

Propelling passion with a hint of caution

“Hey buddy, did you hear about Tony, our childhood pal? The chap has landed an assignment with a fashion house, you know.... Buddy, are we doing justice to our existence?”

These were my friend’s words over a phone call, that echoed in my ears for minutes after he hung up. The shock in his voice and my subsequent bewilderment were evident in our mutual cluelessness about how Tony could suddenly do better than us in life. Tony was a below-average guy, who had a 12-year affair with the last bench of the classroom, throughout his school life. Teachers disliked him, academic rankings never cared for him and we, his friends, loved him for his prank-laden joviality. Mimicry, jokes, dance and anything disassociated with studies were his forte. As the academic world would have it, he was always judged as a sincerity-challenged lad, who would not be up to anything great in life.

If only the school could have been a better foreteller. 12 years down the line, after having bidden goodbye to school, Tony seems to have landed an opportunity worth more than what I and my friend had together managed to earn. Tony’s finesse in mimicry and unfiltered funny acts on TikTok got him the visibility that he perhaps craved for from his school and family. My further frantic research – or I must say ‘envious investigation’ – informed me that Tony had emerged as an influencer on social media of late and was now the apple of the eye of a large fashion brand. With thousands of people following him – albeit virtually – and almost a million landing in his lap, I began reevaluating if walking on the beaten career track had done me any good, when the passion economy has become the new reality.

This reassessment of career decisions was much warranted. For in this new era fueled by the internet, social media and artificial intelligence (AI), traditional career choices no longer call the shots. The emergence of an array of new digital platforms allows people – regardless of age, intellect, region and education – to make a mark for themselves and invite wealth & fame into their life, instead of simply chasing them. Looking at the way how a top-earning writer on Substack, the paid newsletter platform, earns above \$500,000 annually from reader

subscriptions and how a video course creator on Podia makes more than \$100,000 a month¹, it is easy to decipher that the world has shifted from job economy and gig economy to Passion Economy – where people build their own small enterprise based on what they are good at and what they love doing. Dr. Drucker’s theories of management well explain the ascent of the passion economy, or its alias ‘creator economy’.

Monetization of individuality

Gone are the times of “Uber for X” where people would work in on-demand marketplaces to monetize their time based on automated matching of supply and demand, while controlling pricing. These platforms simply homogenized the service workers, to enhance the efficiency and consistency of services. And therefore, though these platforms followed Peter Drucker’s advice of increasing efficiency in the operations, they don’t follow the principle of “Human Community”.² The core of Human Community is to create a sense of community as a team grows and then gets large enough to spin off to its own group. Everyone in such micro-communities is connected through shared vision, success and process. Passion Economy does a superb job at this, by allowing content creators to express themselves in a way that accentuates their individuality. The creators hold the power to decide their content, execute it, publish it and build their audience by differentiating themselves using their own exceptionality. Consequently, the rush for outperforming others in a predefined role and metric is no longer a concern, as every creator is competing with oneself to grow better than yesterday. This makes the creators share each other’s content, which ultimately results in making some of the content viral. The platform owner can then reward the top creators with incentives and build a dedicated program for them, like YouTube FanFest or TikTok Creator marketplace, helping brands to reach out to the influencers directly and track the campaign results.

When individuality becomes a feature, instead of a bug, the audience gets rewarded with diversity. For example, Outschool is an online marketplace for live video lectures, in which

¹ Li Jin, ‘The Passion Economy and the Future of Work’, Future, October 2019, <https://future.a16z.com/passion-economy/>

² Kathleen Rich, ‘Applying Peter Drucker’s Management Principles’, Space Coast Business, April 2020, <https://www.spacecoastbusiness.com/applying-peter-druckers-management-principles/>

teachers and stay-at-home parents can design their own curricula and lend a distinct touch to their content for differentiation, rather than trying to outcompete other creators using a common mundane way of work – which we see in the corporate sector and the gig economy as well. This aligns so well with what Drucker mentioned in his book, *The Essential Drucker* – ‘Every enterprise is composed of people with different skills and knowledge. It must be built on communication and individual responsibility.’³ In the Passion Economy, the creators are taking the onus of engaging with their audience proactively, just as if they are entrepreneurs, and are creating what Paul Jarvis mentioned as “the Company of One”.

