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“DAO on the distributed governance road”

A qualitative case study of distributed governance processes in DAOs, and how this emergent phenomenon enhances our understanding of organizational governance

Abstract:

The emerging organizational phenomenon of Decentralized Autonomous Organizations (DAOs) is in many ways disrupting traditional views on organizational governance since they are deployed on a blockchain, fully independent from central authorities, where community members in a collective and democratized manner commonly undertake equal decision-making roles. This complex and forward-looking context offers a unique opportunity to enhance the understanding of open and distributed governance. Enriching knowledge around organizational governance is crucial since the governance determines “rules of the game” for organizations and communities regarding, for example, who will be involved in critical decisions, how gains will be distributed, and who will bear the risk of failure. The existing literature of DAOs calls for a robust empirical study of the phenomenon, and researchers in the field of open and distributed governance call for research of new emerging contexts, like the DAO. Hence, this study aims to fulfill these gaps by utilizing a case study of DAOs, where 26 interviews and 20 online observations have been made to practically follow the governance process. The concept of power became prominent during our data analysis, where interactions between community members through subconscious decisions and judgements in relation to others played a crucial role in the governance process. Therefore, the concept of power relations, together with the analytical lens of genre is used to unpack how the governance process happens in practice. Our findings showcase how the governance process in DAOs evolves around six identified genres; idea, proposal, discussion, voting, implementation, and follow-up, propelled by tensions and power relations between community members. We contribute to existing literature via, at first, revealing how various sources of power are used to form a distributed governance process in this context. Second, by shedding light on the different agential roles between individual members and the community as well as the trust among them that exists regardless of the technological set-up for decentralization in DAOs. In turn, this indicates a less decentralized governance system than current research suggests.

Keywords: Decentralized Autonomous Organizations, Blockchain, Organizational Governance, Distributed Governance, Power Relations, Genre

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KEY DEFINITIONS

BLOCKCHAIN

Blockchains are digital sequences of numbers coded into computer software that permit the secure exchange, recording, and broadcasting of transactions between individual users operating anywhere in the world. A blockchain is a shared, distributed, immutable ledger that facilitates the process of recording transactions and tracking assets in a network (Campbell-Verduyn, 2018).

NODE

A node is a point of intersection/connection within a data communication network (Lemieux, 2016). In an environment where all devices are accessible through the network, these devices are all considered nodes.

DISTRIBUTED SYSTEMS

Distributed systems are connected indirectly with all the other components, e.g. computers and nodes, without a central component (Drescher, 2017). Blockchain is built with a distributed system, and more specifically a distributed ledger (Tanenbaum & van Steen, 2017).

DISTRIBUTED LEDGER

Ledger is a record-keeping system. A distributed ledger records and holds a catalog of data records (i.e. new owners or ownership changes) with unlimited capacity (Nakamoto, 2008; Lemieux, 2016).

SMART CONTRACT

A contract that executes certain transactions or decisions that are commonly agreed upon between a minimum of two parties (Morini, 2016). Smart contracts are decentralized (they are stored and distributed across multiple nodes in a network), self-sufficient (they can spend value over time and accumulate), and autonomous (automated, self-executed and impossible to alter them on a blockchain) (Forte et al., 2015; Swan, 2015).

TOKEN

Tokens are digital assets that either can be used to purchase services or products offered on a blockchain, or as the mediator between two parties' compiled efforts. Tokenization, which is how the token structure is designed, is explained as the act of converting right over intangible or physical assets into tokens recorded on a blockchain (De Filippi & Wright, 2018).

DECENTRALIZED AUTONOMOUS ORGANIZATION

A DAO is a blockchain-based system that enables people to coordinate and govern themselves mediated by a set of self-executing rules deployed on a public blockchain, and whose governance is decentralized (i.e., independent from central control) (Hsieh et al., 2018).

DECENTRALIZATION

In organizational terms, decentralization is a dynamic participative philosophy of management that involves selective delegation of authority (Przestrzelski, 1987). More narrowly, the extent to which members are assigned tasks and then provided with the freedom to implement them without interruption from supervisors (Aiken & Hage, 1966). In computing terms, blockchain develops on ideas around distributed computing (Leifer, 1988).

GOVERNANCE

The way rules, actions and norms are structured, regulated and sustained. It encompasses the system by which an organization is controlled and operates (Coles et al., 2006).

ON-CHAIN GOVERNANCE

Rules that are hardcoded into the blockchain protocol. All decisions being taken on-chain are automatically being translated into code and encoded into the protocol (De Filippi & Wright, 2018).

OFF-CHAIN GOVERNANCE

Decision-making that first takes place on a social level and is afterward being actively encoded into the protocol by the developers or executed without any interaction with the protocol (De Filippi & Wright, 2018).

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1. INTRODUCTION

1.1 BACKGROUND

A document was published in November 2008 by Satoshi Nakamoto, proposing Bitcoin as the first decentralized peer-to-peer payment network without the need for a trusted third party (Nakamoto, 2008). Bitcoin is built on “an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way” (Iansiti & Lakhani, 2017, pp. 4). By design, governance and trust among actors are based entirely on cryptography and smart contracts, which automate decision-making (Rijmenam et al., 2017). Tapscott and Tapscott (2016) argue that blockchain could enable a more transparent, better, and fairer world. Similarly, Shrier et al. (2016) explained that many of the largest problems in the world, such as identity exclusion and poverty, could be solved with blockchain. Blockchain start-ups and crypto companies raised \$3.9 billion in venture capital in 2018, which is 10 years after the Bitcoin proposal (Anonymous author, 2018), shedding light on the attractiveness of blockchain technology.

Organizations and communities built on blockchain enable tremendous opportunities to create value, develop new services, reduce intermediaries and foremost automate strategic decision-making, resulting in a new form of organizational governance processes, according to van Rijmenam et al. (2017). Yet, these governance processes remain unexplored. Tapscott and Tapscott (2017) argue that blockchain has profound effects on the nature of organizations in how they are managed, funded, and perform functions, such as incentivizing people. In summary, Bitcoin and blockchain formed the basis of the recently established and completely novel type of organization; the decentralized autonomous organization, also known as DAO. Today, funds under management by DAOs exceed \$1 billion according to the industry expert, Aaron Wright (Hamacher, 2021). Another indication pointing towards the rise of DAOs is approved legal status in Wyoming, the US, where lawmakers voted and passed a bill on July 1, 2021, allowing DAOs to be officially registered in the states (Hamacher, 2021).

A DAO is a blockchain-based system that enables communities to self-govern and coordinate themselves online (Singh & Kim, 2019). Vitalik Buterin, co-founder of the blockchain Ethereum, which most of today's DAOs use, described DAO as the most revolutionary organization there is (Buterin, 2017). Some of the radical changes versus traditional organizations lie in governance. No hierarchical structure is being present, and the organization is fully independent of central control with no management team or managerial positions in place. Furthermore, no appointed board of directors and no elected management team change the way decisions are being made. Decisions are handled in a fully decentralized manner, where all members have equal power (Rijmenam et al., 2017; Beck et al., 2018). These changing elements from traditional ways of governing and organization in DAOs offer a unique context to study governance processes therein. How are these communities governing their organizational activities? And have they managed to reach the fully decentralized governance process that the technology of blockchain should give them? This study investigates these issues by practically following the organizational governance process in DAOs. In turn, we offer contributions to the existing literature of governance, specifically open and distributed governance.

Gaining a better understanding of organizational governance, which this study aims to contribute to, is of the highest relevance if one is interested in organizations or communities.

Forming an organization requires establishing rules about who will be in charge, how leadership turnover will occur, who will be involved in critical decisions, how gains will be distributed, and who will bear the risk of failure (e.g. Ahrne & Brunsson, 2011). These rules, which make up the organization's governance structure, give life and continuity to the organization as an entity separate from its members and from other persons and entities. To foster cooperation, governance structures include safeguards to protect the interests and investments of key stakeholders (Blair & Stout, 1999; Klein et al., 2019). Studying governance in the specific context of DAOs, creates a possibility to obtain knowledge in the sphere of open and distributed governance, which has become increasingly relevant with today's technological and social development. Organizations deployed on blockchains, such as DAOs, are altering many of the pre-established practices for governance taking place in traditional organizations. There, governance relies on trusted parties, whereas DAOs rely on smart contracts embodied in computer code that creates a trustless system. Hence, potential issues are solved among community members (Morrison et al., 2017). This fosters a specific and radical new context (Swan, 2015; Wright and De Filippi, 2015) distinct from extant understandings of distributed governance epitomized by open source community research (De Laat, 2007; Adler & Heckscher, 2006; O'Mahony & Ferraro, 2007).

We undertook an exploratory and inductive study of governance in distributed organizations, exemplified by this paper's case study of the phenomenon DAO. During our empirical data collection of the governance process, the importance of power relations between community members in DAOs became prominent, since constant interactions between them had a strong impact on the process. The embeddedness between governance and power was described by Foucault (1980) as a crucial and decisive factor within governance mechanisms. Therefore, utilizing the theoretical lens of power to unpack how interactions between community members take place, helps us understand the governance process in DAOs. Via this power lens, we were able to identify patterns between individuals that otherwise are protected by the technological shield of blockchain and anonymous participation in forums.

1.2 PROBLEM DISCUSSION

The rise of DAOs, where communities and organizations leverage blockchain technology to organize themselves, implies governmental changes as we know them today. Organizational governance as a broader term has abundant literature (Morgan, 1980; Smirchich, 1983) from effective governance structure controls (Parker, 2002) to decision rights and residual claims (Coles et al., 2006; Baker & Anderson, 2010). In contrast, research on community-driven governance is both less researched and with a call for better understanding (Hannan & Freeman, 1989; Romanelli, 1991). O'Mahony and Ferraro (2007, pp. 3) highlight this demand for increased understanding of open and distributed governance in communities, where they mention that "one of the most significant problems in organizational scholarship concerns how social collectives govern, organize, and coordinate the actions of individuals to achieve collective outcomes". The phenomenon of DAOs enables this thesis to use its context to develop an understanding of the governance process.

At the same time, literature on DAOs calls for the very same understanding, where a practical approach to the governance process seems requested by authors within the field. The term DAO did not emerge until the 1990s, which then was described as multi-agent systems in an internet-of-things (IoT) environment (Dilger, 1997). Despite the emergence over thirty years ago, the term did not become widely adopted and publicly discussed until 2013 (Larimer, 2013), mainly thanks to the co-founder of Ethereum, Vitalik Buterin and the birth of the Ethereum blockchain

(Buterin, 2013). Today, academic literature on DAOs overall is still fairly limited, meanwhile, there are some papers on blockchain technology, such as decentralized exchanges (Lin et al., 2019; Bansal et al., 2019) or market-based platforms (Clark et al., 2014). The existing papers on DAOs have mostly focused on trying to articulate the difference between traditional organizations and DAOs in terms of hypothetical functional, form and design (Rijmenam et al., 2017; Swan 2015), and some have started to investigate incentive systems (Sims, 2019) and network effects (Shier et al., 2016). A call for more research within the field of DAOs is stated among researchers e.g. Beck et al. (2018), Rijmenam et al. (2017) and Hsieh et al. (2018). Although DAOs has limited attention from researchers, diverse scholars have recently started to investigate open and distributed governance structures (Leonhard, 2017; Hsieh et al., 2018; Jones, 2019) and the current theoretical limitations and challenges of this structure (Garrod, 2016; DuPont, 2017; Scott et al., 2017; Minn, 2019). There are few empirical studies of DAOs, and our understanding of them is thus mostly still conceptual, especially when it comes to governance. This study aims to fulfill this gap by undertaking a dense case study to improve our understanding of DAO governance in practice.

In conclusion, the extensive impact of governance processes within organizations, in combination with scarce research on DAOs and their practical governance process, raise the interest to examine and understand the phenomena closer.

1.3 PURPOSE, AIM AND CONTRIBUTION

The purpose of this study is first to empirically observe and understand how distributed governance plays out in DAOs, with the aim to enhance our understanding of this emergent phenomenon. This will contribute with a deeper understanding of how distributed governance processes work in practice in the specific context of DAOs.

Second, the study also aims to understand the role of power dynamics throughout the governance process, to enable academic contributions within the field of power and distributed governance, and allow DAOs to reflect and understand their governance processes better.

1.4 RESEARCH QUESTIONS AND THESIS OUTLINE

Q1: How does distributed governance, in practice, occur in DAOs?

Q2: How does the role of power dynamics, in practice, impact the governance processes in DAOs?

To answer these questions, and consistent with praxis in academic research, in what follows we will begin by discussing extant theory around organizational governance and power dynamics, given that power emerged as an important area of interest in our empirical work. Having done that, we present our research design and methods, before presenting our findings, discussing their theoretical and practical implications, and finally concluding (see Figure 1).

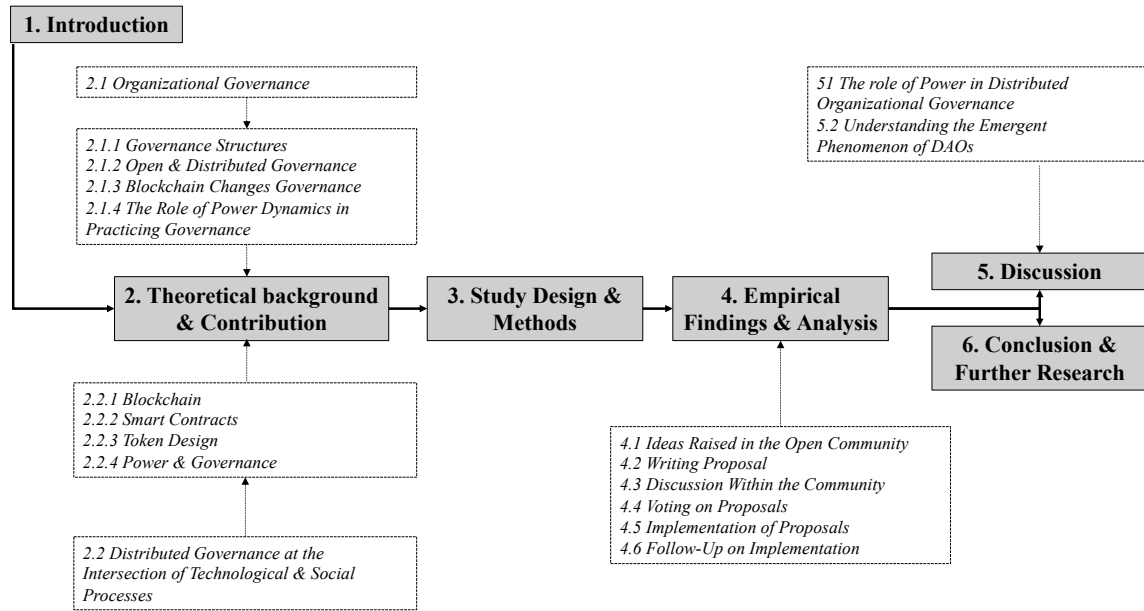


Figure 1: Thesis outline

1.4 LIMITATIONS & BOUNDARY CONDITIONS

Given the scarce existing academic research on DAOs, certain limitations and boundary conditions for this study are highlighted to better craft the study's focus. Firstly, even though connections and behaviors among certain individuals will be highlighted, the aim for this study is to investigate the organizational governance processes in DAOs on a higher level than looking at what type of assumptions, backgrounds, and characteristics individuals might have when making decisions (Csaszar & Eggers, 2013; Cyert & March 1963). These types of individualistic rationale and preferences are a consequence of the data and therefore a limitation. Instead, our interest lies within the connections, patterns, and relationships between individuals on a group and/or organizational level, to obtain an understanding of the organizational governance processes as a whole.

Secondly, the concept of a DAO refers to a decentral and autonomous organization (Rijmenam et al., 2017). The autonomous part of governance, which is centered around the functioning and setup of smart contracts on the blockchain, is outside the scope of this paper. Here, the focus lies at the decentralized part, meaning how the governance processes are performed in practice and at the intersection of human and technological activities, and what implications it has for understanding DAOs.

Thirdly, the term decentralized and distributed are in many ways intertwined and can have various meanings depending on the context, such as from a technical standpoint, or an organizational view. Decentralized systems are a single processing method, meanwhile distributed systems refer to multiple points of decision making. The term distributed governance is mainly used in the literature review, as the previous research within governance is focused on distributed governance, meanwhile, decentralized is used in the setting of DAOs and therefore mostly used in the section of empirical findings and analysis. Blockchain enables both decentralized and distributed systems, which implies that there is a blurred line between them (Vergne, 2020). This thesis does not explore the differences between decentralized and

distributed in-depth, and rather focuses on how these concepts depart from centralization as the common ground. The contributions are aimed towards the distributed governance literature.

2. THEORETICAL BACKGROUND & CONTRIBUTION

The emergence of blockchains that alter the traditional hierarchical forms of governance is growing rapidly. DAOs are communities built on blockchains, all centered around a shared ideological commitment, with similar beliefs in decentralized and automated governance. Communities built on distributed ledgers encourage the sharing of knowledge and resources with high social capital (Rijmenam et al., 2017). The context of ideological communities is of interest to study since collaboration between humans and blockchains affects governance. DAOs are interesting due to the growth of these communities (Ingram Bogusz & Morisse, 2019), and the new form of governance they try to maintain.

DAOs are built on a trustless system, where each member holds a similar authority, described as democratic governance (Swan, 2015). This study wants to investigate how these governance processes play out in practice, in accordance with the call by several researchers, such as Hsieh et al. (2018) and Beck et al. (2018), for a thick, empirically grounded study on governance processes in DAOs. The role of power dynamics was noticed as crucial for how the governance processes evolved along with the empirical investigation of this study, despite that power is supposed to be equally distributed in fully decentralized organizations. Power relations were constantly present between individuals through subconscious decisions and judgments in relation to others, in line with Foucault's (1980) argument about power's crucial role in governance processes. A power relations lens brought clarity in the dynamics of interactions, which was relevant to understanding the governance process in practice.

2.1 ORGANIZATIONAL GOVERNANCE

Governance reflects the rules in an organization (e.g. Ahrne & Brunsson, 2011), which gives life and continuity to the organization as an entity separate from its members and from other persons and entities (Blair & Stout, 1999). Governance consists of both structures and hierarchies (Coles et al., 2006), where hierarchy is referred to a system that is structured in levels and layers with asymmetric relations between the actors (Simon, 1962).

2.1.1 GOVERNANCE STRUCTURES

Governance is undertaken using both organizational structures and hierarchies, and these, in turn, are bound together through decision rights, residual claims and distribution of risk, where decision-makers bear the professional, financial and reputational risk for poor decisions and rewards for good decisions (Coles et al., 2006; Baker and Anderson, 2010). This often occurs together with technological solutions that empower collaboration and other mechanisms to enable trust (Kolbjørnsrud, 2017). Governance structures exist to minimize the lack of trust between members, where some have more decision-making power than others. An effective governance structure controls the incentive of decision-makers to enhance trust by aligning goals and missions between the organization and individual (Jensen & Meckling, 1976; Coles et al., 2006; Parker, 2002).

Individual activities form the governance structures and through collaboration, those individuals reach an outcome greater than individuals by themselves could achieve (Barnard, 1938; Simon, 1947). Governance structures are described as; formal and informal procedures and rules that control development, allocation and accumulation of resources, resolution of conflicts associated with group behavior and distribution of the organization's productions (Blair & Stout, 1999; Williamson, 1985). Commercial codes and corporate statutes form general rules, and the organization's culture shares processes and routines and thereby the less formal rules (Hansmann, 2006). These rules and structures create "rules of the game", which affect all other organizational aspects (Klein et al., 2019). Governance applies well to study how structures are formed in nascent organizations and develop insights on how it impacts the rules of the game for DAOs. A division between ownership and control, often driven by the distribution of property rights and residual claims, is present in all known governance structures (Baker & Anderson, 2010).

Two concepts, inspired by Klein et al., (2019; 2010), to understand the rules of the game are enfranchised stakeholders and claimancy rights. Enfranchised stakeholders are actors, such as the management team, employees, and customers, with the ability to influence decision-making and organizational governance. They contribute with capabilities, resources and invest assets central to the organizational value creation. Enfranchised stakeholders are a core element of the governance structure since it describes who is in and who is out of the organizational decision-making process. In the case of DAOs and this study, enfranchised stakeholders are defined as members in each step of the decision-making process that can influence the outcome of that specific step. The other concept, claimancy rights, are the ones that capture the created value by the organization. Value creation by some stakeholders results in claimancy rights to other stakeholders, such as dividends for equity holders, wages for employees or payments for suppliers. Claimancy rights create an incentive for individuals to become enfranchised in an organization, which is where stakeholders get rewarded for their invested resources, time, assets, or other value-creating actions. DAOs use a reward system that incentivizes stakeholders to hold tokens to increase the overall value of the organization, which reflects the value of each token.

2.1.2 OPEN & DISTRIBUTED GOVERNANCE

Although a shared basis for authority, for a governance system to evolve, has extensive agreement among scholars throughout history (Coleman, 1980; Etzioni, 1959; Harrison, 1960), collective forms of organizing do not seem to obey any of the three bases of authority (tradition, law, and charisma) theorized by Weber (1978). For a community, the authority must preserve democracy and accountability for its members, and some form of rationalization is needed (Chen & O'Mahony, 2007). Researchers have investigated open and distributed governance that contradicts hierarchical governance forms, and instead emphasized how communities govern themselves in an open and distributed manner (O'Mahony & Ferraro, 2007).

De Laat (2007) establishes an overview of how open and distributed governance in communities has evolved, from spontaneous governance to internal governance, and at last governance towards outside parties. Spontaneous governance refers to the early days of community governance without any institutional boundaries, where governance appears by the random contribution of community members. Usually, a minority (20%) stands for most of the contribution outcome (80%) in this governance form (Muller, 2006). Internal governance evolved into introducing explicit and formal tools for internal coordination, including for example delegation of decision rights, roles descriptions, and training (De Laat 2007). Governance towards outside parties has tendencies to increase institutionalization, where larger

communities accept the outside world and adapt accordingly. Also, foundations are usually set apart from the project to obtain minimal interference with its proceeding (O'Mahony & Ferraro, 2005). Adler and Heckscher (2006) studied community governance and stretched the view of bureaucratic involvement and its necessity, which is similar to the governance towards an outside perspective. Their research suggests that community norms, hence activities, can only foster based on hierarchical rules that ensure stability. But they also emphasize that less bureaucracy is better for knowledge creation. This view suggests that community forms must blend some type of positional authority with more participatory and democratic means.

Recent literature emphasizes that any governance system introduced must be meritocratic to gather quality contributions from voluntary members (Lee & Cole, 2003; Kogut & Metiu, 2001; Moon & Sproull, 2002). Many scholars suggest that successful open source projects often are prospered by great leaders (Mockus et al., 2005; Moon & Sproull, 2002), meanwhile few have investigated how this impacts the governance system (O'Mahony & Ferraro, 2007). O'Mahony and Ferraro (2007) present findings that the governance system was designed by a combination of the constitutional basis of authority and democratic mechanisms to give power to the majority in the community. Onwards, their research shows that the democratic mechanisms played a dual role; a governance system that represents the community's interest, and an additional adaptive mechanism.

Most of these studies have focused on open source communities, which do not have the same systems, including tokens and voting rights, in place (Hannan & Freeman, 1989; Romanelli, 1991). They are, however, a good place to start understanding distributed governance. According to O'Mahony and Ferraro (2007, pp. 3) "one of the most significant problems in organizational scholarship concerns how social collectives govern, organize, and coordinate the actions of individuals to achieve collective outcomes", which this study investigates.

2.1.3 BLOCKCHAIN CHANGES GOVERNANCE

DAOs are viewed by many scholars as an enabler to open, distributed, and even democratic governance (Leonhard, 2017; Hsieh et al., 2018). DAOs are, unlike open source communities, governed through blockchain technology with fully automated processes, which shifts the role of technology from enabling coordination and development, to being at the center of the governance processes. A coherent and consistent body on how blockchain changes governance is still absent, even though scholars have started to investigate the opportunities of blockchain technology to explore the role for open and distributed governance structures (Leonhard, 2017; Jones, 2019), together with its limitations and challenges (Garrod, 2016; DuPont, 2017).

Blockchain technology, via smart contracts, turns governance into a self-created and self-governed system, in which centralization, coercion and hierarchies are replaced by mechanisms of distributed democratic consensus and decision-making (Atzori, 2015). In line with Kolbjørnsrud (2017), blockchains mitigate the lack of trust between members with smart contracts that are executed and embodied in computer code, resulting in a trustless system. In contrast, traditional forms of governance rely on "trusted" parties, needing interpretation, monitoring, and enforcement of natural written language. The use of blockchain alters the way disputes are solved, where the community and smart contracts solve the challenges, without any central government or legal framework (Morrison et al., 2017). DAOs are predicted to radically differentiate themselves from the way organizations are governed today, according to, for example, Swan (2015) and Wright and De Filippi (2015), which is making DAOs a particularly interesting case to governance design.

2.1.4 THE ROLE OF POWER DYNAMICS IN PRACTICING GOVERNANCE

Factors that have an impact on organizational governance, for example motivation, capabilities of participants, cognitive biases, level of authority and power, are considered in today's literature (Bass, 1996; Simon, 1979; Gray, 2004). Power is one of the most influential and debated concepts, especially within governance processes (Mintzberg, 1984). Power relations and power structures have been described as key due to the capacity to influence decision-making participants, ability to regulate and control the agenda, and setting the structure for how decisions should be performed (Phillips, et al., 2000; Pfeffer & Salancik, 2003; Torfing et al., 2012). The link between power and organizational governance was amplified by one of the most influential power researchers Michel Foucault. Foucault (1980) highlights that power is relational and attributed to practices, techniques, and procedures being embodied in a structure, person, or setting. Due to the embodiedness, power is described as a crucial and decisive factor within governance mechanisms. The use of power as a theoretical lens to study the governance process in DAOs was therefore assessed as sufficient.

A variety of approaches and definitions of power can be found (Bachrach and Baratz 1962; Bourdieu 1989). Influential streams of research have focused on power in relation to structural authority, often linked to bureaucratic organizations (Weber, 1978; Lukes, 2004), resource dependencies (Emerson, 1962; Pfeffer & Salancik, 2003; Scharpf, 1978), or the social interaction per se as a source of power conflict (Clegg, 1989; Osterlund & Carlile, 2005). While many theories of power exist, all converge by highlighting that power is unevenly distributed and socially contested. In turn, giving consequences for the creation and distribution of resources and opportunities (Foucault, 1980; Hay, 1997; Lukes, 2004). Our starting point within the scattered literature is to understand power as “the ability to shape and secure particular outcomes” (Torfing et al., 2012, pp. 48). Power can be expressed both individually and collectively, where this study focuses on the power relation between community members of DAOs. We draw upon the work by Bourdieu (1977; 1996) to understand how power relations are formed and affect the organizational governance processes in DAOs. Bourdieu (1996) uses a “field of practice” analytical concept, to point out diverse and nested social structures enacted by agents, who are occupied with different roles, in their situated practices (Levina & Orlikowski, 2009). This lens fits our study since relations between DAO members are complex due to constant revision of their positions in the communities. In addition to distinctions that agents bring to the constellation, a certain set of power relations are associated with the status produced by the agents within the field, for example, the distinction between novices and experts in DAOs. The possibility of actions is in result shaped by these power relations since the access of capabilities and resources vary between agents (Levina & Orlikowski, 2009).

Power relations are produced, reproduced, and transformed through the practices of agents (Bourdieu, 1977). This theoretical lens is used to understand, contrast and analyze the activities that together form the governance in DAOs. Decisions are recurrent practices within DAOs, where community members interact with each other to make decisions. With collective governance at the core of DAOs (Swan, 2015; Atzori, 2015; Allen et al., 2017), power can be understood as the ability of individual actors to influence collective decisions of the DAO to their own advantage, in a variety of different ways. We draw upon the types of resources that agents accumulate according to Bourdieu (1997): social (ties to other agents), intellectual/cultural (e.g. titles and exams), economic (e.g. money and shares) and symbolic (recognition and perception in the eyes of others).

We take inspiration from French and Raven's (1959) conceptualization of sources for power as an additional power-based lens. Whilst Bourdieu (1977; 1996) studies power in the

governance processes on a group-level with social practices, French and Raven (1959) studies what individual sources of power are being exercised among members, which ultimately is what creates the group-based power relations in the end. French and Raven (1959) established the sources of power based upon how leaders acted towards employees. They identified three sources of power that are related to a hierarchical position. Reward power is related to the ability to offer an incentive or reward if instructions are followed by the counterpart. Coercive power is based upon an individual's ability to punish those who do not comply. Legitimate power refers to an individual's position within an organizational power structure, usually equated with authority. Except for these sources of power, two other ones were introduced, based upon personal characteristics: expert power and referent power. Expert power comes from having superior knowledge or expertise within a specific area, usually stemming from experience. Referent power is attributed to those who have charismatic traits and an admirable image in the eyes of their counterparts. All in all, these sources of power offer a useful analytical tool to identify the power relations in DAOs. Each source of power can be present in DAOs as indicators of how the power structures constitute the organizational governance, even though no hierarchical positions exist by design.

2.1.4.1 GENRE ENABLES PRACTICAL UNDERSTANDING

The concept of genre is used as a complementary theoretical lens to grasp occasions when interactions between DAO members take place, to identify how it impacts the governance process in practice. This way of analyzing situations, settings and events is inspired by Levina & Orlikowski (2009), where genre is applied to describe what people do in practice. Orlikowski & Yates (1994, pp. 542) define genres as “socially recognized types of communicative actions— such as memos, meetings, expense forms, training seminars—that are habitually enacted by members of a community to realize particular social purposes”. Communicative actions might involve interrelated genres such as a meeting that involves both a discussion and a presentation, as genres (Bazerman, 1995). In comparison to Levina & Orlikowski (2009) that utilizes the concept of genre to pinpoint details in every social interaction, our application aims to group different communicative situations and social interactions into genres, to obtain a practical overview. For example, when several social interactions took place with a similar character, e.g. community members raised ideas on DAO forums, these were grouped into the genre “idea”. The same goes for the genre “discussion”, where several members interact with each other to discuss a proposal, which can be across different tools but still discusses the same issue. Genres help navigate hundreds of social interactions online per day across mediums to create a practical understanding of the governance process.

The connection between genres and power relations is of specific interest since this study aims to use their interrelation to understand the governance in-depth, where genres act as a medium for revealing power relations as well as impacting them. Agents taking part in enacting genres such as discussions or reviews have expectations about both others and their own role in such a process as well as the reason for engaging in the activity. Genres impact power relations since their enactment indicates who may or may not participate or receive specific genres, how these should be performed as well as when or where these should or should not be performed (Levina & Orlikowski, 2009). Moreover, genres represent schemes of what Schryer (2002) describes as symbolic power, serving to both enable and constrain modes of engagement and interaction, according to Yates and Orlikowski (2007). The exercise of power can therefore be utilized via the control of genre enactment. This is important since power stems from agents mastering genre enactment, creating a distinction from the other agents.

2.2 DISTRIBUTED GOVERNANCE AT THE INTERSECTION OF TECHNOLOGICAL & SOCIAL PROCESSES

From Weber et al's (1947) and Mintzberg's (1979) classical definitions and studies on hierarchical, functional and efficient organizations, recent studies focus on flat and flexible organizational forms with new ways of managing organizations (Kazan, Tan & Lim, 2014; Grossman, 2016; Emery, 2000). With recent technological breakthroughs and today's fast-paced environment, a new form of organizational designs is emerging, according to Buterin (2017). He describes this emerging organization as the DAO. It is built upon a blockchain and runs completely by computer code via distributed ledger technology (Garrod, 2016). DuPont (2017) explains DAO as a new governance system in which many participants jointly decide on aspects of organizational management, for example, financing and investment, without the involvement of a board of directors or a CEO. Within a DAO, all members are seen as contributors or facilitators, all working anonymously towards the collective goal set by the DAO.

Despite this reliance on technology, a DAO can operate in similar ways as traditional organizations, and they usually provide products or services, as well as are subject to regulatory requirements. Their costs, outputs and customers are usually viewed likewise to a traditional organization, even if their differences in design, form and function are fundamental (Rijmenam et al., 2017; Swan, 2015).

2.2.1 BLOCKCHAIN

Blockchain is known among the greater public to be the technology behind Bitcoin, which has gained increased attention in recent years. However, the foundation behind blockchain began already in the 1980s and 1990s where the cypherpunks initiated ideas of immutable and fully transparent ledgers as a basis for anonymous digital currencies. Their ideas can be linked to the contemporary blockchain movement (Szabo, 1994).

Software systems have two major architectural approaches, centralized and distributed systems. In centralized systems, all individual computers, also called nodes, are connected to a central component, without connection to one another directly. In contrast, distributed systems are connected indirectly with all the other components without a central component (Drescher, 2017). Blockchain is built with a distributed system, and more specifically a distributed ledger. Higher computing power, cost reduction, higher reliability, and the ability to grow naturally are some advantages of distributed systems.

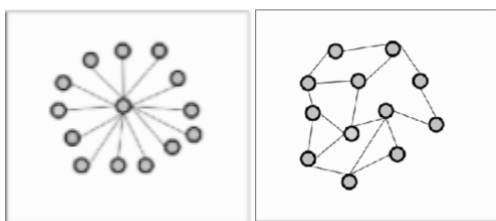


Figure 2: Centralized and distributed systems made up of nodes (Tanenbaum & van Steen, 2017).

A distributed ledger can record and hold a catalog of data records (i.e. new owners or ownership change) with unlimited capacity (Nakamoto, 2008; Lemieux, 2016). This data, which are transactions saved on a blockchain, are stored in blocks, chronologically, and thereafter chained

together cryptographically. All nodes have their individual copy of this chain, meaning that consensus among the nodes must be attained, for new transactions to be added correctly. Any retrospective attempt to alter or rehash a transaction is highly implausible since all nodes are constantly adding blocks to the infinite chain with consensus requirements (Underwood, 2016). Nakamoto (2008) describes these principles as proof-of-work. Nodes that help verify these new transactions are incentivized economically, which in turn keep the ledger consistent (Beck & Müller-Bloch, 2017) and diminish ambiguity and uncertainty with the fully transparent disclosure of all transactions by offering a single truth for all stakeholders (Beck et al, 2016; Nærland et al., 2017). Therefore, distributed ledgers are fully traceable, verifiable, immutable, and impossible to be tampered (Lemieux, 2016; Mattila, 2016).

A blockchain can either be on a public or private ledger, which determines how network participants interact with each other (Forte et al., 2015; Yermack, 2017; Rikken et al., 2019). Public blockchains, also known as peer-to-peer networks, allow all nodes to read blockchain data versus private ones, which only accept nodes that are pre-registered by a central authority (Beck et al., 2018). Storing ownership information on a public ledger, instead of a private one, removes any need for locked membership. In other words, it is constantly updated and publicly visible to all users (Gupta, 2017). This peer-to-peer network, using proof-of-work, enables a system for electronic transactions without relying on trust and instead uses validation from nodes (Nakamoto, 2008). According to Tapscott and Tapscott (2016), this game-changing blockchain technology with a distributed, encrypted, and public ledger, provides a powerful mechanism for changing money, business, and the world.

2.2.2 SMART CONTRACTS

The term smart contract stems from Szabo's (1994, pp. 3) initial definition of the discovery as "a computerized protocol that executes the terms of a contract" and can be seen as the key driver for decisions and transactions on a blockchain with its verification and justification application. A smart contract is like any traditional contract or agreement, but in code instead of on paper, which reduces the need for coordination and lower transaction costs (Swan, 2015).

At its core, smart contracts execute transactions or decisions that are commonly agreed upon between a minimum of two parties (Morini, 2016). Like traditional agreements, they state preconditions and events, by providing information about what rewards or sanctions that comes into play. Morini (2016) refers to the smart contracts as "if this, then that" which occupies its whole foundation and function. Research has described smart contracts as 1) decentralized (they are stored and distributed across multiple nodes in a network), 2) self-sufficient (they can spend value over time and accumulate), and 3) autonomous (automated, self-executed and impossible to alter them on a blockchain) (Forte et al., 2015; Swan, 2015).

Smart contracts eliminate dependence on a third party for contract execution, even if some degree of manual decision-making remains in the definition of parameters for the agreement. Instead of involvement from humans, smart contracts rely on trusted code to securely transfer the data that correspond to the pre-decided rules written in the contract (Murray et al., 2019). Examples of this data include online inputs (e.g., website traffic, sporting outcomes or change in cryptocurrency prices) and human decisions (e.g., trade agreements or supreme court rulings). Once these inputs trigger a preprogrammed protocol, it automatically generates actions, which could be sending instructions to a device or executing financial transactions (Murray et al., 2019).

