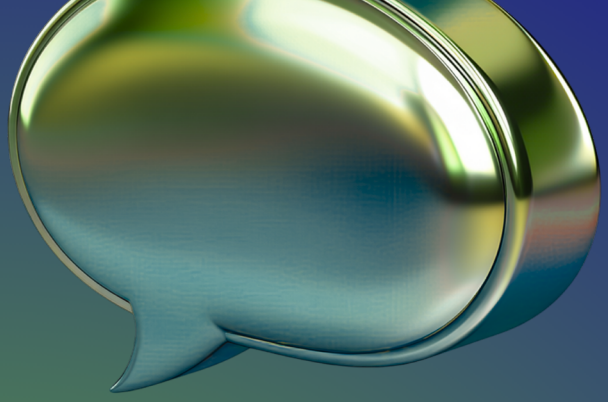
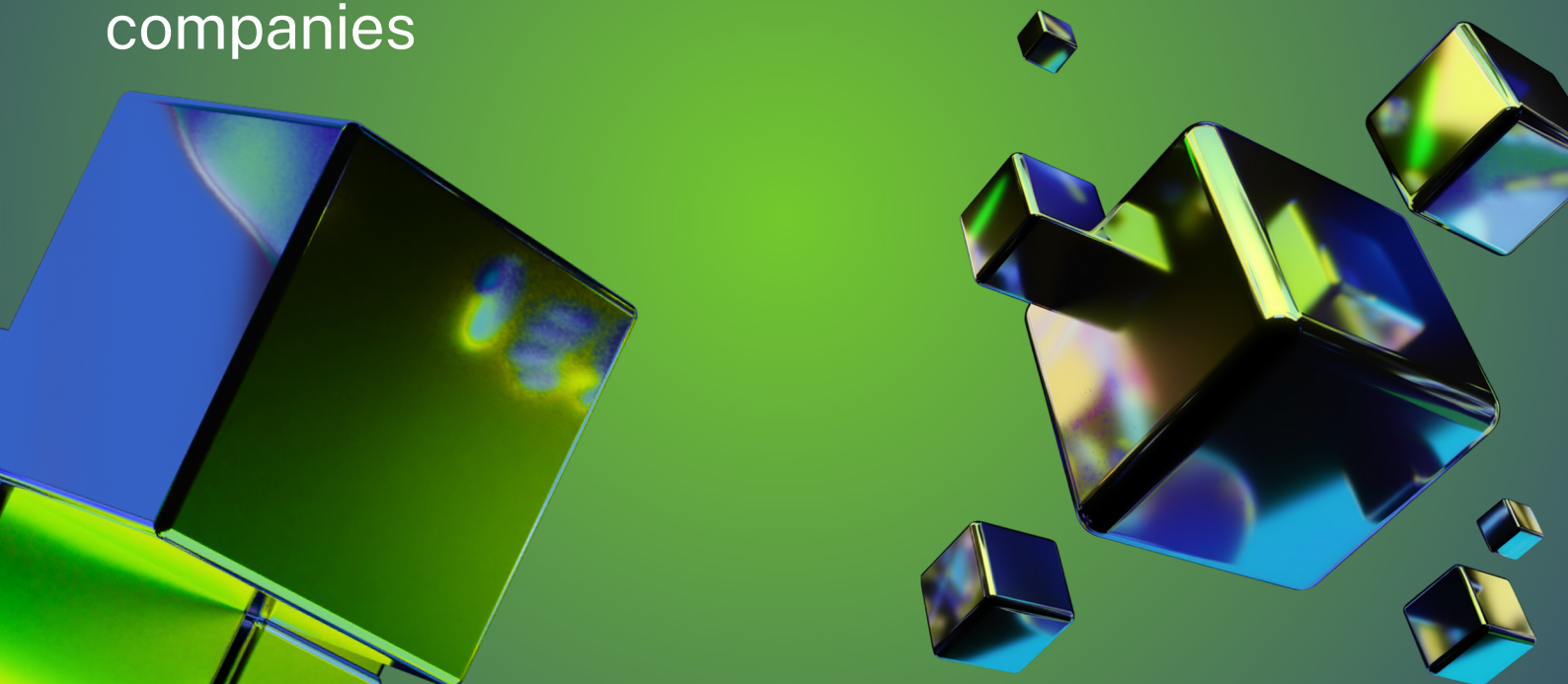


DEMOCRATIC BY DESIGN

Integrating democratic participation into the ownership of tech companies



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June 2026

European Partnership for Democracy

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Sofia Calabrese is a Digital Policy Manager at the European Partnership for Democracy. Her work involves all topics at the crossroads between digital policy and democracy, with a strong focus on political advertising, online platform regulation and Artificial Intelligence. Recently she has been investigating democratic governance and ownership structures for tech companies and how to incentivise them at EU level.

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Executive summary

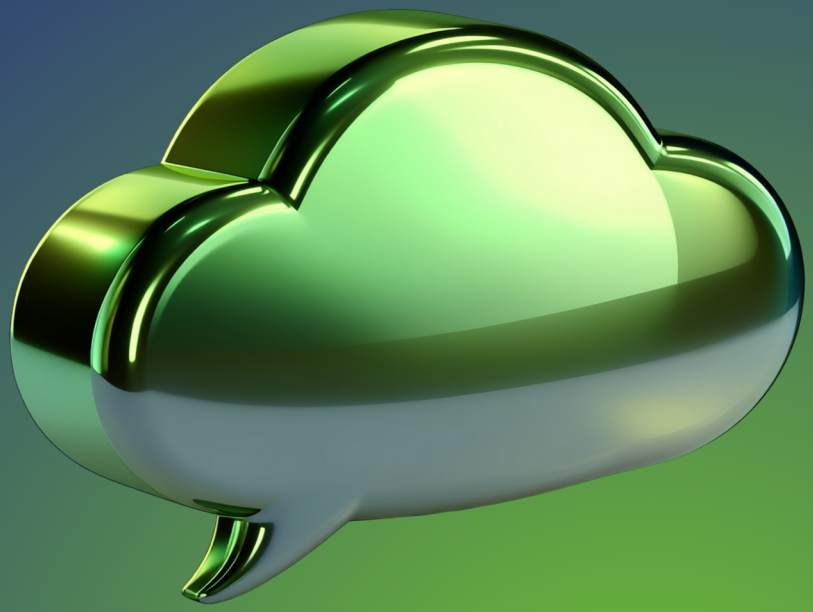
While many individual issues at the intersection between technology and democracy have been addressed in EU legislation, **important gaps** and enforcement challenges still remain, especially when it comes to **corporate structures** and **business models of tech companies**. In the context of the current discussions about building a European tech sector as part of the push for **digital sovereignty**, this report seeks to answer the following questions:

1. *Why should we integrate democratic participatory processes in the internal corporate structures of tech companies?*
2. *What are the best corporate governance models to do so based on ownership, purpose and control?*
3. *How can we incentivise these models in the EU, as part of the push for EU digital sovereignty and strategic autonomy?*

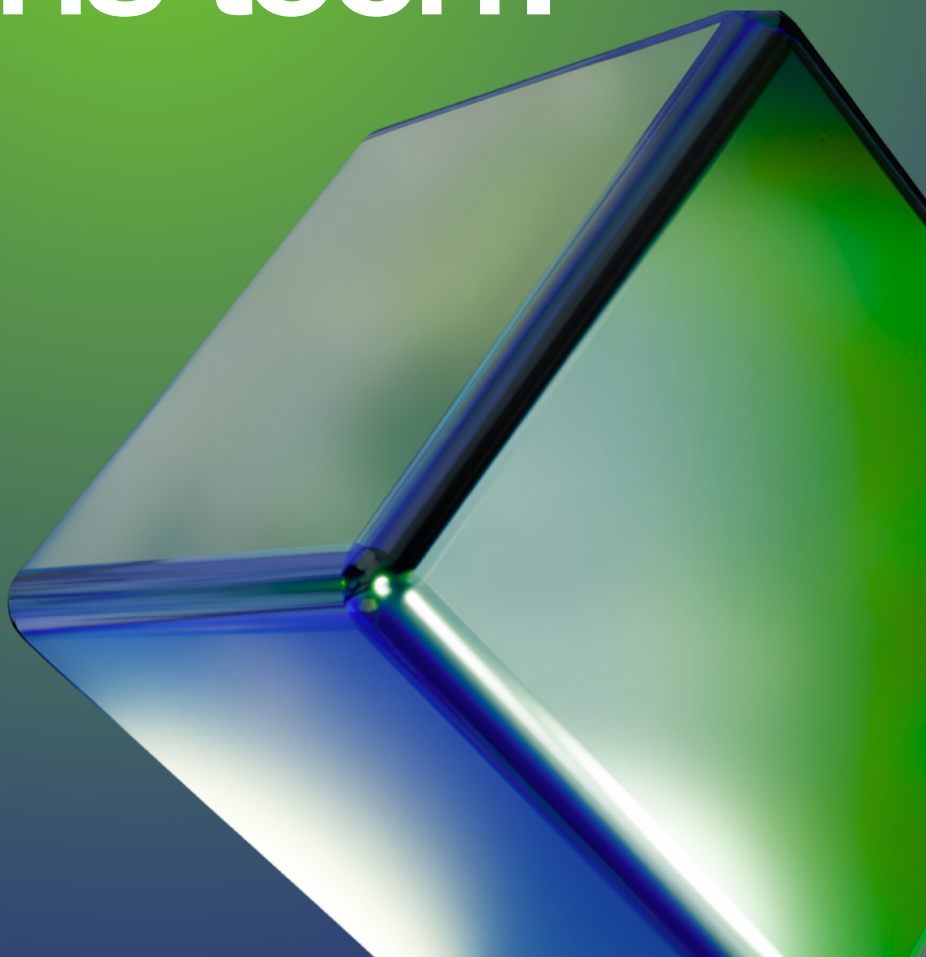
To address these questions, the research draws on qualitative methods, including a **review of existing academic literature** and policy-oriented work on the topic and a **comparative analysis** of the structures of existing tech companies. It also incorporates insights from approximately **30 interviews** with stakeholders from academia, civil society, EU institutions and the private sector, as well as findings from **2 stakeholder workshops**.

