Puritan peers or egoistic entrepreneurs? Moral decay in lateral exchange markets

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Abstract
Purpose – Lateral exchange markets (LEMs) enable ordinary people to monetize idle personal resources such as cars, homes, gadgets and skills. Despite its champions portraying actors in these exchange as moral citizens of society, recent findings suggest that egoistic motives drive participation. A salient moral identity motivates behaviors that show social sensitivity to others and enable cooperative actions. Given that platform-providing firms rely on users’ cooperative behaviors to facilitate lateral exchange, understanding factors that affect moral identity can have important implications for the success of such business models.

Design/methodology/approach – In this research, the authors move away from the ideological discourse behind actors’ motivations, to provide a pragmatic explanation of how participation erodes moral identity. The authors apply a social cognitive framework to examine how the environment in LEMs impacts behaviors and personal factors in a recursive fashion.

Findings – Across two studies, findings reveal that prolonged participation in lateral exchange diminishes the centrality of moral identity to the working self-concept. Moreover, the results show that keeping puritan peers moral has positive business outcomes. This research also discerns a boundary condition that determines when peers remain consistent with their moral compases. Specifically, when engagement is perceived as effortful, the behavior becomes an informative input in the inference of one’s moral disposition reinforcing moral identity.

Originality/value – Marketers can use this research to design business models in ways that mitigate the decay of moral identity.

Keywords Self-concept, Moral identity, Collaborative consumption, Lateral exchange, Peer-to-peer, Socio-cognitive theory

Paper type Research paper

Introduction
A person’s kindness, it seems, cannot be bought. For when it is, the seller ceases to perceive the action sold to be motivated by kindness [...] (Batson et al., 1978, p. 90).

Lateral exchange markets (LEMs) have rapidly gained momentum becoming a powerful economic force that enables ordinary people to monetize idle personal resources such as cars, homes, gadgets and skills (Perren and Kozinets, 2018). Often referred to as the “sharing economy,” LEMs are touted as a prosocial movement that is good for individuals, businesses and society at large. These consumption practices are marketed as environmentally conscious and capable of fostering social connections among communities, while being an economically attractive avenue to save and earn money (Botsman and Rogers, 2010). On the surface, it may seem that aligning benefits that are “good for you” and “good for others” should have an additive effect that makes such behaviors more appealing than consumption practices that are solely concerned with benefits to either oneself or others. However, extant literature suggests that this commonly held win-win perspective might be a fallacy.

Consider a friendly request to assist a neighbor to remove a couch from their home – social norms would motivate this behavior without the need for compensation. Now, what if you were offered $1 to reward your kindness? Such an action may evoke negative responses and degrade the initial motivation to help the neighbor. Specifically, once an economic mindset is prompted, a person will likely need to be rewarded considerably more than a dollar for his or her effort and time (Heyman and Ariely, 2004). That is, helping a neighbor plus getting $1 not only fails to have an additive effect but also negatively impacts the helping behavior. Consequently, as our opening quote implies, the intermingling of social and economic norms can have a detrimental effect on moral behavior. This raises the questions: will moral concerns endure the presence of self-serving benefits for lateral exchange actors, keeping these “puritan peers” pure? Or will the presence of financial gain transform peers into “egoistic entrepreneurs” in pursuit of their own self-interest?

The role of morality has gained increased attention as many social scientists observe that with the increased ubiquity of technology-enabled economic exchange, markets continue to become more deeply entrenched in domains of social life (Falk and Szech, 2013), as we see in LEMs. For instance, researchers demonstrate that in a mixed situation of moral and market norms, the mere mention of monetary payment was sufficient
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to influence consumers to switch the perceived relationship from the moral domain to a market domain (Heyman and Ariely, 2004). The extent research, therefore, provides evidence for the risk of moral decay through mixed market interactions. Specifically, providing people with a self-serving reward for behavior that would have otherwise been altruistically motivated, leads them to interpret their motivation as egocistic (e.g. market driven) (Batson, 2010), and mixing altruistic and egocistic appeals reduces the likelihood of engaging in prosocial (e.g. moral) behaviors (Feier et al., 2012). As such, we can conclude that self-serving benefits can have profound influences on how consumers will behave when mixing social and economic exchange, as it happens with the lateral exchange. If platform-providing firms and society at large, are coming to rely on moral actions to sustain their business models, then understanding the role of morality, more specifically when and how moral identity may be eroded, is crucial.

Accordingly, the purpose of this research is to develop a model to explain what happens to consumer’s moral identity as they engage in LEMs. Building upon Aquino et al.’s (2009) socio-cognitive model of moral behavior, we use a theoretical framework that incorporates identity-based motivation and dynamic self-concept theory to explain the change in the moral identity of lateral exchange actors. We posit that the longer actors participate in LEMs, compensation for such activities will conflict with moral values. This conflict will create an internal tension that is resolved by shifting one’s self-image to be more congruent with the economic exchange. Across two studies, findings reveal that prolonged participation in lateral exchange diminishes, the centrality of moral identity to the working self-concept. Moreover, the results show that keeping actors moral has positive business outcomes. This research also discerns a boundary condition that determines when actors remain consistent with their moral compasses. Specifically, when engagement is perceived as effortful, the behavior becomes an informative input in the inference of one’s moral dispositions reinforcing moral identity.