2.2.3 TOKEN DESIGN

Whilst smart contracts are synonyms to traditional agreements in the blockchain economy, another element carries an important function to complete transactions and obligations: the tokens. Tokenization is explained as the act of converting right over intangible or physical assets into tokens recorded on a blockchain (De Filippi & Wright, 2018). These tokens are digital assets that either can be used to purchase services or products offered on a blockchain, or as the mediator between two parties' compiled efforts (Lee, 2019). In contrast to digital currencies, tokens operate through a smart contract on top of a blockchain, such as Ethereum (Massey et al., 2017).

Tokens can be classified into two categories to understand their functions. The first category is “utility tokens” or “consumptive tokens”. Holders of these tokens usually receive certain rights, such as the ability to access a certain website, upload content or obtain specific documents (Crosser, 2018). The second category of tokens, which is applicable to this study, represents a share or ownership in a company or organization, similarly as traditional stocks. These “security tokens” or “governance tokens” are formed and act as traditional stocks via offering holders a right to vote on decisions of the venture as well as potentially getting a share of the organization's profits (Crosser, 2018). It should also be mentioned that the distinction between “owners,” “contributors,” and “users” is blurred because the same token acts as a voting right, a form of compensation, and a medium of exchange (Hsieh et al., 2018).

Each DAO design their own token, to build their set of mechanisms from user rewards through program-based economic design to service implementations (Tasca, 2019). Some of the decisions made during the design of tokens involve token distribution, total amount of tokens issued, compensation for participants and the redistribution of wealth. An ideal token design incentivizes participants to optimize their activities to pursue their own interests leading to overall quality improvement of the DAO (Pazaitis et al., 2017). When tokens are issued and made public, investors and future members can become part of the DAO and potentially benefit from future innovations (Kher et al., 2021). In contrast to large stakeholders in traditional organizations, who can enrich themselves at the expense of smaller shareholders through related-party transactions and other mechanisms (Ho & Wong, 2001), smaller token holders in DAOs can withdraw their stake if their interests are not aligned with the DAOs actions (Jentzsch, 2016). In addition, tokens issued by a specific DAO can only use tokens in relation to that organization, in other words, a token holder of DAO A's token can only use their voting power in DAO A's voting procedure.

2.2.4 POWER & GOVERNANCE

Decision rights, incentives and accountability to encourage certain behavior are all part of governance structure mechanisms (Weill, 2004). These mechanisms determine how responsibilities, decision-making structures and communication are formalized (Weill & Ross, 2005). All decisions, activities and processes in DAOs are determined and carried out based upon peer-to-peer collaboration, eliminating all needs of intermediaries (Forte et al., 2015; Swan, 2015; Tapscott & Tapscott, 2016). Instead of having hierarchical roles or social influence structures that determine one's power, the contribution to the community is one important source of power in DAOs. This shifts the power balance within an organization from a hierarchical structure to a distributed structure (Kosten, 2015). The shift in power is further visible in the governance process within a DAO, since it occurs in a fully decentralized manner where anonymous community members vote on various proposals. The voting is carried out with a consensus mechanism, which is a set of rules and protocols for governance that work to

coordinate the execution of transactions, their validation, and their recording (Kandaswamy et al., 2020). In practice, an algorithm enables an “election” allowing users to agree about one true systemic state of the network for synchronizing the shared ledger (Omran et al., 2017). Voting power is proportionate to the contribution to the network, where more contribution ultimately leads to an increased number of tokens. A change in code, (i.e. decision for the organization) will only be implemented if majority assent is achieved for any given proposal. As a result, the group, or individual, who possesses the majority of the issued tokens determines the outcome of a vote (Franco, 2014).

2.2.5 SUMMARY OF DECENTRALIZED AUTONOMOUS ORGANIZATIONS

Based on all organizational elements introduced above, we undertake a similar holistic definition of the DAOs as current researchers have conducted; “non-hierarchical organizations that perform and record routine tasks on a peer-to-peer, cryptographically secure, public network, and rely on the voluntary contributions of their internal stakeholders to operate, manage, and evolve the organization through a democratic consultation process” (Hsieh et al., 2018, pp. 2). With available research on DAOs as a base, an outline of the changes in governance and organizational practices is in the table below.

	Traditional	DAO
<i>Organizational structure</i>	Hierarchical, functional, flat & flexible	Decentralized, runs on code, distributed ledger technology
<i>Governance</i>	Established by board of directors, often top-down management	Embedded in the code (smart contracts)
<i>Management</i>	Board of directors	Token holders
<i>Ownership</i>	Shareholders	Token holders
<i>Workforce</i>	Employees	Contractors, members, contributors
<i>Authority</i>	Central authority	No central authority
<i>Incentives</i>	Monetary payments & Equity	Direct ownership with tokens
<i>Transparency</i>	Limited information, top-down & quarterly reports	Fully transparent in real time
<i>Decision-making</i>	Few employees, based on expertise and seniority	All token holders, automated by smart contracts
<i>Trust</i>	Experience & relationships	Cryptography (Blockchain)
<i>Power</i>	Share holder, hierarchical roles or social influence structure	Token holders, contribution to the community
<i>Operational costs</i>	High	Low

Table 1: Contrasting traditional organizations and decentralized autonomous organizations

2.3 RESEARCH GAP

Extant empirical work on DAOs has focused on decentralized exchanges (Lin et al., 2019; Bansal et al., 2019), market-based platforms (Clark et al., 2014; Trabucchi et al., 2020) and on a general level how blockchain will change organizational designs (Tapscott & Tapscott, 2016; Murray et al., 2019). The few touching upon organizational governance are only based on theoretical conceptualization, not empirical. Furthermore, papers on DAOs have mostly focused on trying to articulate the difference between traditional organizations and DAOs in terms of the hypothetical form and function (Rijmenam et al., 2017; Swan, 2015), incentive systems (Sims, 2019), or network effects (Shier et al, 2016).

Authors are united around the idea that governance plays an important role within organizations, where individuals set the structures, and in turn the rule of the game (Klein et al., 2019). One study on governance within DAOs and the voting process focused on the consensus mechanisms that create certain rules and structures for the community (Kandaswamy et al., 2020). That research contributed to the field and covered some parts of how rules and structure arise in DAOs, although it lacks how the rules of the game turn out in practice within DAOs. Furthermore, distributed governance literature calls for more research

on how communities govern themselves and their collective outcomes (O'Mahony & Ferraro, 2007).

Kosten (2015) raises that DAOs create a shift in the power balance, compared to more traditional organizations, towards a more distributed structure. Voting is the main example in the literature on how power is decentralized within DAOs (Kosten, 2015; Kandaswamy et al., 2020). Hence, no authors have investigated how power dynamics impact the governance process in DAOs as a whole.

In summary, a call for more research within the field of DAOs is stated among researchers e.g. Beck et al. (2018), Rijmenam et al. (2017), and Hsieh et al. (2018). Especially, an empirically reliable study is needed to bring insights into the actual world of the DAOs. Governance structures are of interest to capture how it works within DAOs, since individuals create governance structures (Barnard, 1938; Simon, 1947). How communities govern themselves and their collective outcomes is raised by O'Mahony and Ferraro (2007) as an important scholarship gap for future research to close. Furthermore, there is a gap between the role of power and its implications on the governance process. Therefore, this study is aimed to observe and understand how the governance processes in DAOs are carried out in practice, and the role of power dynamics within these processes.

3. STUDY DESIGN & METHODS

3.1 RESEARCH DESIGN

With this study's research topic, research agenda, and aim in mind, we begin by describing our ontological lens: constructivism. As Bryman & Bell (2017) points out, this ontological standpoint means that the world is constructed and developed by social actors that create and form a reality under constant revision. Hence, meaning is being adhered and generated through interpretation. Therefore, the philosophical foundation that the world is socially created among social actors is utilized in this study to practically understand DAOs better, with a directed focus on how the members construct and make sense of their experiences (Berger & Luckmann, 1966; Gioia et al., 2013; Weick, 1979). By taking a constructivist stance, our aim is not to reach generalization of findings as in the positivist paradigm (Bell & Thorpe, 2013). Instead, the aim is to yield a deep understanding of the phenomenon, offered by the extensive discovery of social interactions among members in DAOs (Welch et al., 2011).

Furthermore, this study has used an inductive approach, since we started by empirically investigating DAOs, and then comparing them to extant theory, before gathering further empirical material to make sense of our findings as well as contextualize the theoretical contributions (Bell, 2006). An inductive study is especially appropriate for new emergent phenomena, where little research has been done before (Flick, 2011), as is the case with DAO governance, offering the opportunity for a rich and deep analysis (Bryman & Bell, 2017).

3.2 METHODOLOGICAL FIT

Since DAOs are a nascent empirical phenomenon, with limited academic research within the field, a qualitative study was viewed as suitable since it allows for a rich deep understanding of a phenomenon within an unexplored research area (Bell, 2006). The qualitative study sheds light on individuals' perspectives to build an overarching structure and pattern-based method

that help enrich the understanding of a phenomenon (Trost, 2010; Flick, 2009), which in this paper is the emergent phenomenon, DAOs. A quantitative approach would have increased the possibility of receiving transferable findings, directly applicable to other industries (Flick, 2009). However, this approach fits best to confirm or reject an existing theory (Wilson & Vlosky, 1997), which is difficult to comprehensively do given DAOs emergent nature. Therefore, the qualitative method was viewed as more appropriate.

3.3. DATA COLLECTION

3.3.2 CASE STUDY METHOD

A case study explores a single- or multiple-cases over time, through detailed, in-depth data collection from multiple sources of information (Creswell, 2013). One use of case studies, applicable to this study, is to develop theory about a topic (Eisenhardt 1989), and more specifically about the internal organizational governance processes. This study utilized a case study of a phenomenon, which is the context of DAOs (Strauss & Corbin, 1998). When studying such an emergent phenomenon, the case study is applicable because of its opportunity to analyze data in a specific situation (Yin, 2003). Evidence generated from a case study where multiple participant views are included, as in this case study where we include different community members of DAOs, makes the data becomes more robust and reliable (Baxter & Jack, 2008).

3.3.2.1 ORGANIZATIONS & PARTICIPANT SAMPLING

The chosen DAOs in our study were collected through purposive sampling (Bryman & Bell, 2017), in accordance with the interview objects. This purposive sample aimed to gather an extensive range of viewpoints on the governance processes within the DAO ecosystem (Glaser & Strauss, 1967; Yin, 2011). The selection process was divided into two phases. First, to source and select DAOs that met our requirements, which was to qualify themselves as a DAO, have more than 100 active members, a minimum of 100 token holders and voted on at least ten proposals in the past. The selected organizations operate within areas such as decentralized finance, longevity, marketing, DAO creation and venture capital, and the reason to select a diverse sample of DAOs was to enable a range of viewpoints, see Appendix 3. Later, 20 of these were also observed online in this study, which allowed both for further depth and enabled us to triangulate between our interview data and the digital observations.

The second phase included individual sampling. All participants within the chosen organizations are active members, holding governance tokens with a connected wallet and have actively voted on proposals. Since all members of DAOs represent the company equally, no specific roles or positions have been actively selected or required. All interviews are kept anonymous, since all participants received this option, with the purpose to enhance trust and transparency in the answers.

3.3.2 SEMI-STRUCTURED INTERVIEWS

26 interviews were conducted over the course of two months, with iterations along the way. First, a more exploratory approach was adopted during the first three interviews in parallel with initial literature research to understand the DAO landscape, and to gain insights about current research topics within the DAO sphere, and how to access empirical data within the emergent DAO community (Saunders, Lewis et al., 2009). The first interview was conducted with the assistant professor and domain expert within blockchain, Quinn DuPont. His expertise later

became a source of external information against which we triangulated with later interviews. Two more unstructured interviews were conducted with domain experts within blockchain and DAOs to further synthesize the information gained in the literature research.

Once the topic of governance processes became prominent to discover further, a pilot study approach was initiated to refine and improve our method and interview guide, see Appendix 1. Potentially miscommunicated questions, identifying new core areas and highlighting warning signals were some things we explored during the first semi-structured interviews (Yin, 2010). The rest of the semi-structured interviews were then conducted, well-suited in our qualitative research to gain a thorough understanding of the governance processes, see Table 2 (Miles, Huberman, 1994). Emphasis was on how the interviewee framed and answered the specific questions, with liberty for the respondent to include other personally interesting viewpoints, in order to generate deeper insights (Bryman & Bell, 2011). Furthermore, the structure of the interview guide, with room for the interviewee to elaborate on questions (Saunders, Lewis et al., 2009), was designed to support the research question by acquiring more reliable data (Saunders, Lewis et al., 2009), which through standardized questions is difficult (Ahrne and Svensson, 2011). Lastly, semi-structured interviews are also suitable for rather complex topics, which is in line with the early adoption phase of DAOs and their governance processes (Saunders, Lewis et al., 2009).

Interviewee	Type of interview	# of Unique Token holders (2021-08-26)	Date	Location	Duration
Interviewee 1	Unstructured	N/A	2021-06-29	Zoom (Stockholm - Dublin)	55min
Interviewee 2	Unstructured	80 210	2021-06-29	Zoom (Stockholm - Dubai)	65min
Interviewee 3	Unstructured	10 411	2021-06-30	Zoom (Stockholm - U.S)	60min
Interviewee 4	Semi-structured	4 012	2021-07-12	Zoom (Stockholm - London)	48min
Interviewee 5	Semi-structured	12 332	2021-07-12	Zoom (Stockholm - U.S)	59min
Interviewee 6	Semi-structured	45 192	2021-07-13	Zoom (Stockholm - Hong Kong)	52min
Interviewee 7	Semi-structured	32 053	2021-07-26	Zoom (Stockholm - Berlin)	70min
Interviewee 8	Semi-structured	10 411	2021-07-27	Zoom (Stockholm - U.S)	45min
Interviewee 9	Semi-structured	80 210	2021-07-27	Zoom (Stockholm - Buenos Aires)	62min
Interviewee 10	Semi-structured	3 147	2021-07-28	Zoom (Stockholm - Berlin)	55min
Interviewee 11	Semi-structured	503	2021-07-29	Zoom (Stockholm - Berlin)	60min
Interviewee 12	Semi-structured	503	2021-07-29	Zoom (Stockholm - Basel)	57min
Interviewee 13	Semi-structured	1 692	2021-07-29	Zoom (Stockholm - UK)	67min
Interviewee 14	Semi-structured	26 901	2021-07-30	Zoom (Stockholm - Berlin)	58min
Interviewee 15	Semi-structured	5 196	2021-07-30	Zoom (Stockholm - Miami)	95min
Interviewee 16	Semi-structured	1 056	2021-07-30	Zoom (Stockholm - Miami)	95min
Interviewee 17	Semi-structured	198	2021-08-04	Zoom (Stockholm - Perth)	86min
Interviewee 18	Semi-structured	N/A	2021-08-04	Zoom (Stockholm - London)	52min
Interviewee 19	Semi-structured	66 908	2021-08-04	Zoom (Stockholm - U.S)	63min
Interviewee 20	Semi-structured	3 530	2021-08-05	Zoom (Stockholm - Italy)	56min
Interviewee 21	Semi-structured	11 517	2021-08-05	Zoom (Stockholm - Berlin)	60min
Interviewee 22	Semi-structured	18 324	2021-08-12	Zoom (Stockholm - U.S)	51min
Interviewee 23	Semi-structured	793	2021-08-18	Zoom (Stockholm - New York)	56min
Interviewee 24	Semi-structured	9 221	2021-08-18	Zoom (Stockholm - Lisbon)	63min
Interviewee 25	Semi-structured	5 920	2021-08-19	Zoom (Stockholm - Sydney)	46min
Interviewee 26	Semi-structured	521	2021-08-20	Zoom (Stockholm - U.S)	52min

Table 2: Interview Participants (Source: Etherscan.io)

3.3.2.1 INTERVIEW GUIDE

Based on existing literature on the topic, openness to alternative avenues of inquiry during the collection of data and understanding of what was needed to answer the research question, three areas arose (Bryman & Bell, 2011). The structure, see Appendix 2, aimed to create a flow and the initial collection of white papers allowed us to contextualize the interviewees' answers (Bryman & Bell, 2011). All questions used a comprehensible and relevant language tailored for members in DAOs, possessing some domain knowledge. Moreover, a mixture of introducing-, follow-up-, specifying-, direct-, structuring and in some cases interpreting questions worked as enabling factors to be attentive and find the balance between active and avoid being intrusive (Bryman & Bell, 2011; Kvale, 1996). Finally, the interviewee had the chance to raise any thoughts with a final open question, encouraging personal comments on the specific topic (Bryman & Bell, 2011).

3.3.2.2 INTERVIEW SETTING

All interviews were conducted in an online setting, digitally recorded and in English. DAOs per definition are borderless and fully remote in combination with travel restrictions as a result of Covid19. The implications of geographical, cultural, and regulatory variety amongst the participants have little impact on the answers since DAOs are working completely digitally with no local regulations, no geographical differences and one united culture within the DAO. Digital recordings increase the possibility to capture and observe respondents' body language, quality of the recordings and can be played back repeatedly after the interview takes place. The duration of the interviews ranged between 45-95 minutes with attendance from both researchers to ensure that the collected data could be interpreted without variations (Eisenhardt, 1989).

One of the authors guided the respondent throughout the discussion, meanwhile, the other one maintained focus on taking notes. These two roles were equally divided and a discussion about the interpretation was done after each interview to minimize the risk of one influencing the interviews in a personal way (Miles & Huberman, 1994).

3.3.3 ONLINE OBSERVATIONS

To best understand organizational governance processes, we carried out online observations to practically follow the processes, see Appendix 4. Instead of simply relying upon interview responses where interview participants might have difficulties describing activities, online observations acted as a sufficient method for unlocking insights on the newly emerging area of DAOs organizational governance and the concrete actions and structures deployed (Salmons, 2015). This was mostly done through platforms, forums, and other digital tools. Discord¹, Discourse² (often recalled as "Forum" by the participants), Medium³, Telegram⁴ and GitHub⁵ were some of the tools used.

Furthermore, online observations offer an opportunity to investigate activities and happenings within the process in real-time. The online observations also make it possible to oversee potential biases that interview participants might have when describing their process in a more

¹ A free voice, video, and text chat app (mobile and desktop).

² A forum software for communities.

³ An online publishing platform free for anyone to publish and read.

⁴ A cloud-based, encrypted and synced mobile and desktop messaging app

⁵ A web-based version-control and collaboration platform for software developers.

favorable and attractive light than their actual presence shows (Salmons, 2015). Therefore, the online observations offer a perfect complement to the interviews. It should be stressed that DAOs by nature have fully transparent processes, discussions, and protocols accessible through their online channels. That, in combination with suggestions from domain experts within our exploratory interviews, convinced us about the strong appropriateness of online observations for this study's research topic.

We observed the interactions in the DAOs over ten days to triangulate our findings from the interviews in relation to real-time activities and actions. A variety of observations that clearly illustrated the essence from the observation mediums were chosen as examples and can be found in Appendix 4. An outline of the online observations is completed below.

DAO	Industry	Observation Medium*	Date
DeltaDAO	Application	Twitter (5), GitHub (2), Own platform (10)	2021-08-02⇨2021-08-12
Aragon	Advisory / Consultancy	Discord (10), Telegram (5), Aragon Client (Own platform) (12), Twitter (5), Reddit (2), GitHub (2)	2021-08-02⇨2021-08-12
OceanDAO	Venture Capital	Discord (10), Discourse (12), Telegram (5), GitHub (2), YouTube (2)	2021-08-02⇨2021-08-12
MakerDAO	Banking	Discord (10), Discourse (11), Telegram (5), Twitter (5), Reddit (2)	2021-08-02⇨2021-08-12
VitaDAO	Science & Therapeutics	Discord (10), Discourse (12), Snapshot (10)	2021-08-02⇨2021-08-12
HoneyDAO	Venture Capital	Discord (10), Discourse (10), Telegram (5), Twitter (5), Snapshot (12)	2021-08-02⇨2021-08-12
BadgerDAO	Banking & Venture Capital	Discord (10), Twitter (5), Aragon Client (10)	2021-08-02⇨2021-08-12
NFTX	Banking	Discord (10), Twitter (5), Aragon Client (11)	2021-08-02⇨2021-08-12
Inverse	Banking	Discord (10), Telegram (5), Twitter (5), Reddit (2)	2021-08-02⇨2021-08-12
LexDAO	Legal	Discord (10), Github (2)	2021-08-02⇨2021-08-12
Yap DAO	Communication & PR	Discord (10), Telegram (5), Twitter (5)	2021-08-02⇨2021-08-12
SushiSwap	DeFi Marketplace	Discord (10), Telegram (5), Twitter (5), Snapshot (14)	2021-08-02⇨2021-08-12
BanklessDAO	Banking	Discord (10), Telegram (5), Twitter (5), Github (2), Snapshot (15)	2021-08-02⇨2021-08-12
GnosisDAO	Application	Discord (10), Telegram (5), Twitter (5), Snapshot (9)	2021-08-02⇨2021-08-12
GitCoin	DeFi Marketplace	Discord (10), Discourse (10), Telegram (5), Snapshot (10)	2021-08-02⇨2021-08-12
Aave	Banking	Discord (10), Telegram (5), Twitter (5), Github, Snapshot (10)	2021-08-02⇨2021-08-12
Uniswap	DeFi Marketplace	Discord (10), Discourse (12), Telegram (5), Twitter (5), Snapshot (11)	2021-08-02⇨2021-08-12
MetaCartel	Venture Capital	Discord (10), Discourse (11), Telegram (5), Twitter (5), Own platform (10)	2021-08-02⇨2021-08-12
StackerVentures	Venture Capital	Discord (10), Telegram (5), Twitter (5), Snapshot (10)	2021-08-02⇨2021-08-12
PieDAO	Application	Discord (10), Telegram (5), Twitter (5), Github (2), Snapshot (12)	2021-08-02⇨2021-08-12
Observation Medium	Aragon Client, Discord , Discourse, Compound, Telegram, GitHub, Twitter, Snapshot, Zoom, YouTube, Reddit, Own platform		
Total pages observed	612 pages		
*Estimated numbers of pages in brackets. The nature of some observation mediums are difficult to estimate, such as Discord where only threads exist. This is an underestimation of the total numbers of pages.			

Table 3: Online observations

3.3.3.1 UNOBTRUSIVE ONLINE OBSERVATIONS

An unobtrusive observational approach was undertaken, meaning that we accessed and collected actions taken in the processes under investigation, directly from where they took place online (Bryman & Bell, 2017). Moreover, as researchers, we did not directly engage, respond, or show involvement with the communities of investigation during our work with compiling the online observations. Online observations, inspired by the ethnographic approach, implies becoming immersed with day-to-day organizational activities, to reach an understanding from the insiders' point of view (Bryman & Bell, 2017). This method is appropriate, when researching phenomena and information outside of personal concerns, with an interest in patterns and processes reachable in the online setting (Salmons, 2015), making it suitable for our methodology. Moreover, this approach is highlighted by Akemu & Abdelnour (2020) that recommends a focus on the deeper (hidden) patterns, features, and platform interactions within the online observations to obtain rich data.

3.3.4 CHOICE OF THEORY

The choice of theory was done through an interactive research process where relevant theory was chosen (organizational governance, power relations and genre). Due to the nascent field of DAOs, where no established frameworks exist on the governance process in practice, no specific theoretical framework was brought forward to analyze the findings. The theory was rather applied throughout the analysis to enhance our understanding of the collected data.

3.3.5 RESEARCH PROCESS

Our iterative data collection and theorizing process described above is summarized in Figure 3.

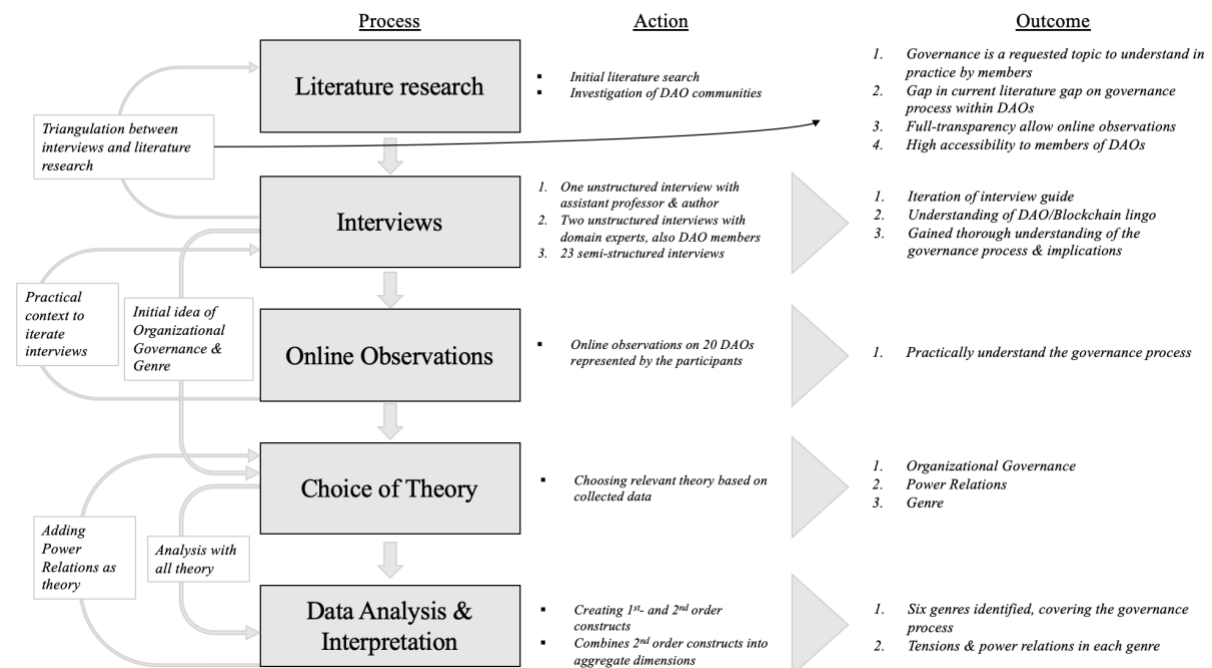


Figure 3: Research Process

3.4 DATA ANALYSIS

3.4.2. INTERPRETATIVE PROCESS

All interviews were held via the digital meeting system Zoom, which made it possible to record all interviews (in accordance with participant acceptance). The recordings minimized the risk of data loss and made it possible to correctly code the interviewee's intention by looking at body language, tone of voice etc. along the transcriptions. Moreover, we worked simultaneously with transcription, coding, and analysis to ensure close attention to the participants' context and ensure progress in the interview phase (Gioia et al., 2013). To reveal insights from the empirical material, we followed the Gioia methodology (Gioia et al., 2013) and generated 1st- and 2nd order constructs, in a structured and comprehensive manner. This methodology was used to increase the scholarly rigor of this study and to appropriately understand the different views of DAO community members in a structured way.

The first-order constructs were generated by the authors' individual interpretation of recordings and transcriptions. The generated categories by each individual were then compared and

discussed to ensure a fair representation of the data (Miles & Huberman, 1994). The large number of constructs produced was reduced via axial coding, meaning that similarities and variations between the constructs offered an opportunity to merge constructs (Strauss & Corbin, 1998). At this stage, we consciously avoided any inclusion of theoretical lenses, to stay close to the interview participants' concrete descriptions, and to minimize the risk of confirmation bias (Gioia et al., 2013). Hence, we had several possible theoretical standpoints in mind to enable an overarching guidance at this stage, and not be completely uninformed about prior work as Gioia et al., (2013) suggests.

The second-order analysis aims to answer the question of “What’s going on here?” based on the first-order constructs (Gioia et al., 2013), and to make sense of subjective experiences among interview participants (Welch et al., 2011). Within this stage, the iterative approach of considering theory and practical insights played an important role to arrive at representable second-order themes. The theoretical elements helped us to interpret the data and make sense of it at a more abstract level. As the last step, the identified second-order constructs were combined into aggregate dimensions, where the constructs were related to each other and thereafter viewed more clearly in the light of theory (Gioia et al., 2013), to reach an even higher abstraction and understanding of the studied phenomenon.

The initial phase of analyzing the online observations focused on becoming familiar with the data, given its magnitude of content and constant real-time change. This was completed alongside the data collection, which made it possible to make sense of the insights from different DAOs (Eisenhardt, 1989). Thereafter, the Gioia Methodology was used to group the online observations into 1st- and 2nd order constructs, and finally arrive at aggregate dimensions (Gioia et al., 2013). This was completed separate from the interviews, to later triangulate the findings.

To generate first-order constructs for the online observations, each author first took screenshots of dialogues from separate DAOs. Then, a discussion was held to choose a representative section that functioned as the first-order construct. This was completed for all DAOs, before the generation of second-order constructs was completed via overseeing the first-order constructs from all DAOs (Gioia et al., 2013). It became apparent that many DAOs had similar second-order constructs, as an example, many dialogues online were started by members raising an idea. Therefore, the aggregate dimensions unfolded quite naturally. At last, all levels of constructs were compared and merged with the interviews to generate an overarching understanding.

3.4.2. DATA STRUCTURE

Presenting the data structure is crucial in the Gioia methodology (Gioia et al., 2013), to reach the main imperative of analytical rigorousness. The data structure provides a visualization of how the raw data emerged into aggregated dimensions (Pratt, 2008; Tracy, 2010), showing the relationship between the interview participants' lived experience and the theoretical dimensions, to provide a holistic view of the studied topic (Gioia et al., 2013).

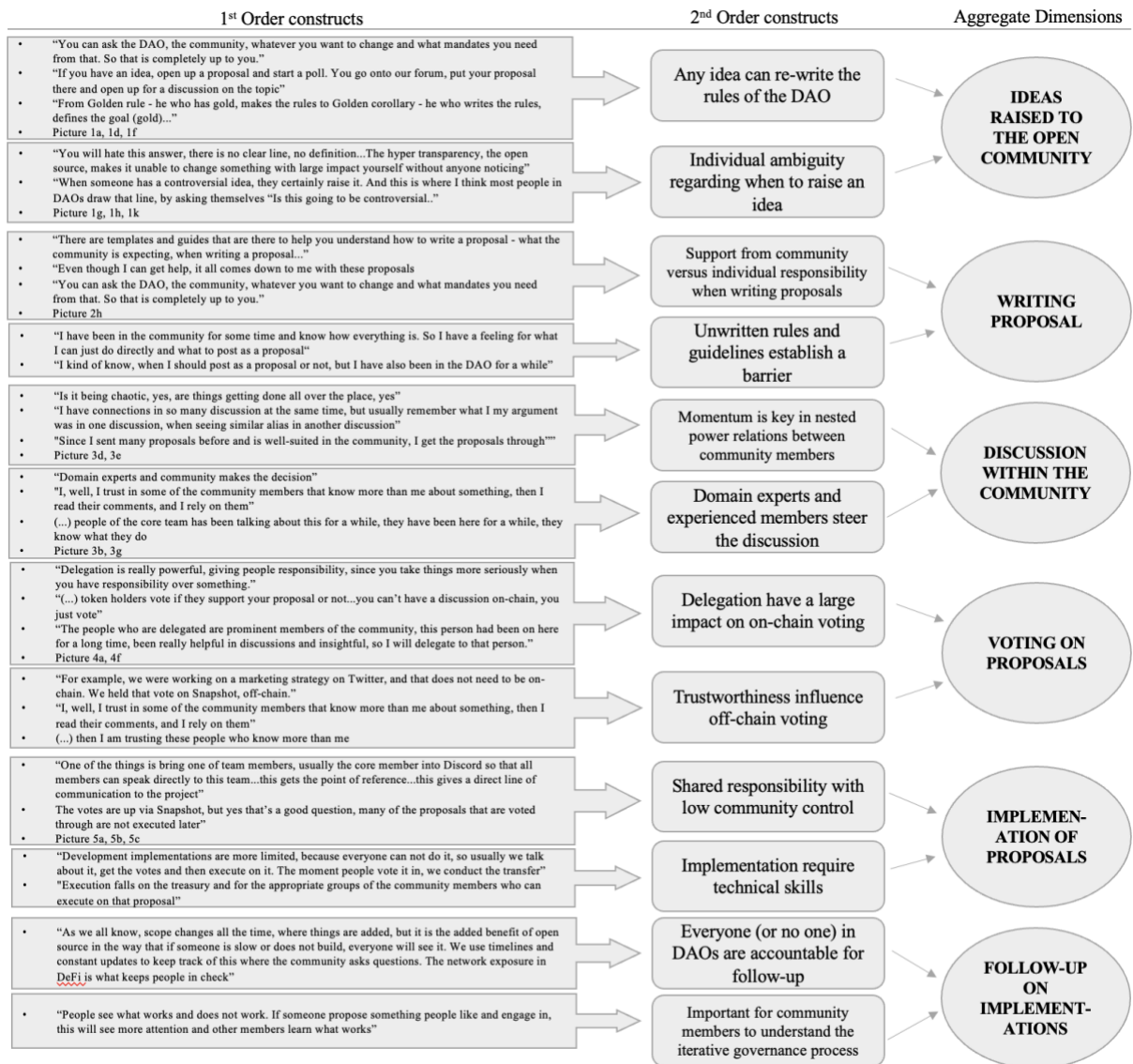


Figure 4: Data Structure using Gioia Methodology

3.5 DATA QUALITY

Throughout the whole study, we have strived to ensure that we collected, analyzed and interpreted the data in a high-quality manner to secure the trustworthiness of our design and execution (Yin, 2011). The quality of this study will be assessed and discussed via the qualitative components of reliability, validity and transferability (Flick, 2009; Bryman & Bell, 2017).

3.5.1 RELIABILITY

Reliability refers to the degree of replicability of a study, meaning whether alternative researchers would reveal similar information from the data at hand (Bryman, Bell 2017; Sounders, 2012). The interpretation of the data is subject to influence from our own experiences, surroundings, and pre-existing ideas (Maxwell, 2013). To mitigate the risk of biases, both researchers in this study were present during all interviews and conducted online observations, followed up by an individual interpretation of the data, before conducting a mutual discussion of its meaning. However, removing and neglecting all biases is almost

impossible (Flick, 2015). Providing sufficient documentation of our procedure, taking independent notes in online observations and interviews maximized transparency and the future access to interpretations of the material. In addition, all decisions made by DAOs, if made on-chain, are forever stored on the public blockchain and thereby accessible for everyone, including researchers on the topic. This opens, and makes it easy, for readers individual assessment of our interpretations.

Another bias that should be addressed is participant bias, referring to the interviewees incentive of painting their own DAO in a good light (Flick, 2015). Hence, describing the organizational governance process as more glamorous and well-functioning than it actually is. This was mitigated by assuring anonymity, constantly asking critical follow-up questions, and complementing with evidence from online observations.

3.5.2 VALIDITY

The validity addresses the integrity of the conclusions drawn in the study and if a potential abstract meaning can be inferred from the researcher's language (Bryman & Bell, 2011; Sounders, 2012). Flick (2009) raises the concern of whether interviewees have any reason to construct a biased version of reality, unconsciously, or consciously. The production of data was therefore validated by us giving all participants time to answer without interference, in combination with asking open-ended questions. No information about other participants' answers was shared, to minimize potential biases. Also, we listened to the recordings afterwards to critically examine if we influenced the interviewee (Flick, 2009).

A triangulation strategy of using various data sources improves the validity of the findings. The different themes discussed in *Empirical Findings & Analysis* (4) were accumulated from different voices and perspectives of various interview participants (Creswell, 2014). Moreover, validity is described as the match between the developed theoretical ideas based upon researcher's observations (LeCompte & Goetz, 1982). This can be considered a strength of this study due to the combination of interviews and online observations, and by allowing for contextualized matters in the interviews i.e., sidetracks in answers relating to the DAO specific environment. Furthermore, by executing three pilot interviews before the final study, the validity is advanced (Peat et al., 2002).

3.5.3 TRANSFERABILITY

The transferability of a study refers to the degree to which the findings can be generalized across social settings beyond their immediate context (Bryman & Bell, 2011; Lincoln & Guba, 1985). To improve and facilitate the study's transferability, a detailed description of the used processes and methods are provided in above sections, to help the reader determine whether the findings are transferable (Lincoln & Guba, 1985). The purposive sample of interview participants from different DAOs operating in various industries and within various organizational roles was specifically chosen to increase the transferability of this study's findings into other contexts (Merriam, 2009). Even though the qualitative nature is not numerically generalizable, we aim to help the reader determine finding suitability in other situations by offering a thick description of the DAOs backgrounds and their context (Lincoln & Guba, 1985).

4. EMPIRICAL FINDINGS & ANALYSIS

The organizational governance process is described in this section, based on the six genres found in the empirical data collection. These genres are presented in chronological order, representing the practical way DAOs are making decisions and governing themselves, which are; idea, proposal, discussion, voting, implementation and follow-up. Furthermore, this analysis provides the identified governance process with tensions for each genre and how they relate to each other, as presented below.

