

# Exploring the Relationship between Sharing Economy, Socially Responsible Consumption and Materialism - A Conceptual Paper

Keren Khambhata<sup>1</sup>, Janki Mistry<sup>2</sup>, Ritesh Khatwani<sup>3,\*</sup>, Mahima Mishra<sup>4</sup>, and Geetanjali Pinto<sup>5</sup>

<sup>1</sup>School of Business, Auro University, Surat, India

<sup>2</sup>Department of Business and Industrial Management, Veer Narmad South Gujarat University, Surat, India

<sup>3</sup>Symbiosis Institute of Business Management Pune, Symbiosis International (Deemed University), Pune, India

<sup>4</sup>Abu Dhabi School of Management, Sheikh Zayed Bin Sultan St - Abu Dhabi, United Arab Emirates

<sup>5</sup>SIES School of Business Studies, Nerul, Navi Mumbai, India

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**Abstract:** Modern Cultures constantly place emphasis on consumption processes. As consumption becomes more important, the notion of consumer accountability for the current difficulties becomes more pertinent. The catastrophic extinction of animal species and ongoing greenhouse gas emissions are attributed to our unsustainable consumption of natural resources, and a result of our over exploitation of the environment, particularly in more developed nations. Among other negative effects, unsustainable consumption causes habitat loss, biodiversity loss, pollution, and climate change. In the past decade, a disruptive phenomenon called “Sharing Economy” has evolved as a phenomenon that is extensively being discussed in order to encourage more sustainable consumption behaviours, such as access over ownership. This study discusses the idea of responsible consumption behaviours by participating in the sharing economy. The aspect of materialism is also discussed in this paper with respect to sharing as sharing and materialism appear to be mutually exclusive. Thus, this conceptual research explores the relationships between socially responsible consumption, sharing economy & materialism. This paper concludes that sharing economy has the potential to lead to responsible consumption, only if negative threat posed by traditional materialistic consumption is addressed in a positive manner.

**Keywords:** Sharing Economy, Materialism, Socially Responsible Consumption, Sustainability

## 1 Introduction

The 2008 market collapse followed by the economic meltdown, global warming, and the looming climate change threat, rise in the *woke* movement against social injustice are few of the landmark issues which have impacted the consumer behavior. Furthermore, global issues like climate change, increasing carbon footprint, depletion of natural resources emphasize the urgent need to decrease the consumption of things. Nevertheless, a study of the impact of reduced spending on happiness and well-being revealed a very unfavorable effect because of the requirements that are now regarded as essential in our society. Sung[1] urges developing more environmentally friendly types of consumption rather than advocating for consumption reduction. Therefore, Sung[1] advocates not reducing consumption but promoting more sustainable forms of consumption. On the other end, due to the disruptive power of internet platforms and technology, consumers are focusing on more value-driven and innovative ways to consume and experience products and services. One such breakthrough technological innovation which has changed the way individuals consume is Sharing Economy.

The sharing economy is a new business model that has evolved in the previous ten years. It enhances the usage of goods, utilizes fewer resources than traditional businesses, fosters more social connection, and encourages more responsible and ecologically friendly purchasing[2]. Because of this, a number of academics have suggested that the sharing economy is a business model that alters how customers view products and the materialistic lifestyle[3]. Without the urge to possess and buy, individuals enjoy the goods they need or want by renting or sharing of goods and services.

\*Corresponding author e-mail: [riteshkhatwani@sibmpune.edu.in](mailto:riteshkhatwani@sibmpune.edu.in)

Sharing can minimize waste, traffic, pollution, and the pointless accumulation of things. As much as sharing promotes pro - environmental and pro -social consumption behavior, the profits generated by platforms like Uber, Airbnb, and Zipcar have increased dramatically thanks to the Internet and electronic gadgets. Critics of sharing economy have raised alarm to “sharewashing” highlighting the exploitation caused by these companies.

In spite of all these, sharing economy has modified the way people transact, commute, travel and shop. With this positive appeal, this article elaborates on three significant themes: sharing economy, materialism and socially responsible consumption.