Federalism of production

Drucker was a proponent of federalism and supported the idea of having centralized control in a decentralized structure. He advocated top management to focus on the important functions, while setting a benchmark to calculate the success of the team.⁴ Digital platforms fueling the passion economy take this principle notches ahead with the infusion of technology. While the creators focus on designing and publishing their niche and intimate content, the digital platforms equip the creators with cutting edge tools for analyzing engagement metrics and with AI-based solutions for capturing a greater audience share. Having the performance metrics available at their fingertips allows creators to pursue Specific, Measurable, Achievable, Relevant and Time-specific (SMART) goals – a Management by Objectives (MBO) philosophy that is at the core of Drucker’s management theory.⁵

“In a knowledge society”, Drucker writes, “the employees... own the tools of production”.⁶ The creator has inalienable ownership of each idea, every application of knowledge and has discretion about this application supports the organization where the content is hosted. The knowledge worker is not closely supervised but enabled by the management, Drucker

³ Jenny Fan, “Peter F. Drucker’s 7 Principles of Management”, LinkedIn, August 2016,

<https://www.linkedin.com/pulse/peter-f-druckers-7-principles-management-jenny-fan/>

⁴ Anisa Choudhary, “A profile of Peter F. Drucker – Father of Modern Management”, Toronto School of Management, August 2018, <https://www.torontosom.ca/blog/a-profile-of-peter-f-drucker-father-of-modern-management>

⁵ Nadia Reckmann, “4 Ways to Implement Peter Drucker’s Theory of Management”, Business News Daily, April 2022, <https://www.businessnewsdaily.com/10634-peter-drucker-management-theory.html>

⁶ P. Drucker “The knowledge worker, and the knowledge society”, Edwin L. Godkin lecture, Harvard University, 1994.

believed. Some platforms achieve this by providing marketing tools, like custom landing pages and affiliate programs. Walden connects new creators with coaches for strategy design, while Prenda – a marketplace of K-8 micro-schools – offers teachers help with curricula, supplies and software. Drucker's management theory also recommends "Equitable delegation of power"⁷, which digital platforms achieve by treating all creators as equals and empowering them with tools for achieving excellence.

Engagement-focused, not discovery-focused

The passion Economy has emerged as a replacement of the Attention Economy, as the latter focused more on creators chasing their prospective customers on social media. Consumers have also begun suspecting the way social media titans are profiting from their attention and the absolute addiction to content has begun tiring the consumers. This is where passion economy has created a room for interactions that are more sincere, non-taxing and meaningful. Since consumers subscribe to creators based on their niche interests, they stay connected longer to the creators, thus forming a loyal follower base. Creators feel compelled to make meaningful content and engage with followers on a personal note, to pursue intimacy at scale. No wonder, creators are liberated from the frustrating need for deploying aggressive marketing strategies and putting money in repeated advertisements, because consumers aligned to the creators' passion display a higher stickiness with their subscriptions.

Contrary to the attention economy where the widest possible appeal is crucial for profit, the passion economy rewards differentiated products and services. Higher personalization in a creator's offering ensures better value for niche communities. A Forbes survey highlighted that more than 70 percent of British consumers said they'd join a community group related to a personal passion or interest.

⁷ Nadia Reckmann, "4 Ways to Implement Peter Drucker's Theory of Management", Business News Daily, April 2022, <https://www.businessnewsdaily.com/10634-peter-drucker-management-theory.html>

Having realized the immense advantages Passion Economy was associated with, Tony's recent shot to glory did not come as a surprise to me. Though I always presumed that I was racing ahead in the job economy, it soon struck me that Tony's life had already shifted two gears ahead. A few weeks later I managed to seek an appointment with Tony, having discovered from his social media status that we were coincidentally in our common hometown during that time. Being unrestrained in my conversation with an old pal, I spilled the beans about my sentiments of dissatisfaction with the job economy and the merits of the Passion economy. Sipping coffee with a gentle smile, Tony introduced me to the underlying facets of passion economy that usually don't meet our eyes, unless one digs deeper using Drucker's theory.

Over-supply led competition

I must say that in the very first few minutes of sitting alongside Tony, I was inundated by a barrage of pride-filled display of his videos on his smartphone. I even got almost pestered to follow his social media account and to share it across with friends and other networks. No wonder, it exposed that the passion economy has almost turned into what it sought to eliminate. Like the gig economy, the passion economy is marked by the incentivization of over-supply, which leads to a multitude of people willing to monetize their passion. To enthrall the audience, the digital platforms serve a stream of alternatives to the audience with their algorithms. For a common passion theme, a creator's content gets commoditized and substitutable with rival offerings. Thanks to the preferential attachment model that algorithms use for building monolithic feeds, creators like Tony are often under pressure to capture the attention of audience on social media for building a loyal consumer base. Such automation of visibility and rewards by algorithms erodes the humanization of technology. In Drucker's words, "[w]ithout [human knowledge], the machines, no matter how advanced and sophisticated, are unproductive." The need for aggressive marketing before creating the Human community, as defined by Drucker, is what chokes the soul of the passion economy.

Storefront syndrome

Soon, Tony's life and success ceased looking as vibrant as I had imagined with my friend. With each sip of latte, Tony seemed to be spilling the beans – no, not coffee beans I mean. I asked Tony what he plans to do next with his content and if he is planning to go big with own app or a website sort of thing. An emphatic “NO” came the immediate response. He explained that he is so much dependent on his digital platform for his audience that if now he shifts to another one, he risks losing almost entirety of his hard-earned audience. First, because he is completely reliant on the tools that the platform provides and such platforms avoid the risk of disintermediation of creators by controlling these workflows, invoicing and scheduling tools without which no creator can possibly excel in the cut-throat competitive realm of passion. Moreover, any creation not served on the leading platforms is often considered less trustworthy and low quality by people. Leveraging the two-sided network effects of creators and consumers, these platforms create a clout that other competitors often fail to penetrate.

