepreneurs, cost related risks should be taken into account. To start this business, they are facing financial considerations, such as business's survival and growth rate. To operate it sustainably, micro-entrepreneurs must consider the input of cost, including financial and labor investment. Financial cost mainly includes purchasing bedding, pillow and other

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4 supplies. To make their accommodation product more attractive and unique, some
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6 hosts even design and redecorate their house. As for labor investment, hosts should
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9 deal with some time-consuming chores, such as answering requests and processing
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12 online bookings, which may have an opportunity cost.
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14 Among them, *butlers* are the full-time entrepreneurs, who face the most
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16 possibility of venture failure and opportunity cost. To attract more guests and become
17
18 competitive in market, they will meticulously orchestrate the house and promote their
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20 products, which will bring extra cost. Also, for those part-time micro-entrepreneurs,
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22 the online inquiry and communication will take their time, which may influence their
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24 normal work and life.
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30 ***Legal and social related risks:*** At the current stage of sharing economy, there is
31
32 an absence of authorized and unified laws in China and other countries. Different
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34 cities have particular locality's rules, zoning restrictions, tax regulations. For example,
35
36 the regulations in Hangzhou were more rigor than Chengdu and Shanghai. It is worth
37
38 noting that P2P accommodation may also cause impacts to non-participants in the
39
40 local community, which may lead to complaints from neighbors. For most *butlers*,
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42 especially those operating with multiple accommodations, they were more sensitive
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44 about legal and social related risks, which can directly influence the legitimacy of
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46 their operations, for example potentially losing business license.
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53 ***Psychological risks:*** The imbalance between life and work domain will result in
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55 psychological press. And the conflicts will have a negative impact on their normal life.
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58 The imbalance would result in two types of role conflict, i.e. spatial conflict and
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4 psychological conflict. First, spatial conflicts mainly occur due to the effect of unclear
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6 spatial boundaries. For some micro-entrepreneurs, it is hard for them to clearly divide
7
8 their business and private space, which may influence their usual quality of life.
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10 Besides, irregular hours and emotional exhaustion will lead to considerable stress,
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12 even to a level of sacrificing their personal lives (Vallen & Rande, 2002). Second,
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14 expectations and demand from different domains may result in substantial
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16 psychological conflict. To ensure their service quality and positive online reviews,
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18 they will be involved in emotional labor. Whenever they meet guests, they will try to
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20 be smiley and friendly even if they have just returned to their home from a very bad
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22 day at work.
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30 Due to the physical separation with guests, *remote sharers* and *butlers* suffer
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32 more psychological conflicts. To ensure their good reputation in platform, they should
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34 respond promptly and provide support to guest through online communication.
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38 For *roommates*, it's unavoidable to suffer from both spatial and psychological
39
40 conflicts. In addition to their own job, they have to spend time and energy in
41
42 providing service for guests. Especially when those demands from different domains
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44 come at the same time, they will get stressed out. *H13* mentioned, "*Some guests will*
45
46 *arrive at mid-night. For me, waking up in the middle of the night is really not a*
47
48 *pleasant thing! Being a good host is a tiring job.*"
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53 But for *hospitable sharers*, the psychological risk doesn't bother them a lot since
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55 they could deal with it flexibly. When they feel being pressured, they could stop their
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57 business temporarily. For example, *H10*, from Xi'an, an international destination
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4 well-known for the Terra-Cotta Warriors, observed, *“When we felt that it is stressful*
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6
7 *to hosts guests, we will close our room in Airbnb. We would like to make our guests*
8
9 *enjoy their stay with us and have fun in our city. We however do need some private*
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11 *spaces from time to time. Keeping the apartment for our private use for a period of*
12
13 *time is a good choice.” (H10)*
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18 **4.1.2 Coping strategies**