Sharing behaviors are majorly discouraged by materialism, as materialism promotes conspicuous consumption patterns which are a threat to sustainability as it encourages businesses to produce/sell more for their own financial gain. In order to encourage sustainable lifestyles by being responsible in our consumption behavior, this paper addresses the relationship of materialism, socially responsible consumption and sharing. Despite objections, it was decided that sharing may not only encourage greater socially responsible consumption (and in turn sustainability) but also suppress materialism.

Over the past few decades, varied multi-dimensional materialism constructs have emerged. According to past research, American consumers think that acquiring material possessions makes life more fulfilling[4]. They contend that materialism is the root of a number of social issues. Modern definitions of materialism include the value placed on material belongings [5]. Others contend that material things serve as identity markers and have an impact on how well-being is perceived. Materialism is also viewed as a collection of ideals centered on goods. Despite the tiny differences between each term, they all broadly describe materialism. All of them imply that customers want more in the act of consumption than just the utility, or instrumental value, of the products themselves and that the context of consumption matters. With a materialistic value system, people look for more than only utilitarian worth in the things they buy. They look for connections with the consumer goods that help them create their identities and improve their subjective well-being. Therefore, materialism is a complex concept that links people to the possessions they have. Western nations' entrenched materialism has negative effects on both individuals and society as a whole. The number of people leading a materialistic lifestyle is on the rise, and it is becoming a global phenomenon. The related negative effects could then potentially accelerate as a result of this.

The central point of concern is the impact of collective outcome of individual consumption behaviors which leads to negative environmental consequences. These consequences emanate from social processes that are characteristic of market based societies, and they are categorized as a social trap [6]and as a “commons dilemma” [7]. While the activities of any one person have almost little environmental repercussions, the combined actions of all people who share the same views harm the environment as a whole, including the individual actor. Self-interest drives conduct in market cultures, and acting in one's own best interests regardless of how others react will result in larger behavioral rewards. One of the main reasons of environmental decline is the materialism present in capitalist societies. Materialism gives a one-dimensional representation of the "good life" in Western industrial cultures, and achieving this ideal is a major social goal. The institutional frameworks of industrial societies must be addressed because materialism is ingrained profoundly into them. Therefore, urging people to consume less for personal, social, or environmental reasons is probably a good idea.

## 2 Materialism Scale

The scale given by Richins and Dawson[8] is widely used by researchers in social sciences, as its social acceptance bias is minimal. The original scale had 18 items; however Richins, [9] has defended the use of lesser items scales. Thus, a nine-item materialism scale measuring three independent variables: success, pleasure and centrality is widely used in academia. In the original Richins and Dawson [8] study, the nine items were those for which the factor loadings for respective factors were highest. The scale is highly relevant as it characterized by the pursuit and acquisition of material possessions as a measure of success and happiness, has long been a prominent feature of consumer culture.

## 3 Socially Responsible Consumption Scale

Over time, the idea and definition of socially responsible consumption have changed. When first introduced, it was described as private consumption that affects the public sphere[10]. Consumer behavior research that has been done in the past indicates that hedonic and utilitarian goals are what drive people to make purchases and engage in consumption activity. The theories and concepts underlying socially responsible consumption are extremely diverse and multifaceted. It is crucial to focus on pertinent issues based on the literature evaluation that has already been done and to limit the

concept of socially responsible consumption as a research construct. Eminent scholars created scales to gauge socially conscious consumption based on their expertise and areas of interest, such as social, ethical, and environmental concerns. Several scales have a strong pro-social or pro-environmental bias, but there are also a few multidimensional scales that provide a balanced and comprehensive view of socially responsible consumption.

The 26 item scale developed by Morh & Webb[11] widely known as the Socially Responsible Purchase and Disposal Scale helped measure individuals' behavior on three aspects such as recycling, consciously reducing usage of products detrimental to the environment and the effect of the company's ethical labor and philanthropic activities on consumer.

Further, Yan and She incorporated the cultural lens and developed a 34 item scale to understand Socially Responsible Consumption from the perspective of Chinese culture and grouped these items into nine factors such as protection of environment, protection of wildlife and animals, conservation of energy, supporting local and home-grown brands, supporting SMEs, supporting ethical and socially responsible firms, rejecting socially irresponsible brands, controlling consumption practices and closely monitoring violation of consumer rights[12].

