



UNIVERSITY OF GOTHENBURG

Exploring the governance of platform cooperatives

**A case study of a multi-stakeholder marketplace platform
cooperative.**

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Abstract

Platform cooperativism is a movement that criticise corporate-owned sharing economy platforms regarding their negative role in generating poor social conditions of labour and extracting huge profits simply by controlling the flows between supply and demand. The aim of this movement is to bring about a change in ownership structures in favour of the platforms workers, establish democratic governance and reinvigorating the notion of solidarity. There is however a serious need to expand our current theoretical and empirical knowledge regarding this concept. Especially concerning the governance of such initiatives which is moving away from centralized top-down decision making towards complex multi-stakeholder arrangements. The objective of this thesis is therefore to identify the implemented governance mechanisms in a platform cooperative and to define the effects that these governance mechanisms has generated in the cooperative. To achieve these objectives, an inductive case study was conducted on a multi-stakeholder marketplace platform cooperative called Fairmondo. The empirical findings revealed four categories of effects generated by Fairmondos governance mechanisms, these are navigating capitalism, facilitating democratic participation, enabling mandatory transparency, engaging the community. Having identified these four categories of effects, four interwoven components constituting a general governance system for multi-stakeholder platform cooperatives was proposed, which can guide further research and practical endeavours. The theoretical contributions to commons governance and platform cooperativism is to have shown that similarities exist between both streams of literature which enriches the novel research on platform cooperative governance with empirically tested design principles. Additionally, the proposed governance system can act as a tool for practitioners of platform cooperativism to analyse and develop their own governance structure according to the four components presented.

Keywords: Platform Cooperativism, Commons Governance, Fairmondo, Governance

Abstrakt

Plattformkooperativismen är en rörelse som kritiserar företagsägda digitala plattformar under konceptet delningsekonomi för deras roll i att skapa dåliga sociala arbetsförhållanden samt att extrahera stora vinster enbart genom att kontrollera flödena mellan utbud och efterfrågan. Syftet med denna rörelse är att förändra existerande ägandestrukturer till förmån för de som arbetar på digitala plattformar, etablera en demokratisk styrning samt att återuppliva begreppet solidaritet. Det finns dock ett stort behov av att utöka vår nuvarande teoretiska och empiriska kunskap kring denna rörelse. Speciellt när det gäller styrningen av sådana initiativ som går från ett centraliserat toppner beslutsfattande mot mer komplexa flerparts arrangemang. Syftet med denna studie är därför att identifiera de implementerade styrningsmekanismerna i ett plattformskooperativ samt att definiera effekterna av dessa styrningsmekanismer. För att uppnå detta utfördes en induktiv fallstudie på ett marknadsorienterat plattformskooperativ som heter Fairmondo. De empiriska fynden identifierade fyra kategorier av effekter som genererades av Fairmondos styrningsmekanismer, navigation av kapitalismen, demokratiskt deltagande, obligatorisk transparens, engagera gemenskapen. Efter att ha identifierat de fyra kategorierna av effekter utvecklades ett generellt styrningssystem för marknadsorienterade plattformskooperativ som beskriver dessa som fyra sammanvävda komponenter vilka tillsammans utgör en generell styrningsmodell för plattformskooperativ som kan vägleda ytterligare forskning och praktiska implementationer.

Nyckelord: Plattformskooperativ, Allmänning, Styrning, Fairmondo

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1. Introduction

The sharing economy was initially intended to express a form of social utopia driven by its expected social, economic and environmental sustainability effects (Botsman 2010). According to Frenken and Schor (2017), the actual effects of sharing economy platforms are still largely unknown due to the lack of sufficient empirical evidence, although they acknowledge that the alleged benefits of the sharing economy are much more complex than initially assumed. In recent years, the development of sharing economy platforms has significantly taken a more commercial turn which has resulted in an increase of scepticism and criticism regarding the concept (Codagnone & Martens 2016). This turn to commercialisation has subsequently shaped the current conflictual climate that surrounds the sharing economy concept which has generated several alternate definitions, each describing their own perception and critiques of the concept (Codagnone, Biagi & Abadie 2016).

In response to this growing criticism of contemporary platforms under the sharing economy umbrella, a new alternative has emerged in the form of platform cooperativism. Platform cooperativism is a movement that criticise corporate-owned sharing economy platforms in their negative role in generating poor social conditions of labour and extracting huge profits simply by controlling the flows between supply and demand (Bauwens & Niaros 2017). The aim of this movement is to bring about a change in ownership structures in favour of the platforms workers, establish democratic governance and reinvigorating the notion of solidarity (Scholz 2016a). To do this, platform cooperativism advocates multi-stakeholder or membership-owned platforms that perform the same function as contemporary sharing economy platforms, but without the additional extraction of value from the peer to peer exchanges (Bauwens & Niaros 2017). Although a recent concept, there are currently 69 active cooperative platforms worldwide making it a serious and vital alternative (Platform Cooperativism Consortium 2016b). There is however a serious need to expand our current theoretical and empirical knowledge regarding this concept, especially concerning a core challenge of such initiatives which is governance (Scholz 2016a).

Due to its application in different scientific fields of study, the concept of governance has been defined in several diverse ways (Berle & Means 1932; Jensen & Meckling 1976

Ostrom 1990; Glasbergen et al. 2007). On a general level however, governance studies examine the process of giving overall direction to an enterprise and to monitor and control the executive actions of management (Tricker 1984). For the purpose of this thesis, governance studies are perceived as a tool used in furthering our understanding of the emergence of complex hybrid and entirely new forms of coordination and regulation activities in contemporary society (Stöhr 2013). In relation to platform cooperativism, this refers specifically to that the governance of such initiatives is moving away from centralized top-down decision-making processes towards complex multi-stakeholder arrangements.

According to Benkler (2016), the primary resource to guide the development of an effective governance of platform cooperatives should be the stream of literature on commons governance by Elinor Ostrom (1990), which focuses on how the governance of collaborative communities can manage their commonly owned resources collectively without property rights or government laws. Along these lines, this paper refers therefore to governance as a system of public and/or private coordinating, steering and regulatory processes established and conducted for social or collective purposes where powers are distributed among multiple agents, according to formal and informal rules (Burns & Stöhr 2011; Ostrom 1990). The central question in the discussion regarding governance of platform cooperatives is how could such an initiative govern itself in a distributed and truly democratic way. To enable such governance, Scholz (2016a) proposes that the governance systems requires mechanisms to facilitate collective decision making, conflict resolution, consensus building and a transparent management of shares and funds. However, no empirical research has so far been done regarding the practical implementations of such mechanisms and their subsequent effects on the organisation. The objectives of this thesis are therefore two-fold. The first objective is to identify the implemented governance mechanisms in a platform cooperative. Secondly, to define the effects that these governance mechanisms have generated in the platform cooperative. To achieve these objectives, an inductive case study was conducted on a multi-stakeholder marketplace platform cooperative called Fairmondo. The research question to guide this endeavour is defined as follows.

What are the effects generated by the governance mechanisms in a multi-stakeholder platform cooperative?

2. Theoretical Background

This chapter will in the first section present and narrow down the concept of governance in relation to this thesis, particularly the literature stream of commons governance will be presented and discussed in detail. In the following section, the context and concept of platform cooperativism will be presented. The chapter concludes with an aggregation between the literature on the governance of commons and platform cooperatives.

2.1 Governance

In reviewing the literature surrounding governance studies, it is clear that there are conflicting definitions and assumptions of the concept. For the purpose of this thesis, the definition of governance refers to complex public or private coordinating, steering and regulatory processes established and conducted for social or collective purposes where powers are distributed among multiple agents, according to formal and informal rules (Burns & Stöhr 2011). Along these lines and within the context of platform cooperativism, two streams of governance studies should be mentioned, classical corporate governance and commons governance.

Corporate governance originates from Smith's (1776) 'Wealth of Nations' which is still considered as the major driving force for several modern economists to develop new aspects of organisational governance theory. Inspired by Smith's work, Berle and Means (1932) initiated a discussion relating to specific concerns of the separation of ownership and control in large corporations. A significant role in contemporary corporate governance literature relating to this discussion is the agency theory model developed by (Jensen & Meckling 1976), which examines the conflicts of interest between managers and owners in a cooperation. The agency theory model assumes that when ownership is separated from the control of a large firm, the manager acting as an agent on behalf of the owner is prone to creating negative effects such as shirking and seizing wealth at the expense of the owner. Therefore, the theory suggests that the owner should implement appropriate precautionary incentive mechanisms to deter the managers from such behaviour. These incentive mechanisms include monitoring by the owner and bonding by the agent, which is undertaken by separating decision control and decision management at all levels in a firm's hierarchy (Fama & Jensen 1983).