Based on this research, the report identifies **decentralisation as a key component of participatory governance** and outlines a **range of approaches to achieve it**, depending on the sector. These include cooperatives, decentralised non-profit structures, purpose-driven companies, traditional media / public broadcasting and public–private partnerships.

Finally, the report presents a set of policy recommendations to **incentivise these models at the EU level**, including the use of public procurement rules, funding conditionality, and more stringent regulation of corporate structures in specific sectors.



Background: who owns tech?



As highlighted earlier in our op-ed on Tech Policy Press, in the past few years, evidence showing that Big Tech companies pose a threat to democracy has only kept growing. The issues lie not only in individual practices such as weak data protection standards, amplification of disinformation, and election interference, but most importantly in their **dominant role on the market, internal structures and business models**.

Because of their size and power, they control democratic discourse online and provide essential infrastructure upon which democratic institutions and all other societal actors depend. Big Tech companies can choose to switch their services on and off for the general public and government institutions. They can determine whether, and how, they comply with laws enacted by democratically elected officials. They can even decide what information citizens do (or do not) have access to. For these reasons, they have become *de facto* **services of public interest**.

Furthermore, these corporations concentrate power not only in the market but also in how they govern themselves. Most leading tech companies operate under **highly centralised, top-down governance models** where one or very few individuals own and control the entire organization, making decisions without checks and balances, including the ability to sell the company and abandon its original mission, as seen in the case of Twitter / X.

Both their role on the market and internal structures create a **democratic deficit**. We citizens elect our representatives, yet ultimately, a few Big Tech corporations, upon which we have no control, decide our collective destiny.

The **EU has done a lot** in the past years to address some of these issues and protect its founding values through legislation. For example, transparency and due diligence rules for online platforms have been shaped by the Digital Services Act, personal data protection is ensured by the General Data Protection Regulation, and the Regulation on Transparency and Targeting of Political Advertising considers the specific case of political ads. The EU has also regulated AI with the Artificial Intelligence Act and anti-competitive behaviors of online platforms with the Digital Markets Act.
While the current framework still needs to prove its effectiveness, the current geopolitical context, marked by the EU's technological dependence on the United States and China, makes this an **uphill battle**. On top of that, these countries have become increasingly hostile and openly back their own tech giants to evade EU enforcement. Even within the EU, the push towards regulatory simplification, exemplified by the Digital Omnibus, could water down the existing framework. This poses an existential threat to the EU and its citizens and has accelerated discussions on the need for Europe's **digital sovereignty** and how to do that right.

Initiatives such as EuroStack and EuroSky exemplify this effort, alongside national efforts such as the German Sovereign Tech Fund and The European Way. European companies themselves have been increasingly vocal on the need for the EU to play a role, with proposals such as GitHub's Sovereign Tech Fund and initiatives such as Proton's 'AI built for people and not for profit'. Even the International Criminal Court has recently announced that it will move from Microsoft Office to Open Desk, a European open source software; and France that it will replace Windows for Linux. This happens in parallel with broader research on what valid European models for social media and Artificial Intelligence could look like. **EU citizens** are also increasingly sympathetic to the idea that Europe (or their own country) should have more control over its digital infrastructure and data flows, especially when it comes to the protection of fundamental rights, privacy and security; and potentially establishing its own social media platform.

These developments have prompted experts to take a broader, **long-term perspective** on what a future European tech sector could and should look like, including the role of digital public infrastructure. Looking at the evolution of the tech sector, both within the EU and globally, it is clear that multiple trajectories are possible. The direction ultimately taken will not be accidental, but **shaped by deliberate political and economic choices**. The key question, therefore, is not whether change will happen, but which model Europe chooses to promote.

This study focuses on **moving towards a scenario of participatory digital democracy**, grounded in the broader objective of democratising both technology and society. Achieving this vision requires a **combination of tools** (see box below as a guide), spanning regulatory frameworks, technical design choices, and organisational models.

Legal and regulatory tools include the existing body of EU legislation in the tech sector, covering areas such as transparency, data protection, competition, unfair trading practices, and risk assessments. Key examples include the aforementioned Digital Services Act, Political Ads Regulation, General Data Protection Regulation, Digital Markets Act and Artificial Intelligence Act. At the EU level, these represent the most advanced set of tools. Technical and organisational tools could also be mandated by law and thus become legal tools.

Technical tools encompass proposals around democratic digital commons; civic tech initiatives; the promotion of open source and interoperability efforts including the Fediverse and EuroSky; as well as proposals to reform recommender systems. This is an area of active and ongoing debate, and some elements have already been reflected in regulation, for example, the (limited) interoperability obligations under the Digital Markets Act and the rules on recommender systems introduced by the Digital Services Act.

Organisational tools, finally, relate to the internal governance and ownership structures of tech companies, aiming to make these structures themselves more democratic and to enable more participatory decision-making. These include, for example, control mechanisms (such as board composition, committees, voting rights and stakeholder relationships), purpose (for profit or for good) and ownership models (public, private, or mixed).

Unlike legal and technical tools - which have already been, to varying degrees, part of policy discussions - **organisational tools** remain significantly underexplored as a means to ensure a more democratic tech sector, with limited research and policy attention to date.

This study focuses on filling this gap, and explores **how to integrate democratic participatory processes in tech companies using organisational tools**. In particular we aim at responding to three research questions:

1. *Why should we integrate democratic participatory processes in the internal corporate structures of tech companies?*
2. *What are the best corporate governance models to do so based on ownership, purpose and control?*
3. *How can we incentivise these models in the EU, as part of the push for EU digital sovereignty and strategic autonomy?*

We are aware of both the broad scope of this research and its inherent limitations. This work should be understood as a **conversation starter**, intended to stimulate further research on alternative organisational models for tech companies, and it does not aim to be exhaustive.

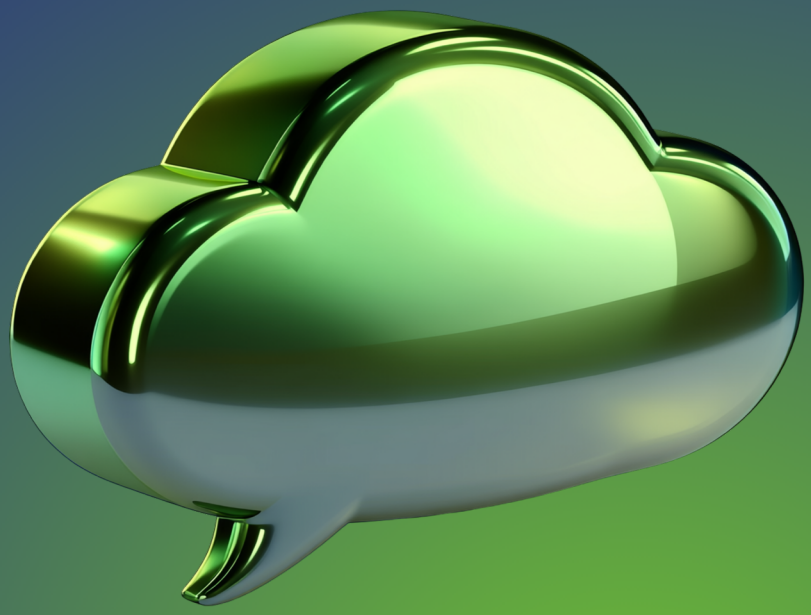
First, to limit the scope, we focused exclusively on the **principle of democratic participation** as integrated into company structures, rather than on all the founding principles of democracy, as this is its most relevant manifestation for our purposes. Second, as already outlined, we concentrate on **organisational tools** and not on

technical or legal ones, even though these are also crucial and should be developed in parallel. Similarly for business models - while ownership structures influence business models and vice-versa, they should not be considered as the same topic and business models should be treated further as part of additional research on the 'purpose', rethinking incentives beyond profitability.

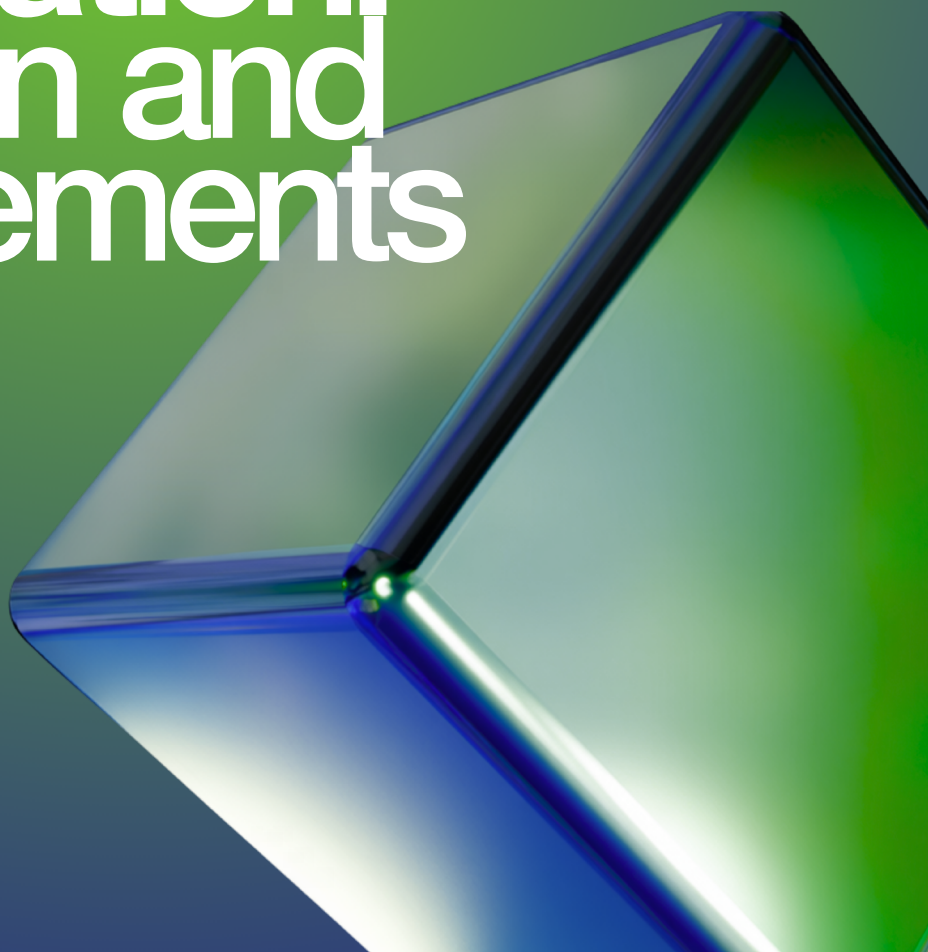
Third, our analysis applies to the **tech sector broadly**, since it concerns company structures that do not vary significantly across sectors; however, we acknowledge that further, more detailed analysis may be required for specific sectors (for instance, social media differs from cloud infrastructure, and might require a different model). To this end we tried to give indication of what models would be most appropriate for what sectors, when relevant.

