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**The emergence of democratic firms in the platform economy: drivers, obstacles, and the path ahead**  
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## ABSTRACT

This chapter explores how Merton's role-set theory provides fresh insight into the characteristics of platform capitalism and why users may seek alternatives such as platform cooperativism. The chapter begins with a tour of platform capitalism by signposting three of its distinguishing features, namely the concentration of power in corporate governance and markets, the construction and exploitation of digital profiles and personae and the cultivation of role and role-set conflicts by the blurring of user statuses. The chapter then applies role-set theory to a particular user – an Uber driver – to reveal the role and role-set conflicts they routinely encounter. Using new data gathered from directories and business registers, it traces the emergence of platform cooperatives and explains how these cooperatives can be seen as an attempt to reconcile aforementioned conflicts by conferring on users the status of 'member'.

## 2.1 INTRODUCTION

In recent years, a significant body of literature has emerged about the depredations of platform capitalism.<sup>24</sup> Two prominent strands of this 'counter-narrative' is that gig work platforms and social media platforms commodify the actions and behaviour of users for profit and, particularly in the case of the former, exert downward pressure on working terms and conditions.<sup>25</sup> This chapter explores how role-set theory, as developed by Merton and subsequent sociologists,<sup>26</sup> can offer a useful theoretical framework for explaining the effect of platforms on their users' identity and, in

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23 This chapter was prepared for the Young Scholars Workshop on Platform Coops at Utrecht University, held on 9 December 2019. A shorter version of this chapter is currently under peer review at *Ondernemingsrecht*.

24 Montalban, Frigant and Jullien (n 2).

25 Paul Langley and Andrew Leyshon, 'Platform Capitalism: The Intermediation and Capitalization of Digital Economic Circulation' (2017) 3 *Finance and Society* 11.

26 William M Evan and Ezra G Levin, 'Status-Set and Role-Set Conflicts of the Stockbroker: A Problem in the Sociology of Law' (1966) 45 *Social Forces* 73; Robert K Merton, 'The Role-Set: Problems in Sociological Theory' (1957) 8 *The British Journal of Sociology* 106; Lance W Roberts and Susanne von Below, 'Role-Set Theory and Modernity: Transforming Experience into Understanding' in Nikolai Genov (ed), *Advances in Sociological Knowledge: Over half a Century* (VS Verlag für Sozialwissenschaften 2004).

turn, the perceptions of users and their preferences when engaging with the platform. In doing so, this chapter subsequently considers if an alternative organizational form, such as a cooperative, can alter these 'affective encounters' between platforms and users to the latter's benefit through a change of their status.<sup>27</sup>

In doing so, two contributions are made to the existing literature. Firstly, the chapter provides a theory for why there is an interest in the formation of cooperatives in the platform economy, grounded in a desire for persons to change their status in relation to online platforms. Secondly, in explaining how the status of cooperative membership changes this relationship, typologies of cooperative-run platforms and platform cooperatives are presented, based on data collected from the Internet of Ownership directory and business registries in the European Economic Area. While the appendices provide a broader overview of these cooperative-run platforms and platform cooperatives, these typologies showcase the sectors of the platform economy these cooperatives operate in as well as the classes of stakeholder brought into the fold of membership.

Following the introduction, the subsequent section of the chapter provides a brief tour of platform capitalism and seeks to distinguish what makes platform capitalism distinct from earlier forms of capitalism. The argument presented will be that platform capitalism has three distinguishing characteristics. First, platform companies in both the gig and social media sectors, to varying extents, concentrate ultimate control over their corporate governance in the hands of a few persons and the more prominent actors exploit their dominant market position for socially harmful ends. Second, through their capacity to collect, process and use personal data to mediate interactions and sell goods and services, platforms are able to reach and create new markets. Thirdly, and crucially for this chapter, it is argued that the business model of platform capitalism seeks to benefit from platform users experiencing what Merton terms 'role conflicts' and 'role-set conflicts'. Thus, this section weaves together a unified critique of platforms' technological apparatus, business model, and corporate governance – aspects that are often studied separately.

Section three provides an overview of the core concepts of role-set theory and applies them to the platform economy, drawing on illustrative examples from a specific gig work platform, Uber, and a particular type of user, its drivers. The fourth section reflects on whether the reconfiguration of decision-making and financial rights in a platform company through cooperative membership can address these role conflicts and role-set conflicts to the user's benefit, while also redressing platforms' accountability crises and data use practices. For the purposes of this reflection, this

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27 Affective encounters refer to the effects caused by human bodies, technologies and objects encountering and responding to each other. See Yuzhu Peng, 'Affective Networks: How WeChat Enhances Tencent's Digital Business Governance' (2017) 10 Chinese Journal of Communication 264, 265.

section introduces the emergence of the platform cooperativism movement and the types of enterprises that coalesced around this movement. A distinction is drawn between cooperative-run platforms (i.e., pre-existing cooperatives that build online intermediation and communication tools for the benefit of their members) and platform cooperatives (i.e., new enterprises whose primary economic activity is conducted through online intermediation and/or communication tools and who abide by the ICA's (International Co-operative Alliance) Statement of Co-operative Identity). While being a heterogeneous movement, both have an important position within platform cooperativism and share the objective of repositioning users as cooperative members, in single stakeholder or multi-stakeholder configurations.

The chapter then evaluates the opportunities and challenges afforded by the status of cooperative member in addressing the numerous challenges posed by platform capitalism and concludes by summarizing and presenting directions for future research.

## 2.2 A BRIEF TOUR OF PLATFORM CAPITALISM

In little over a decade, digital platform companies have become major players in the global economy and household names. In contrast to traditional 'pipeline' businesses that sequentially create and transfer value to a single class of consumers, these platform businesses seek to maximize value-creating interactions between external producers and consumers. This is achieved through the technological architecture of the platform, which facilitates these interactions and supplies the governance rules that allow transactions to take place in low-trust environments.<sup>28</sup> As such, platforms can be thought of as an assemblage of socio-technical and capitalist business practices.<sup>29</sup> It is by encouraging and coordinating these exchanges that platforms generate revenue. Burgeoning internet connectivity, the diminishing cost of cloud-computing and smartphones and the lowering of barriers to develop software-coupled with the allure of convenience and sharing-have been among the confluence of factors that have led to the ubiquity of the platform business model.<sup>30</sup> Platform companies stress that their business model allows workers to expand their incomes, enjoy greater work flexibility and maximize under-utilized assets, while consumers can benefit from lower prices as well as a greater variety and quality of services.

While initially bundled with earlier examples of online peer-to-peer production, more critical assessments of the platform business model

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28 Geoffrey Parker, Marshall Van Alstyne and Sangeet Paul Choudary, *Platform Revolution: How Networked Markets Are Transforming the Economy - and How to Make Them Work for You* (WW Norton 2016) 5.

29 Langley and Leyshon (n 25) 13.

30 Martin Kenney and John Zysman, 'The Rise of the Platform Economy' (2016) 32 *Issues in Science and Technology* 61, 61.

acknowledge that platforms are not merely passive ‘raised surfaces’ that enable parties to find one another but have active roles in curating and capitalizing interactions.<sup>31</sup> Many of the widely-publicized critiques of these platforms, ranging from the legal debate concerning the employment status of Uber drivers and Deliveroo riders<sup>32</sup> to the political discourse on Facebook failing to prevent the posting of hate speech and electoral manipulation,<sup>33</sup> essentially turn on this distinction between being a neutral infrastructure and being a curator steering interactions using the personal data that it draws from its users.<sup>34</sup> Those scholars who have adopted a lens sensitive to the coercive power of platforms have described them as a “political technology”,<sup>35</sup> given their capacity to mould the behaviour of user groups in ways that serve the commercial objectives of the platform. This may range from reminding users of the frequency with which they have used a platform and sanctioning the lack of use, to harnessing the personal data of users to enhance the functionality of the platform, so as to stimulate repeated and continuous use.<sup>36</sup>

Some platforms, such as Facebook, have been so adept at expanding their technological affordances and building a loyal base of users, that they have been referred to as data-opolies that can squeeze consumers as they have limited alternative choices.<sup>37</sup> Due to the important societal service they provide (e.g., in communication), they are also said to bear a resemblance to public utilities.<sup>38</sup> The societal influence of these businesses can be seen in the manner in which their executives weigh in on broader issues concerning civil liberties, such as personal privacy protection and freedom of speech.<sup>39</sup> Other platforms which are reliant on temporary outsourced labour can act as a monopsony if they are one of the few firms that can hire in a particular market. This allows for workers, such as Uber drivers, to be squeezed once Uber reaches a dominant position within a geographic market. Given

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- 31 Tarleton Gillespie, ‘The Politics of “Platforms”’ (2010) 12 *New Media & Society* 347, 358.
- 32 Alan Bogg, ‘Taken for a Ride: Workers in the Gig Economy’ (2019) 135 *Law Quarterly Review* 219; Nuna Zekic, ‘Contradictory Court Rulings on the Status of Deliveroo Workers in the Netherlands’ [2019] *Comparative Labor Law & Policy Journal*.
- 33 UN Human Rights Council, ‘Report of the Independent International Fact-Finding Mission on Myanmar’ (UN Human Rights Council 2018) A/HRC/39/64 para 74.
- 34 José van Dijck, Thomas Poell and Martijn de Waal, *The Platform Society: Public Values in a Connective World* (Oxford University Press 2018) 40.
- 35 Alex Williams, ‘Control Societies and Platform Logic’ (2015) 84/85 *New Formations* 209, 225.
- 36 Lina M Khan, ‘Sources of Tech Platform Power’ (2018) 2 *Georgetown Law Technology Review* 325, 328; Alex Rosenblat and Luke Stark, ‘Algorithmic Labor and Information Asymmetries: A Case Study of Uber’s Drivers’ (2016) 10 *International Journal of Communication* 3758, 3765–67.
- 37 Maurice E Stucke, ‘Should We Be Concerned About Data-Opolies?’ (2018) 2 *Georgetown Law Technology Review* 275, 280.
- 38 K Sabeel Rahman, ‘The New Utilities: Private Power, Social Infrastructure, and the Revival of the Public Utility Concept’ (2018) 39 *Cardozo Law Review* 101, 149.
- 39 Mark Zuckerberg, ‘Zuckerberg: Standing For Voice and Free Expression’ *Washington Post* (17 October 2019) <<https://bit.ly/3ya8g4X>>.

that several of these platform companies have dual- or multi-class share structures, allowing certain founders and key executives to have disproportionate voting power compared to common shareholders,<sup>40</sup> it becomes apparent that the ultimate authority over key business and socio-economic decisions is highly concentrated.

The purpose of this sweeping description of what are ultimately quite different platforms is to highlight a fundamental shared concern raised by the platform economy: *a lack of accountability and good governance*.

It is this overarching theme that permeates the critical discourse on what has come to be known as ‘platform capitalism’.<sup>41</sup> On the face of it, platform capitalism can be seen as an evolution of cognitive and cultural capitalism, in which the production of intangible property (e.g., source code) and symbolic goods (e.g., an entertainment product), and the strengthening of intellectual property (IP) protections for IP rights holders, serve as the basis for economic growth.<sup>42</sup> Yet, this is not all. As a diverse set of critics point out, platform capitalism reproduces many of the features of a familiar and pedigreed form of industrial capitalism. Marxist, materialist theorists, including Dyer-Witthford, Fuchs, Terranova and Smythe, emphasise how media and communication technologies, including social media platforms, enable surplus value extraction from unacknowledged forms of work (e.g., by audiences, consumers, users) while simultaneously relying on the exploitation of workers in Coltan mines, electronics assembly factories and the software development industry.<sup>43</sup> Some of these scholars, such as Dyer-Witthford, draw inspiration from earlier autonomist, workerist Marxist philosophers who coined the term ‘social factory’ to describe the capturing of value from social relations beyond the workplace for the purpose of capital accumulation.<sup>44</sup> Indeed, autonomists such as Virno understood that communicative action is “at the very heart of capitalistic production” and that the turn to intellectual/knowledge labour has taken on the form of performative, artistic activity-with its concomitant instability.<sup>45</sup>

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40 Lucian A Bebchuk and Kobi Kastiel, ‘The Perils of Small-Minority Controllers’ (2019) 107 *The Georgetown Law Journal* 1453, 1456–1457.

41 Nick Srnicek, *Platform Capitalism* (Polity Press 2017).

42 Aaron Perzanowski and Jason Schultz, *The End of Ownership: Personal Property in the Digital Economy* (The MIT Press 2016) 23; George Yúdice, *The Expediency of Culture: Uses of Culture in the Global Era* (Duke University Press 2005) 9–10.

43 Nick Dyer-Witthford, *Cyber-Proletariat: Global Labour in the Digital Vortex* (Pluto Press 2015) 92–93; Christian Fuchs, *Digital Labour and Karl Marx* (1 edition, Routledge 2014) 6–7, 247ff; Dallas W Smythe, ‘Communications: Blindspot of Western Marxism’ (1977) 1 *CTheory* 1, 6.

44 Rosalind Gill and Andy Pratt, ‘In the Social Factory?: Immaterial Labour, Precariousness and Cultural Work’ (2008) 25 *Theory, Culture & Society* 1, 7; David Palazzo, ‘The “Social Factory” In Postwar Italian Radical Thought From Operaismo To Autonomia’ (PhD, City University of New York 2014) 97.

