

# AN EXPLORATION OF THE TRANSITION OF A STARTUP ENTERPRISE IN THE SHARED ACCOMMODATION BUSINESS

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**Abstract:** *The study is a qualitative research using interview data to determine the characteristics of the startup enterprise in the shared accommodation business. The data was analyzed using inter-coding analysis for qualitative study. The startup reveals characteristics typical of the organizations the creativity phase of Greiner's organization growth were systems needs to be organized and leadership and management need to set up the strategic direction for the company including better operational management systems. The management and employees aspire to survive this initial phase amidst steep market competition in the sharing accommodation. They need internal process development and set out with a shared future direction. The recommendations in this study is a response to its current situation transitioning to its desired future phase of development.*

**Keywords:** transition, startup enterprise, shared accommodation, organization growth, service management, inter-coding

## Introduction

The focal system of the study is a startup enterprise which is a sharing economy condominium vacation rental which started operations in 2014. The sharing economy business is a disruptive business model highlighting the ability and preference of individuals to rent or borrow goods rather than owning or buying them. This study utilized concepts from Greiner's Organization Evolution (1972, 1998, cited in Jones, 2015); Service Model Canvas (Turner, 2015), the and SOAR (Stavros and Hinrichs, 2009) to analyze the transition stage of the startup.

Organization growth curve Greiner (1972,1998, cited in Jones, 2015) describes the various stages of organization growth into various phases as follows:

Creativity. In the initial stage of an organization, the emphasis is on creating both a product and a market. The founders of the company are usually technically or entrepreneurially oriented, and they generally disregard management activities; their physical and mental energies are absorbed entirely by making and selling the services or the product. Communication with and among employees is frequent and informal. Work is rewarded by modest salaries and the promise of ownership benefits. Decisions and motivation highly consider the feedback from the customers or marketplace; management acts as customers react. Creative activities are essential for a company to get started and as the company grows, these very activities become the problem. At this

stage, a crisis of leadership arises with the need for a strong manager who has the necessary knowledge and skills to introduce new business strategies and practices.

Direction. As the company survives the first phase by putting in a capable business manager, the company usually embarks on a period of sustained growth with the able and directive leader. A

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functional organizational structure is introduced that separates the various activities and then job assignments become more specialized. Incentives, budgets, and work standards are implemented. Communication becomes more formal and impersonal with the setting up of titles and positions. The manager and the key supervisors assume most of the responsibility for direction-taking while lower-level supervisors work as functional specialists rather than independent decision-makers.

**Delegation.** The next phase of growth stems from the successful implementation of a decentralized organizational structure and greater responsibility is given to the managers. Employees increase motivation as they receive bonuses. Top-level executives manage based on periodic reports. Communication from top management is infrequent and usually occurs by correspondence, telephone, or brief visits.

**Coordination.** This phase uses formal systems to improve coordination and top-level executives take responsibility in initiating and managing the new systems.

**Collaboration.** The last phase emphasizes strong interpersonal collaboration to prevent the red-tape crisis. This phase emphasizes spontaneity in management action through teams and the skillful confrontation of interpersonal differences. (Greiner, 1998, cited in Jones, 2015)

#### Service Management

Service management is providing a product or service that meets the needs of a user or can be applied by a user. To be effective, services should possess these attributes: available and time, dependable and reliable- delivered on time to the required user specification; usable- presented in user specific formats so that the client can fully understand; useful that responds appropriately to user needs; credible- for the user to confidently apply to decision- making; authentic to be

accepted by stakeholders in the given decision contexts; responsive and flexible to the evolving user needs; sustainable-affordable and consistent over time; and expandable in order to be applicable to different kinds of services. Service management is a continuous, cyclic process for developing and delivering user focused services. (The WMO strategy for service delivery, n.d.)

Andersen & Ankerstjerne (2014) states that delivering excellent service is important for all companies today, but many companies struggle to deliver even just a basic service of a decent quality. Their study concludes that companies who deliver excellent service are superior in the areas of people, processes, leadership and culture. They propose a service management model which is built on a thorough understanding of what is creating value to the customer and how to engage frontline employees in the delivery process. The four key elements of their Service Management System are: Service Culture, Employee Engagement, Service Quality, and Customer Experience.