It has been criticised however that there is a need for new form of governance studies able to capture the nature of highly complex multi-stakeholder arrangements in modern corporate governance systems (Bhimani 2009). Furthermore, with the development of the internet, new governance arrangements have emerged that fall under the category of digital commons. Within digital commons, new forms of production communities have emerged that applies highly-decentralized coordination and steering mechanisms (Benkler 2006). To narrow down the concept of governance, the focus of this thesis will be on the governance of such digital commons which will be elaborated upon in the following section.

2.2 Commons Governance

According to Benkler (2003), the commons can be divided into four types based on two parameters. The first parameter is whether a commons system is open to anyone; ocean, air, highway systems, or only to a defined group like for example a private golf course. The second parameter is whether a commons system is unregulated; unexplored outer space or regulated; Wikipedia, library. This thesis will focus on the governance within the second parameter, specifically the regulated digital commons.

A cornerstone in the literature regarding the governance of regulated commons is the concept of Common-Pool Resources (CPR). CPR refers to a particular type of good and a natural or human-made resource system that produces that good, whose size or characteristics of which makes it costly to exclude potential beneficiaries from obtaining benefits from its use (Ostrom 1990). According to Hardin's (2009) tragedy of the commons dilemma, these CPRs are at a risk of being depleted or spoiled if the beneficiaries are acting only according to their own self-interest instead of towards the benefit of all. As the demand for the resource overwhelms the supply, every individual who consumes an additional unit directly harms others who can no longer enjoy the benefits. Elinor Ostrom (1990) argues that theoretically, there is an alternative solution to this tragedy using her CPR-theory.

CPR-theory is concerned with the self-organisation of collective action. Ostrom proved through empirical studies that the self-organisation of CPR beneficiaries in form of binding contracts among the individuals that solves the tragedy dilemma, whereby the individuals design their own contracts in the light of the information they have at hand (Ostrom 1990).

Out of the analysis of numerous cases studies on self-organized collective action systems, Ostrom identified eight principles for how commons can be governed sustainably and equitably in a community, which have become widely accepted within the research community and confirmed in many studies (Cox et al. 2010).

1. Clearly defined boundaries of the CPR and the individuals or households.
2. Congruence between appropriation and provision rules and the local conditions.
3. Collective choice arrangements, enable the stakeholders to participate in the modification of the governing rules.
4. Make sure that the rule-making rights of community members are respected by outside authorities.
5. Develop a system carried out by community members, for monitoring other members' behaviour and assess graduated sanctions to those who violate operational rules.
6. Conflict resolution mechanisms in the form of low-cost local arenas where conflicts can be resolved.
7. Minimal recognition of rights to organize which enables members to devise their own institutions that is not challenged by external governmental authorities.
8. For CPRs that are part of larger systems: Appropriation, provision, monitoring, enforcement conflict resolution and governance activities are organized in multiple layers of nested enterprises.

There are two unifying factors for these design principles. Firstly, they recommend approaches that argue for the empowerment of the local actors. And secondly, the communication processes between the actors and arrangements should show maximum adaptability to the local conditions and context.

While research on CPRs have been mainly applied within the context of the self-governance of natural resources, which are considered important to the livelihoods of people depending on them, researchers have identified the value of the concept to also describe and envision the governance of online communities focused around digital commons (Dulong De Rosnay & Le Crosnier 2012; Hess & Ostrom 2007; Van Wendel de Joode 2004; Stöhr 2013). In the context of platform cooperativism therefore, CPR-theory can be used to better understand the way platform cooperatives govern themselves and

their digital platform. As they are addressing the governance of the communities, applying Ostrom's (1990) principles help getting out of the dilemma pertaining to the very nature of digital resources and preventing to consider them as true CPR because of such differences (Janssen & Ostrom 2006). According to Dulong De Rosnay & Le Crosnier (2012) however, there are two points that that should be considered when applying CPR to context such as platform cooperativism. Firstly, natural and physical resources are rival, excludable and can be exhausted, this is not the case with digital resources which can be reproduced. However, if these digital resources have economic features, they may be subjected to market dynamics, potentially leading to enclosure and tragedy of the commons. Secondly, natural and physical resource systems are long-enduring local communities. Online communities are not localized physically due to the global nature of the internet, this does not mean that such communities are not subjected to pollution, degradation and community dysfunction. If no one volunteers to curate the resource and protect it, it won't flourish, being it a natural or digital product.

2.3 Context of Platform Cooperativism

Platform cooperativism was first introduced in an article by Scholz (2014) titled "Platform Cooperativism vs. the Sharing Economy" in which he called for democratically-controlled cooperative alternatives to the new sharing economy platforms. Since this article was released, the term has evolved to encompass both a social movement as well as an intellectual framework. The social movement aspect of platform cooperativism is manifested by the Platform Cooperativism Consortium (Platform Cooperativism Consortium 2016a) which is a think tank that supports the movement through research, experimentation, education, advocacy, documentation of best practices, technical support, coordination of funding and events. This consortium promotes collective ownership, democratic governance, a decisive commitment to the global commons, inventive unions, social justice, as well as ecological and social sustainability through the intellectual framework of platform cooperativism. The intellectual framework of platform cooperativism has two core areas, communal ownership and democratic governance: "bringing together 135 years of worker self-management, the roughly 170 years of the cooperative movement, and commons-based peer production with the compensated digital economy" (Scholz 2016b, p23). It is this intellectual framework that will now be defined in more detail.

2.4 Defining the Concept of Platform Cooperativism

According to Scholz (2016a), the term platform refers to the digital places where social interaction, work and value generation takes place. Cooperativism refers to an ownership model for labour and logistics platforms or online marketplaces owned by cooperatives, communities, cities, or inventive unions. The intellectual framework of platform cooperativism is defined by Scholz (2016c) as consisting of three main parts: Firstly, it is about cloning the technological structure of contemporary sharing economy platforms. It embraces technology but wants to put it to work with a different ownership model, adhering to democratic values. It is in this sense that platform cooperativism is about structural change, a change of ownership. Second, platform cooperativism is about solidarity, which is currently missing in this economy driven by a distributed, and sometimes anonymous workforce. Platforms can be owned and operated by inventive unions, cities, and various other forms of cooperatives, everything from multi-stakeholder marketplaces and labour brokerages to prod-user owned platform cooperatives. And lastly, platform cooperativism is built on the reframing of concepts like innovation and efficiency with an eye on benefiting all, not just generating profits for the few.

Building upon this definition, Scholz (2016a) provides a set of ten principles to further outline the values, rules and guidelines for the concept of platform cooperativism.

1. **Ownership:** Platform cooperatives are to be collectively owned by the people who generate most of the value on those platforms.
2. **Decent pay and income security:** The cooperative must provide a decent pay and income security for its members.
3. **Transparency and data portability:** Transparency is not limited to only operational transparency but also regarding the handling of data, especially the data on customers. It should be transparent which data are harvested, how they are collected, how they are used, and to whom they are sold.
4. **Appreciation and Acknowledgement:** Workers deserve the acknowledgement and appreciation of owners and operators. The ability of workers to communicate with platform operators or owners is central in this context.
5. **Co-determined Work:** Labour platforms should involve workers from the moment of the programming of the platform and along their usage of it.

6. A Protective Legal Framework: Platform co-ops require legal assistance because they are deemed unusual. This is necessary when it comes to defending cooperatives against adverse legal actions.
7. Portable Worker Protections and Benefits: Both contingent as well as traditional economy workers should be able to take benefits and protections with them in and out of changing work scenarios. Social protections should not be tied to one workplace.
8. Protection Against Arbitrary Behaviour: For example, Uber is known for its arbitrary disciplining and firing practices. Without a warning, drivers may be left without an income. Reasons for the firing of drivers are often unclear as the company refuses to respond to the enquiries of drivers demanding an explanation.
9. Rejection of Excessive Workplace Surveillance: Excessive workplace surveillance in the line of worker diaries or constant reviews need to be rejected. Such surveillance practices leave workers without much dignity.
10. The Right to Log Off: Workers need to have the right to log off. Decent digital work is to have clear boundaries, platform cooperatives need to leave time for relaxation, lifelong learning and voluntary political work.

