



# Governance and global communities

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# ○ ● ● Open source movement

- A new administrative form
- Competitive products
- >70,000 projects
- Does not fit accepted economic behavior

# ○ ● ● Community

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- A community is an organizational form for economic value creation that is characterized by voluntary membership, high autonomy, and whose members receive little or no extrinsic rewards

# ○ ● ● Community

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- Communities appeal to some nations
- Communities might be superior for creativity
- Communities might be more responsive

# ○ ● ● Transaction cost

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- A cost incurred in making an economic exchange
- Motivation and coordination costs

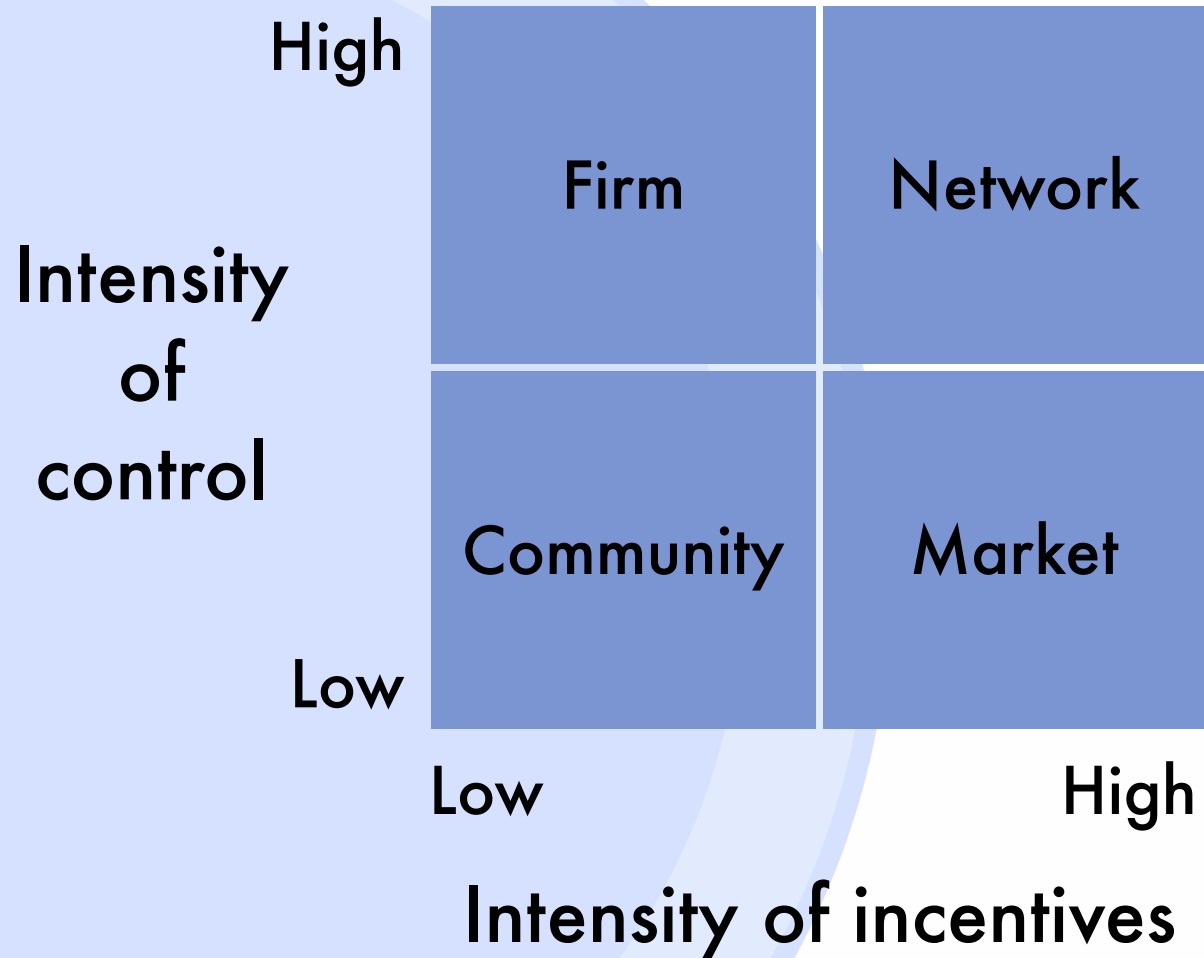


# ○ ● ● Key factors

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- Incentives motivate agents to be effective producers
- Control is to the capacity of a governance structure to contain opportunistic behaviors and to align the behavior of agents implicated in a transaction

