




INTENTION TOWARD SHARING ECONOMY AMONG MONGOLIANS: TAKING AIRBNB AS AN EXAMPLE



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ABSTRACT

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Every day a hundred and thousand new platforms are created to make our lives easier and simpler. In the case of Airbnb, over 2 million tourists and adventure seekers find someone's home to stay per night. This platform also gets its users connected easily and makes revenue from both hosts and guests. The novelty about this platform is giving freedom for each household to sshare their spare space or room with a stranger from another part of the world in order to increase their income. The concept of sharing economy is widely spreading around the globe such as in the European countries and the USA, but it is a comparatively new idea for Mongolians to let their extra space, room, holiday home and a private garage to someone unknown. The data were collected from 98 individuals, and the descriptive statistics were performed in order to reveal the intention of Mongolians toward sharing the economy in connection with the case of Airbnb. This study found that the concept of sharing economy is already popular with half of the surveyed Mongolians and the majority of participants somehow represented that they are willing to take part in the sharing economy.

Contribution/ Originality: This study contributes to the existing literature on the topic of circular economy in a case of Mongolia. A descriptive study design is applied to discover perception of Mongolians in connection to concept of sharing economy. The paper's primary contribution is finding that Mongolians are willing to participate in sharing economy.

1. INTRODUCTION

1.1. Background of the Study

Today there are a total of nearly 7.6 billion inhabitants living in the world according to the results of the 2017 revision of the United Nations. To take a close look at the amount of the population by Asian and European countries, we can see that over a half of the world's population (60 percent) live in Asia (4.5 billion), but in sharp contrast, approximately 10 percent of the world's people inhabit in Europe (742 million).

The latest annual report in 2017 by the United Nations revealed that the world population is anticipated to grow as showing below in Table 1 However, most of the European countries are expected to see a decrease in their population in the long run.

Table-1. The population of the world and some regions, 2017, 2030, 2050 and 2100.

Region	Population (millions)			
	2017	2030	2050	2100
World	7 550	8 551	9 772	11 184
Asia	1 256	1 704	2 528	4 468
Europe	742	739	716	653

Source: United Nations (2017)

Based on the population pattern of continents above, it is evidently shown that Asia is a vast market and a next stop for global giants as well as multinational companies. In addition, Table 1 also indicates that the world's population will continually be increasing from decades to decades; for example, there will be 11 184 billion humans in 2100. On the other hand, our resource is scarce and limited; therefore, a raising question for us is how to meet the overall various kinds of human needs (food, shelter, transportation, energy and so on) of this progressively growing world population in the future. In order to contribute to this global concern, scientists and practitioners recently have discussed and paid attention to theoretical and practical applications of the circular economy [CE]. The fundamental of CE is the 3Rs (Reduce, reuse, recycle) (Wu, Shi, Xia, & Zhu, 2014) and the 6Rs (reuse, recycle, redesign, remanufacture, reduce, recover) (Jawahir & Bradley, 2016). A study conducted among seven European countries by Wijkman and Skånberg (2015) reported that shifting to a circular economy can reduce each country's greenhouse-gas emissions by up to 70% and increase its workforce by up to 4%.

In the last few years, we have evidenced by many practical and profitable platforms the sharing of the economy. These successful platforms empower their users to share and swap the underutilized goods and services. Specifically, the services concerning sharing economy vary from transportation through accommodation to finance (Quattrone, Proserpio, Quercia, Capra, & Musolesi, 2016). Among them, Airbnb is definitely one of the best representatives and a well-known example of sharing the economy. Airbnb describes itself as "A social website that connects people who have space to spare with those who are looking for a place to stay" (Quattrone et al., 2016). This company was founded in 2008 and grew unexpectedly over the last ten years. By January 2019, its list has included over 5 million properties in 191 countries including 81,000 cities. According to its website, about 2 million people stay on Airbnb per night.

