

Generative Ownership Design

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Description

Marjorie Kelly:

"In Denmark, I visited the town of Kalundborg, where the major pharmaceutical Novo Nordisk produces 40 percent of the world's insulin. The town is home to a famed example of "industrial symbiosis," where this company's waste becomes food for the ecosystem. Yeast from making insulin, for example, is treated and then passed to farmers to be used as food for pigs, or for fertilizer. That ecological design – which has been operating and stable for decades – is possible only because ownership of this major, publicly traded company is also stable. It is an example of a design that is common throughout northern Europe, which can be called the "mission-controlled corporation." The aim of this company is to defeat diabetes. And the corporation is legally controlled by a foundation, intent on that social mission.

These various models embody a coherent school of design – a common form of organization that brings the living concerns of the human and ecological communities into the world of property rights and economic power. **They can be called a family of generative ownership designs. They are aimed at creating the conditions where all life can thrive. Together, they potentially form the foundation for a generative economy** – a living economy that might have a built-in tendency to be socially fair and ecologically sustainable.

In ownership design, there are five essential patterns that work together to create either extractive or generative design: purpose, membership, governance, capital, and networks.

- Extractive ownership has a Financial Purpose: maximizing profits. Generative ownership has a **Living Purpose**: creating the conditions for life.

- While corporations today have Absentee Membership, with owners disconnected from the life of enterprise, generative ownership has **Rooted Membership**, with ownership held in human hands.
- While extractive ownership involves Governance by Markets, with control by capital markets on autopilot, generative designs have **Mission-Controlled Governance**, with control by those focused on social mission.
- While extractive investments involve Casino Finance, alternative approaches involve **Stakeholder Finance**, where capital becomes a friend rather than a master.
- Instead of Commodity Networks, where goods are traded based solely on price, generative economic relations are supported by **Ethical Networks**, which offer collective support for social and ecological norms.

Ownership is the gravitational field that holds an economy in its orbit. Today, dominant ownership designs lock us into behaviors that lead to financial excess and ecological overshoot. But emerging, alternative ownership patterns – when properly designed – can have a tendency to lead to beneficial outcomes. It may be that these designs are the elements needed to form the foundation for a generative economy, a living economy – an economy that might at last be consistent with living inside a living being." (<http://blogs.worldwatch.org/sustainableprosperity/generative-economy/>)

Typology

Marjorie Kelly:

THE FAMILY OF GENERATIVE OWNERSHIP DESIGN

Commons and government ownership:

Assets like the ocean, a forest, land, a park, or a municipal power plant are held or governed indivisibly by a community. This category includes, but is not limited to, government ownership.

Stakeholder ownership:

Ownership by people with a human stake in a private enterprise – including cooperatives, partnerships, credit unions, mutual insurance companies, employee-owned firms, and family-owned companies – where the central purpose is a life-serving one.

Nonprofit and social enterprise ownership:

Organizations with a primary social or environmental mission, which rely either on charity (nonprofits) or use business methods (social enterprise). This category, which includes hospitals, universities and non-governmental organizations, embraces nonprofits, subsidiaries of nonprofits, and certain private businesses.

Mission-controlled corporations:

Corporations with a strong social purpose that are owned in conventional ways (often with publicly traded shares), yet keep governing control in mission-oriented hands. These can include family-controlled firms, and the large foundation-controlled companies common across northern Europe."

(http://www.gtinitiative.org/documents/IssuePerspectives/GTI-Perspectives-Architecture_of_Enterprise.pdf)

Discussion

Marjorie Kelly:

"In enterprises with generative ownership, leaders are not, by and large, out to maximize their own income. They define success as serving the community and keeping the organization financially healthy over the long term. The purpose, ownership, and governance of these institutions – as well as the socially responsible networks of which they are a part – combine to create balancing feedback loops that keep these enterprises rooted in the real world, serving the aims of living communities. Because they are less addicted to growth than the extractive model, generative models may have a key role to play in a post-growth economy.

Enterprise ownership has five primary design elements: purpose, membership, governance, capital and networks – each of which can be used in an extractive or generative way. Extractive design has a financial purpose: maximizing profits. Generative design has a living purpose: creating human well-being. While publicly traded corporations have absentee membership, generative ownership has rooted membership, with ownership held in human hands. While extractive ownership involves governance by markets – with control by capital markets on autopilot – generative designs have mission-controlled governance, with control by those focused on social mission. Instead of investments that involve casino finance, alternative approaches involve stakeholder finance, where capital becomes a partner rather than a master.

Instead of commodity networks, where goods are traded based solely on price, generative enterprises are supported by ethical networks, which offer collective support for social and ecological norms. Not every ownership model has every one of these five design elements. But the more generative elements are employed, the more effective the design." (http://www.gtinitiative.org/documents/IssuePerspectives/GTI-Perspectives-Architecture_of_Enterprise.pdf)

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