Start-ups traditionally begin by focusing on their home markets. Now, startups are born global—chasing opportunities no matter the distance, learning to manage operations across countries, and spotting for the best locations, brightest talent, willing investors, and most profitable customers wherever they may be—from day one of their operations. Isenberg (2008) states that global start-ups face three challenges, namely (1) logistical problems and psychic barriers created by distance and by differences in culture, language, education systems, religion, and economic development levels; (2) managing the challenges and opportunities of different contexts – various political, regulatory, judicial, tax, and labor environments and culture; (3) must find a way to compete with established companies with greater resources while using far fewer resources.

In order to succeed, global entrepreneurs must cultivate four competencies, namely: (1) clearly articulate their reasons for going global, (2) learn to build alliances with more powerful partners, (3) excel at international supply chain management, and (4) create a multinational culture within their organization. (Isenberg, 2015). All entrepreneurs must be able to identify opportunities, gather resources, and strike deals plus soft skills like vision, leadership, and passion. The only way to survive and keep growing fast in a world of innovation is to embrace changes and entrepreneurship.

#### Sharing Economy Accommodations Business

Sharing economy or peer-to-peer renting refers to the process of an individual renting out an owned good, service, or property to another individual. It is also referred to as Person-to-Person rental, P2P renting, Collaborative Consumption, and Product Service System. The term is mainly used to describe online enabled rental transactions between individuals. The sharing economy rental market alone is worth \$26 billion. Access by the web makes it easier both for individuals and companies alike to rent out spare rooms, offices and machines. The fundamental of the sharing economy is people renting things from each other. This manner of “collaborative consumption” has a number of advantages such as owners earn from underused assets. Airbnb cites those hosts who rent out their homes in San Francisco earn an average \$9,300 for 59 nights a year. The background checks carried out by platform owners, online reviews and ratings are usually posted by both parties for each transaction which makes it easy to spot lousy drivers, bathrobe-pilferers and surfboard-wreckers. By using Facebook and other social networks, participants can check each other out and identify friends (or friends of friends) in common. The sharing economy is one of the best value

to consumers. It is an emerging business model which is expanding fast and considered disruptive enough for regulators and traditional companies who have recognized its immense potential. (The Economist, 2013)

Southeast Asia is propelling the rise of the ‘sharing economy’ with a growing number of start-ups using this concept to launch new and promising businesses. The concept is still young in Southeast Asia and the Nielsen consumer report that consumers in the region are opening up to the idea. The report placed Indonesia, the Philippines and Thailand among the top five markets globally that were prepared to participate in the share economy. (Ong, 2015)

Airbnb has grown incredibly fast in Southeast Asia in 2012. In 2012, the total nights booked on Airbnb increased 400% in Indonesia, 275% in Thailand, 547% in Malaysia, and 345% in the Philippines. Travelmob started in July 2012 and has made remarkable progress as a company with listings increased by 415% in a span of a few months and thousands of nights booked on Travelmob’s properties – from corporate retreats, to honeymoons, expat relocations and even patients on medical treatments in Asia. (Ong, 2015)

Together with the local innovation of startups in the ASEAN, there are also successful global brands who are spotting Southeast Asia as a productive market. Uber launched its service in Vietnam and in Jakarta; Withlocals is a Netherlands-based start-up which focuses entirely on connecting locals in Asia with tourists wanting authentic holiday experiences in these countries; Airbnb is expanding into countries such as Thailand, Malaysia and Singapore, Philippines. In the city of Bangkok, ItsNeighborhoods service allows travelers to search activities in certain cities and then view rooms available for rental that are close to these desired attractions. A similar room-rental service called Wimdu offers short-term

stays in countries from Indonesia to the Philippines. (Ong, 2015)

Startups are booming in Asia and to stay competitive, most of these startups need to demonstrate continuous innovation. Startups in the Asia Pacific region have to do best when they adapt existing models to fit local market realities, and the companies that do this best are generally the ones attracting the most investment activity.

The Philippines is the fastest growing market in Southeast Asia for successful global tech start-ups. Airbnb Southeast Asia reported that it had a “healthy growth” in the Philippines and has transformed the traditional lodging business from the typical hotel rooms. Over a thousand listings have property owners willing to host accommodation for guests. Most of the listings were from top tourist destinations in the country including Manila, Tagaytay, Baguio, Boracay, Cebu, and Davao. There was a 300-percent year-on-year growth in number of Airbnb users coming to the Philippines. Most of these travelers were from Europe and the United States and local tourists use Airbnb when travelling. (Philippine News Agency, n.d.)

