

TOWARDS A PASSION ECONOMY

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Introduction-

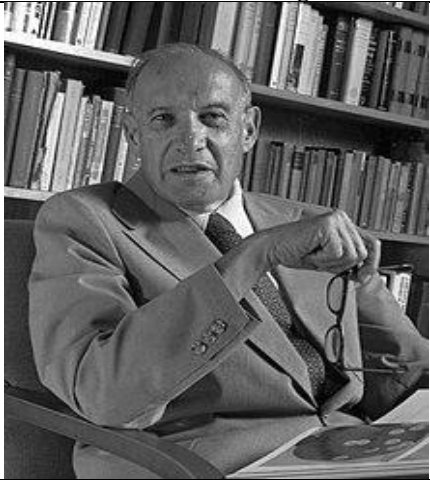

New era of economy has attracted whole world. Additionally recent Covid-19 Pandemic had contributed lot in it. The traditional ways of earning and job has shifted in opposite direction . Gig economy is coming towards edge where new economy in the form of Passion economy is knocking the door of worlds market. In short, world is rapidly moving towards Passion economy where everyone will remember the Peter Ferdinand Drucker theory of modern economics.

A passion economy allows individuals to scale their businesses exponentially, to work when and where they want, and to earn income passively.

The concept of a passion economy includes a multi-faceted change in philosophy for creators, consumers and platforms. These changes include a focus on the needs of individual creators, the bridge between providers and consumers, and the ways platforms or marketplaces monetize and moderate the exchange of goods.

The term passion economy is similar to and sometimes used interchangeably with the creator economy, where individuals build their own business brands online, are focused on their passion for working on projects they are interested in, and demonstrate their individual skillsets. ⁽¹⁾ Since the pandemic started, more and more people have jumped onto the passion economy train. The premise is simple: you can make a living off your passions with the help of a digital platform. ⁽²⁾

History-

Founder of modern management	Passion Economy pioneer
	
Peter Ferdinand Drucker	Li Jin

Peter F. Drucker (1909–2005) is the father of modern management theory and one of the best-known influential thinkers on the subject of management theory and practice has contributed to the modern especially towards changing trends towards passion (Creator) economy. He predicted many of the major business developments of the late twentieth century, including privatization and decentralization, the rise of Japan to economic world power, the critical importance of marketing, and the emergence of the information society with its implicit necessity of lifelong learning. In 1959, Drucker coined the term "knowledge worker" which has relevance with today's Passion economy. ⁽³⁾

Li Jin coined the term 'the passion economy' in 2019 to describe a model of an economy that allows revenue to be based on audience building, appeals to a wide range of creative products, emphasizes the individuality of providers, and encourages direct interaction between providers and consumers. ⁽¹⁾

Li Jin has stated that 'The Passion Economy is the Future of Work.' The Passion Economy is a new way for individuals to monetize their skills. It lets freelancers and entrepreneurs scale their businesses exponentially and earn passive income. It removes the shackles associated with freelance, 'gig' work, and provides platforms for users to produce content that can be consumed at all times. ⁽⁴⁾

Passion Economy-

Adam Davidson, co-founder of NPR's Planet Money & author of the Passion Economy has stated that 'Increasingly, the lines between hobbies, careers and personal brands are blurring. Participation in this new economy is available to everyone. To be eligible to take part, all you need is a skill you're passionate about, and the motivation to share it with the world. To take part in this economy you need to define your unique passion. This is the single most important, and often hardest, part of joining the Passion Economy. ⁽⁴⁾

Over the past decade, there has been a shift from traditional working roles to a gig economy, where workers are given flexibility in their work and utilize contracts to trade their time in exchange for money through services like Uber, Fiverr, or UpWork.

As the gig economy has grown and more services appear to match workers with specific jobs, many individuals have begun freelance or contract work in lieu of traditional employment. Additionally, many employers have begun to utilize contract-based employment techniques as cost-saving measures during the coronavirus epidemic. A 2020 Gartner study found that 32% of organizations were replacing full-time employees with contingent workers, in order to cut costs.