Although the discussion regarding the governance of platform cooperatives is still in its infancy, the current literature has concluded that a distinctive set of governance practices and principles is required (Scholz & Schneider 2016). In the following paragraphs, this discussion will be presented.

According to Metts (2016), collaboration is essential in the work towards a successful governance of platform cooperatives which structures and processes must change from hierarchical, linear forms to non-linear, cooperative ones. Along these lines, the following five practises for governance are suggested. Firstly, different strategies for self-management should be explored, gather inspiration from the existing local cooperative community. Secondly, clearly define the parameters of your cooperative environment and document this through statutes, bylaws or contractual agreement. Thirdly, join a cooperative network. Fourthly, invest in other cooperatives by pooling funds from successful cooperatives in order to help bootstrap new proposed cooperatives. And lastly, choose free tools that are enabled by open source software to run the business.

From a legal perspective, Orsi (2016) recommends three building blocks for platform cooperative governance. Firstly, implement protections against the ability to buy power and profits in the cooperative. This means that a cooperative should implement strong safeguards against the potential for the platform and any of its major assets to be sold into for-profit structures. It is further recommended that a panel of non-profits and other cooperatives would be given the opportunity to review any proposed sale and capping the amount of sale proceeds that can go to members and sending the rest to a non-profit. Secondly, put a cap on pay-outs and compensation. A platform cooperatives statutes should implement caps on employee pay, investment return, and other pay-outs to prevent stakeholders involved in the platform cooperative to use their leverage to extract value from it. This is also to ensure that the decisions made are not driven by the desire to maximize gain, but rather to ensure that everyone in the cooperative has enough. The third and last building block suggested is to adopt a staff trusteeship model of governance. This model views all staff members of the cooperative as trustees who manages the platform for its beneficiaries, the body of members as a whole. Practically, this means that every staff person becomes a point of accountability for the organization, taking on responsibility to listen to and amplify the voices of its members. In such a model of governance, the power is distributed among staff and inefficient hierarchies are removed to ensure a great deal of agency for each staff member. Furthermore, the board of directors are in this governance model described as guardians that oversees activities of the platform cooperative and ensures that the staff are tuning in to members in every viable way.

2.5 Governance of Platform Cooperatives

This section presents an aggregation of the governance principles for both platform cooperativism (Scholz 2016a; Metts 2016; Orsi 2016), and for the regulated commons (Ostrom 1990). This aggregation provides an overview in order to convey two important insights in the current literature surrounding the governance of platform cooperativism. Firstly, how the principles mentioned in previous sections fits into a general governance system architecture. Second, highlight the similarities in governance principles between CPR-theory and platform cooperativism. This aggregation is additionally used to structure the presentation of the empirical data and is presented below (table 1).

Block	Principle	Source
Social Organisation	Clearly defined boundaries of the CPR and the individuals.	Ostrom (1990), Metts (2016)
	Congruence between appropriation and provision rules and the local conditions.	Ostrom (1990)
	Collective choice arrangements.	Ostrom (1990), Scholz (2016a), Metts (2016), Orsi (2016)
	Monitors are accountable or are the appropriators.	Ostrom (1990)
	Graduated sanctions by other appropriators, by officials accountable to these.	Ostrom (1990), Orsi (2016)
	Conflict resolution mechanisms.	Ostrom (1990), Scholz (2016a)
	Minimal recognition of rights to organize.	Ostrom (1990), Scholz (2016a)
	Nested enterprises.	Ostrom (1990)
	Implement protections against the ability to buy power and profits in the cooperative.	Orsi (2016)
Cognitive-normative	Decent pay and income security.	Scholz (2016a)
	Transparency and data portability.	Scholz (2016a)
	Appreciation and acknowledgement.	Scholz (2016a)
	Portable worker protections and benefits.	Scholz (2016a)
	Protection against arbitrary behaviour.	Scholz (2016a)
	Rejection of excessive workplace surveillance.	Scholz (2016a)
	The right to log off.	Scholz (2016a)
	Use OSS tools.	Metts (2016)

Table 1. Overview of governance principles in respective architectural block.

According to Stöhr (2013), governance systems of the regulated digital commons has a distinct architecture consisting of two building-blocks. The first block is concerned with the social organisational dimension of governance, this defines the roles, and social relationships that supports choice and problem-solving processes. Furthermore, this block specifies the individuals' relations to authority and procedures for collective decision-making including conflict resolution processes. The second block is concerned with the cognitive-normative dimension which consists of definitions of relevant or appropriate problems or issues, the goals or priorities relating to the problems and to favourable states

of the world, conceptualizations or models of sources of the problems, the causal linkages, and strategies and methods to solve problems or deal with issues (Surel 2009; Stöhr 2013).

3. Research Design

Theory building from cases is appropriate in several different research situations (Eisenhardt 1989; Eisenhardt & Graebner 2007). For this thesis, which focuses on a single case, theory building is a more limited possibility since most instances of theory building through cases feature multiple cases. In addition, nearly all recommendations for doing high quality research in theory building from case studies requires the use of multiple cases (Eisenhardt & Graebner 2007; Yin, 2009). However, there is an acceptable role for a single-case in theory building when the case is unusually revelatory, or when it is extremely exemplar or when it offers opportunities for unusual research access (Gehman et al. 2017; Eisenhardt & Graebner 2007). Although Eisenhardt and Graebner (2007) generally advocate the superiority of multiple cases over single cases, it is also recognized that single cases can enable the creation of even more complicated theories than multiple cases (Mariotto, Zanni & Moraes 2014). This is because single-case researchers can fit their theory exactly to the many details of a specific case. In contrast, multiple-case researchers retain only the relationships that are replicated across most or all the cases (Gehman et al. 2017).

To this end, an inductive single-case study was conducted on a successful multi-stakeholder platform cooperative marketplace called Fairmondo where the analytical unit of interest was the governance of the organisation. This research strategy choice was motivated for three main reasons. Firstly, there is no established theory regarding governance in the case of platform cooperativism. Therefore, theory needs to be generated to develop our understanding regarding this concept using an inductive research approach. Secondly, Fairmondo can be considered a unique example of a platform cooperative due to its organisational size and substantial economic revenue. And lastly, Fairmondo aims to create a highly transparent organisation which presents a researcher with a unique opportunity to easily access the data needed to provide a reliable empirical basis for theory generation.

3.1 Data Collection

What is typical of case studies is the use of multiple data sources, a strategy which aims to enhance data credibility (Yin 2009). The data sources in this case study are divided into two categories, primary and secondary data. The primary data sources include semi-structured interviews, the Fairmondo website and official documents. Secondary data includes conference talks by Fairmondo's founder as well as interviews published in magazines. In the following subsections, the way in which the data was collected will be presented in more detail.

3.1.1 Primary Data

Semi-structured interviews were chosen due to the explorative nature of the study combined with good access to interviewees which were selected based on their expertise and role in the organisation (Yin 2009). Four interviews were conducted, recorded and transcribed, each lasting for about one hour. The informants consisted of a public communication manager, responsible for providing interested parties with the latest figures related to the development of Fairmondo and the planning of upcoming events. A supervisory board member elected by the members of the cooperative, responsible for ensuring compliance with the statutes and the proper governance of Fairmondo. A managing board member responsible to coordinate and be responsible for Fairmondo's daily operations. And the last informant was the founder of Fairmondo, that has been with the cooperative since its inception. Each of the interviews lasted for about an hour, one was conducted face-to-face and the other three over skype. All of the interviews were recorded with the explicit consent of each informant. The objective for these interviews was to reach empirical saturation regarding the actual effects of the formal and informal governance mechanisms in relation to the formalised rules provided by documents such as the Fairmondo statutes (Baker & Edwards 2012). The interview guide (Appendix 3) comprised of open-ended questions aimed to grant the informant room to freely talk about how decisions were made, the nature of Fairmondo's objectives, motivation of individuals and coordination of activities.

Fairmondo's website has a specific section dedicated to the task of enabling transparency to their members and the public. In this section, Fairmondo has aggregated all the information resources related to the following areas of their organisation; all relevant business figures, revenues and expenses, tax statements, annual reports, salaries,

remunerations and allowances, as well as all information regarding business activities, business partners, subcontractors and the marketplace software. An overview of the sources gathered from the website is listed in Appendix 1. In practical terms, the specific data sources were the interviewees, official blog, forum and documents provided by website.

