(NOT) JUST FOR THE MONEY? – EFFECTS OF INCENTIVES ON MEMBER PARTICIPATION

Ina Garnefeld, University of Paderborn, Germany
Anja Iseke, University of Paderborn, Germany
Alexander Krebs, Siemens AG, Paderborn, Germany

SUMMARY

Online communities are a frequently used communication instrument. Firms can profit from online communities in several ways. First, firms can use online communities to create and maintain strong relationships with their customers or between their brands and their customers (Algesheimer, Dholakia, and Herrmann 2005; Andersen 2005; McAlexander, Schouten, and Koenig 2002; Muniz and Schau 2007). Second, customers participating in online communities may benefit the firm by giving feedback on its products and by creating new product ideas (Kozinets 2002; Pitta and Fowler 2005a; Pitta and Fowler 2005b).Third, communities can also be used as an efficient support platform for customers. Problems occurring, e.g. during product usage, can be solved by other customers within the self-help community reducing after sales cost for the firm.

However, not all online communities are successful. One problem often occurring in communities is a low level of active member participation. As knowledge provided within an online community is a public good, free riding naturally occurs. According to a recent study, on average 90 % of the members of online communities are lurkers, i.e. passive members who only read content but do not actively participate at all, 9 % actively participate in content creation from time to time, while only 1 % contributes regularly (Nielsen 2006). Practical evidence shows that such an undersupply in content makes communities less attractive and often leads to the failure of the communities (Ardichvili, Page, and Wentling 2003).

In order to attain a sufficient level of participation, community managers often introduce incentive mechanisms (Tedjamulia et al. 2005). For example, helium.com offers incentives for various user activities. With a similar concept, google Knol tries to motivate members to actively participate by offering monetary incentives. Although some research found such reward systems to be effective in enhancing communication activities within communities (Bartol and Srivastava 2002; Hummel et al. 2005a), Tedjamulia et al. (2005, p. 8) conclude that “very little research has been done in an OC setting to investigate when, how much, and which types of reinforcement should be used to increase membership participation in online communities”.

In this paper, we will investigate whether the introduction of different kinds of incentive systems has an impact on members’ willingness to actively participate in the community. Following Deci (1971) and Lindenberg (2001), we distinguish between extrinsic and obligation-based incentives and analyze whether they affect participation in different ways. We also differentiate between effects of incentives on active community members who have been motivated intrinsically to participate as well as on passive members with low intrinsic motivation. In particular, we answer the following research question: Do extrinsic and obligation based rewards influence active and passive members’ participation?

Recent evidence suggests that, under specific conditions, extrinsic rewards, e.g. monetary rewards, do not necessarily enhance participation in communities, but might be detrimental to members intrinsic motivation (Osterloh and Frey 2000). Hence, rewards may even have negative effects on community participation. This so-called motivation crowding out effect has been empirically confirmed in many different settings (Deci and Koestner 1999; Frey and Jegen 2001). Based on motivation crowding theory, we hypothesize that extrinsic rewards might crowd out intrinsic motivation in the long run.

To test our hypothesis, we conducted a 3 x 2 between-subjects experiment. We manipulated the incentive on three levels: monetary reward (5 €), obligation-based incentive (obligation to a community goal), no incentive. We used a scenario experiment for data collection. We did not manipulate a member's activity level within the community, but asked participants about their current activity level within the community, and divided them into two groups: active and passive members. This procedure is in line with Ridings, Gefen and Arinze's (2006) argumentation. In total, 739 community members from a large German question-and-answer community took part in the experiment.

Study results confirm that different types of incentives have different effects on community members' intention to post, depending on their previous activity level. We found monetary rewards to increase participation among both active and passive members in the short run. However, the results indicate that monetary rewards tend to decrease active members' long-term intention to participate. Thus, the study provides evidence for a crowding out effect of monetary rewards on intrinsic motivation of active community members.

Our results have several implications for community managers. First, incentives appear to be effective in increasing members' short-term willingness to make a contribution. According to Ardichvili et al. (2003), the main reason that prevents community members from posting is that they feel intimidated because they are inexperienced or because they are afraid that their contributions might be inappropriate or not valuable. Thus, offering monetary rewards to new and unacquainted community members are likely to reduce their barrier to start posting and become active members of the community.Second, in order to avoid "the hidden costs of rewards" (Lepper and Greene 1978), community members should distinguish between already active members and passive members. Our results suggest that monetary incentives might have negative long-term effects on active members, who appear to be the most valuable members. Thus, monetary rewards should not be introduced for those members who are intrinsically motivated to contribute.

References available on request (ina.garnefeld@notes.uni-paderborn.de)

Acknowledgements
This research has been partly funded by the German Federal Ministry of Economics and Technology under grant number 01MQ07014 (THESEUS research programme).