The passion economy has the potential to disrupt talent-based industries, allowing consumers to contact and interact with creators directly. In turn, creators are able to turn their personal passions into active or passive income, utilizing their individual strengths and interests to produce content, products, or services which fulfill them emotionally and financially. ⁽¹⁾

The series of lockdowns since 2020 have prompted companies to lay off thousands of workers. Those who were lucky enough to not get furloughed have been forced to work from their homes. Even as there's not much good to say about the pandemic, it did lead people to rediscover their passions — and capitalize on it. ⁽²⁾

Gig Economy-

Working in the gig economy can be a stressful prospect. The gig economy takes power away from individuals providing a service. Freelancers' have to deal with insecure revenue streams that increase a person's financial vulnerability.

When people don't know where their next paycheck is coming from they'll often undercut each other to secure jobs. This creates a destructive cycle where: freelancers undercut each other on price, companies pay less for skilled services, freelancers need to work longer hours to make ends meet.

It's a race to the bottom with the only winner being the big, established businesses, who can get labor for cheap. ⁽⁴⁾

Everyone's talking about the "gig economy"—and a growing number of people work in it. The term might seem like something new, but it really isn't. Before apps brought the idea of on-demand services and gig work to everybody's phone, the gig economy was sometimes called the freelance economy, agile workforce, or even temporary work.

- The gig economy uses digital platforms to connect freelancers with customers to provide short-term services or asset-sharing.
- Examples include ride-hailing apps, food delivery apps, and holiday rental apps.
- It's a growing segment, bringing economic benefits of productivity and employment.
- But it also raises questions about levels of consumer and worker protection.
- The challenge is to balance innovation with a fair deal for workers
- It has Inconsistent Income.
- Working multiple jobs or at odd hours isn't for everybody. Some people find that as flexible as the work is, gig work becomes tiring and stressful after a while.

Difference between GIG Economy and Passion economy-

GIG Economy	Passion economy
Usually, a physical service	Usually, a digital product or service
Standardised offering	Wide range of offering
Well defined earning structure	Earning less predictable
Earning scale linearly with time spent	Asymmetrical reward potential
Limited reach	Unlimited reach

Participation in passion economy ⁽⁶⁾ :

- Creating and selling online courses, tutorials, and guides (on Teachable, Thinkific, etc.)
- Paid newsletters (on Substack)
- Self-publishing e-books
- Podcasting
- Selling printable art and designs

Premonetized Blogging Platforms	Medium HubPages NEWS BREAK steemit Vocal
Subscription Newsletter Publishing Platforms	substack Revue Buttondown SendFox TinyLetter
Video Publishing / Streaming Platforms	YouTube twitch TikTok Outschool facebook gaming
Podcasting / Audio Publishing Platforms	Anchor buzzsprout CastBox glow Spoon Knowable Spreaker
Course / Webinar Creation Platforms	SKILL SHARE gumroad teachable podia KAJABI THINKIFIC
Online Community Engagement Platforms	PeerBoard tribe Memberful hivebrite Comradery
Project Based Funding Platforms	KICKSTARTER INDIEGOGO gofundme FUNDLY ROCKETHUB
Tips, Patronage, and Fan-Based Funding Platforms	Ko-fi PATREON onlyFans tipeee.com cameo Flattr