45 Paulo Virno, *A Grammar of the Multitude for an Analysis of Contemporary Forms of Life* (Isabella Bertolotti, James Cascaito and Andrea Casson trs, Semiotext(e) 2004) 54–55, 107.

In considering work in the gig economy, which overlaps with the platform economy, economists, economic historians and sociologists have traced the genealogy of the 'precariat'<sup>46</sup> riding for Deliveroo, driving for Uber and micro-tasking for Amazon Mechanical Turk to the proletariat in lumberyards, docks, retail service jobs and the factory floor on temporary contracts.<sup>47</sup> Over time, it appears that the working arrangements of a bank teller and a freelance classical pianist have converged-towards becoming transient, unpredictable and constantly assessed.<sup>48</sup> As Standing notes, for those who have slipped into the precariat class, rising anger, anomie, anxiety and alienation is a common experience.<sup>49</sup> While platforms are typically associated with sleek, frictionless software applications and opportunities for supplemental income,<sup>50</sup> the blood, sweat and tears, humiliations and frustrations, needed for gig platforms to function are all too real. Cant, Ravenelle, Rosenblat, among others, have documented the harrowing experiences of drivers being subject to sexual harassment by passengers who are not adequately investigated and penalized, drivers fearing that they are constantly under surveillance, as well as couriers being surreptitiously shifted from hourly wages to a piece-work system.<sup>51</sup> All the while they face the self-imposed pressure to deliver more, with some eschewing bathroom breaks and braving rain and snowstorms to deliver orders in expectation of receiving an extra sum per order.<sup>52</sup> Scholar-activists such as Trebor Scholz have sought to draw together precarious gig work, (involuntary) voluntary work, unpaid internships, user-generated content and data production as various forms of digital work, each "carrying a different degree of violence, its own level of expropriation and cruelty".<sup>53</sup>

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- 46 Standing explains that the precariat can be identified by their lack of adequate income-earning opportunities, employment security, assurance of the continued existence of their jobs, work security, income security, representation of their interests and skills advancement. This definition includes the involuntarily self-employed. A person who drives for Uber or rides for Deliveroo to earn a supplemental form of income would not be a member of the precariat. See Guy Standing, *The Precariat: The New Dangerous Class* (Bloomsbury Academic 2011) 10.
- 47 Louis Hyman, *Temp: How American Work, American Business, and the American Dream Became Temporary* (Viking 2018) 87, 133–134; Lynne Pettinger, *What's Wrong with Work?* (1st edition, Policy Press 2019) 63; Standing (n 46) 10, 14–15.
- 48 Walter W Powell, 'The Capitalist Firm in the Twenty-First Century: Emerging Patterns in Western Enterprise' in Paul DiMaggio (ed), *The twenty-first-century firm: changing economic organization in international perspective* (Princeton University Press 2001) 43.
- 49 Standing (n 46) 24.
- 50 Schor and others (n 12) 841–842.
- 51 Callum Cant, 'Precarious Couriers Are Leading the Struggle against Platform Capitalism' (*Political Critique*, 3 August 2017) <<https://bit.ly/3h8iqgJ>>; Alexandra J Ravenelle, *Hustle and Gig: Struggling and Surviving in the Sharing Economy* (University of California Press 2019) 106; Alex Rosenblat, *Uberland: How Algorithms Are Rewriting the Rules of Work* (First edition, University of California Press 2018) 139–140, 148–149.
- 52 Sabrina Barr, 'UK Weather: Deliveroo Faces Criticism over Driver Safety in Heavy Snow' *The Independent* (2 March 2018) <<https://bit.ly/3dwizZr>>.
- 53 Trebor Scholz, *Uberworked and Underpaid: How Workers Are Disrupting the Digital Economy* (1 edition, Polity 2016) 122.



Some have argued that platform-mediated gig work is simply a by-product and amplification of existing neoliberal economic policy that has been dominant to varying extents in the Western world since the 1980s.<sup>54</sup> Neoliberalism is characterized by the privatization of previously public services, the conversion of public goods like mobility, communications and culture into private goods, the treatment of citizens as clients, and the reorientation of state policy towards encouraging individual responsibility rather than solidarity.<sup>55</sup> While initially understood as being a retreat of the state, the contemporary discourse on neoliberalism argues that the state is intimately involved in the ideological and theoretical project that seeks to extend market logic to all spheres of human activity.<sup>56</sup> The tacit acceptance of the ‘move fast and break things’ credo by policy makers in the name of creative destruction is a natural extension of the “markets good, regulation bad” meta-script that has been a legitimating schema of Anglo-American business policy since the Reagan-Thatcher era.<sup>57</sup> In short, the state actively encourages its citizens to monetize more of their time, including through the supply of their labour to gig work platforms.

This support from the state can also be seen in how platform companies, in general, interact with the public sector. Some of the largest platform companies, such as Amazon, receive public subsidies,<sup>58</sup> which allow them to pursue ‘moonshot’ projects like asteroid mining and sea steading that extract from the global commons.<sup>59</sup> While engaging in tax avoidance and driving up the cost of living in cities where they operate,<sup>60</sup> platforms make heavy use of public infrastructure such as roads, electricity and water to

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- 54 Evgeny Morozov, ‘The “Sharing Economy” Undermines Workers’ Rights’ *Financial Times* (14 October 2013) <<https://www.ft.com/content/92c3021c-34c2-11e3-8148-00144feab7de>> accessed 25 November 2019.
- 55 Loïc Wacquant, ‘Crafting the Neoliberal State: Workfare, Prisonfare, and Social Insecurity’ (2010) 25 *Sociological Forum* 197, 213–214.
- 56 Chris Butler and Karen Crawley, ‘Forms of Authority Beyond the Neoliberal State: Sovereignty, Politics and Aesthetics’ (2018) 29 *Law and Critique* 265, 266–267.
- 57 Ronald Chen and Jon Hanson, ‘The Illusion of Law: The Legitimizing Schemas of Modern Policy and Corporate Law’ (2004) 103 *Michigan Law Review* 1, 11.
- 58 Good Jobs First, ‘Amazon Tracker’ (*Good Jobs First*, July 2020) <<https://bit.ly/3dzdEXo>>.
- 59 Surabhi Ranganathan, ‘Seasteads, Land-Grabs and International Law’ (2019) 32 *Leiden Journal of International Law* 205, 207–208; Cait Storr, ‘“Space Is the Only Way to Go”: On the Evolution of the Extractivist Imaginary of International Law’ in Sundhya Pahuja and S Chalmers (eds), *Routledge Handbook of International Law and the Humanities* (Routledge 2021).
- 60 This includes avoiding tax on profits (in the case of Google and Facebook) and not charging VAT on booking fees (in the case of Uber). For more, see Brittany V Dierken, ‘Uber’s International Tax Scheme: Innovative Tax Avoidance Or Simple Tax Evasion Notes’ (2018) 46 *Syracuse Journal of International Law and Commerce* 223, 233–234; Michèle Finck and Sofia Ranchordas, ‘Sharing and the City’ (2016) 49 *Vanderbilt Journal of Transnational Law* 1299, 1303; Christian Fuchs, *The Online Advertising Tax as the Foundation of a Public Service Internet: A Camri Extended Policy Report* (University of Westminster Press 2018) 24–28.



deliver parcels and people, and to power their data centres.<sup>61</sup> This is supplemented by a concerted effort to shape local legislation to their benefit, often arguing that the benefits of their technological affordances (e.g., user-generated ratings) outweigh those of existing legislative protections (e.g., consumer protection of passengers).<sup>62</sup> The most prominent platform companies also reshape the physical geographies around them. In addition to their own immense physical infrastructure,<sup>63</sup> platform companies now sponsor the development of real estate, the refurbishment of commuter rail, fund the salaries of public officials, and the construction of smart cities.<sup>64</sup>

In many respects, these actions can be seen as an extension of past practices. Two-sided and multi-sided markets have been used as a business model for malls, magazines, credit cards and equipment leasing services.<sup>65</sup> Corporations have long lobbied for favourable legislation, with the claim of offering an improved technological service.<sup>66</sup> They have built company towns and even entire cities.<sup>67</sup> Yet, while building on past capitalist practices, there are arguably three distinguishing characteristics of platform capitalism.

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- 61 Dillon Mahmoudi and Anthony Levenda, 'Beyond the Screen: Uneven Geographies, Digital Labour, and the City of Cognitive-Cultural Capitalism' (2016) 14 *tripleC: Communication, Capitalism & Critique. Open Access Journal for a Global Sustainable Information Society* 99, 108; Bora Ristic, Kaveh Madani and Zen Makuch, 'The Water Footprint of Data Centers' (2015) 7 *Sustainability* 11260.
- 62 Tzur's study found that in 40 US cities only three opposed transport network companies like Uber and 77.5% chose to accommodate them (p. 354). See Amit Tzur, 'Uber Über Regulation? Regulatory Change Following the Emergence of New Technologies in the Taxi Market' (2019) 13 *Regulation & Governance* 340, 344. This form of successful regulatory and institutional entrepreneurship is not universal. For UberPop in the Netherlands, see Peter Pelzer, Koen Frenken and Wouter Boon, 'Institutional Entrepreneurship in the Platform Economy: How Uber Tried (and Failed) to Change the Dutch Taxi Law' (2019) 33 *Environmental Innovation and Societal Transitions* 1, 10. For Germany, see Kathleen Thelen, 'Regulating Uber: The Politics of the Platform Economy in Europe and the United States' (2018) 16 *Perspectives on Politics* 938, 946.
- 63 Adrian Mackenzie, 'From API to AI: Platforms and Their Opacities' (2019) 22 *Information, Communication & Society* 1989, 1993.
- 64 John Tenanes, 'Investing in Menlo Park and the Community' (*facebook Newsroom*, 8 February 2019) <<https://bit.ly/2UR2c2V>>.
- 65 David S Evans and Richard Schmalensee, 'The Industrial Organization of Markets with Two-Sided Platforms' (2007) 3 *Competition Policy International* 151, 162; Richard N Langlois, 'Hunting the Big Five: Twenty-First Century Antitrust in Historical Perspective' (2019) 23 *The Independent Review* 411, 423.
- 66 William J Baumol, 'Mega-Enterprising Redesign of Governing Institutions: Keystone of Dynamic Microtheory', *The Microtheory of Innovative Entrepreneurship* (Princeton University Press 2010) 178–179.
- 67 Margaret Crawford, *Building the Workingman's Paradise: The Design of American Company Towns* (Verso 1995) 13–15.

## 2.2.1 Concentration of Power in Corporate Governance and Markets

Firstly, there is a growing concentration of power, over markets and corporate governance. When viewing platforms such as Google, Amazon and Facebook from the perspective of market power, a chorus of scholars, lawyers and policymakers have denounced platforms for exploiting their privileged position as the private owner of a social infrastructure to extort users, for favouring their own products as a means of asserting and retaining market dominance and, particularly in the case of Facebook, stifling freedom of expression and spreading disinformation.<sup>68</sup>

More recently, the anti-competitive behaviour of the larger food delivery platforms has also come into focus. In the United States, a class action complaint has been filed alleging that DoorDash, Grubhub, Uber Eats and Postmates are able to lure restaurants into partnerships with their platforms with the promise of increases in sales, but ultimately they burden restaurants with steep commissions (up to 40%) and contractual clauses that prevent them from offering competitor platforms and dine-in customers different prices.<sup>69</sup> These, along with certain deceptive practices such as operating ghost restaurants under fake restaurant names, have enabled one or two out of these four platforms to consolidate and protect their market share in any given geographic market.<sup>70</sup> Now, in half of the US's largest cities, a single platform controls more than 50% of the market for food delivery.<sup>71</sup> This not only contributes to dine-in experiences becoming less popular, it also compels restaurants to charge higher prices and limits their ability to sell directly to end-consumers.

As Tkacik notes, some of these food delivery platforms have common institutional shareholders and cross-holdings and also look to acquire one another, leading to a creeping consolidation of market actors in the US.<sup>72</sup>

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68 Ariel Ezrachi and Maurice E Stucke, *Virtual Competition: The Promise and Perils of the Algorithm-Driven Economy* (Harvard University Press 2016); Khan, 'Sources of Tech Platform Power' (n 36) 329; Frank Pasquale, 'Platform Neutrality: Enhancing Freedom of Expression in Spheres of Private Power' (2016) 17 *Theoretical Inquiries in Law* 487, 490. This view is not without its critics, particularly in the United States, given their differing visions of antitrust policy. Langlois, Dorsey, Wright and others defend the status quo. They broadly argue that active rivalry is possible even if there is vertical and horizontal integration of businesses and that a focus on consumer welfare has materially improved the lives of people, by offering cheaper, more diverse and innovative products. See, Langlois (n 65) 421–424; Joshua D Wright and others, 'Requiem for a Paradox: The Dubious Rise and Inevitable Fall of Hipster Antitrust' (2019) 51 *Arizona State Law Journal* 293, 358–359.

69 *Davitashvili v. GrubHub Inc.*, No. 1:20-cv-3000, U.S. District Court, Southern District of New York, Class Action Complaint filed on 13 April 2020, paras 75, 81.

