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Opportunity Costs of Electronic Resources

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Abstract

Many research universities are turning to electronic-only collections for research materials such as journals, monographs, and reports. However, significant opportunity costs exist when institutions elect to replace all paper materials with licensed electronic resources such as e-books and e-journals. This article will address the advantages and disadvantages of moving library resources and services into a solely electronic format, as well as explore the literal and figurative costs of replacing information access points with annual license agreements and expensive database packages.

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1. Introduction

Opportunity cost theory is based on the concept that any decision has a resulting opposing decision which was not selected. Hence, the profits of any course of action must outweigh the profits an institution could have achieved with the alternatives. Stewart's (1991) Economic Value Added (EVA) model explains that residual income must earn more on the total already invested than the cost of the initial investment. Therefore, a profit beyond the cost of the resource is the result in any good investment, and ideally it links the underlying concept of residual income to shareholder value (Biddle, Bowen, and Wallace, 1999).

Academic institutions may be able to make use of these theories if including stakeholder value among the outcomes of any expenditures or programs. University libraries contribute toward a college's bottom line by providing students opportunities to learn from authentic resources in every discipline, similar to those used by

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professionals and scholars in their selected careers. As libraries struggle with decisions to provide resources in online-only formats, or to phase out non-online information among their holdings, many serious questions arise about the opportunity costs of demands for an entirely digital educational experience.

As some profit is forgone by selecting one alternative over another, similarly some educational benefit is foregone. Cost, speed, ease of availability, and popular coverage of online journals, or among electronic books, are certainly undisputed benefits of wholly electronic scholarly resources. Public libraries are able to offer their communities a range of materials previously out of their price range by utilizing online consortium agreements with other libraries. So the benefits of modern electronic access to information are certainly not in dispute.

Yet community engagement around content, the serendipity of finding resources and people who share your interests or provide leads to new resources and ideas may be in jeopardy if we are unable to recreate these venues online. While libraries can certainly provide an organized and scholarly approach to the world's information, some of that information is not, will not, or cannot ever be converted into an online format, simply due to its sheer volume. The opportunity cost of losing valuable information from the past in favor of modern formats of the present is one which cannot be denied.

The decision-making processes surrounding the present versus future value of electronic resources, and of libraries as a consequence, depend on the skills and knowledge of our educated citizenry, who must make decisions about information from the past and from a pre-networked world which possibly they have not ever lived in. A variety of opportunity costs surrounding information in electronic format must be carefully pondered, and considerations in the opposite direction -- regarding preservation of born-digital information -- also fall squarely within this argument.

Points of consideration for the immediate future include balancing current desires with future needs. These include the opportunity cost of time, in other words, the value of the most attractive alternative now is the "cost" you must pay in the future for choosing it. The conundrum here is that any institution or governing body must subsequently release any other available opportunities, as well as choose only one true direction while abandoning the others. This dilemma will be especially difficult for generations who have had many decisions pre-made for them via online tools.

The counterfactual conditionals here are numerous and not entirely pure; while they are feasible to consider in the literal sense, these decisions will most likely be made within the context of larger infrastructures. For example, it is the university which makes fiscal and institutional policies, along with procedural decisions, for others -- students and faculty -- and then in turn, it is the librarians, faculty, and IT personnel who are making decisions on resources within these constraints.

Conditional reasoning also necessitates an existing standard by which to compare; here, the past versus future argument also fails. The question of whether or not to create an entirely online library is not the essential question which should be asked; of course we are moving toward more networked publics and an increasingly online lifestyle. The main essence of this debate remains in the extent to which electronic formats are valued over other formats of knowledge communication and knowledge storage, which can and must be inherently interpersonal, even at the highest scholarly levels.

This article will attempt to apply opportunity cost theory to the world of libraries, and to relay some of the arguments surrounding print versus electronic holdings. Libraries have, at times, followed a similar growth and development path to bookstores. However, university, school, and public libraries have encountered a distinctly unique arc of economics since their missions are not solely about financial profit. Educational, personnel, and learning costs are perhaps greater than economic costs when viewing the dilemma of all-electronic or only-electronic academic information in today's colleges and their communities.

2. Minimal Opportunity Costs are Possible, but Not Ideal

Some of the opportunity costs of digital libraries may indeed be minimal, but possibly only minimal in the short run. These options make it easy to go digital for as many services as possible, yet we take IT infrastructure and the current socioeconomic levels for granted in doing so. For example, opportunity cost of flexibility may be zero or minimal, since most would agree that access to information is greatly improved with online databases and e-books. That is, if you are affiliated with an institution that purchases or licenses these resources in order to provide them for

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