3.1.2 Secondary Data

In total, the secondary data sources comprised of four video recorded conference talks and two online-magazine interviews, an overview of these are given in appendix 2. Each data source was carefully examined and the parts related to governance were transcribed and saved in a separate document.

3.2 Analytical Method

Having gathered data from various sources regarding the governance of Fairmondo, the iterative and recursive process for thematic analysis developed by Braun & Clarke (2006) was used to analyse the collected data. The analytical process for this thesis where divided into five activities; familiarisation, coding, searching for themes, reviewing themes and defining themes. In the familiarisation activity, all collected data was carefully examined whilst making brief notes of initial analytic observations. This data was then coded by applying labels to each data-item that communicated its relevance to the research question, these codes with its related data-item were then collated into a separate document. In the following activity, emerging themes where searched for and constructed. These emerging themes were then reviewed until all themes were successful in telling a convincing story in relation to both the individual data-items as well as the full set of data. After iterating through the before mentioned activities, the resulting themes were lastly defined and named. Examples of the coding together with the related emergent themes are presented in appendix 4.

4. Findings

This chapter presents the empirical findings in the following manner. In the first section, a general description of the case is provided. In the following two sections the identified social organisation and cognitive-normative governance mechanisms is presented. Then the four identified effects generated by those governance mechanisms are presented.

4.1 The Fairmondo Case

The goal that guided the creation of Fairmondo was how to build a corruption resistant company that remains true to its values and vision, even if it grows big and economically profitable (Fairmondo 2017a). In accordance with this question, a multi-stakeholder online marketplace owned by its users and with open membership was created with the intended goal to benefit the whole of society, not just a limited group of members (Outlandish 2016a). The motivation for choosing this specific type of business was articulated on two grounds (Meaning conference 2016). The first was that by structure, the industry of online-marketplaces has an inherent tendency to favour large, monopolistic platforms. In combination with extractive business models of investment-driven corporations, the founder of Fairmondo saw the opportunity to create a marketplace platform that does not engage in socially harmful behaviour such as oppressive employee conditions, putting pressure on small producers and traders, or promoting excessive consumption (Shareable 2017). Secondly, Fairmondo recognized that not all co-operatives live up to the values they formulate, larger co-operatives often divert from co-operative principles thereby behaving quite like classical for-profit corporations (P2P Foundation 2017). Therefore, Fairmondo states that it is particularly important to have a responsible, strongly principled and well controlled company in this field (Outlandish 2016b).

Following a successful crowdfunding campaign that raised over 200.000 Euros, the online-marketplace was launched in September 2013 (Fairmondo 2017a). Since then it has been further developed by a community of 12,000 users, bringing the platform to a state where it can compete with established e-commerce businesses. In 2015, over 2000 members invested over 600.000 Euros of shares in the cooperative which was then run by 12 part and full-time members of the core team, including an executive board of 2 members controlled by a 7-member supervisory board elected by the cooperative's members (Outlandish 2016a).

The marketplace now offers over 2 million products from 1500 registered sellers, including a large selection of books and a subscription service that offers a wide variety of fair-trade and sustainably produced products (Outlandish 2016b). In 2016, Fairmondo reported that they generated a total revenue of 122.000 Euro, this consisted of three major sources of income (Fairmondo 2017b). Firstly, as Fairmondo has scaled down their need for a physical office-space, they rent out a large part of their offices to external parties on long

term leases which generates additional revenue. Secondly, the subscription service which provides the customers with fair-trade and sustainably produced products on a monthly basis. And lastly, the book sales provided by commercial book sellers that provides their services via the platform.

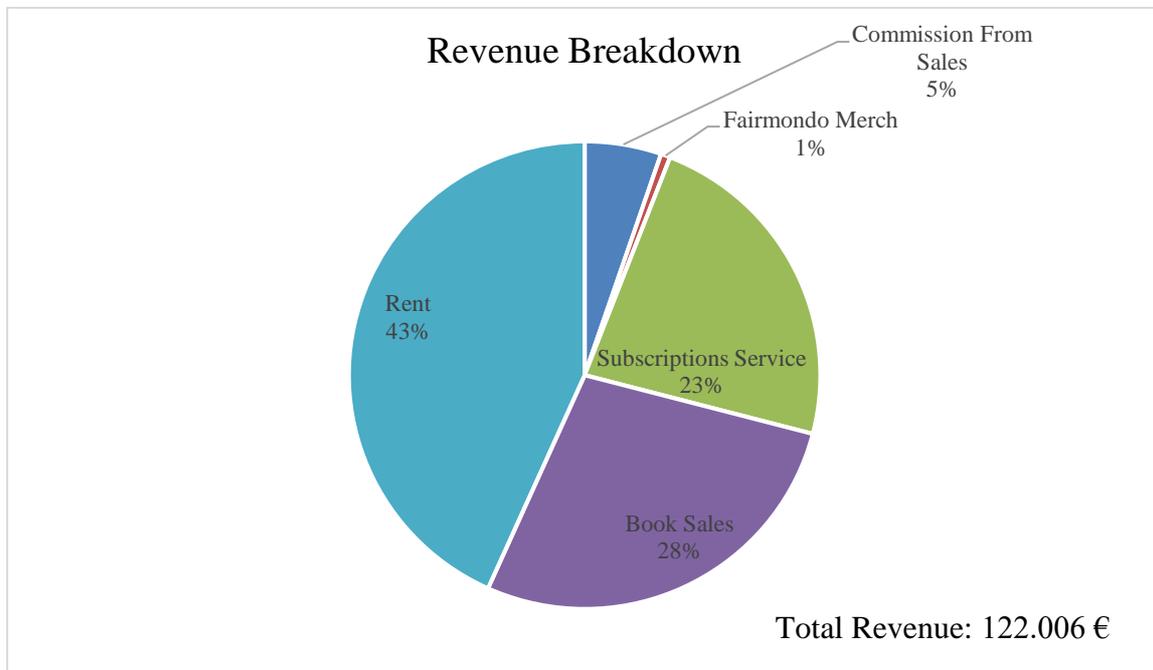


Figure 1. Breakdown of Fairmondos revenue in 2016 (Fairmondo 2017b)

Fairmondos business model is open to third-party businesses as well as individuals who would like to sell goods and services on the platform (Outlandish 2016b). There are no general restrictions on what products and services that can be offered, apart from illegal offers or offers that are deemed unacceptable by the members of the cooperative. However, the aim is to provide goods and services that fulfils a set of criteria for fairness, these criteria are constantly open for discussion and improvement by members and the broader user base.

According to the Founder, Fairmondo experienced some financial issues brought on by an insufficient level of revenue and was forced to face a situation of some organisational reconstruction in 2016. Today Fairmondo are working with a limited team. In order to get the business model viable, they had to cut costs in the form of reducing the amount of staff employed. Currently Fairmondo employs four full time employees, offers four internships and engages many volunteer workers.

There is an emerging initiative called Fairmondo UK which is considered a step towards building a global network of cooperative platforms for trading goods and services by replicating the model from Fairmondo in Germany (Fairmondo UK 2017). The two organisations share the same name but are legally independent. However, they share a close relationship of collaboration based in their shared values of transparency and ethical consumption. Additionally, Fairmondo UK will be launched as a multi-stakeholder cooperative that involves all members and stakeholders in decision-making. However, instead of using the open-source platform generated by Fairmondo, Fairmondo UK is using a third-party open-source marketplace software provided by Sharetribe.

4.2 Social Organisation Governance

The social organisation block of Fairmondo governance system consists of five mechanisms as defined in their statutes (Fairmondo 2015), the general assembly, employee assembly, managing board, supervisory board and work groups. The general assembly takes place in an offline meeting every year in accordance with German cooperative law and consists of the following activities. Firstly, the assembly discusses and votes on proposed resolutions which may be passed with a majority voting, provided that the resolution does not require a larger majority. Secondly, members determine the chairman of the general assembly on proposal of the supervisory board. Thirdly, the assembly votes and elects the members of the supervisory board where the term for each member is three years. The general assembly can also be held on Fairmondos official website and consists of the same activities. All online and offline activities are documented and communicated to all members of the cooperative after its completion.

The employee assembly consists of all employees who are simultaneously members of the cooperative and meets in parallel to the general assembly as soon as the cooperative has a minimum of eight employees. An extra employee assembly can also be summoned by the request of 25% of Fairmondos employees. This assembly determines the number of managing board members, appoints them for three years and may also dismiss them. Apart from this, the employee meeting has no further decision-making rights.