Outcome of passion economy ^(7,8) -

- According to an Oxford Economics report, YouTube creator's community also supported at least 683,900 full-time equivalent jobs in 2020. The number of YouTube India channels with over 100,000 subscribers is pegged at 40,000, representing yearly growth of over 45%, the report said.
- Entrepreneurs and small business owners are succeeding on Amazon – they sell half the products that Amazon customers buy, and more than 140,000 small and medium-sized businesses surpassed \$100,000 in sales on Amazon in 2017.” — Peter Faricy, former VP of Amazon Marketplace.
- According to a study of nine digital platforms (including Etsy, YouTube, and Twitch), 17 million Americans earned nearly \$7 billion in income from their independent creations in 2017.
- Last year, Amway witnessed a significant surge of interest in its business model from the U35 years' category. In fact, over 60% of the new registrations in 2020 were from the U35 category.
- Teachable's estimated revenue for 2019 was \$21 million, up from an estimated \$14 million the previous year. ⁽¹⁾
- Today around 70% of Amway's 550,000 direct sellers in India today are women, who are taking to the passion economy. ⁽⁹⁾

These new platforms share a few commonalities ⁽¹⁰⁾ :

1. They're accessible to everyone, not only existing businesses and professionals
2. They view individuality as a feature, not a bug
3. They focus on digital products and virtual services
4. They provide holistic tools to grow and operate a business
5. They open doors to new forms of work

India and passion economy-

- In India, the passion economy took wing after the pandemic-induced lockdowns, which accelerated online adoption amidst the closure of physical stores and the wariness for public places. Investment advisory Avendus Capital expects India's online spending to grow from \$39 billion in 2020 to \$200 billion in the next five years.
- India's passion economy is rising in this backdrop. So, smartphones have become the *de facto* means of contact for direct sellers on social media. They build their niche communities by creating and sharing content, as well as through social selling that resonates with people who have similar interests.
- As India becomes a large market for social commerce, estimated by consulting firm EY to be \$50 billion by 2025, the passion economy is spawning more and more opportunities.
- As per times of India's 'passion economy' platforms saw 2x growth in Covid Pandemic. ⁽¹¹⁾
- Both entrepreneurs and brands are riding the passion economy wave in India, discovering that the personal connection with communities is an invaluable asset as more users go online. Even as the pandemic has distressed the physical world of business, it has marked a new beginning for India's young passion pruners. ⁽⁹⁾

Passion Economy Rocket ⁽¹²⁾:

Stage 1 – Engagement with digital platforms
Stage 2 - Incentivizing creators to launch online
Stage 3 - Technology stack required to sustain a digital business
Stage 4 - Monetization

Challenges-

- ✓ “Attention” is the powerful currency underpinning the creator economy, but our current market for attention is rudimentary. Attention has a massive power-law problem. It’s typically mispriced. As you are increasingly conflated with the thing you create, you actually become the product. ⁽¹³⁾
- ✓ Big creators are becoming bigger. Moving to OTT, spawning more amateurs, becoming bootstrapped founders.
- ✓ Platforms are becoming more creator-dependent. For instance, Twitter Super Follow, Substack, or even Clubhouse need adoption for mass engagement.
- ✓ Clear demarcation between creators, passion economy and influencers. ⁽¹⁴⁾

Conclusion -

- The Passion Economy, on the other hand, gives individuals the freedom to work when they want, from where they want.
- It provides people with passive income and allows people to pursue their passions and positively change the world around them, it makes the world a more confident and passionate place.
- The reaction to this state of affairs led to the creation of new digital platforms that emphasize users’ individuality. These platforms let users earn money in a way that highlights and celebrates their individual skills and personality instead of squashing them.
- These new platforms give users; better support growing their businesses and suites of tools to make them stand out in a busy marketplace.
- This has created a new model of entrepreneurship. ⁽¹⁵⁾

Take home message-

- Gig economy: To earn more, you just have to do more gigs, do more work, put in more hours, take on an additional task...
- Passion economy: it’s much more about growing your audience or intensifying the relationship that you have with your audience and your customers. It’s about building a depth of fandom. ⁽¹⁶⁾

“Passion is a product of the heart. Passion is what helps you when you have a great dream. Your passion will motivate others to join you in pursuit of your dream. With passion, you will overcome insurmountable obstacles. You will become unstoppable!”- Andy Andrews

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