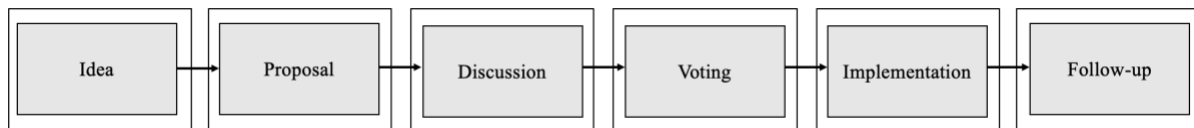


Figure 5: Simplified DAO Governance process

4.1 IDEAS RAISED IN THE OPEN COMMUNITY

It became prominent that individual ideas were a clear starting point in the organizational governance process. Many interview participants (Participants 9, 11, 13, 19, 24 & 26) revealed similar information where one participant explained:

“First things first, someone comes up with an idea...” - Participant 13

Later, DAO members enter the community and start gaining ideas about how to change the DAO:

“We are very open and can onboard people really quickly, and everybody can join our Discord and see the working groups, some are even open for comments. If someone has any ideas about improving something, we listen, and we discuss it.”- Participant 11

“The good thing is that you have an idea, you go to a community and then they help you...” - Participant 14

The purpose of the idea genre is two-sided, with the initiator who wants to bring forward a change and share it with the community on one side, and on the other side, the community listening to the idea. Anyone can join their social channels and introduce an idea to the community, and their ideas will be heard. Similarly, this genre was also prominent in the online observations, and following the various channels revealed a pattern showing that anyone could initiate an idea, visualized in Picture 1a, 1d and 1f.

4.1.1 ANY IDEA CAN RE-WRITE THE RULES OF THE DAO

Individuals within DAOs have the possibility and power to influence the community, regardless of major or minor ideas. The power to change, by raising an idea, is in the hands of individual members:

“If you have an idea, open up a proposal and start a poll. You go onto our forum, put your proposal there and open up for a discussion on the topic” - Participant 19

Although the individual is supposed to take the initiative:

“You can ask the DAO, the community, whatever you want to change and what mandates you need from that. So that is completely up to you.” - Participant 9

This entails power relation between the community, who collectively own all tokens (gold), and the individual who can propose, lobby and execute on their own ideas:

“From Golden rule - he who has gold, makes the rules to Golden corollary - he who writes the rules, defines the goal (gold)” - Participant 17

Thus, to re-write the rules, it requires more than one individual member of a DAO to propose an idea, but the power is in the hands of each member. In this genre, the number of tokens, and ultimately the voting power, do not influence whether the community appreciates the idea or not. As a result, members with large amounts of tokens cannot lobby their ideas and the power is instead given to the one with the ability to please the common interest of the community with their ideas.

4.1.2 INDIVIDUAL AMBIGUITY REGARDING WHEN TO RAISE AN IDEA

The participants were asked follow-up questions once we understood that similar day-to-day duties as seen in traditional organizations were performed, and where some ideas were raised and some not. When can a community member go ahead and execute an idea directly within their scope? And in contrast, when does the idea have to be raised to the community?

The participants describe this matter as a thin line:

“You will hate this answer, there is no clear line, no definition...The hyper transparency, the open source, makes it unable to change something with large impact yourself without anyone noticing” - Participant 19

Except for major decisions, that most of the community members do not handle, it seems difficult for community members to know when to put the idea into the process and when to directly execute it. The online observations did not give any clues to the issue in terms of written guidelines or formal procedures, instead, a large variety of topics were raised (Picture 1g, 1h & 1k).

One division is when an idea might be controversial:

“When someone has a controversial idea, they certainly raise it. And this is where I think most people in DAOs draw that line, by asking themselves “Is this going to be controversial?” If no, then just do it, just execute it.” - Participant 16

Given that it might be difficult for members to have different views on what is controversial or not, the decision seems to lie heavily on every individual.

In conclusion, someone, within or outside the DAO, can initiate an idea. The initiator, the one posting the idea, is the owner of this ideation phase with involvement from the rest of the community members. Individuals with an understanding of the needs of the DAO have the power to write the rules of the DAO, and change the governance structure at its core, all without the need of any tokens. Lastly, individual power is also revealed regarding raising the ideas in the first place, or going ahead and executing on what, according to them, are within the scope of their tasks.

4.2 WRITING PROPOSAL

Subsequently, after ideas are initiated, the next genre described among several interviewees was creating/writing a proposal (Participant 8, 15, 16 & 25). The online observations also revealed the creation of proposals as the second genre, by explicit titles on forums stating “proposal”, with information on what a member wants to change (Picture 2c, 2d, 2e & 2g). The main purpose of this genre is to turn the idea into a condensed and summarized proposal, in order for the community members to understand the idea.

Except for structuring and conceptualizing the idea into a proposal, our interview participants stated that the content and meaning of the proposal could relate to anything concerning the DAOs improvement:

*“The things that are going on is tons, it is everything from update from updating a parameter on a smart contract to deploy some kind of back-end developer”
- Participant 14*

The same pattern, with proposals relating to any part of the business and consisting of either minor or major change in character, was identified in the online observations, ranging from weekly liquidity programs, to hire, or a new governance framework (Picture 2a, 2e & 2j).

4.2.1 SUPPORT FROM COMMUNITY VERSUS INDIVIDUAL RESPONSIBILITY WHEN WRITING PROPOSALS

The DAO community supports the agent who first initiated the idea to write a proposal in various ways, indicating a proposal genre:

“I think it is very easy, you just have to enter the forum on Discord, then on GitHub you take the form and fill it out with everything and that’s it to write a proposal. Every week there is a town hall meeting, where you can stay and talk afterwards, and they will help you to write a proposal.” - Participant 7

*“There are templates and guides that are there to help you understand how to write a proposal - what the community is expecting, when writing a proposal...if those are not followed there are people in the community who help you write those proposals”
- Participant 9*

These explanations show how the community support relies on different tools, frameworks, and actual town hall meetings where a proposal writer can ask questions to more experienced members in the DAO. Picture 2h advocates how a proposal should be written, to help the newcomer submit a proposal in line with the members’ expectation.

Although the community supports, the actual agent seems to hold full responsibility of the creation of the proposal, stemming from their own skills:

*“Even though I can get help, it all comes down to me with these proposals”
- Participant 24*

“I mean, there have been a lot of proposals that have been rejected because the quality has not been good enough, which is dumb” - Participant 11

This genre shows that help and guidance are provided to the agent, but never a “take-over” of writing the proposal. The embarked “help” from the community does not seem to spill out on our interview participants’ experiences when writing proposals. Instead, they feel that they have to take full responsibility themselves, which causes some frustration among our interviewees’. In turn, it seems like proposals need to have a specific level of quality to be put forward into the next genre by the community.

4.2.2 UNWRITTEN RULES AND GUIDELINES ESTABLISH A BARRIER

Given that the proposals could relate to any part of the DAO, and a large variety of areas is touched upon as described above, one might naturally believe that proposals have a similar chance of getting attention, along with the nature of the distributed governance idea. Hence, when unpacking the power dynamics between community members, the importance of unwritten rules and guidelines in the social interaction in DAOs became prominent, somewhat challenging the distributed idea:

“I have been in the community for some time and know how everything is. So I have a feeling for what I can just do directly and what to post as a proposal” - Participant 26

What can be read between the lines in this example is that power is deployed to the ones mastering the unwritten rules and guidelines:

“I kind of know, when I should post as a proposal or not, but I have also been in the DAO for a while” - Participant 20

By understanding and mastering the “know-hows” in the DAOs and the social structures, power is attributed, since those individuals have a higher chance of knowing if the idea should be deployed as a proposal or not. Thereby, understanding “know-hows” and unwritten rules, often anchored in experience or expertise, is offering a resource that seems to be important in the power relations between community members. As result, a “know-how” barrier can be identified.

In summary, the genre of writing proposals aims to collect condensed information regarding a change that affects the DAO in some way. The process of writing proposals, that are publicly posted, is in the hands of the initiator, often the same member that brought the initial idea to the table. Onwards, members who master the unwritten rules and guidelines in the DAO obtain power and describe themselves as more successful with their proposals. Considering this, a barrier to understanding the “know-how” in a DAO seems to be important.

4.3 DISCUSSION WITHIN THE COMMUNITY

After the proposal is written and presented to the community, the next genre identified in this process, the discussion, was described thusly:

“When you post your proposal in the forum, everyone debates and discusses it from their own angles” - Participant 23

“When someone has put an idea into chat...this goes into a forum, this is where members, yeah, can give their own opinion, what you think are the risks with this project, you know, is the team going to run off with the money, here we basically voice all our concerns about a proposal” - Participant 13

Thus, the proposal can be discussed and debated by anyone in the community, based on their own thoughts and concerns. In addition, the online observations showed similar tendencies, where different members discussed the proposals (Picture 3a, 3b, & 3g).

Moreover, this genre was also described as appreciated and highly important by several community members, since the discussion is refining and improving the initial proposal:

“That's probably the best thing with DAOs, you know there is always going to be a counter-argument, that's really the beauty of it” - Participant 13

“The goal of the forum is to leverage the expertise of other members to refine proposals. As we always say ‘Every idea is a bad idea until it gets refined throughout this process’” - Participant 19

This refinement process was also shown to be observed by the initiator as Picture 3e and 3f indices when the initiator admires given feedback in the discussion. In other words, the discussion genre allows everyone in the DAO to participate and is viewed as one of the key governance processes for a DAO to operate in a decentralized manner.

4.3.1 MOMENTUM IS KEY IN NESTED RELATIONSHIPS BETWEEN COMMUNITY MEMBERS

Discussions are described as chaotic, and it indicates nested power relationships, since many initiatives, proposals and interactions are apparent at the same time in the DAO. Here, members are taking part in many discussions simultaneously:

“Is it being chaotic, yes, are things getting done all over the place, yes” - Participant 19

“It becomes a real chaos, you have to decide what to see...in the beginning I was reading everything, from the first comment to the last one, and now I cannot, and no one can, each of us focus on our own interest, because otherwise it is a real mess, real chaos” - Participant 20

Moreover, the nested power relations are present between community members in this chaotic atmosphere:

“I have connections in so many discussions at the same time, but usually remember what I my argument was in one discussion, when seeing similar alias in another discussion” - Participant 26

In this chaotic environment, members seem to still reflect upon their previous interactions, when discussing new proposals, which signals nested power relationships between members. Given these nested power relationships between community members in a chaotic environment, gaining momentum in the discussion was described as key for proposals to “survive” the discussion genre:

“You cannot know all other contributors, there will be people who also have real life work, and family and whatever...they could give you feedback, it can be positive and it

could be negative, and this could be even a form of pre-consensus, before pushing a poll” - Participant 24

*“Community members can elevate the snapshot votes to core proposals if they have a clear momentum, which is a loose term, but it is about how much engagement the proposal has. You need to get consensus in the forum for it to become elevated.”
- Participant 25*

The participants give examples of a form of pre-consensus that needs to be established within the discussion before the voting. Similar indications were highlighted in the online observations (Picture 3d & Picture 3e) where comments in the thread are pointing towards the same direction before a successful vote is implemented. When diving deeper into the described momentum within the community, the power relations and structures can be studied as clues to how this momentum is obtained.

4.3.2 DOMAIN EXPERTS & EXPERIENCED MEMBERS STEER THE DISCUSSION

The understanding of the power relationship between the initiator and the community is enhanced, but who steers the discussions towards this momentum? What is the power relation between community members discussing the same proposal? The distinction between expert and layman relationships is important:

“Domain experts and community makes the decision” - Participant 22

Here, domain experts “make” the decisions, and have a strong influence on the discussion. The occurrence of domain experts is crucial as they identify gaps and guide the direction of the discussion:

“Resources goes to the most deserving, according to a mix of popular vote and guided by domain experts. And the domain experts have a key role, since they can see whether there is a gap in the market.” - Participant 17

As described, experts use their intellectual power in these situations by stating that the domain experts “make” the decisions and can identify “market gaps”. Moreover, symbolic power can be attributed to the domain experts, since the interview participants raise such high appreciation of experts. This indicates that domain experts have a strong influence in reaching momentum in discussions. At the same time, a layman often follows the direction that domain experts are crafting:

“(…) it is hard to evaluate if a proposal is cheap or expensive...that's why the community forum is so important because then you can follow the discussion when people who know more ask relevant questions about if it is cheap or expensive” - Participant 23

In total, the power relationship between experts and laymen can be seen as an indicator of the momentum, prospered by laymen attributing symbolic, social, and intellectual power to domain experts.

Another power distinction which became evident was the relationship between newcomers to the community and the more experienced members. Members who could prove their long-term engagement within the community, could often signal symbolic power and utilize status claims.

One example from the online observations that indicate this pattern is Picture 3b and Picture 3g, where the role of ambassador, moderator, or core team signal status in the chat. Long-term engagement seems important:

“(...) people of the core team has been talking about this for a while, they have been here for a while, they know what they do” - Participant 21

Members in the community who have been there for a long time might have great knowledge about a proposal, which signals that symbolic power can be attributed to these members:

“(...) yes you would certain amount of bias towards okey if this person saying, “this project will be great”, he also knows the team, maybe knows that it is worth the investment” - Participant 25

Unlike experienced community members, the need to gain acceptance from the community for newcomers, as stated above, signals that their resources of power might not be trusted in the beginning. Thereby, the power relation between these two groups can be viewed as advantageous for the more experienced.

To conclude this genre, gaining knowledge from other members, listening to other members' opinions, and gaining new perspectives on the proposals, are the main purposes of the discussion. Discussions display more complex and nested power relations compared to previous genres. First, the power relation between the proposal writer and the community, where the proposal writer has the advantage if she or he is well-suited and understands how the discussions works, meanwhile the community has the power to question the proposal. Second, and perhaps the more complex power relation is within the community, where momentum in the discussion is crucial to reach voting. This momentum is reached by pre-consensus by other members. Community members highly trust others with more knowledge, where domain experts and experienced DAO members behold a large amount of power in these relationships.

4.4 VOTING ON PROPOSALS

The fourth identified genre of the organizational governance process is voting. The voting is the genre where the actual decision regarding a proposal is made collectively:

“When a decision is made, that concerns the DAO, we use Snapshot votes, let people vote and have some engagement, and based on that decision, we execute” - Participant 15

This also became apparent in the online observations where the discussions usually ended with a link to tools such as Snapshot, Discourse, Aragon Client, DAOhaus, indicating if the voting was live or closed. As visualized in observations (Picture 4a, 4b, 4d, 4i and 4j), the voting is fully transparent and enables everyone to see the results.

Engagement from the community is needed to pursue decisions and, later, execute the proposals' content. As indicated earlier in this paper, the focus is not on different voting mechanisms, quorums, and similar, but rather on the concept of governance and which, when and where decisions are made. One distinction within this genre to generate a better understanding of what types of decisions are taken, by whom and at what scale, is by highlighting the difference between on-chain and off-chain.

4.4.1 DELEGATION HAVE A LARGE IMPACT ON ON-CHAIN VOTING

Certain types of decisions that are voted upon on-chain:

*“Implemented and hardcoded on the blockchain, in the smart contracts”
- Participant 7*

“Everything that is a fundamental change of the community” “All changes in the governance proposal, certain frameworks, such as governance framework, incentives framework and tokenomics overall, working-groups proposals, big changes, restructures. Also, everything related to power, distribution of tokens, related to the tokens.” - Participant 12

“Protocol upgrades, configuration changes, adding a new collateral, extending rewards for a certain pool are all on-chain” - Participant 15

Onwards, as revealed during online observations (Picture 4a & Picture 4f), on-chain voting is concrete in its form and carried out simply by token holders:

“Only token holders can vote.” - Participate 8

“(...) token holders vote if they support your proposal or not...you can’t have a discussion on-chain, you just vote” - Participant 9

Therefore, on-chain voting is different from the discussion in this sense that not anyone can participate, only token holders can.

When further discovering how voting is depicted on-chain, it became apparent that even though only token holders can vote, their different power to influence a decision can vary a lot. This is based upon the trust mechanism that exists in DAOs, where members delegate their tokens to others, to vote on their behalf. Hence, forming an interesting power relation between community members in DAOs:

“Delegation is really powerful, giving people responsibility, since you take things more seriously when you have responsibility over something”. - Participant 15

This implies that the ones holding others' tokens are more serious about voting when given more responsibility, and you would want to give someone that power when:

“The people who are delegated are prominent members of the community, this person had been on here for a long time, been really helpful in discussions and insightful, so I will delegate to that person” - Participant 21

Delegation is a powerful tool that could have a big impact on the outcome of decisions, acquired by members' ability to gain and manage the trust earned from other community members. This power relation seems to be produced by prominent engagement and reproduced by explaining the rationale behind the decisions, thanks to intellectual and social resources.

4.4.2 TRUSTWORTHINESS INFLUENCE OFF-CHAIN VOTING

Many of the DAOs have a voting-process alongside the formal on-chain voting, which is called off-chain. As the name indicates; “off-chain voting is not related to the blockchain” - Participant 11. Instead, examples of content in these types of decisions include:

“Soft proposals, which means that they do not have to go on-chain.” - Participant 11

“For example, we were working on a marketing strategy on Twitter, and that does not need to be on-chain. We held that vote on Snapshot⁶, off-chain.” - Participant 16

Furthermore, in comparison to on-chain voting, off-chain voting does not have the same strict rules for participation:

“Everyone who follows the set guideline will be able to participate on Snapshot and vote for as many as the proposals they want.” - Participant 10

A few differences between on- and off-chain voting can be mentioned here. These two genres are highly different in terms of access, requirements and agent representation. Anyone who follows the guidelines has access to the voting and gets their voice heard, meanwhile on-chain voting requires a specific wallet and tokens supplied by that DAO in order to vote.

Although off-chain voting concern is supposed to be a more relaxed form of decision-making, community members express difficulties comparing a standpoint in these types of decisions. This seems to be based on the fact that the DAO handles many decisions and processes outside of community members’ areas of expertise. Other elements are also mentioned as important when taking a stand in these off-chain decisions, such as:

“I, well, I trust in some of the community members that know more than me about something, then I read their comments, and I rely on them” - Participant 12

“(...) then I am trusting these people who know more than me” - Participant 9

This implies that trusting other members is key in off-chain decisions. Symbolic resources are relevant in the eyes of members, where followers on Twitter and knowledge are seen as trustworthy factors:

“You always take these opinions with a pinch of salt, but okay this person has a lot of followers on twitter, he has a lot of knowledge - yes you would certain amount of bias towards okay if this person saying “this project will go great”, he also knows the team, maybe knows that it is worth the investment” - Participant 13

In summary, voting is the final decision on whether the proposal should be accepted or rejected. A distinction in voting is found, where the fundamental changes are voted on-chain in the binary yes or no setting, meanwhile the proposals with less impact on the DAO, which makes it possible to vote on decisions more frequently, can be voted off-chain. In the on-chain voting, only token holders are allowed to vote, but members with voting power can delegate their votes to other members. In turn, an altered power balance can be identified, where some individuals obtain a more powerful position than others, even if this system is supposed to be “democratic”.

⁶ A genre tool for voting off-chain

Furthermore, in the off-chain voting, where more soft proposals are handled, members are struggling to establish their own standpoint, and therefore utilize trust in other members.

4.5 IMPLEMENTATION OF PROPOSALS

After the voting is completed, the fifth genre in order of the governance process starts; the implementation. Implementation is a genre that captures the actions once a proposal is accepted:

“If we all agree that it is a great idea...and start with the implementations.” - Participant 12

“With Compound⁷, it is all on-chain, so then you see that it gets implemented. The moment the vote is done, it will be executed.” - Participant 16

4.5.1 SHARED RESPONSIBILITY WITH LOW COMMUNITY CONTROL

These implementations were also viewed via online observations, where the initiator of the proposal, usually is the one executing it as well (Picture 5a & 5c).

“One of the things is bring one of team members, usually the core member into Discord so that all members can speak directly to this team...this gets the point of reference...this gives a direct line of communication to the project” - Participant 18

This type of direct communication between community members and the execution team is also found in the online observations, where we see questions and comments related to the proposal implementation and ongoing work (Picture 5a & 5b). The underlying responsibility in this phase can therefore be viewed as shared between the one executing and the community since both are included in implementation activities.

At the same time, the implementation phase has been described as non-existent or a bit problematic:

“The votes are up via Snapshot, but yes that’s a good question, many of the proposals that are voted through are not executed later” - Participant 14

“Lots of things happen after the proposal, if the proposal was about tokens and funding, it is the treasury that implements it on-chain. Operations is responsible for evaluation, that is executing in its full form.” - Participant 19

This highlights the issue of accountability in some DAOs, where proposals, often including funding, are accepted and sent to the proposal owner, and later ignored. The power is in the hands of the receiver of funds or responsibilities, given through the acceptance of the proposal. At the same time, proposals are often related to a function that has core members responsible for implementation. Here, power is certainly more supervised and controlled by the community, which leads to a shared responsibility among the community members to implement proposals.

⁷ A tool for voting on-chain

4.5.2 IMPLEMENTATION OFTEN REQUIRE TECHNICAL SKILLS

It is also within this genre where access and technical requirements can be fairly limited to the one with the right set of skills:

“Development implementations are more limited, because everyone cannot do it, so usually we talk about it, get the votes and then execute on it. The moment people vote it in, we conduct the transfer” - Participant 16

“Execution falls on the treasury and for the appropriate groups of the community members who can execute on that proposal.” - Participant 18

Different proposals aim to change different parts of the DAO, which means that it requires specific knowledge, responsibilities, and in some cases accessibility. Developers have certain skills and can execute changes on the blockchain that is hard for a layman. This shed light on the tension between a shared responsibility to execute proposals and the skills required to do so. Even if a proposal owner would want to be part of the implementation, it sometimes involves some technical barriers. The power is therefore shifted from the owner of the proposal to the member with the required skills.

In conclusion, accepted proposals are executed by either the initiator or the most relevant member who has the required skills. The purpose of this genre is to ultimately develop the DAO, which therefore is sourced to the most suitable member or members. The ownership is two-folded between the initiator and the community as a whole. There is tension between the members who want to implement a proposal and the ones with the necessary technical skills.

4.6 FOLLOW-UP ON IMPLEMENTATIONS

The last, minor genre, of the governance processes, is follow-up. The genre purpose for follow-up is to align the members implementing the proposal with the promises incorporated in the proposal. The community oversees this alignment and works as a control function, where the transparent characteristics of a blockchain allow everyone to see what gets done and not:

“People that say okay I am going to do or I am going to do that...next process is to catch up on people, you know okay so you said you will contribute in this type of project, can you show any proof?...but it is a democratic process after all, yeah” - Participant 25

Furthermore, the same pattern of follow-up comments was discovered in the online observations. Examples are shown by Picture 6a, 6d and 6j with updates related to earlier proposals. DAOs can also communicate updates about changes to, and in-between members, on commonly used platforms, which is shown by Picture 6b, where weekly AMAs⁸ are held on Twitter.

4.6.1 EVERYONE (OR NO ONE) IN DAOs ARE ACCOUNTABLE FOR FOLLOW-UP

Given its mentioned importance and the constantly changing environment that DAOs operate within, the large communities within DAOs per se, are valuable in the follow-up genre:

⁸ Shortcut for “Ask Me Anything”

“As we all know, scope changes all the time, where things are added, but it is the added benefit of open source in the way that if someone is slow or does not build, everyone will see it. We use timelines and constant updates to keep track of this where the community asks questions. The network exposure in DeFi is what keeps people in check” - Participant 26

The DAO communities' transparency and ability to access of all available information regarding its projects is giving multiple sources, the members, exposure of follow-up requests or questions. This means that there is a high probability that some of the members will do a check-up on any given decision that is taken by the initiator, within and after the proposal's implementation phase. Everyone shares the responsibility to follow-up on proposals in theory, but no one is ultimately accountable, which can create tensions between members if proposals are ignored to be followed-up. The power is therefore equally distributed across the DAO, where all members have the power to question the progress of each proposal.

4.6.2 IMPORTANT FOR COMMUNITY MEMBERS TO UNDERSTAND THE ITERATIVE GOVERNANCE PROCESS

At last, the follow-up genre ties back to the ideation genre, where the governance structure of DAO is proven to work as anticipated in literature. As brought up in the discussion genre, momentum is important to steer the discussion, which can be applied to the follow-up genre too. Here, members understand and learn what type of ideas turn into discussions, and later acceptance from the whole DAO in voting, and finally which implementations become successful:

“People see what works and does not work. If someone proposes something people like and engages in, this will see more attention and other members learn what works” - Participant 17

Understanding this iterative governance process, where members learn what works in practice, is an important source of power. The ever-faster environment in DAOs needs and use follow-up to move rapidly. This genre can be summarized as the driving force to show contributions and execution skills within projects. Members increase their reputation, status and show their ability to other members, ultimately increasing their chance to receive acceptance on their next proposal. The one demonstrating an understanding of creating momentum and how governance processes are formed behold the greatest deal of power across the DAO.

4.7 SUMMARY OF GOVERNANCE PROCESS

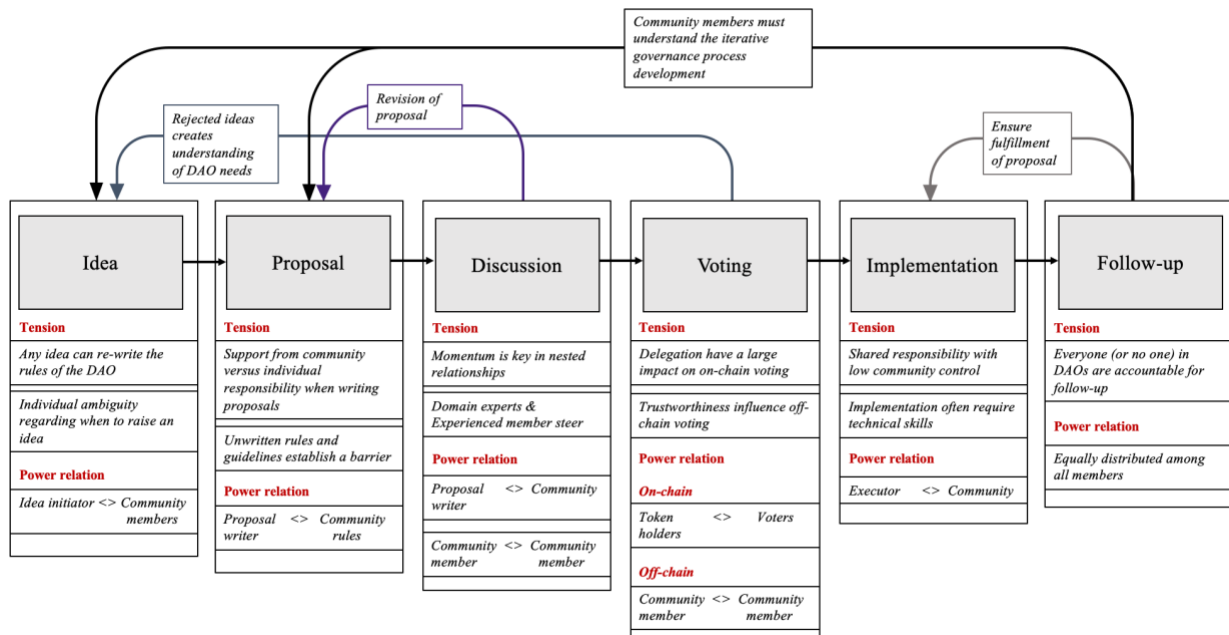


Figure 6: Governance process with tensions and power relations along the governance process

DAO Governance Process						
Genre	Idea	Writing Proposal	Discussion	Voting	Implementation	Follow-up
Genre forms	Raise an idea to the community	Transform the idea into a proposal	Discussion among the community members	Voting, on- & off chain, for or against the proposal	Execution on the accepted proposal	Follow-up on the execution of proposal
Access to participation	Anyone entering the community tools.	Anyone following the community guidelines and templates	Anyone with access to the community tools	<i>On-chain:</i> Anyone with tokens specific to that DAO <i>Off-chain:</i> Anyone who follows the guidelines	Anyone with the right skills	Anyone that is active on the community tools
Technical requirements & entry barrier	Entering and downloading tools - <i>Low</i>	Understanding the guidelines - <i>Medium</i>	Entering and downloading tools - <i>Low</i>	<i>On-chain:</i> Web 3.0 wallet and tokens - <i>High</i> <i>Off-chain:</i> Entering and downloading tools - <i>Low</i>	High variance depending on the proposal - <i>Medium to High</i>	Entering and downloading tools - <i>Low</i>
Agent(s) in the genre	Initiator of idea	Initiator of idea & community via supporting activities	All community members	<i>On-chain:</i> Token Holders <i>Off-chain:</i> All participating members	Anyone in the community, but usually initiator of proposal	All community members
When the genre takes place	Anytime	Anytime, after an idea is created	After the proposal is deployed, usually timespan of 1-4 weeks	<i>On-chain:</i> After discussion, usually timespan of 1-4 weeks <i>Off-chain:</i> After discussion, usually 0-2 weeks	After voting is completed	Anytime after started implementation
Purpose of genre	Initiate changes in the DAO from agent and receive help from the community	Collect condensed information to ease the possibility for the community to understand the idea	Gain perspective, knowledge and opinions from other community members to refine the proposal before voting	Collective and transparent decision-making	Practically develop the DAO	Align implementation with proposal and ensure gradual evolvement
Genre tools	Discord, Discourse, Telegram, Own platform	Discord, Discourse, GitHub, DAOhaus	Discord, Discourse, Telegram, Town Halls (Zoom), Twitter	<i>On-chain:</i> Discourse, Compound, Aragon Client, DAOhaus <i>Off-chain:</i> Discourse, Snapshot, Own Platform	Discord, Discourse, Telegram	Discord, Discourse, Telegram, Twitter, Zoom

Table 4: Summary of the governance process

5. DISCUSSION

This study posed two research questions, *how does distributed governance, in practice, occur in DAOs?* and, *how does the role of power dynamics, in practice, impact the governance processes in DAOs?* In respect to the first one, our empirical findings showcase that, in practice, the governance process is divided into six different subsequential genres; idea, proposal, discussion, voting, implementation, and follow-up, which has been identified via enactment of the interviewees' responses. In each genre, tensions that affected the outcome of each genre were identified, in addition to the different power relations that arose. This practical elaboration of how governance functions in social communities respond to the call from both research streams of DAOs and blockchain (Beck et al., 2018; Rijmenam et al., 2017; Hsieh et al., 2018) as well as within open and distributed governance (O'Mahony & Ferraro, 2007).

Regarding the second research question, we found that the role of power in the distributed governance system is crucial to understanding the “rules of the game” in DAOs. The role of power dynamics, in practice, has a large impact on the governance processes, from ideation to implementation. Here, different sources of power impact each genre differently, even if some power sources are more prominent to use than others when community members seek to promote their own opinions and will. Expert, symbolic/referent, intellectual and social power (Bourdieu, 1996; French & Raven, 1959) are the most important and influential sources, and economic/legitimate sources of power (Bourdieu, 1996; French & Raven, 1959) is surprisingly not as strong in any other genre except the actual time of voting.

5.1 THE ROLE OF POWER IN DISTRIBUTED ORGANIZATIONAL GOVERNANCE

Open and distributed governance is viewed by many authors as different from more hierarchical governance because of its democratization of power between community members, where all members have equal power in the governance process (De Laat, 2007; Shah 2006). But our findings indicate that, in practice, tensions arise within this specific context of DAOs, which alters this view of power balance and shows how community members become unequal. These shifting power dynamics affect the governance process. In turn, this implies how the “rules of the game” in the governance process play out in the reality of DAOs (Klein et al., 2019). These sources of power are inspired by the combination of Bourdieu (1997) and French and Raven (1959), to unpack the power dynamics in the complex world of DAOs. Thus, this study contributes to the current literature on open and distributed governance by illustrating how power impacts the different genres, inspired by Levina & Orlikowski, 2009; Orlikowski & Yates, 1994, in the governance process. In addition, this paper highlight what certain power sources that have prominent influence within each genre along the process.

Low entry barriers for members to raise their voice within a DAO are identified in the ideation genre, although there are higher barriers in terms of getting sufficient attention to proceed with the idea to voting. A member that acquires enough social resources, and intellectually understands the need of the DAO and members' requests for change, can achieve a great deal of power, compared to idea initiators who yet are unfamiliar with the iterative governance process (Bourdieu, 1996; French & Raven, 1959). Members are required to invest time into the organization to become more nested into the structure and hence gain social and intellectual power over time. Similarly, the individual ambiguity of when and if a member should raise an idea to the community or execute it right away, requires a degree of social and

symbolic/referent power (Bourdieu, 1996; French & Raven, 1959). Here, members who understand the rules gain significant advantages, and in turn, power over the ones who are uncertain. The risk, in this case, could be that members who perceive themselves as possessing a lot of power in relation to others, might go ahead and execute ideas that the majority would disagree with. Therefore, the power in this first genre enables all members to raise their voice, but some might rewrite the rules step by step without the official acceptance from the community with the misuse of understanding the social game.

Individuals with high symbolic/referent power receive more help from the community in their proposal refinement process, even if all DAOs defend the promise of a decentralized and open organization where all members can suggest proposals (Bourdieu, 1996; French & Raven, 1959). Expert power, and the know-how of how and what to write in proposals have a crucial role in this genre, which re-increases the barriers to gaining the best odds possible to reach acceptance later (French & Raven, 1959). Again, evidence points towards a governance structure that promotes and rewards the ones with a solid understanding of the process. In a new organizational form like the DAO, where most of the information regarding rules and structures are stored and divided among a few numbers of individuals, power is distributed to the ones with an understanding of these unwritten rules. These rules and structures become increasingly important to document and make available to new members, in order to fulfill and maintain a decentralized organization where everyone has an equal chance of writing a promising proposal.

In discussions, expert, symbolic/referent and social power are three prominent sources of power to create momentum and gain attention from the whole community (Bourdieu, 1996; French & Raven, 1959). Participant after participant highlighted discussion as the key difference from many other organizations, and observations could confirm that time and engagement from DAO members were invested in this genre. Discussions are supposed to reflect the democratic process of DAOs, where everyone has the right to express their thoughts, which is utmost true in all DAOs (Rijmenam et al., 2017; Beck et al., 2018; Hsieh et al., 2018). The interesting aspect of this genre is not whether everyone gets their voices heard, but rather why the discussion becomes skewed towards one, or a group of, community members' opinions. Individuals with expert power within the topic of discussion, referent, and symbolic power in the eyes of other members behold the position similar to a moderator with their own hidden agendas. As in many ideological organizations, some individuals act and are seen as, informal leaders, which are highly present in DAOs. Not only do some moderators have the power to choose when the discussion is declared finished, some members even have unofficial roles and titles, which certainly shows tendencies of using cultural-, and legitimate power, to steer the discussion in a favorable way. The power relationship between community members could be viewed as the most influential and decisive relation across the governance process since DAO members voting decisions are heavily based on the discussion. The one who holds the power of changing other DAO members' minds regarding a proposal has the ultimate power to change the rules, structures, and the whole governance process.

Once it comes down to voting, economic/legitimate powers are both requested and most powerful (Bourdieu, 1996; French & Raven, 1959). The fairest and most democratic voting system has probably not yet been invented or tested, but regardless of what voting system a DAO uses, holding tokens are the only way to affect the outcome directly at this stage. Here, the smart contract only follows the programmed and autonomous rules regardless of how many hours a member spent in the community, or how wrong they think a proposal might be. Within these boundaries, symbolic/referent, expert and intellectual power seem to be a success factor

when using the power of delegation (Bourdieu, 1996; French & Raven, 1959). This means, that even without any skin in the game, or any tokens yourself, a member can practically have possession of tokens and vote to their advantage, due to their proven expertise and powers. Also, it is interesting to observe that DAO members seem to trust each other with voting in a very humble way. A reason for this could be that everyone understands that each member strives towards maximal value increase, where the residual claims are split to all token holders, and therefore trust other members with their votes.

After voting, intellectual, or expert power in certain technical areas is very powerful (Bourdieu, 1996; French & Raven, 1959), since it makes it nearly impossible for someone without the skills to implement the proposal. In turn, these intellectual powers result in rewards for implementing the proposals. It should be mentioned that not all proposals require technical skills, but the fact that a big portion of it is related to smart contract integration makes the barriers significantly higher in the implementation genre compared to previous ones. Lastly, during the follow-up genre, there are no powers that can be directly related to this genre since the responsibility is equally distributed. One could argue that the power lies in the hands of the ones with skills to understand what is being done and not, and thereby have the power to raise issues to the community. Broadly, the one who understands the iterative process possesses greater power to raise the next impactful idea or proposal compared to others. In DAOs, it is important to understand the governance process after the implementation, and more specifically which parts of the follow-up genre the community promotes and appreciates.

