

Decentralized autonomous organizations (DAOs) for value cocreation in the arts

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Purpose – Digital business models, such as those employed by Spotify, Houzz and Artstation, have significantly changed the way value is created in the arts sector. This change, however, is not always in favour of the artists and their audiences [1,2,3]. Artistic work has, arguably, long been underpaid and undervalued [4]. Only one quarter of creative professionals report that they can live comfortably on their income, while the others feel they are unfairly remunerated [5]. Tensions around income and funding in the arts sector provide fertile ground for disruptive decentralized and blockchain-based business models [6] – referred to as decentralized autonomous organizations (DAOs) [7]. For example, Audius – a blockchain-based music streaming service – automatically pays royalties to artists when their songs are downloaded, with no middle men (e.g., central platforms, music labels) involved. Decision rights are distributed among developers, token holders and users leading to new ways of value co-creation [8, 9] based on democratic and more equitable governance mechanisms [10, 11]. DAOs have the potential to recalibrate the arts sectors’ business models by facilitating fair and equitable ways of sharing art [12,13,14]. For example, they provide the means to design ‘fair trade’ models for art distribution and art funding. The purpose of this research is to explore the potential and challenges of DAOs in the arts. Specifically, we aim to answer the following questions: (1) To what extent do decentralised technologies offer artists more inclusive and participative solutions to organising and resourcing their work? And, (2) How can DAOs be structured and governed to allow for sustained value cocreation among artists and between artist, their funders and their audiences?

Design/Methodology/approach –We currently explore the business challenges (particularly related to digitalization), tensions and needs of artist in New Zealand using focus group discussions, in-depth interviews and observations [15]. Additionally, we analyse multiple cases of existing DAOs in the arts sector [16] and interview founders, developers, token holders and users to understand how DAOs operate. Initial findings can be presented at the 7th Naples Forum on Service in June 2021.

Findings – We expect to discover alternative ways of cocreating value in the arts, specifically related to funding and sharing art. More generally, this research will contribute to understanding blockchain-based decentralized business models and their underlying logic of value cocreation.

Originality/value – As evidenced by the literature, there is a widespread belief that disruptive technologies, such as blockchain and distributed computing systems have fundamental implications for how value is created through appropriate business models [17]. While the business model literature has focused primarily on centrally governed organizations [18,19], and more recently on platform-based [20] and social purpose organizations [21], decentralized organizations emerging in the context of distributed computing systems are less understood. This research equips scholars, managers and policy makers with new theory for business model design of DAOs and their systemic value cocreation mechanisms, applicable for the arts sector and other areas of the economy, such as the growing gig, freelance and sharing economy, in with many contributors feel undervalued and unfairly remunerated.

Keywords (max 5) – Systemic business models, blockchain, DAOs, value co-creation

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