Generally speaking, some researchers state that these platforms of sharing the economy will bring many benefits individuals to individuals in different ways. Taking Airbnb as example, on the one hand, it enables hosts to earn extra income, on the other hand, visitors may be able to get various benefits by choosing its service such as saving their budget, interacting with local people and being stayed more closely to local culture and custom which may make visitors' journeys more meaningful and long-lasting.

Mongolia is a country of nearly 3.1 million inhabitants (National Statistical Office of Mongolia, 2016) and a total size of the territory of about 1.6 million sq. Km. Regarding its income classification for the world bank's 2018 fiscal year, Mongolia is a developing country and classified as lower-middle-income economic with GNI per capita of \$3290 (The World Bank, 2018). According to the Mongolian economy update 2018 by the world bank, its economy in the short and long run is reported to be positive. However, taking a closer look at some of its current economic indicators, it has a government debt of 76,3% of its GDP, an unemployment rate of 6.9% (National Statistical Office of Mongolia, 2019) and about 29,6% of its population live below the national poverty line. To compare it with Asian forty-five countries listed in Basic statistic data 2018 by the Asian Development Bank, the Mongolian poverty rate is ranked at the fifth highest among them after Tajikistan. It means that one-third of its population live under the poverty condition and the average monthly salary in Mongolia is also estimated at \$ 389,3 by Jan 2019 (National Statistical Office of Mongolia, 2019) which is three times lower than the world average at \$ 1480. Taken all these together, based on the statements above, either the Mongolian government or individuals need to seek alternative opportunities to increase GDP as well as the income level of individuals nationwide.

Mongolia are fewest among three examined countries (Mongolia, Vietnam, Hungary). Therefore, this study is designed to reveal how much Airbnb is popular with the Mongolians.

Finally, a search of the Web of Knowledge database and Google search using the keywords "circular economy in Mongolia" and "sharing economy in Mongolia" produced no specifically matching result on this matter. In other words, very limited research has investigated to cover this topic in Mongolia. Therefore, this study aims to explore how Mongolians respond to the concept of sharing the economy.

1.3. Purpose of Study

As noted earlier, every night, about 2 million tourists prefer not to stay in a hotel, but rather stay in the dwelling of some stranger found online via Airbnb. According to [Chafkin and Newcomer \(2016\)](#) more than 100 million visitors used Airbnb to find a place to stay during the summer of 2016. These numbers somehow demonstrate how sharing economy or collaborative consumption is becoming popular worldwide. Therefore, the main purpose of this study is set to explore how Mongolians react to the concept of sharing the economy.

1.4. Research Questions

The following research questions have been developed in order to achieve the purposes of this study.

1. How many percent of surveyed participants are willing to take part in sharing the economy?
2. How do Mongolian react to the idea of renting out their spare space, room, holiday home , and garage?

1.5. The Significance of the Study

Generally speaking, this research can be one of the pioneer investigations designed for contributing to practical applications of sharing the economy in Mongolia.

According to the researcher, first, this study seeks to check whether Mongolian households can make extra earning by renting out their spare space via Airbnb. Second, this research tends to spread the message regarding the importance of sharing the economy among individuals in Mongolia. Third, this study aims to draw Mongolian researchers' attention and push them to conduct more investigations covering the components of the circular economy. Finally, this study somehow contributes to the literature on sharing the economy.

2. LITERATURE REVIEW

2.1. Sharing Economy

There may exist numerous kinds of definitions regarding collaborative consumption which always goes together with sharing economy. According to [Belk \(2014\)](#) collaborative consumption is defined as "people coordinating the acquisition and distribution of a resource for a fee or other compensation." Collaborative consumption usually thrives based on the well-organized online systems or networks, where users get involved in various sharing activities such as lending, renting, trading, bartering, and exchanging of goods, services, transportation sharing, space sharing, or money ([Belk, 2014](#); [Botsman & Rogers, 2010](#); [Möhlmann, 2015](#)). Nowadays, computer-based smart services are launched every day in order to facilitate our busy lifestyles. The study conducted by [Owyang, Samuel, and Grenville \(2014\)](#) reported that nearly 80 million Americans are estimated to get involved in at least one kind of sharing activities, and this number is also expected to increase in the future. Also, we live in the 21st century- the era of globalization and digitalization. Therefore, this tendency toward the network-based sharing activities will be enhanced (intensified???) and humans will get addicted unconsciously.