All in all, when discussing the role of power in distributed organization governance, some power resources influence the governance process more than others, summarized in *Figure 6 - How power impacts the DAO governance process*. Expert, symbolic/referent, intellectual and social power (Bourdieu, 1996; French & Raven, 1959) are the most important and influential sources of power to affect the power relations throughout the governance process. The economic/legitimate power (Bourdieu, 1996; French & Raven, 1959) is surprisingly not as strong in any other genre except the actual time of voting, where other sources of powers, such as expert and intellectual, also play an important role.

Perhaps the most prominent observation is that some individuals in DAOs possess, and use, these powers very frequently. With the decentralized design, members have the possibility to contribute, influence and affect the organization, for better or worse, on a larger scale than other forms of organizations. Here, the most active and engaged members have the natural power to influence the governance process by progressively learning about rules, structures, the DAO itself, and other factors that affect the governance processes. As a result, these members steer, change and set the rules for the DAO in the long run. It is not necessarily something negative, rather a suggestion, that the individuals behind the aliases are more important for the DAO than its pre-set and programmed smart. This would be in line with many communities, with or without the reliance on blockchain technology, where some members have more informal power than others to influence the community. In addition, the findings seem to be well aligned with the research of Muller (2006), which implies that a minority of individuals in distributed and open source communities stand for a majority of the outcome.

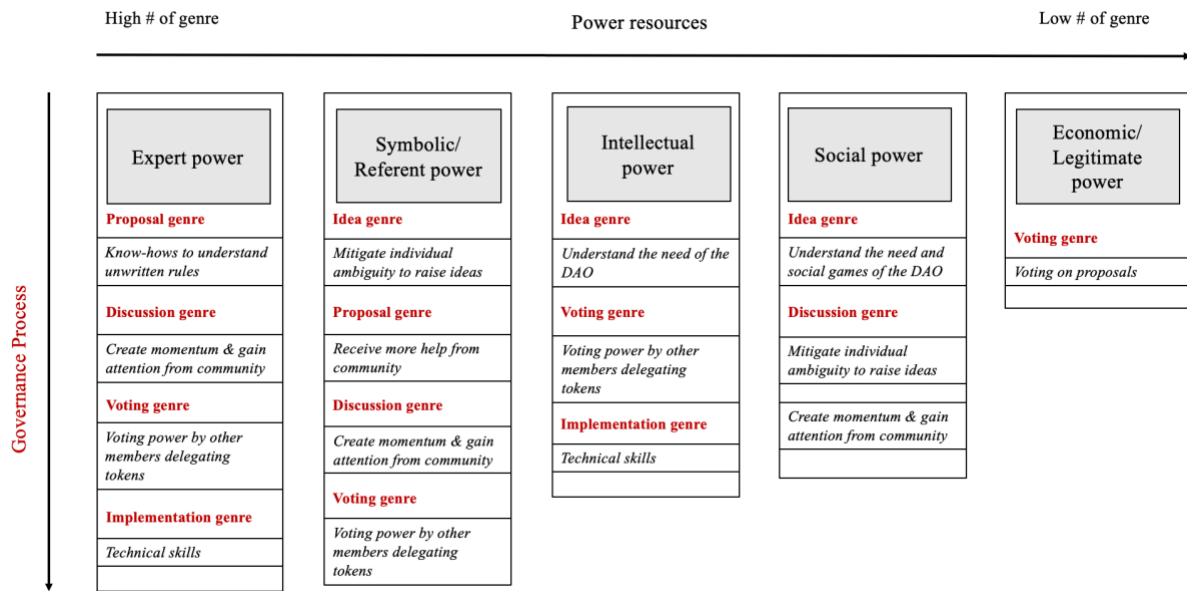


Figure 7 - How power impacts the DAO governance process

5.2 UNDERSTANDING THE EMERGENT PHENOMENON OF DAOs

Researchers, such as Swan (2015) and Hsieh et al. (2018) among others, explain DAOs as a revolutionary form of governance centered around a democratic set-up, built on a trustless system with high ideological bonds between members. This study provides empirical evidence that both confirms and rejects this democratic governance process. At a first glance, as expected, data showed the opposite of a top-down management structure where members of DAOs collectively raise ideas, discuss proposals, and create their own “rules of the game”. Members' strong ideological belief reflected the mentioned trust in the blockchain and the smart contract, allowing each member to have faith in technology, and therefore have no need to trust a smaller set of groups to take final decisions. This is highly different from how Coles et al., (2006) and Baker and Anderson (2010) explain the division of residual claims and distribution of risk along with the corporate hierarchical structure.

Undertaking a deeper approach to our findings, they showcase that, in practice, this new emergent form of democratized governance is not as democratic as previous research has suggested (Beck et al., 2018; Rijmenam et al., 2017). Probably, because of their lack of empirically grounded findings. Instead, our findings show that the technical design of DAOs that should allow for democratization faces contextual variables that DAOs need to consider in order to reach short-term goals of day-to-day decisions or long-term goals related to the communities' strategy work. One of the findings that indicate this practical consideration that makes DAOs less democratic than expected is related to the core of blockchain and its impact on how community members in DAOs act in the governance process in relation to each other.

The role of blockchain in DAOs is altering many of the traditional governance practices and comes with elements different from distributed governance literature (Atzori, 2015). One core difference highlighted by Kolbjørnsrud (2017) is that blockchain mitigates the lack of trust between community members. Morrison, Mazey and Wingreen (2017) argue in a similar direction by stating that traditional organizations need “trusted” parties to function well, whereas DAOs instead use a trustless system through smart contracts. As Murray et al., (2019) point out, smart contracts should be responsible of giving DAOs a system where trust among members is carried out via the technology. This study's findings show another, somewhat

contrasting pattern, where trust between community members seems to be of strong importance in the governance process, which the technology is unable to solve. For example, in the discussion genre, community members trust people with more experience or expertise, and they can delegate their votes to other community members. This amplifies that a complete reliance on technology for a governance system to work is still not present in the world of DAOs, where social and human elements of trust between community members remain a decisive factor for governance.

Furthermore, as we know, power is relational and attributed to practices, techniques and procedures being embodied in a structure, person, or setting (Foucault, 1980). The various sources of power that community members hold in different genres of the governance process further strengthen the argument of a less decentralized organizational process in DAOs. Especially since this is giving members different influence in specific parts of the governance process, showcasing some degree of inequality between them.

One consistent trend throughout all the power relations in the six genres is that trust has a significant impact on the governance process. Even if other sources of power are the underlying factors, members tend to trust other members, or the initiator of the proposal in a way we are not used to. One reason why trust is highly present, seems to be a result of decentralization, where trust is moved from a central authority, or a board of directors, to each member of the DAO. Power of trust is also interesting, since DAOs by design are trustless and supposed to be automated. And yes, some governance processes are programmed into the smart contracts, but since token holders can change these processes, and individuals who possess powers can influence token holders, it implies that it is not as trustless as described. The trust is shifted from a central point to all members, which might have some major practical implications.

Another indication of the centralization versus decentralization discussion relates to the design of certain elements in the organizational governance process. For example, one might expect clarity for community members regarding when, and when not to, introduce an idea into the governance process. This could be viewed as a stabilizing factor for decentralized governance as Adler and Hecher (2006) imposes. In turn, implying an equal power balance in line with a decentralized system. Our findings show another practical existing reality in DAOs, indicating somewhat of a grey zone for many community members. As an example, the individual ambiguity of when to raise a proposal or not in the idea genre, or that everyone (or no one) is accountable for follow-up. This grey zone for individuals in DAOs regarding when to engage in certain parts of the governance process might create severe issues for such communities. Moreover, one might also question whether this responsibility is something that needs to be improved in the governance process, or if individuals themselves should be held accountable for acquiring a better understanding of each specific genre. Hence, our findings indicate that the benefits of creating a governance process with more clarity of each genre's function would avoid certain ambiguities for the community members, since they would know which ideas to raise to the governance process, and how to handle the follow-up. This issue can be seen as the complexity of governance processes that O'Mahony and Ferrero (2007) highlight and indicates that the journey towards a fully decentralized organizational governance system remains partly unexplored.

At last, we turn to Klein et al. (2019)'s two ways of understanding the "rules of the game" in organizational governance being enfranchised stakeholders and claimancy rights, to widen the understanding of the governance process in DAOs. Interestingly, this study found that all members of a DAO have the possibility, but perhaps not the ability, to influence organizational

governance, which is what characterizes enfranchised stakeholders. Access to participation is highly open and easily accessible, meanwhile, implementation and follow-up require certain skills and abilities. At the same time, this study provides evidence that members can steer discussions without tokens or be trustworthy enough to get tokens delegated to vote with. In each step of the governance process, different agents are in and out of the process, which shows how dynamic the governance process is overall. Thus, enfranchised stakeholders are all considered to be members, with or without tokens, since decisions are based on several sub-steps before the final voting. In comparison to more traditional organizations, where stakeholders can be more indirect, such as suppliers and customers, DAO stakeholders seem to be more closely related to the core operations. Moreover, all stakeholders are more interrelated and integrated with each other, since the boundaries between employees, users, owners and contributors are diffuse. When turning to claimancy rights, a very decentralized and equal distribution is a result of such diffuse division of stakeholders. The value created is equally distributed among all token holders, which is different from traditional organizations where different stakeholders receive value in different ways. The overall increase of the DAO value is beneficial to all members, which ultimately creates an important alignment among all stakeholders.

The rules of the game are therefore constantly under revision and refining in DAOs, which is in line with what Barnard (1938) & Simon (1947) state, which is that jointly deploying resources, assets and capabilities are at the core of organizational governance. All members of the DAO, with or without tokens, try to contribute with ideas, discussions, votes and execution skills to create and capture value. The main difference from what we know about more traditional organizations is therefore that claimancy rights are more aligned between stakeholders, and that enfranchised stakeholders are more directly correlated to the core activities of the DAO.

6. CONCLUSION AND FURTHER RESEARCH

6.1 CONCLUSION

This study has investigated governance processes in the specific context of DAOs, since a research gap was identified that corresponds to the call from O'Mahony and Ferraro (2007), who expressed that more knowledge about governance processes in social communities is needed. DAOs, building onto the research of open and distributed governance, offer a unique setting with the use of blockchain technology. Hence, this study has, through a dense empirical data collection, responded to the need for, not only theoretical conceptualizations, but also empirically grounded research on DAOs by Beck et al. (2018), Rijmenam et al. (2017), and Hsieh et al. (2018). Based on this constructivist understanding of the world, we undertook an interpretivist epistemic approach, in order to make sense of DAO communities' collective construction of governance processes. The methods used to gain data were semi-structured interviews with DAO members to obtain a rich understanding of the governance processes, together with online observations to avoid potential biases and practically follow the processes in real-time.

Our findings are related to the theory of organizational governance, and more specifically to open and distributed governance in social communities. Since elements of power relations became prominent in the data analysis, theory on power dynamics was included to help unlock how governance processes evolve in practice via interactions between community members.

In turn, these interactions were depicted using a genre theoretical lens, since the exercise of power can be utilized via the control of genre enactment. The findings and analysis showcase how the governance process evolves in DAOs via six genres; idea, writing proposal, discussion, implementation, and voting. Moreover, the tensions and power relations in these different genres are identified and discussed. We also discuss the identified power dynamics that affect open and distributed governance, and governance on a general level. Finally, we discuss how DAO governance, in practice, is less decentralized, and perhaps even less democratic than previous research has suggested.

6.2 THEORETICAL CONTRIBUTION

This empirically grounded study increases the understanding of how distributed governance processes unfold in practice in the specific context of DAOs. First, this study contributes with the six practical sequences of genres that demonstrably are cornerstones in the DAO governance process. Our contributions also highlight that elements from early state governance related to the “rules of the game” are still applicable in this setting, even though they are under constant revision.

Our study also contributes findings that offer a better understanding of governance within a highly technical and partially automated context, where power relations between members still are present. For example, by enlightening a needed momentum in community discussions or acting as a dominant trust-factor in the delegation of the voting genre where decisions are being made. The community members who gain power through being experienced or having a certain expertise are influencing the governance process outcome. Even though individual members in DAOs carry sufficient ownership of the governance process per se by leading many of its genres, such as generating ideas, writing proposals, and follow-up. These findings contribute to the existing literature on open and distributed governance, by explaining how individual members and the community hold different agential roles, in an otherwise tech-centered context of a DAO. Another theoretical contribution is given to the existing literature of DAOs, since this study offers an empirically grounded study on how the governance process unfolds in practice.

6.3 PRACTICAL CONTRIBUTION

First, this thesis aimed to empirically understand the governance process in practice to increase the understanding for those who wishes to enter, start, or just observe DAOs and leverage the current governance structures. Tools to be used, forums to interact on and understanding how proposals are implemented are a few examples of contributions to the segment. Second, an enhanced understanding of the DAO governance process can enable already existing DAOs to reflect, maintain and develop their own governance structures to ultimately strive for a decentralized organization. Individual ownership throughout the governance process, the high trust amongst the community members and the importance of momentum are all aspects that DAOs should consider. Each factor can be more or less controlled by mastering the power relations within each of them, making it important for current DAO members to understand why and how in order to maintain a fully decentralized organization. Third and last, both these contributions aim to increase the overall attention of DAOs to the public, where a simple and practical approach aims to lower the barriers to grasp the concept of governance processes in DAOs.

6.4 FUTURE RESEARCH

The world of DAOs and blockchain-based communities are changing rapidly both in the number of newly founded DAOs and total members, and in the rules and structures that DAOs aim to organize themselves with as efficiently and democratically as possible. These changes call for further research to not fall behind the technological advancements and, even more importantly, contribute and guide these organizations to making better decisions and give birth to better governance structures.

Firstly, to reach that point, it becomes important to develop this practical study with a larger number of DAOs, and larger DAOs in terms of the number of members. If this is done, a more nuanced, enriching, and accurate understanding of governance processes would be achieved. Secondly, once the governance process is better represented by all DAOs, a closer look at each part of the governance process would result in more in-depth knowledge of the process. This would, hopefully, arouse interest in other underlying factors, such as the technical effect on each part of the process, or how the implementation and follow-up can be understood over time. Thirdly and last, other areas of governance outside the scope of this study would be relevant for an enhanced understanding of governance. Here, organizational design is one example where research would be of interest since empirical data in this study indicate that all hierarchical structures are perhaps not as long gone as today's literature suggests. All in all, these suggestions would all contribute to a more thorough understanding of how DAOs operate, govern, and their practical work, which would enable research to keep pace with the evolving and attractive organizational form.

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APPENDICES

APPENDIX 1 - PILOT INTERVIEW

INTRODUCTION

We are two master's students in Business & Management at the Stockholm School of Economics and have chosen to conduct a qualitative study about DAOs in general, and how the decision-making process works in specific. We aim to answer our research question through interviews with members from different DAOs across the globe.

This interview is divided into three main parts, where you are more than welcome to develop your thoughts and ideas about something you find interesting along the way. Before that, we appreciate asking some background questions about you and the DAO you are a member of.

BACKGROUND

GENERAL KIND

1. Name / Alias
2. Previous experience within blockchain / DAO
3. Education

SPECIFIC KIND

4. Can you describe your role in the DAO?
5. When did you join the DAO? Why?
6. When was the DAO founded?
7. How many active members/contributors are there today?

PART 1: DECISION-MAKING PROCESS

8. On a general level, how are decisions carried out within the DAO?
9. Could you describe these steps in detail?
 - Please elaborate on the steps that are hard to practically understand.
10. For each mentioned step in the process, who initiates the differences? Is it the same contributor for each step?
11. For each mentioned step in the process, who does what in each step, why? (owner of the process, most knowledgeable, most tokens)
12. How long would you estimate that it takes from a proposition to implementation, and then to have it assigned to someone or a group?
13. If the voted proposals need to get revised, from unsuccessful implementation, or due to other circumstances, what happens then? When is it brought up to the members/community, and by whom?
14. How can non-members follow this process? Does it require a membership to see some of the steps?

PART 2: INDIVIDUAL AND COLLECTIVE DECISIONS

15. What kind of decisions do you make collectively, by voting? Is it every type of decision or does it require some specific characteristics? “Major/minor” decisions?
16. Could you elaborate on who possesses the power/ownership in each of these steps?
17. Can everyone access everything at all steps? Can everyone contribute?
 - If yes, how do you think that “full transparency” impacts the decision-making process?
18. Does something require some unique knowledge/understanding?

PART 3: LIMITATIONS AND FUTURE IMPROVEMENTS

19. What are the most beneficial aspects of this decision-making process, according to you?
20. What are the biggest downsides of this decision-making process, according to you?
21. Based on your view, what improvements would you like to see in the future, or what you currently aim to improve. Why?
22. Do you wish for any improvements that the concept of DAO limit, e.g. something that can't be changed even if it would be beneficial?
23. Is there anything that you think we should have asked, in relation to DAO and the decision-making process, that we have not raised? If so, what?

APPENDIX 2 - INTERVIEW GUIDE

INTRODUCTION

We are two master's students in Business & Management at the Stockholm School of Economics and have chosen to conduct a qualitative study about DAOs in general, and how the decision-making process works in specific. We aim to answer our research question through interviews with members from different DAOs across the globe.

This interview is divided into three main parts, where you are more than welcome to develop your thoughts and ideas about something you find interesting along the way. Before that, we appreciate asking some background questions about you and the DAO you are a member of.

BACKGROUND

GENERAL KIND

1. Name / Alias
2. Previous experience within blockchain / DAO
3. Education

SPECIFIC KIND

4. Can you describe your role in the DAO?
5. When did you join the DAO? Why?
6. When was the DAO founded?
7. How many active members/contributors are there today and how many connected wallets?

PART 1: DECISION-MAKING PROCESS

8. On a general level, how are decisions carried out within the DAO?
9. Could you describe these steps in detail? (From an idea to the implementation of the decision)
 - Please elaborate on the steps that are hard to practically understand. (Make sure to ask if something is too theoretical)
10. For each mentioned step in the process, who initiates the differences? Is it the same contributor for each step?
11. For each mentioned step in the process, who does what in each step, why? (owner of the process, most knowledgeable, most tokens)
12. How long would you estimate that it takes from a proposition to implementation, and then to have it assigned to someone or a group?
13. Once a decision is made, what happens next? How “free” are assigned contributors to take a decision once it’s voted on?
14. If the voted proposals need to get revised, from unsuccessful implementation, or due to other circumstances, what happens then? When is it brought up to the members/community, and by whom?
15. How can non-members follow this process? Does it require a membership to see some of the steps?
 - Ask for specific links to forums, voting portals etc.

PART 2: VOTING ON- and OFF-CHAIN & DEGREE OF DECENTRALIZATION

16. What kind of decisions do you make collectively, by voting? Is it every type of decision or does it require some specific characteristics? “Major/minor” decisions?
 - Who decides what to vote about?
 - Why?
 - Where is it stated?
17. What do you vote on-chain, respectively off-chain?
18. Could you elaborate on who possesses the power/ownership in each of these steps?
19. Can everyone access everything at all steps? Can everyone contribute?
 - If yes, how do you think that “full transparency” impacts the decision-making process?
20. Does something require some unique knowledge/understanding?
 - e.g. programming

PART 3: LIMITATIONS AND FUTURE IMPROVEMENTS

21. What are the most beneficial aspects of this decision-making process, according to you?
22. What are the most beneficial aspects of this decision-making process, according to the general opinion/general knowledge amongst DAOs (if applicable)?
23. What are the biggest downsides of this decision-making process, according to you?
24. What are the biggest downsides of this decision-making process, according to the general opinion/general knowledge amongst DAOs (if applicable)?
25. Based on your view, what improvements would you like to see in the future, or what you currently aim to improve. Why?

26. Do you wish for any improvements that the concept of DAO limit, e.g. something that can't be changed even if it would be beneficial?
27. Is there anything that you think we should have asked, in relation to DAO and the decision-making process, that we have not raised? If so, what?

APPENDIX 3 - DESCRIPTION OF CASE COMPANIES

DAO	Industry	Description
DeltaDAO	Application Development	DeltaDAOs vision is to unite privacy-preserving technology, data economy pioneers and Web3 enthusiasts with diverse skill sets in a company that covers the full "Ocean Protocol" stack and expertise needed to offer professional enterprise integrations. They want to reach the European union, research institutions, and non-profit organizations.
Aragon	Advisory / Consultancy	The Aragon community has many teams well versed in every aspect of creating and growing a successful DAOs., i.e. Aragon helps and advises organizations that themselves want to become a DAO. It is possible to hire Aragon Experts to help build projects or join a team to help people build theirs. Moreover, they offer multiple services related to organizations that want to become a DAO such as systems, guidelines and trials.
OceanDAO	Venture Capital	OceanDAO grants funds towards teams creating positive ROI for the Ocean Ecosystem. OceanDAO holders help by voting and funding projects that lead to growth. In general they act similar to a VC firm.
MakerDAO	Banking	MakerDAO has their own currency, Dai, that they want to scale and use in a similar way as bitcoin is being used. Dai is a decentralized, unbiased, collateral-backed cryptocurrency soft-pegged to the US Dollar. Resistant to hyperinflation due to its low volatility, Dai offers economic freedom and opportunity to anyone, anywhere
VitaDAO	Science & Therapeutics	VitaDAO exists to extend human lifespan by researching, financing, and commercializing longevity therapeutics in an open and democratic manner. VitaDAO and its members are committed to nurturing and developing the intellectual property, licenses, and data sets that result from the projects it supports. Members can join VitaDAO by purchasing VITA tokens or earning them through contributions of work or Intellectual Property.
HoneyDAO	Venture Capital	HoneyDAO is a collective of DeFi influencers, seasoned investors, crypto developers and founders collaboratively working towards improving DeFi, one project at a time. Honey DAO acts in a similar manner as a regular VC firm.
BadgerDAO	Banking & Venture Capital	Badger DAO dedicated to building products and infrastructure to bring Bitcoin to DeFi and become a commonly used collateral/asset by any human being. They utilize projects and initiatives in line with their overarching vision. BadgerDAO is backed by many previous senior Investment Bankers and Management Consultants.
NFTX	Banking	NFTX is a platform for creating liquid markets for illiquid Non-Fungible Tokens (NFTs). Users deposit their NFT into an NFTX vault and mint a fungible ERC20 token (vToken) that represents a claim on a random asset from within the vault. NFTX is speculating and investing into the NFT market, in a similar way as traditional investment companies do.
Inverse	Banking	Inverse is a part of the new wave of decentralized banking & finance. From a capital-efficient money market, to tokenized synthetic assets, Inverse's mission is to grow your wealth. Inverse was created by a sole developer in December 2020, and since then has grown to include hundreds of active DAO members voting on the direction of the organization

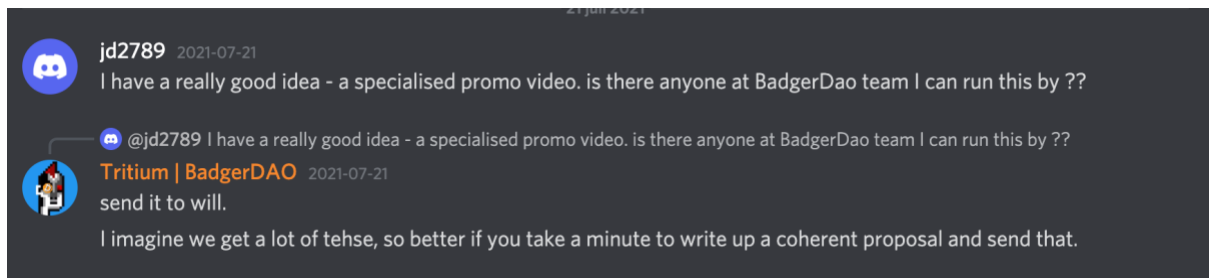
LexDAO	Legal	LexDAO is a non-profit association of legal engineering professionals that brings the traditional legal settlement layer to code, and coded agreements to the masses. They believe that everyone deserves access to justice provided in a quick and efficient manner. If legal services were easier to use, verify, and enforce, it could lead to a fairer world. Their mission is to research, develop and evangelize first-class legal methods and blockchain protocols that secure rules and promises with code rather than trust. We do this by training LexDAO certified legal engineers and building LexDAO certified blockchain applications. They strive to balance new deterministic tools with the equitable considerations of law to better serve our clients, allies, and ultimately citizens.
Yap DAO	Communication & PR	YAP DAO is a community that provides public relations and communications support to the DeFi world. It is a service marketplace for non-technical people to get work in a technical field. YAP DAOs mission is to bridge the communication gap between emerging technology and the mainstream world. They have services related to content, PR, media training and narrative development.
SushiSwap	DeFi Marketplace	SushiSwap's community is building a comprehensive, decentralized trading platform for the future of finance. Services include swap, earn, stack yields, lend, borrow, leverage all on one decentralized, community driven platform. Moreover, their platform also connects other large DAOs such as Pickle, CREAM, and Aave.
BanklessDAO	Banking	Bankless DAO is a decentralized community driving adoption and awareness of bankless money systems like Ethereum, Bitcoin and DeFi through media, culture, and education. The bankless message is a global banner, and the Bankless DAO is the organization that coordinates people under this banner. Only an internet-native organization is capable of growing an internet-scaled revolution, and thus Bankless DAO claims that they are needed to grow the bankless revolution.
GnosisDAO	Application Development	GnosisDAO is a prediction market-driven collective, stewarding the Gnosis ecosystem through futarchy: governance by prediction markets. Run by GnosisDAO and designed by Gnosis, the platform provides a reliable mechanism for teams to let their community and market forces determine a token's value. At the same time, the platform is designed to be completely composable to integrate with any other DeFi protocols.
GitCoin	DeFi Marketplace	Connect with the community developing digital public goods, creating financial freedom, and defining the future of the open web. Gitcoin means that the internet has unlocked unprecedented opportunities for collaboration and creation. Now web3 technology like open source protocols and decentralized blockchains give us the ability to take that co-creation to a new scale. The Gitcoin community uses this technology to fund and build digital public goods projects that serve everyone, and solve our most immediate problems.
Aave	Banking	Aave is an open source and non-custodial liquidity protocol for earning interest on deposits and borrowing assets. Aave is trying to make a shift from a decentralized P2P strategy (direct loan relationship between lenders and borrowers) to a pool-based strategy. Loans do thereby not need to be individually matched, instead they rely on pooled funds, as well as the amounts borrowed and their collateral. This implies instant loans with characteristics based on the pool.
Uniswap	DeFi Marketplace	Developers, traders, and liquidity providers participate together in a financial marketplace that is open and accessible to all. Uniswaps marketplace provides increased capital efficiency and fine-tuned control to liquidity providers, improves the accuracy and convenience of the price oracle, and has a more flexible fee structure.

MetaCartel	Venture Capital & Application Development	MetaCartel is an ecosystem of creators and operators building decentralized applications (DApps). MetaCartel is helping early teams get to the next level with grant funding and operational support. Dedicated to building and connecting the application layer community of cryptocurrencies. MetaCartel's mission is to accelerate the creation of Web 3 with the belief that it will make the world a richer, fairer place.
Stacker Ventures	Venture Capital	Stacker Ventures is a community-run protocol for initiating and managing pooled capital. Structured as a DAO, Stacker Ventures initiates decentralized funds, accelerates venture fund portfolio investments through an involved community, and provides checks and balances to fund management.
PieDAO	Application Development	PieDAO is offering several products and services to make cryptocurrency and token transactions simpler. For example, they are offering indices, exchanges, possibility to buy gas fees, and different pools. These products are created with a mission of understanding the underlying assets in the different indexes.

APPENDIX 4 - ONLINE OBSERVATIONS

IDEA (1)

BadgerDAO:





duyccao 2021-07-22

Heya friends 🙌 I work for a major fiat on-ramp (<https://investor.banxa.com/>) and would like to have a conversation about a partnership.

In essence;

- Users can easily onboard with credit/debit cards and for larger orders, we have bank-wire across EU/AUS/UK/Canada & soon US as well.
- All compliance procedures (KYC/AML etc.) will be 100% taken care of from our side
- We currently support ERC20 and will be implementing Polygon and BSC later this year

We've worked with non-custodial defi projects and this can all be done within Badger without the need to get cryptos from another exchange first.

Who would be the best person to have a conversation with and get a better understanding of how we can partner?

Banxa

Victoria

BANXA Investor Overview

Banxa (TSX-V:"BNXA", OTCQX:"BNXAF" FRA:"AC00") is a payments service provider for the digital asset space. The company has a mission - to build the bridge between traditional financial systems and regulation and the digital asset space.

Picture: 1a

Source: Discord, BadgerDAO, looking-to-contribute (2021). Available at:

<https://discord.com/channels/743271185751474307/798615454033379369/867598892156977183>. Accessed latest: 2021-08-12

Inverse:



Inverse.Finance
 3 879 members, 536 online




Pinned message
 Welcome to the official INVERSE. FINANCE telegram channel 🌟 Speculative token and sale posts are...




 Maybe later...



Donut Moderator

07:45
 maybe invite them to our discord and just have a chat in general first?

 someone from Polygon wanted to talk about possible deployment on the Polygon but seems like he has no time to talk to them as well

07:46



D K

3 ↩ edited 07:48
 I invited Calvin/founder, don't think he has joined. They are also busy, first IDO gone live today for them.
 Guess finds it less distracting to talk founder to founder (1:1)..

 Oh, so would be good if INV could get more Devs to help out, expand the roles/community/responsibilities...
 Otherwise unable to scale....



Donut Moderator

07:51
 yeah

 there are some members that are helping with the proposal to Curve

07:51



Nour Haridy owner

D K
 I invited Calvin/founder, don't think he has joined. They are also busy, first IDO gone live tod...
 Imo we need someone to lead BD and partnerships since I seem to be a bottleneck there right now

 It's ok not to have more devs rn, most work that piles up for me is communication which slows down my development speed where I can help the most

 In other words, I'd rather write more code and talk to people from other projects less

08:32
 08:33
 08:33

Picture: 1b

Source: Telegram, Inverse, Finance (2021). Available at: <https://t.me/InverseFinance>.

Accessed latest: 2021-08-12

Gitcoin:

66



androolloyd

1 May 22

Hey Gitcoiners,

I suggest that we put together a Workstream around how to effectively manage the Gitcoin treasury.

Using DeFi protocols we can extend the treasury's capital and maximize the impact of public goods funding.

We have some heavy hitters of the DeFi space who have stood up to be Stewards so I am confident we can put together a good strategy to effectively tackle this.

This also happens to co-inside with some work we are doing at PleasrDAO.

I think having a strategy in effect in time for next Grants round's completion would be prudent.

Catch you in the Metaverse.

16

Gitcoin DAO - Week in Governance, Edition #1

AMA with me - Kevin Owocki

created



May 22

last reply



Jul 1

16

replies

410

views

10

users

43

likes

1

link



4



3



▼



Yalor

May 23

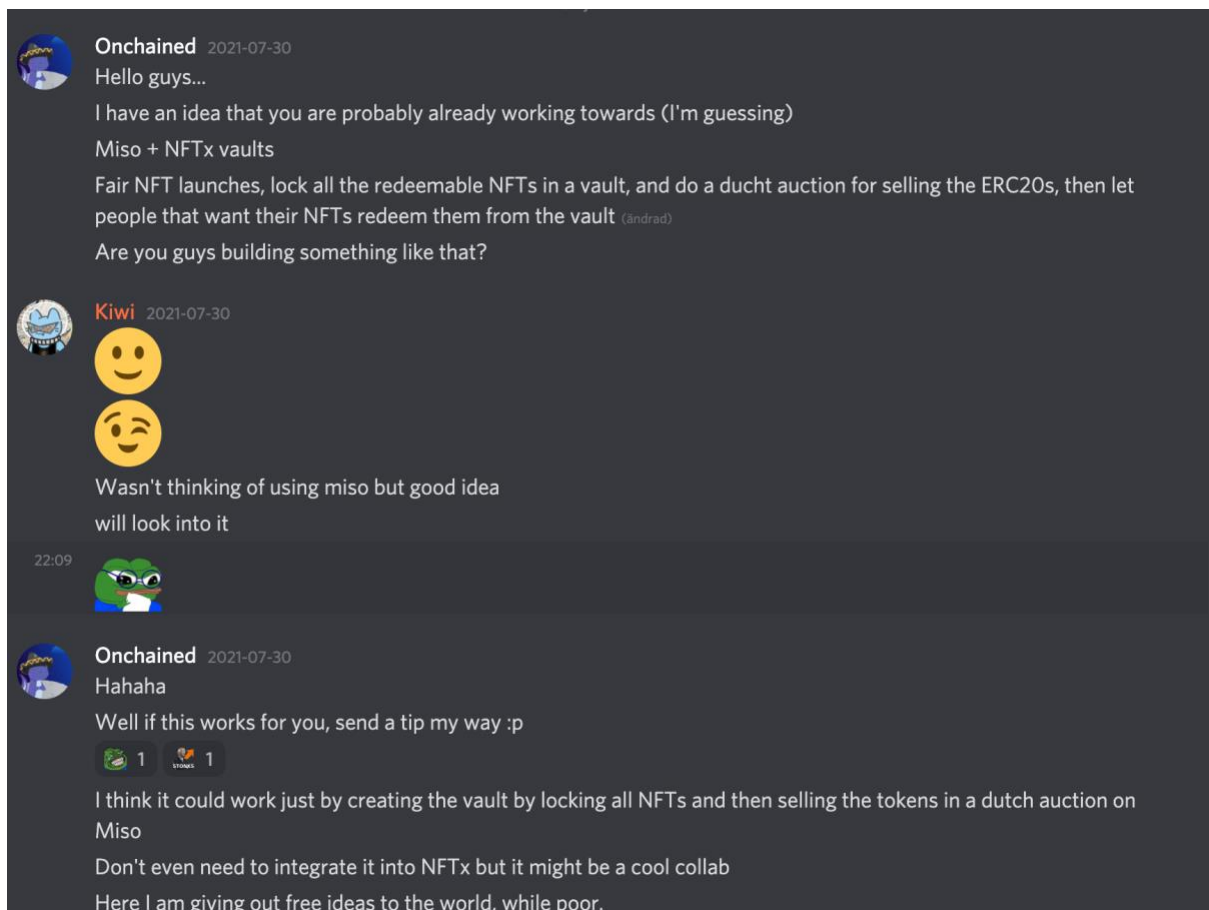
That is a great idea, there is actually an existing group consisting of Hudson Jameson, Anthony Sassano, David Hoffman and some others. They currently manage the Gitcoin Community treasury, so I wonder if we could expand that group a little bit via this workstream ?

Picture: 1c

Source: Discourse, Gitcoin, Workstream Discussion (2021). Available at:
<https://gov.gitcoin.co/t/workstream-suggestion-defi-treasury-management/204>.
latest: 2021-08-12

Accessed

NFTX:



Picture: 1d

Source: Discord, NFTX, builders (2021). Available at:

<https://discord.com/channels/779073151115984926/779074619344551987/870755978818240632>. Accessed latest: 2021-08-12

MakerDAO:



Elihu Governance (GovAlpha) Core Unit Team

1 May 12

With the debate getting heated around various issues as of late, I'd like to ask everyone to try and approach the conversations happening in the forum and rocket chat with good faith.

Importantly, disagreements are healthy and lead the DAO forward. At the same time, we should strive to establish and protect mutual respect and merit-driven discussion as the foundations of our community.

In dialectics, the principle of charity poses that to reach an agreement, all participants of a discussion should aim to interpret each other's arguments in the most "charitable" way. Imagine a debate in which one side assumes that a premise is clear and doesn't need to be elaborated on, skipping it over. The opposing side can then make a choice: apply the principle of charity and ask for clarification, trying to find the strongest version of the argument, or alternatively use that gap in argumentation to undermine all premises indiscriminately. The first option is the only way to reach consensus, while at the same time letting your opponent know you care for what they have to say, even when you still disagree at the end.

We're not a corporation. There's no one entity deciding on the "right" interpretation of facts.

We have on-chain tools to discover the will of the voters, but the off-chain discussion and consensus-seeking is the only tool to keep our community aligned.

I'd also argue that there are tangible risks and opportunities directly relating to what I'm saying here. If we can foster a culture of respectful, merit-driven, and good-faith discussions, we can at worst find out the points where we disagree and at best reach consensus around them. On the other hand, if we lose the ability to communicate efficiently, we might end up facing a fork from a vector we often don't consider, the human one.

45

Are we having a loud minority problem? ⁷

SourceCred distribution for week ending May 16th, 2021

Maker Relay Ep. 45 - en español

Maker Relay Ep 45

created	last reply	6	900	5	65	1			
May 12	May 19	replies	views	users	likes	link			

Picture: 1e

Source: Discourse, MakerDAO, Governance (2021). Available at:

<https://forum.makerdao.com/t/good-faith-discussions-and-the-dao/8031>. Accessed latest: 2021-08-12

SushiSwap:

Rename SushiSwap?