Theoretical background
The ideological debate of puritan peers vs egocistic entrepreneurs
Lateral exchange has gained popularity in recent years. A plethora of organizations have emerged that provide technological platforms for people to easily coordinate the acquisition and distribution of resources with other actors for a fee or other compensations (Belk, 2014; Perren and Kozinets, 2018). These LEMs monetize exchanges that otherwise might have occurred within social networks without compensation (e.g. letting a neighbor borrow a drill instead of renting it). As these platform-based markets evolve, so does the debate as to whether LEMs are the means for consumers to enact their ideological interests.

On the one hand, proponents of lateral exchange as a consumer movement, argue that the “puritan peers” coproducing these service offerings are engaged in political consumerism, using market action and consumer choice as a political tool (Parsons, 2014). Specifically, they argue that the identities of such consumer activists are portrayed as “modern-day Puritans” that see themselves as moral citizens of the society that question the social and environmental implications of their consumption choices (Kozinets and Handelman, 2004, p. 701). Accordingly, puritan peers would oppose the constant pursuit of self-interest fostered by corporate capitalism (Kasser et al., 2007), rejecting notions of individualism and embracing a more communal and holistic ethos (Kozinets and Handelman, 2004). Supporters of this view characterize lateral exchange as “sharing is caring”. Further asserting that these concerns for the community, the environment and society are bringing back a belief in the common good resulting in a more altruistic world (Botsman and Rogers, 2010). Hence, this account argues that peers engage in LEMs in the pursuit of actions that demonstrate social responsiveness to the needs of others and are thought to be altruistically motivated (i.e. benefiting others or for the public good – such as concern for environment and society).

On the other hand, many supports the notion that these participants are “egoistic entrepreneurs” for whom economic concerns outweigh moral concerns in most consumption situations (Devlinney et al., 2010), including LEMs. Those on this side of the ideological debate view actors as self-interested capitalists who leverage assets to pursue their own self-interest and to exploit market opportunities. For instance, although lateral exchange is often referred to as the “sharing economy” in an effort to tap on the social aspect of collaboration among peers, the activities on these “faux sharing commercial ventures” have little in common with the uncompensated and nonreciprocal nature of sharing, and they can be more accurately characterized as short-term rentals and market exchange (Belk, 2014, p. 1,597). As such, this account argues that peers engaged in LEMs are de facto entrepreneurs running micro-enterprises that monetize their available resources. Consequently, they are thought to be egoistically motivated (i.e. benefiting the self – such as saving/making money).

Indeed, despite advocates who view LEMs as a prosocial consumer movement and characterize peers as moral citizens of society, academic studies have not supported this perspective. At least to date, the few empirical investigations into these consumption practices suggest that participants are not altruistically motivated (Bardhi and Eckhardt, 2012) and that moral utility does not predict propensity to participate (Lamberton and Rose, 2012). Therefore, preliminary evidence seems to support that most LEM engagement is driven by self-interest.

Yet, firms facilitating lateral exchanges rely on the cooperative actions of its users to sustain trust among a distributed network of individuals leveraged for peer exchange. A salient moral identity motivates behaviors that show social sensitivity to others and is linked to cooperative actions. Nonetheless, academic research submits an inherent conflict in mixing social and economic exchange that may result in the erosion of collective concern and the prevalence of self-interested behavior. Thus, understanding how the intermingling of social and market logics affect moral identity is important for the success of the lateral exchange business models. Next, we move away from the ideological discourse behind actors’ motivations, to provide a pragmatic explanation of how LEM participation erodes moral identity.
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Social cognitive framework and dynamic self-concept theory
Social Cognitive Theory (SCT) provides a unique framework with which to examine LEMs, because it urges researchers to consider the interdependency of personal, behavioral and environmental factors (Bandura, 1989), and provides an approach that incorporates a more dynamic and integrated perspective to address complex issues such as morality. In line with SCT, we use a socio-cognitive model of moral behavior presented by Aquino et al. (2009) as the foundation for our theoretical framework. SCT’s dynamic process of reciprocal determination among personal, behavioral and environmental factors is ubiquitous in everyday life. Recognizing that the environment surrounding one’s consumption decision can often be decisive in determining the direction toward which one’s moral compass turns, the latter authors propose a model that explains how situational factors influence actions that demonstrate social responsiveness to the needs and interests of others. This approach relies on premises of identity theory and the self-concept, which is an established research stream that has provided a clear evidence that identity is a powerful driver of behavior (Oyserman, 2009; Reed et al., 2012).