70 Maureen Tkacik, 'Rescuing Restaurants: How to Protect Restaurants, Workers, and Communities from Predatory Delivery App Corporations' (American Economic Liberties Project 2020) No. 7 12, 16–17. Also see, *ibid*, paras 37–41.

71 *ibid* 10.

72 *ibid* 6.

This consolidation is also a feature on the other side of the Atlantic, with Takeaway.com acquiring Just Eat, shortly before the continuing Just Eat Takeaway.com announcing its intention to acquire Grubhub on 10 June 2020.<sup>73</sup> This consolidation will create the largest food delivery company outside of China in 2021.<sup>74</sup> This has precipitated calls to ‘break up’ the largest platform companies or, in the case of social media companies, regulate them as public utilities.<sup>75</sup> While this refrain echoes past attempts to reform US railroad trust companies in the late 19th-early 20th century, it is now extended to a truly global scale.

A complement to this growth in market power has been the concentration of voting power in the hands of a few individuals and institutional investors. This is typically the case when a platform company is still a privately held start-up where founders and early-stage investors have the majority of control rights, but it also remains true when some of these platform companies decide to undertake an initial public offering and become listed on a stock exchange. The use of dual or multi-class share structures permits a certain person or group of persons—typically founders—to have voting power that is disproportionate to the number of shares they own. Thus, while an ordinary shareholder may have one vote per share, this select coterie are issued a separate class of non-tradable shares that has 10 or even 20 votes per share. As Bebchuk and Kastiel note, since the IPO of Google with such a share structure in 2004, the number of listed companies with dual class shares have grown from 1% in 2005 to 19% in 2017.<sup>76</sup> My own research of the Annual Reports, IPO Registration Statements and business reportage regarding the 16 largest listed social media and gig companies (by revenue), reveals that one or two persons/entities hold majority voting power in seven of them (see Figures 3 and 4). This is particularly notable in the case of social media companies where 5 out of 8 companies experience this. However, even where the >50% threshold has not been met, it is illuminating that a single individual or entity has between 10%-30% voting power in companies that are ostensibly publicly held. As Doorn and Badger observe, even institutional investors with less eye-catching voting power in individual companies can still exercise significant control over entire markets (e.g., ride-hailing) due to the size of their portfolios and the facilitation of partnerships across portfolio companies.<sup>77</sup>

73 Just Eat Takeaway.com, ‘Just Eat Takeaway.Com to Combine with Grubhub to Create a Leading Global Online Food Delivery Player’ (*Takeaway.com*, 10 June 2020) <<https://bit.ly/364k5O9>>.

74 Just Eat Takeaway.com, ‘Just Eat Takeaway.Com Receives All Regulatory Approvals Required in Respect of Its Proposed Acquisition of Grubhub’ (*Takeaway.com*, 4 September 2020) <<https://bit.ly/3dutyC>>.

75 Khan, ‘Sources of Tech Platform Power’ (n 36) 326; Langlois (n 65) 414–415; Tkacik (n 70) 19.

76 Bebchuk and Kastiel (n 40) 1463.

77 Niels van Doorn and Adam Badger, ‘Platform Capitalism’s Hidden Abode: Producing Data Assets in the Gig Economy’ (2020) 52 *Antipode* 1475, 1490.

While this distribution of voting power is evident from the prospectuses of these companies when they go public, the significance of this disparate power becomes apparent once these companies begin to exercise power over public and private life in the manner as described in this sub-section. Yet, in the absence of constraints such as sunset clauses to trigger the expiry of multi-vote arrangements, this disparity of power continues unchecked.

### Concentration of Voting Power in Listed Social Media Companies

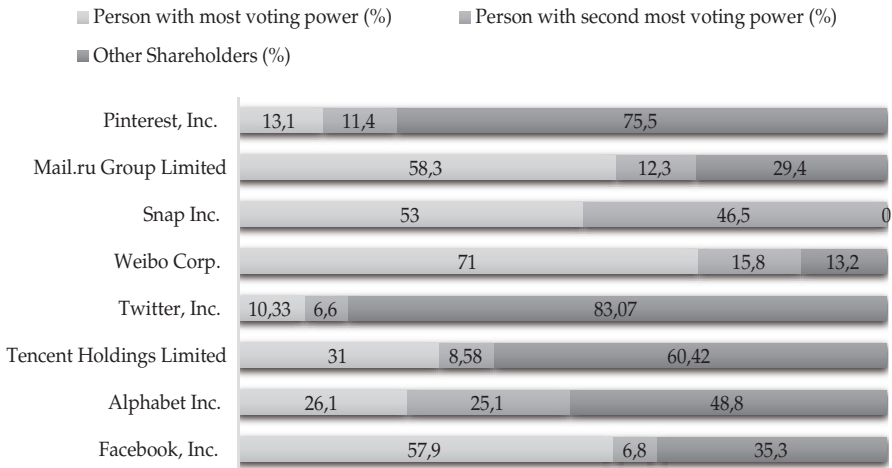


Figure 3: Concentration of Voting Power in the Largest, Listed Social Media Companies (by revenue)

### Concentration of Voting Power in Listed Gig Economy Companies

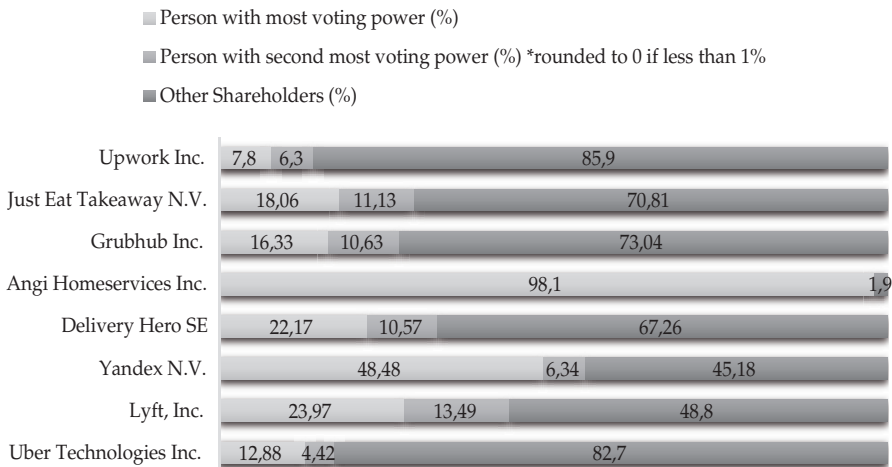


Figure 4: Concentration of Voting Power in the Largest, Listed Gig Economy Companies (by revenue)

## 2.2.2 Creation and Exploitation of Digital Profiles and Personae

A second key distinguishing characteristic of platform capitalism is the manner and ends to which it can use personal data to recognize patterns of behaviour and curate interactions on a platform.<sup>78</sup> Depending on the nature of the platform, the data collected can be used for a vast array of descriptive information to be attached to an individual,<sup>79</sup> while also allowing for aggregate analyses.<sup>80</sup> This is as much a feature of gig platforms as social media platforms,<sup>81</sup> and is made possible by the first distinguishing characteristic, as the concentration of market power and extensive cross-holdings allows for the costs of complex data collection and processing to be cross-subsidized.<sup>82</sup> Indeed, the collection and (re)use of personal data has been a focal point of political, legal, academic and popular critique of platforms. This has been motivated by concerns about platforms accumulating personal data from users voluntarily (e.g., creating a Facebook page or work account) and involuntarily (e.g., through the use of smartphone sensors), so as to create projected and imposed 'digital personae' of individuals, as well as to compile digital profiles.<sup>83</sup> These personae and profiles assist platforms in their personalization and matchmaking service but also have other uses depending on the revenue model of the platform.

For social media companies reliant on advertising, they help develop more targeted advertisements for third parties. For gig platforms, which are reliant on the number of transactions that are successfully completed, the digital personae and profiles contribute to finding the locations where there

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- 78 Mireille Hildebrandt, 'Primitives of Legal Protection in the Era of Data-Driven Platforms' (2018) 2 *Georgetown Law Technology Review* 252, 255; Nikos Koutsimpogiorgos and others, 'Conceptualizing the Gig Economy and Its Regulatory Problems' (2020) 12 *Policy & Internet* 525, 532.
- 79 Gary T Marx, 'Genies: Bottled and Unbottled' in Mireille Hildebrandt and Bibi van den Berg (eds), *Information, Freedom and Property* (Routledge 2016) 18–20.
- 80 Marion Fourcade and Kieran Healy, 'Seeing like a Market' (2017) 15 *Socio-Economic Review* 9, 11.
- 81 Doorn and Badger (n 77) 1475–1476.
- 82 Frances Flanagan, 'Theorising the Gig Economy and Home-Based Service Work' (2019) 61 *Journal of Industrial Relations* 57, 64.
- 83 Doorn and Badger (n 77) 1482; Arnold Roosendaal, *Digital Personae and Profiles in Law: Protecting Individuals' Rights in Online Contexts* (Wolf Legal Publishers 2013) 8–9. Hildebrandt explains that a profile can be seen as hypotheses about an unknown/potential user traits, behaviour and actions that emerges inductively through the use of profiling technologies, which commonly make "use of algorithms or other techniques to create, discover or construct knowledge from huge sets of data". These hypotheses are tested through the application of profiles, which lead to the individuation and representation of a subject or the identification of a subject as a member of a group or a category. Mireille Hildebrandt, 'Defining Profiling: A New Type of Knowledge?' in Mireille Hildebrandt and Serge Gutwirth (eds), *Profiling the European Citizen* (Springer Netherlands 2008) 17–19. In other words, a digital profile can become an imposed digital persona once an individual is deemed to match the profile. Roosendaal 35.

is a surge in demand and monitoring active use of a platform.<sup>84</sup> While the fastening<sup>85</sup> of ‘shadow’ digital profiles to individuals has received particular attention for its potential to violate privacy (e.g., tracking purchases and content viewed, accumulating call records and text messages, etc.), the creation of digital personae also raise questions about the opaque purposes for which the voluntarily given personal data is processed and reused. The data gathered through both means can be used to discriminate against users based on gender, race or ethnicity or alternatively can be used to dilute cultural differences entirely to best serve the interests of the platform.<sup>86</sup> In short, data once collected begins to develop a life of its own, largely unbeknownst to the person from whom it was gathered. Given the speed with which policies are changed about how this data is used, owing to frequent pivots of platforms’ business model and their reliance on ‘lean start-up’ methods, these uses are also difficult to challenge.<sup>87</sup> Moreover, this characterization of the labour-power needed to generate these data points as mere ‘bits of code’, allows for the commodification of labour by the platform and for programmers “to think of themselves as builders, not managers” of people.<sup>88</sup>

### 2.2.3 Cultivation of Role and Role-Set Conflicts by blurring Statuses

I argue that based on capital-managed platforms’ ontological premise that users are “amalgams of ever-changing, dynamic, lively data points”,<sup>89</sup> platform capitalism exploits the re-purposing, blurring, and mischaracterization of users’ statuses through its socio-technical and business strategies to serve the platforms’ own ends.<sup>90</sup> This is in contrast to the past when users, partic-

84 Stephen R Miller, ‘Urban Data and the Platform City’ in Stephen R Davidson, Michèle Finck and John J Infranca (eds), *The Cambridge Handbook of the Law of the Sharing Economy* (Cambridge University Press 2018) 196–197.

85 Koopman uses fastening in the dual sense of pinning down aspects of ourselves as well as accelerating our interactions and informatization. C Koopman, *How We Became Our Data: A Genealogy of the Informational Person* (University of Chicago Press 2019) 14.

86 Yanbo Ge and others, ‘Racial and Gender Discrimination in Transportation Network Companies’ (National Bureau of Economic Research 2016) Working Paper 22776; Dan M Kotliar, ‘Data Orientalism: On the Algorithmic Construction of the Non-Western Other’ (2020) 49 *Theory and Society* 919, 928.

87 Sohaib Shahid Bajwa, ‘Pivoting in Software Startups’ in Anh Nguyen-Duc and others (eds), *Fundamentals of Software Startups: Essential Engineering and Business Aspects* (Springer International Publishing 2020); Sangeet Paul Choudary, ‘The Architecture of Digital Labour Platforms: Policy Recommendations on Platform Design for Worker Well-Being’ (ILO 2018) Research Paper 3 6.

88 Lily Irani, ‘Justice for “Data Janitors”’ [2015] *Public Books* <<https://bit.ly/3j5mOc9>>.

89 Eran Fisher and Yoav Mehozay, ‘How Algorithms See Their Audience: Media Epistemes and the Changing Conception of the Individual’ (2019) 41 *Media, Culture & Society* 1176, 1188.

90 Jack M Balkin, ‘Fixing Social Media’s Grand Bargain’ (Hoover Institution 2018) Essay 1814 4 <<https://perma.cc/8UBR-YXA6>>; Daniel Neyland, ‘On Organizing Algorithms’ (2015) 32 *Theory, Culture & Society* 119, 122.

ularly of mass media, were conceived as a standard, universal person.<sup>91</sup> The ‘digital hyperconnectivity’ enabled by these platforms has contributed to new constructions and configurations of the self, across social media and gig platforms and beyond.<sup>92</sup> Yet, the deliberate, targeted effort at sowing confusion about users’ statuses has been underexplored. This is particularly important for understanding why there is a growing appeal for alternatives to platform companies that would change the statuses of users.

