Article

Marketing Theory
11(3) 261–278

DOI: 10.1177/1470593111408176
mtq.sagepub.com
SAGE

Ethics and value in customer co-production

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Abstract

This article will make one argument and one suggestion. The first part will argue that practices of customer co-production raise a serious challenge to established theories of value. The second part will suggest that these new practices, although widely disparate in nature, do move according to a common logic of value, and that this new value logic can be fruitfully organized around the concept of 'ethics'. Let me clarify already here that I intend 'ethics' in the sense of the ability to create the values that 'make a multitude into a community' (Marazzi, 2008: 66). As I will further elaborate below, this concept of ethics is closer to the original Aristotelian sense of that term, than to the Kantian ethics that has been central to modern, enlightenment discourse. My use of 'ethics', in this, Aristotelian sense, is not taken out of the blue. Rather, I propose that a notion of value based on ethics is already emerging within a range of cutting-edge economic practices involving aspects of customer co-production – from corporate social responsibility (CSR) to Open Source production and brand valuation. In other words, I am not proposing a new notion of value as I would like it to be, but I am pointing at actually existing trends and developments. However, since these developments are emergent they cannot be grasped as fully formed facts. My ambition in the second part of this paper is thus limited to suggesting a theoretical framework within which these emergent tendencies can be read in a novel way; and from which a more definite shape can be discerned.

Keywords

brand, commons, customer co-production, ethics, information economy, value

Introduction: Value and social production

In the last five years we have seen the emergence of new forms of value creation in a wide range of business practices. Encouraged by the diffusion of networked information and communication technologies; of an evermore participatory 'Web 2.0' culture and of an empowered, networked public opinion, companies have come to rely evermore on public opinion and its 'viral' dynamics

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as a source of corporate reputation and brand value (Cova et al., 2007; Hunt, 2009). Some have built extensive innovation networks involving suppliers, clients and sometimes, even, competitors (Hagel, 2005); and, most importantly, some have increased their reliance on consumers as participants to product and process innovation. Such practices have formed an important focus for recent debates in academic marketing and management discourse. Traveling under different names, such as 'value co-creation' (Prahalad and Ramaswamy, 2004); 'user-led innovation' (von Hippel, 2006); 'open innovation' (Chesborough, 2006); a 'service-dominant logic of marketing' (Vargo and Lusch, 2004); or even 'wikinomics' (Tapscott and Williams, 2006), the basic principle behind these practices is the same. Value is understood to be derived less from the proprietary resources that a company can directly command, such as labor, machines or even patents or copyrights, and more from forms of social cooperation that unfold at the fringes of the organization, and that involve consumers and other external stakeholders that are, per definition, less susceptible to corporate command and control. In short, value increasingly derives from the ability to attract and appropriate contributions from non-proprietary processes of what many now call 'social production' or collaborative forms of wealth production where monetary gain is not the prevailing motivation (cf. Benkler, 2007; Arvidsson, 2008). While the recourse to social production is not entirely new (cool hunting, for example has a history of least two decades, and within knowledge management there has been talk about 'creativity', 'social capital' and other intangible factors for a long time; cf. Frank, 1997; Boltanski and Chiapello, 1999), its importance has radically increased in recent years. Indeed, the rapid diffusion of networked information and communication technologies has resulted in a greatly enhanced productive potential of ordinary social interaction. This development has also rendered such productive interaction far easier to locate, identify and appropriate (Dyer-Withford, 1999). Together, these two features of an emerging informational culture have, some argue, triggered something of a Copernican turn in business practice, shifting the locus of value creation from the core to the edge of companies and organizations (Hagel, 2005).

Within academic management thought, the emergence of such new processes of value creation has been accompanied by a new interest in the concept of 'value' itself (as the papers in this special issue, as well as those in the recent special issue of the journal *Organization*, illustrate[1]).

Indeed, these developments pose two central questions that a proper theory of value must address. First, the 'technical question' of how to model, understand and eventually measure processes of value creation that not only unfold outside of the boundaries of the corporate organization and its established systems of measurement and control, but that also employ common resources, like the tacit knowledge of consumers or their social interaction, which, unlike salaried labor, have no given monetary price. (What is the fact that consumers identify with my brand worth in monetary terms? Does online reputation have a market price?) Second, the 'normative question' of how the surplus generated from such novel forms of value creation should be distributed. (Should participants in customer co-production initiatives be paid for their efforts? Should they be rewarded in some other way? Should unemployed 'cool' people be given a guaranteed income to compensate for the value of their 'coolness'? In that case, how do we determine who is 'cool' enough?)

In the first part of this paper I will argue that existing theories of value within managerial thought as well as the social sciences more generally are unable address such questions in relation to new practices of social production. This is because both the neoclassical approach that argues that value is set by market actors, and the Marxist approach which argues that value is determined by investments of socially necessary labor time in the production process, share two common traits that make them ill suited to understand new, more socialized processes of value creation: Both approaches are based on the assumption that value is ultimately created by a firm's proprietary resources, and both presume that value is primarily realized in commodity exchange. I will argue that both these assumptions, while still valid in many cases, have lost their status as self-evident truths in relation to many emerging practices of social production. The obvious conclusion is that we need a new theory of value. The second part of this article will begin to address that issue.