# Governance structures



# ○ ● ● Communities

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- Oxford English Dictionary
  - > 10,000 contributors
  - > 6 million contributions
  - Penny post

# 1859 call to American scholars

## THE PHILOLOGICAL SOCIETY'S NEW ENGLISH DICTIONARY.

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IN November 1857, a paper was read before the Philological Society by Archbishop Trench, then Dean of Westminster, on 'Some Deficiencies in our English Dictionaries,' which led to a resolution on the part of the Society to prepare a Supplement to the existing Dictionaries supplying these deficiencies. A very little work on this basis sufficed to show that to do anything effectual, not a mere Dictionary-Supplement, but a new Dictionary worthy of the English Language and of the present state of Philological Science, was the object to be aimed at. Accordingly, in January 1859, the Society issued their 'Proposal for the publication of a New English Dictionary,' in which the characteristics of the proposed work were explained, and an appeal made to the English and American public to assist in collecting the raw materials for the work, these materials consisting

# ○ ● ● Communities

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- Project Gutenberg
  - 10,000 books converted to text
  - Distributed proofreading of converted scanned pages
    - 6,500 pages per day

# Communities

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- Academic journals
  - Editors and reviewers are academics
  - No payment
  - Disseminate knowledge and skills

# ○ ● ● Communities

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## ● Wikipedia

- Free online encyclopedia
- 180,000 articles in the English edition
- > 20 languages
- Authorship not directly recognized

