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The Reputation Economy

Understanding Knowledge Work in Digital Society

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DRAFT VERSION

The Reputation Economy

Understanding Knowledge Work in Digital Society

Gandini, Alessandro

Palgrave Macmillan, 2016

131 pages

“Your experience level helps clients to match you with the most relevant projects. Be truthful in selecting your experience level. Setting inappropriate expectations may make it difficult to satisfy your client(s) and could adversely impact your reputation”.
Upwork, 2 June 2017, <https://support.upwork.com/hc/en-us/articles/216293377-Set-Your-Experience-Level>

The academic literature on the so-called “creative class” and the flourishing of freelance, “knowledge workers” is today overabundant. However, by elaborating on the concept of *reputation*, A. Gandini brings to light a “missing element” in the theory of the knowledge economy. Following a cross-disciplinary approach (economics, sociology, anthropology, and political science), the author explains how reputation has become the vital, intangible asset of independent knowledge workers.

The rise of a “freelance economy” (chapter 2) can be seen as a collateral effect of both the digital revolution and neoliberal policies favouring labor market flexibility. Digitization drives the organizational and geographic splintering of value chains. Thanks to the intermediation power of the Internet, innumerable tasks throughout value chains in all industries can be subcontracted to independent workers. A very fertile terrain for solos was found in media and communication sectors, which require little fixed capital, and are characterized by low barriers of entry. Self-employment has grown to enormous proportions, especially in countries which have embraced

aforementioned neoliberal policies such as the UK and the USA. In these two countries, which have for long placed entrepreneurs at the pinnacle of their social and political structure, the rise of independent work is favored by social recognition.

Given the primary role of the Internet in this worldwide “spot market” of labor, it was unavoidable that reputation become the prime asset of freelancers (chapter 3). One prominent feature of the digital economy is the existence of platforms – Uber, Airbnb, TripAdvisor... – which collect massive flows of feedback from customers, automatically analyse them, and provide instant diffusion of ratings and rankings, therefore acting as powerful “reputation makers.” Reputation is essentially a trust-enabler between people who do not know each other. Trust is “a device to reduce risks.” There is consensus in academic and business circles that advanced telecommunications and the Internet have not so far significantly diminished the need for face-to-face contacts when it comes to establish trust and to exchange information with rich or tacit content. The reputation built on platforms and social networks makes it possible to shift the trade-off between remoteness and the production of trust, and to leverage Granovetter’s “strength of weak ties.”

The author makes a useful link with the concept of social capital developed par Bourdieu and his followers. Social capital is a somewhat fuzzy combination of intellectual knowledge, relational skills and habits, received from family and school education, and enriched by experiences, that allows a given individual to leverage his participation in selected networks of people in different fields (business, policy and so on).

Chapter 4 is an empirical analysis based on 80 semi-structured interviews of freelance workers made for one half in London and for the other half in Milan. The author followed a “snowball” technique, with five informants in each city acting as “gatekeepers” for the remaining interviews. Milan and London are relevant choices for studying independent workers, given their position as vibrant hubs of the digital and creative economy. The analysis confirms notorious differences between the two cities and their national contexts. First, Milan is less cosmopolitan than London: all but one interviewees in the industrial capital of Italy are Italian, whilst 17 participants in London, out of 38, come from outside the UK. Second, self-entrepreneurship is more favourably regarded in the UK than in Italy (where civil servant has remained for long the most sought-after working position). Third, by comparison with London, the concept of personal networking is less socially accepted in Milan, where it may be regarded sometimes as a kind of clientelism or “pistone.” Last, Londoners interviewed, on average, make an annual gross income (£38,200) higher than their Milanese fellows (€32,400). These figures look modest, however, given the high cost of living in the two cities, notably in London. More, the breakdown of the revenues shows the dual structure usually seen in the world of freelancers: a little number of “high flyers” dominate a majority of self-entrepreneurs who hardly make a living and must sometimes rely on family backing. But the feeling of “being his own boss” may act as a compensation.

Participants in the study who are better off are precisely those who have secured the finest professional network and achieved the highest degree of reputation.

From the empirical analysis, the author derives two important features of professional social interaction, their compulsory and performative nature. First, professional sociality, online or offline, is compulsory to get visibility and recognition. It must be permanent. Having a LinkedIn profile well-updated is a basic prerequisite. Maintaining a blog is useful. Second, professional sociality is performative. Social networking must not be reduced to self-exhibition, but is also an act of “self-construction”, and an important part of the professional activity. “Free labour” is the ultimate point of the performative logic. Working for free is a controversial issue. However, many interviewees regard it as a strategic investment, whose return is, precisely, to establish one’s reputation.