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21 In response to these concerns identified above, there are six coping strategies
22
23 and safety practices for micro-entrepreneurs to guarantee their safety and enhance
24
25 their pleasure. All six strategies play an important role for micro-entrepreneurs during
26
27 their start-up and operation stages. Some of these strategies are gained through a
28
29 process of trial-and-error; some are learned from the experience of other operators via
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31 online community sharing sites.
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36 **Selecting guests.** In the opinion of the micro-entrepreneurs, information
37
38 asymmetry will bring a lot of uncertainty about guests, causing safety related
39
40 concerns. Therefore, it is highly important to cautiously evaluate and select their guest
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42 before giving the permission to stay in their properties. On one hand, they made their
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44 judgment based on their online information and through making dialogues with guests,
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46 but it can be exhausting and time-consuming. Therefore, some filtering barriers are
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48 set up to efficiently screen the guests.
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54 The most popular barriers are price, language, and gender. It’s obvious that
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56 higher price than similar competitors could weed out those price-sensitive guests.
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59 Some hosts used English to introduce their properties, even though many of their
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4 customers are mainly domestic Chinese. Because the well-educated guests are
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6 presumed to have a better command of foreign languages, who will behave better in
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8 following property's rules and being considerate. Some operators chose to only hosts
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10 girls. There are gender stereotypes that girls are less threatening and better behaved,
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12 which could lessen hosts' worries on safety and cleanness related issues.
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17 ***Operating with friends or family.*** Living with their friends or families, rather
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19 than stay with guests alone can ensure personal safety. Furthermore, with the help of
20
21 their friends and families, they can operate their business more efficiently and save
22
23 labor cost. *Hospitable sharers* and *roommates* usually adopt this method to reduce
24
25 their concern about safety issue while the rest of them only ask for help to deal with
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27 online inquiry.
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33 ***Guarantee policy of platform.*** Among the dozens of platforms, they tend to
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35 choose the P2P accommodation online platforms cautiously. Since they will upload
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37 their personal profile and link to their social media, choosing a trustful platform is
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39 critical. In addition, platform with good reputation can also increase their orders and
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41 revenue.
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46 Most of micro-entrepreneurs prefer Airbnb than other platforms because of its
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48 strict guarantee policy and supportive service for hosts. And all users are required
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50 real-name authentication and connected to social network account, which help build
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52 trust and reduce risk.
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56 ***Simplifying the property decoration.*** To minimize the concerns of property and
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58 financial cost, several micro-entrepreneurs tend to simplify the decoration and
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4 furniture, just providing the necessary services. Therefore, how to control the cost
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6 while keeping the room attractive to guest has become the most concerned topic of
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9 micro-entrepreneurs, especially the butlers. For example, Nordic style and Ikea style
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11 are quite popular, which are known as concise, natural and with humanization.
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14 *Standardized process:* To improve communication efficiency, some
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16 micro-entrepreneurs tend to standardize their service process. They usually design a
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18 check-in guide or handbook including the introduction of rooms, local transportation
19
20 information and FAQ. For convenience, most of hosts adopt electronic code locks,
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22 which is useful for self-service check-in. Especially for those butlers with several
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24 houses, they will design a pattern to host their customers. They collect all expected
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26 guest requirements and send to them through social media app in mobile phone, such
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28 as “Wechat”.
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35 *Service outsourcing.* In order to improve the operation efficiency, some
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37 micro-entrepreneurs will outsource part of the service, such as cleaning and
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39 maintenance service. There are many third-party service providers in Chinese P2P
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41 accommodation industry. And some of them also provide service for hotels. Also, this
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43 strategy inevitably leads to increased costs.
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48 **5. Discussion**

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51 Opening the door to strangers and allowing them to sleep in private houses could
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53 invite great uncertainty and even a psychologically challenging task. These are
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55 potential constraints for micro-operators in the P2P accommodation services sector.
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58 Thus, the four aspects of risk-taking new P2P entrepreneurs have to take are discussed
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4 in this research with rich verbatim quotes as in **Appendix A**. Safety issue is a typical
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6 concern for lodging service sector in sharing economy. Cost issue is related to
7
8 financial investment and time effort. Especially these time-consuming chores may
9
10 have an opportunity cost (Renuka, 2019). Legal and social issues were imposed from
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12 external environment, which is tightly associated with local community and
13
14 regulatory environment. Psychological risk is from the highly integrated work-life
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16 conditions. Those challenges may lead to pressures in the workplace and poor job
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18 performance (Shen, 2013; Fisher & Gitelson, 1983; Mohr & Puck, 2007). And when
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20 those pressures accumulated to a certain point, they even choose to give up their work
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22 and quit this industry.
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30 Responding to these concerns, there are six coping strategies adopted by
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32 micro-entrepreneurs. The holistic framework of concerns and solutions were taken
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34 entirely from hosts' practice, which could provide practical and targeted implications
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36 for both existing and new P2P operators concerned with this market. Among them,
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38 the strategy of "selecting guests" may be controversial, which will be an issue of
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40 discrimination due to gender ethnicity, sexuality, etc. Because these sharing platforms
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42 create space for different stakeholders to influence how people and spaces are shaped,
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44 perceived, included and excluded (Cheng & Foley, 2018). And some researchers
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46 explore the potential solutions, such as legal solution by bringing enforcement action
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48 and political solution by government (Todisco, 2015).
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56 To better understand the characteristics of micro-operators providing P2P
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58 accommodation service, four typological type of operators under two dimensions
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4 were identified, i.e. *hospitable sharers*, *remote sharers* and *roommates* may rent out
5
6 their property as a part-time business, while butlers work full-time in P2P
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8 accommodation. With diverse background and behavioral characteristics, their
9
10 propensity of risk-taking is heterogeneous. And the probability of occurrence of risks
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12 in four groups of operators has been shown in **Table 2**. Except for risks discussed in
13
14 this article, some other external risks will also influence the decision of the service
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16 providers. Their financial dependence on the accommodation business determines
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18 their risk tolerance for external events, such as public health events and natural
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20 disaster. For example, as the hospitality industry has been hit hard by the covid-19 in
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22 2020, *butlers* were the most affected, some of them even on the verge of bankruptcy.
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30 In contrast, the *hospitable sharers* didn't suffer much loss.