#### The Company

The ABC Residences is a start-up enterprise which began its operations in the Philippines in 2014. The enterprise started with two-unit condominium apartment rentals and currently has 22 apartment rentals and still expanding. The customers are 80-90% expatriates from Japan, China, Korea, USA, Australia, and European countries. Customers from the local market are usually Balikbayan (Filipinos on vacation) or locals who prefer to enjoy staycation in nearby condominiums for parties or relaxation or domestic business trips. The annual number of customers from 2014 number more than 2500 guests, with rental capacity ranging from at least 80% to 100% at any given time.

The start-up enterprise is owned by a couple who are Gen Y and they have six employees. Some units are owned by their colleagues and have been entrusted the management to ABC Residences with a management fee. The enterprise uses web platforms for its business transactions. These include Airbnb, Agoda, Vacationrental, Expedia, Travelbook.ph, and social media such as Facebook. There are also walk-in customers, referrals and repeat customers. The start-up is expanding in terms of accommodations and there is need to assess and enhance the service management to sustain the business amidst steep market competition.

#### Research Objectives

The research utilizes the qualitative approach and has the following objectives:

1. To determine the current state of service management in terms of service culture, service quality, employee engagement and customer experience
2. To analyze all the data generated from the interviews in order to provide recommendations that will support the transition of the startup especially in the area of service management

The study is a contribution to the study of transitions of startup enterprises using qualitative approach in This research used the experience of the participants in managing the business in the startup phase.

#### Review of Related Literature

Sharing economy was first used by Professor Lawrence Lessig at Harvard Law School in 2008. Varsavsky (cited in Cotrim, 2015) proposes that Sharing Economy is “way of sweating underutilized assets, by building communities around them and turning consumers into providers, and it has the

potential to reboot businesses across most categories.”

Sharing has exploded into a big part of the global economy, disrupting traditional business models in areas such as hotels, taxi services, car rentals, parking, lending and more. It has allowed people to turn their idle assets into extra income and has given consumers cheaper and more convenient access to a wide range of products and services. Business people cannot afford to ignore these changes whose industry could be the next to be disrupted by the sharing economy. The sharing economy has a number of key traits, namely: (1) facilitated by online technology; (2) connecting networks of people and /or assets; (3) utilizing idle capacity of assets (tangible and intangible); (4) promoting interactions and trust amongst people; (5) harnessing openness, inclusivity and the commons. The sharing economy business achieved successes exploring innovative ways to reduce waste, increase product usage and integrate new systems into their sustainability agenda. (Shao, 2015)

PwC estimates that global revenue from the five most prominent sectors of the sharing economy — finance, staffing, accommodations, car sharing and music/video streaming — could rise from \$15 billion in 2015 to about \$335 billion by 2025. Mesh.It, a website that tracks the sharing economy, lists more than 9,400 companies that offer goods and services to be shared or rented. Traditional businesses follow a simple formula: create a product or service, sell it, collect money. However, in last few years, an entirely different model has emerged — one in which consumers have more choices, more tools, more information and more peer-to-peer power. Companies create, share and use social media, wireless networks, and data crunched from every available source to provide people with goods and services at the exact moment they need them,

without the burden and expense of owning them outright. (Shao, 2015)

The Context and Theory of the Sharing Economy

Cotrim (2015) states that sharing is as old as humankind. He cited Belk (2014) who states that terms like collaborative consumption and sharing economy are phenomena born of the internet age. Sharing and collaborative consumption practices are growing fast and is generating a debate around the implications for businesses still using traditional modes of sales and ownership. Cohen and Kietzmann (2014) state that some of the models for sharing economy stems from several factors such as the frugal spending due to the 2008 recession, growing environmental awareness, the expansion of the Internet, information, and communication technologies which make sharing possible at scale. Together, these developments have started to challenge traditional thinking about how resources can and be offered and consumed, supporting arguments that incremental improvements in our existing production and consumption systems are insufficient to transform our global economy toward sustainability.

Belk (2014) calls this new paradigm as the “post –ownership economy” where the sharing economy model makes people rethink and alter the idea of possession and ownership. He states that we are entering an age where the perception that “you are what you own” is transforming itself into rather “you are what you can access” or “you are what your share”. Belk (2013) argues that the emergence of the Internet has provided us many ways to express our identity without ownership. Kim, et al (2015) presented that there are a few studies that have been able to draw on structured research to explain the preference to engage in share economy rather than the purchasing a products or traditional services for the purpose of ownership.