Identity refers to “any category label to which a consumer self-associates. This is amenable to a clear picture of what the person in the category looks like, thinks, feels and does” (Reed et al., 2012, p. 310). People assume many roles such as scholar, friend, colleague, parent or spouse and they follow different behavioral scripts across situations. Accordingly, different facets of identity can become more or less salient in an individual’s self-concept (Aquino et al., 2009). The self-concept is a malleable and multifaceted collection of self-representations or identities. Dynamic self-concept theory identifies the subset of these representations that can be held in consciousness at any given time as the working self-concept (Markus and Wurf, 1987). The latter authors propose that the working self-concept mediates most significant intrapersonal processes and interpersonal behaviors.

Oyserman (2009) argues that consumer choices are often motivated by their identity, yet, identities are situated. This identity-based motivation model proposes that people are motivated to act in identity-congruent ways and make sense of the world using identity-congruent mindsets (Oyserman, 2009). However, this linkage is not obvious because, although identities are often experienced as stable, in actuality, they are highly malleable and sensitive to situational factors that are likely to impact the behavior outside of conscious awareness and without systematic processing. Furthermore, the model asserts that the identity that ultimately drives behavior is the dynamic product of both chronic and situational factors that make a given identity active in the working self-concept. Once an identity becomes central to the working self-concept, many secondary associations also gain prominence to structurally define the normative beliefs, attitudes, emotions and behaviors that delineate what that person is likely to think, feel and do (Aquino et al., 2009).

Moral identity centrality to the self-concept
In line with the social cognitive perspective, we conceptualize moral identity as a self-conception organized around a set of moral traits (e.g. caring, helpful and kind) and responsive to a distinct mental image of what a moral person is likely to think, feel and do (Aquino and Reed, 2002). It is important to note that moral identity and behavior as used here is not concerned with the goodness or badness of human character or the principles of right and wrong behavior. Rather, consistent with prior scholars, moral behavior refers to “actions that demonstrate social responsiveness to the needs and interests of others” (Aquino et al., 2009, p. 124).

LEM’s rely on peers’ cooperative actions to enable their business models. Given that individuals act in identity-congruent ways, it is important to understand how lateral exchange impacts moral identity. Across a number of domains, a person’s moral identity has been linked to cooperative actions and prosocial behaviors (Aquino and Reed, 2002; Reed et al., 2007; Aquino et al., 2009; Choi and Winterich, 2013). In addition, research shows that high moral identity reduces the likelihood of enacting antisocial and unethical behaviors (Shao et al., 2008), as well as mitigates the corruptive effect of power resulting in reduced self-interested behavior (DeCelles et al., 2012). In the LEMs context, Herzenstein et al. (2011) find that those who claim a moral identity in peer-to-peer loan requests are more likely to pay on time, suggesting that lenders should favor borrowers, who claim to be moral.

Yet, situational cues activate or deactivate the moral self-concept. From a socio-cognitive perspective, the centrality of the moral self-schema to the working self-concept differs both across individuals and situations. (Aquino et al., 2009; Aquino, McFerran and Laven, 2011). Reed’s (2002) measures of chronic and situational accessibility of moral identity have been shown to predict a variety of morally relevant cognitions, emotions and behaviors (Shao et al., 2008). These measures also predict, how people evaluate the behavior of others (Aquino et al., 2011) and consumers’ intention to purchase cause-related marketing sponsor brands (He et al., 2016). Ultimately, the moral identity made accessible by a situation, exerts a stronger influence on cognitive processes and behaviors than other aspects of identity when it occupies greater centrality within the working self-concept (Aquino et al., 2009).

Impact of lateral exchange on moral identity
We submit that the intermingling of moral and market mindsets in LEMs produces the simultaneous activation of moral identity and a self-interested facet of identity within an individual’s working self-concept. Aquino et al.’s (2009) framework specifies when moral identity will be active or inactive within the working self-concept. According to their model, mixing social logics associated with moral values and market logics associated with self-interest values will yield the concurrent activation of incompatible facets of identity within the working self-concept causing a dissonant psychological state (Burroughs and Rindfleisch, 2002; Aquino et al., 2009). Aquino et al. (2009) propose that to alleviate this aversive state, individuals must deactivate one of the incompatible facets of identity within the working self-concept.

Further, the latter authors argue that when one identity is activated by a situational factor while the other is chronically accessible within the working self-concept, we would expect the “situation-activated aspect of identity to ‘win out’ most of the time because of its recency of activation and continual reinforcement” (Aquino et al., 2009, p. 126). Accordingly,
these authors show that the presence of a financial incentive (i.e. self-interest promoting situational factor) decreased the accessibility of moral identity within the working self-concept, which in turn increased intentions to behave in a selfish manner and decreased prosocial and cooperative behaviors. These findings suggest that when people focus on financial benefits they are more likely to think and act in ways that advance their own interest, even at the expense of others and even when they were initially altruistically inclined.

At first glance, it would seem that the ease of malleability of self-interested behavior proposed here contradicts an extensive body of research that conceptualizes moral identity as enduring and stable. However, Aquino et al. (2009) reconcile these seemingly paradoxical findings by pointing out that people do not regularly encounter self-interest- and moral-promoting situational cues simultaneously. LEMs are somewhat unique in their inherent duality of benefits for the self and benefits for others. Most consumption situations are consistent with the salient identity that motivated a given behavior. As a result, consumption activities generally reinforce the identity-based motivations that attracted consumers, thus maintaining identity consistency.

