

Chapter 2

The Role of Social Trust in Governing the Sharing Economy for Poverty Reduction



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Abstract Trust can be applied to many sectors, including the sharing economy. The sharing economy, a relatively new economic model, can be defined as an peer-to-peer (P2P) transactions. Online community platforms have been innovated to facilitate the sharing economy. This chapter aims to answer these two questions. First, what is the role of ‘trust’ in the sharing economy? Second, what are the reasons behind sharing economy growth through the transaction cost economics (TCE) lens? This research found that culture and the social background are determining factors in the level of trust. The finding from this research helps to fill the gap in regulating the sharing economy in emerging markets. Moreover, this chapter provides recommendations on how to design appropriate policy to regulate the sharing economy by using the TCE lens.

Keywords Trust · Sharing economy · Poverty reduction · Public policy · Economic governance

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1 Introduction

As the Coronavirus (Covid-19) spread globally, sharing economy has received more attention in developed and developing countries (Hossain 2020). The sharing economy is a relatively new economic model that is defined as a peer-to-peer (P2P) based activity. It was predicted that the sharing economy to be valued at \$335 billion by 2025 (PriceWaterhouseCoopers 2015). However, P2P accommodation booking, like Airbnb, has dropped drastically compared to before the pandemic. Trust is one

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of the critical criteria to choose services in the sharing economy (Financial Times 2020).

Trust could be achieved when actions meet words (Chaiwat 2014). A study of trust is an interesting topic in cultural economics. According to Alesina and Giuliano (2015), cultural economics is the economics branch that studies culture or informal institutions' relation to economic outcomes. In this case, culture is defined by the preferences of the respective groups and shared beliefs. Therefore, one can study trust in terms of informal institutions to economic outcomes in a specific public policy issue. Trust as an informal institution can be applied to many areas, including the policies for promoting the sharing economy. Also, we can use the sharing economy as a tool for poverty reduction.

According to Tussyadiah and Pesonen (2016), P2P accommodation is better for selecting the desired destination or trips than traditional accommodation, such as a hotel. P2P accommodation allows tourists to select more widespread destinations, makes the length of stay longer, increases travel frequency and the number of activities that tourists can participate in at the destination. Especially if travelers want to contact locals and get unique experiences in authentic settings, the sharing economy could offer more options for tourists' transport and stay and compete with regular transportation and accommodation providers, especially taxis and hotels. Hence, Hotel News Now (2014) and Gessner (2019) showed that traditional accommodation, such as hotels, and resorts should perceive the accommodation-sharing economy as a threat since it will increase supply in the number of rooms exponentially.

According to the OECD (2016), key actors in P2P accommodation are tourists, host or service providers, sharing platforms, traditional tourism businesses, and destination communities. Also, the P2P accommodation presents opportunities to expand consumer options and grow the tourism economy and pose challenges for established operators and raise broader questions in the area, such as regulation, taxation, and consumer protection. Therefore, tourism policy makers need to understand the nature of the phenomenon and address the issue effectively (Zon 2015).

It was also found that rules and policies regulate the sharing operator only in some countries such as the US, the UK, Australia, and Japan (Oskam and Boswijk 2016). While some tourism-oriented countries, such as Thailand and Spain, ban P2P accommodation (Pandee 2018). The issues for tourism policy makers in 2020 for the sharing economy include regulation, taxation, consumer protection, the host-employee classification and competition fairness with the traditional operator (OECD 2020).

However, a lack of trust could affect the rate of sharing economy development in each country in terms of scale and speed. In new institutional economics (NIE) and from the transaction cost economics (TCE) perspective, trust or trustworthiness is related to transaction cost (Bromiley and Harris 2006). If trust is low, the transaction cost in this deal is high (Piboonrunroj and Disney 2015). Also, informal institutions in the NIE, such as culture, can affect trust between people in society, especially with different cultures. For example, people in one culture tend to have opportunistic behavior, such as making low-quality products or omit important information.

Several studies in the literature suggest that increasing trust can drive the sharing economy platform (Gray 2014; Ferrari 2016; Zamani et al. 2019). This becomes an issue in NIE in countries when social trust does not exist widely, such as Italy and Portugal (Keefer and Knack 2003). Will the sharing economy expand in these countries at the same scale and speed as in countries where social trust is widespread, such as Norway and Denmark?