Fourth, our focus is primarily a constructive one, looking at **new tech companies** that may be created in the EU, although we believe that actions to break up monopolies with competition rules and the enforcement of the Digital Markets Act should proceed in parallel. Even though that's not the focus of this research, some of the findings and strategies to enhance participation could also be applied to existing companies.

Finally, while our analysis centres on the EU context, the findings may be **relevant to other regions** as well, as the concentration of power within companies is not unique to the EU.



Democratic participation: definition and main elements



'Democracy' is usually understood as a form of government in which political power is in the hands of the people. While this sounds relatively self-explanatory, there are many definitions of democracy.

From a **minimalist perspective**, democracy is a system in which citizens decide by whom and how they will be governed, in particular with free and fair elections. **Maximalist conceptions** add elements to the definition of democracy, including for example the presence of rule of law, separation of powers, transparency of public administration, civic engagement and the respect of fundamental rights.
Whether we adopt a minimalist or maximalist definition, however, the pivotal principle of democratic governance would still be the **principle of participation**, whether that manifests only in voting, or in broader civic engagement and freedom of expression.

Since participation is at the very core of our notion of democracy, it is this principle that is going to be analysed and tested in this report to understand when a process is most participatory - and hence most democratic.

a. What is democratic participation

The principle of participation in democratic governance is the active involvement of a group of individuals in a collective process, in order to **maximise the number of individuals involved for better outcome** that is representative of the public interest.

Unlike the concept of democracy, that can (also) be seen as the embodiment of certain values, democratic participation mostly refers to a **process** or to a method that would lead to a certain outcome: the accurate representation of the public interest.\

To **measure** whether a process can be considered as participatory we can therefore take into account the number of individuals involved, the time invested in and the frequency of participation, the involvement of individuals, the extent of influence on the process with respect to the issues addressed and the level of participation that individuals are entitled to.

Forms of public participation are elections, popular initiatives, citizens' assemblies, referenda, and community level forms. Citizens could play different roles, for example one of co-decision-making, co-producing, counselling, consultation, or of distributing information.

Such principle is also grounded in the **EU treaties** including in Article 10(3) TEU: 'Every citizen shall have the right to participate in the democratic life of the Union' and Article 15(1) TFUE: 'In order to promote good governance and ensure the participation of civil society, the Union institutions, bodies, offices and agencies shall conduct their work as openly as possible'.

b. Extending democratic participation to private firms

When we talk about participation, we usually talk about it in reference to the state, public administration and public sector as a whole. Since participation describes a process, however, it can be **applied to other processes** as well, such as the governance structures not only of the public administration, but also of the private sector.
In particular:

"Democratic governance is about how interests are articulated, resources are managed and power is exercised. Underlying it are the rules, processes and behaviour which determine how the state serves its citizens. Principles for good [democratic] governance are participation, inclusion, transparency and accountability. [...] Support to democratic governance also encompasses the ***non-state actors that contribute to a functional democratic system.****"*

Some scholars have argued that **firms should be seen as political entities** whose internal governance should reflect democratic norms similar to political institutions, including the principle of participation. Academic debates also increasingly argue that tech corporations should redefine their purpose to align with democratic values, for instance by designing systems that serve collective interests rather than maximising shareholder returns.

This is particularly relevant to apply **when firms reach a certain size and, because of the sector they operate in, provide public-interest, essential services that 'contribute to a functional democratic system'** such as media and broadcasting and, most recently, digital infrastructure such as cloud computing, AI applications, messaging services and social media platforms; and because they pose **related risks** to the broader community. There are precedents for that in other sectors such as energy, water, telecommunications, transports and even banking (see further below the SWIFT example in 5a). This would be particularly necessary to move **towards a scenario of participatory digital democracy**, grounded in the broader objective of democratising both technology and society.

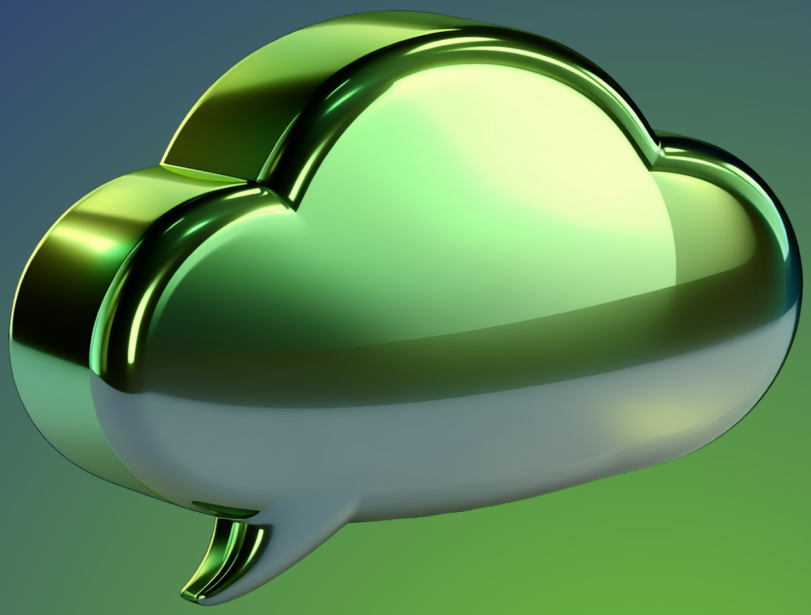
Furthermore, there is also evidence that firms with alternative, more participatory models, like foundation-based governance, can actually be more profitable and

economically stable than more traditional for-profit individual-owned or shareholder-based companies.

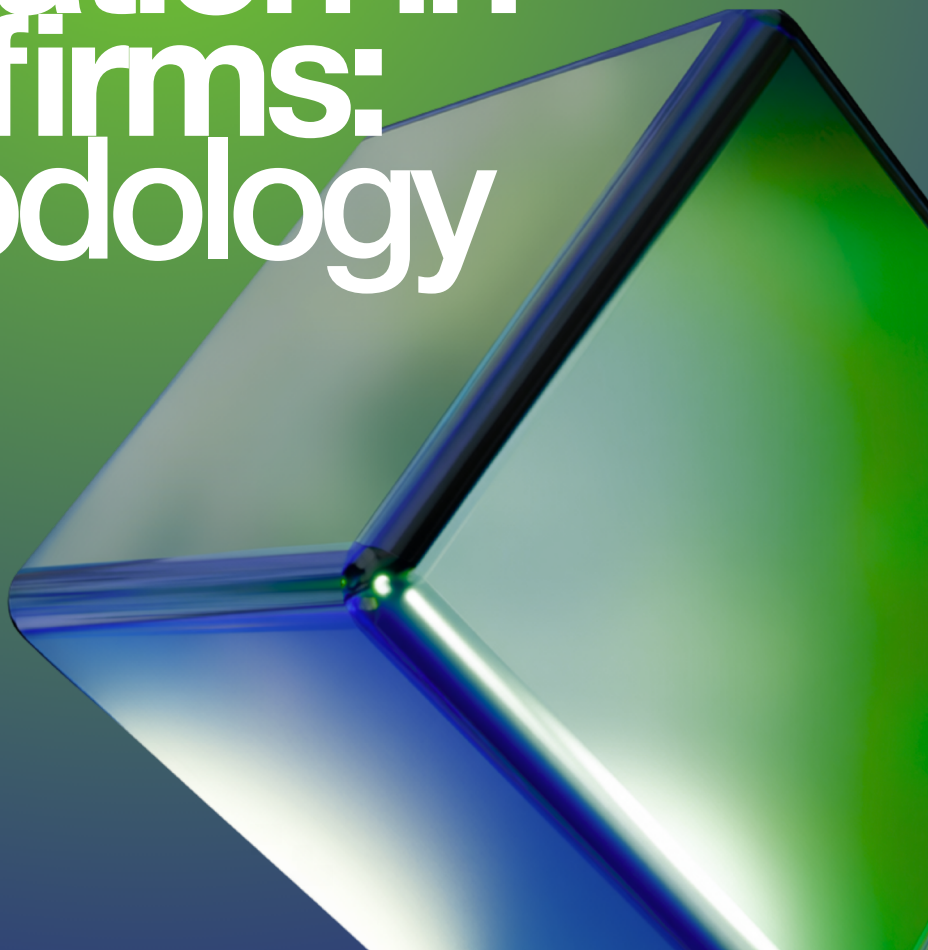
Finally, some scholars also distinguish between two forms of governance: **top-down and participatory governance**. They introduce this differentiation as part of a classification of governance models:

"In top-down governance structures decisions are made by actors at the peak of an organizational structure and then imposed on lower levels; in participatory governance, decisions involve substantial direct involvement of actors from the bottom tiers. [..] A shift of governance from the top-down adversarial to the participatory collaborative form involves the delegation of power from higher to lower levels of governance and to a broader array of participants".