For example, when consumers volunteer at a non-profit organization, the contextual and social cues surrounding volunteering activities continually activate and reinforce their moral identity within the working self-concept; thus, maintaining the accessibility of moral identity within the working self-concept (Shao et al., 2008; Aquino et al., 2009). Correspondingly, when individuals go shopping at a mall, the contextual and social cues surrounding the shopping experience continually activate and reinforce a self-interest aspect of their identity. In contrast, consider an individual that may decide to participate in a lateral exchange scheme such as ride-sharing for altruistic reasons (e.g. benefiting the environment); yet, as he or she engages in ride-sharing activities, the financial benefits activate self-interest aspects of his or her identity creating a dissonant psychological state that would be resolved through a reduction in the current accessibility of moral identity.

Once an identity is prompted in one situation, it is more likely to be used again in another situation (Oyserman, 2009). Consequently, over time, situationally-promoted identities can become integrated within the self (Amiot et al., 2007) and produce chronic and predictable differences in a consumer’s self-definition (Reed, 2004). In this dynamic perspective, over time, consumers are producers of behaviors, and the product of their environment and past behaviors. Nevertheless, given that lateral exchange actors are faced with both self-interest- and moral-promoting situational cues, the question remains, why would self-interest continually prevail?

The decay of moral identity

The notion that appeals to self-interest can backfire by undermining concern for others is not new. As our opening quote illustrates, scholars have long-established that providing money or other incentives for altruistically motivated behaviors may lead people to interpret their motivation as self-interested even when it is not – consequently, kindness cannot be bought (Batson et al., 1978). In fact, research aimed at examining how the mere presence of money and business-related concepts impact behavior and illustrates the incompatibility between social and market logics. For example, researchers show that reminding people of money leads to self-sufficient behavior, reducing helpfulness toward others and producing independent, but socially insensitive actions (Vohs et al., 2006). Likewise, reminding people of material objects common to the domain of business (e.g. briefcase) led people to behave less cooperatively and to interpret ambiguous social interactions as competitive (Kay et al., 2004). Analogously, others argue for the hidden costs of rewards, such as undermining of internal motivation in the presence of an external incentive due to reduced feelings of self-determination (Ryan and Deci, 2000) or when a person’s own interest in the behavior is discounted when given an extrinsic reason for doing something they would have done anyway (Thogersen, 2003).

Overall, a large body of research suggests that the presence of self-interested factors consistently undermines altruistic motives (e.g. moral) creating a self-perpetuating norm of self-interest (Batson, 2010). This trajectory from collective concern to self-interest is echoed in the narratives of eBay users captured in a study that concludes that although initially “users clearly embody the spirit of social production and collective consumption”, over time, they become more interested in exploiting the efficiencies of the selling and buying process for personal gain (Denegri-Knott and Zwick, 2011, p. 453). Accordingly, we submit that over time, the recurrent decline in accessibility of moral identity within the working self-concept and the repeated self-interested behaviors that follow, will decrease the centrality of moral identity within the working self-concept. More formally:

**H1.** Duration of participation in LEMs has a negative effect on moral identity centrality.

**H2.** Accessibility of moral identity within the working self-concept mediates the effect of duration of LEM participation on moral identity centrality.

The theoretical model presented here argues that as a self-interested aspect of identity becomes situationally-activated, the accessibility of moral identity within the working self-concept is reduced to alleviate psychological tension, thus weakening its influence on subsequent behavior. Consequently, over prolonged engagement in LEMs (i.e. duration), the centrality of moral identity is diminished. However, Aquino et al.’s (2009) model also suggests that this effect should not be uniform to all consumers. According to their framework, the activation of a self-interested facet of identity should result in greater psychological tension if moral identity is also very active within the working self-concept. Thus, the centrality of the moral self-schema should be an interactive function of the duration of participation in LEMs (i.e. exposure to self-interest-promoting situational factors) and initial motives for participation. That is, we submit that the effect of self-interest-promoting factors should be attenuated for those who initially were motivated by self-interest:

**H3.** Initial egoistic motives moderate the effect of duration of participation in LEMs on moral identity centrality. Specifically, the negative effect of prolonged participation on moral identity centrality is attenuated (most pronounced) for those with high (low) initial egoistic motives.
Achieving moral identity consistency

Although we have specified the process by which participation in LEMs erodes the centrality of moral identity to an individual’s self-concept, we have also proposed that the consequences of such inconsistency could be problematic, as it will reduce cooperative behavior and negatively impact important customer outcomes. Thus, one may remain interested in how to keep puritan peers consistent with their moral compasses. Recently, literature investigating consumers’ sequential moral decision-making has started to emerge (Schwabe et al., 2018). Gneezy et al. (2012) identify a crucial factor for consistent moral behavior to emerge – whether the behavior is perceived as costly. These authors theorize that such perceived costliness serves as a signal to the “self” regarding one’s identity. In an investigation of the issue of moral licensing (when past moral behavior makes people likely to act immorally subsequently), a series of experiments show that costly prosocial behavior subsequently leads to moral consistency (Gneezy et al., 2012). These authors define costly prosocial behavior as actions aimed at benefiting others that involve some cost to the agent; although costliness is operationalized in their studies only in monetary terms, they acknowledge that costs can come in many forms, including time, effort and reputational costs (Gneezy et al., 2012). Accordingly, the latter authors theorize that any actions that are perceived as costly by the actor are more likely to produce consistent moral behavior.