This shows the importance of this research to find the role of social trust in the sharing economy through the TEC lens. The tourism sharing economy should also have a grand theory or concept to apply to regulation in every country. According to Sudhasri et al. (2019), the tourism sharing economy might be regulated at three levels. There is the national or federal level, the regional or state level, and the city level. For example, even in Germany, as an advanced economy, the city policy on transportation sharing, like Uber, is different between Berlin and Munich. Also, trust can vary between different countries. The high-level trustworthiness countries should accept the sharing economy concept with fewer obstacles.

In using the sharing economy as a tool for poverty reduction, we might see examples and evidence in various places, including Asia. This chapter aims to provide the sharing economy practice with social trust as informal institutions in Singapore, Thailand, and Vietnam to show how differences in cultural aspects affect the trust of those people and the sharing economy's development.

The following section is a review of the related literature. Section 3 is on the role of trust as an informal institution in Asia. Section 4 is on the expansion of the sharing economy for poverty reduction in Asia, and the last section is the conclusion and policy recommendations.

2 Literature Review

2.1 *Trust and Cultural Economics*

Cultural economics is the branch of economics that studies the relation of culture to economic outcomes (Alesina and Giuliano 2015). Here, 'culture' is defined by shared beliefs and preferences of respective groups. Programmatic issues include whether and how much culture matters regarding economic outcomes and their relation to institutions. As a growing field in behavioral economics, the role of culture in economic behavior is increasingly being demonstrated to cause significant differentials in decision-making and the management and valuation of assets. Recent research demonstrates that cultural variables determine many economical choices—they even affect the speed of development and nations' wealth. Researchers are now striving to understand the mechanisms better. Trust, as one of the topics in cultural economics, becomes valuable to study.

According to Chaiwat (2014), generalized trust refers to trust in society members; it may be distinguished from a particularized trust, which corresponds to trust in the

family and close friends. Generalized trust is an essential aspect of civic culture. It has been linked to various positive outcomes at the individual level, such as entrepreneurship, volunteering, self-rated health, and happiness. According to Chaiwat (2014), generalized trust correlates with self-rated health and happiness.

However, trust has a few undertones. The meanings of trust ordinarily allude to a circumstance portrayed by the accompanying perspectives: one gathering (trustor) is happy to depend on the activities of another gathering (trustee); the circumstance is coordinated to what is to come. Likewise, the trustor (deliberately or forcedly) deserts authority over the activities performed by the trustee. As a result, the trustor is dubious about different activities; they can just create and assess desires (Arteaga 2020). The vulnerability includes the danger of disappointment or mischief to the trustor if the trustee does carry on as wanted. Trust can be credited to connections between individuals. With regards to the connection between individuals and innovation, the attribution of trust involves contest. The deliberate position shows that trust can be legitimately credited to human associations with complex advancements.

Trust in the economic perspective is treated as a clarification of a distinction between real human conduct and expected human conduct (Williamson 1993). One example here is well illustrated in the work of Yoshino and Taghizadeh-Hesary (2014) about Hometown Investment Trust Funds (HIT Funds) in Japan, which became a new form of financial intermediation between the people in a region as lenders and small and medium-sized enterprises (SMEs) as borrowers. In financial terms, trust can clarify a distinction between the Nash equilibrium and the watched balance. Such a methodology can be applied to people just as social orders. It has been asserted that a more elevated level of social trust is decidedly connected with the monetary turn of events. Even though the first idea of 'high trust' and 'low trust' social orders may not hold, it has been broadly acknowledged and exhibited that social trust benefits the economy and that a low degree of trust hinders development.

The promotion of web-based business opens the conversation about trust in the economy to new difficulties while simultaneously raising the significance of trust and comprehending client choice to trust. For instance, the buyer and the seller have been dis-intermediated by innovation. On the other hand, websites could be made to persuade the purchaser to confide in the dealer, paying little heed to, for example, the merchant's genuine dependability (Menard and Shirley 2005).