Part I: Established theories of value

Value is one of the most difficult and contested concepts in the social sciences. In the plural, *values* are understood as the common principles that guide (or should guide) our actions. Reflecting on such common principles and their elaboration has traditionally been the object domain of moral philosophy. In an economic context, the question of *values* largely translates into questions of distributive justice. In the singular, *value* is understood as the relative worth that that a society confers on an object or practice (gold is more valuable, for example than water). How such *value* is established has traditionally been the object domain of economics, and it has largely been a matter of supplying a theory for how particular use-values, objects or practices that are considered useful or desirable from the point of view of an individual or a particular social group can acquire generally recognized forms of exchange-value. In modern economics this roughly translates into a theory of the determination of prices.

In post-war social science, these two aspects of the problem of value – the 'normative question' of just distribution and the 'technical question' of price determination – have been kept largely separate. This separation can be traced to the institutionalization of post-war social science, in which, following Talcott Parsons's division of labor, the understanding of the formation of 'values' was held to be the object domain of sociology and anthropology, while the question of 'value' belonged exclusively to economics (cf. Wagner, 1994). As a result, economics (with the exception of some branches of welfare economics) has been relatively uninterested in the ethical consequences of economic processes (Sen, 1988).

The neoclassical approach

Following this division of labor, the traditional managerial approach to value has tended to avoid the first, normative question. In the existing business literature, value has quite simply been equated with profit maximization for the firm (Jensen, 2001; Dalli, 2009). In general this has meant that value is thought to be derived from a firm's ability to consistently maintain a market price that exceeds production costs. In recent decades that ability has evermore been attributed to the role of brands. Within the mainstream brand management literature brands have consequently been understood as the intrinsically valuable properties of a company's output that are understood to derive from the distinct and difficult-to-replicate resources that a company can control and command, whether that output consists in products, services, or, more generally, the ability to cohere consumers and other stakeholders around a common 'enterprise'(Aaker, 1991, 2009). Consistent with the increasingly popular resource-based view of the firm, it is with the proprietary resources of a firm that its ability to 'create value' rests (Bowman and Ambrosini, 2002). Today, this model of value-creation encounters three main problems.

First, since it is exclusively concerned with private value creation, this model and the neoclassical economic framework on which it rests has never been interested in addressing the ethical question of just distribution. This might not have been much of a problem as long as the model could be inscribed within a larger, normative 'social contract'. So long as it was thought that business' value creation would in some way be redistributed by non-business actors, like the state, and would in any case contribute to the general welfare of society, it was possible to claim, as Milton Friedman famously did in 1962, that 'the only social responsibility of business is to increase its profits' (Friedman, 1962). Today these two assumptions are less self-evident. With the onset of neoliberal policies and substantive cuts in welfare spending, the distributive role of the state has diminished radically in recent decades (cf. Harvey, 2007), to the point that business itself has begun to see a value potential in addressing questions of just distribution (Prahalad, 2004); and the idea that 'what is good for General Motors is also good for America' is less tenable in a world where the legitimacy of large corporate actors is in rapid decline, and where it is becoming increasingly evident that endless profit accumulation has large and potentially catastrophic environmental costs.

Second, since this model defines value creation as deriving from proprietary resources, it is ill fit to account for value creation that involves non-proprietary resources and activities that unfold outside of the wage relation. Indeed, within the academic literature on brands there is an almost schizophrenic divide between the consumer research literature that now emphasizes the productive role of consumers in the creation of brand value (Arnould and Thompson, 2005; Arvidsson, 2006), and the brand management literature that persists in viewing brands as internal and proprietary resources (Aaker, 2009). This split has been paralleled by a growing focus on intangibles within the accounting and management literature. This concept stands for a series of attempts to treat a number of obvious sources of value (such as the creativity of employees or the reputation of a company) that can neither be owned, contracted or paid for, as if they were proprietary resources (Zambon and Marzo, 2007). In the case of the direct recourse to consumer co-production (or social production more generally), this equation of value creation with proprietary resources and their deployment has led to a generalized inability to conceive of external processes of social production as endowed with any value whatsoever. Indeed, things like customer input, user driven innovation, or the deployment of social media platforms are often understood as the mining of free resources, as a 'free lunch for business', to use Toffler and Toffler's expression (Toffler and Toffler, 2006; cf. Tapscott and Williams, 2006; Anderson, 2009). This inability to even recognize that such external processes of customer co-production can have a value clearly makes it very difficult to address questions of their just reward or retribution.

Third and finally, established models of value creation are implicitly focused on commodity exchange as the main mode of realizing value. The value of brands is understood to primarily rest with their ability to motivate consumers to pay a premium price for products. However, the recent rise in the relative importance of financial markets vis-à-vis consumer markets and the concomitant importance given to shareholder oriented models of corporate governance has created a situation where financial rent has grown massively in relation to value realized on consumer markets as a source of corporate profits (cf. Fligstein and Shin, 2003; Schiller, 2005). This way, brands could be understood as deriving their value not only or even primarily from their ability to motivate a premium price on the part of consumers, but also, and perhaps even primarily, from their ability to legitimize market valuations of companies that tend to exceed book value with a factor of 2–3 (Hulten and Hao, 2008). This is particularly evident in the Web 2.0 sector, where (implicit) valuations of companies like Facebook are entirely dependent on the strength of the brand.[2]

The labor theory of value

The alternative to the neoclassical model of value creation is the Marxist 'labor theory of value'. Although not unique to Marx (both Adam Smith and David Riccardo operated with similar concepts albeit in a less developed way), the labor theory of value quickly became a cornerstone of Marxist thought, both theoretically and politically. Indeed the two levels reinforced each other. Because the labor theory of value played a significant role in Marxist politics, it became theoretically important to corroborate it and defend it against critique. From a technical point of view, the labor theory of value claimed that commodity prices are determined by the amount of socially necessary labor time involved in the production of commodities. From this point of view, gold is expensive, not because it is useful or beautiful, or even because it is rare, but because, since it is rare, it takes a lot of labor to find, refine and produce. The labor theory of value has run into a lot of problems (such as the problem of how value is transformed into prices), and a lot of solutions have been proposed, most of them highly technical. We will not concern ourselves with this here (for an overview, see Bellofiore, 1997).