Therefore, by integrating these findings in moral licensing literature with Aquino et al.’s (2009) socio-cognitive model of moral behavior, we discern a boundary condition that determines when prolonged participation in LEMs may lead to consistent moral behavior. We argue that when participation in lateral exchange is perceived as effortful, such observed costliness becomes an internal signal to the individual about their moral identity. Consequently, effortful participation renders the accessibility of moral identity no longer informative. Essentially, high perceived effort breaks the negative chain of effects that link prolonged participation to moral identity centrality:

$H4$. Perceived effort moderates the relationship between accessibility of moral identity and moral identity centrality, such that the impact of accessibility is mitigated for those that perceive lateral exchange to be effortful.

Study 1

The purpose of Study 1 was to test hypothesized effects of duration of participation in LEMs on moral identity, which are detailed in $H1$ through $H3$. We expect that prolonged participation will have a negative impact on moral identity centrality by decreasing the accessibility of moral identity within the working self-concept. However, the effect of this prolonged participation should not be uniform for all participants. Rather, it should have a weaker impact on those that initially were motivated by self-serving benefits.

Sample and procedure

The sample consisted of undergraduate students enrolled in an introductory marketing course at a large southeastern public university who participated for course extra credit. The online survey was administered in a controlled environment. Participants were first asked to read a description of lateral exchange activities and give examples of these platforms. Then, they were asked whether they had participated in an exchange with another individuals using peer-to-peer platforms as the ones described. Only those that selected “yes” proceeded to complete the measures in the study (76.5 per cent).

Preliminary analysis resulted in a reduced sample as questionnaires were eliminated from the study for an incompleteness or failing to properly answer a quality control question. Usable data were collected from 172 LEM participants ranging from 18 to 55 years of age ($M = 22.30$, $SD = 5.35$). Among those reporting additional demographic information, 53.9 per cent identified themselves as male and 43.5 per cent reported their ethnicity as Caucasian.

Measures

We measured the duration of participation by asking participants, how long they have been using LEM platforms ($1 = \text{less than a month}, 5 = \text{more than five years}$). To assess the accessibility of moral identity within the working self-concept, we used a procedure devised by Aquino et al. (2009) and used in prior studies to measure this construct. After completing several questions asking them to recall and describe the most recent lateral exchange, participants were asked to rank five items in terms of “who you are at the present moment” (from $1 = \text{most reflects how you see yourself} = 5 = \text{least reflect how you see yourself}$. The moral identity option was “a moral person” and the four additional identities were “a successful person,” “a family member,” “an independent person” and “a student.” Aquino et al. (2009) devised these alternative identities to avoid conceptual overlap with moral identity centrality. To capture the centrality of moral identity, we used the internalization subscale of Aquino and Reed’s (2002) moral identity measure.

To capture initial motives to engage in LEMs, we used a ranking procedure that included a variety of six motives identified in prior literature (Lawson et al., 2016). The item of interest was “I wanted to save/make money,” which represents self-interest and would create the most psychological dissonance ($M = 5.06$, $SD = 1.34$). In addition to demographic information, we assessed several control items with five-point bipolar scales asking participants to indicate their concern about protecting the environment (from $1 = \text{not at all concerned} = 5 = \text{extremely concerned}$, $M = 3.74$, $SD = 0.995$), to report their political opinion (from $1 = \text{extremely liberal} = 5 = \text{extremely conservative}$, $M = 3.06$, $SD = 1.03$) and to report how religious they were (from $1 = \text{not religious} = 5 = \text{extremely religious}$, $M = 2.81$, $D = 1.28$). We also controlled for the role that the individual takes on these transactions by asking participants to indicate the nature of their participation in peer-to-peer exchanges (buyer or seller).

Results

We used the partial least squares structural equation modeling (PLS-SEM) to test both models (Ringle et al., 2014). The interaction terms were created using a two-stage approach (Henseler and Chin, 2010). Using the Heterotrait–Monotrait (HTMT) criterion, we established discriminant validity among the
latent variables (Henseeler et al., 2015). Collinearity issues were assessed by inspecting the variance inflation factor values of the inner and outer models (Hair et al., 2014). To assess the significance and relevance of the structural model relationships, we ran the PLS-SEM algorithm and obtained path coefficients for the structural model relationships and R² values for the endogenous variables and to determine whether the coefficients were significant, we obtained the standard error by means of a bootstrapping routine with 5,000 subsamples (Hair et al., 2012, 2014). Table 1 lists the standardized path coefficients for the hypothesized relationships along with respective levels of significance. 