2.2 New Institutional Economics and Poverty Reduction

NIE is an economic viewpoint that endeavors to broaden economics by concentrating on the organizations (social and legitimate standards and rules) that underlie monetary action and with investigation of past prior institutional economics and neoclassical economics. It may be viewed as a widening venture to incorporate perspectives barred in neoclassical economics. It rediscovers parts of the old-style political economy. It has its foundations in two articles by Ronald Coase, 'The nature of the firm' (1937) and 'The problem of social cost' (1960). In the last mentioned, the Coase

Table 1 Categories and main contributors in NIE

Categories	Main contributors in NIE	Contents
Property rights	Ronald Coase	Theoretical and legal ownership of resources and how they can be used
Transaction costs	Douglas North	Expenses incurred when buying or selling a good or service
Opportunism	Oliver Williamson	Practice of taking advantage of circumstances
Social capital	Elinor Orstrom	Set of shared values that allow individuals to work together in a group

Source Summarized from Menard and Shirley (2005)

hypothesis (as it was in this manner named) maintains that without exchange costs, elective property right assignments can equally disguise clashes and externalities. In this manner, near institutional examination emerging from such assignments is required to make proposals about productive disguise of externalities and institutional structures, including law and economics (Menard and Shirley 2005).

Examinations are presently based on an increasingly mind-boggling set of methodological standards and rules. They work inside an adjusted neoclassical system in considering both proficiency and appropriation issues, rather than ‘conventional’, ‘old’, or ‘unique’ institutional economics, which is incredulous of standard neoclassical economics. The term ‘new institutional economics’ was coined by Oliver Williamson in 1975. Some of the numerous perspectives in current investigations are listed in Table 1.

Williamson (1993) portrays four degrees of social examination. The first worries about the social hypothesis, explicitly the degree of embeddedness and casual guidelines. The second is centered on institutional conditions and formal principles. It utilizes the financial aspects of property rights and positive political hypothesis. The third spotlights administration and the collaborations of on-screen characters inside exchange cost financial aspects, ‘the play of the game’. Williamson (2010) gives the case of agreements between gatherings to clarify it. Finally, the fourth is represented by neoclassical economics; it is the portion of assets and business. NIE is centered on levels two and three. Although no single, generally acknowledged arrangement of definitions has been developed, most researchers exploring under the methodological standards and measures follow North’s (1992) outline among foundations and associations. Establishments are the ‘rules of the game’, both the legitimate formal principles and the casually accepted practices that administer singular conduct and structure social connections (institutional systems). Associations, paradoxically, are those gatherings of individuals and the administration game plans they make to coordinate their group activity against different groups performing likewise as associations. To upgrade their potential for endurance, associations endeavor to obtain ranges of abilities that offer the best yield on target objectives, such as benefit boost or voter turnout.

2.3 Transaction Cost Economics

In economics and related subjects, a transaction cost is an expense in making any monetary exchange while taking an interest in a market. In *Transaction Costs, Institutions and Economic Performance*, North (1992) contends that organizations, comprehended as the arrangement of rules in the general public, are key in the assurance of exchange costs. In this sense, foundations that encourage low exchange costs, help financial development. North (1992) states that four factors involve exchange costs (see Table 2).

Transaction costs can be divided into three broad categories (see Table 3). For instance, the purchaser of a trade-in vehicle faces a wide range of exchange costs. The inquiry costs are the expenses of finding a vehicle and deciding the vehicle’s condition. The dealing costs are the expenses of arranging a cost with the merchant. The policing and authorization guarantee that the merchant conveys the vehicle in the guaranteed condition (North 1992).