The managing board consists of a minimum of two members and are appointed by the employee assembly for a period of three years. If the cooperative does not have eight or

more employees, the managing board is appointed and dismissed by the supervisory board. Employment contracts with managing board members are concluded by the supervisory board in compliance with the guidelines specified by the general assembly. The managing board leads the cooperatives' business planning and polices on its own responsibility and control, but always in accordance with Fairmondos basic principles as defined in their statues (Fairmondo 2015). To implement a business plan, make investments over € 20,000 the managing board needs the formal approval of the supervisory board.

The supervisory board consists of a minimum of three members and are represented individually by its chairman or his or her representative. The supervisory board monitors and advises the managing board via monthly meetings and reports to the general assembly which also decides upon a possible compensation of the supervisory board members. The work groups consist of all cooperative members that actively participates in the development of the online platform or the cooperative in general. It is the managing board responsibility to establish specific working groups that formulates proposals for development activities and also responsible for organization of these working groups. An overview of the relationships and responsibilities of these mechanisms are presented in figure 2.

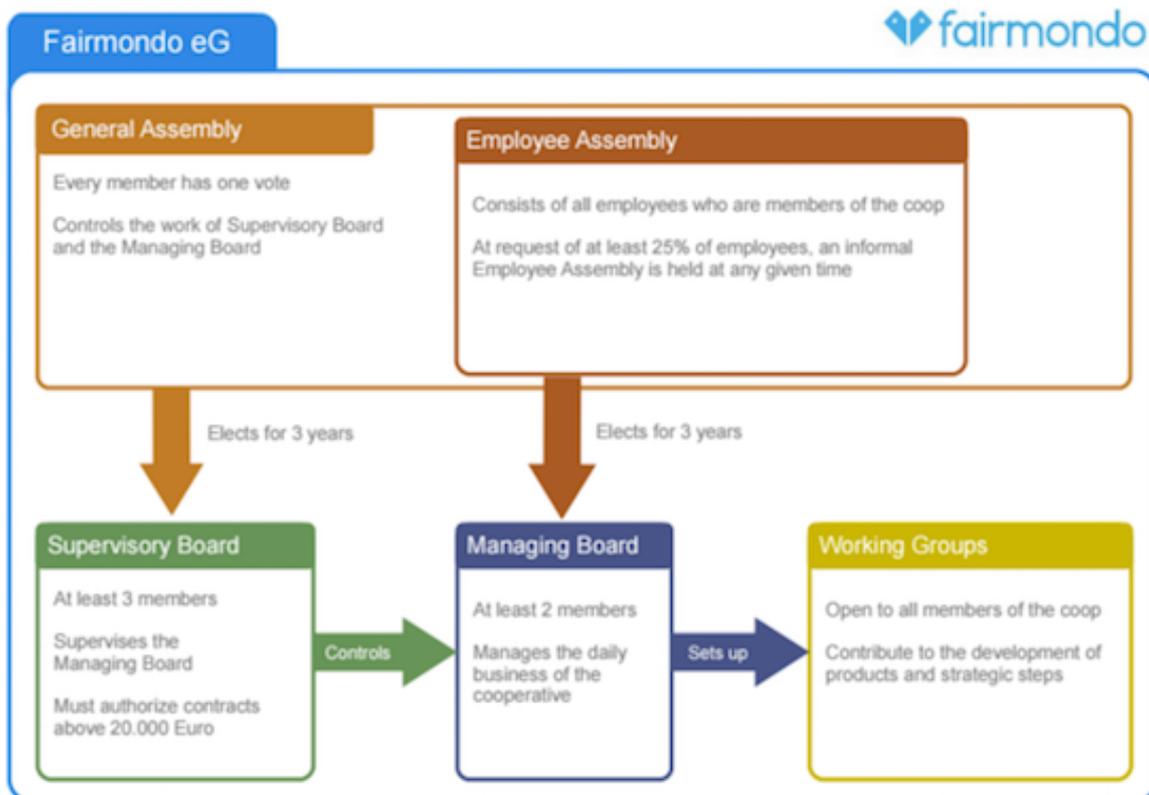


Figure 2. An overview of Fairmondos governance structure. (Shareable 2017). Reprinted with permission.

4.3 Cognitive-normative Governance

As previously mentioned, the governance of Fairmondo is guided in accordance with 12 basic fair principles as defined in the statutes (Fairmondo 2015). These principles are inspired from the Universal Declaration of Human Rights (UN General Assembly 1948) and aim to consolidate the organisation's stated commitment to fairness in two ways. Firstly, the principles together provide a definition of what fair means in the context of Fairmondo's organisation who is obliged to act according to this definition internally towards employees and members and externally towards partners and customers. Secondly, this definition is legally binding as part of the cooperative's statute and are protected by a 9/10th majority. They can only be changed if 90 percent or more of members vote for specific changes in the general assembly. The prevailing interpretation of these basic fair principles among the managing board must be published on the website, including a comment feature in order to enable a discussion amongst the cooperative's members. In the following paragraphs, the four emerging governance mechanisms from these 12 principles will be presented.

The first mechanism prompts the cooperative to always opt for sustainable and eco-friendly choices in all business activities in order to promote responsible consumption and fair treatment towards external and internal stakeholders. For the internal stakeholders, this means three things. Firstly, a cap on salaries for employees and managing board members as well as the highest expense allowances for supervisory board members with a limit of not more than three times the lowest salary, provided that working times are equal. Secondly, to enable all users of its products to participate in the further development of these products. Thirdly, provide all users of its products with appropriate feedback mechanisms and discussion forums which serve for public discussions regarding the business policies of the cooperative as well as specific questions. For external stakeholders, Fairmondo shall always ensure that the business partners also act according to equivalent fair basic principles and not to cooperate with capital providers if these claim profit-sharing or participation rights.

The second mechanism is an agreement to a consistent transparency in all business activities, this includes all relevant business figures, revenues and expenses, tax statements, annual reports, salaries, information regarding business activities, business

partners and subcontractors. All information related to these areas must be published promptly and clearly on Fairmondos official website, provided that the publication does not violate legal requirements, and that the members of the managing or supervisory board do not expose themselves to penalties or liabilities for damages.

Thirdly, Fairmondo must release all generated knowledge under an open source license which allows third parties to use and further develop it free of charge, provided that those third parties use an equivalent license. This is specifically relevant for all cooperative-generated software which must be released under a respective open source license, if this is executed in accordance with safety and data protection considerations.

And lastly, Fairmondo also commits to promoting the fight against corruption through regular donations to charitable organisations that fight against corruption and shall not conduct business activities with the aim of avoiding lawful tax payments. When dealing with goods and services sold abroad, the cooperative should always have the aim of paying the taxes in the respective destination country.

The identified governance mechanisms in respective architectural block are presented in the table below (table 2).

Block	Mechanisms
Social Organisation	General assembly
	Employee assembly
	Managing board
	Supervisory board
	Work groups
Cognitive-normative	Opt for sustainable and eco-friendly choices in all business activities.
	Transparency in all business activities.
	Commitment to Open Source.
	Promoting the fight against corruption.

Table 2. Overview of identified governance mechanisms.

The following section presents the emerging themes that articulates the effects generated from the identified mechanisms in Fairmondos governance system.

4.4 Navigating capitalism

The purpose of this theme is to articulate the effects generated by Fairmondos governance mechanisms that has financial features. Specifically, the following sections will describe how Fairmondo put restrictions on external investments, salary caps, implements a fair profit distribution and complications related to funding due to the lack of capital.

Fairmondo has designed their statutes in such a way that no member or external individual could have a substantial financial stake in the cooperative. To avoid giving anybody an incentive to push for an increase in turnover and profit, Fairmondo limited the maximum number of shares that any person can invest at 25.000 Euro. Additionally, the value of a share is defined in the statutes, it does not change with the value of the company. So even if Fairmondo grows financially profitable, nobody will be able to grow rich through it. Together with a limited salary range, this means that individuals whose goal in live is collect large sums of money, will have no interest in getting involved in the cooperative.