■ General Discussion



Bento

30d

As Sushi approaches its first birthday, I think it could be a good season to explore a new name.

In the past year, SushiSwap has become *much* more a place to “swap” and an AMM. It is expanding into an all-purpose financial platform, with BentoBox, Kashi, MISO, Shoyu, Onsen etc.

The AMM is still SushiSwap’s flagship product that accounts for most of its revenue, but this may change in time.

I think renaming to “Sushi Finance” or to just “Sushi” would highlight the project’s ambition to take on all of DeFi and that it’s not only a dex. The name “SushiSwap” encourages comparisons to Uniswap, which I think is no longer a good comparison.

I can think of at least a couple cases where DeFi projects renamed: Matic rebranding to Polygon and Havven changing to Synthetix a while back.

SushiSwap has a nice ring to it and broad recognition. But thinking forward to the next 100k or million people that come into the ecosystem...what name would work best?

“Sushi Finance” is just one idea, so feel free to share other suggestions. And maybe the community decides to just keep SushiSwap. Just want to open conversation on this.

Best from Mr. Bento.

7 ♥ 🔗

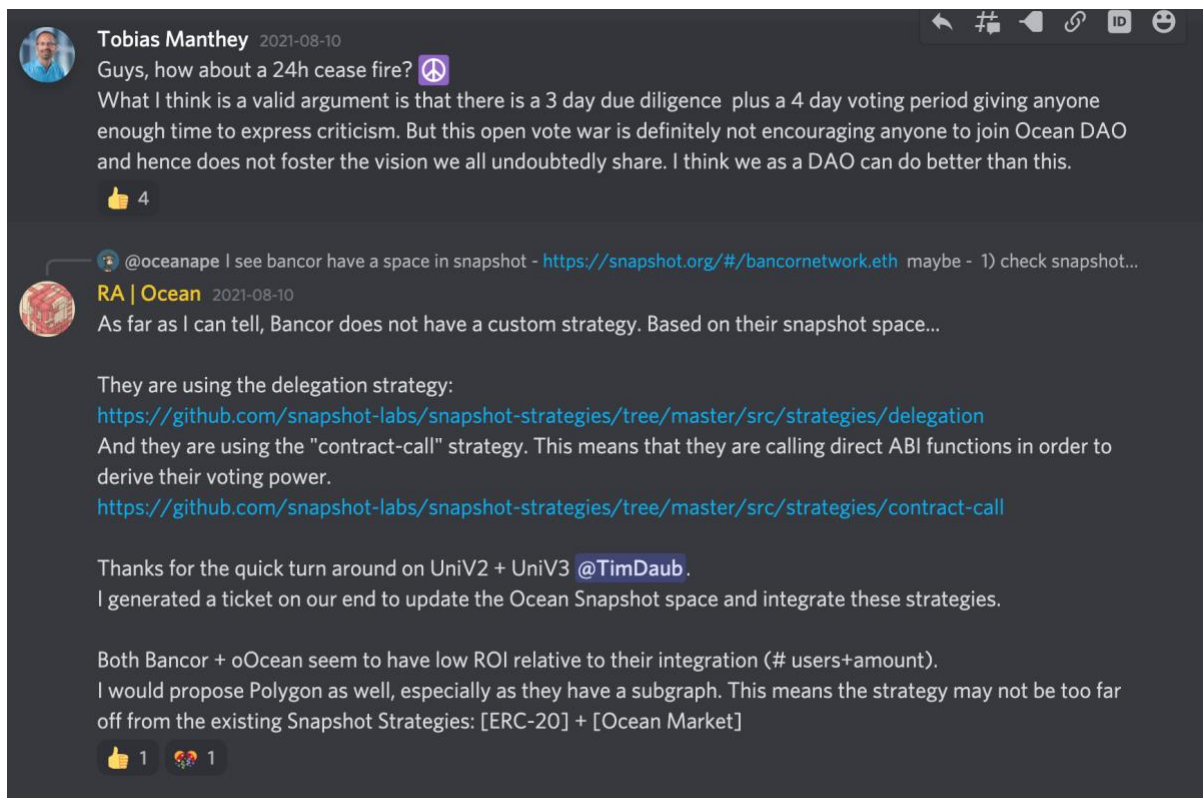
created	last reply	13	378	11	40	2				▼
 30d	 1d	replies	views	users	likes	links				

Picture: 1f

Source: Discourse, SushiSwap, General Discussion (2021). Available at:

<https://forum.sushi.com/t/rename-sushiswap/4648/12>. Accessed latest: 2021-08-12

OceanDAO:



Picture: 1g

Source: Discord, Ocean Protocol, ocean-dao (2021). Available at:

<https://discord.com/channels/612953348487905282/776848812534398986/874690161286475778>. Accessed latest: 2021-08-12

VitaDAO:

Overview:

1 / 12
Jun 23

BadgerDAO is **preparing** to migrate our Curve Setts to Convex and launch **five** new vaults there.

At the same time, the 22 Week Liquidity Mining Program is about to end.

Convex Launch is a big opportunity for BadgerDAO to increase its market share and further advance itself as a go-to place to park your Bitcoin in DeFi.

Convex rewards **scale**.

This means that if we bring in a lot of liquidity there, the underlying APY of our Setts will grow with time, as more voting weight will go towards the underlying liquidity pools.

In the future, CVX will be used for voting on gauge weights on Curve.

Jun 25

With the strategy of accumulating interest-bearing Convex tokens in the DAO treasury and distributing them to our users, we will increase the DAO voting power in the Convex governance, which will bring more yield to our core Setts in the future.

Before Convex Launch I suggest keeping the same schedule as this week, the last week of the 22 Week Liquidity Mining Program.

JUN 23

With the Convex Setts Launch, I propose to initiate the following schedule:

1 / 12
Jun 23

Setts	Multiplicators	Pre-Launch	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12
Convex	1.00	2,347	6,900	6,244	5,651	5,114	4,628	4,188	3,790	3,429	3,104	2,809	2,542	2,300
renBTC	0.50	1,173	3,450	3,122	2,825	2,557	2,314	2,094	1,895	1,715	1,552	1,404	1,271	1,150
xBTC	0.50	1,173	3,450	3,122	2,825	2,557	2,314	2,094	1,895	1,715	1,552	1,404	1,271	1,150
BBTC	1.00		6,900	6,244	5,651	5,114	4,628	4,188	3,790	3,429	3,104	2,809	2,542	2,300
BBTC	1.00		6,900	6,244	5,651	5,114	4,628	4,188	3,790	3,429	3,104	2,809	2,542	2,300
xBTC	0.50		3,450	3,122	2,825	2,557	2,314	2,094	1,895	1,715	1,552	1,404	1,271	1,150
xBTC	0.50		3,450	3,122	2,825	2,557	2,314	2,094	1,895	1,715	1,552	1,404	1,271	1,150
Tricrypto	1.00		6,900	6,244	5,651	5,114	4,628	4,188	3,790	3,429	3,104	2,809	2,542	2,300
Sushi	1x													
ETH/WBTC	1.00	2,347	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
BBTC/WBTC	2.00	4,693	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Yearn	1x													
byWBTC	1.00	4,693	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Convex Helper	0.5x → 1x													
CVX	0.20		230	245	261	278	296	315	336	358	381	406	432	460
CVX	0.20		230	245	261	278	296	315	336	358	381	406	432	460
Native Setts	1x													
bbadger	1.00	2,100	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Badger LP Uni	2.00	4,200	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Badger SLP	2.00	4,200	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Sum		26,927	62,560	58,655	55,126	51,937	49,057	46,456	44,110	41,993	40,083	38,363	36,813	35,420
Badger Required for 12 Week Program		560,574	%		of Total Supply Required		2.67%	Average Yearly Rate of Supply Spending		11.6%	Convex Setts reduction rate		9.50%	
								Week 12 Yearly Rate of Supply Spending		8.8%	Helper Setts increase rate		6.50%	
Setts	Multiplicators	Pre-Launch	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12
NDIGG	1.00	4.99	5	4.69	4.41	4.14	3.89	3.65	3.43	3.22	3.02	2.84	2.66	2.50
NDIGG LP Uni	2.00	9.99	10	9.39	8.82	8.28	7.77	7.30	6.85	6.43	6.04	5.67	5.33	5

Jun 25

BadgerDAO 12 Week Liquidity Mining Program Schedule 1901x977 358 KB

Specifics:

The transition period between the two liquidity mining programs.

This Thursday, the 22 Week Liquidity Mining Program comes to an end, and Convex Setts will be launched when everything is ready and good to go with at least a 24-hour notice.

Between this Thursday and the Launch date, there will be a period when the old Liquidity Mining Program comes to an end, and the new one hasn't yet started.

Picture: 2a

Source: Discourse, BadgerDAO, Badger Improvement Proposals (2021). Available at: <https://forum.badger.finance/t/bip-61-emissions-12-week-liquidity-mining-program/4767>.

Accessed latest: 2021-08-05

Inverse:

Add xINV to Anchor

EXECUTED #023 - May 15th, 2021

Details

 Deployer

I propose to add xINV to Anchor. xINV is an Anchor market that users can enter by depositing INV as underlying collateral.

Users who deposit into xINV will receive 4 main benefits:

- Ability to borrow any assets on Anchor using INV as collateral
- Compounded INV treasury rewards every block
- Potential protocol fee sharing
- Ability to vote or delegate using GovernorCharlie (pending governance contract upgrade)

Below are the proposed deployment parameters. Please note that each of these parameters can be changed by a governance vote in the future.

- Collateral factor: 50%
- Withdrawal escrow duration: 14 days
- Reward rate: 1500 INV per month
- Oracle feed: Sushiswap TWAP oracle

Picture: 2b

Source: Inverse Finance platform, Governance (2021). Available at:

<https://www.inverse.finance/governance/proposals/23>. Accessed latest: 2021-08-02



Nour 2021-05-11

@everyone

PROPOSAL

Add xINV to Anchor

DESCRIPTION

I propose to add xINV to Anchor. xINV is an Anchor market that users can enter by depositing INV as underlying collateral.

Users who deposit into xINV will receive 4 main benefits:

- Ability to borrow any assets on Anchor using INV as collateral
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- Collateral factor: 50%
- Withdrawal escrow duration: 14 days
- Reward rate: 1500 INV per month
- Oracle feed: Sushiswap TWAP oracle

RATIONALE

Aside from the benefits for INV holders, this proposal also helps boost Anchor TVL, borrowing demand and the minted DOLA supply.

Since all xINV stakers will also become INV suppliers on Anchor, any staked INV will be contributed to Anchor's TVL. Because xINV stakers would be paid to borrow in this case, they would be incentivized to borrow other assets and mint DOLA or other future synths on Anchor while continuously repaying their loan from their xINV income.

Picture: 2c

Source: Discord, Inverse.Finance, Delegate Proposals (2021). Available at: <https://discord.com/channels/743271185751474307/798615454033379369/865625108377632808>. Accessed latest: 2021-08-02

Gitcoin:

Proposal: \$GTC-Backed Economy

Proposal Discussion



Yalor

4 10d

As a first foray into treasury management in collaboration with the [#workstream-discussion:public-goods-funding](#) we stewards, [@Yalor](#), [@androolloyd](#), [@Pop](#), [@HelloShreyas](#) & [@AcceleratedCapital](#) propose partnering with the [ICHI](#) community to create \$oneGTC:

A stablecoin to accelerate the funding of Gitcoin DAO.

Why

\$oneGTC will provide the GitcoinDAO with a toolset for generating greater resources that can go towards digital public goods. It will enable a significantly increased value for \$GTC token and greater economic freedom for the contributors of the DAO. By using the ICHI system we are able to unlock the value of the token treasury, allowing us to retain more value within our ecosystem and decrease the sell pressure for our workstream contributors.

- Having a stable token for the GitcoinDAO allows us to fund work streams with certainty, instead of being victims to market fluctuation.
- Using \$oneGTC as our preferred token instead of market selling \$GTC will lead to retaining more value within the Gitcoin ecosystem (see chart)
- A success of this experiment will lead the way to other open-source projects unlocking the value of their scarce assets, Gitcoin should lead the way in empowering communities and helping them unlock their treasury.

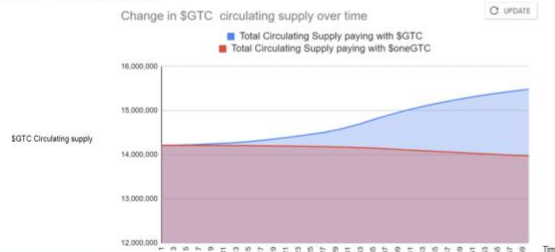
What:

Following other top projects like Filecoin and 1INCH, we propose partnering with ICHI to build \$oneGTC, a stablecoin minted with a mix of \$USDC and \$GTC.

- \$oneGTC is a native stablecoin for funding the ongoing operation of the Gitcoin DAO, as well as rewarding contributors new to the Gitcoin ecosystem.
- ICHI has built the only stablecoin design to be governed by a specific crypto community.
- GitcoinDAO will govern the \$oneGTC treasury, and can apply any strategies it likes to grow it's collateral, or decide to incentivise activities using it's earnings.
- Allocate the next 45,000 GTC outlined [here](#) to bootstrap the \$oneGTC treasury, with an additional \$100k worth of tokens to provide liquidity for the pools, matched by \$100k worth of ICHI rewards for LP's from the ICHI community.

\$oneGTC reduce \$GTC token velocity

The more \$oneGTC is used → more \$GTC is used to mint \$oneGTC → less \$GTC in circulation



\$oneGTC - the native stablecoin for funding open source development

Jul 23

1 / 22

Jul 23

3h ago

Jul 23

1 / 22

Jul 23

3h ago

To learn more read here:

- [\[Proposal\] \\$oneGTC - a stablecoin for the Gitcoin community -](#)  [Proposal Discussion -](#) [Gitcoin Governance](#) ¹⁵
- [Join an ICHI <-> Gitcoin Telegram discussion group](#) ³

Proposal Stage: 

Initial Target:  - The first step to delivering this is to get consensus on the value of this proposal, we require a clear signal via snapshot from the token holders to show their support for this treasury scheme. Once approved the ICHI team can deliver the token treasury in 7 business days.

Budget:  There is no additional budget required to deliver this proposal, we propose using [45,000 GTC allocated to workstreams](#) ² to bootstrap the oneGTC treasury, with \$100k in \$ICHI provided by the ICHI community to reward liquidity providers who add USDC to the pools.

Plan and Timeline:  See plan above, timeline is 10-14 days from treasury deposit.

Individual/s Responsible:  We are partnering with the ICHI community a few of whom include:

- [@Lior](#)
- [@37](#) Aces, Chief Technical Officer
- [@masanobufukuoka](#), Farmer
- Samuel Mendenhall, core dev
- Vladimir Stemkovski, core dev
- Kobayashi, ecosystem
- Ethan Lehman, community

All ICHI team can be found [here](#) ¹.

Ultimately they will be responsible for delivering the working treasury scheme and token, and [@Yalor](#) & [@androolloyd](#) will be responsible for overseeing the work being done and ensuring that it is delivered on-time and within the existing scope outlined above.

This proposal will be open for discussion for 2 weeks leading up to the next Gitcoin Stewards Call August 2nd, a corresponding snapshot can be found below:

Picture: 2d

Source: Discourse, Gitcoin, Proposal Discussion (2021). Available at: <https://gov.gitcoin.co/t/proposal-gtc-backed-economy/8033/15>. Accessed latest: 2021-08-12

NFTX:

Jul 23

1 / 22

Jul 23

3h ago

Draft Proposal: XIP#9: Hire Kiwi to lead NFTX Protocol Engineering

■ Proposals



Oxchop

1  Jun 25

Authors

ChopChop

Glossary

Solidity

DAO

DeFi

Summary

This proposal is intended to hire Kiwi as senior solidity engineer for a pre-defined timeframe (6 months), with the main goal to lead further protocol research and development efforts for the NFTX DAO. After the 6 months period ends, when there is mutual interest to extend the position, a new proposal will have to pass through governance.

Rationale

With NFTX maturing in the past months, it is key for the longevity of the DAO to retain top talent that has been helping out and/or working on the core team. As a main contributor to the second version of NFTXs' protocol, Kiwi has been delivering outstanding output including completely rewriting the code base, adding additional key features such as fee capture mechanics and staking rewards, all necessary to extend our consumer product offering in the form of market places, farms, and integrations with other projects.

Effect

Opportunity

- Kiwi has delivered outstanding protocol engineering over the past months with building v2, and has signalled he wants to take lead in further advances of the protocol.
- Kiwi has extensive experience developing with, and creating developer communities within the Ethereum ecosystem, being the founder of the CryptoDevs discord.

Risk

- None noted.

Specifications

Hiring Kiwi will involve him being responsible for:

- Leading NFTX Protocol Research & Development (R&D)
- Liaise with other team members and community on mechanism design.
- Develop and/or delegate feature development according to builder needs
- Creating and sustaining technical resources for the NFTX ecosystem such as documentation, technical blog posts

Funding request - Yes - Implementation Requires Funding

In order to appoint Kiwi to leading protocol, we'd like to offer him the following competitive package, for which funds are required from the DAO treasury. Packages are paid as defined below:

- 84000 USDC 6-months vesting schedule using Sablier.

These funds are to be paid upfront after the vote passes. Extension of his position after 6 months at NFTX will require an additional proposal.

Picture: 2e

Source: Discourse, NFTX, Proposals (2021). Available at:

<https://forum.nftx.org/t/draft-proposal-xip-9-hire-kiwi-to-lead-nftx-protocol-engineering/230>.

Accessed latest: 2021-08-03

MakerDAO:

[Signal Request] Adjusting Dust Parameter (2021-3)

 Governance  Signal Archive  signaling  sig-status-accepted  dust



monet-supply Risk Core Unit Team 

4  May 25

With the recent adoption of the liquidations 2.0 framework, as well as recent price volatility and gas price spikes, it is worth reevaluating our current dust parameters.

To review, dust is the minimum permitted debt for a vault - you can learn more in the documentation [here](#) ⁴. Users must borrow at least this amount to open a vault, and cannot repay their debt below this amount unless they pay off the entire remaining balance. Higher dust values make vaults less accessible for smaller users, but also protect Maker from risk of vaults being too small to liquidate profitably.

Market conditions

This [table](#) ⁵ (updated for liquidations 2.0 changes) shows the transaction costs in DAI for liquidation based on ETH and gas price, and also shows the minimum debt (dust) tolerated for auctions to clear successfully without a loss to Maker.

Market conditions

This [table](#) ⁵ (updated for liquidations 2.0 changes) shows the transaction costs in DAI for liquidation based on ETH and gas price, and also shows the minimum debt (dust) tolerated for auctions to clear successfully without a loss to Maker.

Average GasPrice  Filter

It automatically adjusts to your timezone(UTC-7:00)

23:00	154	72	45	66	31	33
22:00	253	90	47	65	32	36
21:00	189	108	51	60	31	36
20:00	133	117	47	65	33	39
19:00	111	165	47	42	33	37
18:00	86	336	53	48	33	39
17:00	68	230	53	54	40	51
16:00	70	107	64	68	34	47
15:00	89	152	60	109	35	73
14:00	97	163	68	315	34	66
13:00	108	113	75	169	37	112
12:00	82	166	65	97	39	105
11:00	95	237	78	77	39	145
10:00	112	261	99	99	37	338
09:00	98	306	157	187	45	318
08:00	110	511	114	198	48	126
07:00	100	672	130	167	40	197
06:00	75	1265	127	76	38	229
05:00	61	429	76	49	32	110
04:00	50	317	59	46	34	55
03:00	47	76	67	40	36	102
02:00	59	84	69	43	43	155
01:00	60	106	83	48	54	93
00:00	55	163	71	45	51	39
05-18 Tuesday	05-19 Wednesday	05-20 Thursday	05-21 Friday	05-22 Saturday	05-23 Sunday	05-24 Monday

In the market volatility of the past week, we've seen cases of gas prices rising to over 1,200 gwei for sustained periods, with spikes as high as 2,000 gwei. If we want to be hedged/protected in cases where gas prices spike to 1,500 gwei, and market price of assets is 15% below vaults' liquidation price (through a combination of price falls or liquidator profit margin), we'd need to set a minimum dust value of around 10,000 DAI for vaults with 150% collateral ratio.

Large Caps (ETH, WBTC, BAT)									
LR	150%	Minimum Dust by Auction Price Decline vs Liquidation Price (how much lower the realized market price from auction is v							
Gas Price (gwei)	Gas Cost (DAI)	0%	5%	10%	15%	20%	25%	30%	
50	0.00	0	0	0	0	0	0	0	0
100	0.00	0	0	0	0	0	0	0	0
150	6.00	12	14	17	22	30	48	120	
200	108.00	216	254	309	393	540	864	2160	
250	210.00	420	494	600	764	1050	1680	4200	
300	312.00	624	734	891	1135	1560	2496	6240	
400	516.00	1032	1214	1474	1876	2580	4128	10320	
500	720.00	1440	1694	2057	2618	3600	5760	14400	
600	924.00	1848	2174	2640	3360	4620	7392	18480	
700	1,128.00	2256	2654	3223	4102	5640	9024	22560	
800	1,332.00	2664	3134	3806	4844	6660	10656	26640	
900	1,536.00	3072	3614	4389	5585	7680	12288	30720	
1000	1,740.00	3480	4094	4971	6327	8700	13920	34800	
1250	2,250.00	4500	5294	6429	8182	11250	18000	45000	
1500	2,760.00	5520	6494	7886	10036	13800	22080	55200	
1750	3,270.00	6540	7694	9343	11891	16350	26160	65400	
2000	3,780.00	7560	8894	10800	13745	18900	30240	75600	
2500	4,800.00	9600	11294	13714	17455	24000	38400	96000	
3500	6,840.00	13680	16094	19543	24873	34200	54720	136800	
5000	9,900.00	19800	23294	28286	36000	49500	79200	198000	

The ETH-C vault type has a higher collateral ratio, and therefore larger safety buffer for liquidations. So we could accommodate for a similar gas price spike and price discount with only 5,000 DAI dust limit.

The ETH-C vault type has a higher collateral ratio, and therefore larger safety buffer for liquidations. So we could accommodate for a similar gas price spike and price discount with only 5,000 DAI dust limit.

Small Caps (ZRX, KNC, etc) / ETH-C										
LP	175%	Minimum Dust by Auction Price Decline vs Liquidation Price								
Gas Price (gwei)	Gas Cost (DAI)	0%	5%	10%	15%	20%	25%	30%	35%	40%
50	0.00	0	0	0	0	0	0	0	0	0
100	0.00	0	0	0	0	0	0	0	0	0
150	6.00	8	9	10	12	15	19	27	44	120
200	108.00	144	163	188	222	270	346	480	785	2160
250	210.00	280	317	365	431	525	672	933	1527	4200
300	312.00	416	471	543	640	780	998	1387	2269	6240
400	516.00	688	779	897	1058	1290	1651	2293	3753	10320
500	720.00	960	1087	1252	1477	1800	2304	3200	5236	14400
600	924.00	1232	1395	1607	1895	2310	2957	4107	6720	18480
700	1,128.00	1504	1703	1962	2314	2820	3610	5013	8204	22560
800	1,332.00	1776	2011	2317	2732	3330	4262	5920	9687	26640
900	1,536.00	2048	2318	2671	3151	3840	4915	6827	11171	30720
1000	1,740.00	2320	2626	3026	3569	4350	5568	7733	12655	34800
1250	2,250.00	3000	3396	3913	4615	5625	7200	10000	16364	45000
1500	2,760.00	3680	4166	4800	5662	6900	8832	12267	20073	55200
1750	3,270.00	4360	4936	5687	6708	8175	10464	14533	23782	65400
2000	3,780.00	5040	5706	6574	7754	9450	12096	16800	27491	75600
2500	4,800.00	6400	7245	8348	9846	12000	15360	21333	34909	96000
3500	6,840.00	9120	10325	11896	14031	17100	21888	30400	49745	136800
5000	9,900.00	13200	14943	17217	20308	24750	31680	44000	72000	198000

Many of our small capitalization assets require a minimum 175% collateral ratio, but they are considerably more volatile than Ether. We may want to accommodate for larger potential drawdowns and lower liquidity in these assets by requiring a larger dust value vs the ETH-C vault. A dust value of 10,000 DAI would accommodate a 25% drawdown.

The ETH-B vault type uses a lower liquidation ratio, which gives Maker comparatively less margin of safety for liquidations versus other vaults. The same hypothetical 1,500 gwei gas spike and 15% price drawdown would require a 25-30,000 DAI dust value to maintain liquidator profitability without causing Maker losses.

ETH-B						
LR	130% Minimum Dust by Auction Price Decline vs Liquidation Price					
Gas Price (gwei)	Gas Cost (DAI)	0%	5%	10%	15%	20%
50	0.00	0	0	0	0	0
100	0.00	0	0	0	0	0
150	6.00	20	26	35	57	150
200	108.00	360	460	635	1029	2700
250	210.00	700	894	1235	2000	5250
300	312.00	1040	1328	1835	2971	7800
400	516.00	1720	2196	3035	4914	12900
500	720.00	2400	3064	4235	6857	18000
600	924.00	3080	3932	5435	8800	23100
700	1,128.00	3760	4800	6635	10743	28200
800	1,332.00	4440	5668	7835	12686	33300
900	1,536.00	5120	6536	9035	14629	38400
1000	1,740.00	5800	7404	10235	16571	43500
1250	2,250.00	7500	9574	13235	21429	56250
1500	2,760.00	9200	11745	16235	26286	69000
1750	3,270.00	10900	13915	19235	31143	81750
2000	3,780.00	12600	16085	22235	36000	94500
2500	4,800.00	16000	20426	28235	45714	120000
3500	6,840.00	22800	29106	40235	65143	171000
5000	9,900.00	33000	42128	58235	94286	247500

Impact on users:

Taking the ETH-A vault type as an example, out of a total 2,803 vaults with over 200 DAI debt, there are 462 ETH-A vault positions below the current 5,000 DAI dust limit. Increasing the dust limit to 10,000 DAI would impact an additional 403 vault positions. Other vault types have much fewer users, but in percent terms a similar proportion of small balance vaults would be impacted.

For borrowers using ETH collateral, they may be able to use the ETH-C vault type if Maker community decides to maintain a relatively lower dust limit. Maker could also implement other creative solutions to help reduce reliance on the dust parameter, such as an alternative vault type with higher liquidation ratio or requiring a [security deposit](#) ¹ from vault owners similar to Liquity, but these reduce accessibility similarly to high dust limits.

Picture: 2f

Source: Discourse, MakerDAO, Governance (2021). Available at:

<https://forum.makerdao.com/t/signal-request-adjusting-dust-parameter-2021-3/8315>.

Accessed latest: 2021-08-03

SushiSwap:

Kanpai: Bear Market Protection with Treasury Revenue

Proposals



yuan-han-li

2 Jun 2

Jun 2

TL;DR

Introduce a governance-controlled 'payout ratio' parameter (initially set to 90%). This will divert a portion of trading fees (100% - payout ratio) from xSUSHI stakers to the Treasury as revenue denominated in a reserve asset, e.g. ETH or DAI. At a payout ratio of 90%, xSUSHI holders are paid out 90% of the 5bps, or 4.5bps, and the remaining 0.5bps are sent to the treasury as retained earnings. Introducing retained earnings will offer valuable bear market protection as well as allow SUSHI holders to govern a new cash flow, which could be used to reinvest in growth or generate non-operating income.

Summary

Written by [Yuan Han Li](#) ¹¹ and [Aleks Larsen](#) ⁶ ([@aleks-bcap](#)) on behalf of Blockchain Capital

As recent market dynamics have shown, crypto asset prices remain highly volatile and we should expect this to be the case for the foreseeable future. Sushi's treasury is currently denominated entirely in SUSHI, and while this provides great upside for the treasury, it also leaves the treasury vulnerable in the event of market dislocations. Since the treasury has no income other than SUSHI emissions (which will end in 2-3 years), and since operational expenses are incurred in USD terms, the treasury might be forced to pay expenses by selling SUSHI in a prolonged bear market (=bad for token price, bad for our Master Chefs, and bad for xSUSHI stakers at the SushiBar).

Thus, as SUSHI holders, if we want to continue enjoying delicious SUSHI at the SushiBar by staking xSUSHI, it is important that we show appreciation to our hardworking Master Chefs by making sure they have an income model that is sustainable longer term. Traditionally, when eating at a sushi bar, one way to do this is by offering the hardworking chefs some sake and saying "Kanpai!". **In our case, we can support the hardworking Master Chefs of the Sushi ecosystem in perpetuity by introducing a 'payout ratio' ³ to start retaining some earnings in the treasury.**

The 'payout ratio' is a parameter that corporations typically have which determines how much of their net income is distributed to shareholders as dividends vs how much is retained in their treasury for reinvestment purposes. Normally, high-growth companies are able to re-invest at a high rate of return, and for that reason they typically choose to set the payout ratio to 0 until they can no longer find productive ways to reinvest the capital. We think this concept is extremely useful and should be a governance-controlled parameter for Sushi holders to determine and change over time.

High-level contours of our proposal:

- Our suggested approach is to divert a portion of trading fees determined by a new parameter, 'payout ratio,' into a reserve asset (e.g. ETH/USDC/DAI/USDT/WBTC) and send it to the Treasury as retained earnings that governance can decide what to do with. For example, if the payout ratio were set to 90%, this would mean that 10% (0.5bps) of the 5bps currently earned by xSUSHI holders as dividends would instead be sent directly to the treasury.
- Using total fees generated in the last 30 days (\$74.56mm), the Treasury could have generated ~\$1.24mm in revenue (@ a payout ratio of 90%), which annualizes to nearly ~\$15.12mm.
- While this is a big number and more than covers Sushi's operational expenses, any excess (i.e. profit) could be used to yield farm to grow the treasury, conduct long-term sustainable liquidity mining programs, pay core team salaries, incentivize the core team with bonuses, and/or diversify the Treasury's asset base for enhanced bear market protection and further ensure we can continue to support our hardworking Master Chefs.
- Moreover, having a healthy Treasury means that if SUSHI price ever drops too much, Treasury funds (from retained earnings) can be used to buyback SUSHI to support token price and allow xSUSHI stakers to enjoy even more SUSHI!

Picture: 2g

Source: Discourse, SushiSwap, Proposals (2021). Available at:

<https://forum.sushi.com/t/kanpai-bear-market-protection-with-treasury-revenue/4310>.

Accessed latest: 2021-08-03

OceanDAO:

1 / 34
Jun 2

30d ago

Jun 2

1 / 34
Jun 2

30d ago

Grant Proposal Template

anapheys edited this page 8 days ago · 94 revisions

Instructions

Instructions:

1. Fill out the template as applicable below.
2. Projects must meet the "[Project Submission Criteria](#)".
3. Submit the Proposal on [OceanDAO Port Forum](#) as a **New Topic** in the current OceanDAO subcategory called **Round #** that you are applying for funding.

Grant Proposal Template

Part 1 - Proposal Submission (*Mandatory)

Name of Project:

Proposal in one sentence:

Description of the project and what problem is it solving:

Grant Deliverables: (Provide us with a check-boxed list of deliverables for the funding provided.)

- ☐ Grant Deliverable 1
- ☐ Grant Deliverable 2
- ☐ Grant Deliverable 3

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Find a Page...

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Future and Previous Rounds
Grant Proposal Template
OceanDAO Grant Recipients
OceanDAO Town Hall
On ROI
Project Criteria
Proposal Ideas
Request Grant Guidelines
Town Hall 1
Town Hall 10
Town Hall 11
Town Hall 12
Town Hall 13
Show 29 more pages...

Which category best describes your project? Pick one.

- ☐ Build / improve applications or integrations to Ocean
- ☐ Outreach / community / spread awareness (grants don't need to be technical in nature)
- ☐ Unleash data
- ☐ Build / improve core Ocean software
- ☐ Improvements to OceanDAO

Clone this wiki locally

<https://github.com/o>



Which Fundamental Metric best describes your project? Pick one.

- ☐ Data Consume Volume
- ☐ Datatoken Contracts
- ☐ Total Value Locked
- ☐ Network Revenue
- ☐ Market WAU (Weekly market participants in Ocean Market or across all data markets)
- ☐ \$ Proposed / \$ Funded (Your project helps generate, and fund more proposals)
- ☐ Other. Explain...

What is the final product?:

How does this project drive value to the "fundamental metric" (listed above) and the overall Ocean ecosystem? This is best expressed as Expected ROI, details [here](#).

Funding Requested: (Amount of USD your team is requesting - Round 8 Max @ \$17,600)

PLEASE NOTE: The amount requested is in USD, but the amount paid is in OCEAN token. The conversion rate is the market price on the given Round's Proposal Due By Deadline. This determines how many OCEAN will be awarded if a proposal is voted to receive a grant.

Proposal Wallet Address: (must have minimum 500 OCEAN in wallet to be eligible. This wallet is where you will receive the grant amount if selected).

Have you previously received an OceanDAO Grant (Y/N)?

Team Website (if applicable):

Twitter Handle (if applicable):

Discord Handle (if applicable):

Project lead Contact Email:

Country of Residence:

Picture: 2h

Source: GitHub, Ocean Protocol, OceanDAO (2021). Available at: <https://github.com/oceanprotocol/oceandao/wiki/Grant-Proposal-Template>. Accessed latest: 2021-08-06



DataUnion - OceanDAO round 7

OceanDAO Round 7

Sign Up

Log In



Robin Ambassador

7 Jun 11



Key Project Data

- Name of project: DataUnion
- Team Website (if applicable): <https://dataunion.app>
- Proposal Wallet Address (*mandatory): 0x655eFe6Eb2021b8CEfE22794d90293aeC37bb325
- Current country of residence (*mandatory) Germany
- Contact Email (*mandatory) info@dataunion.app
- Twitter Handle: @DataUnionA
- Discord Handle: Robin (alpha.DataUnion.app)#5649
- The proposal in one sentence: The company creates a two-sided market and economy for crowdsourced data to enable long and short term benefits of AI for market and economy participants.
- Which category best describes your project? Pick one or more.
- ☒ Build / improve applications or integrations to Ocean
- ☒ Unleash data
- Funding Amount: 32.000 \$OCEAN

Jun 11

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Jun 11

Back

22d ago


DataUnion - OceanDAO round 7

OceanDAO
Round 7

[Log In](#)

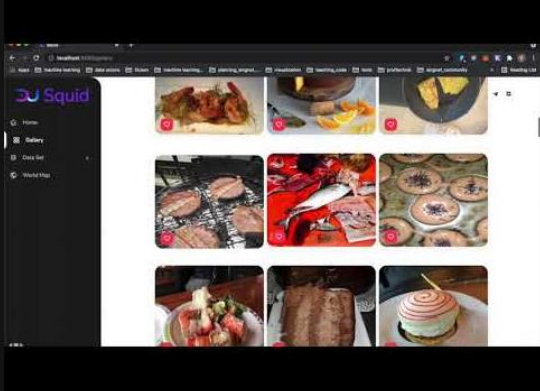


- Current Remaining Grant Treasury Balance: 0
- Have you previously received an OceanDAO Grant?: Yes

Project Overview

Description of the project:

This proposal is for continued funding of DataUnion's development. Here is an update for OceanDAO round 7 to explain our current status (links to YouTube):



The funds of the proposal are used to reward our engineering team for their work.

What problem is your project solving?

This is the final app humanity needs - it gives us the ability to contribute to AI and robotics and enable humanity to profit from the data this technology needs. We want to give everyone the ability to use their data for a better future and their own profit.

Here is our complete pitch deck from the Token Engineering course in May 2021 which gives a good impression of our thought process after that month of training and thinking. 

This project is about creating an image dataset that is created and owned by the people that contribute to it. These contributions include uploading the data, annotating it as well as verifying that the data and the annotations are correct. By doing this the contributors are motivated to contribute highest quality content as they will be rewarded with shares of the dataset they contributed to. We are baking this slowly and release the features separately to have the maximal amount of feedback from our community.

Jun 11

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Jun 11

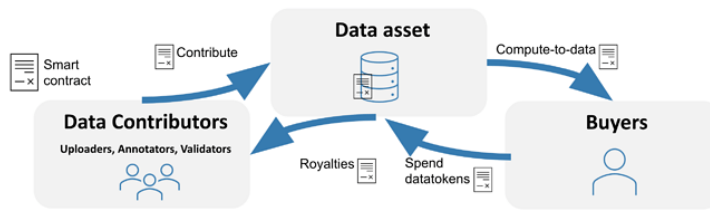
Back

22d ago



Value flow data generation and usage

TMG1
May 2021



So this covers the creation part of the project. But to refinance this process we have to find customers. The customers can create Data Bounties to increase the incentives for the creation of specific machine learning ready images. Customers can also bring their own datasets and ask only for annotation and/or verification by the contributors.