# ○ ● ● Communities

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● Open source

○ > 70,000 projects

○ Viable products

# ○ ● ● Transaction & task

## ● Transaction

○ The carrying on or completion of an action or course of action

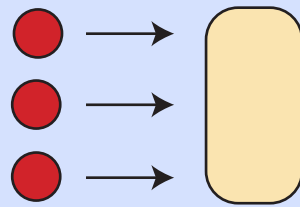
## ● Task

○ Any piece of work that has to be done

● Transaction  $\approx$  task

# ○ ● ● Task interdependence

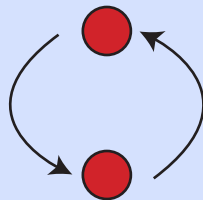
## ● Thompson's classification



Pooled



Sequential

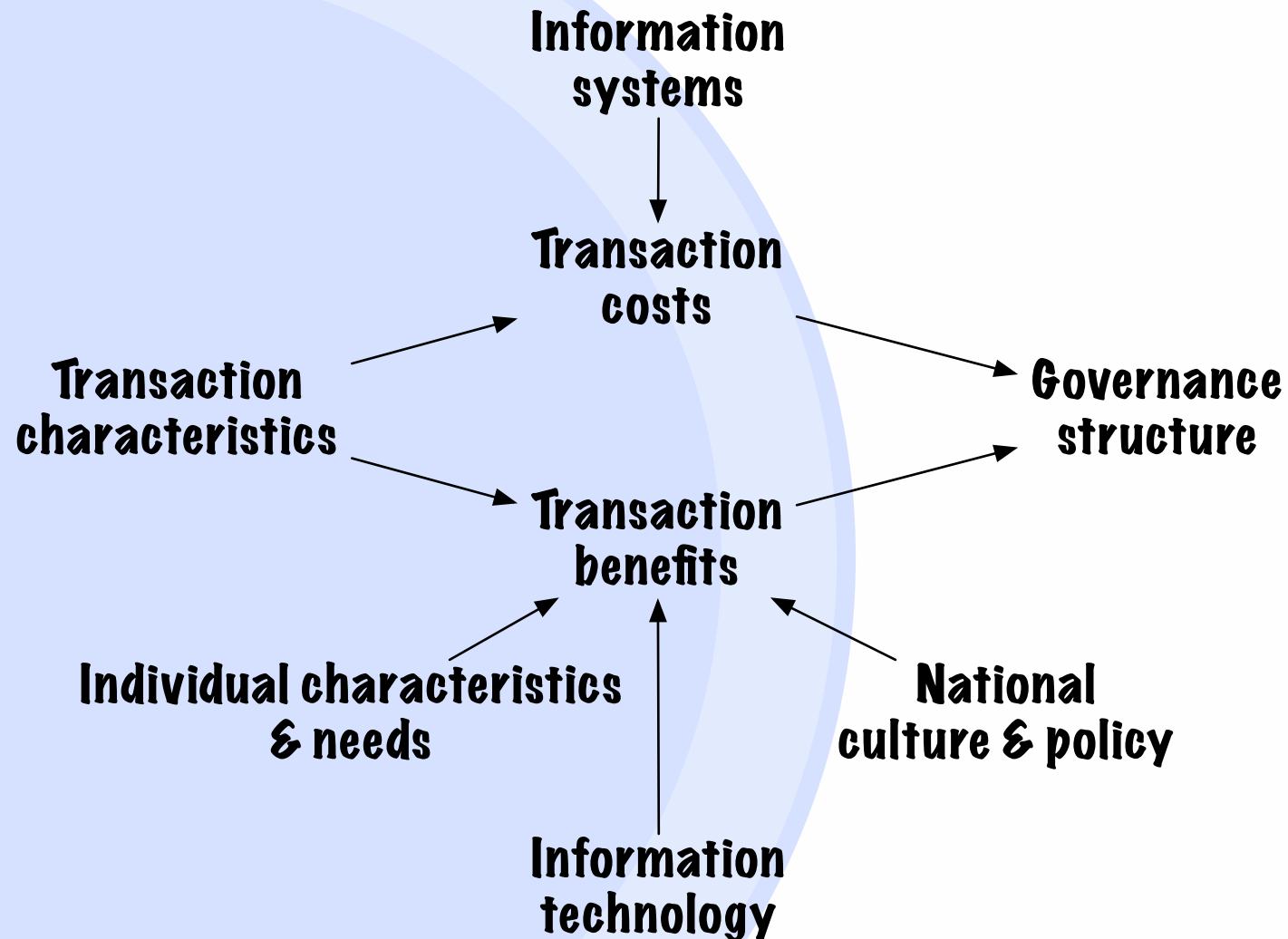


Reciprocal

# Transaction benefits

- A benefit incurred in making an economic exchange
- Above and beyond direct financial returns

# Transaction benefits



# ○ ● ● IS versus IT

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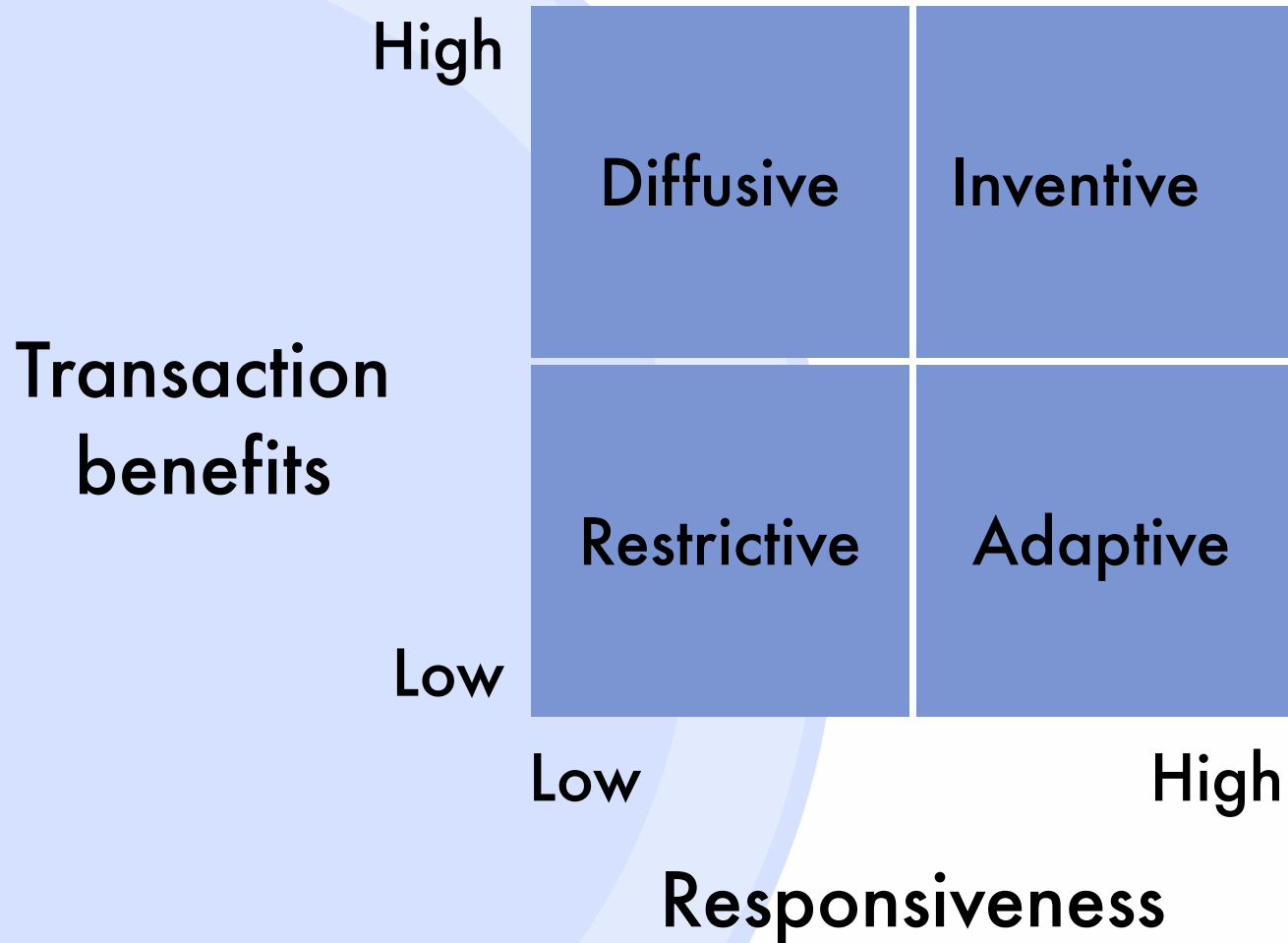
- An information technology transmits, processes, or stores information
- An information system is an integrated and cooperating set of software directed information technologies supporting organizational goals