Table 2 Four factors that comprise transaction costs

Factor	Explanation
Measurement	The estimation of all angles in the exchange
Enforcement	The requirement for a fair outsider to guarantee that neither one of the parties reneges on their piece of the arrangement
Ideological attitudes and perceptions	Ideological perspectives and observations epitomize every individual’s arrangement of qualities, which impacts their understanding of the world
Market size	Influences the prejudice or unbiasedness of exchanges

Source North (1992)

Table 3 Three categories of transaction cost

Categories	Explanation
Search and information costs	Costs, for example, in confirming that the cost ones get, which has the least cost, and so on
Bargaining and decision costs	Costs required to go to a worthy concurrence with the other party to the exchange, drawing up a fitting agreement, etc. On resource markets, the exchange cost is some capacity of the separation between the offer and inquiry
Policing and enforcement costs	Expenses of ensuring the other party adheres to the particulars of the agreement and making a suitable move (frequently through the lawful framework) if this turns out not to be the situation

Source North (1992)

3 Economic Benefits of Sharing Economy

The concept of a sharing economy for poverty reduction and for distributing income is not new; it is seen in a homestay that the hosts share their property in the city and rural area (Vandenberg 2006; Sriwichailamphan 2017). However, Bakker and Twining-Ward (2018) recommend a meaning of the sharing economy as ‘a method of distributing goods and services that contrasts from the traditional model of partnerships recruiting representatives and offering items to buyers’.

In the sharing economy, people can lease or offer their advantages, for example vehicles, houses, and individual opportunity, to others in a distributed manner. As indicated by the synopsis from the money crashers site by Sudhasri et al. (2019), the sharing economy can be separated into eight classes: (1) P2P lending, (2) crowd-funding, (3) transportation sharing, (4) P2P accommodation, (5) coworking, (6) reselling and trading, (7) knowledge or talent sharing, and (8) special services. From a welfare economic point of view, contributions in the sharing economy are substitute products to traditional models by bringing more rivalry, a solution to the underutilized resource issue by sharing interest costs and an extra maximizer to social welfare by bringing Pareto optimality (Peters 2015). The framework for a sharing economy can be represented as in Fig. 1.

The sharing economy is a method of buying goods and services that contrasts with the traditional model of an association recruiting workers to make items to offer to purchasers. In the sharing economy, people share their vehicles, homes, and an

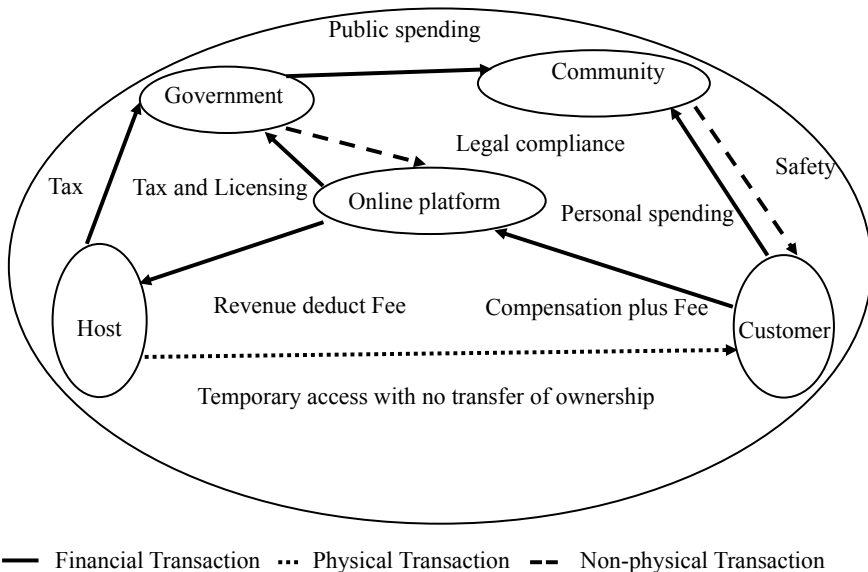


Fig. 1 A generic framework for sharing economy. *Source* Adapted from Ranjbari et al. (2018)

individual opportunity to others in a distributed manner (Ranjbari et al. 2018). There are two principal kinds of sharing economy undertaking (see Table 4).

In business applications, the sharing economy can be considered as a showcasing procedure instead of a genuine ‘sharing economy’ practice; for instance, the Airbnb platform has now and again been portrayed as a platform for people to ‘share’ additional rooms in their homes, yet as a general rule the space is leased, not shared. It was discovered that Airbnb postings furthermore are regularly possessed by a professional property business owner (Yaraghi and Ravi 2017).

