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Abstract

This paper reviews recent literature on the economics of social computing, and discusses research issues connected with the application of social computing to practice. The media sector is identified as a context in which popular accounts of emerging production and innovation models has led to hype, and an uncritical alignment of the interests of the different actors involved in social computing. Consequently, the need for research to raise questions concerning the motivation of participants, the diverging concepts of value in social computing practice, and the problems of transferring findings from non-profit to commercial contexts, is addressed.

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This paper reviews recent literature on the economics of social computing, and discusses research issues connected with the application of social computing to practice. The media sector is identified as a context in which popular accounts of emerging production and innovation models has led to hype, and an uncritical alignment of the interests of the different actors involved in social computing. Consequently, the need for research to raise questions concerning the motivation of participants, the diverging concepts of value in social computing practice, and the problems of transferring findings from non-profit to commercial contexts, is addressed.

Key words: Social Computing, Commons-based Peer Production, Web 2.0 Business Models, Media

1 INTRODUCTION

On the basis of an analyses over one thousand sites of Web 2.0 applications Shang et al. (2009) provides an abstract description of the structure of taxonomies of Web 2.0 business models, identifying five generic models. However, they conclude that while the benefits to customers have been well noted, the real benefits to service providers are still unclear. In a paper on IS research issues in social computing Parameswaran and Whinston (2007) stress the importance of "research to address to performance of business investments in social networks and their risks, so as to guide prudent investments", and note the possible bandwagon effects among business initiatives resulting from the hype that the phenomenal growth in social computing has led to. Van Dijck and Nieborg (2009) expound the manifesto-like character of much of the literature on the economics of social computing, and questions the fundamental assumption implicit to it; the equation between non-profit and commercial platforms in the Web 2.0 universe that leads to an uncritical alignment of producer interests with consumer benefits.

One of the sectors for which the clarification of questions concerning the actual value of social computing, Web 2.0 applications etc. is especially urgent is the media industry. The business models of traditional publishing companies are challenged by new technologies and services that connect people and information to an extent never precedented, by convergence of sectors, markets, platforms etc., and by the new rules of the digital networked economy. Thus, one of the major challenges that traditional media companies are facing is the immense production of information and cultural artefacts taking place in the global network often referred to as Web 2.0. Due to the rapidly decreasing costs of the technologies involved in the production and dissemination of cultural and informational goods, anyone with a computer and an Internet connection can create and publish content, reach their peers, and address a global "audience". Benkler (2006) argue that a new mode of production is emerging; non-market- or commons-based peer production.

This has led some authors to argue that the only way for traditional media companies to survive is to invite users, or "the people formerly known as the audience" (Rosen 2006), to engage in their production and innovation processes. In 'Wikinomics' Tapscott and Williams (2006) argue that the traditional divide between producers and consumers is blurring, and stress that the power that self-

organized *prosumer* communities are starting to get leads to particularly strong tensions in the media sector: "Media organizations that fail to see the writing on the wall will be bypassed by a new generation of media-savvy prosumers (…)". A large number of other authors proliferate similar ideas, e.g. Rheingold 2002, Surowiecki 2005, Turow&Tsui 2008. In accordance with these accounts McAfee (2006) uses the term 'Enterprise 2.0' to signal the emergence of enterprises that utilize the Web 2.0 to generate strategic advantages. McAfee defines Enterprise 2.0 as "the use of emergent social software platforms within companies, or between companies and their partners or customers."

2 ALIGNMENT PROBLEMS

The question is whether such accounts will help media managers – and managers in general – to find new ways to create value for their customers, and in turn for their companies, and whether customers will in fact create value for themselves by engaging in commercial social computing activities. Parameswaran and Whinston note that, at one extreme, engaging customers in innovation activities via social computing initiatives "may be seen as saving R&D investment; at the other [extreme] the organization and customers may be seen as working together to develop products that are optimally aligned with customer preferences". In a thorough critique of 'Wikinomics' Van Dijck and Nieborg questions the concepts of 'users' and 'platforms', and terms such as 'produsage' and 'co-creation', and their introduction into mainstream economics, in Tapscott and Williams' work, and in similar contemporary accounts. The issue of privacy, the fact that meta-data is considerably more valuable than user-generated content, and that such manifestos fail to give accounts of the technological details of how the different services creates profitable business models, is one of the questions raised by Van Dijck and Nieborg.

The potential conflict between producer and user interests is not ignored by Parameswaran and Whinston who note that research on current and potential business models associated with social networks "would need to touch on broad themes such as how business can generate value through social networks, how communities in these initiatives can gain value, and how to assess the costs and benefits of social computing initiatives." In the section 'Motivational issues of participation' they note that investigating the lack of personal gain, i.e. behavior not aligned with maximizing personal (economic) utility, is particularly relevant to social computing research, and suggest that "social-science models may have to be extended and used to investigate the nature of the motivating factors for social action in online communities".

The fact that fundamental aspects of social computing are unclear is also indicated by Benkler and Nissenbaum (2006) who note that while the issue of motivation has attracted considerable attention, particularly regarding free and open source projects, the role of virtues such as creativity and altruism are not clear. However, they add that peer production begins to offer "a rich texture in which to study the much more varied and multifarious nature of human motivation and effective human action". This is taken up in an empirical study by David and Shapiro (2008) who find that heterogeneity of motivation is a key factor in open-source communities. They predict that communities that find ways of managing this heterogeneity are more likely to be successful, and conclude that evaluating this prediction and elaborating on developer heterogeneity is a main theme for future research on open-source communities.

Whether or not findings from commons-based projects can be transferred to commercial contexts, specifically those of traditional publishing companies, is a key issue raised by the literature reviewed in this paper. Benkler's work on commons-based peer production as an alternative to

markets and hierarchies suggests that engaging in peer production is favourable for firms only under certain circumstances (Benkler 2006). Hence, identifying these in specific organizational contexts, and investigating the alignment between the economic concept 'value' and the psycho-sociological 'values' seem to be essential. Stark's (2009) use of the term 'worth' to signalize "concerns with fundamental problems of value while recognizing that all economies have a moral component", and the introduction of 'heterarchy' for organizations that "create value by inviting more than one way of evaluating worth" could prove fruitful in this regard. The traditional media sector might present a context in which such issues could be investigated.

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