2.2. Airbnb

Airbnb allows anyone to let her/his spare space or room as tourist accommodation via its website. It is one of the typical and successful examples of a peer-to-peer marketplace in the sharing economy. Its website is relatively

simple to use for everyone, and both hosts and guests are available to check each other's profiles before confirming the booking. For hosts, they can establish their own nightly, weekly or monthly price by themselves and the price of each accommodation varies .

The company makes revenue from both hosts and guests for its service. More specifically, the service fee is 3% for hosts and around 9%-12% for guests depending on the length of their stay. From 2008 to 2015, Airbnb created a network of more than 2 million properties around the world and over 50 million guests who have already experienced its service (Zervas, Proserpio, & Byers, 2017).

The sample obtained by 800 tourists who had stayed in Airbnb accommodation in 2015 brought three vital contributions to the literature of sharing the economy. First, the reason why respondents were mostly attracted to Airbnb was practical attributions. Second, interaction, home benefits, novelty, sharing an economy ethos, and local authenticity were identified as five motivating factors to choose Airbnb. Third, all respondents were divided into five segments regarding the result of the subsequent cluster analysis- money-savers, home seekers, collaborative consumers, pragmatic novelty seekers, and interactive novelty seekers (Guttentag, Smith, Potwarka, & Havitz, 2018). From the researcher's point of view, it is somehow possible for Mongolian hosts to attract the prospective guests who will belong to the segment of pragmatic novelty seekers and interactive novelty seekers because Mongolia is a country familiarized with its unique nomadic lifestyle, untouched natural environment and the great king "Chinggis Khan" among adventure seekers around the globe.

Another study conducted by Zervas., Proserpio, and Byers (2015) reported that the properties listed on Airbnb were rated higher than those on TripAdvisor. In particular, nearly 95% of Airbnb properties received an average rating of either 4.5 or 5 stars (the maximum), and none of them got a lower score than a 3.5 rating point. In contrast, the average rating among properties on TripAdvisor was 3.8 stars. Based on this comparative review result, the researcher chose ten Mongolian hosts randomly to compare their rating results with the world's average. The reasonably similar rating result was found among Mongolian hosts, and all review comments from guests were notably positive.

All evidence-based statements above supported the main idea of the researcher that the Mongolians are likely to be ideal hosts and gain extra income by renting out their free space or room through Airbnb.

3. METHODOLOGY

The research framework of this study was derived from a review of the previous academic papers and investigations covering the topic of collaborative economy and Airbnb. The framework of this research was developed in order to reveal whether Mongolians have an interest or intention to get involved in the sharing economy and whether Airbnb can be one of the possibilities for Mongolians to augment their income.

Furthermore, this is a descriptive study attempted to gather data from a certain number of individuals in Mongolia using the Google survey. The target sample of this study is individuals who have access to participate in the online survey.

Snowball and convenient sampling approaches were used for data collection. A total of 98 valid responses were collected during January 2019. Due to the difficulty that the researcher presented in collecting data was the location and distance, an online questionnaire was implemented to get responses for Mongolians. The participants received a Facebook text message with the link directing to the Google survey containing the online questionnaire. Also, this text message encouraged them to forward the link to friends who are available to take part in the survey. There was no filter question since the researcher wanted to include all different social groups of respondents.

Since this is a descriptive research design, the researchers have designed 8 main questions measuring the reaction of respondents to the sharing activities and 9 demographic questions were included: personality, age, gender, family income, marital status, number of family members, employment status, educational level, number of the rooms in the apartment. The designed questions are shown by the following Table 2.