In most cases, the sharing economy depends on the hosts’ desire to share yet, to make a trade, hosts need to take a greater risk. The sharing economy platforms state they are focused on building and approving, including makers, providers, clients, or members. Past confiding in others (i.e. friends), the clients of a sharing economy platform additionally need to believe in the platform itself. The sharing economy has resulted from a few profound technology, economic, political and social developments (Dolnicar 2020; see Table 5).

At the individual sharing level, the expulsion of a higher overhead business delegate (e.g. a taxi organization) with a lower cost innovation stage diminishes the exchange for the client while likewise creating extra providers to vie for the business, further decreasing expenses. Customers would then spend more on different merchandise and enterprises in different parts of the economy. Traditional economics contend that a development that brings down the expense of goods and services by and large speaks to a net economic benefit (Kim 2019).

Therefore, in the same way as with other new advances and business developments, this pattern is troublesome to existing plans of action and presents difficulties for governments and regulators. For instance, should the organizations involved in the innovation stage be at risk from providers’ activities in their system? Should people in their system be treated as workers, getting advantages, e.g. medicinal services and

Table 4 Two main types of sharing economy enterprise

Types of sharing economy	How goods and services are shared	Example platform
Initiative	For free	Couchsurfing
Commercial	With fee	Airbnb; FoodPanda

Source Yaraghi and Ravi (2017)

Table 5 Expansion factors in sharing economy

Name of aspect	Explanation
Technology aspect	The growth of social media and the low cost of mobile phones
Economic aspect	Ways found to reduce fixed costs
Political aspect	Macroeconomic austerity
Social aspect	Personal economic materialism

Source Dolnicar (2020)

retirement plans? Suppose customers generally are higher salaried people while the hosts are lower paid people. Will the administrations' lower cost (and subsequently lower pay of the hosts) compound pay imbalance? These are among the numerous inquiries the on-request economy presents.

Regarding the history of the sharing economy online platform for the travel industry, Airbnb was set up in 2008, while Uber and Grab were set up in 2009 and 2012 respectively. Nonetheless, eBay was viewed as the primary sharing economy online platform. The sharing economy as we know it is still in its infancy.

4 Economic Governance of Sharing Economy

In NIE, economic governance is the decision-making and policy-regulating process that will effect the internal economic system (Williamson 1993). Also, the governance structure can be in a collaborative format. There are a wide range of types of collaborative governance as, e.g. consensus building and collaborative network:

- *Consensus building*: A cycle where partners construct an agreement on activities to address explicit public approach issues. Network visioning is where individuals from network manufacturers agree on the depictions of the network's ideal future and on activities to help make objectives for the future a reality (Bradley 2012).
- *Collaborative network*: This framework is intended to achieve greater arrangement among network needs, techniques of administration offices, need results, and asset portion. It is additionally intended to achieve building social capital; combination of human help conveyance; and interconnected techniques for relationship building, learning cycles, and estimation and displaying among the members (Bradley 2012).

The aim of collaborative governance is to improve the general practice and adequacy of policy implementation (Emerson et al. 2012). The upsides of viable synergistic administration are that it empowers a superior and shared comprehension of complex issues, including numerous partners, and permits these partners to cooperate and concur on arrangements. It can help strategy creators distinguish and target issues and convey activity all the more adequately. Partners that are engaged with building up an answer are more disposed to acknowledge headings given or choices made. It would thus be able to fill in as an approach to distinguish strategy arrangements that have more prominent footing in the network (Peters 2015). Furthermore, it can contribute new viewpoints on issues and strategy arrangements and, consequently, offer better approaches to actualize methodologies for change. For public authorities who work in organizations and their boards, collaborative governance can fill in as a method of truly permitting a more extensive cluster of thoughts and proposals in the arrangement cycle. It might likewise be utilized to test thoughts and break down reactions before usage. For the individuals who are not engaged with formal government, it permits them to all the more likely comprehend the inward

Table 6 Comparison among common, sharing economy and market

Common	Sharing economy	Market
No ownership	Temporary access with no transfer of ownership	Full ownership
No property right	NA	Full property right

Source Concluded from Williamson (1993), Emerson et al. (2012) and Peters (2015)

operations of government and convey more impact in the dynamic cycle. It likewise empowers them to see past government organizations being just a vehicle for administration conveyance (Peters and Zittoun 2016).