In this context, **democratic participation in the internal governance of tech companies** would refer to the inclusion of relevant stakeholders beyond traditional shareholders in corporate decision-making processes, governance structures, and strategic deliberations, enabling more accountable, transparent, and socially responsive technology firms.



Evaluating participation in private firms: a methodology

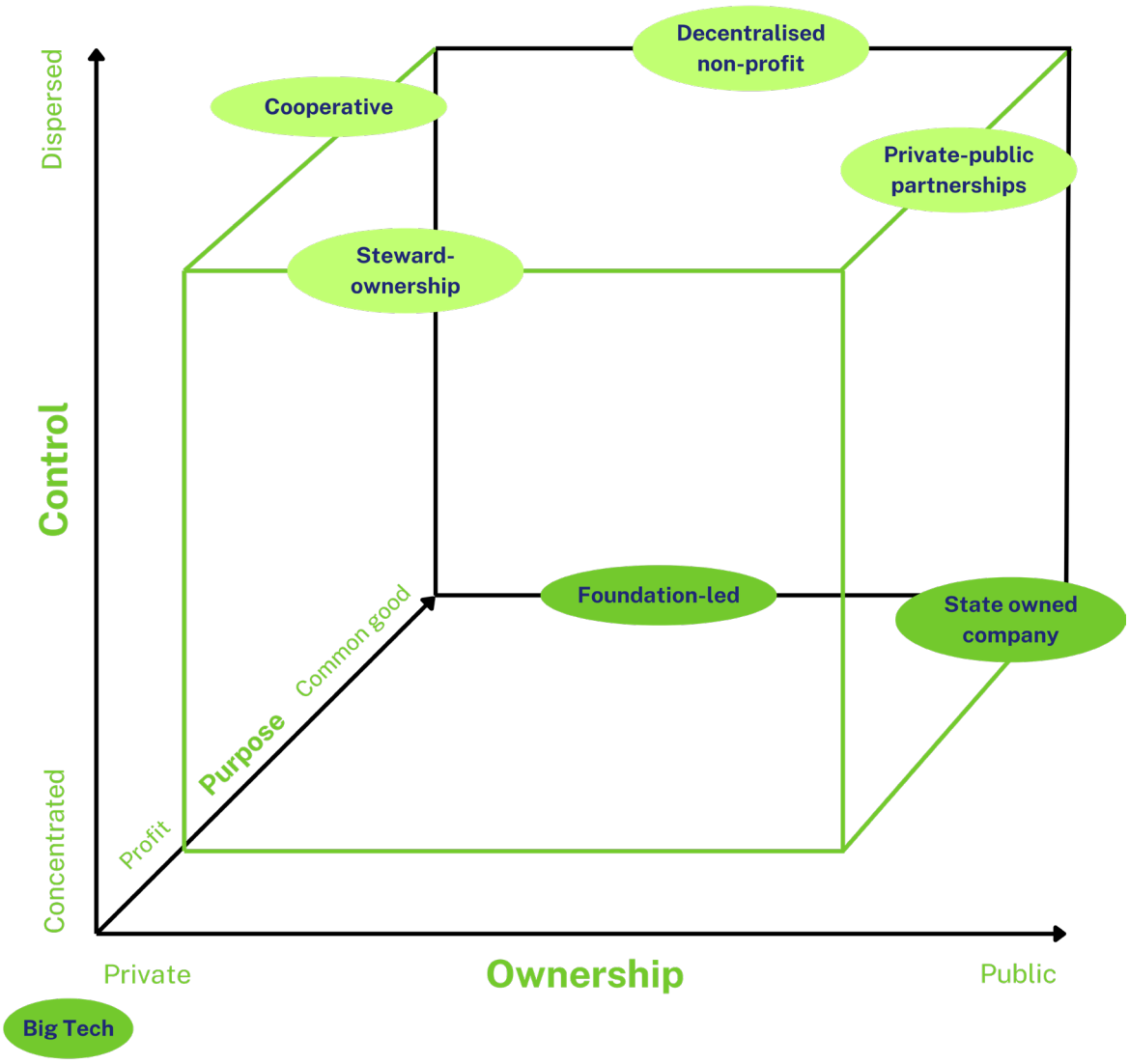


We established that it is worth applying the principle of democratic participation to the internal governance of private companies and adopt alternative models in certain cases, in particular when they provide public-interest essential services.

Based on that, we are going to first identify different models based on ownership, purpose and control **[step 1]**; and second to ask ourselves how the specific models enable meaningful participation for users, employees and other stakeholders and what are the potential pros and cons for democratic governance **[step 2]**.

a. Identifying main models of corporate governance [step 1]

To identify different models of corporate governance we are going to look into corporate structures under three main axes, which are often used to analyse corporate governance: ownership, purpose and control (see box below).



Ownership (private vs. public: determines whose interests are legitimate)
Ownership structures shape which interests are recognised as legitimate in the governance of the firm. When ownership is primarily private, decision-making power tends to be aligned with shareholders and investors, privileging commercial interests over broader social concerns. In contrast, public or collective ownership models frame technology as a social infrastructure, in which users and citizens have a legitimate stake. This shifts the basis of governance from market value to social value, opening space for more participation.

Purpose (profit vs. public good: determines whether people are means or ends)
The purpose of an organisation determines whether human users are treated primarily as means for profit or as ends in themselves. A profit-oriented purpose can encourage business models based on practices such as data monetisation, behavioural manipulation, and optimisation for engagement or growth. By contrast, a public-good orientation frames technology as a tool for democratic, social, and ethical objectives.

Control (concentrated vs. dispersed: determines risk of authoritarian capture)
Control refers to how decision-making power is distributed within and around technological systems. Concentrated control, whether in the hands of corporations, platform owners, or state actors, creates structural risks of authoritarian capture, as a small number of actors can shape information flows, social interactions, and political outcomes. Dispersed control, through mechanisms such as decentralised architectures, participatory governance, or regulatory oversight, reduces these risks by pluralising power and embedding checks and balances. In this sense, control is not merely technical but deeply political, as it conditions the resilience of digital systems against domination and abuse.

The following table further shows all the combinations of the three elements and related models. It is not possible to make fully accurate real life examples for each of the models or name them because there are many variations, but we included some explanations in the table and concrete examples when possible.

Table of main models					
Ownership (public vs. private)		**Purpose (profit vs. common good)**		**Control (concentrated vs. dispersed)**	
	Public		*Common good*		*Dispersed*
An entity that is majority or fully publicly owned and has a formal objective of working for the common good - and it has specific structures to ensure power is not concentrated and different perspectives are taken into account. **Examples**: Public-interest media (BBC, ARD), public-private partnerships (depends on configuration)					
Private			*Common good*		*Dispersed*
Either a private company that operates for the common good alongside profit and has systems in place to make sure the purpose is not captured; or a no-profit with dispersed control. **Examples**: No-profit (Signal, Mastodon), cooperative (Nebula etc.), foundation-led company is partially dispersed (Proton, Bluesky)					
	Public	*Profit*			*Dispersed*
Public company that is run for profit - since it is public it still has on paper a common good purpose, but follows a for profit, market dynamic. Its structure is dispersed to ensure more independence. **Examples**: Public-interest media (often have a mixed purpose profit / common good), public-private partnerships (depends on configuration)					
Private		*Profit*			*Dispersed*
Private company that it is running mostly for profit - although its structure is still dispersed and takes into account different stakeholders to ensure more checks and balances on the concentration of power on the top of the company. **Examples**: Foundation-led company as partially dispersed (Proton, Bluesky)					

	Public		*Common good*	*Concentrated*	
Public company run with common good purpose but with concentrated structures and a top down power dynamic. **Examples**: Often in the infrastructure sector like energy or public services like the post.					
Private			*Common good*	*Concentrated*	
Private company run with common good purpose but with concentrated structures and a top down power dynamic. **Examples**: B-corps in many cases (OpenAI)					
	Public	*Profit*		*Concentrated*	
Public company run as a for-profit business with concentrated power in the hands of the state. **Examples**: State-owned companies such as railways, depending on the countries.					
Private		*Profit*		*Concentrated*	
Private companies run for profit and with concentrated control, often in the hands of one or few individuals who own the whole company or have control of a very large majority stake. **Examples**: Most of 'Big Tech', with honourable mentions X and Meta.					

b. Assessing participation in different models of corporate governance [step 2]

To **evaluate what models** outlined above better integrate the principle of participation, we asked ourselves how each model enables meaningful participation for users, employees, or other stakeholders and what are the potential pros and cons for democratic governance.

In particular we used some of the following criteria, also outlined above: the number of individuals involved, the time invested in and the frequency of participation, the involvement of individuals, the extent of influence on the process with respect to the issues addressed and the level of participation that individuals are entitled to.

Based on that we identified the **following findings**.

Private v. Public: Public ownership is, in principle, more participatory, as a publicly owned company is indirectly owned by citizens and expected to operate in their interest, whereas private ownership typically reflects the interests of individual owners and is primarily profit-driven. It is also important to recognise that there is a spectrum between purely private and purely public models, including mixed ownership structures that combine elements of both (e.g. public–private partnerships, public broadcasting). While public ownership is, in theory, inherently more participatory, in practice it does not necessarily entail direct involvement of relevant stakeholders and can, in some cases, remain highly top-down or even 'authoritarian'. As with other models, this highlights the importance of internal governance structures to balance concentrations of power and enhance the representation and participation of different stakeholders.

***Finding**: While public ownership appears more participatory on paper, outcomes ultimately depend on the specific governance structures in place.*

Profit v. Common good: A for-profit purpose is typically associated with private ownership, but this is not always the case. There are publicly owned companies that operate on a for-profit basis (e.g. in the transport sector), even if their overarching objective is to provide essential services to the community. Conversely, there are also privately owned, for-profit companies that pursue a common good purpose, as in the case of foundation-owned companies or social enterprises. As with the previous considerations, purpose alone is not sufficient to guarantee that an organisation operates in the public interest, as it can sometimes serve as a façade or be relatively easily altered in cases of capture.

