## case study: Facebook

**Facebook: Participative Decision Making**

Since creating Facebook in 2004 in a Harvard University dorm room, Facebook founders Mark Zuckerman and colleagues have, for the most part, followed a decision-making style that is common in US businesses – decisions are made internally by members of the organization. However, after significant backlash from users, Facebook seems to have realized that a new strategy might be needed.

Facebook allows its users an unprecedented ability to express and publicize their satisfaction or lack thereof with the company—and Facebook users haven’t been shy in expressing their opinions. Facebook users protested recent changes made to the web page’s appearance by creating a group called “We Hate the New Facebook, So Stop Changing It,” which has well over a million members.[[1]](#footnote-1) In 2007, Facebook introduced Beacon, which allowed users to see what Web sites were visited by their friends and showed their online purchases.[[2]](#footnote-2) Members protested against the invasion of privacy and Facebook responded by removing the application. When Facebook altered its privacy policy to include their right to archive user content even after the user chooses to remove it, members protested and Facebook scrambled to put a positive spin on the issue.[[3]](#footnote-3)

Instead of ignoring protestors and other less vocal customers, Facebook has decided to formally include them in the decision-making process. Facebook founder and CEO Zuckerman wants users to meaningfully participate in Facebook’s future. As a result, Facebook will hold virtual town hall meetings for thirty days following any change to their principles and statement of rights and responsibilities. Users will be able to comment on these changes, Facebook will review and consider these submissions and then republish the statements. Facebook will also consolidate comments and post the most common ones. Once these principles and statements are republished, all users will be able to vote on their adoption.[[4]](#footnote-4)

What does Facebook hope to gain from this type of participative decision making? The answer is the same benefits that research has found result from employee participative management: namely user commitment and satisfaction through engagement and trust in the company.

**Discussion Questions:**

1. Participative decision making is good for Facebook since it allows users to give direct feedback on the product. What are some of the limitations and costs of participative decision making that Facebook must accept?
2. The bounded rationality model suggests that, at times, organizations make decisions that are not completely rational. Under what circumstances do you think it is justifiable for Facebook to disregard users’ comments and complaints about the service?
3. The online environment provides a relatively easy way for users of Facebook to participate in the decision making process. Is an online presence necessary for participative decision making? What disadvantages does online forum present? Are there alternative methods of giving consumers a voice in decision making process?
1. http://www.facebook.com/photo.php?pid=1705632&id=829502718&saved#/group.php?sid=117ac309f77 ebca5d59c832559a2374d&gid=21225988060&ref=search. [↑](#footnote-ref-1)
2. J. Hempel, “How Facebook Is Taking Over Our Lifes,” *Fortune* Magazine Online (February 17, 2009), http://money.cnn.com/2009/02/16/technology/hempel\_facebook.fortune/. [↑](#footnote-ref-2)
3. B. Stone and B. Stetler, “Facebook Withdraws Changes in Data Use”, *The New York Times* online (February 18, 2009), http://www.nytimes.com/2009/02/19/technology/internet/19facebook.html. [↑](#footnote-ref-3)
4. “Facebook Opens Governance of Service and Policy Process to Users” (February, 26, 2009), http://www.facebook.com/press/releases.php?p=85587; B. Stone and B. Stetler, “Facebook Withdraws Changes in Data Use,” *The New York Times* online (February 18, 2009), http://www.nytimes.com/2009/02/19/technology/internet/19facebook.html. [↑](#footnote-ref-4)