We can summarize from the five relevant theories above that if we see the sharing economy with an NIE perspective, we might find that it is between common and market (see Table 6).

5 The Role of Social Trust as an Informal Institution in Asia

Trust in individuals and institutions usually expresses the beliefs about the predictability of actions (Chaiwat 2014). Predictive stability is fundamental in the interaction between individuals in a society. If a society can process the information originating from its environment and itself and predict the problems and their solutions, it can stay on its desired path of development (Chaiwat 2014). Alesina and Giuliano (2015) distinguish between three different elements of trust (see Table 7).

The contractual trust may initially be ascribed to family members or people from the same ethnic group with whom the business person has mutual social obligations (Alesina and Giuliano 2015). In unstable and risky environments, such as Africa, competence trust may be as important as contractual trust. Arteaga (2020) goes further than Alesina and Giuliano's (2015) three elements and adds two levels to the issue of trust by laying out the advantages and disadvantages of what he calls

Table 7 Topology of trust

Topology of trust	Definition	Example
Contractual trust	The businessman will act honorably	Both parties will act as written in the contract
Competence trust	The businessman has sufficient technical and organizational capacity and capital or creditworthiness to fulfill his obligations	Both parties have ability to fulfil the contract
Goodwill trust	Mutual expectations of open commitment to each other. Goodwill trust is the basis for long-run collaboration	Both parties care for long term commitment

Source Alesina and Giuliano (2015)

‘high and low trust’. According to Arteaga, the advantages of ‘high trust’ are: (1) lower administration costs, higher institutional, and reliability; (2) large and efficient organizations. On the other hand, the disadvantages of ‘low trust’ are: (1) corruption and trade with influence; (2) small and inefficient organizations.

However, if we divide trust into generalized trust and particularized trust, we can see a picture that applies in every society. The level of these two kinds of trust depends on the historical and cultural background. Developed countries tend to have a higher generalized trust, which will reflect from less corruption, higher civil participation, and high democratic involvement. Also, countries such as the Scandinavian countries tend to have high generalized trust as well (Alesina and Giuliano 2015).

According to the historical and cultural background, people in Asia, except for Japan, South Korea, Taiwan, and Singapore, tend to have a low generalized trust but have high particularized trust. This can be seen in opportunistic behavior with people from outside their families or their groups. This can explain the country’s development level and many cultural aspects, such as religion, belief, traditions, and norms (Chaiwat 2014). For example, if we take Singapore, Thailand, and Vietnam for the study, we can start with the cultural and economic analysis shown in Table 8.

We can see transaction costs from both ways: generalized trust and the combination of transaction cost (search and information cost, bargaining and decision cost and policing and enforcement cost). We found that in developing countries such as Thailand and Vietnam, the high transaction cost comes from both opportunistic behaviors with people outside the group and the cost of obtaining important information (Williamson 2010). Therefore, the policy makers in these countries need to find tools to decrease transaction costs. In this chapter, we consider the sharing economy as that tool.

Table 8 Cultural and economic analysis

Cultural aspect	Singapore	Thailand	Vietnam
Established year	1959 AD	1238 AD	Around 700 BC
Main population (%)	Chinese 74	Thai 95	Vietnamese 85
Government	Democracy	Democracy	Communism
Property right	Full	Full	Limited
Economic structure	Service	Agriculture	Agriculture
Generalized trust	High	Low	Low
Particularized trust	Low	High	High
Transaction cost	Low	High	High
Economic growth	High	Low	Low

Source McCann et al. (2004) and Chaiwat (2014)

6 The Expansion of the Sharing Economy for Poverty Reduction in Asia

Since trust is a significant perspective in the sharing economy, it is worth contemplating the framework to advance trust in the sharing economy. We may apply the idea of administration for imparting economy to the development of sharing practices—incorporating those in the field of government assistance (Lima and Filho 2019). In this sort of contribution, residents are viewed as beneficiaries of administrations and co-makers and clients together. Also, it speaks to a method of sparing time and monetary assets for public organizations, as it lessens the work for direct suppliers of administration (Ma et al. 2018).