***Finding:** While a common good purpose is important, it does not in itself ensure that a model is participatory.*

Concentrated v. Dispersed: Models with more dispersed (or decentralised) characteristics consistently perform better, regardless of whether ownership is private or public or what the stated purpose may be. Dispersed structures make authoritarian capture more difficult in both the private and public sectors, while ensuring that a broader range of interests is taken into account. This, in turn, enhances participation and helps ensure that organisations operate in the collective interest. In short, such models not only incorporate the principle of democratic participation, but also reflect another key democratic principle: the separation of powers.

***Finding:** This is the key element that should be considered when looking at organisational models of companies and how to make them more participatory. Some models are by nature dispersed, like for cooperatives, but even models that are not can adopt structures to promote dispersion, for example the so called 'social infrastructure' like stakeholder **councils**, worker board representation, dual board systems, **oversight** committees and **co-production**.*

c. Using the methodology on the tech sector

In the tech sector, according to Sanders and van Dijck (2025):

"[The] debate is often framed as a binary opposition between the "centralized" platforms of mainstream social media (MsSM), such as Facebook, Instagram, X, and TikTok, and "decentralized" online social networks (DOSNs), such as Mastodon, Steem, BlueSky and others."

For this reason, we are going to use the **2-step methodology** highlighted above to analyse the models of a few existing tech companies, mostly providing 'essential' services such as social media, AI services and cloud, drawing from both categories of mainstream, centralised platforms on one hand, and alternative, (partially) decentralised ones on the other.

Mainstream' companies	Alternative' companies
What does the model look like based on ownership, purpose and control? [step 1] *How does the models enable meaningful participation for users, employees and other stakeholders and what are the potential pros and cons for democratic governance? [step 2]*	
Google (search engine & more) **Corporate structure:** • **Ownership**: Alphabet Inc. operates under a triple-class share structure, issuing Class A (one vote), Class B (ten votes), and Class C (no vote) shares. Class B shares are largely held by founders Larry Page and Sergey Brin, allowing them to retain a majority of voting power despite holding a minority of the economic interest. • **Control**: While Alphabet follows standard public-company governance practices (including board committees, disclosures, and regulatory filings), control remains highly concentrated due to the super-voting structure. The ability of external shareholders to shape governance, product decisions or policy positions is limited. • **Purpose**: For profit, with a business model primarily driven by advertising and large-scale data collection. Google monetises its services through its advertising ecosystem, complemented by revenues from cloud computing, app distribution and AI services. **Implications for participation:** Despite being a publicly listed company with formal governance structures, effective control within Alphabet remains concentrated in the hands of its founders. This limits meaningful participation by external stakeholders, including shareholders, users, and public authorities.	**Bluesky** (social media) **Corporate structure:** • **Ownership**: Bluesky operates as a Public Benefit Corporation (PBC), combining private ownership with a legally embedded public-interest mission. It originated as a project within Twitter before becoming an independent entity. • **Control**: Governance is hybrid: while the company itself retains control over development and operations, the underlying AT Protocol is open-source and designed for decentralisation. This creates a partial separation between platform governance and infrastructure governance. • **Purpose**: Combines profit with public-interest goals, focusing on building an open, decentralised social networking ecosystem that prioritises user control, interoperability, and transparency over advertising-driven engagement. **Implications for participation:** Bluesky introduces new forms of user participation through its technical architecture. Users can control their identity, data, and content across platforms, and participate in shaping moderation and content curation through customizable feeds and community-driven tools. While governance at the company level remains relatively centralised, the protocol-based model enables more distributed and pluralistic participation than traditional social media platforms.

Meta (social media & more)

Corporate structure:

- **Ownership**: Meta uses dual-class share structure with Class A shares (one vote) and Class B shares (ten votes, held almost exclusively by insiders / founders). This structure allows the founder/CEO, Mark Zuckerberg, to exert majority voting control.
- **Control**: Control is also centralised as the role of Chairperson of the Board and CEO are held by the same person, the founder Mark Zuckerberg. Meta created an external advisory body, the Meta Oversight Board, but its governance and funding remain under Meta's control.
- **Purpose**: For profit, with core business model revolving around advertising and data monetisation.

Implications for participation: Even though the company is publicly listed, in practice control is highly centralized. Strategic decisions remain tightly under the control of the founder/CEO, with limited checks and balances from other stakeholders.

Mastodon (social media)

Corporate structure:

- **Ownership**: Mastodon is an open-source social networking software developed and maintained by the non-profit Mastodon gGmbH, based in Germany. Unlike traditional platforms, Mastodon is not a single company or service but a protocol-based ecosystem composed of independently operated servers, each with its own ownership and governance.
- **Control**: Control is highly decentralised. While the core software is maintained by a central development team, the operation of the network is distributed across thousands of independently run instances, managed by individuals, communities, organisations, or public institutions. Each instance sets its own rules, moderation policies, and governance structures, while remaining interoperable within the broader ecosystem (often referred to as the Fediverse).
- **Purpose**: Primarily oriented towards the common good, with a focus on providing an open, user-centric alternative to commercial social media platforms. Mastodon itself does not operate on an advertising-based business model; instead, individual instances are typically funded through donations, memberships, or public and community support.

Implications for participation: Mastodon enables a high degree of participation at multiple levels. This structure allows for distributed decision-making, community self-governance, and a diversity of social environments within a shared network.

OpenAI (AI provider)

Corporate structure:

- **Ownership**: OpenAI was founded in 2015 as a non-profit organisation with the mission of ensuring that AI benefits all humanity. In 2019, it introduced a hybrid "capped-profit" structure to attract investment while maintaining non-profit oversight. In 2025, its commercial arm was converted into a Public Benefit Corporation (PBC), while the non-profit (OpenAI Foundation) retained significant governance rights and ownership stakes. Major investors, most notably Microsoft, hold substantial equity positions within this structure.
- **Control**: Governance is layered and hybrid. The non-profit foundation retains formal oversight powers, including influence over board appointments and mission alignment, while large investors such as Microsoft exercise significant economic and strategic influence through their financial stakes and commercial partnerships. Executive control remains concentrated in senior leadership, including CEO Sam Altman. This results in a complex balance between mission-driven governance and investor-driven incentives.
- **Purpose**: Formally oriented towards the common good, with the stated goal of ensuring that AI benefits humanity. At the same time, the organisation operates on a commercial basis, generating revenue through API access, enterprise products, licensing agreements, and partnerships. Its models are widely integrated across digital services.

Implications for participation: Despite its public-interest mission and hybrid governance structure, meaningful participation by external stakeholders, such as users, public institutions, or civil society, remains limited.

Proton (email provider & more)

Corporate structure:

- **Ownership**: Proton is a foundation-led, mission-driven company that has grown through a combination of community crowdfunding, subscription revenue, and (limited) public funding, including EU support.
- **Control**: Governance is relatively concentrated but constrained by strong mission orientation and transparency commitments through the foundation model.
- **Purpose**: Oriented towards the common good, with a business model based on privacy-preserving digital services (email, VPN, cloud storage, etc.). Proton explicitly rejects advertising and data monetisation, positioning itself as an alternative to surveillance capitalism.

Implications for participation: Proton offers a model where user interests, particularly privacy and security, are structurally embedded through technical design (end-to-end encryption, zero-access architecture) and funding choices (subscription rather than ads). While users do not directly participate in governance, transparency mechanisms (e.g. annual transparency reports) and the planned foundation model provide indirect accountability and alignment with public-interest goals. However, participation remains limited compared to more decentralised or community-governed models.

Decision-making authority is concentrated within a combination of foundation oversight, executive leadership, and major private investors. The evolution from a purely non-profit model to a hybrid PBC structure also reflects growing tensions between mission safeguards and the need to attract large-scale capital.	
TikTok (social media) **Corporate structure:** • **Ownership**: TikTok is owned by ByteDance, a privately held company with a complex and multi-layered corporate structure. ByteDance is formally incorporated through offshore entities, while key operational headquarters and subsidiaries remain based in China. Notably, in 2026 TikTok has closed a deal to continue operating in the US with a new ownership structure consisting of a seven-member, majority-American board of directors. This only applies to the US market. • **Control**: Control is opaque and difficult to assess due to the company's fragmented legal structure and limited transparency. Governance is exercised within the corporate framework of ByteDance, without publicly visible or independent oversight mechanisms comparable to those of publicly listed companies. • **Purpose**: For profit, with a business model centred on advertising, content distribution, and algorithm-driven user engagement. **Implications for participation**: TikTok operates under a governance model that offers limited transparency and accountability to users, regulators, or the broader public.	**Signal** (messaging service) **Corporate structure:** • **Ownership**: Signal Foundation oversees the development of Signal, a secure messaging platform. As a non-profit, it is not driven by shareholder interests but by its mission to provide private and secure communication. • **Control**: Governance is relatively centralised within the foundation but constrained by its non-profit status and transparency commitments. The platform's open-source architecture allows for external scrutiny and independent verification of its security claims. • **Purpose**: Fully oriented towards the common good, focusing on privacy, security, and the protection of user communications as fundamental rights. **Implications for participation**: Participation is primarily indirect. Users benefit from strong privacy protections and open-source transparency but do not play a direct role in governance. However, the ability of researchers and developers to audit the code provides a form of distributed oversight and accountability.

X (social media)

Corporate structure:

- **Ownership**: In October 2022, X (formerly Twitter) was acquired by Elon Musk resulting in its delisting from public stock markets and transition to a privately held company. Ownership is now concentrated among Musk and a small group of private investors. In March 2025, Musk announced that X had been acquired by his AI company xAI through an all-stock transaction, further consolidating ownership under a single controlling entity.
- **Control**: Governance is highly centralised. Following the 2022 acquisition, the original board of directors was dissolved, and decision-making authority is now concentrated within a small group of executives appointed by Musk/xAI. There is effectively no independent or broad-based board oversight, and the private status of the company significantly reduces transparency and external scrutiny compared to publicly listed firms.
- **Purpose**: For profit, with a business model centred on digital advertising and platform services, increasingly integrated with AI development.