Table-2. Survey questions.

Questions
Have you ever heard about the sharing economy before? (Yes, No)
Do you know what kind of service Airbnb.com offers to its users? (Yes, No)
Are you interested in letting your extra room or space to somebody in order to increase your income? (Yes, No)
If so, how long do you prefer to let your extra room for someone? (Up to 10 days, 10-20 days, 30 days, above 30 days)
If so, do you prefer to let your extra room or space to (only to local guests, only to international guests, both local and international guests)
Do you have a holiday home holiday home? (Yes, No)
If so, are you interested in letting out it holiday home in order to increase your income? (Yes, No)
In case, you do not necessarily use your personal car park, would you prefer to let it out to somebody in order to increase your income? (Yes, No)

4. RESULTS

In order to demonstrate the overall reaction of Mongolian respondents to the sharing economy and Airbnb, the researchers have generated several tables and charts below. Descriptive statistics analysis was performed by applying SPSS software 20.0.

Table-3. Demographics.

Variables	Ranges	Frequency	Percent
Age	18-30	72	73.5
	31-40	22	22.4
	41-50	3	3.1
	51-60	1	1.0
Gender	Male	28	28.6
	Female	70	71.4
Marital Status	Single	59	60.2
	Married	36	36.7
	Single mother	3	3.1
Employment status	Full-time employment	29	29.6
	Part-time employment	2	2.0
	Unemployment	7	7.1
	Being on maternity leave	6	6.1
	Student	46	46.9
	Other	8	8.2
Education level	Junior High school or below	3	3.1
	Senior high school	12	12.2
	College or specialized training program	5	5.1
	Bachelor degree	58	59.2
	Master Degree	20	20.4
Number of family members	1	9	9.2
	2-3	31	31.6
	4-5	43	43.9
	6 or above	15	15.3
	Income range (₮)	up to 198 000	9
198 001-500 000	9	9.2	
500 000- 1000 000	42	42.9	
1000 000- 2500 000	30	30.6	
2500 000-above	8	8.2	
Number of the rooms in the apartment/house	1	5	5.1
	2	38	38.8
	3	21	21.4
	4	2	2.0
	5 or above	4	4.1
	Planning to buy your own apartment in the future	28	28.6

Table 3 showed the demographic results for Mongolians. From the data collected, 71.4% (70) were female participants, and 28.66% (28) were male. Most of the participants were still very young with 73.5% at the age of 18-30 and 22.4% at the age of 31-40 . For the marital status, the majority of them 60.2% (59) are single, and 36.7%(36) are married. Most of the respondents 46.9 % (46) are students; however, 29.6% (29) are reported to be full-time employees.

HOW MANY ROOMS OF THE APARTMENT/HOUSE ARE YOU PLANNING TO BUY? /percent/

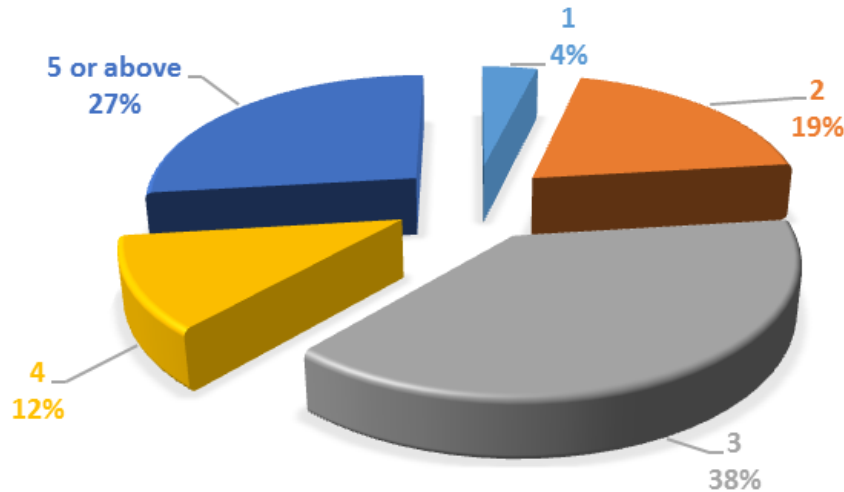


Figure-2. The room numbers the participant prefer to possess in their flat in the future.