The next section will elaborate on how role-set theory can help reveal and conceptualize this third, distinguishing feature of platform capitalism and explain how platform companies in particular benefit from the conflicts that ensue.

### 2.3 APPLYING ROLE-SET THEORY TO PLATFORM USERS

In this section, I will draw on role-set theory,<sup>93</sup> to explain the development of digital status sets by individuals and the consequent expectations and responsibilities that such statuses entail. My claim is that the growing capacity of platforms to ‘see’ the habits, tastes and preferences of both users and (to a certain extent) non-users,<sup>94</sup> enables them to shape an individual’s ‘status set’ and consequently, the conflicts they experience both online and offline. While the construction of such status sets is a ubiquitous experience, platform companies deliberately seek to sow confusion about what users’ statuses are as they financially benefit from users experiencing conflicts between the statuses they hold simultaneously and the conflicts they engage in with others. In Touraine’s words, sociology has been relatively “complacent about the notions of status and role”,<sup>95</sup> and how power centres define and sanction roles.<sup>96</sup> In view of this, role-set theory enables a better understanding of how the ordered expectations of others affects an individual’s subjectivity.

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91 Fisher and Mehozay (n 89) 1179.

92 Rogers Brubaker, ‘Digital Hyperconnectivity and the Self’ (2020) 49 *Theory and Society* 771, 772; Doorn and Badger (n 77) 1479; Beverley Skeggs and Simon Yuill, ‘Capital Experimentation with Person/a Formation: How Facebook’s Monetization Refigures the Relationship between Property, Personhood and Protest’ (2016) 19 *Information, Communication & Society* 380, 391.

93 Merton (n 26) 110–112; Roberts and von Below (n 26) 112.

94 Benjamin H Bratton, *The Stack: On Software and Sovereignty* (1st Edition, The MIT Press 2016) 49; Fisher and Mehozay (n 89) 1177.

95 Alain Touraine, *Critique of Modernity* (Wiley 1995) 229.

96 *ibid* 233.



Status<sup>97</sup> refers to a social position that an individual is recognised as occupying, entailing particular rights and obligations, in a social structure,<sup>98</sup> while a status set refers to a collection of all the statuses that one may hold.<sup>99</sup> Statuses may be ascribed, for instance through birth, or achieved, through training or by entering into contractual agreements.<sup>100</sup> A status-set conflict arises due to conflicts emerging from the multiple statuses held by one person.<sup>101</sup> The related concept of role, is described as being the “dynamic aspect of a status”, as it involves the performance of the rights and duties attached to a status.<sup>102</sup> Thus, a role involves displaying a set of behaviours and attitudes that are oriented to the expectations of others – role partners – about said status. The various, relevant audiences of a role are together referred to as a ‘role-set’.<sup>103</sup> For instance, a person performing their status as a corporate lawyer will have a role-set that includes their clients, their colleagues and partners of their firm.

A role conflict takes place when a person performing the role of one status finds that it is incompatible with another status that the person holds, while role-set conflicts take place when a person has conflicting obligations to different role-set partners within a single status.<sup>104</sup> Evan and Levin explain this distinction using the example of the stockbroker profession.

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97 Considerations of societal status–or prestige–is beyond the scope of this article. Searle, known for his work on status function declarations, provides a theory on how status emerges. He explains when expanding on his theory of collective intentionality that when a person engages in a collective intention-in-action (e.g., a football game, arranging a ride), they take the singular intentionality of other participants in the collective action for granted. In the case of a ride-hailing platform, from the company’s perspective, the collective intention-in-action is to have constant mobility of people and products. The fact that drivers often subject themselves to this mode of work – for broader socio-economic reasons as discussed above – gives the appearance of there being collective intentionality and contributes to the collective recognition of ride-hailing drivers being entrepreneurs. In Searle’s view, this conjunction of collective intentionality and collective recognition of a status, that is typically represented in some manner, gives rise to status functions: Person X counts as status Y in context C. He argues that an explicit speech act declaring the existence of a status is not necessary, as even a “grudging acquiescence” can be seen as collective recognition and declaration of a status function. In this section I argue that this seemingly epistemologically objective statement that a certain collective intention or status exists is actually subjective, given the existence of status-set conflicts. John R Searle, *Making the Social World: The Structure of Human Civilization* (Oxford University Press 2010) 54, 59, 104.

98 William E Thompson, Joseph V Hickey and Mica L Thompson, *Society In Focus: An Introduction To Sociology* (8th edn, Rowman & Littlefield 2017) 118.

99 Gottfried Lang, ‘The Concepts of Status and Role in Anthropology: Their Definition and Use’ (1956) 17 *The American Catholic Sociological Review* 206, 206.

100 *ibid* 207.

101 Evan and Levin (n 26) 76.

102 Ralph Linton, *The Study of Man: An Introduction* (D Appleton-Century Company 1936) 114.

103 Erving Goffman, *Encounters: Two Studies in the Sociology of Interaction* (Penguin 1961) 75–76.

104 Evan and Levin (n 26) 77.

A stockbroker may have five statuses in their status-set, as an agent when conducting transactions with a client's shares, as an investment advisor, a securities dealer when conducting transactions for themselves, as an underwriter for a company's initial public offering, and as a director (i.e., elected by the public shareholders he sold shares to).<sup>105</sup> A role conflict arises when a stockbroker uses inside information concerning investee companies obtained through personal connections obtained through their status as a director to benefit certain professional clients when acting on their behalf in the capacity of an agent. In contrast, a role-set conflict emerges when a stockbroker is torn between their commitment to the investing public and to their employer while acting in their capacity as an advisor.<sup>106</sup> In Merton's view, the patterned arrangement of role-sets, status-sets and gradual changes in statuses comprises the social structure.<sup>107</sup>

Role and role-set conflicts are rife in the platform economy. As Parker and colleagues note,<sup>108</sup> one of the main ways in which a platform can grow is through the encouragement of side-switching, in which users switch between being producers and consumers repeatedly. They contend that a "well-designed platform makes it easy for users to move from role to role".<sup>109</sup> Indeed, platforms measure the rate at which users side-switch, as it allows them to monitor the health of their user base and maintain a balance of user acting in each role across the network.<sup>110</sup> While Parker and colleagues entreat platform companies to consider users as "value-creating partners to be wooed, celebrated, and encouraged to play multiple roles",<sup>111</sup> this view neglects the tensions caused by performing these multiple roles, which often manifest in legal disputes. As Savin explains, while the producer status and consumer status may be blurred online due to the black box nature of a platform, their status for legal purposes remains distinct.<sup>112</sup>

Figure 5 indicates some of the major statuses that a natural person may have in the platform economy. The citizen status is included as certain rights inhere to a person through constitutions and human rights legislation.<sup>113</sup> This status acknowledges how a natural person retains their citizenship of a state (if any) when they are logged onto a platform, while also appreciating that they can also be seen to be new 'citizen-users' of the planetary cloud, "built not only of buildings and roads, but also perplexing grids and dense,

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105 *ibid* 74.

106 *ibid* 76–77.

107 Robert K Merton, *Social Theory and Social Structure* (1968 Enlarged Ed edition, Free Press 1968) 424.

108 Parker, Van Alstyne and Choudary (n 28) 26.

109 *ibid* 39.

110 *ibid* 198.

111 *ibid* 212.

112 Andrej Savin, 'Liability of Intermediaries', *EU Internet Law* (Edward Elgar Publishing 2017) 143.

113 Searle (n 97) 186.

fast data archipelagos".<sup>114</sup> Relatedly, data subject refers to the rights that protect a person's data, depending on where an individual and platform is located. Inventor, volunteer, customer and entrepreneur captures the statuses that individuals may hold while using various platforms for their creative, philanthropic and commercial endeavours.<sup>115</sup> The inventor status acknowledges the contribution of user innovation to networked society,<sup>116</sup> and investor notes that several users invest in causes and organizations through online platforms.<sup>117</sup> Finally, owner refers to the ownership of physical assets, such as a smartphone, cars and bicycles, that allows the performance of certain roles through a platform, as well as to digital assets that one may acquire through a platform.

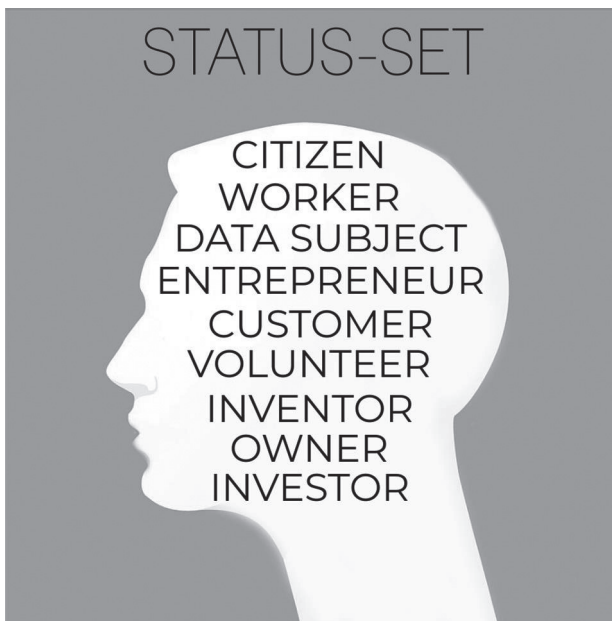


Figure 5: Status-Set in the Platform Economy

114 Bratton (n 94) 10.

115 Yochai Benkler, *The Penguin and the Leviathan: How Cooperation Triumphs over Self-Interest* (Crown Business 2011) 199; Christian Fuchs, *Culture and Economy in the Age of Social Media* (Routledge 2015) 321, 342–343.

116 Yochai Benkler, 'Law, Innovation, and Collaboration in Networked Economy and Society' (2017) 13 *Annual Review of Law and Social Science* 231, 232.

117 Garry Bruton and others, 'New Financial Alternatives in Seeding Entrepreneurship: Microfinance, Crowdfunding, and Peer-to-Peer Innovations': (2015) 39 *Entrepreneurship Theory and Practice* 9.

Focusing on the factual statuses that users hold reveals the partners that comprise their role-set, as well as the fact that the status they are deemed to have on a platform may not accord with their legal status.<sup>118</sup> One such example is that of an Uber driver, who may be categorized as an entrepreneurial self-employed person by the platform but be recognized as workers with employment rights by courts.<sup>119</sup>

While operating the Uber platform, certain statuses come to the fore. Merton acknowledges the possibility of this by pointing out that all of the members of a status-occupant’s role-set are not engaged at the same time; their ties to, and power over, the status-occupant can vary in terms of intensity.<sup>120</sup> This is not to say that the other statuses of a person ‘disappear’, instead they recede to the background when the person logs on to the Uber app and makes themselves available for work. During that time, the observable status-set of the driver is as a citizen, worker, entrepreneur, customer, owner and data-subject. Of these, the statuses of worker and entrepreneur are most contentious. The status-set of an Uber driver and the role-partners of their ‘worker’ and ‘entrepreneur’ statuses are indicated in Figure 6.

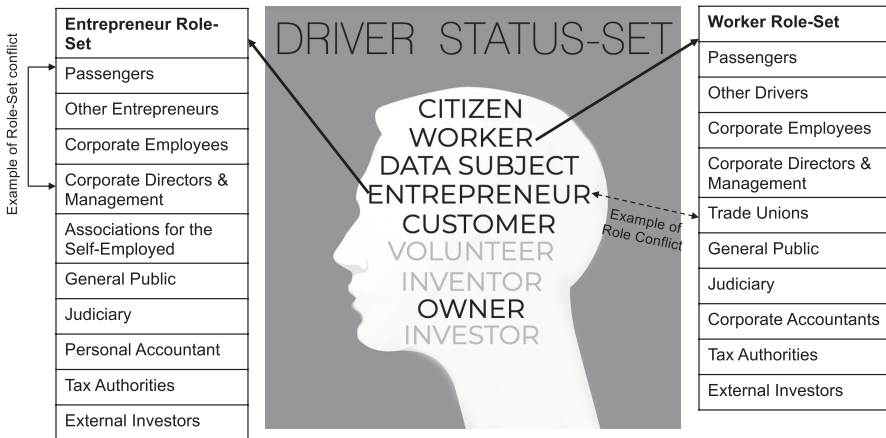


Figure 6: Role-Conflicts and Role-Set Conflicts with Role-Partners

Uber emphasizes the independence and freedom of drivers in its advertisements and specifies that a driver is an “independent company in the business of providing Transportation services” and a (corporate) “customer”.<sup>121</sup>

118 James S Coleman, *Foundations of Social Theory* (Harvard University Press 1994) 541.  
 119 See, e.g., *Uber BV and others (Appellants) v Aslam and others (Respondents)* [2021] UKSC 5, at [119].  
 120 Merton (n 107) 425–427.  
 121 Alan Bogg and Michael Ford Q.C., ‘Between Statute and Contract: Who Is a Worker?’ (2019) 135 *Law Quarterly Review* 347, 347.