In the most important option for customers they can train algorithms on parts of the data via Ocean Protocol's compute-to-data technology. In this way they can train object recognition algorithms without the risk of the data to leak thus the project remains in full ownership of the data. This is done via a marketplace on top of Ocean that we create and contains previews and evaluation of parts of the data (via a search engine on tags and annotations) as well as algorithms. The sale of these assets will be done via the liquidity pool of the whole dataset.

Jun 11

1 / 18

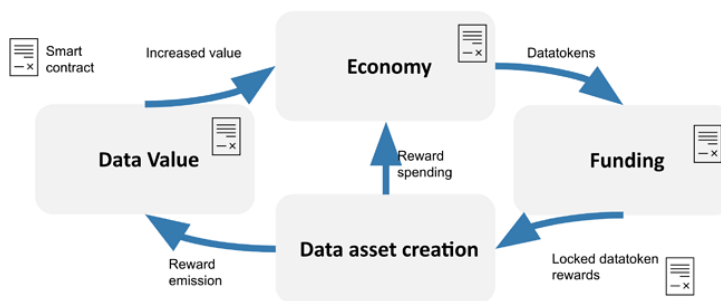
Jun 11

Back

22d ago

Datatoken value flow - overview

TMG1
May 2021





As a next step on our journey we are now starting to incubate new data unions using our technology and concepts as well as simulation models. There are already VisionTherapy and SenseNation in the Ocean ecosystem that are using our advice and expertise to create their own data unions. Here we are also taking the approach to work bottom up with them and help them where they need us.

What is the final product (e.g. App, URL, Medium, etc)?

Our alpha is already online, please go ahead and check it out. ⁵

How does this project drive value to the Ocean ecosystem?

Let's do a ROI calculation - this round we are focusing on facts rather than speculation:

Currently there are 610,553 \$OCEAN locked (TVL) in the [DataUnion.app liquidity pool on the Ocean marketplace](#) ³. Additionally we also have an active [Twitter account](#), a [Discord](#) and a [Telegram](#) community to bring in additional users into the Ocean ecosystem. And we have 203 users contributing on our [alpha website](#) ⁵. The unleashing of data is happening continuously, check it out in [our dashboard](#) ¹.

bang = 610,553 \$OCEAN TVL

buck = 119350 \$OCEAN - this is explained in more detail in the financial section of the proposal, we assume 32.000 \$OCEAN for this proposal here

(% chance of success) = 100% as we are talking about the current situation

$ROI = 610553 \$OCEAN / 119350 \$OCEAN * 1.0 = 5.11$ which shows that the ROI of the project after this grant is above the demanded ROI of 1.0

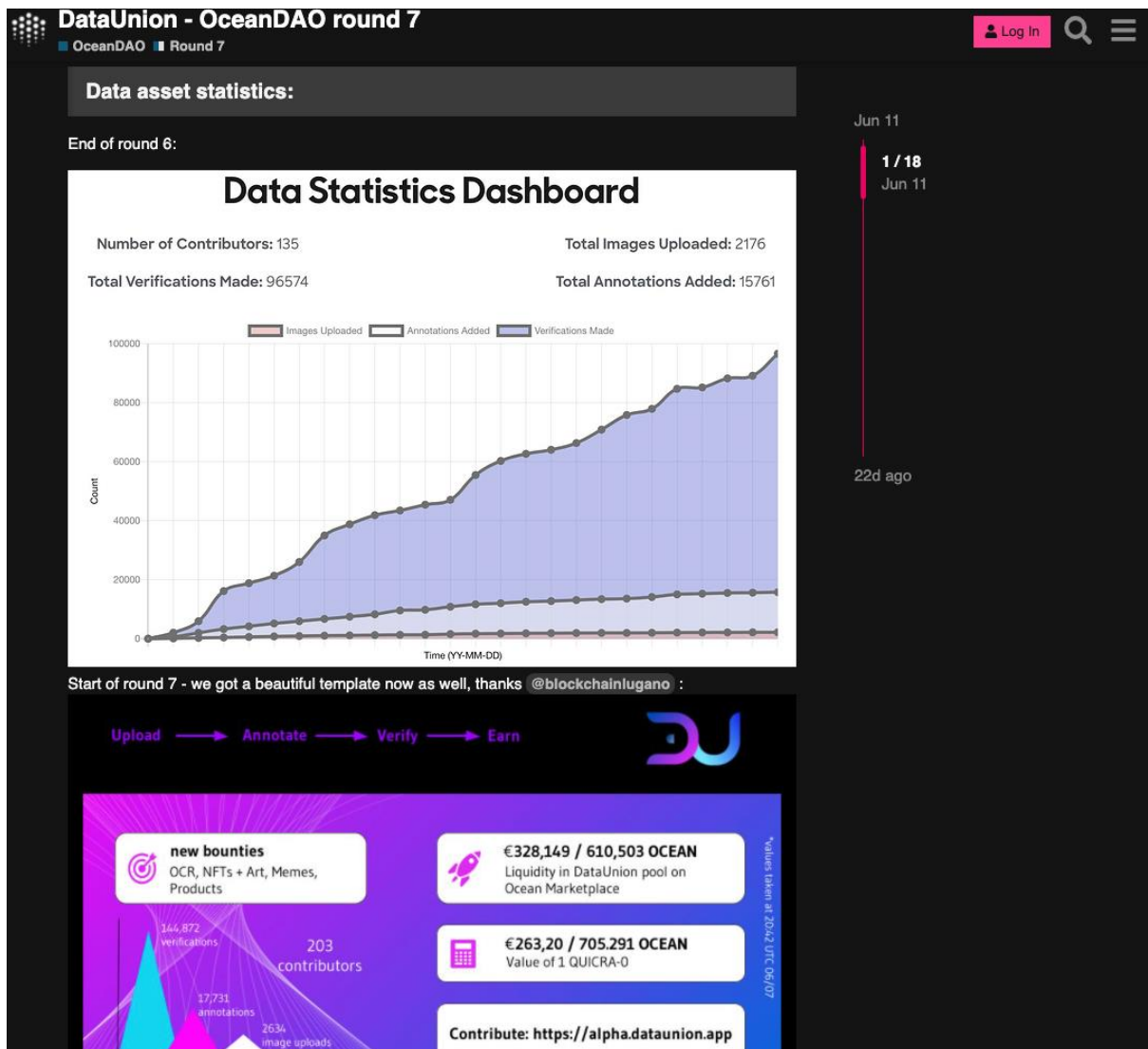
Project Deliverables - Category

- Parts of the software are open-source with a permissive license at: github.com/DataUnion-app
- Webapp is available at <https://alpha.dataunion.app> ⁵
- Data will be made available on Ocean Market via our current dataset via a data sales portal
- Mobile app will be live in the iOS and Google App Stores. There might be delays due to the app store checks.

Jun 11

1 / 18
Jun 11

22d ago



Picture: 2i

Source: Discourse, OceanDAO, Round 7 (2021). Available at: <https://port.oceanprotocol.com/t/dataunion-oceandao-round-7/694>. Accessed latest: 2021-08-06

VitaDAO:

VDP-1 VitaDAO Governance Framework

 Proposals



VitaDAO

10  May 24

VitaDAO V1 Governance Framework

Initial Launch Governance Framework Proposal

User Types

Members

A member of the VitaDAO is anyone who holds \$VITA, VitaDAO's token, and has \$VITA staked into the staking contract. Tokens can be obtained by providing funds or work to the structure. Members have full governance rights and can participate in governance on Discord and Discourse (informally) and via token-based voting (formally).

Working Group Members

A working group member provides expertise and advice to VitaDAO. By default, most working groups are not paid for their services, with some exceptions. In cases where working group members are paid (e.g., longevity working group), group members can be compensated in VITA, stable coins, or other incentive schemes decided by members. They should be able to provide some level of objectivity wrt their advice. Each working group has a "working group lead", also referred to as "working group steward", who may define a specific structure for their respective working group how they operate, collaborate and get compensated, pending approval by VitaDAO members.

Active Working Group Streams*

1. Longevity
2. Legal
3. Governance
4. Tokenomics
5. Operations
6. Information & Awareness

*Scope of working groups to expand post-launch.

Service Providers

Members who provide services to VitaDAO, such as development work, IP sourcing, and conversion to NFTs, marketplace services, drug development services outside of project scope, etc. Service providers are paid for their services in stable coins, offered tokens in exchange, or a combination thereof. On a case-by-case basis, service providers can also be paid in fiat.

V1 Governance Framework Overview

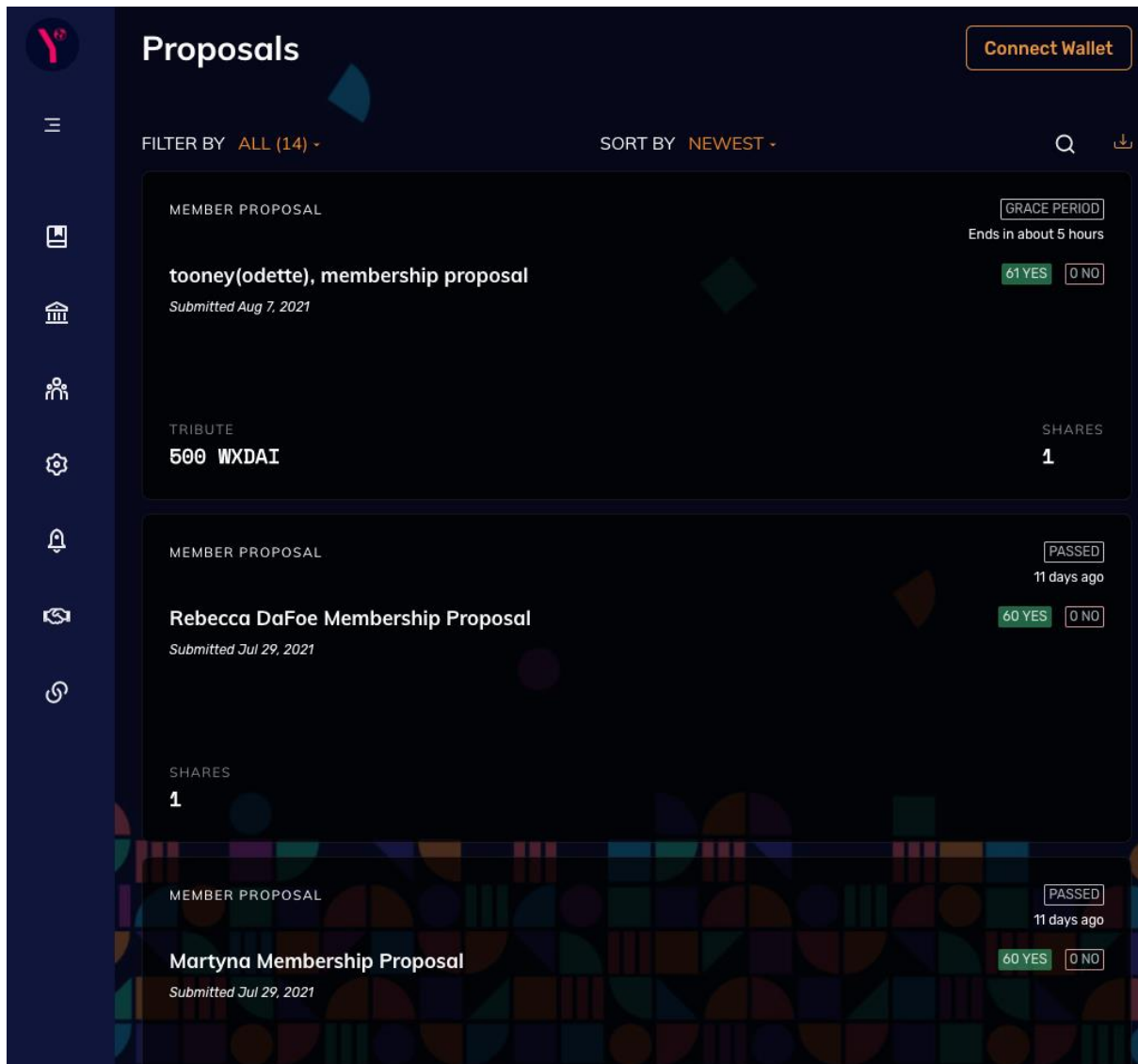
- VitaDAO members are in control of all governance decisions by voting on VitaDAO proposals. Proposals vary by type and follow the process specified below.
- VitaDAO members' votes are weighted by the amount of VITA tokens they staked and used for a particular vote.
- VitaCore is a set of FTE or FTE equivalent people paid by the DAO in tokens or stable coins.
 - VitaCore has no special privileges over normal token holders except they get paid.
- Vita Advisors are non-FTE equivalent people paid to advise VitaCore and the DAO on decision making.
- VitaCore / Vita Advisors have their votes shown separately on governance proposals (although they are counted the same as everyone else's).
- Admin resolves proposals for formal token-based voting. This is a limitation of V1 to be resolved in V2.
 - Admin is a multi-sig consisting of the working group leads and trusted individuals voted in by the community. See also [this thread](#) ³.
- VitaDAO working groups consist of domain experts to help guide member decisions in various workstreams and organisational processes. Working groups can help define proposals to the VitaDAO members.
- Working group meetings are scheduled and operated in the open, and the only requirement to join is being a holder of VITA tokens.
- In the future, VitaDAO members may delegate votes to members of their choosing and typically will do so to members with more domain expertise. This is to be added in V2.
- VitaDAO may engage service providers spanning patent attorneys, contract research firms, or third party experts to provide services to the DAO in exchange for compensation.
- The initial goal is to mimic successful execution patterns in the biotech industry. Over time, we expect further governance mechanisms to emerge around VitaDAO.

Picture: 2j

Source: Discourse, VitaDAO, Proposals (2021). Available at:

<https://gov.vitadao.com/t/vdp-1-vitadao-governance-framework/40>. Accessed latest: 2021-08-12

YapDAO:

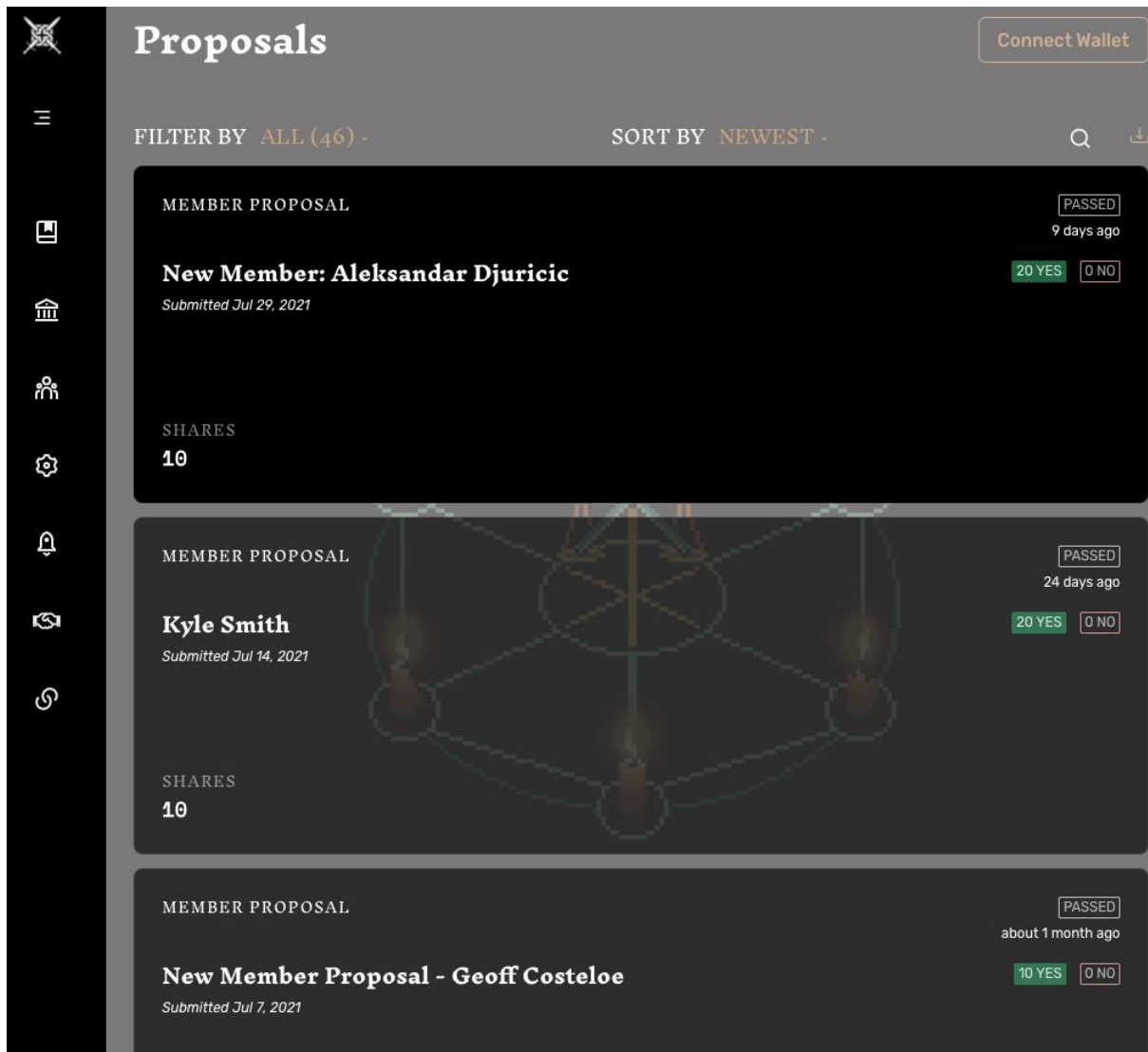


Picture: 2k

Source: DAOhaus, YapDAO, Proposals (2021). Available at:

<https://app.daohaus.club/dao/0x64/0xf2d551a980b44a8f965252d109190343bf92ed77/proposals>. Accessed latest: 2021-08-12

LexDAO:



Picture: 21

Source: DAOhaus, LexDAO, Proposals (2021). Available at:

<https://app.daohaus.club/dao/0x64/0x58234d4bf7a83693dc0815d97189ed7d188f6981/proposals>. Accessed latest: 2021-08-12

DISCUSSION (3)

BadgerDAO:



rkg7VFJQ8Jv9PkL

Jun 23

Excellent BIP @Mr_Po and great progress moving forward.

1

♡

🔗

1 / 12

Jun 23



hash_error

Jun 23

great BIP @Mr_Po . i do have a question regarding DIGG Emissions section. given what we've seen with DIGG the last couple months, does emitting any DIGG at all even make sense right now? sell pressure has been a recurring theme and the emissions in the form of DIGG don't seem to be incentivizing any behavior to help DIGG find its natural market based equilibrium. Can we consider putting a stop to DIGG emissions entirely until the market demand has caught up with current circulating supply? ty

1 Reply

♡

🔗

Jun 25



cryptomooniac

Jun 23

Overall in agreement on most of the BIP except for the elevated rewards to Convex pools, on top of the CVX and CRV rewards to those pools. The ROI will already be much better than the current CRV pools so in principle I don't see the need of a high incentive (3x can be too much). Perhaps a small incentive in the first week or two, might make better sense.

Regarding the decision to be voted ny the Council or the core team, for me it is the same. The council is already majority core team (some "community appointed" members are now part of the team). I believe that in this particular case, not in the future, the core team can make the decision.



jonto

Jun 23

Just to clarify, the existing curve setts will migrate to the new strategy once the gaurded launch has been completed (~1 week). Users wont need to do anything and no fees will be taken.

1

♡

🔗

4 / 12

Jun 23



cryptomooniac

Jun 23

Thanks for the clarification. I will edit my comment accordingly.

♡

🔗

Jun 25



cryptomooniac

Jun 23

There has already been an important change and DIGG emissions. Before, all Setts received DIGG emissions but then this was changed. Emissions for non-DIGG setts ended and they are not getting any DIGG.

Currently all DIGG emissions go to people that hold DIGG (either in the DIGG only sett or as LPs). And I think that those emissions do make a lot of sense (albeit it also makes sense to reduce them as per the proposal).

However I would change the current strategy. For LPs, my understanding of the strategy is that the way that the rewards auto-compound does put some sell pressure into DIGG because part of it needs to be sold for wBTC in order to re-add them to the liquidity pool. Maybe this can be changed to something that incentivizes both LPing and hodling DIGG - for example instead of auto-compounding into the LP, emissions with vesting - a lot of different possibilities here.

Picture: 3a

Source: Discourse, BadgerDAO, Proposals (2021). Available at: <https://forum.badger.finance/t/bip-61-emissions-12-week-liquidity-mining-program/4767>. Accessed latest: 2021-08-02

Inverse:

11 May 2021

ME9 2021-05-11
Everyone wants xINV, definitely. @Nour could you help me understand the following for tax reasons: <https://discord.com/channels/790157548845924352/790157548845924359/841479579717074985>

Aeveus 2021-05-11
I'm not Nour, but to answer your question: in the current xINV implementation you'll receive xINV upon depositing INV. Similar to how you receive anyFI when depositing YFI.

ME9 2021-05-11
Ah, thanks.
That's pretty unfortunate for tax reasons.
To go long on INV in this case, holders will have to generate a taxable event.

mrbrownwhale 2021-05-11
Ouch
Ah well, they should change tax regulations.. I have yet to see a project that keeps tax regulations and jurisdiction in mind 😊

Nour 2021-05-11
However, xINV is not a transferrable asset
It can only be exchange back to INV

Aeveus 2021-05-11
I'm no tax expert, but what would you be taxed on in this case?

Nour 2021-05-11
Not sure if that's relevant

Aeveus 2021-05-11
@Aeveus I'm no tax expert, but what would you be taxed on in this case?

ME9 2021-05-11
It's actually not an easy question to answer, in this case, because xINV can't be traded--but the "event" is triggered, when a token is exchanged for another token.

So, in all likelihood, here I would basically be taxed on my fairdrop.

mrbrownwhale 2021-05-11
Also wondering how the fairdrop is going to be taxed in my own jurisdiction.
It'll probably fall under crypto paid for a service 😞

ME9 2021-05-11
@ME9 It's actually not an easy question to answer, in this case, because xINV can't be traded--but the "event" is triggered, ...

Aeveus 2021-05-11
Twice? Once for the initial transfer of INV and once more for trading INV for xINV? That seems like an extremely broken system.

That would mean that if you handed someone 1M today, and they give it back to you, and you give it back to them, they get taxed twice on 1M?

Aeveus 2021-05-11
@Aeveus Twice? Once for the initial transfer of INV and once more for trading INV for xINV? That seems like an extremely broken system.

ME9 2021-05-11
It's terribly broken.

If you think of it like forex trading, they basically consider xINV and INV to be two different "currencies," and for every trade between currencies, there's a tax. In your example, if you gave someone 1m USD for 1m AUD worth of USD, you'd be taxed on all your gains, and for the transaction back, you'd be taxed again, but there would essentially be a tax on 0 gains. (ãndrad)

Picture: 3b

Source: Discord, Inverse.Finance, Proposal talk (2021). Available at: <https://discord.com/channels/790157548845924352/790191495327645696>. Accessed latest: 2021-08-02

Gitcoin:

**amsos** 10d

Setting up ways to have sustainable funding is a great idea, especially leveraging the learnings of stable coins.

Is there any concern of launching this so soon after GTC token itself was launched?



**Yalor** 10d

Good question, the concern that was actually surfaced during our discussion calls was quite the opposite.

The sooner we launch oneGTC the more \$GTC that is locked up into the treasury, the less GTC that hits the market, the less sell pressure that's created.

See this comment from [@griff](#)

Honestly, I think every token that has a marketplace should make a stablecoin

Volatile tokens can be a speculative store of value (GTC has no economic value) and CAN be used as a medium of exchange but as a unit of account they cause more problems than they solve... in fact, because of the unit of account issues, the medium of exchange use case is hampered.

A few people have suggested the same idea, that perhaps this would be a better fit in a few months. But IMO as long as we're making payments to workstreams, *which is definitely happening now*, we should be exploring the most sustainable and longevity producing schemes to sustain the value of the treasury and ensure that these funds continue to multiply instead of sitting locked idly in the DAO vault.

Jul 23
1 / 22
Jul 23
3h ago



amsos

10d

Yeah, that makes sense and I'd agree with Griff. I think the sooner we can create sustainable funding models, the better.

My concern is more around finding hands to do the ops around this.



Jul 23

4 / 22
Jul 23



AcceleratedCapital

10d

Hi all - as a member of the treasury workstream, I think this is an interesting proposal and could likely be net positive for our community as value is retained within the Gitcoin ecosystem.

From a treasury management perspective, @HelloShreyas and I think there are some potential benefits, namely:

1. Quarterly funding of workstreams can be made in stablecoins. This is a problem many DAOs face given the regular sell pressure on native governance tokens by working groups/workstreams and the difficulty of budgeting with a volatile asset. @Yalor alluded to this above, and I would like to echo this sentiment.
2. There would be net buy pressure on \$GTC in contrast to selling \$GTC or using leverage to acquire a sufficient stablecoin allocation for operational expenses and/or any asset allocation considerations.
3. The reduction in circulating supply of \$GTC through the minting mechanism of \$oneGTC is beneficial to all holders, which wouldn't occur during a normal diversification/borrow operation to acquire stables. If we decide to incentivize \$oneGTC in the future (e.g. via matching grants), there could be some strong synergies between ecosystem growth and our native governance token.

After meeting briefly with the ICHI team, it is our understanding that management of the stablecoin by the Gitcoin workstream will be fairly minimal relative to its potential benefit after the initial training (cc: @amsos since you just asked this). There are still some open questions on

3h ago



linda

1d

Thanks for putting together the proposal. I really appreciate the sharing of ideas and ways to make Gitcoin better. I shared my thoughts on this in the prior [proposal discussion](#) 1 but wanted to follow up here too.

I spent a lot more time thinking about this proposal given how many great people are involved and supporting this but I still don't think it makes sense to create a separate stablecoin for Gitcoin at this stage. There are many other stablecoins that the community can use right now and it can become a potentially complicated, distracting process to make sure this is successful. If one of the objectives is to reduce market selling of GTC, then it might be worth also thinking through if there are other ways to achieve the same objective like staking. While I'm voting no on this proposal, I am fully supportive of experimentation if the community votes otherwise.

2 Replies ▾



Jul 23

15 / 22
Jul 31



Lior

1d

Thank you @linda for taking the time to review the proposal and participate in voting!

As you wrote - it's an experimentation, and the ICHI community is committed to support Gitcoin community in making this work and add value. We appreciate your inputs and welcome more of your experience and insights going forward as we (hopefully) launch!



3h ago



okeaguugochukwu

Yalor 1d

you are right. onegtc will make a lot of sense.

Picture: 3c

Source: Discourse, Gitcoin, Proposal discussion (2021). Available at:

<https://gov.gitcoin.co/t/proposal-gtc-backed-economy/8033/15>. Accessed latest: 2021-08-03

NFTX:

**javery**

Jun 25

Kiwi has been amazing over the past few months in driving the development of V2.
Definite yes from me.

2  

**quag**

Jun 25

Absolute stud. Delighted that there is mutual interest in driving NFTX protocol forwards. Insta-yes from me.

2  

**morello**

Jun 25

Kiwi is a beast
easiest yes of my life

2  

**j_b**

Jun 28

Kiwi is a rockstar. Absolutely a yes.

Jun 25

1 / 5

Jun 25

Jun 28

Picture: 3d

Source: Discourse, NFTX, Proposals (2021). Available at:

<https://forum.nftx.org/t/draft-proposal-xip-9-hire-kiwi-to-lead-nftx-protocol-engineering/230>.

Accessed latest: 2021-08-03

MakerDAO:



Saludiego_201 Send 20 Dai

May 26

And what do you plan to do for small users? let's say those who want to open small Vaults of 1000 DAI or less?

1 ❤️



share



Aaron_Bartsch Vote on 10 Executive Proposals

May 26

If people want to borrow dai they should use compound or aave for small amounts. It just doesn't make sense from a cost perspective.



Saludiego_201 Send 20 Dai

May 26

I find it acceptable, thank you very much for your answer.



ElProgreso Vote on 100 Governance Polls

May 26

I saw an interview with a TikTok "influencer"/ "Dev" – he said the reason why he's built on Binance Smart Chain is because **"Ethereum is for Rich People"**



What can you do—best to look at Matic (polygon), or wait for Optimism. **Compound** at times will cost \$100 to \$200 to deposit 1000 DAI—pretty much destroys your Yield. I'm actually interested in checking out NEAR – seems to be gaining traction slowly but surely.

Also, Compound will roll-out their own Chain soon and that should help with gaining Yield without getting hit-over-the-head with Fees.



Saludiego_201 Send 20 Dai

1 May 26

I use Polygon a lot, in fact we even created tutorials in Spanish to encourage our community to use it, to return to a more decentralized and economic network, not like BSC where there are times when an exchange costs 4\$.

In fact I like to be able to mint DAI with my wBTC, with almost no costs.

2 ❤️



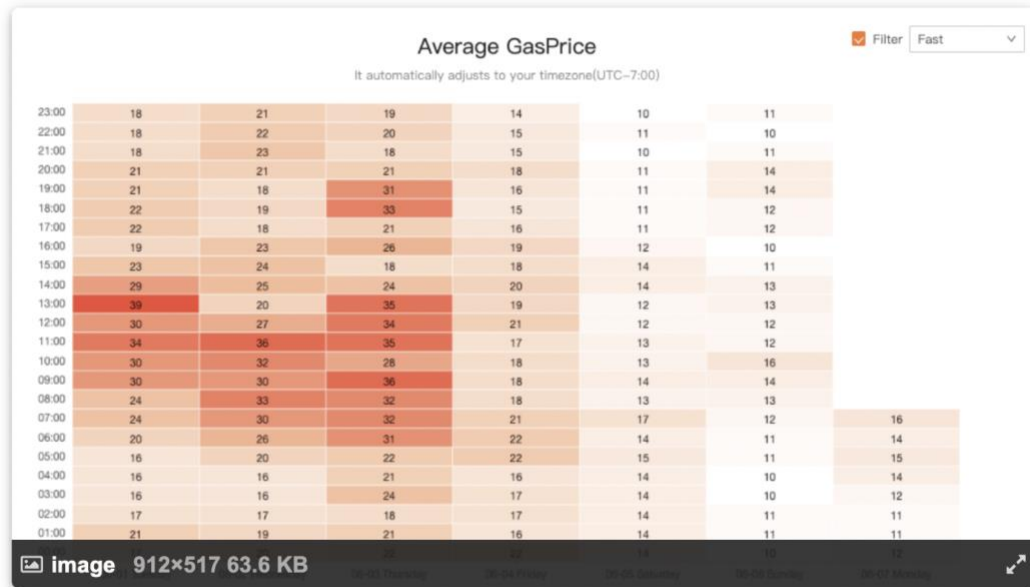
11 DAYS LATER



monet-supply Risk Core Unit Team

Jun 7

Reminder that there's 1 more day to vote in this signal request!



Recently gas prices have been on a downtrend, with prices falling to as low as 10 gwei. However, I think it still makes sense to adjust the dust limit per the original signal request, as gas prices also fell during the Sept-Nov down market last year before rebounding quickly. Any significant market drop could also trigger 3-4 digit gas price spikes during periods of peak liquidations.



AstronautThis

Jun 7

I'm a bit late to say this now, but I'm assuming a specific ETH price is being assumed here?

If ETH prices go up, will we have to correspondingly keep raising the dust parameter and also always have vaults falling below the dust threshold as times goes by (assuming crypto prices rise in the long term).

1 ❤️ 🔗



monet-supply Risk Core Unit Team

Jun 7

Yep, you're correct. The tables above were based on a \$2400 ETH price. You can make a copy of [this sheet](#) and simulate for different ETH prices.

1 ❤️ 🔗

Picture: 3e

Source: Discourse, MakerDAO, Governance (2021). Available at: <https://forum.makerdao.com/t/signal-request-adjusting-dust-parameter-2021-3/8315/7>. Accessed latest: 2021-08-04

SushiSwap:

**Guerilla**

Jun 2

Please don't touch my 0.05% and find another way to manage the Treasury.

1 Reply ▾

7 ❤️ 🔗

**hhk**

Jun 2

This is a really good proposal, strong yes !

1 ❤️ 🔗

**ceteris**

Jun 2

good and needed proposal imo, never too early to start thinking about long-term funding. think having 50/50 exposure eth and usdc would be a good balance. could integrate with some yearn vaults (50% lido staked eth/50% usdc) or just lp weth/usdc. would support aggressive treasury fee rate at this stage in sushi's life.

2 ❤️ 🔗

**Vogz**

Jun 2

I support this proposal in principle, but:

I think payout ratio should be dynamic, to target a certain yearly Treasury revenue amount.

- Once this amount is reached, the payout ratio should reset back to where it is now.
- The amount should be inflation weighted, as defined by yearly M2 increase, so the relative value will be retained instead of diluted by the money printer.

1 Reply ▾

2 ❤️ 🔗

**hhk**

Jun 2

As i said before, I think it's a good proposal for the long-term.

But after reading few comments here & on twitter, short-term, it clearly seems we could achieve the same goals with a better usage of the current treasury.

❤️ 🔗

**yuan-han-li**

2 Jun 2

Thank you everyone for the valuable feedback. Feedback so far (across Twitter, here, and Discord) seems to fall into two broad camps, we provide these views along with some of our thoughts below:

Jun 2

1 / 34

Jun 2

30d ago

5 / 34

Jun 2

30d ago

 **Tangle**   Vogz Jun 2

Good points in this. Having Dynamic rate could be an interesting way to satisfy anyone who is on the fence about this proposal. If, target is reached, then back to rewards as usual. Also the relation to Inflation is a key aspect as well, as that could get slippery in the current economic environment. I'll look into this some more, but I there is some good stuff here.

4  

 **Graine** 1  Jun 3

Thanks for writing a detailed proposal!

While I see this as a potentially interesting solution, the problem discussed is many months away.

The previous treasury management proposal was meant to be a trial run before committing more funds. I firmly believe that if it manages 10%+ APR consistently, then increasing allocation to \$30-50M should cover any and all development costs. And if it doesn't - we should just stick the same funds into a yearn vault or similarly insured & battle-tested solution.

We should maximize the yield of the funds we already have, instead of trying to dedicate even more funds as a lazy band-aid.

The reason of why previous treasury proposal passed (at least for me) was that it addressed funding during prolonged bear market.

Tampering with xSushi yield that is already not competitive will trigger a flight of liquidity even further.

I am ~~expecting~~ hoping the dev team will come out with a ~~fidr~~ detailed budget report, so that we could accurately estimate whichever expenses they expect to incur.

Thus, I believe we should postpone the implementation of this proposal until either previous treasury proposal proves to be inadequate, or new iron-clad argument of Kanpai's necessity is introduced.

Picture: 3f

Source: Discourse, SushiSwap, Proposals (2021). Available at:

<https://forum.sushi.com/t/kanpai-bear-market-protection-with-treasury-revenue/4310/9>.