Service Management

Service management is defined as a continuous process for developing and delivering user focused services, defined by user engagement, service design and development, service delivery, and evaluation and improvement. (WMO Strategy for Service Delivery, n.d.) Andersen and Ankersjerne (2014) stated that the provision of service is an ambiguous concept depending on context of the service provider. They enumerated some four common features of service, namely: service consist of intangible and tangible aspects were the intangible element of service cannot be stocked and is difficult to measure objectively; service tends to be produced and consumed simultaneously; the consumer is involved in the creation and delivery of service; the leadership and management skills are very different from manufacturing.

Service management as a continuous, cyclic process for developing and delivering user focused services has four stages:

Stage 1: User Engagement - identifying users and understanding their needs, as well as understanding the role of related information in different sectors;

Stage 2: Service Design and Development - process between users, providers, suppliers, and partners of creating, designing, and developing services, ensuring user needs are met;

Stage 3: Delivery producing, disseminating, and communicating data, products and information (i.e., services) that are fit for purpose and relevant to user needs; and,

Stage 4: Evaluation and Improvement process to collect user feedback and performance metrics to continuously evaluate and improve upon products and services. (WMO Strategy for Service Delivery, n.d.)

Delivering superior service quality has a significant role in achieving competitive

advantage. Satisfied customers not only have effect on an organization's profitability but also it leads to positive word of mouth, brand loyalty and repeat purchases. Service quality is the comparison of customer expectations with performance. Delivering service quality means fulfilling customer expectations on regular basis. During evaluating service quality customers compare the expected services with the services they receive. (Arshad and Su, 2015)

Olufemi, Ajayi, and Oloyede (2011) in their study "Impact of Property Assets' Management Styles on Effective Service" conducted a survey on 57 hotels of various 'stars' in South-Western geopolitical zone of Nigeria with specific objective of assessing the impact of hotel assets management styles on service delivery effectiveness. Data were collected on hotel organizations through their general managers, staff, and customers in addition to physical assessment of hotel structures and system operations. Stratified sampling technique was used in selecting the samples while Kothari's formula was used to determine the sample size. Data analysis was executed using descriptive statistics, Spearman Correlation analysis and relative importance index. The findings showed that all the hotels that are using facilities management as assets' management tool as against maintenance management or property management are more effective in their service delivery.

A quantitative study "Improving service management in budget hotels" by Peng, Zhao, and Mattila (2015) identified and examined service attributes in the context of budget hotels and demonstrated their impacts on service outcomes and hotel performance at the unit level. Using a large-sample, field survey responses from 162,757 customers staying at 1259 units of a budget hotel chain in China, they identified eight service attributes from previous studies, and these attributes

loaded on two latent factors: core and auxiliary attributes. Furthermore, both core and auxiliary attributes were related to revisit intention, but only auxiliary attributes were associated with customer experience. Revisit intention influenced hotel performance while customer experience failed to do so. In terms of practical implications, budget hotels should use the inventory of service attributes to develop specific strategies for improving their service excellence and financial returns. The inventory of service attributes examined in this study could help budget hotels to develop more specific strategies for achieving service excellence.

#### Organization Growth of Startups

Picken (2017) in his article “From startup to scalable enterprise: Laying the foundation” states that the essential steps in the transition from a nascent startup to an organization capable of sustained and profitable growth are not readily apparent to many early stage entrepreneurs. The life cycle of an entrepreneurial venture consists of four stages (startup, transition, scaling, and exit), each defined by the principal challenges faced by the founding team. The popular lean startup methodology emphasizes a disciplined process of exploration, validation, and refinement of the business concept as the essential first step in the process. Although it is undeniably important to get the business concept right in the beginning, there is a period of transition during which the founding team must establish a solid foundation for growth and scaling that may ultimately have a greater influence on venture success. To date, limited research has focused on transition and the field has offered little normative guidance. Entrepreneurs have largely been on their own as they struggle, through trial and error, to lay the foundation and build a scalable business. The research article describes the essential tasks to be undertaken—the eight hurdles of transition—and provides

normative guidance, solidly based on experience, regarding the actions required to establish the foundation for a scalable business.