Implications for participation: X represents an extreme case of centralised governance. The shift from a publicly traded to a privately controlled company has significantly reduced external accountability, including oversight from shareholders, regulators, and the public. Strategic, technical, and content moderation decisions are concentrated within a small inner circle, with limited checks and balances.

Wikimedia (online encyclopedia)

Corporate structure:

- **Ownership**: Wikimedia Foundation is a non-profit public charity that operates Wikipedia and related projects. It is funded primarily through small donations, grants, and an endowment, with no reliance on advertising or data monetisation.
- **Control**: Governance is relatively dispersed compared to traditional tech companies. The Foundation is overseen by a board that includes community-elected members, while content creation and editorial decisions are managed by a global, volunteer-driven community.
- **Purpose**: Fully oriented towards the common good, with the mission of providing free and open access to knowledge worldwide.

Implications for participation: Wikimedia represents one of the strongest examples of participatory governance in the digital space. Users can directly contribute content, shape editorial policies, and influence governance through community structures and representation mechanisms. Transparency is high, with publicly available reports, governance documents, and decision-making processes.

Amazon Web Services (cloud computing & infrastructure) **Corporate structure:** • **Ownership**: Amazon Web Services (AWS) is a wholly owned subsidiary of Amazon, which is publicly traded on the stock market. Amazon operates under a conventional one-share-one-vote structure. • **Control**: Despite the absence of super-voting shares, control remains highly centralised within Amazon's executive leadership and board structure. Strategic decision-making authority is concentrated within senior management, with strong influence historically associated with founder Jeff Bezos and continued central coordination under Amazon's corporate governance model. AWS itself operates as an integrated division within Amazon rather than as an independent entity. • **Purpose**: For profit, with a business model centred on providing cloud computing infrastructure and digital services, including data storage, computing power, AI tools, and enterprise software solutions. **Implications for participation**: Although Amazon is a publicly listed company with standard shareholder governance mechanisms, meaningful participation in AWS governance remains limited.	**OVHcloud** (cloud computing & infrastructure) **Corporate structure:** • **Ownership**: OVHcloud is a publicly listed European cloud computing company headquartered in France. The company was founded by the Klaba family, which continues to retain significant ownership and influence through holding structures that preserve long-term control over the company. • **Control**: Governance follows a relatively conventional public-company structure, including a board of directors, shareholder meetings, and regulatory disclosure obligations. • **Purpose**: For profit, with a business model focused on providing cloud computing services, hosting infrastructure, data storage, cybersecurity, and related digital services. OVHcloud positions itself as a European alternative to dominant US hyperscalers, emphasising data sovereignty, transparency, and compliance with European regulatory standards. **Implications for participation:** Compared to dominant global cloud providers, OVHcloud places greater emphasis on transparency, digital sovereignty, and regulatory alignment within the European context. However, participation in governance remains limited, as decision-making authority is concentrated within corporate leadership and major shareholders.

Across the **'mainstream' companies** examined, several broad patterns emerge. First, there is a clear trend towards the **concentration of control**, even in companies that are formally publicly listed. Both Alphabet and Meta rely on dual or triple class share structures that grant founders majority voting power through super-voting shares. This allows founders to retain long-term control despite holding a minority of the economic interest.

Governance structures across the sector also tend to remain **highly centralised** around founders or a small group of executives and investors. This is particularly visible in X, where ownership and decision-making authority resides almost exclusively in CEO Elon Musk. Similarly, TikTok operates through opaque and highly centralised governance arrangements with limited external oversight or transparency.

This was also highlighted in a recent study pointing out that the structures of specific Big Tech companies are **distinctively oligarchic**, in particular those of Meta and X, where only one individual has the final word on decisions regarding the company.

Even models that are **formally purpose driven** continue to face tensions between public interest and profit. OpenAI stands out as the clearest example of this trend. Although it originated as a non-profit and later adopted a hybrid Public Benefit Corporation structure intended to preserve its mission, its governance and strategic influence remain concentrated among executive leadership and major investors such as Microsoft.

Overall participation by users, workers, civil society or public institutions remains limited across all cases examined. In practice, governance systems are overwhelmingly designed around shareholder value, founder control, executive authority and investor influence, rather than broader democratic participation. Even mechanisms presented as accountability innovations, such as Meta's Oversight Board, ultimately remain dependent on and controlled by the company itself.

Finally, the **dominant business model** across the sector continues to rely heavily on data extraction and advertising. Regardless of differences in ownership structures, most companies operate within similar economic incentives centred on scale, market dominance, and data monetisation. This suggests that changing ownership models alone may not be sufficient unless accompanied by alternative business models.

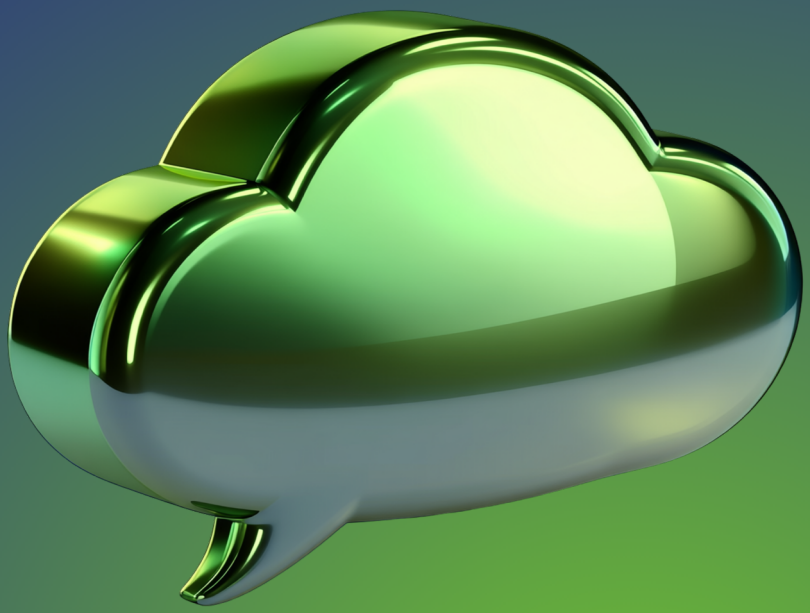
Across the **'alternative' companies**, there is a broader shift away from shareholder-driven governance towards **mission-oriented** and public-interest structures. Organisations such as Signal, Wikipedia, and Proton are explicitly structured around goals such as privacy, open knowledge, security, or user autonomy rather than maximising advertising revenue or shareholder returns.

Decentralisation and openness also play a much more prominent role in these models. Both Bluesky and Mastodon rely on open protocols and interoperable infrastructures that separate, at least partially, platform governance from underlying network governance. In Mastodon's case, this **decentralisation is structural**: the ecosystem is composed of independently operated servers with their own governance and moderation rules. Bluesky adopts a more hybrid approach, where the company remains centralised but the protocol architecture creates space for portability, interoperability, and pluralistic forms of governance.

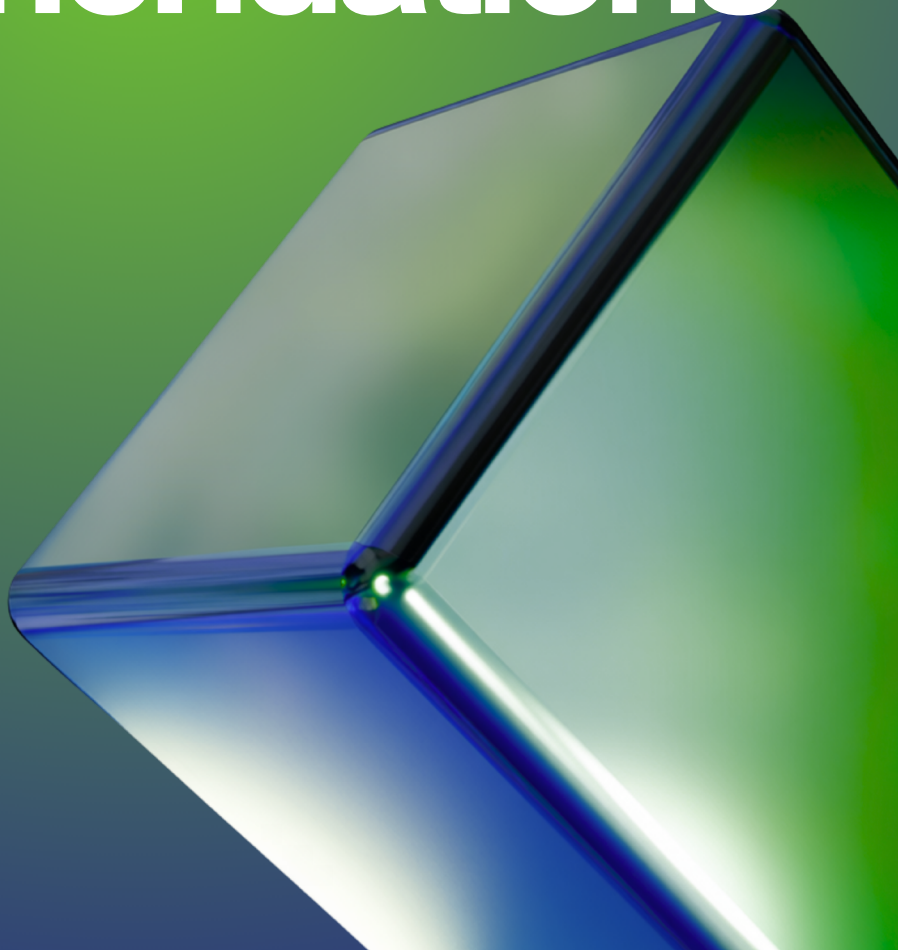
These companies also **reject either fully or partially advertising based business models** and are often funded through subscriptions, donations, grants, crowdfunding, or community support. This reduces incentives for data monetisation with business models that are more closely aligned with user interests, particularly around privacy, security, and public access to information.