“We put a cap on the number of shares that anybody can hold. The motivation behind this is that nobody can actually make a lot of money with Fairmondo, not though salaries and not through shares. The aim with this is to keep out individuals whose purpose in life is to piling amounts of money. “-Founder

In combination with these financial restrictions, Fairmondo also clearly defines what is to be done if there is a surplus. This is to avoid long discussions and fights over the question where and who will receive the profits generated from the cooperative. Fairmondos statutes specifically ensures that the surplus will go to the many, not the few. 25% are distributed through the shares, nobody can hold a large number of shares, 25% are distributed through Fair Founding Points, points that any member can collect by helping to make the coop happen. Everybody gets the same number of points per hour of work. 25% of the surplus is donated to non-profit organizations, and members or users decide to which. The last 25% are used to further develop the co-operative.

The majority of Fairmondos capital comes from members of the cooperative as they have a principle incorporated in their statutes that prevents them from accepting investments from venture-capital. Through this principle, Fairmondo has rules in place to avoid the investor-driven dynamics you can find in many start-ups where investors in such organisations pressure for an exit strategy or short term profits.

Due to the lack of capital, Fairmondo had to reduce the number of members employed by the cooperative, which at the time was mainly paid through the starting capital raised from the crowdfunding campaigns. As Fairmondo holds monthly budget situation presentation with the team, everybody employed by Fairmondo was therefore aware of this in advance. This led to a restructuring of their organisation into a setup that could be supported by the cooperative's revenue, essentially making their business model viable. Fairmondo now works on a very limited budget which forces them to provide very moderate salaries. According to all informants, this restructuring was a difficult process in which the needs of the employees, business, and budget limitations was brought into a balance with Fairmondos financial situation.

“We had to reduce the team from 20 to 5 persons to make us sustainable and able to grow again. Everybody knew it was coming but it was very hard because everybody is very passionate about the project, nobody was working for the money. We tried to pay decently, and we paid a unified flat salary from the beginning which didn't reflect our revenue. When the budget got tight we had to take these decisions and reduce the team, some are still contributing as volunteers.” –Founder

To compensate for the reconstruction and low salaries, Fairmondo has implemented a Fair Founding Point scheme, for every unpaid hour contributed, the members received an equal number of 200 points. These points are registered in the bylaws and entitle those members to an extra share of the surplus once the cooperative works successfully enough to generate profit. This exemplifies Fairmondos struggle to run a cooperative business model in an economy driven by capitalist dynamics.

“We have to be a company that is fair where the users have the power and so on. But we are also in competition with other companies so we also must be a profitable company, like a capitalistic company.” –Public relations manager

For Fairmondo to be able to redistribute its revenue amongst the members, the cooperative must successfully navigate and compete in the capitalist market. Although Fairmondo can decide how the processes of their internal governance mechanisms are designed, they cannot overcome the dynamics resulting from operating within a capitalist economic system.

4.5 Facilitating Democratic Participation

To ensure a democratic governance structure, Fairmondo facilitates democratic participation grounded in their statutes which will be further explored in the following section. The purpose of this theme is to articulate the effects generated by Fairmondo's governance mechanisms that relates to facilitating and enabling democratic participation amongst its members.

The notion of a democratic participation is built into the legal framework of Fairmondo's statutes, the 12 basic principles ensures one vote per member and that members are unable to procure additional votes. The basic principles additionally make sure that membership is truly open to all potential stakeholders by defining the value of one share at 10 Euros, making the threshold for getting a membership very low even for people with a limited income. With this vote, the members can democratically engage in the governance processes of the general assembly and employee assembly if the members are simultaneously employed by the cooperative.

Fairmondo must organise a general meeting on a yearly basis where its members can exercise their democratic participation of how the cooperative is run. Fairmondo provides this in the annual general assembly, a meeting that has taken place the first two times online and most recently offline in Berlin. In this meeting, the most important and substantial decisions are discussed, this includes for example business and organisational strategies. Although Fairmondo recognizes the democratic importance of this mechanism, they also acknowledge that this extends the decision-making process. This is also true for the decision-making processes that guide the operational activities.

“I just found it a little bit difficult being a cooperative and having to have these long decisions making times, if you want to make big decisions you have to talk to that person and that person, this makes it difficult to make decisions quickly.” –Managing Director

There is no formal hierarchal management model attached to Fairmondo's governance structure to guide the practical participation of Fairmondo's day-to-day activities. Instead, they are organising participation in accordance with the governance structure as defined in their statutes where the managing board is responsible and accountable for taking decisions and the implementation of internal organisational processes. The managing board are accountable in the sense that they are elected by the employees. This way, employees in

the work groups can replace a management board that ignores them or leans towards authoritarian rule, thereby encouraging a culture of mutual respect. The managing board knows it can be replaced by the employees, so they have a direct incentive to work for an open and respectful organizational culture and to listen to the working group's needs, suggestions and critiques.

“Basically, employees decide who the management board are and that should ensure that we have a culture of mutual respect and no hardcoded hierarchies and keep the open spirit that we have now. Because if somebody starts playing a dictator, these could be put aside and someone else takes their place in the managing board.” - Founder

Which specific organisational process or model that is best suited for the needs of the working groups were left to the individuals involved in those groups to decide, this setup grants the working groups a certain level of autonomy to self-organise their work effort. The work efforts are reported to each other in weekly meetings, a process that is not described and implemented in a formal way, but rather inspired from agile methodologies like Scrum and alternative governance structures like Holacracy.

“I would personally have wished to have a clearer process, something like Holacracy, which could result in extra organisational effort in terms of following the procedures. But on the other hand, it gives clarity which sometimes was lacking in our case, we were not always clear where everyone was heading we had the weekly meetings but sometimes they were probably not sufficient.” –Founder

Although Fairmondo recognize the need for a specific and formulated management model to organise and document their activities, there simply weren't enough resources in manpower or funds to fully implement one. Consequently, they are experiencing a lack of proper knowledge management and limited coordination ability that is required for an organisation where the number of employees varies.

“Another issue is knowledge management, we could be having been better at structuring and sharing information. There needs to be a capacity for knowledge management we have fluctuations on the team. So, it's very important to have these things right, using

some model with a clear procedure and thing clearly how the strategic integrated into our everyday activities are important.”- Founder

To ensure the facilitation of a truly democratic participation, Fairmondo has to commit to the notion of mandatory transparency. This commitment enables members to follow Fairmondos business activities and their subsequent results thereby allowing members easily to detect any deviation from Fairmondos fair principles. In the following section, this commitment will be explored in more detail.

4.6 Enabling mandatory transparency

An integral function implemented in their statutes is to make sure that Fairmondo is made completely transparent, with the exception of sensitive personal data protection. Fairmondo is required to publish any information generated by their activities which they legally can publish freely available on their website. This includes financial figures, business accounts, financial statements and tax returns, business activities. The financial figures present monthly updates regarding the sales of the subscription program, the number of articles offered, user activity on the platform, sales of Fairmondo merchandise, office rental fee and commission from sales performed on the platform. Fairmondos bank-accounts are made available through the Open Bank Project where all transactions are made visible. However, individual transactions are anonymized if the statutes demand it. For example, smaller business partners and individuals, the preliminary and written consent must be obtained prior publication. The financial statements and tax returns are published annually, comprising of the balance sheet of profit and loss account and eventual tax returns. Operational business activities such as strategic plans, partnership and changes in principles are published on Fairmondos official blog on a continual basis. Although ICT's enables Fairmondo to provide this information to its members and the public, they are also acknowledging that it takes up a lot of operational resources to extract information and communicate that information.

“We try to be as transparent as possible which is some cases are difficult. Our website provides some figures about sales, users and clicks. But of course, it steals capacity from doing operative stuff in order to grow. They need to look up the numbers and prepare them for our users to view. It takes time, but we need to find a way to provide this.” –

Managing Director

According to Fairmondo, the issue of transparency has always been a challenge, not only from a practical perspective. The informants describe a group of members who were critical and always challenged the information through the forum. For example, when Fairmondo first released the annual financial reports, members started questioning the specifics regarding certain numbers in the report which led to broader discussions regarding strategy. These discussions raised questions related for example to why Fairmondo weren't reaching out to more sellers and why so little resources were related to marketing. This is of course an important process for Fairmondo, but in their current organisational configuration they are unable to successfully make the most of this interaction.

“It’s an important membership process that challenges you in terms of getting things right being able to justify what you do. It’s a positive process. Although, if you are working on a tight timeframe and budget I think it can be too much and was too much at some point for us. Which they create frustration from users and members, most members where understanding some very critical. “– Founder

The commitment to transparency as presented in this theme are tied in to Fairmondos need to build and engage a community by encouraging a culture of communication and participation. The following section explores why this is and the effects generated by the endeavor.