# ○ ● ● Propositions

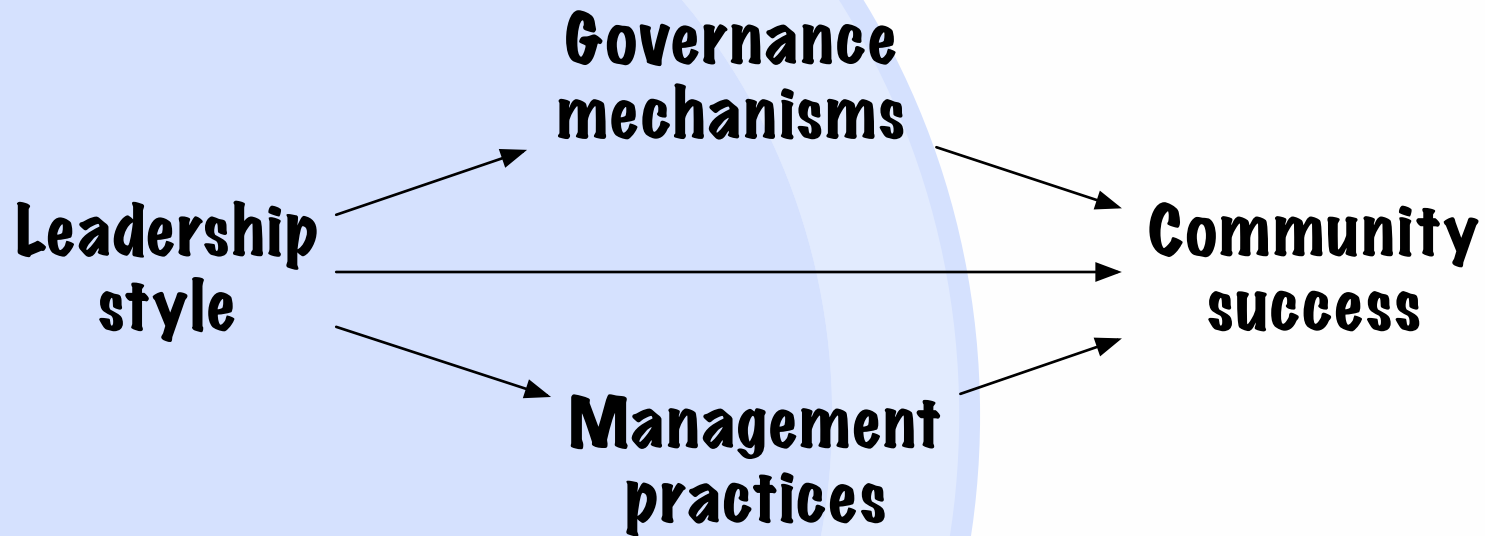
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- When transaction costs are relatively low, transaction benefits will determine governance structure
- Individual characteristics and needs will determine the transaction benefits an individual derives from participation in a community project
- National culture and policy will influence transaction benefits
- The information technology used by a community will affect transaction benefits