31 32 **6. Conclusions and contributions**

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35 This study adopted in-depth interview method to investigate the supply side
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37 of P2P accommodation service sector from a micro and dynamic perspective,
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39 especially providing an extraordinary portrait of Chinese P2P micro-enterprise
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41 operators. Specifically, their typologies, operational risks as well as coping strategies
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43 were explored. In addition, this research extends previous similar research of B&B
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45 service sector operators by their behaviors in a non-Western context. This study
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47 extracts these risks based on the situation of e-commerce, entrepreneurs and B&B
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49 sector. The study also shows that these micro-entrepreneurs have created different
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51 kind of strategies in order to survive under these risks. Also, the different groups tend
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60 to adopt corresponding method to mitigate the risks.

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4 There are two key types of entrepreneurs identified: “roommates” and
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6 “butlers”, which is tightly associated with situation in big cities. To ease the high
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8 pressure of high housing prices in big cities, some *roommates* chose to be part-time
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10 micro-entrepreneurs in P2P accommodation, which could also bring cultural and
11
12 social benefits (Zhang et al., 2019). As full-time hosts, some “butlers” start their
13
14 venture to change their lifestyle. Xu and Ma (2014) have proved that small tourism
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16 businesses are more motivated to search for lifestyle rather than for economic benefits
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18 for tourism entrepreneurs. In addition, some of “butlers” used to work as interior
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20 designer and took the opportunity to implement their ideas in their houses. This form
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22 of entrepreneurship provides them a new means of social mobility. Their selection of
23
24 entrepreneurial spaces depends on the tourism attractions and local policy. In addition,
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26 the high mobility of entrepreneurs in P2P accommodation may lead to increased rates
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28 of local subletting, and furthers rising rent, living costs, price of properties in tourism
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30 destinations (Sun & Xu, 2017), leading to gentrification and displacement of local
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32 residents (Chan et al., 2016).
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43 In summary, this analysis proposes an emerging typology of P2P
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45 accommodation micro-entrepreneurs consisting of two dimensions (types of property
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47 ownership and forms of interaction with guests) and four types (hospitable sharer,
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49 remote sharer, roommate, and butler) of micro-entrepreneurs, whom could also be
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51 categorized based on their differences in risk-taking characteristics (risk-taking
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53 behaviors and coping strategies). Investigating the supply segmentation, the
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4 entrepreneurs' motivations and types, will be of great significance for marketing, and
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6 improving operations and product quality.
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9 This research also provides implications for practical management for
10 industry operators, sharing platform firms and policy makers. First, sharing platforms
11 could benefit from the findings of micro-entrepreneur behaviors. For platform-based
12 business, the richer the suppliers' collaborative network and their value co-creation
13 activities, the more potential complementors will be attracted to the platform; the
14 more valuable the platform to the complementors and consumers, the more
15 heterogeneous and effective value co-creation activities can be developed (Fu et al.,
16 2018). By understanding their group characteristics and behavior patterns, platforms
17 can take measures to motivate the hosts and protect their interests. Thereby, they can
18 improve the quality, sustainability, and service of P2P accommodation. This study is
19 essential to understand the Chinese market and develop better localization strategies
20 (Thomas, 2017). Second, as the sector grows by leaps and bounds, research on the
21 status quo of the industry is conducive to the government to develop better rules to
22 regulate the business.
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45 **7. Limitations and future implications**