At the same time, Uber controls key information about passengers that are picked up and their destination, algorithmically nudges drivers to use a specified route, subjects drivers to a rating system, and restricts their ability to set their own fares and accept tips, among a host of other requirements – which leads to drivers offering and accepting trips on Uber’s terms.<sup>122</sup> It is thus necessary to parse fact from (contractual) fiction as the difference between being a (self-)entrepreneur or an employee or a third category of worker is the difference between having a right to a minimum wage, paid leave and collective bargaining – or not.<sup>123</sup>

In this example, role conflict emerges from whether the driver works for Uber or Uber works for the driver as an agent.<sup>124</sup> The holding of both these statuses is considered to be inconsistent as it is considered to be contradictory that an entrepreneur who purchases the platform company’s services is also its worker.<sup>125</sup> This is because in the view of corporate directors and professional management, arguably the most dominant members of a driver’s role-set,<sup>126</sup> the ‘master status’ of the driver is that of an entrepreneur. In other words, all other statuses are subordinate to this status. This assumption is clear not only from the numerous employment misclassification cases on this question, but also from the competition law concerns that have been raised that the collective organization of gig workers amounts to a price-fixing cartel, based on the assumption that they are self-employed.<sup>127</sup>

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122 See, e.g., *Aslam, Farrar & Others v. Uber B.V. et al.* [2016] EW Misc B68 (ET) (28 October 2016), at [90]–[92]. The full list of factors that led the Employment Tribunal to assess that Uber drivers are ‘workers’ is mentioned at [92]. The majority in the Court of Appeal largely concurred with the Employment Tribunal about the significance of these factors in determining that drivers work for Uber—rather than the other way around. See *Uber BV v. Aslam* [2018] EWCA Civ 2748, at [96].

123 In the UK, for example, ‘limb (b)’ workers enjoy collective bargaining rights, as they fall within *Trade Union and Labour Relations (Consolidation) Act, 1992* (c. 52), s. 296.

124 Other examples of role conflict in the gig sector involve passengers being encouraged by Uber to become petitioners in their status as citizens, advocating the reform of legislation that (at least originally) was intended for the passengers’ benefit. Tzur (n 62) 355.

125 Thompson, Hickey and Thompson (n 98) 119.

126 Merton (n 26) 113.

127 Sanjukta Paul and Nathan Tankus, ‘The Firm Exemption and the Hierarchy of Finance in the Gig Economy’ (2019) 16 *University of St. Thomas Law Journal* 44, 46–47; Dagmar Schiek and Andrea Gideon, ‘Outsmarting the Gig-Economy through Collective Bargaining – EU Competition Law as a Barrier to Smart Cities?’ (2018) 32 *International Review of Law, Computers & Technology* 275, 282. Some authors have argued that such rights to collectively organise and bargain should not be seen to be attached to employment status, but rather treated as a human or constitutional right enjoyed by platform workers. Annamaria Donini and others, ‘Towards Collective Protections for Crowd-workers: Italy, Spain and France in the EU Context’ (2017) 23 *Transfer: European Review of Labour and Research* 207, 214–215.

It is therefore apparent that this attribution of master status is “observer relative”, as it only exists relative to the attitudes of certain observers.<sup>128</sup> Clearly, when drivers do not act in the manner expected of an independent entrepreneur, by going on strike or seeking to collectively bargain,<sup>129</sup> the attribution of such a master status is called into question.

The problems caused by these role conflicts can be seen if one considers the expectations of a driver’s role-set. If a driver internalizes the expectations of a platform company and performs as an entrepreneur,<sup>130</sup> they risk disappointing other drivers who see themselves as workers and trade unions. Conversely, if they claim rights typically associated with being a worker in a subordinate relationship to a company (e.g., a minimum wage, paid leave, collective bargaining), they run afoul of the expectations of directors, management, consumers, drivers who consider themselves to be entrepreneurs, and possibly the judiciary, who may consider drivers to be engaged in cartel-like behaviour, due to their perception of drivers being self-employed.<sup>131</sup>

Even in the absence of a role conflict, where there is an alignment of views on the status a driver has, the driver may still experience role-set conflicts. Performing the role of an entrepreneur as management anticipates would create expectations among customers that Uber drivers should have the freedom to set their own fares, which they do not have. Conversely, performing the role of a worker in a public demonstration for employment-related rights would create expectations among corporate accountants and tax authorities that if drivers are truly employees, they will be able to withhold drivers’ payroll taxes, as with other employees.<sup>132</sup> The driver in both instances is not meeting the expectations of different partners within the role-set of a single status.

The platform company can financially benefit from drivers who experience confusion over their status, as framing them as entrepreneurs allows them to be pressured to pay a portion of each fare to the company. At the same time, as companies operating panoptic systems of surveillance in which drivers are always ‘visible’ while working, drivers constrain themselves in the routes they take, the music they play, the amenities they offer passengers – all in anticipation of the ratings or punishments they may receive. Given that passengers rate drivers on the completion of a trip, even factors that are beyond the control of a driver and are more directly attributable to the platform may lead to a low rating for the driver, while

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128 Searle (n 97) 11.

129 Jamie Woodcock and Mark Graham, *The Gig Economy: A Critical Introduction* (1st Edition, Polity 2020).

130 Brubaker (n 92) 11.

131 VB Dubal, ‘An Uber Ambivalence: Employee Status, Worker Perspectives, and Regulation in the Gig Economy’ in Deepa Das Acevedo (ed), *Beyond the Algorithm: Qualitative Insights for Gig Work Regulation* (Cambridge University Press 2020) 36.

132 Shu-Yi Oei and Diane M Ring, ‘The Tax Lives of Uber Drivers: Evidence from Internet Discussion Forums’ (2017) 8 *Columbia Journal of Tax Law* 56, 64.

keeping the platform's general reputation intact.<sup>133</sup> The company thereby benefits from the driver performing their two statuses, by making the driver the subject and the principal of their own subjection.<sup>134</sup> This is key to a platform's growth. Most importantly, the uncertainty stemming from the role and role-set conflicts caused by the confusion about status allows the company to deny drivers a minimum wage, paid leave and collective bargaining rights, as well as burden them with accounting and tax administration costs.

The objective of misclassification suits can be seen as an effort to dissolve this inconsistency and provide clarity as to a drivers' 'true' status, role and role-set. Yet, making such an *ex-post* determination of a single status may not always be desirable. Some drivers may wish to be independent, value flexibility and consider Uber as a poor potential employer – while still wishing for some form of safety-net.<sup>135</sup> This internal conflict is perhaps to be expected according to Dufays and colleagues, as the process of commodifying the 'lifeworld' – societies, personalities and cultures – contributes to the lifeworld participants' adopting the aspirations of systems like the economy, while becoming unsure of their own.<sup>136</sup> The tension this generates creates a febrile atmosphere, ripe for agitation and a search for alternatives that can resolve these role-set and role conflicts.

According to Carlota Perez, each technological revolution is characterized by such periods of frenzy, where there is an intensive investment in companies, leading to a decoupling of the market value and real value of businesses, and a polarization of rich and poor. This period predates a burst of a financial bubble that marks a 'turning point', following which appropriate technological regulation is introduced.<sup>137</sup> The platform cooperativism movement emerged as a response to just such a frenzy period. It has coalesced to build "alternatives to the dominant Silicon Valley model" of platform capitalism by 'recoupling' financial capital with the labour (and other forms of capital) that are needed to produce new goods and services, as well as by serving the interests of those producing the latter rather than the caprices of those who hold the former.<sup>138</sup>

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133 Choudary (n 87) 16.

134 Michel Foucault, *Discipline and Punish* (Vintage 1977) 202–203.

135 Thor Berger and others, 'Uber Happy? Work and Well-Being in the "Gig Economy"' (2019) 34 *Economic Policy* 429; Dubal, 'An Uber Ambivalence' (n 131) 35.

136 Frédéric Dufays and others, 'Resisting Colonization: Worker Cooperatives' Conceptualization and Behaviour in a Habermasian Perspective' (2020) 34 *Work, Employment and Society* 965, 967–968.

137 Carlota Perez, *Technological Revolutions and Financial Capital* (Edward Elgar 2002) 47–48, 50–52, 105–106.

138 Trebor Scholz and Nathan Schneider (eds), *Ours to Hack and to Own: The Rise of Platform Cooperativism, A New Vision for the Future of Work and a Fairer Internet* (OR Books 2016) 11; Perez (n 137) 76.



A cooperative, according to the International Co-operative Alliance's Statement on the Cooperative Identity (1995), is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise". As such, a cooperative is a legal entity that undertakes economic (and non-economic) activities in the interest of their members instead of shareholders. Members typically contribute a one-off monetary sum when they join and ongoing labour and/or monetary contributions (e.g., work hours in the case of a workers' cooperative). If the cooperative's economic activities generate a surplus and its bylaws allow it, a patronage refund may be returned to the members in proportion to their own contributions to the cooperative. While it is possible to receive remuneration on capital contributions in some countries, this is not a substitute for a patronage refund. While not being a universal feature of cooperative law, to further distinguish corporations from cooperatives some countries require residual assets of a cooperative to be distributed in a disinterested manner to other cooperatives upon dissolution.<sup>139</sup> As a democratic enterprise, members have the right to democratically participate in the control and management of the cooperative on a 'one-person, one-vote' basis, though the extent to which members are involved in day-to-day governance differs case by case. In some jurisdictions, members make a contribution to indivisible funds for cooperative development to ensure the cooperative's longevity and independence from non-cooperative third parties,<sup>140</sup> or to promote other cooperatives.<sup>141</sup> It is this ideal type understanding of a cooperative that undergirds the definition of a platform cooperative.

Among various definitions, an influential definition of platform cooperative is: "an enterprise that operates primarily through digital platforms for interaction or the exchange of goods and/or services and is structured in line with the International Cooperative Alliance Statement on the Cooperative Identity".<sup>142</sup> In other words, platform cooperatives include businesses registered as cooperatives, as well as businesses that are not registered as a cooperative but nonetheless adhere to the 7 cooperative principles and

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139 Gemma Fajardo, 'Spain' in Gemma Fajardo and others (eds), *Principles of European Cooperative Law: Principles, Commentaries and National Reports* (Intersentia 2017) 588; Antonio Fici, 'Italy' in Gemma Fajardo and others (eds), *Principles of European Cooperative Law: Principles, Commentaries and National Reports* (Intersentia 2017) 380.

140 Antonio Zanotti, 'Italy: The Strength of an Inter-Sectoral Network' in Alberto Zevi and others (eds), *Beyond the Crisis: Cooperatives, Work, Finance. Generating Wealth for the Long Term* (CECOP 2011) 80.

141 Fici (n 139) 368.

142 Ed Mayo, 'Digital Democracy? Options for the International Cooperative Alliance to Advance Platform Coops' (International Co-operative Alliance 2019) 20.

cooperative values.<sup>143</sup> In this way, platform cooperatives sometimes blur into other enterprises and organizations of the social & solidarity economy, such as associations, foundations and social enterprises.<sup>144</sup> Irrespective of legal entity form chosen, organizations that identify with platform cooperativism aspire to become community-managed.<sup>145</sup> This choice of choosing a cooperative legal entity form or not is often driven by restrictions that exist in cooperative law for start-up cooperatives (such as registration costs), requiring a high number of members to register,<sup>146</sup> or needing to pay a minimum wage to worker-members and employees immediately upon registration.<sup>147</sup> Moreover, the term platform is a signifier for more than the platform business model or technological system. It signifies a tool for intermediation between two or more parties for the exchange of goods and services, as well as a communication tool built for use by members.

The origins of this movement for platform cooperatives are briefly discussed in the next section, with particular attention devoted to how platform cooperatives and cooperative-run platforms seek to reconcile status-set, role-set and role conflicts.

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143 Cooperatives are also expected to abide by 7 cooperative principles: (1) Voluntary and Open Membership, (2) Democratic Member Control, (3) Member Economic Participation, (4) Autonomy and Independence, (5) Education, Training and Information, (6) Cooperation among Cooperatives and (7) Concern for Community.

144 The Social and Solidarity Economy “refers to enterprises and organizations, in particular co-operatives, mutual benefit societies, associations, foundations and social enterprises, which specifically produce goods, services and knowledge while pursuing economic and social aims, and fostering solidarity.” Bénédicte Fonteneau and others, *Social and Solidarity Economy: Our Common Road towards Decent Work : The Reader 2011* (International Training Centre of the ILO 2011) vi.

145 Rory Ridley-Duff and Mike Bull, ‘Common Pool Resource Institutions: The Rise of Internet Platforms in the Social Solidarity Economy’ (2021) 30 *Business Strategy and the Environment* 1436, 1438.

146 Nowadays, this holds more true for countries influenced by the so-called British Indian Pattern of Co-operation, with a tradition of large credit and agricultural cooperatives, than for Western European or Canadian cooperatives. For example, in Bangladesh, at least 20 individual founders are needed to form a primary cooperative. Section 8(1)(a), *Co-operative Societies Act, 2001*.