#### Business Model Canvas

Osterwalder & Pigneur (2010) define the business model as a construct consisting of nine building blocks. It has some similarity with the more concise representation of Johnson et al., (2008) the latter starting with the value proposition including customer segments, whereas Osterwalder & Pigneur explicitly divide both. Johnson’s key processes include value creation (how to make) and customer related (how to sell) activities, whereas Osterwalder distinguishes between key activities, channels and customer relations. The functions of channels are raising awareness, helping customers to evaluate the value proposition, purchasing and delivering the value, providing post-purchase support. The component of key resources is identical in both approaches. (Verrue, 2014)

The Service Model Canvas was created by Turner in 2015. It is inspired by the Business Model Canvas and is useful to think about, de-construct, explore and document a service. While the Business Model Canvas is an excellent tool for developing and documenting business models, the Service Model Canvas helps develop and document not business models, but service models. (Turner, 2015)

The research “A critical investigation of the Osterwalder Business Model Canvas: an in-depth case study” by Verrue (2014) presented a critique of the Business Model Canvas. He stated that although the Osterwalder Business Model Canvas (BMC) is used by professionals worldwide, it has not yet been subject to a thorough investigation in academic literature. The study presented the results of an intensive, interactive process of data analysis, visual synthesis and textual

rephrasing to gain insight into the business model of a single case (health television). The (textual and visual) representation of the business model needs to be consistent and powerful. It started from the total value per customer segment and besides the offer (or core value) additional value is created through customer related activities.

Another study “Criticisms, Variations, and Experiences with Business Model Canvas” by Ching and Fauvel (2013) aimed to highlight the importance of the use of BMC to the entrepreneurs and the academic world. The authors discussed the BMC problems and criticism and showed its variations in order to help entrepreneurs use these models in the right way and successfully plan their businesses. The shortcomings and weaknesses of the model were compared with experiences made in their class ‘Entrepreneurship II’ offered in an undergraduate course of Business at a Brazilian university in the state of São Paulo. The experience with the class highlighted the importance of the use of BMC and its helpfulness in developing the students’ business plans. The study contributed the body of knowledge by filling the vacuum that exists in terms of academic study concerning the use of Business Model Canvas by the entrepreneurs when developing their business plan as well as to advance research in the areas of small and medium enterprises.

#### SOAR Approach

SOAR (Strengths, Opportunities, Aspirations, and Results) is a strategic planning framework with an approach that focuses on strengths and seeks to understand the whole system by including the voices of relevant stakeholders. Focusing on strengths means that the SOAR conversations center on what an organization is doing right, what skills could be enhanced, and what is compelling to those who have a stake in

the organization’s success. The SOAR approach identifies and expands the existing strengths and opportunities rather than drill down on problems, deficiencies, weaknesses, and threats. Research has shown that building on people’s strengths can produce greater results than spending time correcting their weaknesses. (Stavros and Hinrichs, 2009)

SOAR leverages Appreciative Inquiry (AI) which focus on the strengths of persons and organizations while still addressing areas of need. Organizations do many things well, but often, they do not take the time to reflect on, communicate, build on and maximize these strengths or to determine what is meaningful to key stakeholders. Through co-creation, SOAR provides opportunities to identify and discuss strengths and opportunities, in order to reframe underlying issues which, they can view through the lens of possibility, map out a shared preferred future and set measures to measure success.

#### Qualitative Research

Qualitative research studies investigate the quality of relationships, activities, situations, or materials. There is a greater emphasis on holistic description – that is on describing in detail all of what goes on in a particular activity or situation rather than comparing the effects of a particular treatment (experimental research) or describing attitudes or behaviors of people (survey research). (Fraenkel, Wallen, Hyun, 2015).

#### Research Methodology

The research design is qualitative research. Questions used for the interview were designed using concepts from the Service Model Canvas (Turner, 2015) and SOAR (Stavros and Hinrichs, 2009). As a qualitative study, the design is emergent with the data analyzed using inter-coding analysis. The emerging output from the data analysis were utilized for recommendations for growing the startup enterprise. Table 1 shows the



research procedures undertaken in this study.

The participants of the study are the internal stakeholders. The entire population (N= 8) of the internal stakeholders participated in the interviews and consisted of: two owners, one client owner whose unit is managed by ABC Residences, one supervisor, and four employees. The study involves the startup team from April to September 2016. This is qualitative study and utilized results from interviews and focus group discussion. Secondary data were taken from reviews in the shared economy websites.