F1 All the hypothesized relationships were supported (Figure 1). Consistent with H1 and H2, the results show that the negative effect of duration on moral identity is driven by a decrease in the accessibility of moral identity within the working self-concept. To test mediation, we adopted the method presented by Preacher and Hayes (2008) and Zhao et al. (2010), as outlined by Hair et al. (2014). Specifically, the direct relationship between the duration of participation and moral identity centrality is negative and significant in the absence of the mediator (β = -0.131; p < 0.05). When the mediator is included, duration of participation negatively and significantly impacts the accessibility of moral identity (β = -0.153; p < 0.05), in turn, accessibility of moral identity positively and significantly impacts moral identity (β = 0.214; p < 0.05) and the direct relationship between duration of participation and moral identity is not significant (β = -0.099; p = 0.200). The variance accounted for by the indirect effect is 0.25, indicating that 25 per cent of the effect of duration of participation on moral identity centrality is explained by the accessibility of moral identity (partial mediation). Consistent with H3, the interaction between duration and initial egoistic motives results in a positive and significant effect on moral identity (β = 0.175; p < 0.05). That is, for those individuals for whom initial egoistic motives are low (−1 SD from the mean), greater duration of participation is associated with lower moral identity centrality. In contrast, when initial egoistic motives are high (+1 SD from the mean), the duration of participation does not have a negative impact on moral identity (Figure 2).

Discussion
The results of Study 1 generally confirm our hypotheses that greater duration of participation in LEMs deteriorates moral identity centrality. Overall, the results of the structural tests support the proposed model, explaining 16.9 per cent of the variance in moral identity centrality. Findings show that the negative effect of duration on moral identity is driven by a decrease in the accessibility of moral identity within the working self-concept. Yet, consistent with Aquino et al.'s (2009) framework, the influence of duration is not uniform across participants. The results indicate that those who initially were not motivated by self-interest will face the strongest negative effects of duration on moral identity centrality.

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Study 2

The purpose of Study 2 was three-fold. First, the goal was to replicate the main findings of the first study (H1 and H2) with a different population to enhance generalizability. Second, this study was designed to test the hypothesized boundary condition of the deterioration of moral identity over time (H4). Third, we seek to build upon the findings of Study 1 and explore additional consequences of moral identity.

We have argued that over time the conflict between social and market logics experienced in LEMs lessens the centrality of moral identity. Moral identity may be linked to important consequences for LEMs. For instance, high morality is associated with positive feelings (Shao, Aquino and Freeman, 2008) and moral satisfaction is said to have a “warm glow” produced by internal gratification (Winterich and Barone, 2011; Winterich et al., 2013) and ethical decision-making (Chowdhury and Fernando, 2014).

Moreover, LEMs rely on cooperative behaviors from its users to facilitate peer exchange. Social value orientations refer to a three-category typology of stable preferences about how outcomes are distributed between self and others; prosocials have been found to exhibit clear tendencies toward cooperation and helping behavior, while individualists and competitors exhibit greater tendencies toward maximizing their own gain (Van Lange et al., 1997). Prosocial orientation is also linked to altruism or the motivation to increase the welfare of others (Simpson and Willer, 2008). Our first study established a negative relationship between duration of participation and moral identity. Study 2 seeks to examine whether this moral decay will impact important business outcomes such as satisfaction, likelihood to recommend and prosocial orientation.

Sample and procedure
We recruited active LEM participants from across the USA using Amazon’s Mechanical Turk (MTurk). The recruitment conditions specified that respondents must “have participated in exchange with other peers through the use of online platforms (for example: Airbnb, TaskRabbit, Uber, Lyft).” The online survey also included a quality check question and only those respondents that successfully passed the question were allowed to proceed. Usable data were collected from 295 LEM participants (57.3 per cent male, 80 per cent Caucasian) ranging from 18 to 66 years of age (M = 32.97, SD = 9.37). These participants reported concern for the environment (M = 3.68, SD = 1.06), moderate political views (M = 2.55, SD = 1.10) and low religiosity (M = 2.20, SD = 1.39).
Figure 1  Model results for Study 1

Figure 2  Simple slope analysis of interaction effect for Study 1
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Measures
We followed the same procedure used in Study 1, except that for the MTurk sample the accessibility measure was modified to “a polite person,” “a creative person,” “a clever person” and “a pragmatic person” to be more relevant to the sample population (Aquino et al., 2009). Study 2 also included measures for perceived effort, satisfaction with their lateral exchange experiences, likelihood to recommend the service, the “triple dominance” measure of social value orientation (Van Lange et al., 1997) and social desirability bias.