Overall, participation tends to be more embedded in the technical and organisational design of these platforms, although to varying degrees. Wikimedia represents the strongest example of **participatory governance**, combining community-driven content creation with representation mechanisms and relatively transparent institutional governance. Mastodon also enables extensive participation through community self-governance at the server level. Other models, such as Signal and Proton, offer more indirect participation: users do not directly govern the organisation, but open-source transparency, independent audits, and mission-driven governance provide forms of distributed accountability and trust.

These cases illustrate that alternative ownership and governance models are possible, but they also reveal **ongoing tensions**. Many of these organisations still retain relatively centralised decision-making at the institutional level, even when their technical infrastructures are decentralised. In addition, alternative funding models can limit access to capital and scalability compared to dominant commercial platforms. As a result, while these initiatives demonstrate viable alternatives to highly concentrated Big Tech governance, they also highlight the practical challenges of building sustainable, participatory, and public-interest-oriented digital ecosystems at scale.



Policy recommendations



a. Recommended alternative models: a portfolio of options

Based on the considerations outlined in the previous chapter and on consultations conducted with experts from academia, civil society and policymakers, we put forward a set of **recommendations for alternative models** that could be adopted. The selection focuses primarily on hybrid models and is grounded in the findings above, particularly regarding those that promote dispersion and perform better in terms of **democratic participation**, while also taking into account their **practical feasibility** and potential trade-offs for innovation in the current EU context. It is important to note that there is no one-size-fits-all model and that these approaches should be adopted in combination and the best model might vary depending on the specific tech sector.

Each model is described in detail, alongside indications of the tech sectors for which it may be most suitable. The analysis is structured around the same set of questions used throughout the previous chapter: What does the model look like in terms of ownership, purpose, and control? **[step 1]**; How does the model enable meaningful participation for users, employees, and other stakeholders? **[step 2]**; and, additionally, what are the potential pros and cons for innovation in the tech sector? **[step 3]**.

Private-public partnerships

Private-public partnerships (PPPs) are hybrid arrangements in which **public authorities and private actors** jointly invest and operate infrastructure or services of strategic importance. In the tech sector, these models are particularly suited to capital-intensive and foundational layers of the digital ecosystem, such as **cloud services, subsea cables, data centres, and large-scale AI computing infrastructure**. In these areas the control from the public sector is also less political than technologies that allow civic discourse and the information space, such as social media. At EU level, examples of this approach include initiatives like AI Factories, the Next Generation Internet and the Sovereign Cloud, which aim to mobilise both public and private resources to build strategic digital capabilities and reduce technological dependencies.

In PPP models, ownership is shared between public and private actors, reflecting a **combination of interests** that typically include both profit motives and the pursuit of the common good. The precise balance depends on the specific design and objectives of each partnership. Control structures can vary significantly, but they are generally more concentrated than in fully decentralised models such as cooperatives. As such, PPPs can be characterised as highly hybrid models that

combine elements of state oversight with market-driven governance.

PPPs provide a degree of **indirect democratic accountability**, as public authorities involved in these arrangements are ultimately accountable to citizens. However, meaningful participation by users, employees, or other stakeholders is not inherent to the model and depends largely on the specific governance structures put in place. **Mechanisms** such as stakeholder boards, consultation processes, or transparency requirements can enhance participation, but these need to be deliberately designed rather than assumed.

In terms of innovation, PPPs can play a valuable role in **mobilising resources**, sharing risks, and directing investment towards strategic priorities that may not be sufficiently addressed by the private sector alone. At the same time, their broader systemic impact on the tech sector remains uncertain: it is not clear to what extent PPPs alone can reshape market structures or drive widespread innovation. Furthermore, without the proper safeguards, state intervention might facilitate platform capitalism rather than acting in the public interest.

Traditional media and public broadcasting

Media and public broadcasting models are rooted in the tradition of **publicly oriented information services** that operate with a mandate to serve the public interest and provide reliable, independent content. Applied to the tech sector, this model is particularly relevant for digital platforms that shape public discourse, most notably **social media**. Emerging initiatives such as Pluralis and the Future Media Hubs illustrate efforts to support independent, public-interest media ecosystems. Traditional examples include institutions like the BBC and ARD, which provide a reference point for how publicly mandated media systems can operate at scale.

Ownership structures in this model are typically **public or quasi-public**, often combined with independent foundations or legally mandated entities designed to safeguard editorial independence. The core purpose is explicitly oriented towards the **common good,** such as informing citizens, supporting democratic debate, and ensuring media pluralism, rather than maximising profit. Control mechanisms are generally **more dispersed** than in purely private companies, but not fully decentralised. Governance is often organised through independent boards, regulatory oversight bodies, and legal safeguards that aim to balance accountability with autonomy.
Media and public broadcasting models offer **structured forms of participation**, though typically in an indirect way. Citizens, as audiences and taxpayers (where funding is public), have a stake in the system, and their interests are meant to be represented through governance bodies, public consultations, and accountability mechanisms.

In terms of innovation, these models can provide **stable funding** and a long-term perspective, which can support experimentation and the development of alternative platform designs. At the same time, they may be less agile than private-sector counterparts and could struggle to compete at scale without significant investment and user uptake.

Cooperatives

Cooperatives are enterprises that are **owned and governed by their members**, who can be users, workers, or other stakeholders, on the basis of democratic principles. Cooperatives have been largely used in different sectors, such as agriculture, consumers and even banking with Swift. In the tech sector, this model is particularly well suited to platforms and services where user or worker participation is central, such as content platforms, and digital service marketplaces. Examples include Nebula, a creator-owned streaming service, and Up&Go, a platform owned by cleaning service workers; and many more.

Ownership in cooperatives is collective and shared among members, who may include users, workers, or a combination of stakeholders. The purpose is often a mix of economic sustainability and the pursuit of shared benefits, rather than pure profit maximisation. Control is highly dispersed, with governance structures designed to ensure democratic decision-making and accountability to members.

Participation is at the core of the cooperative model. Members typically have formal rights to vote on key decisions, influence strategic direction, and elect governing bodies. This creates **strong alignment between the platform's operations and the interests of its community**. In digital contexts, this can extend to participatory governance mechanisms embedded directly into platforms.

Cooperatives can foster innovation that is closely aligned with user and worker needs, as feedback loops are direct and incentives are shared. They may encourage experimentation with alternative business models and governance structures. However, they can face challenges in scaling, accessing capital, and competing with large, investor-backed firms. Decision-making processes may also be slower due to their participatory nature.

Purpose-driven companies (including foundation-led, steward-owned, and social enterprises)

Purpose-driven companies encompass a range of organisational models, such as foundation-led structures, steward ownership, social enterprises, and B-Corps, that embed a social or public-interest mission into the core of the company. Rather than maximising shareholder value alone, these models aim to **balance financial sustainability with broader societal objectives**. They are particularly suitable across a **wide range of tech sectors**, including social media, digital services, privacy-focused technologies, and emerging innovation areas where aligning business incentives with societal impact is critical. Examples include email service Proton and social media platform Bluesky; but also AI provider OpenAI.

Ownership structures vary across this category but are typically designed to ensure that control remains aligned with the company's mission. This may involve foundations holding shares, restrictions on share transfers, or separating voting rights from economic rights (as in steward ownership). The purpose explicitly combines profit with the pursuit of the common good. Control is generally more concentrated than in fully participatory models like cooperatives, but it is constrained by legal or structural safeguards that aim to prevent mission drift. These mechanisms create a middle ground between traditional shareholder capitalism and fully non-profit or democratic governance models.

Participation in purpose-driven companies is usually more **limited and indirect** compared to cooperative or decentralised models. While employees, users, or other stakeholders may be considered in governance processes, through advisory roles, transparency measures, or internal practices, formal decision-making power tends to remain with a defined group of stewards, founders, or boards.
Purpose-driven companies can foster responsible and mission-oriented innovation by aligning incentives with long-term societal goals. They may be better positioned to invest in areas such as privacy, sustainability, or ethical AI, where short-term profitability is uncertain but public value is high. However, their effectiveness depends heavily on how robustly their purpose is embedded and enforced in practice. Without strong safeguards, there is a risk that profit considerations may gradually take precedence, diluting their intended impact.

At the same time, they retain more flexibility and access to capital than fully non-profit models, which can support scaling and competitiveness.

Decentralised non-profit

Decentralised non-profit models are based on open, community-driven development and governance, often **without a central controlling entity**. They are particularly well suited to digital commons, open-source software, and decentralised platforms. This includes large-scale knowledge platforms, communication tools, and federated social networks. Examples include Wikipedia, Linux, Signal, and Mastodon. The latter is part of the broader Fediverse, which enables interoperability between independently operated platforms. Initiatives such as Eurosky also promote interoperability and European based social media solutions.
Ownership is typically non-profit or collectively held, with no shareholders seeking financial returns. The purpose is oriented towards the common good, such as knowledge sharing, privacy, or open access. Control is highly dispersed, often relying on community governance, open contribution models, and distributed decision-making processes.

Participation is a **defining feature of this model**. Users, developers, and contributors can directly shape the development, governance, and norms of the platform or project. This can take the form of open contributions, community moderation, and consensus-based decision-making.

Decentralised non-profit models can be **highly innovative,** particularly in terms of technical architecture and collaborative development practices. They enable experimentation at the edges and can produce robust, widely adopted infrastructure. However, they may struggle with **coordination**, long-term funding, and scalability. The absence of central authority can also make strategic direction and rapid decision-making more difficult.

b. Recommended actions to promote alternative models

Promoting more democratic and participatory models in the tech sector ultimately raises a broader question: what level and type of public intervention is needed to shape the future of Europe's digital ecosystem? While existing EU policies have focused primarily on addressing specific harms, such as data protection, competition, and platform accountability, there is a growing need to complement this approach with a more structural and forward-looking industrial strategy.

In this chapter we put forward the following recommendations, based on consultations with relevant stakeholders such as policymakers and experts from civil society and academia. We also used the following guiding questions: How effective could this measure be in encouraging democratic governance?; and How realistic and politically

feasible is this measure, and what would it take to implement it at EU level?.