Table-4. Intention to be involved in the sharing economy.

Survey questions	Frequency	Percent
Have you ever heard about sharing the economy before?	Yes	54
	No	44
Do you know what kind of service Airbnb.com offers to its users?	Yes	15
	No	83
Are you interested in letting your extra room or space to somebody in order to increase your income?	Yes	40
	No	58
If so, how long do you prefer to let your extra room for someone?	until 10 days	14
	10-20 days	2
	30 days	12
	30 days or above	14
	I do not want to let my extra space or room	56
If so, do you prefer to let your extra room or space to	only to local guests	6
	only to international guests	18
	both local and international guests	20
	I do not want to let my extra space or room	54
Do you have a holiday home holiday home?	Yes	20
	No	78
If so, are you interested in letting out your holiday home holiday home in order to increase your income?	Yes	50
	No	48
In case you do not necessarily use your personal car park, would you prefer to let it out to somebody in order to increase your income?	Yes	67
	No	31

Results also show that 88% of respondents work as a member of staff. With regard to education level, the majority of them 59.2% (58) had a bachelor's degree, 20.4% (20) master's degree, and 12.2% (12) a secondary education certificate. Most of the respondents 42.9% (42) reported that their monthly income is in the range of 500 000₮-1000 000₮. It is approximately equal to \$192-\$384 per month. Most importantly, most of the respondents have a 2 (38.8%) or 3 (21.4%) room of the apartment. In addition, 28.6% (28) surveyed participants are planning to buy their apartment or house in the future.

When the participants who do not possess a house, were asked how many rooms of the apartment or house they are planning to buy, 38 % of participants are planning to purchase a flat with three rooms, and 27 % of them replied to have an apartment with 5 or more rooms [Figure 2](#).

As reported earlier, the researcher developed eight questions, shown in [Table 4](#) above in order to predict the overall intention of the Mongolians on the collaborative economy and find out whether they prefer to take part in sharing their spare possessions (space, room, holiday home holiday home, private garage) in order to increase their income. Airbnb was taken as an example in this investigation.

Question one: The researcher has found an unexpected result on Question One in which 55.1% of surveyed participants responded that somehow they had already heard about the sharing economy before. A car photo from the car-sharing company [Figure 3](#) was displayed in the online questionnaire in order to give participants a more specific picture of what sharing the economy may look like.



[Figure-3](#). A photo was used to demonstrate the sharing economy on the Google online survey of this study.

Source: Google search.

From the researcher's point of view, including the photo might have influenced the responses of the surveyed participants.

Question Two: Among the 98 participants, 84.7% of respondents do not know about Airbnb. It directly indicates that they have not used their service before. However, 15.3% of them reported that they are familiar with how Airbnb operates. This number may say that at least 15 participants among 98 have experienced space sharing practice. The same principle applies to question two, and a profile photo of a Mongolian host [Figure 4](#) on the Airbnb was uploaded.

