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## Journal of Business Venturing

journal homepage: [www.elsevier.com/locate/jbusvent](http://www.elsevier.com/locate/jbusvent)Common property: Uncommon forms of prosocial organizing<sup>☆</sup>Ana Maria Peredo<sup>a,\*</sup>, Helen M. Haugh<sup>b</sup>, Murdith McLean<sup>c</sup><sup>a</sup> School of Environment Studies, University of Victoria, Canada, P.O. Box 3060 STN CSC, Victoria, British Columbia V8W 2Y2, Canada<sup>b</sup> Judge Business School, University of Cambridge, Trumpington Street, Cambridge, CB2 1AG, United Kingdom<sup>c</sup> University of Victoria, P.O. Box 3060 STN CSC, Victoria, British Columbia V8W 2Y2, Canada

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## 1. Introduction

As Adam Smith memorably observed, the world of self-interested commerce is replete with positive externalities (Smith, 1904 [1776]). Much good comes to societies in which profit-seeking enterprise flourishes, including gainful employment and the generation of income available for expenditure on the necessities of life as well as those things that make it enjoyable. Alas, the externalities are not always positive. Since the dawn of commercial activity, there have been worries about its negative effects on those who engage in it, and on the societies in which it takes place. But lately there has come to be heightened concern that left to its own self-interested devices, business is doing a good deal of harm. Porter and Kramer (2011) remark, “business increasingly has been viewed as a major cause of social, environmental, and economic problems. Companies are widely perceived to be prospering at the expense of the broader community” (p. 62).

This heightened concern has brought with it a renewed attention to the question of what should count as value in the world of business (Donaldson and Walsh, 2015), and calls for a concept of “shared value” that recognizes “societal needs, not just conventional economic needs, define markets” (Porter and Kramer, 2011, p. 5). This is the climate in which concepts of ‘prosocial motivation’, ‘prosocial behavior’ and ‘prosocial organizing’ have taken root in the world of business. What makes motivation, behavior or the process of organizing prosocial is their other-directedness; an orientation toward benefiting others by relieving their hardship and/or promoting their welfare (Batson and Powell, 2003, p. 463).

Prosocial venturing can take many forms and is promoted in a number of different forums. The most obvious manifestation of an interest in prosocial business is the attention paid to social enterprise that has mushroomed since the early 1990s. But the scope of prosocial organizing broadens out in such considerations as the attention paid since the 1960s to corporate social responsibility (CSR), especially when CSR is seen as going mere beyond statutory compliance to corporate activity aimed at furthering some social good. Many of the initiatives undertaken since 2004 under the umbrella of the United Nations Global Compact similarly embody a push for a prosocial business impact.

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Our intention in this paper is to launch a theoretical consideration of one important but neglected aspect of prosocial organizing: the underlying property regime. That leads us to draw attention to a particular property form that has received little or no attention as an instrument of prosocial organizing, though it has been employed in several notable examples of that activity: common property. In highlighting this institutional arrangement, we wish to go beyond identifying an under-recognized feature of some prosocial organizations and highlight an instrument with potential advantages for additional instances of prosocial organization.

The plan of this paper is as follows. We begin by explicating the dominant assumptions about property that underlie much thinking about business activity, including its prosocial examples, and contrast these with the varied and complex concepts of property that are obscured by those assumptions. We draw attention to an historical example of the way that common property has been employed in a striking form of prosocial venturing, and follow this with a sketch of three current exemplars of prosocial organizing built around common property. Next, we outline the way that standard market arrangements require the commodification of factors such as land, labor and capital, and the damage done by commodification. We then theorize how the common property regime can have the effect of decommodifying capital, labor and land by re-embedding them in society and the environment and restoring their use value. We then compare our common property prosocial organizations (CPPOs) with other recent innovations in prosocial organizing, such as B-Corps and L3Cs. We discuss the potential of CPPOs for further innovation in prosocial organizing, and conclude with some suggestions about further research into that potential.

## 2. Enlarging the concept of property

A capitalist market system depends fundamentally on the institution of private property. Perhaps as a consequence, when the word ‘property’ is used, it is generally taken for granted in industrialized societies that the reference is to private property: the exclusive possession of some entity by individual persons or organizations (artificial persons in law). This assumption is, historically, socially and legally myopic.

As Ostrom (2000) has shown, it is easy to oversimplify the concept of property. The institution of property in fact gathers up a complex and variable bundle of different rights that a person or group has in relation to some asset. Each bundle is made up of some combination of the right to access, to withdraw resource units, to regulate and improve, to determine who else may have access and withdrawal privileges, and to sell or lease (Schlager and Ostrom, 1992). The bundles of rights may be held in differing combinations. There may be a right, for example, to access property coupled with limited rights to its management, or a right to exclude others from accessing property but not the right to sell (alienation).

Modern scholars agree that property relations are essentially social relationships that exist in agreements among members of society with respect to the relationship between some person or group and some asset: “First and foremost, *all property rights flow from the collective* as opposed to flowing from some alleged ‘natural rights’ that are claimed to be logically prior to the state” (Bromley, 1991, p. 5, italics in the original). Property rights exist, on this view, in the agreement by members of a society to respect a specific set of entitlements between some person or group and some asset(s).

Across different societies, cultures and nations there is a rich diversity of property regimes and rights, a diversity with respect not only to the combination of rights that may be entailed but also to who may hold them. Although a taxonomy of property rights cannot capture fully this variety, in this paper we distinguish among four property regimes: private property, collective property, common property, and public property. Full property rights under each regime will consist in something approaching all the rights that constitute property relations, but it is worth emphasizing that under each regime, rights may be bundled in a variety of ways.

Full private property rights consist of the possession by a person of something like the full bundle of rights referred to above, with respect to some asset, although there are almost always limitations on the extent of those rights. The legislation in most industrialized countries constitutes firms, properly registered, as individual legal persons, and they are therefore included as private property holders. A collective property regime, in contrast, refers to an asset in relation to which members of a group have property rights that are held jointly but divisibly; i.e., individual members of the group may withdraw their share of the jointly held property and treat that share as individual property. In this respect, collective property may be seen as a sub-class of private property. Private and public corporations exemplify the collective property regime in that individual shareholders are regarded as part owners with the right to treat their share of ownership as personal property that can be bought and sold independently.

A common property regime is similar to, but importantly different from collective property. Like collective property, common property is an asset over which a group of persons share ownership rights; but in the case of common property they share those rights co-equally (Ciriacy-Wantrup and Bishop, 1975), and – crucially – those rights are *not* divisible among persons. Members of the common property ownership group are essentially trustees, not individual or collective owners, since their ownership interest is not defined by their rights in relation to individual shares. Legally, individual owners cannot be discriminated in common ownership. Specifically, members cannot sell their share in rights of exclusion and management as divisible portions of an asset (Ostrom, 2000, p. 341). A member's interest in common property is defined by their participation in the group that, according to institutional arrangements, exercises ownership entitlements. Importantly, common ownership does not entail open access, which is fact the absence of any form of ownership (McKean, 2000, p. 8). As Bromley and Cernea (1989) have pointed out, arguments for a “tragedy of the commons” (Hardin, 1968) often rest on a confusion between a common property regime and open access. Institutionally, common property ownership includes the right of a distinguishable group to exclude others from access or other aspects of ownership with respect to an asset (Ostrom, 2000, p. 335).

It is important not to confuse common property with public property, a sub-class of state property in which an asset or resource is owned by a governmental authority. Some types of public property, e.g., offices, buildings and equipment, are restricted in their access in the same way as access to private property. But when a governmental authority designates some of its property as open

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