147 While fairer pay is one of the main drivers for cooperative formation, it is difficult to guarantee this at the initial stages of a business and can make the choice to be employed by a cooperative an expensive one for the business. If the member is also a director and acts independently, it is possible to avoid minimum wage requirements. For the UK, see *Footprint Workers’ Co-operative Ltd. and Seeds for Change Lancaster Co-operative Limited, How to Set Up a Workers’ Co-Op* (Fourth, Radical Routes Ltd 2015) 90, 104.

## 2.4 THE COALESCENCE OF THE PLATFORM COOPERATIVISM MOVEMENT

### 2.4.1 Origins

Seven years ago, Trebor Scholz and Nathan Schneider published ‘Platform Cooperativism vs. the Sharing Economy’ and ‘Owning is the New Sharing’ respectively.<sup>148</sup> The former provided a theoretical framework for the movement and the latter showcased the cooperative alternatives that were beginning to emerge. With the ambition of connecting and mutually reinforcing these disparate efforts, from 2015 onwards, Scholz began convening annual conferences on platform cooperativism, primarily at The New School in New York City. These conferences brought together platform workers, software developers, labour rights activists, cooperative entrepreneurs, academics, policy makers and (even) the odd CEO and venture capital investor. Over multiple days, the participants discussed practices to resist platform capitalism, presented extant and new instantiations of platform cooperatives, reflected on their legal challenges, explored collaboration between trade unions and cities with these cooperatives, considered options for financing such businesses, speculated on the potential of technologies such as distributed ledgers to foster platform cooperatives, and learned about global efforts to develop supportive policy.<sup>149</sup> Several of these contributions are contained in the edited collection, *Ours to Hack and to Own* (2017). Scholz and Schneider’s individual books, *Uberworked and Underpaid* (2016) and *Everything for Everyone* (2018), as well as other academic and popular publications, provide more nuanced insight into how the movement is evolving, the challenges these nascent businesses face, and the manner in which they overcome them.

According to Scholz, platform cooperativism seeks to (1) clone or creatively alter the technological heart of the sharing economy and put it to work under a different ownership model, (2) foster solidarity and (3) reframe concepts such as efficiency and innovation for the (financial) benefit of the many, not the few.<sup>150</sup> While focusing primarily on cooperatives created *ex nihilo*, in recent years, the movement has branched out towards calling for the conversion of existing platform companies, such as Twitter,

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148 Nathan Schneider, ‘Owning Is the New Sharing’ (*Shareable*, 21 December 2014) <<https://bit.ly/2UUJvLU>>; Trebor Scholz, ‘Platform Cooperativism vs. the Sharing Economy’ (*Medium*, 5 December 2014) <<https://bit.ly/3639SkS>>. However, as Schneider notes, the Spanish collective Las Indias were the first to recognize platforms as a distinct type of cooperative. See Nathan Schneider, ‘An Internet of Ownership: Democratic Design for the Online Economy’ (2018) 66 *The Sociological Review* 320, 323.

149 Video recordings of sessions from these conferences are available online. Platform Cooperativism Consortium. Retrieved October 28, 2020, from [https://archive.org/details/@platform\\_coop](https://archive.org/details/@platform_coop).

150 Scholz, *Uberworked and Underpaid* (n 53) 174.

into cooperatives and member-owned businesses,<sup>151</sup> and exploring related transfer strategies, including creating a shareholding trust for users and the issuance of crypto-tokens with governance rights.<sup>152</sup> In early 2018, Scholz and the Platform Cooperativism Consortium were awarded a US\$1 million grant by Google.org to build a platform co-op development kit, which among other things is designing open-source tools to support platform cooperatives in the United States, Brazil, Australia, Germany and India. This was followed by the establishment of the Institute for the Cooperative Digital Economy in April 2019, dedicated to building knowledge about the democratic ownership and governance of platforms.

#### 2.4.2 Positioning Platform Cooperativism in the Context of Earlier Movements

In their work, Scholz and Schneider have deliberately sought to position platform cooperativism within existing efforts at building alternatives to platform companies and connect the movement to the long-standing tradition of cooperative and employee-owned business as well as earlier social and labour movements, including Occupy Wall Street and Movimiento 15-M in Spain.<sup>153</sup> This stems from an understanding that the maladies of platform capitalism are intimately tied to those of neoliberal capitalism and as such, require structural changes that extend beyond the challenges presented by any one platform company. This historical positioning appeals to the typicality of cooperatives in certain sectors that are predecessors to

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151 Danny Spitzberg, 'How the #BuyTwitter Campaign Could Signal a New Co-Op Economy.' (2017) Summer *The Cooperative Business Journal* 12; Iris Wuisman, 'Twitter: Naar Een Multi-Stakeholder Coöperatie En de Commons' in M Bedeuker and others (eds), *De coöperatie anno 2017* (Wolters Kluwer 2018).

152 Morshed Mannan, 'Business Transfer to Users: A Case for Recognizing Subjective Contributions and User Stock Ownership Plans (USOPs)?' (2017); Morshed Mannan, 'Fostering Worker Cooperatives with Blockchain Technology: Lessons from the Colony Project' (2018) 11 *Erasmus Law Review* 190; Morshed Mannan and Nathan Schneider, 'Exit to Community: Strategies for Multi-Stakeholder Ownership in the Platform Economy' (2021) 5 *Georgetown Law Technology Review* 1.

153 Stacco Troncoso and Ann Marie Utratel, 'If I Only Had a Heart: A DisCO Manifesto' (Timothy McKeon and Susa Oñate eds, *DisCO.coop*, Transnational Institute and Guerilla Media Collective, 2019) 39 <<https://bit.ly/2UzsPtB>>; Scholz, *Uberworked and Underpaid* (n 53) 106. This includes acknowledging the related work of David Bollier, Michel Bauwens, Geert Lovink and other fellow travelers who had long been engaged in a critique of informational and network capitalism and working on alternatives such as (digital) commoning, open cooperativism and organized networks Michel Bauwens and Vasilis Kostakis, 'From the Communism of Capital to Capital for the Commons: Towards an Open Co-Operativism' (2014) 12 *tripleC: Communication, Capitalism & Critique. Open Access Journal for a Global Sustainable Information Society* 356; David Bollier, *Silent Theft* (Routledge 2003) ch 7; Geert Lovink and Ned Rossiter, 'Dawn of the Organised Networks' [2005] *The Fibreculture Journal*.

contemporary platforms (e.g., newspaper cooperatives),<sup>154</sup> so as to make platform cooperativism appear to be an organic extension from the past, while also highlighting the tendency of cooperatives to emerge in waves following anti-corporatist protests, as has been the case in the US insurance, dairy, grain, electricity and ethanol industries.<sup>155</sup>

The connection of cooperatives to social movements is unsurprising as such movements have historically been “the producers of new values and goals around which the institutions of society are transformed”.<sup>156</sup> While established actors may seek to exert power by foreclosing the options of what is possible and thereby present their agenda as being most attractive,<sup>157</sup> as Graeber points out when discussing the experience of the Occupy movement, once people’s political horizons are broadened, a sense of what is possible is changed irrevocably, even if the touchstone movement itself dissipates.<sup>158</sup> As such, these counter-movements can also inspire a new class of entrepreneurship, despite being risky.<sup>159</sup> In Hegelian terms, the appeal of platform cooperativism can be seen as the culmination of a dialectical process by which platform workers (and users/consumers) recognize their subjecthood – their status – as ‘bondsmen’ and that their lords as being dependent on them.<sup>160</sup> It is only by seeking to rebel against this position, even with considerable risk and sacrifice, that “freedom is won”.<sup>161</sup>

However, if considered only as a movement, it becomes difficult to analytically distinguish platform cooperativism from other forms of ‘counter power’ against platform capitalism. These range from the types of collective action that are within the toolbox of trade unions – representative litigation, protest marches, occupation of platform company headquarters, boycotts – to innovative forms of technological subterfuge, such as application hacking, self-tracking and code obfuscation.<sup>162</sup> While varying in

154 Teresa Nelson and others, ‘Emergent Identity Formation and the Co-Operative: Theory Building in Relation to Alternative Organizational Forms’ (2016) 28 *Entrepreneurship & Regional Development* 286, 294.

155 Christophe Boone and Serden Özcan, ‘Why Do Cooperatives Emerge in a World Dominated by Corporations? The Diffusion of Cooperatives in the U.S. Bio-Ethanol Industry, 1978–2013’ (2013) 57 *Academy of Management Journal* 990; Marc Schneiberg, ‘Movements as Political Conditions for Diffusion: Anti-Corporate Movements and the Spread of Cooperative Forms in American Capitalism’: (2013) 34 *Organization Studies* 653, 659–660.

156 Manuel Castells, *Networks of Outrage and Hope: Social Movements in the Internet Age* (2 edition, Polity 2015) 9.

157 Steven Lukes, *Power: A Radical View* (2nd Edition, Red Globe Press 2005) 28.

158 David Graeber, *The Democracy Project: A History, a Crisis, a Movement* (Penguin UK 2013).

159 Boone and Özcan (n 155) 994.

160 GWF Hegel, *Phenomenology of Spirit* (Oxford University Press 1977) 118.

161 *ibid* 114.

162 Finn Brunton and Helen Nissenbaum, *Obfuscation: A User’s Guide for Privacy and Protest* (1st edn, The MIT Press 2015) 33; Sam Sweeney, ‘Uber, Lyft Drivers Manipulate Fares at Reagan National Causing Artificial Price Surges’ *WJLA* (16 May 2019) <<https://bit.ly/3dyhIqZ>>; WeClock, ‘About’ (*About | WeClock*, 2020) <<https://bit.ly/3h6jjq8>>.

methods, all of these types of collective action are engaged in a critique of platform capitalism, but they either address specific issues (e.g., wage theft) or are transient in nature. What makes platform cooperativism different is that its focus is not on short-term changes, but instead seeks to aid and promote over the long-term the constellation of actors that are building and operating cooperatives in the platform economy.

### 2.4.3 Distinguishing Platform Cooperatives from Cooperative-Run Platforms

There have long been worker cooperatives in the tech sector, from developing healthcare software to webhosting to conducting industrial research.<sup>163</sup> The difference now is that (worker) cooperatives not traditionally associated with new technologies are also building their own intermediation tools, including online platforms, for adding value to their members' work. These are described as cooperative-run platforms, since these cooperatives were providing services and acting for the benefit of their members prior to there being any online platform available and a platform is not central for their operations.<sup>164</sup> In other words, they are innovating their process, rather than their core services.<sup>165</sup> Taxi driver cooperatives, such as Cotabo in Bologna and Gescop in Paris, have been in operation since 1967 and 1977 respectively and creative workers' cooperatives, such as Doc Servizi (Italy) and SMart (Belgium) have been serving their members since 1990 and 1998 respectively. All four have crafted responses to the rise of the platform economy for their members. Cotabo and Gesscop have developed their own taxi-hailing app (TaxiClick, AlphaTaxi). DocServizi has an e-commerce platform for its members to market their services and organize their business and SMart has a networking platform for its members.

In the case of the latter two organizations, the tools to facilitate intermediation between members and their clients are not limited to an online matchmaking platform. These include (online) tools for invoice, payroll and tax administration which reduce bureaucratic barriers for e.g., creative workers to find and engage in projects with clients. In differing ways, both Doc Servizi and SMart have sought to extend social security protections to

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163 Alma scop, 'About Us' (*Alma*, 2019) <<https://bit.ly/360Kgp0>>; Andrew Bibby, 'Case Study: Poptel' (*Andrew Bibby | Writer and Journalist*, 2001) <<https://bit.ly/3Ac5LRH>>; William Foote Whyte and Kathleen King Whyte, *Making Mondragón, The Growth and Dynamics of the Worker Cooperative Complex* (Second Edition, Cornell University Press 2014) 64.

164 Mayo (n 142).

165 Davide Arcidiacono and Ivana Pais, 'Re-Embedding the Economy within Digitalized Foundational Sectors: The Case of Platform Cooperativism' in Filippo Barbera and Ian Reese Jones (eds), *The Foundational Economy and Citizenship: Comparative Perspectives on Civil Repair* (Bristol University Press 2020) 27.



their members which they may otherwise have been excluded from given the intermittent nature of work in the cultural sector – a part of the economy that has long featured gig work. Instead of being self-employed, members of Doc Servizi are part of Italy’s third category of worker – para-subordinate workers – who simultaneously retain the capacity to negotiate their own agreements with clients while benefiting from unemployment, sickness, maternity and family benefits which are similar to those of an employee.<sup>166</sup> In Belgium, where SMart originated, in lieu of this third worker category, a different arrangement is made. Self-employed persons find and negotiate with their own clients, with the cooperative taking over the responsibility of ensuring that the client pays invoices. While the contract is being performed, the cooperative hires the freelancer on a short-term contract, thereby giving them access to minimum working conditions, a minimum wage and social security protections.<sup>167</sup> In the case of SMart, this service is not limited to creative workers. At one stage it had a joint agreement with a Deliveroo that allowed it to employ its members that work for Deliveroo on a very short-term basis for a fee of 6.5% of the total invoice.<sup>168</sup> What the examples of DocServizi and SMart highlight is that enhancing wages and social security protections and practicing workplace democracy are not mutually incompatible, even for those engaged in ostensibly low-qualification work (e.g., SMart members who ride for Deliveroo).