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48 Some limitations of this study need to be noted. First, the results are based on
49 qualitative interviews. There may be bias due to the age distribution of the whole
50 sample as there are significantly more young hosts were interviewed. Despite no
51 population data of the entrepreneurs, a wider sample will be selected in the future
52 could attempt to cover a more balanced age groups and regional distribution. Second,
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4 conclusions were generated from Chinese cases and may need to be tested in other
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6 cultural contexts. For example, micro-entrepreneurs concern and coping strategies
7
8 may have cultural limitations. Third, the current study is based on explorative and
9
10 qualitative methods. For example, only a conceptual model was developed in this
11
12 study. Future studies should combine more quantitative methods to measure these
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14 concepts and further verify the relationships between them. Future studies might need
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16 to consider prior experience of the operators as they would influence the strategies
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18 and management of the enterprises as suggested by Chan & Reiner (2019).
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Appendix A: Supporting Quotes for the risks and coping strategies for the
Micro-entrepreneurship in the Sharing Economy

Supportive Quotes

Risk-taking

Safety issues (personal safety/property security)

- Personal safety: *“To reduce the rental pressure, I share one of my rooms to guests. My parents and friends showed great concerns over my decision, as they were afraid that I might come across some guests, with bad manners or even threatening behaviors.” (H5)*
- Property security: *“We bought this apartment last year and invested half a year and considerable money in decorating it. We are happy to share the apartment with visitors. But we are also worried about the safety of our property. I’m busy with my full-time job and cannot be at home during the day-time.” (H10)*

Cost issues (time cost / financial cost)

- Time cost: *“From online consulting to offline check-in, we have to answer every question and be always ready to help the guests to deal with emergencies. It sounds just small stuff but it’s tedious, especially when you are busy with your formal work. It’s a really time-consuming task.” (H13)*
- Financial cost: *“I am a full-time host. To gain long-term and considerable profits, I have to invest more funds in the early stage. But it’s hard to estimate the changes of market. So, I did take on certain economic risks.” (H6)*

Legal and social issues (legality / neighborhood complaint)

- Legality: *“I do enjoy the feeling of decorating my rooms and sharing with my guests. But the short-term rental regulations in Hangzhou are super strict. My apartment is located in the downtown area. The frequent comings and goings of strangers is easy to attract the attention of the police, which will bring me trouble.” (H12)*
- Neighborhood complaint: *“In some communities with lots of retired people, most of them spend most of their time and are familiar with each other. The entry and exit*

of strangers will raise their concerns. In these areas of old apartments, the sound proofing is not so good. Sometimes the visitors' activities will cause considerable complaints from the neighbors." (H13)

Coping strategies

Select guests (price barrier, language barrier, gender barrier)

- Price barrier: *"I think setting appropriate higher prices is a good way to find those who cherish this experience. The payment power of guests could partially reflect their quality. This is not discrimination, but I think it will attract more rational consumers." (H10)*
- Language barrier: *"I personally prefer hosting more international guests, so that I can communicate with them and know their culture. It doesn't mean that foreigners are more qualified. Because P2P accommodation is more popular abroad, they know more about the idea of sharing and respecting our service. For those Chinese who could read our English-writing introduction, they tend to be highly educated, which could be assurance of quality." (H4)*
- Gender barrier: *"I think girls tend to be more aware of hygiene and careful in using the facilities. So, I only share my rented room with female guests." (H2)*

Live with friends or family

"I rent a three-room apartment. I rented one of the rooms to my friend. We co-operated on the P2P accommodation. With her company and investment, I think it is safer both economically and physically, and also less time consuming. We can both answer the questions of the guests and take care of the daily chores. It lightens the load on each other." (H11)

Decoration simplification

"I'm concerned that the guests will not take care of the facilities. I only provide the basic furniture and some disposable daily necessities. The whole property is simply decorated by line and color block, making people feel peaceful." (H19)

Guarantee policy of platform

"As far as I know, there is a guarantee policy for hosts in Airbnb with an upper limit of

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4 \$5,000,000 when damage occurs. This policy greatly reassured me as a host. Besides,
5 users of Airbnb have to be authenticated by Alipay or social network through real-name
6 system. These measures weaken our concerns.” (H3)
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10 Standardized process

11 “After running the P2P accommodation for a while, I found that many of the guests’
12 enquiries and requirement are similar. Answering those repeated questions is a bit
13 time-wasting. So, I developed a service guide for my guests and send it to them before
14 checking-in. It works well and saves me much time!” (H1)
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19 Service outsourcing

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21 “There is a local cleaning company called “zhuguanjia”. Most of the local hosts use their
22 service to do the house-keeping work. In this way, all I need to do is reserve the service
23 remotely in advance. The availability of outsourcing relieves my pressure on time.” (H1)
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