4.7 Engaging the community

The main challenge facing Fairmondo was how to develop a model that works for doing business in an online market dominated by venture capital backed start-up companies, with new business models constantly pushed into the market to follow the goal of a quick exit for investors and founders. To be able to do this, a fair amount of flexibility and ability to take quick decisions is identified as being crucial. In addition to this, Fairmondo is also setting up a social business where they must create, develop and manage a diverse community of members and keep them involved.

“With a platform co-op, you have a threefold challenge you are setting up a start-up with all the business model challenges that you have around that. But also, a platform which is involves a lot of specific challenges and in addition to that you are also setting up a

social business, you have to build and manage a community keep them involved. It is not easy but it's very interesting and motivating because of these challenges. Many of our members came to us because of these challenges.” – Founder

While it's true that the governance structure Fairmondo has developed brings restrictions to the way the cooperative can do its business, there are also advantages over classical businesses. Fairmondo can engage with their community more authentically because the community becomes the owner of the business. Fairmondo has implemented a binding commitment in their statutes to open source software & open innovation. Specifically, this means three areas of action. Firstly, the marketplace software is being developed under an open source license thus making it possible for developers anywhere to help develop the marketplace software. The source code is publicly available at GitHub (GitHub 2017) where the software can be verified to have implemented a safe and responsible handling of user data. Additionally, the servers on which the marketplace and blog are operated on are exclusively situated in Germany and are therefore subject to German data protection regulations. Secondly, the forum which aims to facilitate and engage in constructive discussions regarding not only the software of the marketplace but the cooperative in general. Thirdly, Fairmondo must always use open-source powered software in their daily operations, this means that they use software tools like for example Libre, Mozilla Thunderbird and Mumble.

The first area concerning Fairmondos development of their marketplace platform. According to the informants, this action drained a lot for energy and financial resources for Fairmondo before they could release it to the public. Although Fairmondo successfully managed to use alternative finance processes like crowdfunding to get enough financial capital to get started, they were working on the software as an open source endeavour which has its own challenges.

“The software development took a lot of energy and financial resources. And we were working on the software as an open source endeavour, where you have many requests from all sides, you have sellers with different systems that they would like to integrate, they want automation and improvements in the UI. So, we have multiple issues to work on and this just meant that we had to prioritize well and at the same time look for additional resources.” – Founder

To complete the development of the marketplace platform, Fairmondo further engaged their community and organised another round of crowdfunding in the form of a campaign for increasing their membership. Altogether, Fairmondo has raised 350,000 Euro over the course of these two campaigns in 2013 and 2014. The funds raised by the campaigns enabled Fairmondo to implement a majority of the requests made by members and sellers.

The development of the platform is continually driven through their official online forum, which leads into the second area of action. In the forum, members and the public can discuss their requests for changes in the marketplace software and the cooperative in general. This forum also acts as a low-cost area to deal with conflicts where members can discuss problems facing the development of the cooperative.

“Sellers and buyers can go there to discuss technical issues like bugs in the software and some wishes for features. Sometimes about new products we should make available on the marketplace. The sellers are talking about issues about their activity in the systems and regulations because of the EU The members only are discussing more issues related to the cooperative like you want to change the status and this is discussed for or against.

“–Supervisory Board Member

The stated goal of the Fairmondo forum is to engage the community in constructive discussions in order to create value for the cooperative by inspiring, inform, encourage and support the members. The forum is divided into a public part which is free for everyone to join and participate in and a member only forum reserved for those that have bought shares in the cooperative. In the members only forum, members can obtain additional information from the management and supervisory boards to enable deeper discussions regarding the cooperatives operational activities. Due to Fairmondos limited organizational capacity, they cannot fully engage in the discussions that takes place on these forums.

“There’s a lot of people that are willing to help. They are mostly well mannered and want to support it. Some of them are in the forum and writing ideas and criticizing a lot.

It is difficult, if we had a bigger team it would be easier to engage more in these discussions. At the moment, we don’t have a formal process for dealing with this. If we had more people, we could engage more with the members in this way.” - Supervisory

Board Member

The third area of action regarding community engagement concerns the restriction to open-source software tools. This is to engage with the wider community of Open Source Software in which Fairmondos ethos is rooted. However, the informants recognize that this commitment also comes with the need to reject more common and perhaps more practical tools in favour of OSS enabled tools.

“It’s very hard to find your way in environment where you have regulated yourself to keep the company fair a sustainable and only use open source tools. On the other hand, you have to leave out often very practical tools because your statutes. It’s hard to find a way through managing all that.” -Managing Director

5. Discussion

The empirical findings revealed four categories of effects generated by Fairmondos governance mechanisms. The importance and implication of these empirical findings is that when developing a governance system in a multi-stakeholder platform cooperative marketplace these effects should be considered. In the following sections therefore, these four categories of effects and their accompanying governance mechanisms will be discussed in relation to a general governance system.

5.1 General Platform Cooperative Governance

Platform cooperatives inherently clashes with the dynamics of our contemporary capitalist economic system. They therefore need to possess the ability to successfully navigate challenges rising from these clashes. The empirical data suggests that a platform cooperative can navigate such challenges by implementing resistance mechanisms in their statutes to prevent them from becoming pure capitalist enterprises at the expense of their members’ interest and against the platform cooperative ethos. The resistance mechanisms identified in this study supports Scholz’s (2016a) proposition that platform cooperatives will have to rely on alternative funding schemes because traditional avenues like venture-capital will often require platform cooperatives to compromise their autonomy and democratic governance. Additionally, the findings support Orsi’s (2016) recommendations to implement protections against the ability to buy power and profits in the cooperative and restrictions on salaries and compensations.

According to the empirical data, platform cooperatives can enable a democratic participation by anchoring a democratic governance structure into their statutes in three

ways. Firstly, no matter the amount of shares a member has invested in the cooperative, members should only have one vote. Thereby clearly defining the boundaries of the platform as recommended by Ostrom (1990). This also relates to the principle of collective ownership of platform cooperatives as proposed by Scholz (2016a), the platform should be owned by the people who generate most of the value on those platforms. Secondly, a platform cooperative should promote autonomous self-organising work through its statutes. This enables the employees of the cooperative to explore different strategies for self-management of the operational activities as recommended by Metts (2016) and to distribute the power among employees by removing inefficient hierarchies as proposed by Orsi (2016). Thirdly, democratic participation also includes the notions of accountability and transparency. Accountability is enabled in combination with a high degree of transparency in a platform cooperatives operational activities, this allows the cooperative members to monitor those that are accountable (Ostrom 1990).

A platform cooperative can enable transparency by implementing governance mechanisms in their statutes, requiring a cooperative to mandatorily publish all information regarding its business activities they legally can and make them available to all members as well as the public. This grants a platform cooperative the ability to enable communication processes between the members that allows for maximum adaptability to the local conditions and context (Ostrom 1990). Additionally, Scholz (2016a) proposes that transparency should also apply to the handling of data generated by the platforms users, it should be clear which data are harvested, how they are collected, how they are used and to whom they are sold. To have accurate and current information regarding the operational activities allows the members to monitor and actively audit the activities in the cooperative (Ostrom 1990). This provides a platform cooperative with two opportunities. Firstly, to allow members to hold individuals or groups accountable for their actions thereby enhancing the enablement of true democratic participation. Secondly, the case study findings indicate that transparency is an important factor in successfully building and engaging the platform cooperative community.

According to the case findings, platform cooperatives are enabled by the community not only as a source of capital but also in actively contributing to the development of the platform software and the cooperative in general. Therefore, it is highly important to build and successfully engage a community that supports the cooperative. If this endeavour fails, the cooperative may suffer the tragedy of the commons as no one volunteers to curate the

resource and protect it (Dulong De Rosnay & Le Crosnier 2012). To engage and build a community around a platform cooperative should involve two primary areas of action. Firstly, a commitment to the open source community. This is in accordance with Metts (2016) recommendation to choose OSS tools to run the cooperative. Additionally, this ties in to the platform cooperativism movements wider commitment to build upon the commons as articulated by Scholz (2016a). Secondly, implement a forum that allows members and a wider public community to discuss and develop the both the software and the cooperative. This refers specifically to the recommendation to facilitate the enablement of collective decision-making and consensus building (Scholz 2016a). A forum also grants the cooperative with rapid access to low-cost arenas to enable members and employees to deal with conflicts between themselves as proposed by Ostrom (1990).