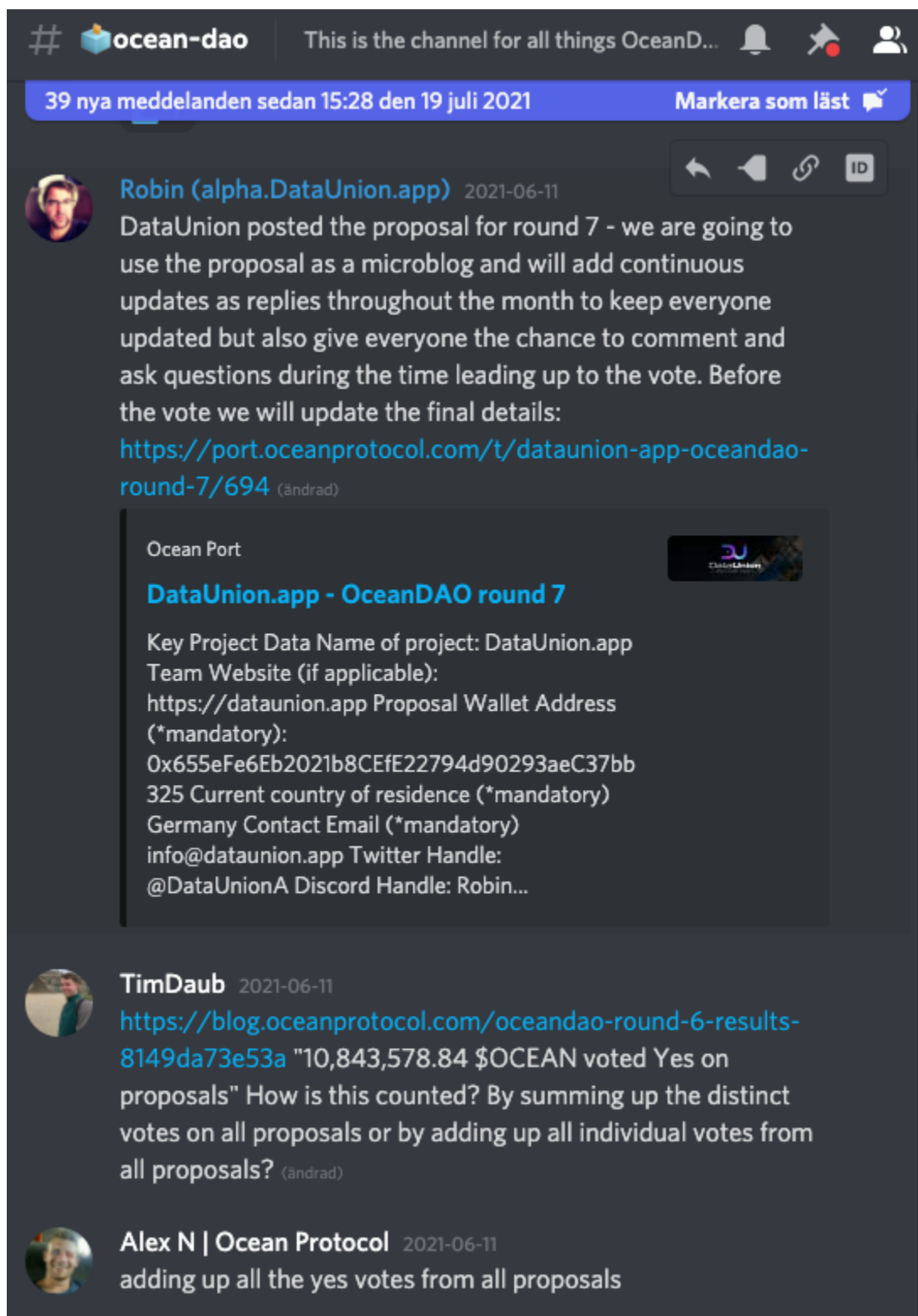
Accessed latest: 2021-08-06

Ocean DAO:

Jun 2

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Jun 2

30d ago



Picture: 3g

Source: Discord, OceanDAO, ocean-dao (2021). Available at: <https://discord.com/channels/612953348487905282/776848812534398986>. Accessed latest: 2021-08-04



Picture: 3h

Source: Zoom, OceanDAO, Town Hall (2021). Available at:

https://us02web.zoom.us/rec/play/EfspdoqwwyFi39YKT6d9W9snQviHP8d3NcvTg-0LloBZ8h_HDNbnIS2lrnBRiJ6PXR39ctloXMKwljs7.7dqE8WnXSeN5Y-7T?startTime=1624460219000&_x_zm_rtaid=O-1ZD_8sSJy9F0mu6uiOoQ.1625634545511.dd9d4cd85d85876e12a26d85d4adf781&_x_zm_rhtaid=755. Accessed latest: 2021-08-05


DataUnion - OceanDAO round 7
Log In
Search
Menu

OceanDAO
Round 7


Solipay
25d

Fantastic progress with your initiative – it would be great to explore how we can connect Solipay's systems with yours via Ocean – perhaps with development work or data integrations!

1
Heart
Link


Robin
Ambassador
1
24d

We probably should have call then to discuss this further 😊
Thank you for scheduling a call!

1
Heart
Link


kaimeinke
23d

I really like where this is going as archetype of a Data Union and I will support this project. Thanks for keeping it up and growing each day.

1
Heart
Link


TimDaub
22d


Robin:
Down
Up

Let's do a ROI calculation - this round we are focusing on facts rather than speculation:

Currently there are 610,553 \$OCEAN locked in the [DataUnion.app liquidity pool on the Ocean marketplace](#) .


Robin:
Down
Up

bang = 610,553 \$OCEAN

Since undoubtably you're the controller of 0x655eFe6Eb2021b8CEfE22794d90293aeC37bb325

Jun 11

9 / 18
Jul 6

22d ago

DataUnion - OceanDAO round 7

OceanDAO
Round 7

Log In

and since this address controls 44% of OCEAN in the pool that you're claiming has 610k OCEAN,

The top 100 holders collectively own 100.00% (227,942,014,234,567,000,000.00 Tokens) of 0xAAB9EaBa1AA26...

Token Total Supply: 227,942,014,238,034,000,000.00 Token | Total Token Holders: 243

0xAAB9EaBa1AA26... Top 100 Token Holders

Source: Etherscan.io

(A total of 227,942,014,234,567,000,000.00 tokens held by the top 100 accounts from the total supply of 227,942,014,238,034,000,000.00 token)

Rank	Address	Quantity (Token)	Percentage
1	0x655efefeb2021bdcfe22794d90293aac37bb325	101,601,367,866,906,000,000	44.5733%

Jun 11

12 / 18

Jul 8

22d ago

You should lower your BANG number by 44%:

$$610553 * 0.56 = 341909 \text{ OCEAN}$$

I don't think it makes sense to count your own money as a return of investment bang. It should only be the funds that you've achieved to gather from the community.

Robin Ambassador
22d

Thank you so much for your wonderful comment @TimDaub , it is great that you care so much about the community to comment on a few of the proposals to try to correct them with your opinions.

TVL means Total Value Locked - the total value locked here is 610.533 \$OCEAN. This is the metric we are going for here. Where the value locked comes from is not important here.

But thank you again for your concern. If you want to establish a new definition of TVL, then there is a plethora of projects out there in the DeFi space that would hopefully be happy to get evangelised by you to change the numbers in their TVL calculation to consider the creators of a pool to not be counted into their TVL calculation.

Picture: 3i

Source: Discourse, Ocean Protocol, OceanDAO Round 7 (2021). Available at: <https://port.oceanprotocol.com/t/dataunion-oceandao-round-7/694>. Accessed latest: 2021-08-12

VitaDAO:



PetterW

May 25

Great first draft! Good job putting this together!
A few comments.

- It is only implicitly implied that number of votes is directly related to number of \$VITA tokens and that a minimum of 1 is required. It would be good to clarify this, i.e. that 1 token = 1 vote. But I would also suggest that we cap that to avoid whale dynamics, so perhaps a maximum of 1 million, after that you cannot get more votes, regardless of number of tokens?
- The duration of phase 1 is a bit vague to me. It says it is open-ended but, you need to get 10 votes (i.e. 10 votes from different addresses or 10 tokens? Perhaps this voting is not involving tokens, just "likes" or similar, that needs to be clarified in that case) within 3 days. So is the voting open ended so if you get 10 votes within an 3 day period it is passed to phase 2, or do you need to get 10 votes within the first 3 days?
- Phase 2, again token votes or "likes" ? Here it seems to be rather addresses. Do we have a mechanism to connect a wallet address to a forum participant (I did not get the option to connect Metamask to Discourse) to assure it is a Member according to the criteria, or do we assume good behaviour here?

Thanks again, great work!

2 ❤️ 🔗



tylergolato

May 25

Regarding Phase 1, it simply means 10 individual community members need to support. Could be likes in a poll. Same for Phase 2. Only Phase 3 is a token-based vote.

2 ❤️ 🔗



tylergolato

May 27

Some excellent feedback from **Patrick Rawson**:

As mentioned before I don't owning tokens should be the only means of becoming a member. There's two reasons:

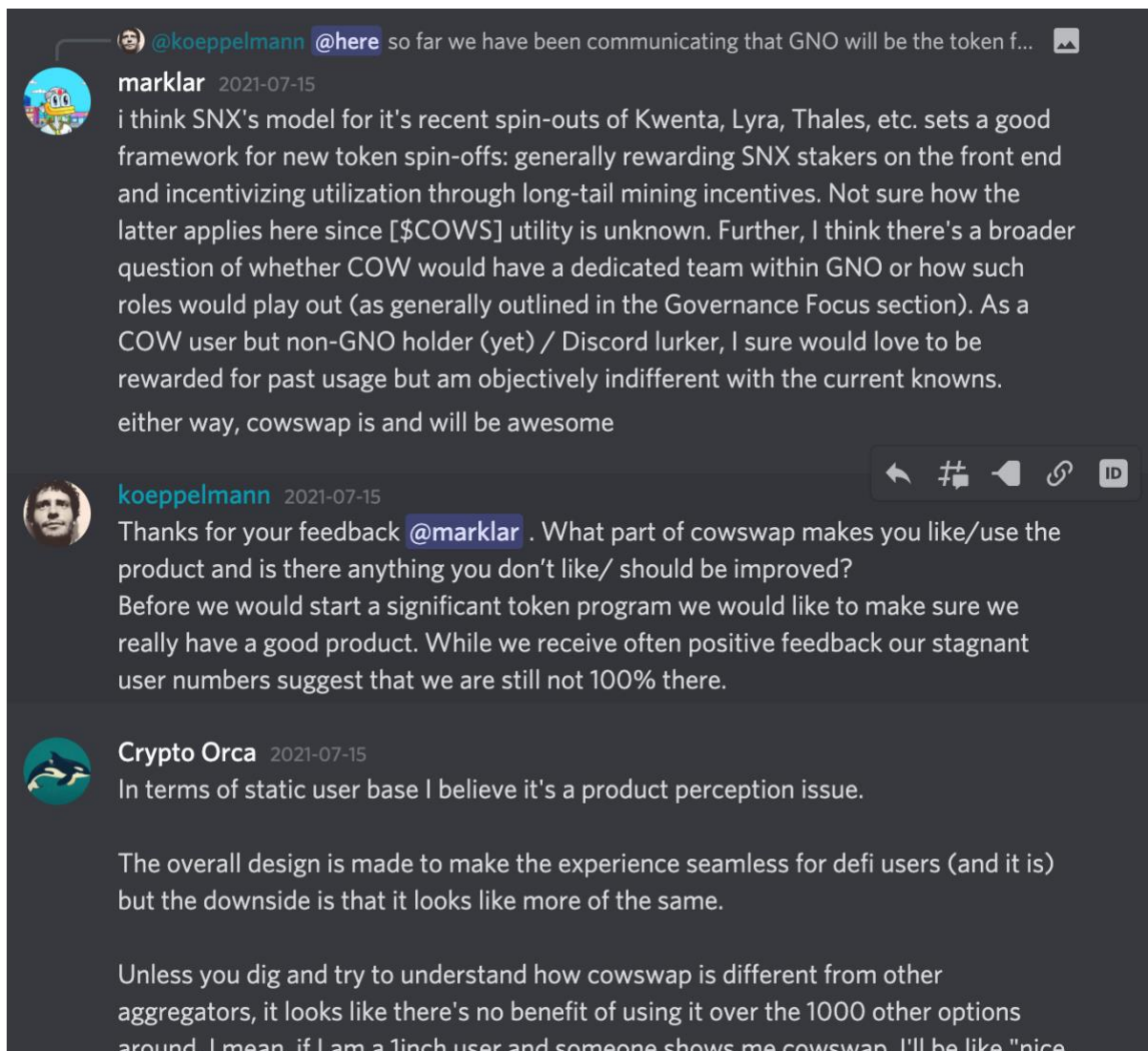
(1) If you guys are going the route of unincorporated partnership, this broadens the definition of DAO

Picture: 3j

Source: Discourse, VitaDAO, Proposals (2021). Available at:

<https://gov.vitadao.com/t/vdp-1-vitadao-governance-framework/40>. Accessed latest: 2021-08-12

GnosisDAO:



Picture: 3k

Source: Discourse, GnosisDAO, Protocol-general (2021). Available at:

<https://discord.com/channels/477106835862716416/639851872487735316/865323610452131861>. Accessed latest: 2021-08-12

VOTING (4)

BadgerDAO:

← BadgerDAO

BIP 61. Emissions: 12 Week Liquidity Mining Program.

Stängd

...

Share

TL;DR:

- Keep the same level of rewards as the 22nd week for:
 - Badger Native Setts: bBadger, Badger LPs on Uniswap and Sushiswap
 - Sushi Setts: ETH/WBTC SLP, ibBTC/WBTC SLP
- Boost the Rewards for Convex Setts for the 12 Week Liquidity Mining Program, gradually reducing them from 3x to 1x throughout the Program as a substitute to the Launch Boost.
- Halve the rewards for byWBTC Sett and keep them on this level for the duration of the Program
- Introduce the Rewards for BadgerDAO Convex Helper Vaults (CVX and cvxCrv)
- Gradual emission reduction schedule for DIGG

Link to Discussions: <https://forum.badger.finance/t/bip-61-emissions-12-week-liquidity-mining-program/4767>

Information

Strategier

Författare 0x592F...e20a Core

IPFS #QmVBFKi

Röstningssystem Enstaka val röstning

Startdatum Jun 29, 2021, 10:30 PM

Slutdatum Jul 1, 2021, 10:30 PM

Skärmdump 12,731,075

Resultat

For 61.62k BADGER 63.99%

Against 34.68k BADGER 36.01%

Ladda ner rapport

Picture: 4a

Source: Snapshot, BadgerDAO, Badger Improvement Proposal (2021). Available at: <https://snapshot.org/#/badgerdao.eth/proposal/QmVBFKiyeirKW3RRwLGdvj2DfqAMLKauYlotmHu72GCSKi>. Accessed latest: 2021-08-04

Inverse:

Add xINV to Anchor

EXECUTED #023 - May 15th, 2021

Details

Deployer

I propose to add xINV to Anchor. xINV is an Anchor market that users can enter by depositing INV as underlying collateral.

Users who deposit into xINV will receive 4 main benefits:

- Ability to borrow any assets on Anchor using INV as collateral
- Compounded INV treasury rewards every block
- Potential protocol fee sharing
- Ability to vote or delegate using GovernorCharlie (pending governance contract upgrade)

Below are the proposed deployment parameters. Please note that each of these parameters can be changed by a governance vote in the future.

- Collateral factor: 50%
- Withdrawal escrow duration: 14 days
- Reward rate: 1500 INV per month
- Oracle feed: Sushiswap TWAP oracle

Actions

ACTION 1

Oracle.setFeed(

For Votes

57 voters 8.64k votes

BenLavabo 1.29k

cs 1.07k

Somer 1.05k

Alan 706.70

0xD69B...1fE4 689.65

VIEW ALL

Against Votes

2 voters 126 votes

Keen 120.00

0xA00c...7Bac 5.61

Picture: 4b

Source: Inverse.Finance, Governance, Voting (2021). Available at: <https://www.inverse.finance/governance/proposals/23#>. Accessed latest: 2021-08-06

109

Gitcoin:

← Gitcoin

oneGTC: A \$GTC Backed Economy

Aktiv

...  Share

This proposal is the first of its kind, aimed at treasury optimization and creating a more sustainable method for distributing GTC to the GitcoinDAO workstreams, a few benefits to this proposal:

- Having a stable token for the GitcoinDAO allows the DAO to fund work streams with certainty, instead of being victims of market fluctuation.
- Using \$oneGTC as the preferred token for rewarding contributions to workstreams will lead to retaining more value within the Gitcoin ecosystem.

This allocation was proposed on the forum in this Initial proposal: **oneGTC**  open for comments/feedback. Discussed by Stewards and the wider community for over 3 weeks.

After engaging with the ICHI community, discussing the potential benefits, use cases, and clarifying the value proposition of using a native stable coin we have gathered enough support to bring it to a vote.

Information

Strategier   
Författare  0x66b1...9398
IPFS #Qmf8du3 
Röstningssystem Enstaka val röstning
Startdatum Jul 26, 2021, 3:00 PM
Slutdatum Aug 4, 2021, 3:00 AM
Skärmdump 12,890,875 

Nuvarande resultat

Yes, I suppo...	640.58k GTC	67.71%
No, I don't...	305.55k GTC	32.29%

Picture: 4c

Source: Snapshot, Gitcoin, Voting (2021). Available at:

<https://snapshot.org/#/gitcoindao.eth/proposal/Qmf8du3yfvYvFsXRDQHfUMvafFBAMWb2ujC6KjWQZ8Mqky>. Accessed latest: 2021-08-09

NFTX:

The screenshot shows the NFTX Voting interface. The sidebar on the left includes a header with the user's address 'nftx.aragonid.eth' and a 'Connect account' button. Below this are navigation links for 'APPS' (Home, Tokens, Voting, Finance, Agent) and 'SYSTEM'. The main content area is titled 'Voting' and features a 'New vote' button. Below the title are filters for 'Status', 'Outcome', 'App', 'Start day', and 'End day'. A section labeled 'Closed votes' shows 12 votes. Four vote cards are displayed, each for an 'Agent' app. Each card shows a title, a progress bar for 'YES' and 'NO' votes, and a status 'Passed (enacted)'.

Vote ID	App	Function	YES (%)	NO (%)	Status
#11	Agent	Execute 'Unknown function (0xbd1f4b52)' on 0x9C5a36AEf5A7b04b0123b2064...	82%	0%	Passed (enacted)
#10	Agent	Execute 'Unknown function (0xa4ebfede)' on 0xAf93fCce0548D3124A5fC3045a...	82%	0%	Passed (enacted)
#9	Agent	Execute 'Unknown function (0xa4ebfede)' on 0xAf93fCce0548D3124A5fC3045a...	100%	0%	Passed (enacted)
#8	Agent	Execute 'Unknown function (0x55dbd8eb)' on 0x947c0bf-...	100%	0%	Passed (enacted)

Picture: 4d

Source: Aragon Client, NFTX, Voting (2021). Available at:

<https://client.aragon.org/#/nftx/0xf20e3d05813ce460d42994d26eb4b7d85381d117/>. Accessed latest: 2021-08-12

MakerDAO:

POSTED 14 JUNI 2021 16 UTC

Increase the Dust Parameter - June 14, 2021

POLL ENDED

WINNING OPTION: YES

[Poll Detail](#) [Vote Breakdown](#)

The Governance Facilitators have placed a Governance Poll into the voting system on behalf of the MakerDAO community. This Governance [Poll](#) will be active for three days beginning on Monday, June 14 at 16:00 UTC.

This is a binary vote.

- **You may vote for a single option.**
- **You should vote for the option which you prefer.**
- **If you would accept either option, you should vote 'Abstain'.**

Review

The community can vote in this poll to express support or opposition to modifying the [Debt Floor](#) (dust) parameter for most vault types:

- Increase the Debt Floor from 5,000 DAI to 10,000 DAI for most vault types.
- PSM-USDC-A, ETH-B, and ETH-C vault-types will be excluded from this change.

Please review the discussion [thread](#) to help inform your position before voting.

Outcomes

If the votes for the 'Yes' option exceed the votes for the 'No' option then the following actions will be taken:

- This change will be included in the weekly Executive Vote on the Friday following the conclusion of this poll.
- If the Friday executive passes, then this change will become active in the Maker Protocol after the [GSM Pause Delay](#) has expired.

If the votes for the 'No' option equal or exceed the votes for the 'Yes' option then no further action will be taken at this time.

Resources

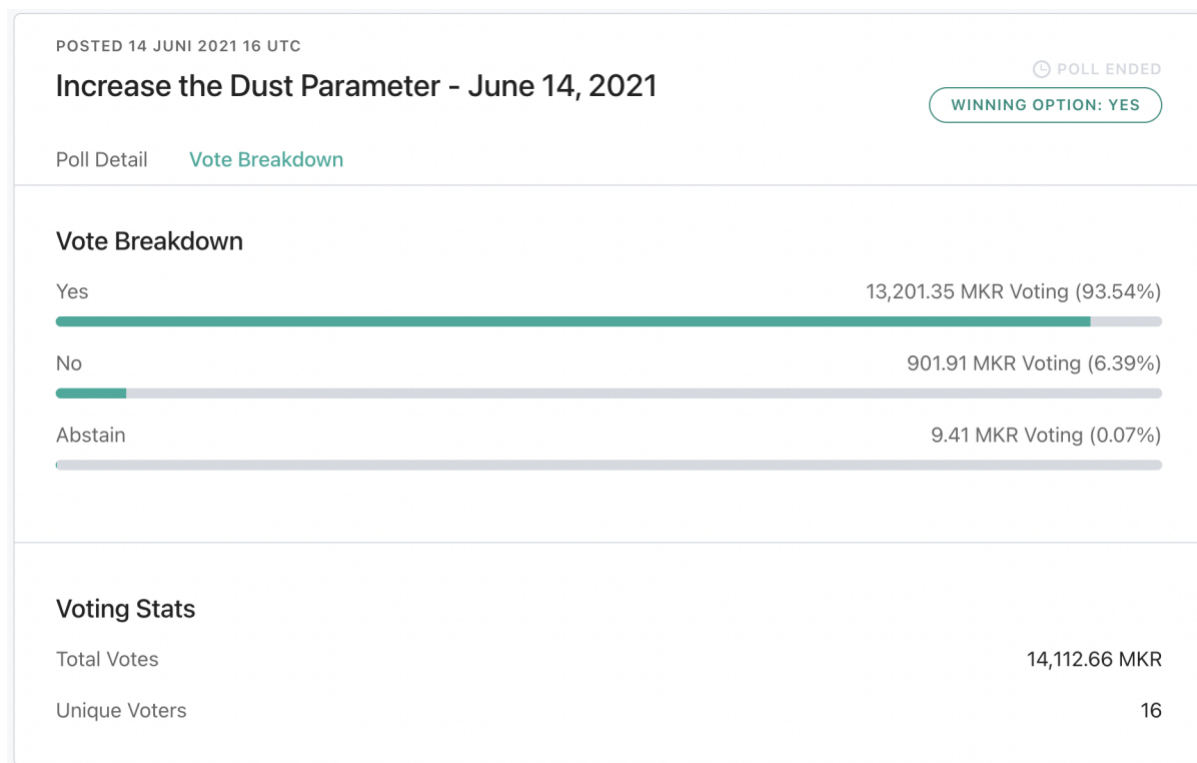
Unsure about the Debt Floor (dust) parameter and what you should take into account when voting? Check out the parameter documentation [here](#).

If you are new to voting in the Maker Protocol, please see the [voting guide](#) to learn how voting works, and this [wallet setup guide](#) to set up your wallet to vote.

Additional information about the Governance process can be found in the [Governance](#) section of the MakerDAO community portal.

To participate in future Governance calls, please [join us](#) every Thursday at 17:00 UTC.

To add current and upcoming votes to your calendar, please see the [MakerDAO Public Events Calendar](#).



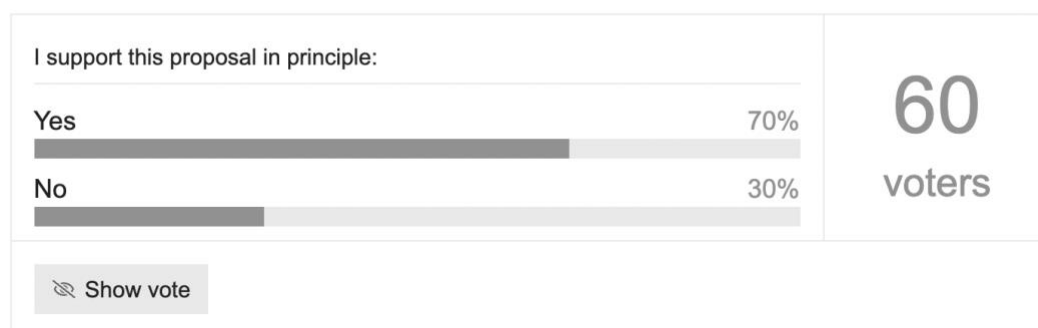
Picture: 4e

Source: MakerDAO website, Vote, Polling (2021). Available at: <https://vote.makerdao.com/polling/QmZRuAtn?network=mainnet#poll-detail>. Accessed latest: 2021-08-08

SushiSwap:

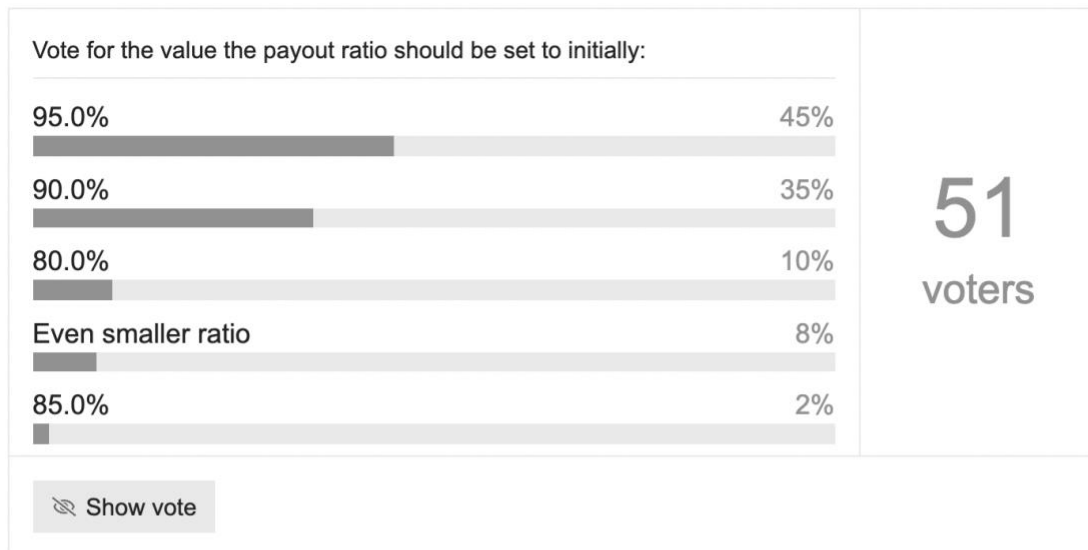
Polls

Overarching Proposal Poll

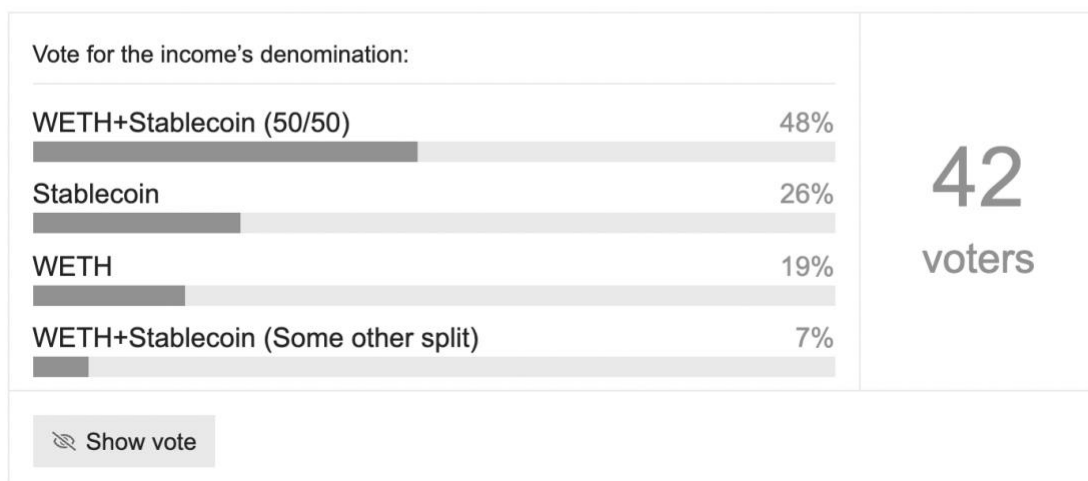


Payout Ratio

Payout Ratio	95%	90%	85%	80%
Treasury's Fee Rate	0.25bps	0.5bps	0.75bps	1bps
xSUSHI Fee Rate	4.75bps	4.5bps	4.25bps	4bps
Annualized Treasury Revenue	\$7.56mm	\$15.12mm	\$22.68mm	\$30.24mm
Annualized xSUSHI Revenue	\$143.63mm	\$136.07mm	\$128.51mm	\$120.95mm



Income Denomination



Picture: 4f

Source: Discourse, SushiSwap, Proposals (2021). Available at:

<https://forum.sushi.com/t/kanpai-bear-market-protection-with-treasury-revenue/4310>.

Accessed latest: 2021-08-08

Ocean DAO:

[← OceanDAO](#)

DataUnion.app

Stängd

[↑ Share](#)

The project creates a two-sided market and economy for crowdsourced data to enable long and short term benefits of AI for everyone.

Full Proposal

<https://port.oceanprotocol.com/t/dataunion-oceandao-round-7/694/>

Grant Deliverables

- New annotation tools and mechanisms (ongoing)
- Release a mobile application that the mechanisms of our web app and Swipe-AI (Q3 2021)
- Release the Data Portal (Q3 2021)
- Internationalize the platforms (Q3 2021)
- Simulate the token value flow using simulation tools (Q3 2021)
- Include NLP to translate annotations and cater to a worldwide audience (Q4 2021)
- Increase decentralisation of our solution by moving the control to smart contracts (Q4 2021)
- Algorithm training and sales via our Data Portal - have the data providers become co-owners of that as well (Q4 2021)
- Allow addition of data while it resides on different storage (2022)
- Recruit more people and facilitate development via OceanDAO grants (ongoing)

Information

Strategier

Författare  0x085E...9d75 Core

IPFS

#QmewLHn [↗](#)

Röstningssystem Enstaka val röstning

Startdatum Jul 9, 2021, 1:59 AM

Slutdatum Jul 12, 2021, 2:00 PM

Skärmdump 12,790,055 [↗](#)

Resultat

Yes 1.04m OCEAN 68.88%

No 470.1k OCEAN 31.12%

[Ladda ner rapport](#)

- Potentially launch a governance token (Q4 2021)

Engage in community conversation, questions and feedback

<https://discord.com/channels/612953348487905282/776848812534398986>

Cast your vote below!

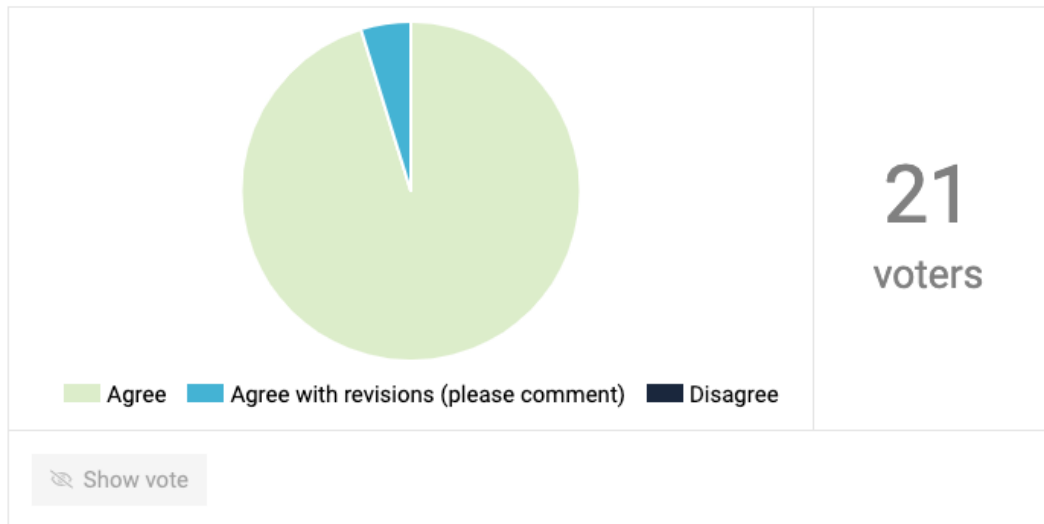
Röster 30		
 0xbdD5...4C21	No	330.09k OCEAN 
 DataUnion.app	Yes	278.42k OCEAN 
 0xCe7B...7F0b	Yes	232.7k OCEAN 
 0xD0a2...85e8	Yes	100k OCEAN 
 0xEa13...2760	Yes	84.17k OCEAN 
 0xCb4a...0659	Yes	55.69k OCEAN 
 0xA95c...5242	Yes	50k OCEAN 
 0x096b...1F39	Yes	50k OCEAN 
 0x73c4...d392	No	50k OCEAN 
 0xd71B...82CC	No	50k OCEAN 

Picture: 4g

Source: Snapshot, OceanDAO, Voting (2021). Available at:

<https://vote.oceanprotocol.com/#/officialoceandao.eth/proposal/QmewLHnF4DG7nxopMsyfXg3foYbqPSofcSBhCiAVWL3EYT>. Accessed latest: 2021-08-06

VitaDAO:



1 Reply ▾

6 ❤️ 🔗

🔗 As a member, how do I vote? 1

🔗 VDP-3 VitaDAO Tokenomics Proposal 1

🔗 VitaDAO Proposal Naming Rules Proposal 1

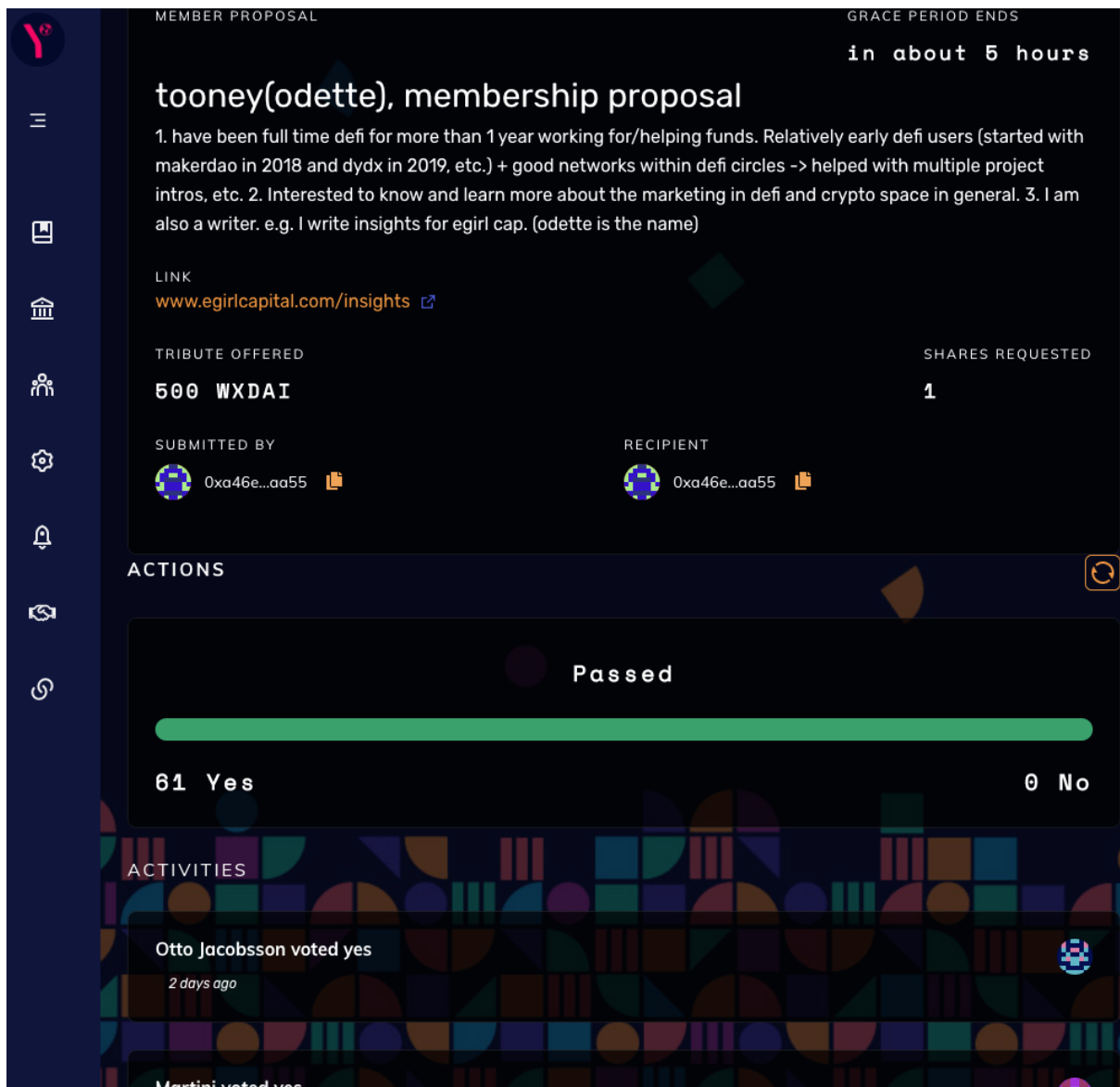
created	last reply	15	515	8	39	10	 6	 3		▼
 May 24	 22d	replies	views	users	likes	links				

Picture: 4h

Source: Discourse, VitaDAO, Proposals (2021). Available at:

<https://gov.vitadao.com/t/vdp-1-vitadao-governance-framework/40>. Accessed latest: 2021-08-12