The important political or 'normative' function of the labor theory of value rested in its enabling Marxists to claim that labor was exploited in the production process. Since labor is the only source of value, capitalist profits could only come from appropriating some of the value that labor produces; or, which is the same thing, paying labor its exchange value, which is less than its use value; its ability to produce value. This way the labor theory of value allowed Marxists to argue that capitalist profits were illegitimate (as opposed to Shumpeterians, for example who saw such profits as a just compensation for entrepreneurial risk), and that profits should thus be socialized or redistributed in some way.

But things get more complicated; for Marx, the problem of value begins with the distinction between use value and exchange value. Use value refers to the utility that a thing has for one actor or another; exchange value refers to its relative value in terms of other commodities. Use value is individual or at least particular, while exchange value is social and general. (This distinction is not an issue in the neoclassical model where market prices are understood to quite effortlessly equate individual use value and social exchange value.) It is understood that the capitalist economy (or any economy) works by imposing a general mechanism for translating use value into exchange value, what Marx calls a 'law of value'. In the case of the capitalist economy, the law of value states that the exchange values of commodities are (or should be) related to the investment of abstract labor time necessary for their production. However, it is important to note that this is not a natural fact. Rather, the development of the capitalist economy *makes this a fact* by organizing productive practice in such a way that concrete, individual productive practices can be compared and evaluated as expressions of abstract or socially necessary labor time. This process occurs through the transformation of labor into a commodity, something that can be bought and sold on the market. As a consequence, the labor theory of value only holds if labor has a price, if it has been transformed into a commodity that can in some way be bought and sold on a market. It is clear already at this point that it is difficult to apply the labor theory of value to productive practices that do not have a given price, that unfold outside of the wage relation. This has been done, however, most famously by Canadian media theorist Dallas Smythe (2002 [1978]) and his theory of the 'audience commodity'.

The audience commodity

Smythe argues that since media companies make money by selling on their audiences as a valuable commodity to advertisers (by selling advertising time), the actual audience 'works' or produces value in watching and paying attention and thereby producing a valuable audience commodity. Around this idea, Smythe reconstructs the Marxian theory of exploitation. If an advertising slot in the daytime soap opera *Enemies* sells for x dollars and the total value of all advertising spots X is larger than the television stations' costs in transmitting *Enemies* (Y); and it is, since otherwise there would be no point for a commercial television station to do so, then X-Y constitutes the surplus value that comes from the audience 'working on' the entertainment commodity *Enemies*, by devoting a certain number of hours to watching and paying attention to it. From the point of view of the individual watching, his or her labor is compensated by its exchange value (the entertainment and general use value that he or she can derive from watching *Enemies*, which has a monetary price of Y divided by total audience number z, Y/z), but it contributes the total of X/z. Y/z-X/z constitutes a measure of the amount of surplus value that the television station is able to derive from each spectator.

Recently Smythe's work has been invoked in discussing the 'labor' of participating audiences in producing value for Web 2.0 companies like MySpace or Facebook (cf. Fuchs, 2009a, and see below). However, it is important to note that Smythe's theory of the audience commodity and its work was elaborated in relation to a totally passive audience that was furthermore supposed to be completely captured by the medium it was watching. People were supposed to remain in front of the television set for the whole duration of the media product consumed, and pay total attention. Indeed, Smythe suggested that part of the value of the work of the audience commodity consisted in its replication of the consumption style suggested by the advertising spots inserted in the media product that they watched. This notion of the audience as passive and captured flies in the face of most of the research in media studies that has come after Smythe's writings (but not before him, in his defence).

However, for our purposes two different things are more important: First, for Smythe, as for Marx, value is related to measurable units of time in a linear fashion – 'socially average attention time' in Smythe's case, 'socially necessary labor time' in Marx's case. Second, these measurable units of time can be construed as having a given price (in terms of the cost of the entertainment necessary to attract such investments.)

Now, none of these conditions holds for practices of social production. First, because it is far more difficult to assign a price to these practices. Smythe could 'price' audience attention by looking at programming costs, however, this is far more difficult today, for theoretical and for empirical reasons. Theoretically because Smythe's theories of the audience commodity referred to a particular situation – that of watching television – that was thought to be distinct and separate from ordinary life, just like the wage is payment for a distinct and separate block of time, work time. But social production and online participation in general tend to coincide with lived time. Facebook users use Facebook as part of their ordinary communication and interaction. This makes it far more difficult to separate out 'productive time' from 'unproductive time' and hence far more difficult to define what time constitutes a source of value. Empirically this is illustrated by the difficulty that online companies and advertisers experience in assigning a precise price to online attention. The online advertising market is in constant search for techniques for measurement that can establish a convention of value: this means that, empirically, such a value convention has not yet been established. Discussions about 'intangibles' within accounting illustrate the same problem.[3]

This absence of a tenable definition of value makes it difficult to sustain, as Arvidsson (2006), Fuchs (2009a), and Coté and Phybus (2007) have done, that the Marxist concept of 'exploitation' would apply to processes of customer co-production. While uneven forms of value exchange doubtless take place in such processes, the 'free labor' of consumers can only be said to be exploited, in the strict sense of the term, if we can identify it as a source of surplus value. But since 'free labor' is free, it has no price, and cannot, consequently, be a source of value. It follows that in order to address the normative question of value distribution, and to think about a progressive economic policy framework for social production, we need a different theory of value.