#### Interview Design

Individual interviews were conducted with all the members of the company within seven days. The interview guide was initially given to them in advance for prior preparation. Each individual interview was conducted in 20 minutes. The data was recorded with initial permission from all interviewees.

An initial summary of the interview points and a focus group was also conducted to present them. The focus group discussion was conducted during a five-hour session where they further confirmed the results of summary of the interviews and participated in further suggesting some more recommendation for the sustainability of the start-up.

Table 1.  
*Summary of Research Design*

Research Questions	Process	Output
What is the current state of startup development and its service management in terms of service culture, service	– The interview guide was validated utilizing Item Objective Congruence (IOC) validation	Interview data that shows the current situation and aspiration of the startup team

quality, employee engagement and customer experience?	with three experts. – Actual interviews were conducted with manager/owner and employees of the company.	
What recommendations may be constructed based on all the data generated from the interviews using inter coding analysis?	Inter-coded data the interviews were utilized to design the new service management roadmap	Recommendations that support the transition process of the startup enterprise with focus on service management elements

#### Data Analysis

Coding Analysis by the researcher and two other experts was utilized to analyze the interview data and used to develop the management service improvement plan. The structure of phenomena is the major finding of any descriptive phenomenological inquiry. This structure is based upon the essential meanings that are present in the descriptions of the participants and is determined both by analysis (as detailed below), and also by your (intuitive) insights.

#### Research Instruments

A set of questions was used to interview the manager and the staff. The Set A questions were adapted from the Service Model Canvas and Set B was designed by the researcher based on SOAR. The sets of questions were subjected to Item – Objective Congruence and all obtained

IOC value from experts greater than 0.60 congruence level.

The Questions for interview

Set A:

1. What is the current state of your business in terms of the following?
  - a. Customers:
    - Who are the current users and important users?
    - Who do you plan to be the future users?
  - b. Service Proposition:
    - Why would someone use your service?
    - What value would your service bring?
  - c. Channels:
    - Through which channels is your service available?
    - Which channel is most preferred by your users?
  - d. Actors:
    - Who are the key persons involved in delivering the service?
  - e. Key activities:
    - Which key activity is required to deliver the service?
    - Which resources is required for those activities?
  - f. Challenges:
    - What current challenges exists?
    - What current challenges do you see in the future?
  - g. Competitors:
    - What other similar services are available?
    - Who are the key competitors?
    - What other options do users have?

Set B

2. What does growing the business mean for you as the manager? As employees?
3. What strategies and activities would you undertake to make your business the preferred sharing accommodation in terms of business excellence, managerial

competence, employee competence and customer delight?

### Data Results and Discussion

The interview data obtained was analyzed using inter-coding. The researcher and two other experts inter-coded the interview data and the summary is shown in Table 2.

Table 2.

*The data from interviews resulting from inter-coding analysis.*

Questions	Inter coding of Interview Results
Customers Who are the current users and important users?	The current users of the shared accommodations are foreigners travelling from Asia, Australia, USA, Korea, UK who are on business and vacation trips. There are also domestic guests who are home visiting from other countries “ balikbayans” and those families and friends who want to use the condo facilities for staycation “breaks” or family pleasure time on weekends or celebrations . There are also foreign and domestic guests who use the accommodations are holding room of their personal belongings before flying out to other destinations in the country or internationally. Since the venue is
Who do you plan to be the future users?	

	<p>near the concert places and conference venue, the participants also make reservations.</p> <p>There is a plan to expand the customer base to long-term users such as expatriates and locals who want to rent the accommodations for more than six months as residence.</p>
<p>Service Proposition: Why would someone use your service?</p>	<p>The location is central as it is easily accessible from the international and domestic airports. It is also adjacent to the Mall of Asia and other shopping and recreational places. It is also in the area of the convention centers and the Bay of Manila and the Port of Manila. It can be accessed by many kinds of public transportations.</p> <p>The Residences are furnished with amenities for the stay including facilities for cooking.</p> <p>Housekeeping is available from 600-1000H. The residences are clean and well maintained.</p> <p>The service is preferred because it delivers value for</p>
<p>What value would your service bring?</p>	

