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Creating value in online communities through governance and stakeholder engagement

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ABSTRACT

The spread of the internet has led to the evolution of on-line communities (OCs) as collectives of members who share common goals. Whilst many OCs involve individuals who engage voluntarily for mutual interest, commercial and government organizations engage involuntary stakeholders in their less egalitarian OCs. Although research has explored how members perceive and achieve value in voluntary OCs, exploration of the strategies used to engage stakeholders and deliver value in OCs where the membership is more diverse and less than voluntary, is required. We investigate this issue through a longitudinal case study of two OCs related to delivering government employment services. Our findings demonstrate the role of governance in fostering stakeholders' cognitive, emotional and behavioral engagement in two OCs, and related governance of the IT system that was subsequently deployed. Further, assessment of the performance outcomes, reported in terms of the primary stakeholder's objectives, indicates that value has been achieved for the mutual benefit of the OCs' multiple stakeholders. Analysis of the processes of value creation, in terms of Makadok's four causal mechanisms for generating profit, show that whilst the key stakeholder preemptively committed timelines, governance mechanisms that generated competition and flexibility (rather than restraining rivalry), and delivered competitive advantage and information asymmetry, produced value for government, service providers, job-seekers and employers.

1. Introduction

On-line communities (OCs) are open collectives of dispersed members who share common interests or goals, and for whom that community offers some benefit (Barrett et al., 2016; Sproull and Arriaga, 2007). They are increasingly evident in a variety of forms, including: communities of social contact, such as Facebook; communities of knowledge, where members share information such as health; and communities of interest focused on social and environmental issues (Boudreau and Lakhani, 2013; Plant, 2004). As a virtual form of community, OC members are typically voluntary individuals. However, with the spread of the internet, OCs are evolving (Faraj et al., 2011; Plant, 2004) as technology offers increasingly real-time, low-cost transmissions that are more widely accessible. Businesses have recognized the opportunity to engage more directly with external stakeholders (customers, clients or

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suppliers) and create business value by identifying and delivering upon needs (Barrett et al., 2016). Similarly, governmental institutions are moving beyond a dyadic community of engagement between government departments and out-sourced service providers, using technology (often tailor-made) to more actively engage with constituent clients and explore how to create value for all OC participants.

Research into OCs has generated insights about knowledge collaboration (Faraj et al., 2011); building stakeholder attachment (Ren et al., 2012); management of boundaries (Jarvenpaa and Lang, 2011); and social motivations (Wang and Chen, 2012). Yet there is little in the information technology (IT)-related literature about how member engagement with OCs is conceptualized (Ray et al., 2014); nor about how value is created and governed in such OCs (Barrett et al., 2016). Moreover, whilst there has been prior research regarding supply chains and intra-organizational contexts, our context is different in that it presents a more complex relationship between five stakeholder groups (individual and organizational) where the focus of activity relates to employment outcomes rather than discrete economic transactions per se. Our research focusses on understanding how the processes and practices associated with governing two inter-organizational OCs created engagement and value for public and private stakeholders. These OCs relate to the deployment and utilization of two IT-enabled employment services systems, with five stakeholder/member groups – the Australian Government, the government agency responsible for national employment policies and programs, service providers, employers and jobseekers. Rather than simply delivering technology systems, the contributions of members' knowledge and expertise to development of employment services is fundamental to performance. As such, both employment service systems constitute OCs. Through a longitudinal case study of the Department of Employment's[3] (DOE) development of these employment services, delivered principally through a tailor-made information system (IS) to geographically dispersed service providers and their clients (employers and job seekers), our findings show stakeholders were engaged through careful governance. This fostered their contribution of knowledge to these OCs, with this engagement and knowledge guiding governance of development of the IT system. Evaluation against Makadok's (2010, 2011) causal mechanisms for profit generation (rivalry restraint, competitive advantage, information asymmetry and commitment timing) show, given the OC context, some unexpected findings. Whilst the DOE, as the key stakeholder, preemptively committed timelines, its governance accommodated the introduction of some competition and flexibility (rather than restraining rivalry), and permitted some competitive advantage and self-developed information asymmetry that generated value for stakeholders (the Australian Government, DOE itself, service providers, jobseekers and employers).

After outlining the theoretical background, the context of the longitudinal case study and methodology are presented. Next, to ascertain the processes of stakeholder engagement and value-generation, we analyze DOE's governance of these OCs as two IT-enabled employment services systems were iteratively reviewed and developed (the first in 2008/2009, the second in 2011/2015). Findings are then evaluated against the four causal mechanisms for profit generation. The paper concludes with discussion of the study's limitations and contribution to knowledge.

2. Related literature

2.1. On-line communities (OCs)

OCs are widespread, existing as collectives of people whose communications are transacted primarily through the internet. Defined as "a collective group of entities, individuals or organizations that come together either temporarily or permanently through an electronic medium to interact in a common problem or interest space" (Plant, 2004, 54), prior research has focused on the factors that motivate engagement. Individual members' motivation (Kankanhalli et al., 2005) includes self-interest, social capital, social exchange (Faraj and Johnson, 2011) and knowledge collaboration (Faraj et al., 2011; Ray et al., 2014). As the value derived from OCs relates to harnessing members' knowledge and ideas (Barrett et al., 2016) towards achieving a common goal, knowledge contribution is a key concern. For voluntary OCs, their boundaries are fluid as participants, interactions and artefacts may change over time, with subsequent impact on the value-generating outcomes for members (Jarvenpaa and Lang, 2011). This fluidity is a distinguishing characteristic of these OCs.

Other OCs have evolved that may be less fluid, with their membership less voluntary, and their technology more driven by the key stakeholder, despite members coming together to network about a common problem. For example, businesses may create community forums by which to interact with suppliers or customers. In such OCs, marketing, knowledge sharing and service delivery at the personal, functional or entity level are commercially motivated. Similarly, government departments may develop OCs to share knowledge and deliver services to their citizens (Plant, 2004). When enabled as part of a strategy to facilitate client engagement, these OCs challenge organizational boundaries, power and accountabilities (Barrett et al., 2016). For example, their technologies may enable content through browsing and search functions, hold data (personal and commercial) related to required services, offer tools by which to deliver services, aggregate or modify certain content, and enable reporting (Murray and O'Mahony, 2007).

When the key stakeholder and driver for such an OC is government, its dynamics are likely to differ from voluntary OCs. Differences may include: being inter-organizational; the role of leadership (Haefliger et al., 2011); as well as how one stakeholder being a primary source of funds affects accountabilities, service delivery, motivation and value propositions (Barrett et al., 2016).

[3] Initially, the Australian Government Department involved in delivering employment services was called the Department of Education, Employment and Workplace Services (DEEWR). At the time this paper was written, the name changed to the Department of Employment (DOE). Very recently the name changed to the Department of Jobs and Small Business.