Both the neoclassical model and the Marxist theory of value run into a number of difficulties in relation to processes of social production. Does this mean that these processes are simply 'beyond value', as some Marxists have argued, and that we are now witnessing a silent transition to a world where the 'law of value' no longer holds (cf. Negri, 1999), or which is the same thing, communism – 'not with a bang but with a whimper', as it were? Or is it possible to understand the value creation that occurs in these practices in a different way?

Part II: Ethical economy?

Let us start with the technical question of price determination. Here an answer needs to contain two dimensions. First, it needs to be able to specify how value is actually produced. Second, it needs to be able to tell us how value thus produced is rendered commensurable and measurable. It needs to be able to say how value is realized and circulates.

Value in social production

How is value produced in social production? In order to begin to look for an answer to that question we need to consider the particular nature of this modality of production. In contrast to commodity production, social production operates mainly with common, or non-proprietary, resources. These are essentially three: (1) 'free labor' (Terranova, 2004), or in any case productive efforts offered without monetary compensation as the main motivation, such as participation in a brand community or in an Open Source software project; (2) a technical infrastructure that mainly consists of networked PCs that are fairly 'common' (in the sense that 1.6 billion people have access to this infrastructure); (3) finally, a set of common skills or competences, what Marx called 'General Intellect', which are common to particular communities of practice and that can be freely apprehended by participating in such communities.[4] (A good way to learn how to program, for example is to participate in a free software project; you will learn how to care for your motorbike by joining a Harley Davidson brand community). Since all of these assets are common, and hence not scarce but abundant, they cannot per definition constitute a source of value. So what can?

Although analyses of customer co-production and other forms of social production within marketing as well as the social sciences more generally lack a robust common definition of value, they do share an implicit notion of where the values are. Most of them focus on affectively significant relations, or the kinds of relations that allow the experience of community, as the most important source of value in processes of social production. For example in their recent study of 'How brand community practices create value', Schau et al. build on an extensive review of the literature to identify 12 value-creating practices, which they 'assert [to] represent value-creating dynamics present in most, if not all, brand communities' (Shau et al., 2009: 10). These 12 practices are further divided into four thematic eras, 'social networking practices', 'impression management practices', 'community engagement practices' and 'brand use practices'. The first three of these are directly concerned with the creation of affectively significant relations among members of brand communities.

> Social networking practices are those that focus on enhancing and sustaining ties among brand community members [. . .] Impression management practices are those that have an external, outward

> focus toward creating favourable impressions of the brand, brand enthusiasts, and brand community in the social universe beyond the brand community [. . .] Community engagement practices are those that reinforce members' escalating engagement with the brand community. (Shau et al., 2009: 11–13)

The only practice that is not necessarily concerned with the creation of affectively significant relations (although this might be an aspect) is what they call 'brand use practices' which are 'specifically related to improved or enhanced use of the focal brand' (Shau et al., 2009: 13). Although the authors say nothing about the relative importance of such brand use practices in relation to the first three, the clear message of their literature review is that the most important source of value in brand communities are those practices that are able to install affectively significant relations among members of the community, and between the community and the public at large. Similarly, in their study of word of mouth marketing (WOMM), Kozinets et al. (2010) argue that the value contributed by consumers rests with their insertion of the promotional message within a network of affectively significant relations that is able to transform WOMM messages from 'persuasion oriented "hype" to relevant, useful, communally desirable social information that builds individual reputations and group relationships.' It is in this 'transformation of a market narrative into a social one' that 'the WOM communicator performs [the] services [that are] valuable to the marketers (Kozinets et al., 2010: 83). More generally, marketing scholars have emphasized the importance of 'social and affective labor of the consumer masses' (Zwick et al., 2009: 166) or their ability to create enduring relationships to and around a brand or company (Schultz and Hatch, 2009; Vargo and Lusch, 2004). Outside of the marketing literature proper, there has been a growing emphasis on the ability to install affectively significant relations as a source of value in a diverse range of economic activities that draw on customer co-production or other extended processes of social production, like reality television (Illouz, 1997; Bonsu et al., 2010); self-branding and freelancer careers (Illouz, 2007; Hearn, 2008; Forlano, 2008); creative work and creative industries (Arvidsson, 2007; Christopherson, 2008); open source or free software (Coleman, 2005; Benkler, 2006; O'Niel, 2009); open or socialized innovation systems (Lazzarato, 1997; von Hippel, 2006); 'post-bureacratic' organizations and knowledge work more generally (Maravelias, 2003); Web 2.0 business models (Heaton and McLellan, 2008); and, not least, 'post-Fordist' capitalism in general (Hardt and Negri, 2004). This makes it possible to suggest that what creates value in customer co-production and other processes of social production is not labor time per se, but the ability to create affectively significant relations that sustain a productive community and its relations to other stakeholders; the ability to produce what Maurizio Lazzarato, drawing on Hannah Arendt, and in particular her reading of Aristotle, calls an 'ethical surplus'.

Ethics?