	<p>service, which is cheaper compared to hotel accommodations.</p> <p>Our service is relatively more cost effective than hotel stay due to the price per room and the amenities that are offered to the guest.</p> <p>There are flexible payment options and flexible arrangements for guests. It is value for money.</p>
<p>Channels: Through which channels is your service available?</p>	<p>The channels are on AirBnb and other sharing accommodation sites and Facebook. There is also the word of mouth or referrals from previous guests. Some guests are also walk-in as recommended by companies or friends. Payments are made available through Paypal or bank payments for walk-in customers. Guests prefer the online channels and online payments.</p>
<p>Which channel is most preferred by your users?</p>	
<p>Actors: Who are the key persons involved in delivering the service?</p>	<p>Since the company has a very lean staff, the manager is very hand-on in terms of management. The staff takes care of reservations,</p>

	housekeeping and hospitality to guests.
Key activities: Which key activity is required to deliver the service?	The key activities include promotion, reservations, check-in, in house accommodation services, check –out services. We also offer shuttle services to and from airport.
Which resources is required for those activities?	Basically, these services require good promotional management, staff competency in guest relations, efficient housekeeping services and coordination with Condominium management. Good command of the English language is also important. Service management is key to quality delivery of these services. We have a lot to work on as a team in terms of competence and professional service. There is a need to standardize the procedures and policies of the startup so that the team have common expectation and KPIs .
Challenges: What current challenges exists?	The challenges include: High staff turnover (5%) which affects the service

	management. Trust and competency is very important for small team There is a need to have the management and owner to look beyond the current situation and see what and how they want the business to grow further. Customer complaints need professional handling. There are negative feedbacks on social media sites.  The steep market competition is a challenge to be prepare for. Many other similar services are mushrooming in the area. There should be “something more” to offer guest and have more repeat customers or referrals.
What current challenges do you see in the future?	
Competitors: What other similar services are available? Who are the key competitors? What other options do users have?	Unit owners who are independent sharing accommodation with lower costs. They are the key competitors. Trained people are pirated by other unit owners.
What does growing the business mean for you as the manager? As employees?	As <i>manager</i> : growing the business means 5-10 percent increase in the rate of occupancy,

	<p>especially during the lean season and more staff to handle the guests in a more competent manner. It also means growing the business with more related services such as car service, laundry, etc.</p> <p><i>As employees:</i> better business means better remuneration and benefits for them. It also means less staff turnover. They ask for more coordination with manager and training in the service business, especially in professional English language competency and guest handling.</p>
<p>What strategies and activities would you undertake to make your business the preferred sharing accommodation in terms of business excellence, managerial competence, employee competence and customer delight?</p>	<p><i>Business excellence:</i> There is a need to have a strategic planning for the unit owners and managers in order to set out common expectations and deliverables, at least for the next three years.</p> <p><i>Managerial Competence:</i> There are two managers who are also owners. Since they are Gen Y, they feel the need for professional managerial competence in terms</p>

	<p>of business processes especially in the hospitality service business. Business operations management is a competence that the owner/manager keenly needs for sustainability of the startup enterprise.</p> <p><i>Employee competence:</i> Employees desire to be sent to workshops to gain competence in guest relations and service. They also want training in professional English language to deal with both local and foreign guest. They also express the desire for better benefits and job security.</p> <p><i>Customer Delight:</i> Have a customer hotline and a 24 /7 staff to respond to guests' needs. Feedback survey is necessary and not just rely on the feedback on the sharing accommodation website. Have further options for digital payment such as Alipay, etc. Have guest loyalty incentives for repeat customers. Target that the company is a "preferred accommodation" in the shared</p>
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	accommodation websites.
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The results of the data were inter-coded from the interviews show that the startup enterprise is in the creativity phase of development. Greiner (1972, 1998, cited in Jones, 2015) explains that the Creativity phase is characterized by an emphasis on creating a product and market, where the founders are in charge, is technically orientated, focused on making and selling the product, communication is frequent & informal, and hard work is rewarded by modest salaries & promise of ownership benefits. The interview data show that the managers and the staff form a very lean team composed of eight people. The owner/manager takes charge of administrative decisions and the staff simply works as delegated or assigned. The main focus of the work team is to deliver quality accommodations for the customers from the first point of contact whether online or personally until their check-out from the accommodations. The work is so technical that most employees who are relatively young tend to resign from the job after two or three months due to routine job tasks that do not create challenging undertakings. The communication and decision making is partly participative because the team works to solve problems together, unless directions are given by the owner/manager. Managerial excellence at this point is critical as the business expands. Greiner (1972, 1998, cited in Jones, 2015) points out that the crisis of at the creativity phase involves increasing complexity where founders struggle to both run and manage the business, and conflicts emerge on new products / markets, lack of decisive direction. He suggests that there is a necessity to install a strong business manager to pull the business together. Data from the interviews reveal that the manager expressed the need for further