1. Leverage public funding to incentivise governance models

Public funding, particularly at EU level, represents one of the most powerful levers to shape the tech sector. As part of the next Multiannual Financial Framework (MFF) and programmes such as Horizon Europe and the digital leadership stream in the Competitiveness Fund, the EU could introduce **conditionality mechanisms** that link access to funding with the adoption of certain governance characteristics. This could take the form of a scoring system that rewards companies demonstrating elements such as stakeholder participation, mission alignment, or dispersed control. Other incentives could be lighter bureaucratic procedures for companies meeting certain requirements.

A potential **European sovereign tech fund** could also play a key role in this regard, supporting both the creation of new initiatives and the scaling of existing ones. Proposals such as Rebuild illustrate how public capital could be strategically deployed to strengthen Europe's technological base while embedding public-interest objectives.

2. Use public procurement as a market-shaping tool

Public procurement is another underutilised instrument to support alternative models. By introducing criteria related not only to price and performance but also to governance structures, **public authorities could create demand for technologies** developed under more democratic or mission-driven models. Given the scale of public sector demand in areas such as cloud services, digital infrastructure, and software, this could have a significant impact on market dynamics.

3. Consider targeted regulatory interventions where appropriate

While this report does not advocate for heavy-handed regulation as a default approach, there may be specific sectors where **stronger rules on ownership or control** are justified. For example, existing EU frameworks already impose constraints in strategic industries, such as requirements on ownership structures in aviation. Similar approaches could be explored, where proportionate, in parts of the digital sector that are deemed critical to democratic functioning or strategic autonomy. Any such measures would need to be carefully designed to balance effectiveness with openness and innovation.

4. Ensure meaningful involvement of civil society and academia

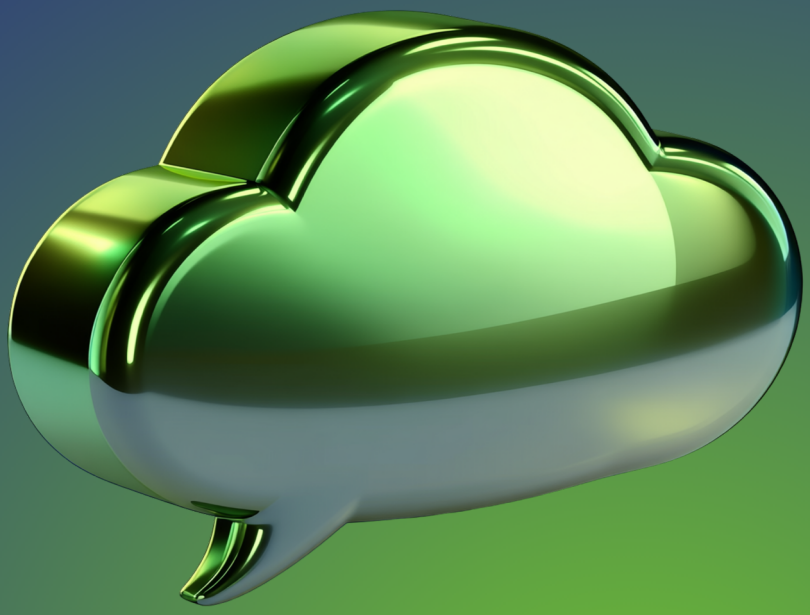
As this is fundamentally a question of democratic governance, shaping the future of the tech sector cannot be left to interactions between public institutions and private companies alone. **Civil society, academia, and citizens must play a central role**, not only as consultees but as active participants in decision-making processes.

This requires the creation of institutional spaces where these actors can contribute to the design, implementation, and oversight of alternative models. Their involvement is essential not only to address the democratic deficit but also to ensure that European alternatives are credible, trusted, and widely adopted. Without this, there is a risk of reproducing existing power imbalances under a different label.

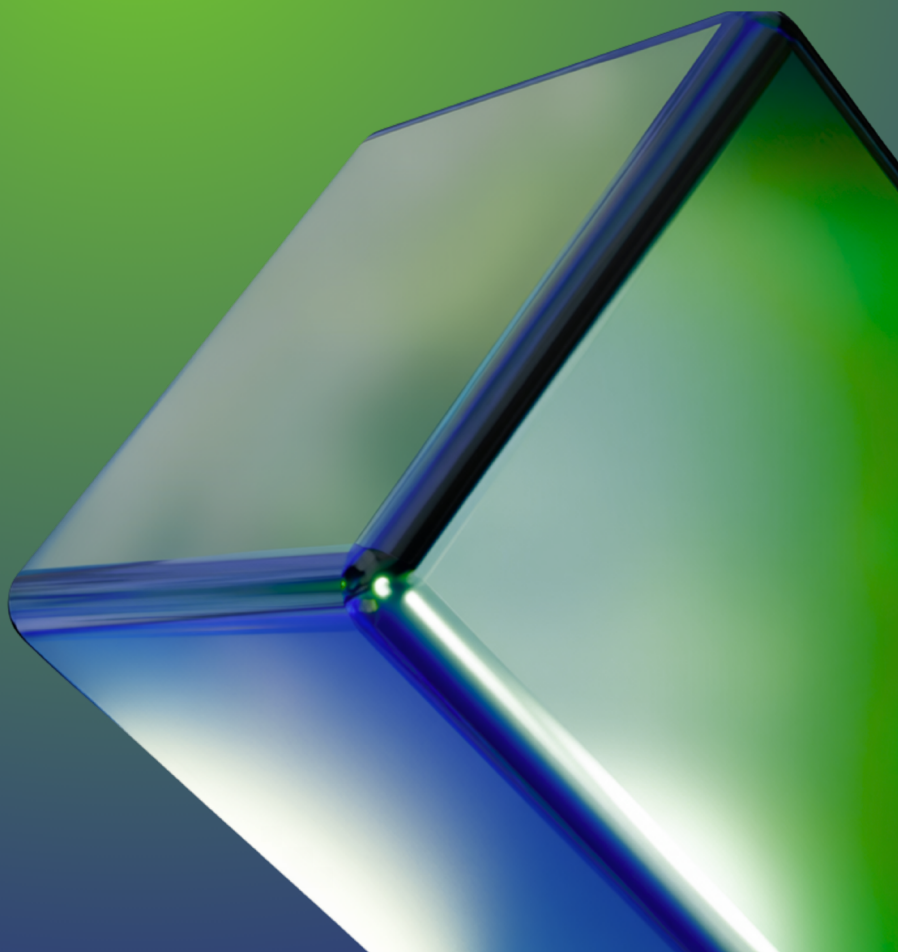
At the same time, since there is still limited evidence on which governance models work best in different parts of the tech sector, it is also important to ensure **funding streams for further research under Horizon Europe and AgoraEU**, pilot projects, and experimentation to explore how different models, such as cooperatives, decentralised systems, or hybrid structures, can be effectively implemented and scaled.

5. Provide strategic direction through high-level policy guidance

Finally, these efforts should be anchored in a clear political vision. High-level policy instruments, such as **Council conclusions** or strategic communications, could help articulate a shared direction for Europe's digital future, including the role of democratic governance in the tech sector. This would provide guidance to policymakers, investors, and industry actors, and help ensure coherence across different initiatives and levels of governance.



Conclusions



Throughout the research, we identified relevant alternative ownership models that could be promoted in the EU to enhance participation in the tech sphere. Crucially, what matters is not whether companies are European-owned per se, but how they are organised: their governance structures, distribution of control, and alignment with the public interest.

In particular, we identified **dispersion and decentralisation** as key characteristics for better integrating participation into the corporate structures of tech companies. To achieve this, user participation and trust should be promoted as much as possible, with people acting as co-owners and contributors. Responding to real needs will also be critical to making any alternative viable, because if a new model effectively meets a need, it is more likely to spread organically.

This calls for coordinated action at both EU and Member State level, combining regulatory, financial, and institutional tools. At the same time, efforts to promote alternative models should go hand in hand with **continued action to address the current dominance of large tech companies**. This includes robust enforcement of existing frameworks such as the Digital Markets Act and Digital Services Act, as well as competition policy tools aimed at preventing excessive concentration and opening markets to new entrants. In this sense, building alternatives and fixing existing structures are two sides of the same coin and should be pursued in parallel.

While aspects of this research can be investigated further, they also raise **additional questions**: how to integrate democratic principles beyond participation; what alternative business models exist and how they are linked to ownership structures; how to challenge the dominance existing models; what is the feasibility of the alternative models and their likely impact; how to measure success be measured beyond profit; and which ownership models are most suitable for different types of technology; how to expand this effort beyond the EU. Creating real alternatives to existing platforms will require addressing all of these questions simultaneously.

Despite these open questions, the issue we face is not a lack of ideas, but a **lack of implementation and enforcement**. Business models and ownership structures are at the core of the problem, shaping both outcomes and the broader issues that stem from them. Public intervention can support alternative, more democratic and participatory models, but only if it is carefully designed and clearly aligned with the public interest.

More broadly, the debate itself needs a reset. Current assumptions about speed, growth, and innovation are too narrow and often counterproductive for us to move towards a scenario of participatory digital democracy. Democracy is built on slow processes, so rather than asking how we can accelerate democratic decision-making to keep pace with technological innovation, perhaps we should ask how to democratise and hence slow down technological decision-making to achieve better outcomes in the broader public interest. For this, clearer strategies and stronger narratives are needed to support alternative approaches, so that **innovation is treated as a means to the common good rather than an end in itself.**

Acknowledgements

For their valuable insights, questions and doubts, I want to thank all the experts that I have interviewed from across sectors. I am particularly grateful to Dr Mathilde Sanders for her guidance and fascinating research into alternative models for the tech sector. I also would like to thank the European Partnership for Democracy for giving me the opportunity to work on this topic and for the amazing support. And finally I thank Heinrich-Böll-Stiftung European Union | Global Dialogue for making this possible and for the keen interest in the research.

Published with the support of the Heinrich-Böll-Stiftung European Union | Global Dialogue.
The analysis and opinions expressed in this report reflect the views of the author, and do not necessarily reflect the views of the Heinrich-Böll-Stiftung European Union | Global Dialogue.

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