Why 'ethical' surplus? Because 'the ability to create affectively significant relations' comes fairly close to what both contemporary post-structuralist thinkers like Levinas (and before post-structuralism, Michael Bahktin [cf. Bauman, 1993]) and Aristotle himself, who arguable initiated the Western tradition of reflection on this topic, understand by 'ethics'. We are used to understanding ethics in the Kantian sense of 'elaborating universal rules for moral action'. But for Aristotle the goal of ethics was beyond deliberation; it consisted of the notion of *eudaimonia*, or 'life well lived' that was implicit in the lifestyle of the Athenian aristocracy for whom he philosophized.[5] So the goal of ethics in the Aristotelian sense was the construction of those virtuous social relations that allowed an approximation of the ideal of *eudaimonia* within the *polis*. This implied the ability to balance one's passions and affects to those of others and to develop the character and disposition (*ethos*) that allowed for virtuous coexistence. Seen this way, an Aristotelian notion of ethics seems to offer a fairly adequate description of what actually creates (economic) value in processes of social production.

Ethical economy

How, more precisely, does the creation of an ethical surplus, or 'ethics' for short, create value? The literature on customer co-production and social production in general suggests two (related) ways in which this can occur. First, ethics, or the creation of affectively significant relations, can form, however transitory, a set of common values which can confer a particular *ethos*, or shared sense of purpose or direction on a diffuse and otherwise loosely connected network of social production. This process has been documented in the case of knowledge management, where the ability to create a corporate culture, or a corporate *ethos* that enables the freedom of self-organizing productive teams to naturally evolve in the right direction, is crucial to success (du Gay, 2007). Similar mechanisms have been observed in the case of free software, where Gabriela Coleman identifies as the most valuable contribution participants' ability to under take the 'ethical labor' (Coleman, 2005) that installs and supports the values that give direction and purpose to the community. A similar logic can be observed in contemporary developments of brand management. Brands today are much more than 'symbols of products'. They are better understood as a kind of platform (Lury, 2004) on which a disparate range of practices can be given a common purpose and direction. The valuable aspect of a brand is then precisely its ability to organize a disparate array of practices that occur inside as well as outside of the corporate organization around a common 'ethos'; to organize them around a common 'enterprise' (Schultz and Hatch, 2009). In their analysis of the management of customer co-production more generally, Zwick et al. (2009) argue that it is precisely this ability to work 'with and through the freedom of consumers' by 'constituting particular forms of life' around the brand that constitutes the key organizing principle of contemporary brand management; Arvidsson (2006) and Moor (2007) reach similar results. On a more abstract level, the value of ethics is directly related to the complex and diffuse nature of processes of social production. Simply put, the more a production process involves a diffuse network of actors that are located outside of corporate organizations, the more this production process relies on the ability to install the relations that support a common sense of purpose and direction that operates independently of command or monetary rewards. This tendency can be observed in contemporary developments of CSR. More than a matter of 'doing good', CSR today is increasingly a matter of 'doing well', or ensuring that the diffuse network of stakeholders that make up a company's value chain operate according to shared principles that ensure that a productive ethos of cooperation prevails (Vogel, 2005). From this point of view it might be important for a company to ensure that child labor is not used in the factories to which its material production is outsourced, not primarily because it is unethical in the Kantian sense of conflicting with universal moral rules, but because it would be unethical in the Aristotelian sense discussed above, by diminishing the ability to maintain virtuous (productive) relations with other important stakeholders, such as consumers or investors.

This leads us to the second, related way in which ethics can create value. The more a company, brand or other organization relies on productive input that can neither be commanded nor paid for (because it is located outside of the wage relation that ensured the ability to command the productive process in industrial capitalism), the more it needs to rely on voluntary offerings of productive input on the part of participants. In order to keep motivating such voluntary offerings the brand or community needs to install a set of shared values that are able to create a sense of affinity with the productive community on the part of participants. In other words, success hinges on the ability to construct the ethical preconditions for a functioning gift economy. Again, this mechanism is clearly at work in open production systems like free software communities, where the prevailing motivation for participation is an affective affinity with the particular community and its brand. Similar mechanisms are at work in brand communities (Muniz and O'Guinn, 2001), fan cultures, (Jenkins, 2006), and many instances of user driven innovation (von Hippel, 2006). Indeed, this principle was observed already by Gabriel Tarde who in 1902 gave us what was arguably the first theory of social production (see below). In a new, mediatized consumer society, he argued, market success increasingly hinges on the ability to install public perceptions of the use value of a product, of its 'truth, beauty and utility'. This can only be done by motivating members of the public to freely confer affective investments onto the public image of the product.

To conclude, it seems reasonable to suggest that what creates value in process of social production is ethics, in the sense of the ability to create the kinds of affectively significant relations, the ethical surplus, that are able to tie participants to a project, motivate them to keep supplying their productive input, and give a sense of meaning and purpose to their participation. The value of ethics in this sense of the term is directly related to the complexity and diffuse nature of processes of social production. As has been well documented in economic sociology, starting already with Talcott Parsons (Parsons and Smelser, 1956), the value of ethics, in this case the ability to create relations of trust, increases the more complex and informal a value chain becomes. When the classical mechanisms of economic coordination, identified already by Roald Coase (1937) as market and contract are insufficient, the value of ethics increases. This is particularly true in purer forms of social production where participants are not subject to the forms of command contained in the wage relation, like most cases of customer co-production. In this case, it is only by installing and maintaining intact the ethical premise of a functioning gift economy that a brand or a similar type of productive network can keep operating and reproducing itself. Processes of social production rely on common resources and tend to be diffuse and complex. This means that what is scarce is not a productive resource such as labor, skills or knowledge, but the ability to create cohesion and purpose around a common set of values. The ability to create, uphold and enforce such values and the ability to create economic value, ethics and economics, thus coincide.

