SHARING IS CARING: ALTRUIISM IN THE SHARED ECONOMY

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ABSTRACT

Both in India and globally, the shared economy has seen a massive increase in valuation and investment in the past decade. This has only increased due to the effects of the Covid-19 pandemic, in terms of remote first workplaces, economic recovery and collaborative methods of conducting business. Corporations are recognizing the value of placing social value above profit and seeking to increasingly incorporate shared value systems in their business models and creating community based resource sharing systems. In the Indian context as well, the shared economy has seen a rise in adoption. However, there remain challenges with respect to addressing fundamental structural issues in distribution of resources, without which the benefits of the shared economy cannot be distributed equitably. This paper critically examines the foundations of altruism and the shared economy and draws on global studies, and examples of business models and peer-to-peer sharing to suggest future avenues for research and policy making in the Indian context. The paper stresses the gaps and inequities that are arising due to the shared economy and suggests policy measures for more grassroots adoption of technologies and exploring community based models which exist outside the scope of the major corporations in the shared economy model.

Keywords: Shared economy, business, corporations, altruism.

Introduction

In the past decades, altruism has emerged as an increasingly relevant branch of economic theory. According to neoclassical economics, rational beings seek to pursue actions which maximize their own earnings and wealth. Altruism is the branch of economic theory which posits that when people make sacrifices to benefit others without expecting a personal reward, they are thought to behave altruistically (Rushton, 1984). The altruistic model of economic theory has been upheld through several research findings (Behavioural Economics, 2021). Drawing from these branches of altruism and prosocial behavior through economic theory, economic models based on
collaboration and models of sharing have emerged to provide alternative models of operation to the competitive economy (Yaraghi and Ravi, 2017).

Several hybrid models and manifestations of the sharing economy have emerged in the past decade, with the increase in digitisation and automation of work. The world has witnessed a steep rise and penetration of the sharing economy facilitated by the growing digital platform and willingness of consumers to try mobile apps that facilitate peer-to-peer business models, shared entrepreneurial enterprises etc. (Yaraghi and Ravi, 2017). Examples are co-working spaces, peer to peer lending models, crowdfunding, ride sharing, education sharing, couch surfing and home sharing, among other models (Jain, 2021). While the sharing economy is posited to make monumental revenues from a profit making perspective (Yaraghi and Ravi, 2017), it is also symptomatic of a culture and economic model which is moving away from traditional ideas of a utilitarian and competitive economic models, to ones which are based on collaboration for mutual and collective benefit.

A report in 2020 found that the shared economy in India is poised to become a USD 2 billion industry, which attracted around USD 3.5 billion worth of private investment and USD 262 million in mergers and acquisitions (PTI, 2020). This paper seeks to critically examine the foundations of altruism as a branch of economic theory and shared economy models. With a focus on the Indian context, the paper will also analyze community based economic models and analyze the future directions for research in the landscape of altruism as a method of economic progress.

Background

Due to changing consumer behaviour, i.e., both in terms of preference of access over ownership and choice for a variety, business operations in many sectors are moving towards shared economy models (Rao, 2020). The literature in the field broadly conceptualizes three broad models of the shared economy, namely, (i) real sharing, that is giving of resources without the expectation of a return, monetary or otherwise, (ii) Gift giving, where resources are provided for free but with some expectation of return, and (iii) Pseudo sharing or commercial sharing, where mutual sharing is initiated with the expectation of a profit motive or return on investment (Jain, 2021).

Especially with the devastation caused to the economy after the Covid-19 pandemic, altruism, sharing and philanthropy have emerged as key economic models for sustainable economic recovery. For example, in a large-scale survey experiment conducted in nine European countries with 25,000 respondents, the researchers studied how providing information about the COVID-19 crisis, common economic interests, and a shared identity shaped pro-social behavior (KCL,
2021). Citizens demonstrated greater levels of altruism towards their compatriots, citizens of other EU countries, and non-EU citizens when presented with information about the effects of the pandemic (KCL, 2021). A study conducted in the USA also showed that the salience of the sharing economy concept triggers a more accessible interdependent self-view, which subsequently increases consumers’ altruistic tendency (e.g., more willing to volunteer time and donate money to real charity organizations) (Dong and Tsai, 2018). Another study conducted among participants in the USA and Italy showed that altruism towards others generally increased during the pandemic in terms of charitable giving, finding that donors predominantly benefitted the local level and donations toward country and world levels were half as large, demonstrating the sense of community which has been strengthened in a peer-to-peer framework (Grimalda et al., 2021). It is crucial that such large scale studies be conducted in the Indian context, to improve the understanding of policy makers with regard to the drivers and motivations of a shared economy model. This will also greatly improve implementation of shared economy models in the Indian context.

Peer-to-peer engagements have been examined in literature as a key model for collaborative economic progress (Ming Tan et al., 2022). In the Indian social context, peer-to-peer financial and lending models especially have enabled MSMEs, small businesses and businesses run by women and other marginalized groups to receive funding which would normally not be available to them through traditional channels of lending through large banks (Rao, 2020). The growth of peer-to-peer commerce platforms have also increased socially embedded trust among communities, both online and offline (Rao, 2020). The emergence of peer-to-peer platforms have led to an increase in extraction of societal benefit value, which is the desire to provide accessible assets through the sharing economy. Studies have found that the societal benefit value of using second-hand P2P platforms aims to preserve natural resources and to develop a sense of community (Ming Tan et al., 2022). It has also been found that the engagement of socially motivated consumers on second-hand P2P platforms has significantly fostered a zero-waste society, lowered carbon footprints, and minimized negative environmental impacts (Ming Tan et al., 2022).

