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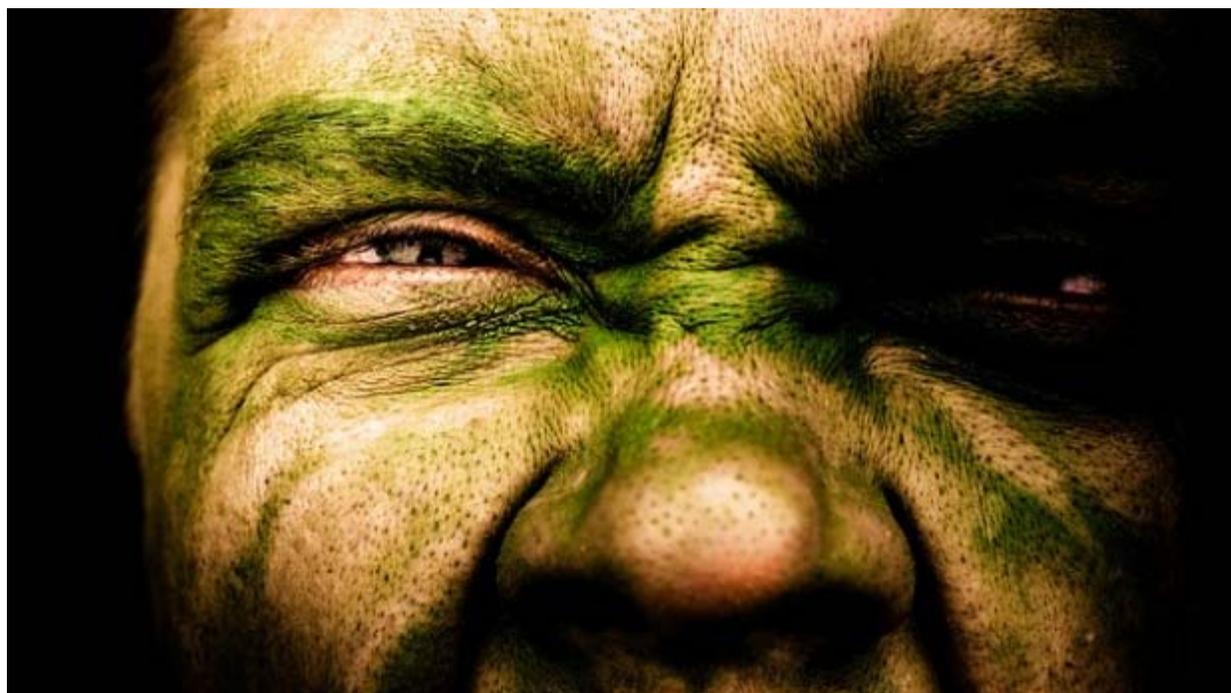


FC Expert Blog

# Social Media's Envy Effect

BY DON PEPPERS | DECEMBER 22, 2011

*This blog is written by a member of our blogging community and expresses that member's views alone.*



In his book *Predictably Irrational*, Dan Ariely notes that from about 1978 to 1993, the average pay for a public company CEO climbed from 36 times the average worker's pay to 131 times. In order to "shame" companies into holding back on lavish pay for CEOs, the Securities and Exchange Commission began requiring publicly held firms to disclose the pay of their top five executives in their financial reports. The result? Since that rule was implemented, CEO pay has skyrocketed upward, to 369 times the average worker's pay, nearly three times as high a ratio as before! And this is a real economic issue. One academic study, in fact, estimates that by 2003 the combined pay of the top five executives at public companies had [climbed to more than 10% of the company's net income](#), compared to less than 5% prior to 1998.

Lots of reasons can be posited for this yawning pay gap. Globalization, for instance, may be holding down the average worker's compensation, while also bidding up the demand for capable top executives. But I think Ariely's hypothesis is more plausible: By making a senior executive's pay directly comparable with other senior executives at other public companies, the SEC unintentionally generated a feeding frenzy of comparison shopping by executives. You can't blame a CEO for competing with other CEOs to have the best package, and this became a lot easier once the SEC made the information freely available.

Is it possible something similar is now happening to the rest of us, as a result of the e-social revolution and the dramatic increase in transparency that it is generating? While it's human nature to be social and want to help others, we also have a natural tendency to be competitive, envious, and jealous of others. It is our nature to evaluate our own lives in relative terms. I'm happier when things improve for me relative to how they used to be, but I'm also happier when things seem better for me than for my neighbor. And social media platforms now allow me to make much more direct comparisons.