Measuring ethics?

Having suggested that ethics, in the sense of the creation of the kinds of social relations that can underpin and support common values, is the most important source of value in social production, we now need to show how the value of such ethical practices can be measured and compared. We need to show how the particular values that guide one specific process of social production can acquire generally recognized exchange value.

The best way to understand this is to begin at the stage of realization. How is ethics, in the sense described above, valorized? Once again, this mainly occurs through the mechanism of the brand. How is the value of brands realized? In part a brand's value is realized through its ability to charge consumers a 'premium' price for products. But this is by no means the whole story, as brands today bring together a complex array of different value streams, some entirely unrelated to consumer markets, like the ability of a company to attract talented employees, the ability of an NGO to attract funding or of a city to attract real estate investments (Moor, 2007). As I suggested above, the growing importance of shareholder oriented corporate governance (Lazonick and O'Sullivan, 2000), and the massive growth of brands as a factor in the financial valuation of corporate assets that have occurred in recent years imply that brand values are primarily realized on financial markets (Raggio and Leone, 2009). How then are the financial prices of brands determined?

The rising economic importance of brands and other intangible assets that has occurred in last decades has been paralleled by a spectacular growth of the turnover on financial markets. There is a relation between these two phenomena: financial markets have become the most important 'place' where the values of such intangible assets are set. However, as we shall see below there are few or no established rules for the setting of such values, in particular in the case of brand valuation. Rather, the value of brands is set in more or less open-ended processes of deliberation, where standards of interpretation and calculability are established (cf. Beunza and Garud, 2007). This suggests that financial markets can be understood to contain the embryo of a new public sphere where the values of intangible assets can be deliberated. Is there already today a recognizable value logic behind these processes of deliberation?

Some recent theories of financial markets suggest that the value of brands, as well as other intangible assets, constitute a financial remuneration for a company's or organization's ability to attract productive resources from its social environment. The theory suggests that in Fordist, industrial capitalism, financial markets rewarded a company for its ability to extract value from its internal, proprietary resources; in post-Fordist, 'cognitive' capitalism, financial markets reward companies for their ability to attract value from external processes of social production (cf. Marazzi, 2008). While this might be true, direct estimations of such 'free' productive resources, of the amount of time that consumers dedicate to participating in a brand community, for example do not form the basis for actual practices of brand valuation. Rather, brands are valued in a different way.

In the marketing literature a brand's value is held to be based on its 'equity'. A brand's equity is generally understood as its ability to install positive affective relations with a multitude of stakeholders. These relations can range from the basic, like 'trust' or 'loyalty', to the more esoteric, like 'experience' or even 'spirituality'. In other words, definitions of brand equity coincide fairly well with my definition of 'ethical surplus': a brand's equity consists in its ability to create such an ethical surplus, which, according to the theory proposed above, also determines its ability to attract productive investments from its environment. How then is this ethical surplus measured; or rather, how can the particular ethical surplus that gives productive coherence to a specific brand be represented as a manifestation of a common value 'substance'? In order to understand this we need to turn to the practice of brand valuation.

The field of brand valuation has not yet been consolidated, and there is a wide array of diverse methods, approaches and theories. In a recent article Salinas and Ambler (2009: 44) list 17 different methodologies in use that arrive a widely differing results. For example valuations of the brand Apple by the three market leading valuation firms, Interbrand, MBO and Vivaldi, differ by as much as 300% (Salinas and Ambler, 2009: 53). As Lury and Moor (2010) suggest, a 'Nietzschian' situation prevails where those who are able to impose and claim legitimacy for their particular measurement techniques, like Interbrand and a few others, are also those who's techniques come to prevail and effectively set the standard for brand valuation. However, underneath the diversity of methods there is a common approach to most brand measurement tools. Most of them aim at transforming the particular affects and attachments that have formed around a brand into elements of *abstract affect*, measurable in terms of general indicators like customer loyalty, popularity, status in trend indexes and more recently website hits, 'conversational value' or online 'sentiment'. This makes it possible to suggest that brand valuation instruments, although still an unstable field, are part of a general development towards the abstraction of affect, its transformation from something personal, intimate and incompatible, into public manifestations of an objective, measurable 'substance', what I, drawing on Gabriel Tarde and Karl Marx (see below), call General Sentiment. Like in the case of the emergence of abstract labor as a general standard of measurement in the development of industrial capitalism, this process involves much more than the proliferation of new instruments of measurement. It entails a profound structural transformation in the ways in which affective relations are mediated. In order to better understand this process, it might be worthwhile spending some time on the concept of 'affect'.

General sentiment

The term 'affect' has had a growing salience in social theory in recent years (cf. Ticineto Clough, 2007). Usually the term is used in a tradition that goes back to 17th century philosopher Baruch Spinoza, who famously talked about affect as the 'ability of a body to influence another'. Defined in this very general way affect can be understood as a sort of basic glue or cement that keeps social relations together, so basic that it comes before language or meaning (Negri, 2002). Spinoza, and even more so French philosopher Gilles Deleuze who built on his perspective, understood affect to be necessarily mediated, by bodies, by language, by institutions and by other media, in the general sense of that term, that allowed bodies to affect each other (Deleuze, 1992). However, it was another French philosopher and sociologist, Gabriel Tarde (1902), who, writing at the turn of the last century, made a point about how mass mediation, brought on by newspapers, cinema and advertising, changed something fundamental about the nature of affect. If previously affect had primarily been interpersonal, private, and located at the contours of particular interaction systems, it now became increasingly public. Tarde argued that what he understood as a revolutionary new social form, the public, was essentially a community moved by and kept together by however temporary, forms of public affective communion. (As when a public of newspaper readers all get enraged by the same scandal, or a public of music consumers all embrace the same singer–starlet.)