Prominent studies in the available literature have also sought to examine the drivers and motivations which govern collective collaboration and altruism in the sharing economy. Although such data is not available in the Indian context, important concepts can be extrapolated to provide direction to future research. The following sections of this paper will elaborate upon such concepts and critically examine the challenges pertaining to the sharing economy in India.
Discussion

As discussed above, market practices are shifting from increasingly competitive models to more community-based approaches, towards collaboration and mutual enrichment. Altruism has been proven to be an important driver for the potential for peer-to-peer platforms and engagements to improve shared economy models. It is proven that continued altruistic activity in a business context and increasing social value in the process, allows businesses globally to outperform traditional competitors focused on financial results (Getz and Marbacher, 2019). Global studies have found that empathy is a driver of altruistic behavior in economic interactions and altruistic behavior is also motivated by considerations of fairness (Klimecki et al, 2016). The Effective Altruism movement has also emerged as a popular model which has been theorised to be driven by a motivation of self-worth derived from acting in an altruistic manner, rather than the motivation to help the beneficiary. In this sense, effective altruism does not run contrary to the donor’s interest but works to harmonize several interests simultaneously (Singer, 2015).

Studies have also found that technology driven sharing platforms in developing countries remains a novel concept, with the willingness to participate and share resources in a sharing economy driven heavily by socio-cultural factors which are specific to local context, unlike Western economies (Ratilla et al, 2021). Trust remains a core determinant to propel one’s affirmation and control over sharing resources in the online platforms in the future. In the context of developing countries where there remains a lower rate of digital technology adoption, it is also found that subjective norms governed by cultural context is also a driver of intention to share resources in a sharing economy (Ratilla et al, 2021).

In India, these concepts need to be further explored through research and more robust data collection, which is currently not present due to the fragmented nature of the formal and informal economies. Several informal community based models of the sharing economy tend not to be accounted for (Kotiswaran, 2021). Currently, the most data is available regarding corporate structures within the shared economy, such as home-sharing services or ride hailing platforms, without much analysis on the effect of the sharing economy on gig workers and informal labourers, as well as those excluded from the sharing economy due to the digital divide (Kotiswaran, 2021).

While peer-to-peer lending has been hailed as a model to drastically increase financial inclusion in India, to match borrowers and lenders through online platforms with minimal hassle (Dureja, 2020). However, the success of peer-to-peer lending in India depends on smartphone adoption, the attraction of risk-taking lenders, robustness of the platform’s credit risk analytics, the authenticity of identity, and the detection of fraudulent activities. It also requires providing
formal documents to economically backward borrowers, which remains a challenge in the Indian context (Dureja, 2020).

Moreover, unpaid domestic and care work which is primarily engaged in by women in the Indian social context, remains drastically undervalued and unrecognized in the context of the general economy as well as the shared economy. It is crucial that care work be considered a crucial part of the growth of the economy and shared economy models, given that the essential element of altruism lies in sharing resources with the expectation of a return (Kotiswaran, 2021). Only in addressing the implementation gaps as set out under this section can meaningful policy measures be adopted to ensure that the benefits brought about by the shared economy are truly inclusive, collaborative, culturally sensitive, and distributed equitably.

**Conclusion**

The potential of the shared economy in India and the increase in the recognition of altruism and collaboration as effective economic models, holds significant potential for the future of policymaking and economic activity, especially in the context of post Covid-19 economic recovery. As a first step, data collection in the Indian context must be the priority to drive evidence based policy making, and understand the particular drivers of research sharing and effective altruism in the Indian context.

Secondly, it is crucial to address the key issues of trust and responsiveness to regulation, in the context of the online shared economy. Regulatory capacity must be built to monitor and enforce guidelines, and ensure that there is a balance struck between enabling business through self-regulation, as well as ensure that entities which currently hold monopolies over the sharing economy do not exploit their dominant positions in the market (Yaraghi and Ravi, 2017). Building capacities for equitable smartphone and digital adoption, as well as taking steps to collect data about underserved sections of the economy, especially women and unpaid care work will be crucial to ensuring that altruism in the shared economy is equitable in its implementation.

Educating consumers about the risks and nature of peer-to-peer transactions can be viewed as a component of self-regulation. Additionally, sharing economy companies should ideally be willing to share more of their business data with governments to establish trust between these companies and regulatory bodies (Yaraghi and Ravi, 2017). Regulations must also guard against discrimination through technology and fairness in algorithmic decision making which is often prevalent in the digital shared economy (Yaraghi and Ravi, 2017). Policy makers must also focus on the creation of an enabling environment to put effective altruism, corporate social responsibility and investor funding into sustainable technologies and social entrepreneurship, into action (Rao, 2020).
The creation of communities is best implemented when the community is inclusive. Therefore, while there is literature on online communities in the context of the share economy, it is important to engage in grassroots research and policy making to explore community based models which are not necessarily digital. In the Indian context, community based models such as cooperatives, localised lending, and networks of rural labourers and women, can be aided greatly if these marginalized and more economically backward groups were given access to digital technologies. Policy makers must ensure that future directions in regulating the shared economy prioritize these grassroots ventures. A key aspect for future research in the field is the interaction between the for-profit motives of corporations in the sharing economy (such as Uber and AirBnB) and truly voluntary and open source ventures (Yaraghi and Ravi, 2017). Understanding this in a cultural context will be crucial to further ensuring that regulation prevents exploitation of the altruistic foundations of shared economy models.

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