Developing enthusiasm for the capability of the sharing economy to empower distributed financial action has been catalyzed by the business examples of overcoming adversity of Airbnb and Uber (Penn and Wihbey 2016). Supporters contend that distributed ‘sharing’ platforms empower residents to share, loan, sell, and lease assets on a remarkable scale on the web. By empowering these practices, such platforms can advance more proficient utilization of underutilized assets, diminish the natural effects of utilization, and fabricate social connections between peers (Yaraghi and Ravi 2017). From a supportability point of view, there is increasing proof that the sharing economy’s financial effects and openings are significant. Yet, the ecological effects are right now muddled and trying to evaluate the social effects could be antagonistic and problematic. In this regard, concerns revolve around the sharing economy super platforms, for example, Airbnb and Uber, with the ability to bypass different types of guideline and reduce workers’ rights globally (Oskam and Boswijk 2016).

In like manner, sharing economy platforms have been furiously reprimanded openly in the media for giving a lot of capacity to their corporate proprietors, who are contended to zero in exclusively or essentially on the monetary main concern, giving sparse consideration to social and ecological effects (Albescu and Maniu 2017). Regularly sharing this evaluation and utilizing the term platform cooperatives, activists and scholastics have supported democratizing the administration of sharing economy platforms as a way to make a more economical sharing economy. In this specific circumstance, democratization is not just expected to help understand the capability of sharing economy platforms to create natural advantages by decreasing material utilization and testing consumerist societies (Akbar and Tracogna 2018). Democratization is also expected to add to understanding the supportability objective of social value by restricting the unfavorable social effects of platforms (as examined above) and by supporting a fairer appropriation of the worth created inside the sharing economy. Generally, there is a belief that the development of these new models of platform administration may add worth to the sharing economy, whereby social and natural qualities are elevated notwithstanding the more instrumental estimations of the industrialist economy (Arteaga 2020). In general, the sharing economy requires a few key ingredients, such as trust and credibility, shareable assets, idle capacity, a critical mass of participants, digital payments and tailored/clear regulations with

regard to safety, insurance, and taxation. Other aspects such as affordability, literacy, and appropriate technology are likely to be particularly important for developing countries (Retamal and Dominish 2017).

In Asia's case, especially South-East Asia, the sharing economy can be promoted in various businesses such as transportation, accommodation, and financial service. From the knowledge in trust as an informal institution, we might predict that Singapore has higher generalized social trust, while Thailand and Vietnam have high particularized trust. This can be applied to predicting the expansion of the sharing economy for poverty reduction. Singapore's sharing economy will benefit from shared business that requires high generalized trust, such as accommodation and financial service, while in Thailand and Vietnam investors should focus on shared businesses that do not require high generalized trust and need low capital investment, such as transportation, food delivery, and cleaning service. The framework for sharing economy governance is based on trust and cultural economics knowledge, which are reflected in property rights with temporary access and no transfer of ownership (Yaraghi and Ravi 2017).

Poor people in Singapore, Thailand, and Vietnam can benefit from a sharing economy when we set the same standard where they do not have high capital. Therefore, it will be transportation, food delivery, and cleaning services. For example, a middle-class man can order food far away from a food delivery platform; then the rider will get food from a street food vendor to the middle-class man's office. It will then generate income and help reduce the poverty reduction for the rider and street food vendor. The decision-making process in this case related to the transaction cost where the searching cost is high (Retamal and Dominish 2017).

We can take another example of how trust can be used with the sharing economy for poverty reduction, with the Lam Chang Temple community in Chiang Mai, Thailand. The sharing economy business in this community consists of accommodation, transportation, and food that is aimed at foreign travelers. Chiang Mai, the largest city in the north of Thailand, is well known among foreign travelers as a hub for good local experience at affordable prices.

We conducted an interview with Mr. Bringkop Vora-urai, the president of the Chiang Mai Musician Singers Actors Association, about the initiative to use trust in the community as a tool to develop a sharing economy for poverty reduction in the Lam Chang Temple community in Chiang Mai, Thailand. Here is the result of the interview.