Results
The same model in Study 1 is replicated with the sample of Study 2. In addition, the second model (Figure 3) shows that, the centrality of moral identity has a significant positive impact on prosocial orientation ($\beta = 0.181; p < 0.01$), satisfaction ($\beta = 0.269; p < 0.01$) and likelihood to recommend the service ($\beta = 0.308; p < 0.01$). Finally, consent with $H4$, perceived effort represents a boundary condition for the effect of prolonged participation in LEMs. The interaction between effort and accessibility of moral identity results in a negative and significant effect on the moral identity ($\beta = -0.141; p < 0.01$). That is, for individuals that perceive high effort (+1 SD from the mean), there is no association between accessibility and moral identity (Figure 4). Table II lists the standardized path coefficients for the hypothesized relationships along with respective levels of significance.

Discussion
Study 2 builds on the prior study by replicating the main findings with a nonstudent population, exploring the impact of moral identity on important outcomes and testing a boundary condition to the decay of moral identity. Overall, the results of the structural model tests support the proposed model, explaining 19.8 per cent of the variance in moral identity centrality. The results bolster our main argument that over time the self-serving benefits obtained through participation in LEMs will conflict with moral identity. To alleviate this tension, a self-interested facet of identity will be activated within the working self-concept lowering the accessibility of moral identity. As a result, prolonged participation in LEMs will lessen the centrality of moral identity to an individual’s self-concept.

In addition, this research establishes that the decaying effect on moral identity indirectly and negatively diminishes cooperative behaviors, satisfaction with the service and likelihood to recommend. Thus, platform-proving firms should aim to mitigate the negative impact of prolonged participation.
in LBM. Accordingly, perceived effort emerges as means to keep peers consistent with their moral compass. When individuals perceive their participation in lateral exchange to be effortful, duration no longer has a negative impact on moral identity centrality. High perceived effort breaks the chain of effects that link prolonged participation to lower moral identity. We argue this occurs because this perceived costliness of participation serves as an internal signal that one must be moral-rendering accessibility uninformative.

Conclusions

Implications for theory and practice

This research provides a pragmatic account for the prevalence of self-interested behaviors in recent investigations of LBM.

Moving away from ideological discourse, we provide a socio-cognitive explanation of how lateral exchange erodes moral identity outside conscious awareness and without systematic processing. Across two studies, we find supporting evidence that the intermingling of social and market logics has a detrimental effect on the degree to which being a moral person is important to an individual’s identity. As people are motivated to act and think in identity-congruent ways, platform-providing firms have a vested interest in actors that show social sensitivity to others and act in cooperative ways. Moreover, we reveal counter-intuitive effects of how a seemingly prosocial phenomenon can enhance a self-perpetuating norm of self-interest.

This research contributes to extant literature in several ways. We extend Aquino et al.’s (2009) socio-cognitive model of moral behavior by testing the theory in an applied context and incorporating the effect of time and cumulative environmental exposure. In doing so, we answer the call by Shao et al. (2008) for research aimed at determining situational factors that have the potential to decrease the accessibility of moral identity in a business context. In addition, we provide evidence that overall, situationally-prompted identities can become integrated within the self (Amiot et al., 2007) and produce chronic and predictable differences in a consumer’s self-definition (Reed, 2004) advancing understanding of how cumulative experience affects moral identification. Furthermore, this research offers to perceive effort as a theoretical contribution to the moral licensing literature.

Finally, our work uses a novel method of analysis to assess the hypothesized relationships. The objective of PLS-SEM is predictive (Ringle et al., 2014), focused on maximizing the variance of the endogenous variables explained by the exogenous variables (Hair et al., 2014), and is preferred for testing interactions because it does not inflate measurement error (Chin, Marcolin and Newsted, 2003). More importantly, the method is useful with smaller sample sizes and does not require meeting the assumptions of normality for the data.
distributions (Haei et al., 2012; Reinartz et al., 2009). Given that consumer data distributions are often skewed and leptokurtic, PLS-SEM is an appropriate method to use as the results are not adversely affected by the nature of the data.

Managerial recommendations

Our research has important practical implications as well. Business press has covered unfortunate incidents of how LEMs have led to devastating outcomes for peers, prompting platform providing firms to offer insurance of up to $1m to repair damaged property (Tanz, 2014). Our findings suggest that the longer peers engage in LEMs the greater their tendencies toward self-interest and maximizing their own gain. This moral decay could have detrimental financial and operational consequences for the firms facilitating lateral exchange. Given that these firms rely on the cooperative and helping behaviors of its users to facilitate exchanges, enhancing moral identity would enable firms to sustain their business models. This research supports this assertion as higher moral identity was linked to prosocial orientation, higher satisfaction and likelihood of recommending the service.

Our findings suggest that keeping puritan peers “moral” is not only good for society but also for business. Scholars have proposed mechanisms that may situationally activate the moral self-schema such as witnessing the morally exemplary actions of others (Aquino et al., 2009) and continually reinforcing a commitment to moral action (Shao et al., 2008). Consequently, lateral exchange firms could design their platforms and communications to highlight the moral actions of its users and continually reinforce a commitment to the welfare of others. For instance, platforms can be used to feature stories of inspiration and highlight the moral actions of its users. Moreover, extant research has shown that making moral standards salient to participants by either having them recall the Ten Commandments or sign an honor code, inhibited dishonesty (Mazar et al., 2008). Thus, platform providers could ask users to pledge moral behavior prior to engaging in exchange activities via pop up messages prior to finalizing the transaction. Finally, messaging apps and social media channels can be deployed to remind users about the platforms community service mission or any ongoing projects.