In addition, there are cooperatives that have built platforms as an extension of their existing business (e.g., renewable energy, consumer retail) as well as those who provide internet and connectivity services that are essential for platforms to run, such as web hosting and cloud services. Figure 7 provides an illustrative typology of cooperative-run platforms, organized by their types of membership and prominent sectors they’ve emerged in. Appendix No. 1 provides a more comprehensive, but not exhaustive, overview of the cooperative-run platforms emerging in the platform economy in Europe (including the United Kingdom). This data was initially gathered from the Internet of Ownership directory (the largest crowdsourced directory of cooperatives operating in the platform economy) and supplemented by manual searches in other cooperative databases (e.g., the Cooperatives UK data explorer), as well as the business registers of Austria, Belgium, Denmark, France, the Netherlands, Sweden and the UK, by using the search terms “digital”, “platform” and “cooperative” in the national language of each jurisdiction. In addition, Google searches were done using the terms “digital”, “platform” and “cooperative” in the national language of the

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166 Francesca Martinelli and others, ‘Platform Cooperativism in Italy and in Europe’ (CIRIEC International 2019) No. 2019/279.

167 CECOP, ‘All for One: Response of Worker-Owned Cooperatives to Non-Standard Employment’ (CECOP 2019) 26.

168 Jan Drahekoupil and Agnieszka Piasna, ‘Work in the Platform Economy: Deliveroo Riders in Belgium and the SMart Arrangement’ (etui 2019) 2019.01 8.



other EU Member States to find examples that were not available in the aforementioned registries and databases. This data was then cross-checked by sharing the appendix with a wider community of platform cooperative experts with knowledge of the ecosystem. While still being far from complete and acknowledging that some of these cooperatives may have ceased operation, this investigation revealed a greater array of cooperative-run platforms than previously available in any one source.

These cooperatives are complemented by a host of others whose primary economic and governance activity is intermediated by an online platform. It is these organizations that are considered the archetype of a platform cooperative, as the existence of an online platform is central to their operations and business model. They include cooperative alternatives to Deliveroo (e.g., Mensakas and many others under the umbrella of CoopCycle), Airbnb (Fairbnb.coop), Spotify (Resonate), Zoom (Meet.Coop) and Amazon Web Services (e.g., Commons Cloud) and Google Docs (e.g., Collective Tools). Figure 8 provides an illustrative typology of platform cooperatives,<sup>169</sup> organized by their types of membership and prominent economic sectors they've emerged in using the same research method as Figure 7. Appendix No. 2 provides a more comprehensive, but not exhaustive, overview of the platform cooperatives that have emerged in Europe.<sup>170</sup>

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169 This is based on the typology developed for this chapter, but with European or global examples: Morshed Mannan and Simon Pek, 'Solidarity in the Sharing Economy: The Role of Platform Cooperatives at the Base of the Pyramid' in Israr Qureshi, Babita Bhatt and Dharendra Mani Shukla (eds), *Sharing Economy at the Base of the Pyramid: Opportunities and Challenges* (Springer 2021).

170 It is important to note that in other contexts, such as the Global South, additional membership categories may be present, such as women's cooperatives. FairBnB is an example of a workers' cooperative that is currently seeking to transition to a multi-stakeholder cooperative structure that will include local hosts and guests, but potentially other stakeholder categories as well. Thank you to Jonathan Reyes, Co-Founder of FairBnB for this point. *Also see*, *ibid*; Joël Foramitti, Angelos Varvarousis and Giorgos Kallis, 'Transition within a Transition: How Cooperative Platforms Want to Change the Sharing Economy' (2020) 15 Sustainability Science 1185.

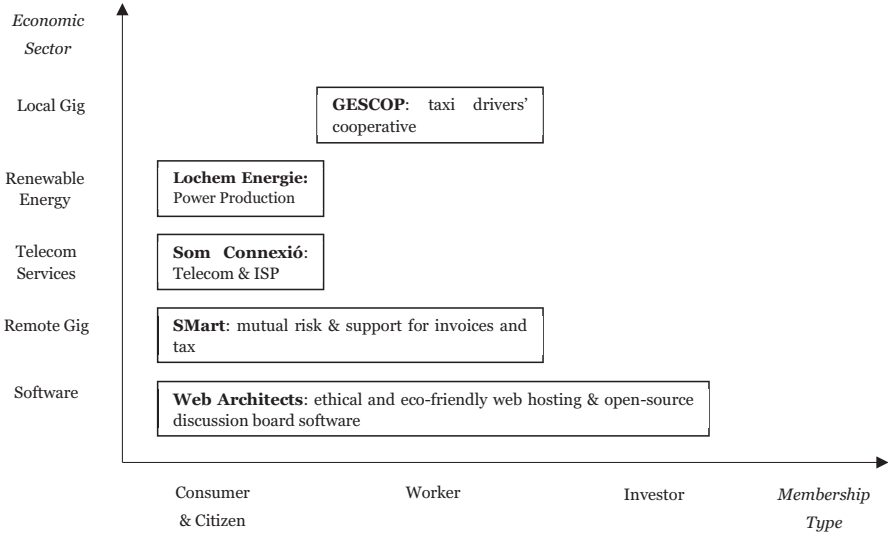


Figure 7: An illustrative typology of cooperative-run platforms

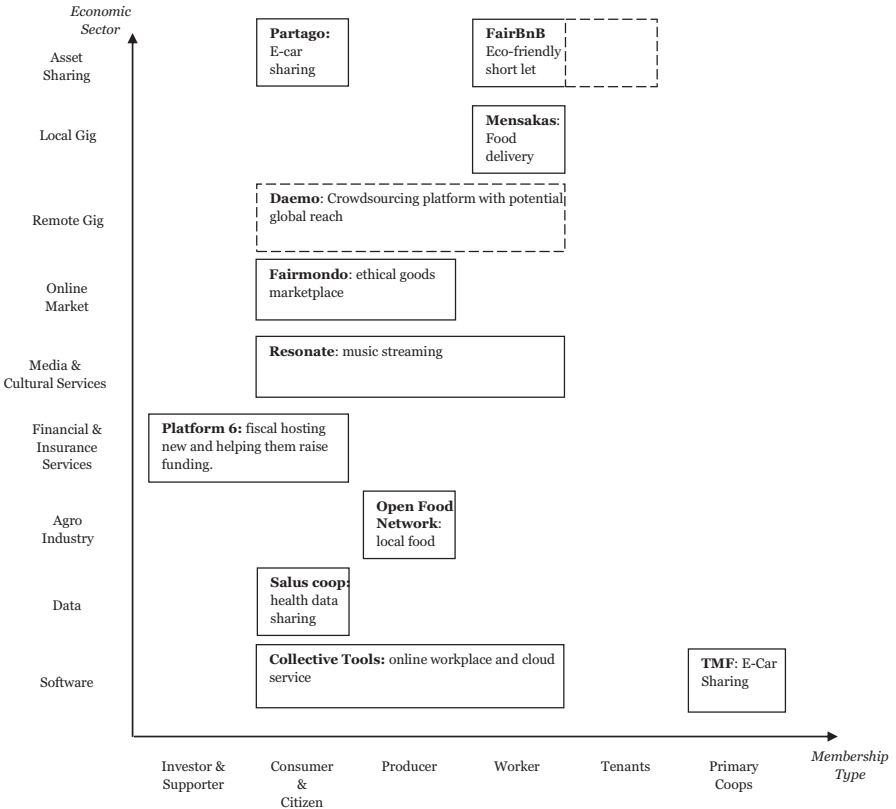


Figure 8: An illustrative typology of platform cooperatives (N.B. The dashed line indicates this platform, or a particular membership category, is not in operation at the time of writing).

Again, while efforts were made to ensure that these platform cooperatives are still operational, it is possible that some of them have ceased operating during the writing of this chapter.

These typologies reveal the broad range of economic activities in which these cooperatives are involved, in terms of industry and in terms of access they provide. Firstly, these cooperatives are present in sectors in which corporate platform competitors have long been present – such as bicycle courier services – as well as those in which they are more marginal, such as care for the Deaf (e.g., Signalise) and health care data management (e.g., Salus.coop). Secondly, while cooperatives such as Som Connexió provide access to the internet, Web Architects provide access to eco-friendly data centres, message boards and webhosting. These, in turn, may be used by cooperatives building their own web services and smartphone applications, whether this is in citizen organizing (e.g., Stadmakers Cöoperatie) or electric car rental (e.g., Partago).

What both platform cooperatives and cooperative-run platforms have in common is an explicit goal to pursue objectives other than profit and to redistribute governance rights. This social orientation can have a number of benefits for members, as shown in the earlier literature on worker cooperatives to which many of these cooperatives have a filial connection. Dufays and colleagues argue that a transition to worker cooperativism permits individuals to reclaim lifeworld resources, such as society, personality and culture. Worker cooperatives that adhere to the cooperative principles can engender trust and build social capital, cultivate new individual and collective identities in settings where workers are often excluded (e.g., boardrooms) as well as preserve local cultures and build a greater capacity to determine how they live.<sup>171</sup> Though platform cooperatives, like other platform businesses, are concerned with scaling out their activities and membership, the difference is they also wish to scale deep (i.e., “changing relationships, cultural values and beliefs, ‘hearts and minds’”).<sup>172</sup>

Crucially, worker and multi-stakeholder cooperatives can open two streams of income, in terms of a wage/payment according to the work completed, as well as a patronage dividend in proportion to their contributions to a cooperative. Established platform cooperatives, such as the photographers’ cooperative Stocksy, have already indicated the possibility of this.<sup>173</sup> Moreover, worker cooperatives have also shown a capacity for protecting employment compared to capital-managed firms.<sup>174</sup>

171 Dufays and others (n 136) 972–975.

172 Arcidiacono and Pais (n 165) 40, 45.

173 Juliet B Schor, *After the Gig: How the Sharing Economy Got Hijacked and How to Win It Back* (First Edition, University of California Press 2020).

174 Gabriel Burdin and Andrés Dean, ‘New Evidence on Wages and Employment in Worker Cooperatives Compared with Capitalist Firms’ (2009) 37 *Journal of Comparative Economics* 517.

In contrast to platform companies, the redistribution of governance rights is done by allowing individuals, and in some cases legal persons, to become members in the cooperative. As indicated in Figures 7 and 8, this is often in the form of worker-, consumer- or producer-membership. These membership classes typically are allowed to vote on a one-member, one-vote basis, unlike the concentration of voting power in private and public platform companies. In cooperatives such as Partago and Web Architects, this is coupled with a class of investor-member who may see a preferred (though capped) return on their investment but have different voting rights from other members.

In some of these cooperatives, members may have voting power only on major governance issues such as the appointment/removal of directors, its dissolution or other issues raised during an annual general assembly. For others, membership can entail a say in day-to-day decisions as well as the design of the application (e.g., Equal Care Coop) and the management and use of member data (e.g., Salus.coop). In the case of social media platform cooperatives (e.g., Chaos.social), this can extend to the co-creation of content moderation policies. It is these platform cooperatives that hue closely to Scholz's 10 principles of platform cooperativism, which includes involving workers and users in co-designing a platform.<sup>175</sup> In short, the idea behind conferring voting power is to address the accountability shortcomings of corporate competitors and improve data management practices as discussed in chapter 2.2. above. The fact that this is possible is due to the new status of being a cooperative member.

The legal concept of membership has been relatively undertheorized,<sup>176</sup> but is key in distinguishing cooperatives from companies. Pönkä argues that it is the personal, patronage-based relationship between cooperatives and its members that is a central distinguishing feature from companies and their shareholders. This, and other salient differences, between the platform companies discussed in section 2.2 and the cooperatives discussed in this section is presented in Table 1.<sup>177</sup> While the description of closely held companies, publicly held companies and cooperatives are stylised, the intent of the table is to show how they differ in terms of ownership structures, financing, transferability of shares, etc.

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175 Scholz, *Overworked and Underpaid* (n 53) 180–185.

176 Ville Pönkä, 'The Legal Nature of Cooperative Membership' (2018) 7 *The Journal of Entrepreneurial and Organizational Diversity* 39.

177 A similar distinction is drawn in Arcidiacono and Pais (n 165) 45. However, they focused on governance, funding, business model, market type, scale, digital infrastructure, data, users and economic value strategy instead of the categories used in Table 1.