Tarde thus argues that mass mediation transforms affect from something interpersonal and 'private', into something public and potentially objective. Indeed, German media historian Friedrich Kittler (1990) gives us a similar account of the period in which Tarde was writing: the turn of the last century. Rather than being experienced as something entirely interior (as in the 19th century romantic tradition), the formation of affect and sentiment is now partially externalized, guided by the flow of public opinion and the catalytic role of celebrities and *divae* as (momentary) containers of affective investment. Just as, according to Marx, the remediation of productive cooperation, through assembly lines, factory systems and ultimately a world market, makes individual skills and competences commonly available as General Intellect (see note 4), so renders the remediation of affect, through the industrialization of culture and the emergence of a mass public, individual affect generally available as what we could now call General Sentiment. As affect becomes public, it also becomes objectified and hence measurable. Indeed, at the time of Tarde's writings advertising psychologists such as Walter Dill Scott were beginning to speculate on how to measure such public affective investments with greater degrees of precision. This research led on to the boom in audience research in the 1930s, and more importantly the inclusion of affective variables like 'Values and Lifestyles' in market research in the 1970s (Arvidsson, 2004). This transformation of affect into something objective and measurable, into General Sentiment, has intensified with the diffusion of networked information and communication technologies, and in particular with social media. Social media make affective investments acquire direct public visibility and become comparable through a number of indicators, like number of 'friends', activity levels on profiles and, more recently, ratings (cf. boyd, 2006). At the same time a number of techniques for measuring the intensity of sentiment expressed on social media and in blog conversations, drawing mainly on data mining and pattern recognition technologies have emerged.[6] Indeed one could argue that the rapid growth of social media as the default platform for interpersonal communication (more people use social media today than email.[7]) constitutes something of a general remediation of affective relations making what were previously private affects publicly visible as objective, or 'cold' (cf. Illouz, 2007) manifestations of General Sentiment. Having acquired such a public and objective status, particular affective investments, in the form of General Sentiment, can also be compared and valued against others. We can observe this in a number of emerging practices in which such objective and measurable manifestations of affect are used as direct indicators of economic value, as in 'self branding' practices among knowledge workers (Forlano, 2008; Hearn, 2008), the formation of trust in e-commerce, or the measurement of the success and value of Word of Mouth and PR initiatives. In other words, as General Sentiment, affect acquires exchange value.

We now have the beginning of a theory of value for social production. It suggests that value is produced by ethics, or by the ability to install affectively significant relations. The ethical surplus thus realized acquires an exchange value as General Sentiment, as a measurable expression of objectified, public affect. This exchange value is mainly realized on the financial markets.

The substance of value is thus affective potential, but an affective potential that has undergone, and is still undergoing a process of remediation, whereby it is transformed from something private and subjective, into something public and objective, into General Sentiment. Just like the labor theory of value became possible once particular investments of labor could be rendered commensurable as quantitative manifestations of abstract 'socially necessary' labor, so an ethical theory of value becomes possible once private forms of affect have been remediated and abstracted into General Sentiment.

The normative question

Having thus articulated the beginnings of an answer to the 'technical question', we can start to think about the normative question of just distribution. Most critical approaches to customer co production or other forms of appropriation of social production have departed from some, however weak, notion of the Marxist theory of labor. These approaches have argued that it is the labor of consumers and other kinds of co-producers that is exploited. This implies that co-producing agents should be rewarded according to the only possible way to measure the value of (abstract) labor, labor time. What changes with the notion of an ethical economy? First we need to recognize that the value of ethics has no linear relation to investments of time. This means that estimations of the number of hours that participants in social production 'put in', are no longer a relevant measure of their value contribution. Second, we need to recognize that the Marxist labor theory of value was built around the idea of the structural necessity for unjust forms of exchange. Workers were remunerated according to the exchange value of their labor, which was necessarily less than its use value (for the capitalist). Christian Fuchs (2009b) has applied the same approach to Facebook arriving at the somewhat absurd suggestion that Facebook users are subject to 'infinite levels of exploitation' since the exchange value of their labor is zero!). The ethical economy, on the other hand, contains the possibility of just exchange. I want to stress that this is a *possibility*. Actual developments seem to point in an opposite direction, towards a growing concentration of power and wealth in few hands. The realization of this possibility naturally depends on action and struggle. But what does this possibility look like?

Financial markets reward brands for their ability to accumulate General Sentiment. What we know about motivations for participating in social production suggests that investments of General Sentiment, as well as of directly productive efforts like 'free labor' and voluntary knowledge sharing are conferred on brands on the part of co-producing agents in relation to the ability of the brand to create and maintain an ethical surplus. This means that the financial prices of brands could in principle reflect its ability to create an ethical surplus, to make a positive difference to its stakeholders. (Indeed this principle is often evoked in practical guides to Corporate Social Responsibility and reputation management. What creates a positive reputation or positive endowments of 'social capital' is generally held to be the ability to go beyond the call of duty, so to say: to offer a commitment to some cause that exceeds what is strictly necessary for success in one's line of business: The best thing is if a company can embrace a 'higher end', some moral, environmental or social task that authentically guides its actions: not only 'selling bikes', but 'working for sustainable transport' for example (cf. Hunt, 2009). At least in theory companies are awarded endowments of general sentiment in exchange for them offering an ethical surplus to the *polis*. What this amounts to is a rendering explicit of the implicit exchange that stands behind success in the information economy. To the extent that companies and networks increasingly live off of the resources of the polis, the General Intellect immanent in mediatized social interaction, their value, in terms of General Sentiment, is determined in relation to their ability to use that common resource to genuinely contribute to the *polis*.