5.2 Theoretical and practical implications

This study has produced theoretical contributions to the research on commons governance and platform cooperativism in two ways. Firstly, this study has shown that similarities exists between the established stream of literature of commons governance and the emerging literature of platform cooperative governance. Secondly, these similarities help to enrich the novel research with empirically tested design principles related to the governance of platform cooperatives. The general governance system for marketplace platform cooperatives as proposed in this study can be considered as a bridge between the two streams of literature upon which further research into other variations of platform cooperatives can be conducted. The practical implications for this study is that the governance system can act as a tool for practitioners of platform cooperativism analyse and develop their own governance structure according to the four components presented.

There are however two limitations of this study which needs to be considered. Firstly, the governance system outlined may only be applicable to platform cooperatives whose business models are similar to the one of Fairmondo. Secondly, it can be argued that this study lacks the perspective from stakeholders in Fairmondo like non-employed members and the sellers on the platform. If the study had included the perspectives from these stakeholders the credibility of the governance model developed could have been enhanced.

For further research, it is recommended to use the general governance system to analyse other platform cooperative initiatives similar to Fairmondo to see if the components or their relationships between them can further be refined.

6. Conclusions

This study set out to answer the following research question:

What are the effects generated by the governance mechanisms in a multi-stakeholder platform cooperative?

To answer this question, an inductive single case study with a was conducted on a marketplace platform cooperative. The empirical findings revealed four categories of effects generated by the governance mechanisms implemented in a platform cooperative, these are: navigating capitalism, facilitating democratic participation, enabling mandatory transparency, engaging the community. This study can further conclude that these effects can be considered as four interwoven components of a general governance system for multi-stakeholder platform cooperatives that can guide further research and practical endeavours (Figure 3).



Figure 3. General governance system for marketplace platform cooperative.

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Appendix 1. Primary Data Sources

Area	Information	Link
Financial figures	Annual reports regarding number of sales and marketplace visitors	https://www.fairmondo.de/geschaeftszahlen
Business accounts	Revenues, expenses, salaries, remunerations and allowances	https://sofi.openbankproject.com/banks/gls/accounts/fairnopoly-geschaftskonto/public
Financial statements and tax returns	Annual financial statements and tax returns	https://sofi.openbankproject.com/banks/gls/accounts/fairnopoly-einlagenkonto/public
Business activities	Strategic orientation, partnerships and principles	https://info.fairmondo.de/
Marketplace software	Source code for the marketplace platform	https://github.com/fairmondo/fairmondo
Official documents	Fairmondos Statutes	https://info.fairmondo.de/wp-content/uploads/2013/01/Fairmondo-Satzung_20150131.pdf
Official Website	General Information	https://www.fairmondo.de/global

Appendix 1. Overview of data sources from Fairmondos website.

Appendix 2. Secondary Data Sources

Context	Title	Link
Conference	Paul Mason interviews Felix Weth Platform cooperativism Meaning 2016	https://www.youtube.com/watch?v=TL5tFZS69JM&t=9s
Conference	Rewiring the Sharing Economy: Q&A London	https://www.youtube.com/watch?v=-ayUr9OjWi8
Conference	Felix Weth (Fairmondo) at Platform Co-ops event, London 2016	https://www.youtube.com/watch?v=9XZEBGVs7is
Conference	Felix Weth on Fairmondo and Open Multi-Stakeholder Coops	https://blog.p2pfoundation.net/felix-weth-on-fairmondo-and-open-multi-stakeholder-coops/2017/03/15
Interview	Q&A with Felix Weth of Fairmondo, the Platform Co-op that's Taking on eBay	http://www.shareable.net/blog/qa-with-felix-weth-of-fairmondo-the-platform-co-op-thats-taking-on-ebay
interview	Economic Revolution - A Co-Op Owned Mass Marketplace Interview with Felix Weth, Founder of Fairmondo	http://thechanger.org/community/economic-revolution-co-op-owned-mass-marketplace

Appendix 3. Overview of secondary data sources.

Appendix 3. Interview Guide

How do you make decisions in Fairmondo?
Who takes personal responsibility for decision making?

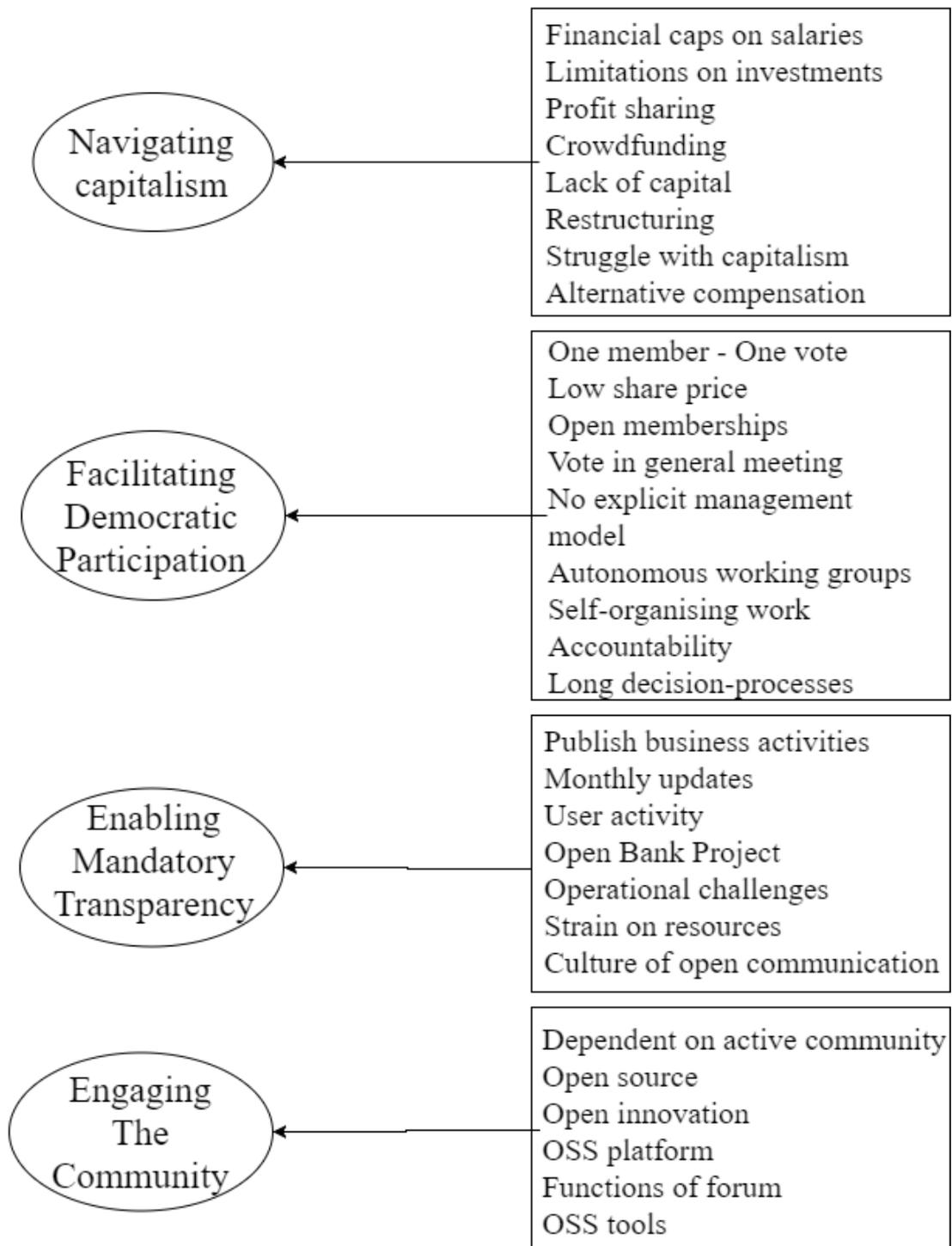
How do you decide about the nature of the objectives Fairmondo pursues?
How are the individuals in Fairmondo motivated to pursue these objectives?

How are activities coordinated in Fairmondo?
Do you have formal and well-structured management processes to deliver outputs?
Do you encourage a process of informal and spontaneous coordination?

Appendix 4. Coding examples with emerging themes.

Emergent Main Themes

Example Codes



Appendix 4. An overview of coding examples together with its related emerging themes.