Interestingly, perceived effort emerges as a counter-intuitive means to keep peers consistent with their moral compass. When individuals perceive their participation in LEMs to be effortful, duration no longer has a negative impact on moral identity centrality. We argue that this occurs because perceived costliness of participation serves as an internal signal that one must be moral, thus rendering accessibility uninformative. Accordingly, marketers of LEMs can use our findings to intervene in ways that sustain a moral identity.

Though counter-intuitive, high effort positively affecting consumers has been observed in the value co-creation and service dominant logic literature. Though sparse, extant research into customer effort suggests product satisfaction is higher when customers expend considerable effort to obtain the product than when they use only a modest amount of effort (Cardozo, 1965; Payne et al., 2008; Vargo and Lusch, 2008). Cardozo defined customer effort as including physical, mental and financial resources expended to obtain a product. Note, McColl-Kennedy et al.’s (2012) definition of customer value co-creation – that “activities” reflect the cognitive and behavioral performance or the active doing of things and “interactions” – aligns with collaboration within LEM. For example, companies who integrate in-app reviews and referral both pre- and post-purchase might beneficially affect consumers’ effort (Sweeney et al., 2015). Ultimately, our findings, which suggest that lateral exchange firms might increase participants’ morality and satisfaction in LEM by affecting the effort participants perceive they exert. Thus, platform providers could also ask users to rate themselves or provide a referral prior to finalizing the transaction. Providers might further include in thank you messages and receipts a reference to participant’s significant effort exerted in the exchange.

Finally, while we have focused significant effort on the benefits of evoking and maintaining the moral identity of participants in LEMs, the reality is that the situations encountered by consumers in LEMs are ultimately construed as economic and trigger the egoistic entrepreneurial identity. As such, it is important for practitioners in the LEM arena to consider the implications of this shift in identity and resulting the shift in motivations on their ongoing training and communication with long-term platform members. Specifically, the present work shows a shift over time in the identity of repeat participants. Accordingly, platform-provided messaging, materials and training should be modified over time to map onto the evolving identities and motivations of platform members – from more prosocial benefits to the economic benefits of LEM participation.

Robust evidence of the strong relationship between congruency in communication and job satisfaction can be found in organizational research (Benlian, 2014; Hatfield and Huseman, 1982). The job characteristics model approach to management of individuals (Farias and Varma, 2000; Hackman and Lawler, 1971) suggests that improving the congruency between the evolving needs of an individual participant and the motivating characteristics of the task may yield significant satisfaction and performance (Goris, 2007). Moreover, others provide evidence that changing the language, imagery and symbols used to communicate job meaning can positively enhance perceptions of a job (Piccolo and Colquitt, 2006). The present work suggests that communication that works initially to attract LEM participants to the platform may not be optimal in encouraging repeated participation. Retention efforts and efforts to reengage lapsed users may be more successful when dampening the prosocial messaging and highlighting economic benefits.

In short, this research provides guidance for a spectrum of LEM platform practitioners. For those whose mission and business models readily make use of the moral identity not only in engagement but also in continued participation, we offer insights on maintaining and evoking the moral identity. For those whose business models are more economic in nature, altruistic goals may be fruitful in encouraging initial participation, but over time, messaging should shift to highlighting the economic benefits.

Limitations and future research

Our research is not without limitations, suggesting promising directions for future research. First, both studies use a
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cross-sectional research design for a dynamic model, providing a conservative test of our theory. Thus, future research will benefit from investigating this research problem with a longitudinal approach, which may reveal stronger effects and a more nuanced understanding of the dynamics in SCT’s recursive determination process. Second, our research approach relied on self-reported measures, many of which were single items. Even though the decision to use single items was driven by concerns about high inter-correlations among multi-item measures and reducing respondent fatigue, further research should consider using multi-item measures or alternative methods to investigate whether these provide stronger tests and greater insight into our research questions. Third, we have inferred from theory the causal relationships between our constructs; however, with a cross-sectional survey, we are unable to establish causality and temporal precedence. In addition, we rely on extant theory to support our assertion that the mixing of social and market logics create a dissonant psychological state, but we do not explicitly measure or test whether peers experience any psychological tensions. To build on our findings, future research should use additional methods to establish causality and to assess directly the psychological tensions resulting from the mix of social and economic norms in LEMs.

Thus, our findings present both opportunities and challenges for research. LEMs have quickly gained popularity disrupting industries all across the world. These marketplaces rely on actors trusting each other to hop in strangers’ cars, drop off their beloved pets with others and welcome guests into their homes (Tanz, 2014). Consequently, a deterioration of moral identity associated with these activities could have detrimental effects for embracing LEMs. As the phenomenon matures from a fringe movement into a legitimate economic force, understanding how to sustain cooperative behaviors becomes a critical concern for academics and practitioners alike.

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