learning on the business operations management and strategic management. Currently, the owner/manager and the team can initially cope with the demands of leadership and management. However, as the company grows, they will be pulled towards many directions until they are unable to fulfill their duties. This will lead to challenges in the capabilities of the owner/manager to carry on and deal with the complexities of the growth of the startup enterprise. Being Gen Y manager also needs to learn from experts in the field which could be attained by networking and seeking professional advice from those in the business and related fields. The company has to set time for direction setting with a strategic plan and which the company does not have at the present state. It is operating based on success due to profits. The steep competition within the same business needs direction and innovation to be sustainable. The company needs professional expert to allow the owner/manager to know more about strategic thinking and design strategic and operations plan that will ensure that the business grows amidst the current and future challenges. Business excellence will be ensured in a market with growing competition. The quality of employees need to be assured in order to grow the enterprise. The data from interview reveals the high turnover of the staff and the intention of request for better benefits alongside job related training to better handle the demands of customers. These training include guest handling and language skills. Furthermore, there will be a need to engage a more professional manager who has the expertise and can be entrusted with the operations of the growing business. The quality of the business in this regard is connected to the quality of management and service delivery. The company's sustainability is ensured by the increase in the number of customers. As the owner/manager looks

to being a preferred accommodation in the sharing accommodation sites such as Airbnb, trip Advisor, etc. and also through word of mouth, it has to come up with strategies that will deliver these aspirations. The growing competition needs innovations so that customers will notice the service or product.

#### Conclusions

This research presents the following conclusions based on the findings:

The startup is currently at its transition phase from creative phase where the emphasis is on creating both a product and a market. The current company is developing its service culture, service quality, and improving its employee engagement for better customer experience. The lean staff structure needs competencies to better serve the customers. The business is growing which is an indicator of the satisfactory service quality. The employee engagement needs improvement as indicated by the high rate of turnover. Skills such as language skills and task-related training are necessary to better improve the quality of customer experience. The company owner and employees are focused on growing the business in terms of customer rate and recognize that there is a need to further improve service quality by better service through better internal processes and upgrading standards to the next level so that they would be the preferred company by both the repeat and new customers.

The interview data analysis indicated that the move towards the next phase of organization growth and sustainability requires direction setting by the owners. There is a need to systematize the structure and standard processes for internal stakeholders such as benefits, job descriptions, monitoring and evaluation.

All of the above points from the data as analyzed are coherent with what Andersen and Ankerstjerne (2014) stated that frontline employees are key along with additional elements for service

organizations in approaching service delivery management. The elements include fostering a culture of service which determined discretionary behavior in the absence of direct supervision, creating a sense of purpose in the organization which responds to the need of the service employees for meaning and identity in their work, engaging employees, and leading instead of managing.

Following Greiner's organization cycle (1972/1998 cited in Jones, 2015) the enterprise at the creative phase is transitioning to the next phase of direction. The transitions include the following shifts: management focus shifts from make and sell to efficiency of operations; the informal organizational structure develops to be centralized and functional; top management style shifts from individualistic and entrepreneurial to directive; management reward emphasis develops from ownership to salary and merit increase; and finally the market focus shifts from market focus to standards and cost centers.

The stages of growth of the startup to a sustainable organization is a consciousness that the owner /manager and startup team needs to develop. Being faced with market demands, the entrepreneur needs to undergo a disciplined and systematic exploration of its strategic direction and refinement of its business concept and operations management. Picken (2017) calls this the transition of the startup to a scalable business

#### Limitations of the Study and Implications for further research

The research is qualitative and focused on one sharing economy business company at the start-up phase.

Further research on sharing economy enterprises using qualitative approach and the models used in this research is recommended. The extend of growth of the sharing economy in various forms is an area to explore the study of

organizations, particularly that they present new forms of organizing and of doing business. Further research may explore the possibility of providing a deeper perspectives of the stages in the transition process and shed guidelines to help startups develop to scalable levels.

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