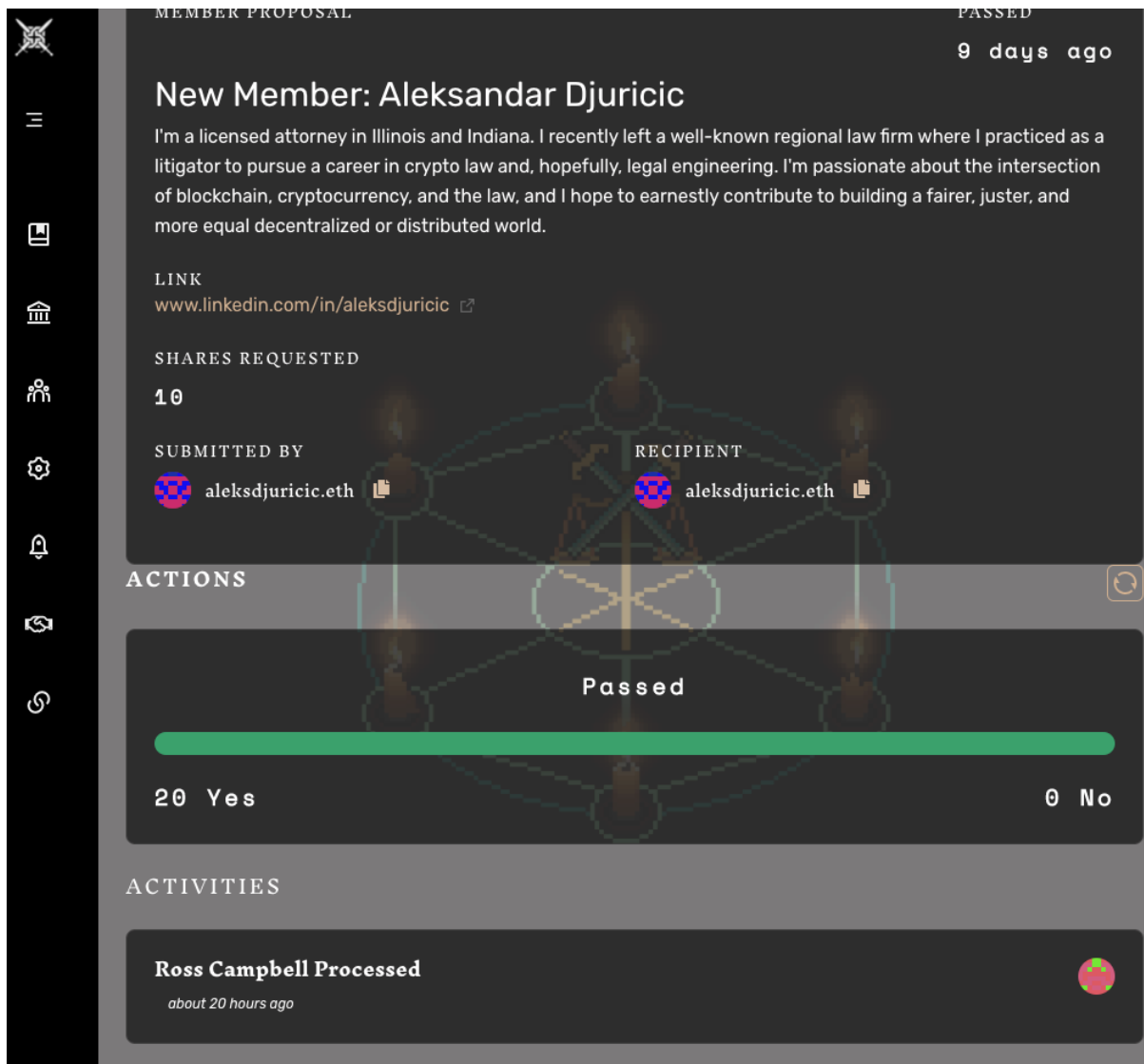
YapDAO:



Picture: 4i

Source: DAOhaus, YapDAO, Proposal (2021). Available at: <https://app.daohaus.club/dao/0x64/0xf2d551a980b44a8f965252d109190343bf92ed77/proposals/13>. Accessed latest: 2021-08-12

LexDAO:



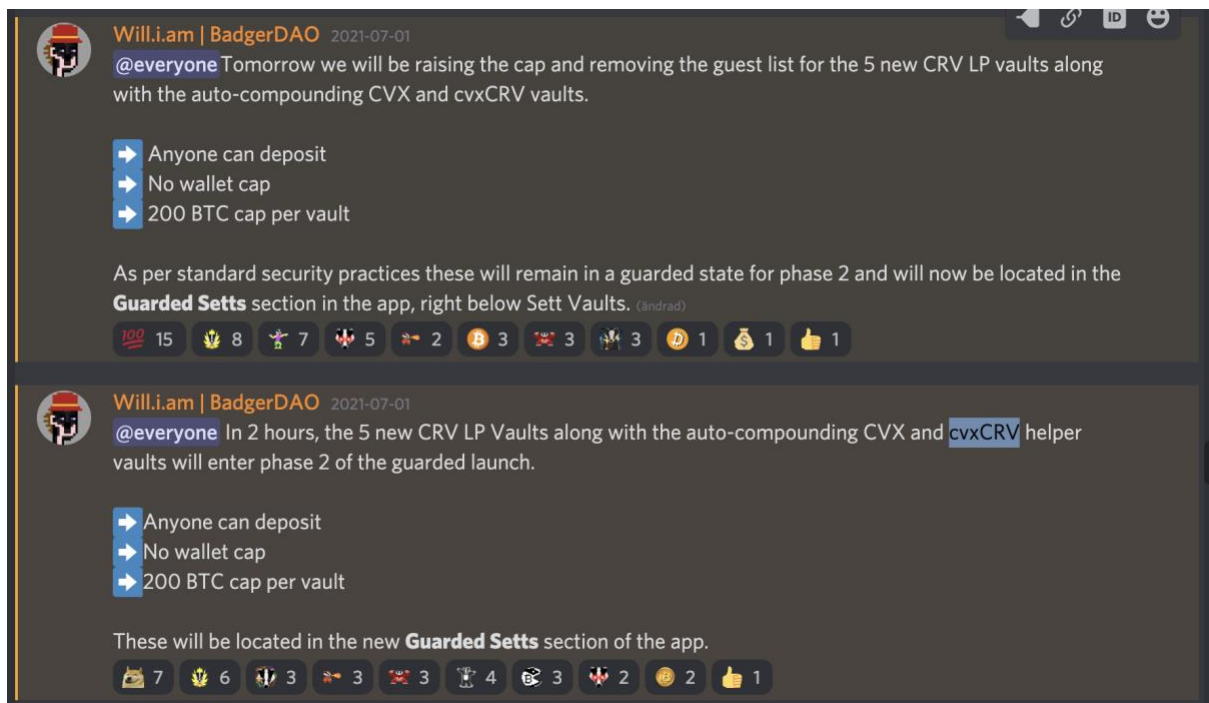
Picture: 4j

Source: DAOhaus, LexDAO, Voting (2021). Available at:

<https://app.daohaus.club/dao/0x64/0x58234d4bf7a83693dc0815d97189ed7d188f6981/proposals/45>. Accessed latest: 2021-08-12

IMPLEMENTATION (5)

BadgerDAO:



Picture: 5a

Source: Discord, BaderDAO, Announcements (2021). Available at:

<https://discord.com/channels/743271185751474307/753997903399485674/862453376145686528>. Accessed latest: 2021-08-12

NFTX:

I think so at least

I don't think the two zaps should be the same contract

4 juli 2021



Kiwi 2021-07-04

Just saw in a chat someone who fucked up with a smart contract upgrade
they added 2 new fields to the storage
but the order they put it in, replaced where `initialized` was
and because of that, someone was able to call `initialize()` again
set themself as owner
and rug
p wild



quag 2021-07-04

Damn.



gaus 2021-07-04

wow thats crazy

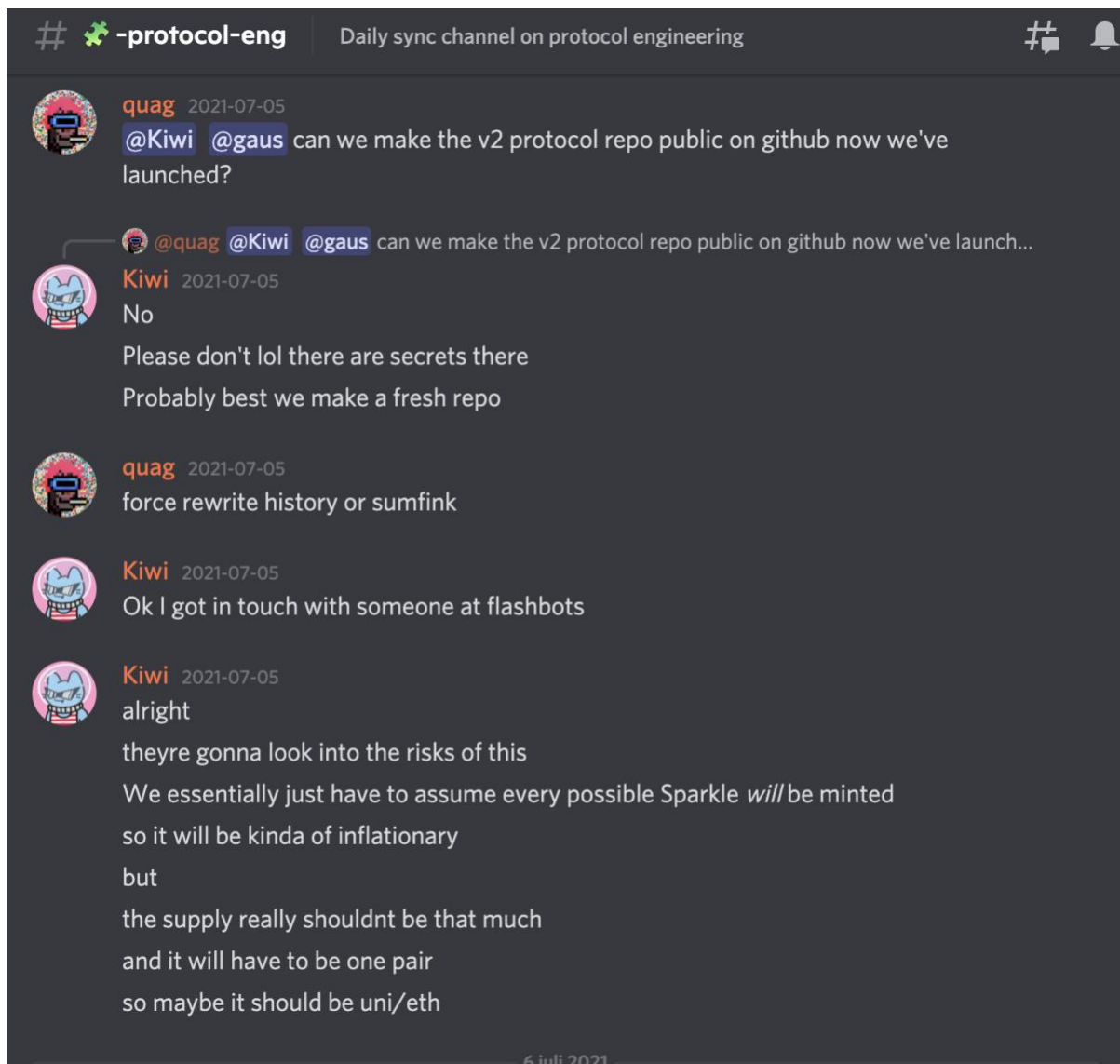
always wonder whether these are dev screwups or ingenious insider jobs
but I guess "never attribute to malice what can be attributed to ignorance"



Kiwi 2021-07-04

Haha

Yeha I mean the guy was asking for help in a server
So I guess he fucked up



Picture: 5b

Source: Discord, NFTX, Propocol Eng (2021). Available at:

<https://discord.com/channels/779073151115984926/844158740873216010/869106389832826881>. Accessed latest: 2021-08-02

MakerDAO:

TUSD Update: TrustToken Response to Implementation Concerns

■ Governance ■ tUSD



rafael.cosman

4 Jul '20

Hey folks, Raf CEO of TrustToken here. We're excited to see TUSD integrated as DAI collateral and are here to address the concerns that arose in the discussion below.

TUSD Update (Forum Poll): Concerns Surrounding the TUSD Collateral Type

■ Governance

Voting "set TUSD debt ceiling to 0" because I think MakerDAO should seek a high level of stability from collateral ERC20 contract implementations. The kind of change TUSD experienced should be seen as similar to migrating from a current token to a new one, except that the new and old version won't work in parallel. When the likelihood of migration to a new implementation is high, the value of adding the current version is relatively low.

We understand your concerns and want to work together to address them. We believe onboarding TUSD as collateral for DAI is mutually beneficial, and we can commit to changes or compromises to make this integration secure, easy, and reliable.

Where additional collateral types help keep DAI stable, the addition of TUSD, a 1:1 dollar-backed, [live-attested](#)  stablecoin, would allow users to borrow DAI using TUSD and keep DAI's value closer to \$1.

In addition, there is a high supply of TUSD available to borrow in [protocols such as Aave](#) , which users could use to mint DAI.

Responding to Points in “TUSD Update: Concerns surrounding the TUSD Collateral Type”

Concern 1: Deposit Address

The only way for a deposit address to be registered is through our [Deposit Address Registrar](#) ³. The adapter will never be marked as a deposit address, since the only key that writes deposit addresses is the Autosweep Registrar. We never manually declare addresses as deposit addresses.

Additionally, note that for any of the fiat-backed stablecoins, if their private keys were to be fully compromised, the attacker could upgrade the contract arbitrarily and cause arbitrary behavior. The best defense, under current best practices, is to use a multisig.

Concern 2: Private Keys

Currently, the ability to upgrade the TrueUSD implementation is governed by a multisig located at [0x285d362e41ccc116192a17d21a87f41fc26d32f9](#) ¹. We are working on doing the same for the registry key. To mitigate the risk of a single point of failure, we are working on moving all of our important keys to a multisig setup.

If you examine our competitors' proxies, you'll see that they are often more opaque than ours and/or have a single key, instead of a multisig, that can unilaterally upgrade the implementation.

Concern 3: Freezing Funds

A blacklist function is critical to TrustToken's regulatory & legal compliance. Every compliant stablecoin will have such a feature, easily discoverable in the smart contracts of two existing DAI collateral types. In 2020 alone, USDC [froze \\$100k by law enforcement request](#), and Tether [froze 40 addresses](#) containing millions of dollars in aggregate. TrustToken has a strong [terms of service](#) which prevent the arbitrary freezing of funds.

How TrustToken Can Adapt to Maker's Concerns

In order to help address the Maker community's concerns, we're willing to offer the following:

Technical Change: Simplifying Code Reviews

- Pre-scheduling code reviews: We are willing to commit to give Maker 14 days to review any new implementations, plus time for a vote before we make any future upgrades.
- Simplifying TUSD Code: It may be possible to simplify the TUSD contract by removing extraneous features (i.e. AutoSweep) and moving TrueRewards to a separate smart contract. We could agree on a maximum TUSD code size that the Maker community feels comfortable with, for example 800 LOC.
- Rollback: If necessary, we can downgrade the TUSD smart contract to the previous implementation, as originally approved by Maker.

Supporting Maker: Stabilizing DAI Peg with TUSD

- Market making DAI: If TUSD is added as a collateral to Maker, TrustToken is able to commit \$1mm TUSD as collateral to borrow DAI and sell into the market to help steady the DAI peg.

In summary, we take your concerns seriously and we're prepared to act on them to help TUSD improve the stability, reliability, and transparency of DAI.

Let me conclude by asking: Would the technical changes described here make the maker community comfortable with TUSD as collateral? If so, we'll proceed with them. If not, please let us know what we'd need to do to make the community comfortable with TUSD as collateral.

1 Reply ▾

30 ❤️ 🔗

Picture: 5c

Source: Discourse, MakerDAO, Governance (2021). Available at:

<https://forum.makerdao.com/t/tusd-update-trusttoken-response-to-implementation-concerns/3407>. Accessed latest: 2021-08-06

SushiSwap:

Implementation:

Currently, when SUSHI is served to the SushiBar (through the `SushiMaker.sol` or `SushiMakerKashi.sol` contract), tokens reserved as fees are removed from the liquidity pool, swapped into WETH, and then finally swapped from WETH into SUSHI and 'served up' to the SushiBar (e.g. DAI and USDC reserved as fees on SushiSwap are removed from the USDC-DAI liquidity pool, swapped into WETH, then into SUSHI and served to the SushiBar). One possible way, then, to send the 0.25bps of fees allocated to the Sushi Treasury might be to modify `_convertStep` within `SushiMaker.sol` and `SushiMakerKashi.sol` to:

1. Convert $1 - \text{payoutRatio}$ of all fees already denominated in SUSHI into WETH, then send this WETH to the Treasury address before serving the rest of the SUSHI directly to the SushiBar (currently, all fees already denominated in SUSHI are sent directly to the SushiBar within `_convertStep`).
2. In all other cases, during the final stage of the `_convertStep` process (when the tokens are converted into WETH before they are converted into SUSHI), send $1 - \text{payoutRatio}$ of the WETH to the treasury before converting the rest into SUSHI to serve xSUSHI stakers in the SushiBar.

30d ago

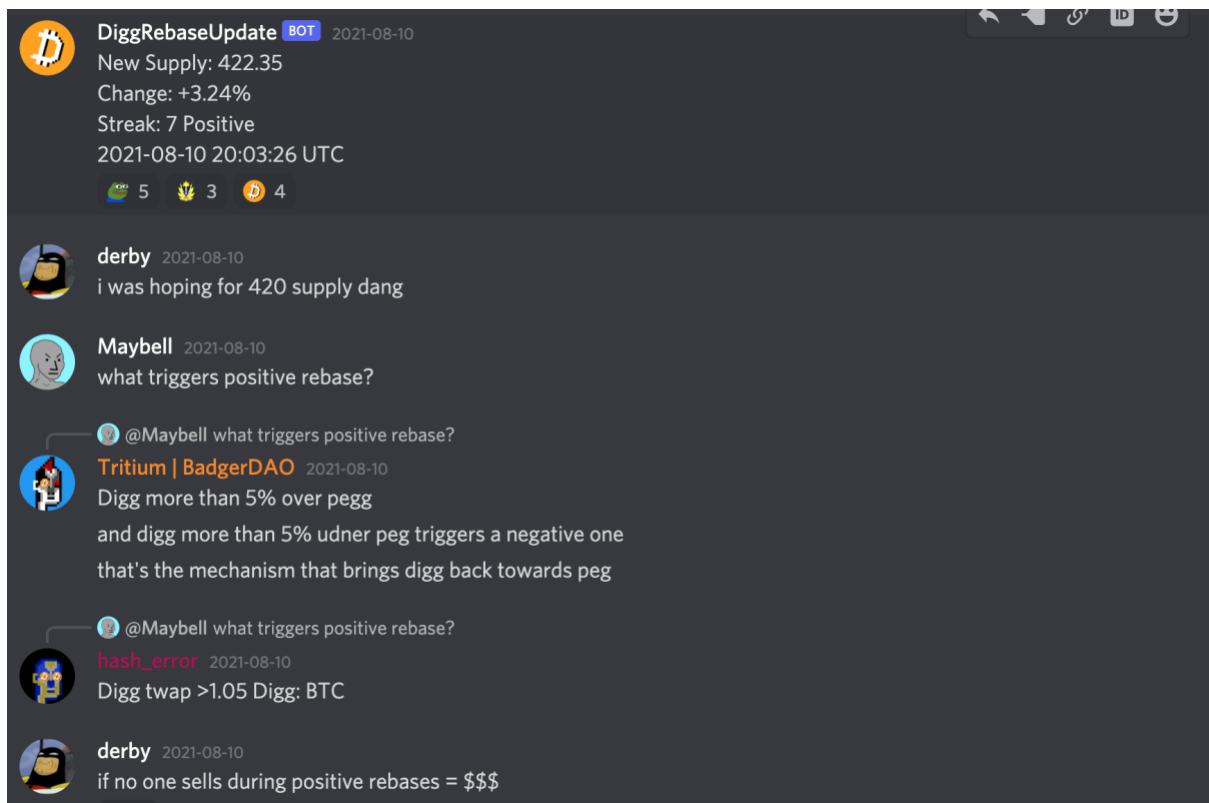
If this proposal is passed and implemented as outlined, no active management will be required and all Treasury revenue/income will then be denominated in WETH. We leave it up to future governance proposals to decide what to do with this WETH, but one idea would be to create a program which programmatically swaps WETH into stablecoin and WBTC every once in a while (e.g. on a monthly basis).

Picture: 5d

Source: Discourse, SushiSwap, Proposals (2021). Available at:
<https://forum.sushi.com/t/kanpai-bear-market-protection-with-treasury-revenue/4310>.
Accessed latest: 2021-08-07

FOLLOW-UP (6)

BadgerDAO:



Picture: 6a

Source: Discord, BadgerDAO, rebasing-digg (2021). Available at:

<https://discord.com/channels/743271185751474307/767908889995247616/874745070228734042>. Accessed latest: 2021-08-12

sesh ✓ BOT 2021-08-06
@everyone (ändrad)

 **Badgers Never Hide | Weekly AMA**

Badgers new Boost Optimizer makes it easier than ever to earn 2000x rewards with Boost Power Up, rebase mining phase 3 is off to a positive start and Tricrypto2 migration kicks off later today. Come chat with us.

 <https://twitter.com/i/spaces/1dRKZNMavPgKB>

Time
fredag 6 augusti 2021 kl. 19:00

Duration
1 hour

 **Attendees (23)**


The banner features a pixelated badger character wearing a blue uniform and a white cap with a gold 'B' on it. The badger is holding a small object. The background is dark with a repeating pattern of badger silhouettes. The text 'BADGERS' is in large, bold, yellow letters, and 'never hide' is in smaller, white, lowercase letters below it.

 Edit | Attendees Hidden | Created by Will.i.am | BadgerDAO

 23  1  1

Picture: 6b

Source: Discord (Twitter), BadgerDAO, events (2021). Available at:

<https://discord.com/channels/743271185751474307/852674372925522000/873221998489272411>. Accessed latest: 2021-08-12

Inverse:



Friends and foes, stay on your toes. We are watching you. 🐶

◆ We'll begin with the usual TL;DR:

- TVL is up from 1,78m to 2.34m. All organic growth
- Release of Yearn V2 vaults. Migration takes another 24h
- New USDC-ETH vault with 55-60% APY
- Reward committee and its members + 2k INV allowance has been voted on by you
- Rumors about anchors, hedgehogs, and dog owner look-alikes (DOLA)

▲ This week seems quieter than the last, but progress doesn't need to make a "bang" to make an impact.

◆ With the release of the new V2 vaults, Inverse has started its great migration which will be done in another 24 hours.

Once the migration is done all vaults will have the same APY.

◆ A new USDC-ETH vault was added with an initial cap of 300k, but Inverse ended up increasing that cap to 1m after a few hours to cover for the huge demand. Did we mention the current APY is 55-60%? (<https://twitter.com/andreconjetechn/status/1349499381632757765?s=21>)

◆ AdamQ managed to collect 1k votes and became a proposal delegate. Congrats to him!

◆ The community has been pretty active as well during this week's proposal which allowed for the creation of the reward committee and an allowance of 2k INV to reward (pro)active contributions.

👉 The on-chain vote passed with a majority of 18,420 votes against 80 :) Great participation there. Really happy to see so many active members!

👏 Now welcome your new reward- committee members: Nour, MrBrownwhale, Knockerton, Somer, and BenLavabo.

10



Picture: 6c

Source: Telegram, Inverse.Finance, Announcements (2021). Available at: <https://t.me/InverseFinanceAnn/43>. Accessed latest: 2021-08-12

Gitcoin:



ceresstation

2 6d

This weekly post has the ambition to summarise what's been going on in the Gitcoin DAO Governance. Topics, ideas, proposals, and votes will be listed with links for further reading and discussion. If there's anything missing please reach out! 📝

🤖 Meta-Governance

- The third Gitcoin Monthly Steward sync was held on August 2. @Anett provided the [agenda](#) 1 and [notes](#) from the call. A recording is coming through soon!
- The [DAO calendar](#) 6 continues to be updated with relevant workstream events, if you see anything missing please suggest it!
- @Anett proposed an [initiative](#) 2 that was brought up on the Stewards call #3: "The idea to host unconference sessions is to meet stewards & friends and have informal chats together, share memes, share whatever we want. The outcome should be to build relationships as the DAO moves faster when people know each other and it helps create a more friendly atmosphere."
- Illustrations were added to the [v1 governance post](#) and a new mapping of the GitcoinDAO ecosystem was [published](#) 1 by @Zargham. "The goal of this document is to provide a preliminary mapping of the critical operational functions of the GitcoinDAO pursuant to GitcoinDAO's stated purpose, and in particular the interplays between the various stakeholders."
- The [budget proposal](#) 2 for the Public Goods Funding Workstream has been put to [vote](#) 2 and passed, making it the first workstream allocation confirmed by stewards.
- The [vote](#) to ratify the "oneGTC: A \$GTC Backed Economy"-proposal did not pass. The [proposal thread](#) has received a lot of feedback and input from the community. Yalor [closed](#) the topic as the deadline for the voted passed.
- @Sirlupinwatson hosted a [call](#) on possible ways to improve the Gitcoin community with a discussion around the Mini Grants Community Events [proposal](#).
- The discussion of a Second Claim Window for \$GTC was [closed](#) by @Yalor due to inactivity.

👥 Workstream Discussion

Public Goods Funding / Treasury Management

- The [budget proposal](#) 2 for the workstream has passed and action has been taken to push forward on a formal on-chain vote

Picture: 6d

Source: Discourse, Gitcoin, Meta-Governance (2021). Available at:

<https://gov.gitcoin.co/t/gitcoin-dao-week-in-governance-edition-6/8161>. Accessed latest: 2021-08-12

NFTX:

 **gaus** Igår 17:40

Vote 255: Update LPStaking impl to
0x4f566a711901168804A74F252680d85C9246188e

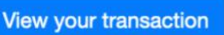
6. upgradeProxyTo

index (uint256) 

3

newImpl (address)

0x4f566a711901168804A74F252680d85C9246188e

Vote 256: Remove old zap from fee exclusions

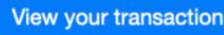
8. setFeeExclusion

_excludedAddr (address)

0x64029E2da85B1d53815d111FE15609034E5D557

excluded (bool)

false

Vote 257: Add new zap to fee exclusions
(0x28E9162fC10Bb3A7f98f44e90fA7273698fce360)

8. setFeeExclusion

Picture: 6f

Source: Discord, NFTX, aragon votes (2021). Available at:

<https://discord.com/channels/779073151115984926/791858971316453386/875041024970477608>. Accessed latest: 2021-08-12

MakerDAO:



Agenda

The zoom waiting room will be on, and a password is set to: **748478**, please ping us in the #governance-and-risk chat if you aren't let in from the waiting room. This Agenda will be updated over the following week leading up to the call as people make me aware they want segments.

🌐 July 22, 2021 7:00 PM

- [Video/Voice](#) 25
- [Dial-in](#)
- [Calendar](#)

Introduction

- [@LongForWisdom](#) : Hosting, Introduction, Agenda.

Weekly Updates

I'd encourage those listed to try keep this to 5 minutes!

- Poll + Executive Status - [@LongForWisdom](#)
- Governance - [@GovAlpha-Core-Unit](#)
- Protocol Engineering - [@Protocol-Engineering](#)
- Risk - [@Risk-Core-Unit](#)
- Oracles - [@Oracles-Core-Unit](#)
- Real World Finance - [@Real-World-Finance](#)
- Growth - [@Growth-Core-Unit](#)
- Content Production - [@Content-Production](#)
- Sustainable Ecosystem Scaling - [@SES-Core-Unit](#)
- MIPs - [@MIP-Editors](#)

Segments

- Nothing planned

Discussions and General Q&A

- An anonymous Question Box is now available! Leave your question [here](#) 1 and we'll try to

Picture: 6g

Source: Discourse, MakerDAO, Weekly updates (2021). Available at:

<https://forum.makerdao.com/t/agenda-discussion-scientific-governance-and-risk-151-thursday-july-22-17-00-utc/9423>. Accessed latest: 2021-08-12

Weekly Updates

Governance

LongForWisdom

01:02

- No polls ended this week. However, two sets of polls are active 1. Both are greenlit polls: G-UNIV3-DAIUSDC and U-Drop Tokens. Ratification polls are still active. Last week's executive has not yet passed.

GovAlpha Core Unit update

02:14

GovAlpha Weekly Update

- @longforwisdom created a thorough [post](#) on the Delegation process.
- Will be hosting the new [Meet Your Delegate](#) calls on Wednesday, July 28th @ 18:00 UTC.
- The GovAlpha Budget will be updated per quarter instead of the regular 2-quarter update.
- The [MIPs Portal](#) has some new addition, which will be live today!

Forum at a Glance

Sébix

04:13 ¹

[Forum at a Glance for July 15 - 22](#)

Three-Point Summary

- Surplus Buffer went down to 48M DAI due to [Core Unit Budget Distributions](#) last weekend after hitting 50M for the very first time.
- Total Value Locked went down a bit too (but not too much) to almost 9.2B.
- Pegs looking stable since last week.

Picture: 6h

Source: Discourse, MakerDAO, Governance (2021). Available at:

<https://forum.makerdao.com/t/agenda-discussion-scientific-governance-and-risk-151-thursday-july-22-17-00-utc/9423/2>. Accessed latest: 2021-08-12

SushiSwap:



ParkerLouise

Dec '20

We would like to add Amp to the proposal to be included in Onsen as well. We had a successful run as a menu of the week item and our community is excited about the possibility of making it a permanent affair.

UPDATED Summary

Amp is the token used as collateral on the Flexa network (<http://flexa.network> ³). The token is staked by the community to wallet projects to secure digital payments at merchants. There are currently two projects (Gemini Pay and SPEDN) that have integrated the Flexa SDK to enable real-world spending at merchants like Nordstrom, Lowes, Gamestop, Petco, and Baskin Robbins (yum!).

Abstract

Flexa is ranked #14 on DeFi Pulse with \$130M locked, and #1 (90% dominance) in Payments.

(<https://www.defipulse.com/flexa>)

Current liquidity of AMP-ETH on Sushiswap is: ~\$15,000 USD

AMP-ETH SLP contract: 0x15e86E6f65EF7EA1dbb72A5E51a07926fB1c82E3

*Note, Amp was formerly Flexacoin (FXC) but there was a 1:1 swap of the tokens earlier in the month due to an upgrade.

2 ❤️ 🔗



NodeRunners

Dec '20

We would like to propose Node Runners as a candidate for Onsen Gems category.

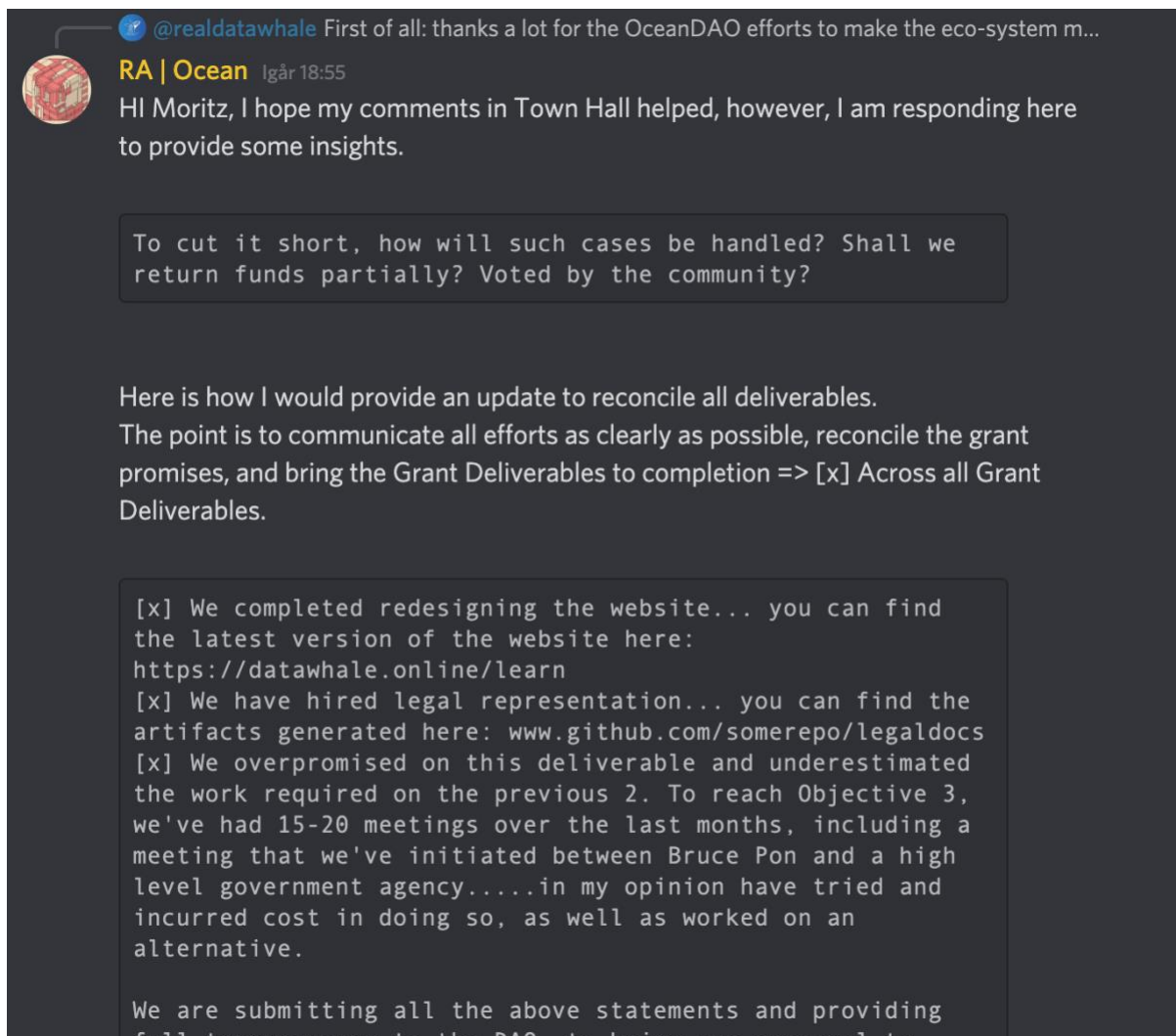
Node Runners is a collectible cards game aiming to bridge NFT with DeFi. Our goal is to bring more utility to NFT space. Users can farm or buy NFTs, stake them to earn NDR or use them in the game. We are also collaborating with other NFT projects to bring more value to collectible items. NDR token is used in our game mechanics and and governance.

Website: <https://noderunners.io>

Picture: 6i

Source: Discourse, SushiSwap, Proposals (2021). Available at: <https://forum.sushi.com/t/simp-2-onsen/1546/28>. Accessed latest: 2021-08-12

Ocean DAO:



Picture: 6j

Source: Discord, Ocean Protocol, ocean-dao (2021). Available at:

<https://discord.com/channels/612953348487905282/776848812534398986/875059747450155099>. Accessed latest: 2021-08-12

VitaDAO:



theobtl

Jun 28

The latest revision of this proposal now includes a process for embedded polls for all phase 2 proposals, as well as an exemplary poll for this proposal VDP-1.

What is new in the latest revision:

Proposals that receive more than 10 votes are moved to Phase 2. This phase requires proposals to be posted in the [VitaDAO Proposals category](#) on Discourse using the [VitaDAO Governance Proposal template \(VGP\)](#). Beside proper naming, the VGP template requires all proposals to include fields including but not limited to a Simple Summary, Abstract, Motivation, Specification, and Implementation.

In addition to these fields, Phase 2 proposals must include a single-choice poll on the proposal outcome giving the options "Agree", "Agree with revisions" (requiring a comment), and "Disagree". Participation should be restricted to trust level 1 and above and will be increased to trust level 2 at some point (see [Discourse Trust Levels](#)). The poll should result in a pie chart with results visible, as per this template:

```
[poll type=regular results=always public=true chartType=pie groups=trust_
* Agree
* Agree with revisions (please comment)
* Disagree
[/poll]
```

The proposal author is responsible to keep the proposal updated with the status of "Agree with revisions" comments. Only if the commenting author signals that their revision is resolved, a particular "Agree with revisions" vote is counted as an "Agree" vote.

Also decreased the number of votes required to pass Phase 2 **from 50 to 20**, given that we currently only have slightly more than 50 members here on Discourse with trust level 1. Once our governance process is more established, fully functional including on-chain votes and more widely used, I would suggest to increase the required number of votes again to an appropriate, to-be-defined threshold.

3 ❤️ 🔗

Picture: 6k

Source: Discourse, VitaDAO, Proposals (2021). Available at:

<https://gov.vitadao.com/t/vdp-1-vitadao-governance-framework/40/11>. Accessed latest: 2021-08-09