Think about it: We compete to have the most Twitter followers, the most LinkedIn connections, the coolest status updates, the most interesting Facebook friends, the cutest pictures, or the funniest videos. We compete to display our own knowledge and insight, because--at some level--we want to display better knowledge and insight than others.

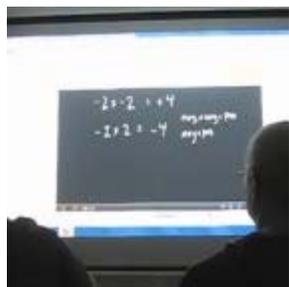
Not convinced yet? Consider the way games and contests are being used now, in the e-social era. "Gamification" now motivates many people to [live healthier lives](#), to [succeed in their diets](#), and even to [consume less power at home](#). Marketers use [gamification](#) to sell products and engage customers in more active relationships. And gamification may soon [revolutionize education](#), just when we think the current system is irretrievably broken.

If you think about it, the concept of a free-market economy itself is a kind of gamification of human production. Yes, we're all happy when we make more money, but we're happiest when we make more money than others. Just ask any CEO.

Competition can be a marvelous thing, but envy is its dark side. And before you condemn CEOs for such envy, ask yourself first whether you're part of the 1% or the 99%.

[Image: Flickr user [lamazone](#)]

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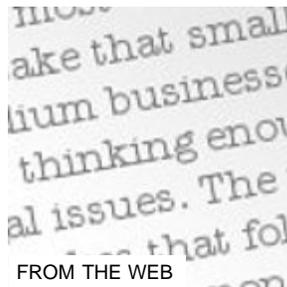
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COMMERCE EXCHANGE

Social Media is the new channel for interaction, depends on which platform you are using you will get the targeted audience, the problem has become that is a competition and it shouldn't be. It has to do of finding and becoming a reference point, people who add value.

Regarding Klout too early to say, i hope they go for a real trend of providing metrics and not the gamification, but we will see

12/26/2011 03:10 AM

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JUSTIN MOORE-BROWN

Thanks for the great article Don. 2 perfect examples of social media envy:

1) Klout score/rewards - With people constantly boasting about their klout scores and all of the free swag they are receiving it's going to inevitably cause a level of jealousy amongst those that can't get some of the higher-end awards. Gamification at it's finest.

2) Last year during SXSW, many users made it known that they felt all of the tweets in their stream about the event was causing a certain level of jealousy from the people who couldn't attend the festival.

Social Media has definitely gotten away from it's initial routes, but when big companies begin throwing big money into the pot, the end result is typically a loss of initial goals and increase in noise.

12/25/2011 03:18 PM

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The trouble is that much of social media is one dimensional. We only see one aspect of a person's life, the salary, the cars, the houses. We don't see th cost of such things, the broken marriages, the drinking, drugs, etc. We pick what we want to display to others. Based on much of Facebook, everyone is totally happy with six figure salaries.

12/23/2011 12:25 PM

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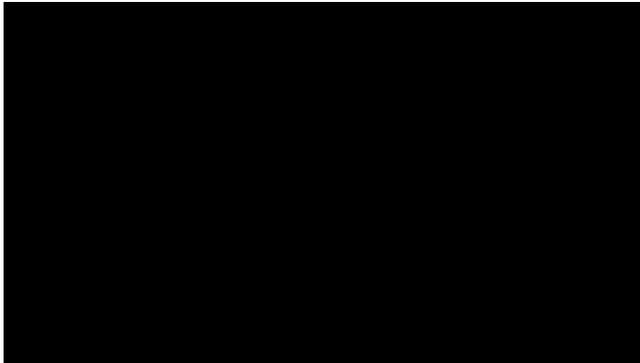
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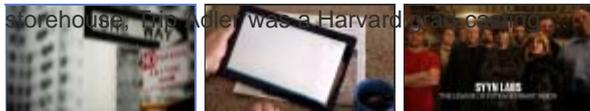


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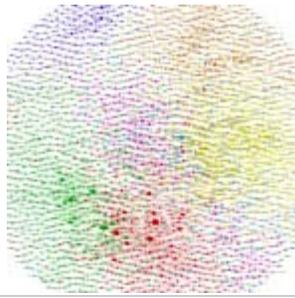
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