Although the other scales were comparable and capable of measuring the construct of socially responsible consumption, the widely used François-Lecompte and Robert and François-Lecompte and Valette scales were taken into account[13]. As it has been investigated by academics from numerous fields across a wide range of cultures and nations, the robustness, wider applicability, and multidimensionality of this scale were the grounds for selecting it. The scale is highly relevant as some scales have focused on ethical issues and others only on environmental issues, and to understand responsible consumption from a sharing economy perspective, it required a multi – dimensional scale. The scale has five dimensions of responsible consumption: purchasing of products linked to social causes, purchasing from small businesses, purchasing based on local origin, consideration of the company's responsible behavior, and the consumption volume [14]. These five dimensions are most likely to align with the main three outcomes of sharing economy are economic, social and environmental.

Based on extant literature, this paper applies the methodology of reviewing the seminal work done in the field of sharing economy, socially responsible consumption and materialism by eminent scholars and explores the relationship amongst these three variables.

## 4 Perspectives

### 4.1 Relationship between Sharing Economy & Materialism

Studying this relationship is important because the sharing economy is expanding across most businesses in the world. From the above discussion and extant literature it can be derived that materialism negatively affects sharing economy. As materialism is the tendency to accumulate and own things, sharing is based on the idea of “not owning, but renting/swapping/sharing/lending of goods. Thus, from the view point of sharing, materialism will not allow consumers to share and vice versa. Indeed, it has been noted that sharing and materialism have a negative relationship. Yet, as per emerging study there is a neo - materialism ideology emerging as a culmination of current economic crisis, social media, and the quest for better purchasing options [15]. The new materialist consumer is not seeking to elevate social status by accumulation of wealth, rather they look for enjoyment and experiences from goods and services.

### 4.2 Relationship between Sharing Economy & Socially Responsible Consumption

The core principle of exploiting underutilized assets appears to be a component of the sustainable consumption concept, aside from the premise that environmental concerns were among the drivers driving the sharing economy. The movement encourages judicious use of available resources and aids in the fight against overconsumption. These drives result in acts, even when they are not intentional. The sharing economy's economic component supports increasing product productivity. The availability of products means that many more peers can use them instead of just one person multiple times. By doing so, one can save time, money, and other resources, earn more money for the owner, and in turn, the negative impact on the environment is minimized. Thus, we can establish that sharing economy has a positive relationship with socially responsible consumption.

### 4.3 Relationship between Materialism & Socially Responsible Consumption

Through the cognitive processes of selective vision and distortion, perceptions of responsible consumption concerns tend to decline as materialist views seem to rise. This suggests that materialism negatively impacts socially responsible

consumption behavior. The main justification for the negative relationship is that consumers encounter cognitive dissonance when they are made aware of the detrimental environmental effects of their conduct. Individuals simply dislike the idea of becoming wasteful shoppers whose quest for material stuff is harming the environment at quickening speeds. The only possible cause of the ensuing dissonance is if people alter their perceptions of the importance of materialism, they might be able to come to an understanding or alter their perspective on the effects of their actions. In light of their need to alter their perception, the idea of new materialism, could contribute to sustainable consumerism, innovation in products and services and more conscientious consumers [15].

## 5 Conclusions

This study offers new understanding of the sharing economy's future, the consumer profile of participants, and the variables that should be taken into account by the industry. Both the academic viewpoint and corporate practice are influenced by this research. This work offers theoretical underpinnings to conceptualize the new meaning to materialism and a new materialist yet responsible consumer profile that departs from the conventional definition, offers data on the dynamics of feedback and empowerment in the sharing economy, and lastly helps to illuminating its implications because, as Davidson et al. caution, the dynamics and impacts of the sharing economy are more complex than they originally appear [16]. Thus, new materialism cannot be a deterrent for the growth of sharing economy, if the materialistic consumer finds benefit in engaging in sharing activities leading to responsible consumption.

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