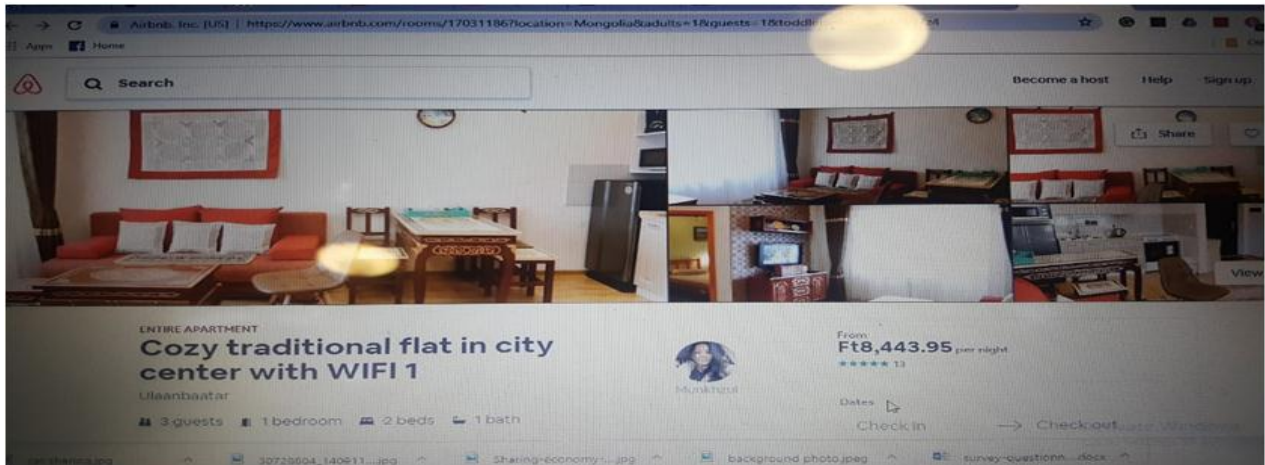


Figure-4. A profile photo of a Mongolian host on Airbnb.

Source: <https://www.airbnb.com/>.

Question Three: the first group of the respondents (59.2%) refused to let their extra space and room to increase their revenue, but the second group of surveyed Mongolians (40.8%) who have accepted this offer. Even though the ratio is different from each group, the percent of the second group shows that Mongolians are interested in getting involved in this kind of space sharing activity.

Questions Four and Five: The participants were requested to answer how long and to whom they would prefer to let their extra space and room. Most of the respondents (14.3%) would like to accommodate a guest for up to 10 days or a month. Besides, 20.4% of participants would prefer to provide a service to both local and international guests. However, another group of the respondents (18.4%) are only interested in receiving an international guest.

Question Six and Seven: Although 78% of participants do not have their own private holiday home at the period of collecting data, 51 % of respondents expressed to let their holiday home holiday home in order to support their family income.

Question Eight: the result was surprising to note that 68.4% of surveyed Mongolians want to let their garage while they are not using it.

5. CONCLUSION

Services and activities in connection with sharing or collaborative economy are becoming increasingly popular around the globe. Within this, sharing property-services are playing an influential role in the spread and the growth of the circular economy. Services that, for example, Airbnb and TripAdvisor provide, are changing the traditional way of tourism nowadays. It enables ordinary people to make extra revenue by sharing their homes with strangers from somewhere in the world, who have found them through searching and reviewing their profile and photos on these online platforms. There may be many disadvantages and advantages of sharing economy. Among them, this study focuses on the benefits of sharing economy and tries to reveal whether Mongolians are interested in getting involved in this kind of sharing service in order to augment their monthly income. Generally, it can be seen from the result of Question 1 that sharing economy is not a new concept to half of the surveyed Mongolians. However, Airbnb is not popular with the participants. Also, based on the results of Question 3, 7, 8, it can be interpreted that at least a half of the surveyed Mongolians are somehow interested in sharing and renting out their extra possessions; space, room, holiday home, and a private car park.

Only descriptive statistics were performed, and no further statistical analyses were conducted because the researcher has designed eight survey questions based on the objectives of this study and the circumstance of the sampling country regarding the concept of sharing economy. In the beginning, the researcher assumed that sharing the economy is an entirely new concept to the Mongolians. Therefore, further studies need to be conducted concerning sharing the e economy in Mongolia.

From the overall results of this investigation, developing a local platform for these people who want to accommodate guests or let a holiday home holiday home or garage for short-term, can be a possible business idea.

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