Table 1: Comparison of 'ideal'-type platform companies, before and after IPO, and platform cooperatives

	<b>(Closely Held) Platform Company</b>	<b>(Publicly Held) Platform Company</b>	<b>Platform Cooperative</b>
<b>Ownership Structure</b>	Founder and Sophisticated Investor	Founder and Public Investors.	Member-Owned
<b>Involvement of Member</b>	Capital contribution and knowledge	Capital contribution	Capital contribution and patronage of firm
<b>Sources of Equity Financing</b>	Venture Capital or Private Equity (PE)	Public Subscription of Shares and Secondary Market	Members, Cities, Communities, Other Cooperatives, Value Investors
<b>Withdrawal of Share Capital</b>	Not Withdrawable	Not Withdrawable	Withdrawable in certain cooperatives (e.g., in the UK)
<b>Transferability</b>	Limited Transferability (UK), Free Transferability (NL)	Full and Free Transferability	Non-transferable usually
<b>Forms of Financial Return for Equity Holders</b>	Transfer of Equity / Sale of Business / Initial Public Offering	Dividends and transfer of shares	In distributing cooperatives, patronage returns. In non-distributing cooperatives, reinvest surplus.
<b>Control Rights</b>	VC /Founders/ Other Early Shareholders. VC may have additional rights depending on term sheet	Dual or Multi Class Share Structure. Founder(s) have outsized control rights.	One member, one vote as a default
<b>Power to Request Disclosures</b>	Shareholders, Works Councils (where applicable)	Shareholders, Works Councils (where applicable)	Members
<b>Executive Remuneration</b>	Exponential, depending on IPO, sale terms, VC / PE view.	Often tied to the performance of company shares	Capped/ low ratio between top and lowest paid worker
<b>Environment, Social and Governance Concerns</b>	Voluntary (Corporate Social Responsibility) and Sectoral	Same as above, plus requirements of any corporate governance code and listing rules	Concern for Community as part of ICA Cooperative Principle 7.
<b>Education of Members</b>	None or Voluntary	None or Voluntary	Expected of Members as part of ICA Cooperative Principle 5.
<b>Cooperation with Other Platforms</b>	None or Voluntary	None or Voluntary	Cooperation with other Cooperatives as part of ICA Cooperative Principle 6.

### 2.4.4 Applying Role-Set Theory to Platform Cooperatives

In terms of role-set theory, the choice of a cooperative over a company in organizing a platform entails the recognition of a new status for individual users and a distinct role-set, as indicated in Figure 9.

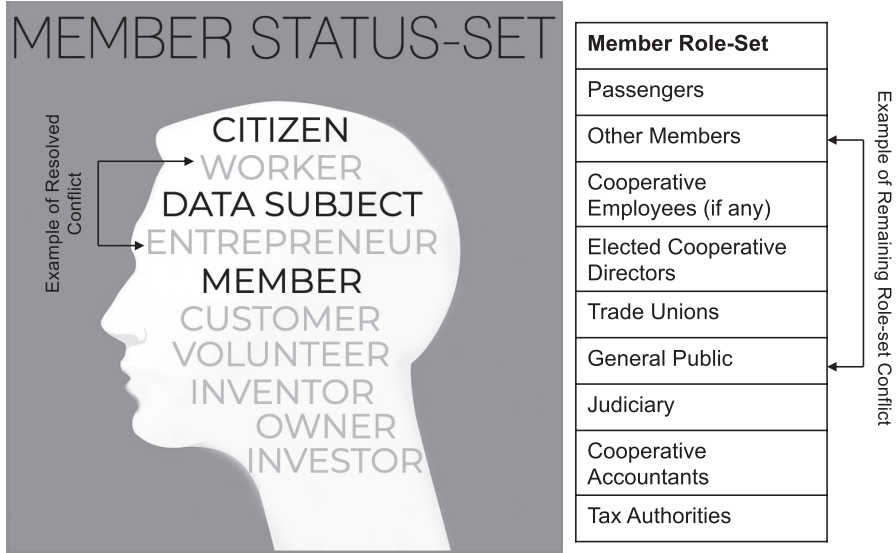


Figure 9: Role conflicts that are mitigated and remaining role-set conflict

By becoming a member of a cooperative, it is expected that role and role-set conflicts encountered by a person in the platform economy would be mitigated. The ‘master status’ of member helps reconcile previously inconsistent statuses, such as worker and entrepreneur.<sup>178</sup> This is due to the malleability of how a cooperative can be organized and their democratic governance, which at least in principle, gives members more control over their legal employment status (even if this determination still remains fact-specific).<sup>179</sup> The constitutional documents and membership agreement of a cooperative explicitly state what rights and duties of a member are, including any requirements of a member as to work and governance contributions. While each cooperative has to adjust to the conditions of the economic sector they operate in, for setting wages or transaction fees, they seek to do this in the interest of their members. As a consequence, in the case of platform

178 Nelson and others (n 154) 295; Elena Mamouni Limnios and others, ‘The Member Wears Four Hats: A Member Identification Framework for Co-Operative Enterprises’ (2018) 6 *Journal of Co-operative Organization and Management* 20; Dufays and others (n 136) 974.

179 Adam Stocker and Sara Stephens, ‘Evaluating the Potential of Cooperative Ridesourcing: A Case Study of Arcade City in Austin, Texas’ (Sustainable Economies Law Center 2019) Case Study 100–102.

cooperatives such as Taxiapp, taxi driver-members are entrepreneurs, while in cooperatives such as SMart, their members are short-term employees of their cooperatives. Having control over how employment relations are designed in a cooperative allows for a choice between receiving the benefits of employment or, alternatively, foregoing them so as to avoid, for instance, employment-related insurances. In the case of ride-hailing platforms this may be due to drivers being allowed to have the freedom to drive for other platforms, while in cooperatives like Smart, where there is a pooling of mutual risk, this is to allow individuals to act autonomously in their intellectual and creative activities while having a safety net. In other words, theoretically in a cooperative a person's statuses as worker and entrepreneur are subsumed and reconciled by their status as a member.

Even the distinct statuses of worker and consumer would be brought under the 'organizational umbrella' of a cooperative by way of their membership, entailing their equality in at least certain decision-making and financial matters.<sup>180</sup> Certainty about the status one occupies also allows the formation of a group identity with other occupants of the same status who experience similar role-set conflicts. This can be seen with associations for lawyers and librarians and would arguably be seen among cooperative members.<sup>181</sup>

It is anticipated that this certainty of status will prevent conflicting expectations of role-set partners about how an individual performs their status and consequently, lead to fewer role conflicts. For instance, the management of a ride-hailing cooperative as well as its other driver-members will both understand if driver-members meet with other members and voice their concerns to the cooperative, without the former considering this activity to be a form of illegal collusion. In contrast to drivers of a platform company, it will be expected that members will be involved in at least major strategic decisions of a cooperative. Similarly, data access requests about personal driving records will be viewed as requests by a member about their own information or about the business they have ownership rights in, rather than as a data subject seeking personal data from a data controller – which the controller may be reluctant to grant, if it entails divulging a trade secret.<sup>182</sup> As a member, they may expect that such access requests will be handled more expeditiously than in the case of platform companies.<sup>183</sup> Diminishing these conflicts would both improve the material well-being of individuals, such as drivers, and increase stability in the social structure.

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180 Maurie J Cohen, 'Workers – and Consumers – of the World Unite! Opportunities for Hybrid Co-Operativism' in Jonathan Michie, Joseph R Blasi and Carlo Borzaga (eds), *The Oxford Handbook of Mutual, Co-Operative, and Co-Owned Business* (Oxford University Press 2017) 378.

181 Merton (n 26) 116–117; Merton (n 107) 432.

182 Michael 'Six' Silberman and Hannah Johnston, 'Using GDPR to Improve Legal Clarity and Working Conditions on Digital Labour Platforms' (ETUI 2020) Working Paper 05 21.

183 Doorn and Badger (n 77) 1486.



There are, however, limitations to this analysis as members can have heterogeneous preferences,<sup>184</sup> and experience their own role-set conflicts due to the 'role concentration' inherent in the member status. Firstly, they can experience a role-set conflict between being a patron of a cooperative and an investor in its share capital. This relates to cooperatives perennially lacking capital and members allegedly having an underinvestment problem and preferring employment retention (discussed further in chapter 7.2). Secondly, they may be conflicts between (elected) cooperative directors and the remaining members. This relates to the emergence of hierarchy in cooperatives and the need to avoid degeneration. Thirdly, there can be a conflict between an existing member of a cooperative and a worker on probation prior to becoming a member. This refers to the reluctance of existing members to admit new members on the basis that the latter may freeride on the efforts of earlier members, shirk responsibilities and damage the ethos of the cooperative.<sup>185</sup> Fourthly, there can also be a role-set conflict between being the owner of a cooperative committed to the future of the business and being part of a community and serving its interests. The fourth conflict alludes to the disadvantage of maintaining commitments to the community in a manner that can intrinsically motivate members and spurs voluntary participation,<sup>186</sup> while furthering the business's own commercial objectives. This is particularly challenging for platform cooperatives as they are not outside the capitalist system they are against and experience financing challenges even more acutely than their capitalist counterparts.<sup>187</sup> These conflicts concern long-discussed disadvantages of the cooperative form.

That being said, there are options for addressing these shortcomings. The status of member could reconcile the patron and investor roles of membership by diminishing identification with the investor role by not distributing returns based on investment but tying it to patronage.<sup>188</sup> The tensions between the roles of director and voter could be addressed in a number of ways, ranging from modest proposals like short term limits and agile management practices to more ambitious commitments such as the adoption of a role rotation policy. The cooperative could strike a balance between open and voluntary membership and the need for knowing new

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184 Julia Höhler and Rainer Kühl, 'Dimensions of Member Heterogeneity in Cooperatives and Their Impact on Organization – a Literature Review' (2018) 89 *Annals of Public and Cooperative Economics* 697.

185 Elvira Cicognani and others, 'Social Identification and Sense of Community Among Members of a Cooperative Company: The Role of Perceived Organizational Values' (2012) 42 *Journal of Applied Social Psychology* 1088, 1109.

186 Isabella Hatak, Richard Lang and Dietmar Roessl, 'Trust, Social Capital, and the Coordination of Relationships Between the Members of Cooperatives: A Comparison Between Member-Focused Cooperatives and Third-Party-Focused Cooperatives' (2016) 27 *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 1218, 1234.

187 Marisol Sandoval, 'Entrepreneurial Activism? Platform Cooperativism Between Subversion and Co-Optation' (2020) 46 *Critical Sociology* 801.

188 Mamouni Limnios and others (n 178) 23–24.

members by carefully calibrating a probation period that is suitable to the business model of the cooperative. This could vary from membership beginning as soon as someone completes a minimum number of transactions with the cooperative to periodically freezing admissions based on the availability of work. Finally, in seeking to balance commercial and community needs, other classes of stakeholders – such as local citizens and community representatives – could be consulted on important decisions or, if appropriate, extended membership. Several of the aforementioned platform cooperatives have sought to transition from single stakeholder to multi-stakeholder membership with this objective in mind.

## 2.5 CONCLUSION

In this chapter, three distinguishing features of platform capitalism were identified. It is characterized by (1) the concentration of corporate power in the hands of a few individuals (particularly in social media and to an extent in the gig economy) and the exploitation of platforms' dominant market position for socially-harmful ends, (2) the reaching and construction of new markets through the collection, processing and use of personal data, and (3) the deliberate creation of role and role-set conflicts with socio-technical and business strategies to further platforms' business model. This third dimension was explored further through an explanation of Robert Merton's role-set theory and its application to the ride-hailing sector to understand the conflicts encountered by drivers. The most prominent example of this is the role conflict between the worker and the entrepreneur statuses and the role-set conflicts encountered by drivers while interacting with the partners of each status. These conflicts are at the heart of many of the legal disputes in the gig economy and a focus on identifying statuses, role-sets and role-set partners can highlight other emerging conflicts, for instance, between being a consumer and a citizen, when the public is mobilized to advocate for corporate-friendly regulations.<sup>189</sup> It also raises the possibility of considering whether a change in status can resolve some of these conflicts. The remainder of the chapter discussed the platform cooperativism movement as an attempt towards such a transition, by enabling persons experiencing the aforementioned conflicts to adopt the new master status of member. Based on the cooperative-run platforms and platform cooperatives that have emerged till date, the possibilities of membership reconciling statuses such as worker and entrepreneur in this new context was weighed. The cooperative management literature gives some grounds for optimism about this, while also flagging some of the problems with role concentration and role-set conflict that cooperative members will also have to overcome.

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189 Tzur (n 62) 355.

This opens up the possibility of applying role-set theory in empirical studies, so as to evaluate whether persons joining a platform cooperative experience less role-conflicts and role-set conflicts than when they worked for a platform company. Future research could also look at how this switch affected the economic, social and cultural capitals of the individuals navigating the online 'field'.<sup>190</sup> While this article focused primarily on the gig economy, it would be illuminating to see role-set theory applied to other sectors, such as social media.

Merton's role-set theory has proven to be useful as it allows us to understand how social structures are experienced differently depending on one's status, while also providing an explanation for how an individual may seek to escape the conflicts inherent to this by changing one's status.<sup>191</sup> Coser has sought to extend this framework by adding class analysis, arguing that those belonging to lower strata of society have a more restricted role-set and thereby, have less scope for autonomously articulating their own statuses.<sup>192</sup> Thus, one of the most important reasons for why platform cooperativism merits support is because individuals may struggle to articulate and change their own status autonomously and cooperatives potentially provide a collective action mechanism for individuals to move towards a new status.

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190 Barbara Townley, 'Bourdieu and Organizational Theory' in Paul Adler and others (eds), *The Oxford Handbook of Sociology, Social Theory, and Organization Studies* (Oxford University Press 2014).

191 Roberts and von Below (n 26) 117.

192 Rose Laub Coser, 'The Complexity of Roles as a Seedbed of Individual Autonomy' in Lewis A Coser (ed), *The Idea of Social Structure: Papers in Honor of Robert K. Merton* (Harcourt Brace Jovanovich 1975) 244.