The ethical economy of social production contains the possibility that brands (or other productive organizations) be rewarded, mainly in terms of financial capital, in proportion to their ability to contribute to their social environment through the creation of an ethical surplus. (This might be a matter of a particular experiential possibility, or something more tangible, like making a positive contribution to fighting environmental or social problems, or some combination of both.) The guarantee of this link would ideally be that financial valuation of intangible assets, like brands depend on investments of General Sentiment on the part of the public at large. Completely realized this exchange process would be fair since a brand's share of the global surplus that circulates on financial markets would be determined by the share of General Sentiment that it were able to attract. However, the fairness of this process presupposes transparency and equality of participation in the determination of the public flows of General Sentiment. It presupposes a novel public sphere in which more extended and transparent forms of participation are made possible. This is clearly not the case today. Today, a brand's ability to attract General Sentiment, and hence financial resources is largely dependent on its ability to spend money on media presence. However, many contemporary trends such as the diminishing importance of advertising in favor of PR, the perceived increasing autonomy of 'viral' online public opinion, and the difficulty of controlling online information flows in blogs and other forms of 'citizen journalism', together with emerging instruments that include estimations of companies ethical impact in stock market information systems, point in a direction where companies' ability to control their brand equity through advertising investments is challenged. In such a situation the obvious direction for a progressive agenda is that of aiming to increase the public participation in the processes in which General Sentiment is conferred on brands and other organizations, and in strengthening the link between such investments and financial markets. Given the unstable nature of this field, and the documented role, or 'performativity' of instruments and methods in actually defining what the values are (cf. McKenzie, 2008) it would seem that one possible way to do this is to engage in what Bruno Latour (2005) calls a *Dingpolitik*: to construct the kinds of devices, like brand measurement systems or vehicles of information transparency that extend as far as possible the process of political deliberation in which the values are set; to build the infrastructure of a new public sphere.

Notes

1. *Organization*, Special issue on Value, 17:5, July 2010.
2. For example, in his convincing infographic Mohammed Saleem, show how valuation of Facebook over the last six years have been entirely unrelated to both the number of users and actual revenue figures. This suggest that facebook's main asset is the reputational strength of its brand, see Saleem, M. 'Visualizing six years of Facebook', (available at http://mashable.com/2010/02/10/facebook-growth-infographic/, accessed April 16, 2010).
3. On the instability of existing value conventions in the Web 2.0 world, see Clay Shirky's recent blogpost 'The collapse of complex business models' (available at http://www.shirky.com/weblog/2010/04/the-collapse-of-complex-business-models/, accessed April 15, 2010). With regard to intangibles Nir Kossovski, executive secretary of the Intangible Assets Society, an advocacy group that is working to develop new standards and practices for monetizing intangible assets concludes, somewhat laconically: 'there is not the rigor and uniformity that governs the valuation of tangibles' (Caruso, 2007). The same thing goes for the valuation of intangibles outside of official accounting rules. A study of the valuation of intangible assets on the part of credit rating agencies like Moody's or Standard & Poor, show that these have little in terms of systematic rules for the valuation of such assets, and generally rely on 'the analysts experience and intuition'. This means that a growing number of companies rely on assets that they cannot measure and account for in any rational way. Or to put it in the more sober, academic terms of an accounting scholar: There is indeed a vast agreement in the scholarly and professional community that the value of firm performance is not adequately portrayed by the traditional financial measurement tools, which appear to many as incapable of representing the multidimensional nature of that performance (del Bello, 2007:187).
4. The notion of 'General Intellect' is developed in a somewhat obscure passage in the *Grundrisse*, Marx' working notes for capital (Marx, 1973 [1939]: 699–705). Here Marx argues that the more complex production chains become, the less actual labor time will count as a source of wealth. Instead wealth production will ever more depend on the competences and knowledge forms that develop as intrinsic properties of the production process itself, or General Intellect. It is important to note that Marx stresses that General Intellect is a common resource, available to each participant to the production process by virtue of his or her status as a social individual, and that General Intellect results from a collective innovation process that spring out of the 'ordinary' forms of social interaction that unfold in the production process. In other words, the remediation of social interaction caused by new machinery and infrastructure like assembly lines tends to make individual or particular competences contribute to formation of a commons stock of knowledge, or General Intellect. The managerial literature has discussed similar phenomena with terms like 'collective intelligence', 'tacit knowledge' or 'communities of practice'.
5. *Eudaimonia* comes from the roots *eu*- 'good' and *daimon*, 'spirit' or 'fortune', Aristotle is generally very vague on what exactly *eudaimonia* means. In the *Nichomachian Ethics* (1095a, 15–20) he defines it in very general terms as 'living and doing well'.
6. See for example Klout (http://klout.com/), TweetLevel (http://tweetlevel.edelman.com/) or The Whuffie bank (http://www.thewhuffiebank.org/).
7. 'New stats from Nielsen Online show that by the end of 2008, social networking had overtaken email in terms of worldwide reach. According to the study, 66.8% of Internet users across the globe accessed "member communities" last year, compared to 65.1% for email.' See Ostrow, A. 'Social networking more popular

than email', (available at http://mashable.com/2009/03/09/social-networking-more-popular-than-email/ accessed April 10, 2010).

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