The Lam Chang Temple community is located around Lam Chang Temple, which was established around 1292–1296 AD inside Chiang Mai City Moat. Lam Chang Temple community residents have a business in accommodation, transportation, and food for travelers. Before Covid-19, the community residents had their businesses present in several sharing economy platforms, such as Airbnb, Grab, and Food Panda. However, the number is still low in accommodation compared to intermediary platforms such as Traveloka.

What Mr. Vora-urai and this initiative tried to do was to collect all residents' information with regard to accommodation, transportation, and food. Then, they made an info mapping and database for foreign musicians and foreign audiences at

the ‘Music on Street’ event during December 2019. This initiative’s output became a cornerstone for sharing economy development in the Lam Chang Temple community, where the residents could put their properties on sharing economy platforms and get better returns.

The other example is a food district near the Chiang Mai Old Governor Office inside Chiang Mai City Moat. Seven famous street food restaurants in Chiang Mai are registered to food delivery platforms such as Food Panda and Grab Food. Before Covid-19, this food district had limited parking space, and a food delivery app is a good source for increasing revenue. During Covid-19, Chiang Mai people who were in lockdown or lived a distance away could order food through the food delivery app. Therefore, the revenue for these restaurants become stable. In this case, all parties (supplier, customer, platform, government, and community) benefit from the sharing economy in food delivery, and this helped income generation and poverty reduction.

From all these examples, in case of poverty reduction and inclusive sustainable growth from a sharing economy where people do not have money to invest, they might consider trust in the physical community or what in Williamson (1993) is called informal institutions. This leads to a framework of trust in the sharing economy, as in the examples mentioned above. Trust in the sharing economy can be divided into five aspects: trust in the supplier, the customer, the platform, the community, and the government.

7 Conclusions and Policy Recommendations

This chapter followed two objectives: to investigate the role of ‘trust’ in the sharing economy and the reasons behind sharing economy growth through a transaction cost economics (TCE) lens. We have found that trust in the sharing economy consists of trust in suppliers, customers, the platform, the community, and the government. Also, we have found through the TCE lens that sharing economy growth comes from trust in the community or culture, and the norm of that community can stimulate the expansion of the sharing economy. We have reviewed relevant concepts: social trust, new institutional economics, transaction cost economics, sharing economy, and economic governance. We found that the sharing economy principals are culture and the market.

In terms of poverty reduction and inclusive, sustainable growth, a sharing economy can be seen in various businesses from those that are labor-intensive to those that are capital-intensive. For poor people to benefit from the sharing economy, they might start from labor-intensive businesses such as cleaning services, food delivery, and transportation. When they have some money to invest in capital, they can go to capital-intensive businesses such as P2P lending and P2P accommodation. By these steps, poor people can gain knowledge and become familiar with the sharing economy model and make their life grow sustainably.

Also, poor people should consider the trust level in their community; if their community has low generalized trust, it would be hard to make people trust them easily. They might need to decrease their service fee to compensate for the low trust.

We give three examples in this chapter of utilizing trust and the sharing economy for poverty reduction and inclusive, sustainable growth in Asia. The review of the examples shows the following. First, that poor people in Singapore, Thailand, and Vietnam could be riders for food delivery applications such as Grab and FoodPanda to generate income. Second, the Lamchang community in Chiang Mai tries to educate people in their community to be familiar with the sharing economy. Last, the street food restaurant in Chiang Mai City Moat is an income generator in normal times and an income stabilizer during Covid-19 lockdown.

The findings from this research should answer how one area can use trustworthiness in finding public policy issues and investment focus for the right sectors in the sharing economy. This research contributes to sharing economy development emerging markets in Asia or other regions to develop the industry based on generalized trust or particular trust. In the community or country that was seen as having low generalized trust, it seems impossible to have sharing economy businesses that require high trustworthiness. Therefore, national or local government should invest in sharing economy businesses that do not require high trustworthiness, such as food delivery or cleaning service, and have a proper private company to do those high trustworthiness businesses with full regulation. Future research in this area could fill the knowledge gap for how to regulate the sharing economy for suppliers and consumers

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