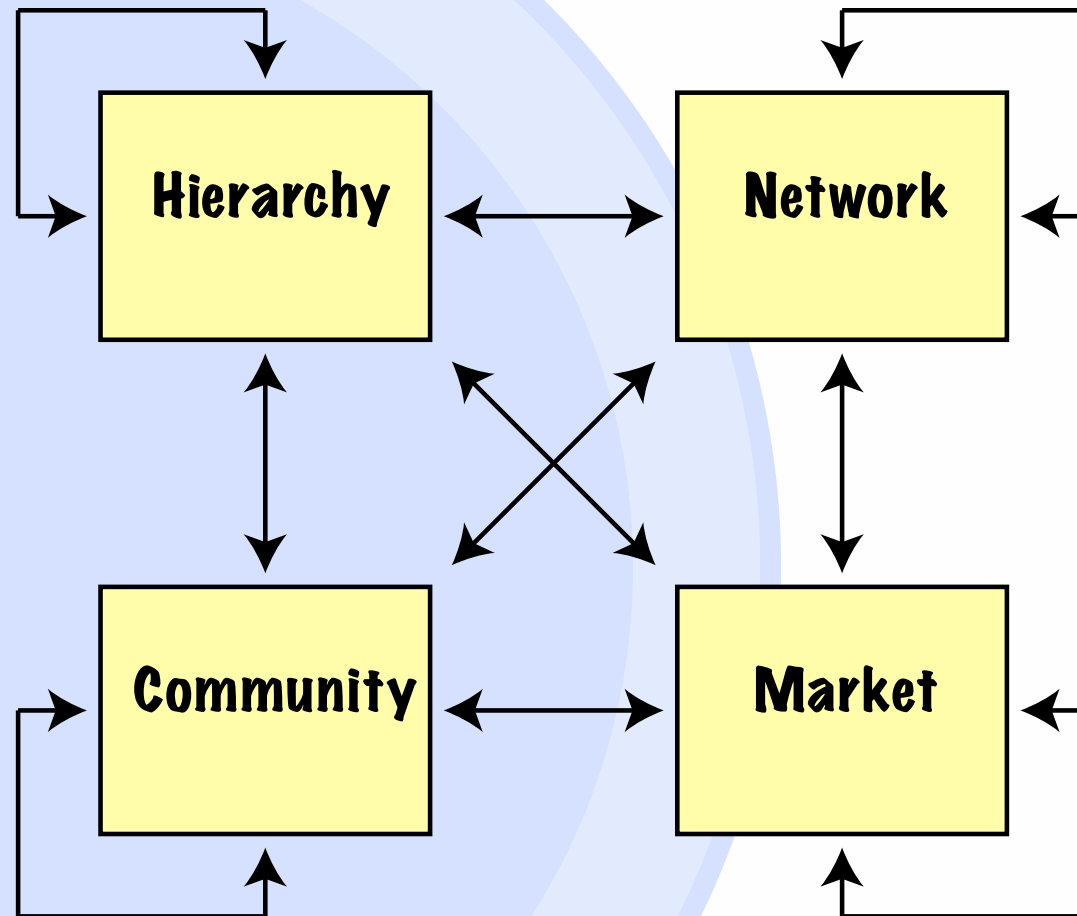
# Typology of communities



# Research issues



# Interactions



# ○ ● ● Research

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- Focus on digital communities
  - Adaptive
  - Inventive
- Field interviews
- Quantitative analysis
- Action research

# ○ ● ● Adaptive project

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- XML text (<http://wikibooks.org/wiki/XML>)
- MIST7700 class
- Fudan University

# Inventive project (OTC)

-  TourDM
-  TourML
-  TourStyle
-  TourCMS
-  TourImplement
-  TourCommunity

# ○ ● ● Conclusions

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- Hierarchies and markets have been perturbed by the Internet
- Communities are increasingly influencing consumer and competitive behavior
- Digital communities are a new form of wealth creation
- Open source is a challenge to existing practice and theory
- Communities need to be integrated into organizational theory



***No one is as smart as  
all of us***