As a result, creators get shackled to such “Amazons of passion”. Just like Amazon holds its customers close by offering prime shipping and trending customer services, digital platforms like TikTok, Patreon, Medium etc. hold their audience tight. This leads these platforms to gradually mature into storefronts through which creators interact with the audience, while the audience is technically owned by the platform. Any movement of the creator to another platform will result in mental harassment of the creator while building the audience base and engagement metrics from square one. Even product design can change overnight – much to the bewilderment and aggravation of creators – to favor different types of content, thereby diverting the once loyal customers elsewhere. A Toronto-based TikTok creator once said in a New York Times article about creator burnout, “It almost feels like I’m getting a taste of celebrity, but it’s never consistent and as soon as you get it, it’s gone and you’re constantly trying to get it back.”⁸

Eventually, the platform begins to have its way and wields immense control by centralizing the production and distribution mechanisms. Sooner or later, creators become a thumbnail

⁸ Taylor Lorenz, "Young creators are burning out and breaking down", New York Times, June 2021, <https://www.nytimes.com/2021/06/08/style/creator-burnout-social-media.html>

on the home page of these platforms or apps, vying for capturing the audience's attention by a hook that makes them part of a different league of rat race, much distant and intermittently rewarding compared to the corporate job economy. The Storefront Syndrome – yes, that's a word I just coined, given my passion of inventing new words – ultimately kicks into what had once professed Drucker's philosophy of decentralization of control.

Ethics of data and content

A pertinent question also revolves around the ethical paradigms that are staring at a disruption, owing to the passion economy. The first concern is regarding the ownership of data. Currently, the digital platforms driving the passion economy own the creator and consumer data, which positions them as an authority over the creators. The data on the location of creators and audience, a record of events and interactions, microtransactions, reputation metrics and feedback scores strengthen the network effects for the platforms. Creators need these data, end-user relationships and social graphs to access their audience and the income. By holding data as a proprietary asset, the platform owners attempt to minimize the departure of creators. Unless data portability is assured, platforms' lock-in will strengthen, much in hostility to Drucker's principle of decentralization of control.

Moreover, the liberty offered to creators to develop and publish any kind of content may prove to be detrimental to the social fabric. Today, one can find a sizeable population of passionate souls exploring platforms like OnlyFans, which cannot be outrightly deemed as completely immoral, but misaligned with what we may expect from an ethical enterprise. Drucker said, it's up to the company to create an ethical customer. According to him, if managers and businesses don't take responsibility for the community, no one else can or will.⁹ Therefore, the obligation of offering a socially responsible business model and an avenue that encourages socially constructive passions lies on the platform developers too. And the company just cannot evade the question of content ethics by shifting the responsibility to the creators. Drucker believed that if an organization has taken an action –

⁹ Nadia Reckmann, "4 Ways to Implement Peter Drucker's Theory of Management", Business News Daily, April 2022, <https://www.businessnewsdaily.com/10634-peter-drucker-management-theory.html>

regardless of how intentionally socially responsible – it assumes the responsibility for its outcome in the future.

Tony seemed to have given me a good insight into how the entire passion economy was shaping, albeit with mixed flavors for creators like him. Before we could bid goodbye, I just casually asked him what he anticipated as the future of this economy. Tony's very word was something that Zuckerberg would be delighted to hear. *"Metaverse – that's where we are headed,"* said Tony. He made absolute sense though. Music aficionados and passionate performers have already begun navigating their next steps in the metaverse. Travis Scott's augmented concert in the Fortune Videogame space is a recent example, where over 2 million people in their avatars showed up for the virtual event.¹⁰ In November 2021, Justin Bieber held a 30-minute meta-universe concert on the virtual music platform Wave. No wonder, passionate creators from other industries will soon hop into the virtual realm. And with that, the questions around ethics, payments, data ownership, individuality and federalism of platforms will get all the more pressing.

Looking at the underlying philosophy of passion economy and the way it is shaping up, Tony and I somewhat agreed that it is going to be a stream parallel to the job economy, not its replacement. Moreover, passion economy, gig economy and job economy – all have in common the man's pursuit of independence, meaning, fulfillment and recognition for one's caliber and work. Passion economy is undeniably poised to expand by leaps and bounds, though it is going to stay as a sibling of previous economies, not as their nemesis.

Postscript

My friend just called me up to say that he has started his own Substack newsletter to nurture his passion for writing. The irony is that his articles rant against passion economy. Irony of

¹⁰ "Concerts in Metaverse are Popping Up!", Airdrop Alert, March 2022, <https://blogs.airdropalert.com/concerts-in-metaverse-are-popping-up/>

ironies, passion economy is helping his work to thrive among his newfound audience. Would Dr. Drucker have been interested to explore this dichotomy?