Chapter 5 is about recruitment and the labour market. Beside LinkedIn and other social networks strictly speaking, many platforms such as Monster.com, Indeed.com, and Careerbuilder.com, are acting as aggregators of job offers, with the aim of matching demand and supply of work. The book reports the main results from a study on social recruiting (which the author participated to) financed by Adecco International, the largest staffing firm in the world, performed in 2014 and 2015. The study collected responses from 1500 recruiters and 17,000 job seekers. Results show the massive extent of Internet use for both job seeking and recruiting. Candidates at the upper end of the education and skill spectrums are more likely to use social media for job search. Recruiters massively use LinkedIn and Facebook to assess candidates reputations, along with Google search tools. The author elaborates on the case of Elance (now known as Upwork after the merger with oDesk), which is the largest marketplace for freelancers. At the time of publication of the book, Upwork accounted for 9 million registered contractors and 4 million clients. In 2016, according to the company, the total value of work contracted through the platform was worth one billion dollars.

The author concludes the chapter on “a critical note”, in suggesting the emergence of an “algocracy”, in which people are ranked and selected through platforms’ algorithms according to unknown criteria. Admittedly, the concentration of such a normative power in the hands of a few e-marketplaces is at least questionable.

Chapter 6 elaborates on the concept of “venture labour” as a conceptual tool for the understanding of digital, freelance work. In the eyes of the author, it seems that self-employed in the digital economy have embarked in the making of a collective ethos around the idea of being audacious entrepreneurs, risk-takers, and startup builders, as a way to escape their precarious condition. This reluctance to be seen as the new “precarariat” of the digital economy explains in part that unionization has so far had little appeal to freelancers. Self-employed in the knowledge economy do not see themselves as “digital labourers”, but rather as “shareholders” of their own enterprise. In this

respect, self-branding, work for free, and the building of a reputation online and offline should be regarded as capital investments from which returns are expected.

Chapter 7 is on coworking. The concept can be traced back to the creation of The Hat Factory in 2005 in San Francisco. Since, coworking spaces have grown to a worldwide phenomenon. Coworking spaces answer for the need of specific, “brick and mortar” places where freelancers can find opportunities to socialize. By attending coworking spaces, freelancers not only expect “relief from the alienation of an isolated work life”, but also seek to accelerate the creation of professional networks, or the introduction of themselves in existing networks. Coworking spaces materialize a spatial organization of freelance work. To some degree, they mimic the existence of industrial clusters, providers of agglomeration externalities.

In the conclusion, A. Gandini asks the question of a forthcoming, digitally driven, “great transformation”, and discusses about the existence of a “freelancers class”. The author rejects the possibility of a juxtaposition between class and lifestyle, like those suggested by R. Florida about the so-called “creative class.” He states that, despite abundant evidence of low-paid, piece jobs in the digital economy, “there is not enough recognition of how many freelancers are reluctant to be associated with precariousness”, but rather “see themselves as a powerful force among innovative professionals” of the digital economy, “entrepreneurs, startupers, and change-makers.” Nevertheless, the development of “Ubercapitalism” must not be underestimated. It is characterized by the unfair balance of power between piece-wage workers on the one hand, and algorithm-powered e-platforms on the other hand. The author sustains that in the digital economy, society *is* the market, and reputation may be a “fictitious commodity traded to translate social relations into value”, while piece-wage freelancing and micro-entrepreneurship may become the standard employment regime in the foreseeable future.

This brief review does not give full justice to the depth of knowledge and critical thinking embedded in this small book. I found few weaknesses to criticize. The standard use of the Harvard System for referencing would have been preferable. Instead, the book resorts to notes for in-text reference callouts, full references being listed at the end of each chapter. Therefore, the final bibliography looks in some way redundant.

Despite its short format (131 pages), *The Reputation Economy* offers a stimulating and engaging reading. Elaborating mainly on his PhD and post-doctoral research work, A. Gandini offers a comprehensive, up-to-date review of the existing literature, and well-designed empirical developments. This well-written, cross-disciplinary book is definitely a must-read for researchers and graduate or advanced, undergraduate students interested in the economic, sociologic and anthropologic features of the digital society.