



Universiteit
Leiden
The Netherlands

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

Mannan, M.

Citation

Mannan, M. (2022, February 15). *The emergence of democratic firms in the platform economy: drivers, obstacles, and the path ahead*. Meijers-reeks. Retrieved from <https://hdl.handle.net/1887/3278843>

Version: Publisher's Version

License: [Licence agreement concerning inclusion of doctoral thesis in the Institutional Repository of the University of Leiden](#)

Downloaded from: <https://hdl.handle.net/1887/3278843>

Note: To cite this publication please use the final published version (if applicable).

The Emergence of Democratic Firms in the Platform Economy: Drivers, Obstacles and the Path Ahead

The Emergence of Democratic Firms in the Platform Economy

Drivers, Obstacles and the Path Ahead

PROEFSCHRIFT

ter verkrijging van
de graad van Doctor aan de Universiteit Leiden,
op gezag van rector magnificus prof.dr.ir. H. Bijl,
volgens besluit van het college voor promoties
te verdedigen op dinsdag 15 februari 2022
klokke 13.45 uur.

door

Morshed Mannan

geboren te Dhaka, Bangladesh

in 1990

Promotoren: prof. dr. I.S. Wuisman
 prof. dr. J.A.A. Adriaanse

Promotiecommissie: prof. dr. A.G. Castermans
 prof. dr. V. Mak
 prof. dr. D.F.M.M. Zaman
 dr. P. de Filippi (Centre National de la Recherche
 Scientifique, France/Harvard University, USA)
 dr. G.J.H. van der Sangen (Tilburg University)

Lay-out: AlphaZet prepress, Bodegraven
Printwerk: Ipskamp Printing

© 2022 M. Mannan

Behoudens de in of krachtens de Auteurswet van 1912 gestelde uitzonderingen mag niets uit deze uitgave worden vervoelvoudigd, opgeslagen in een geautomatiseerd gegevensbestand of openbaar gemaakt, in enige vorm of op enige wijze, hetzij elektronisch, mechanisch, door fotokopieën, opnamen of enig andere manier, zonder voorafgaande schriftelijke toestemming van de auteur.

No part of this book may be reproduced in any form, by print, photoprint, microfilm or any other means without written permission of the author.

Acknowledgements

I owe many people a debt of gratitude for helping me complete this research project. I would like to thank the Meijers Research Institute and Graduate School and the Company Law Department of Leiden Law School for awarding me a PhD position. This dissertation would not have been possible without their generous funding.

I am grateful to my supervisors, Professor Iris Wuisman and Professor Jan Adriaanse, for their invaluable guidance from the very outset of this project. They were patient and generous with their time and advice, despite my freewheeling research interests. As my primary supervisor, Iris supported my interests by encouraging me to learn new research methods, and by opening up travel and collaboration opportunities – while still advising me on how to keep my research project on track.

The work of Dr. Trebor Scholz and Nathan Schneider had a transformative impact on me as I drafted my PhD research proposal. I feel fortunate that since then I have had the opportunity to closely collaborate with both of them. With their help, I became personally familiar with several community-owned businesses and platform cooperatives, including those studied in this dissertation. I would like to express my sincere gratitude to all the co-operators and allies who shared their valuable time and insights with me. I hope this dissertation, at least in a small way, aids the movement they have been collectively building.

I was working at the Company Law department before my PhD trajectory began, and I would like to thank all of my colleagues, past and present, for their support. Within the Institute of Private Law, I'd like to extend my sincere thanks to Professor Alex Geert Castermans and Dr. Caspar van Woensel for nurturing my interest in business ethics, which was an important steppingstone towards thinking about democratic firms. Professor Willem van Boom also provided insightful comments and suggestions on a draft chapter, as well as helpful research advice. I would like to offer my special thanks to Amir Ali Abadi, Hamed Abed Ali, Jakob Arzlanian, Gert Jan Boon, Ilya Kokorin, Hosna Sheikhattar, and Jacqueline Wessel for their support.

During the course of writing my dissertation, I had the opportunity to visit, and work with, several institutions outside of the Netherlands. I am grateful to Andrés Ruggieri for enabling me to attend the Sixth International Gathering of "The Workers' Economy" in Argentina in 2017. That was also the year that I first visited a workshop organised by the Coalition of Automated Legal Applications at the European University Institute. Despite being very new to the blockchain space at the time, I was readily included into the 'cling of COALAs' by Dr. Primavera de Filippi.

In 2019, I was selected for a fellowship at a newly launched Institute for the Cooperative Digital Economy at The New School in New York City. The research of the two cohorts of ICDE Research Fellows and the Platform Cooperative Young Scholars Network has been inspirational for my own work. I am thankful to the Faculty of Law of the University of Cambridge for also hosting me for a month as a visiting scholar.

In recent years, I've gotten to know several people within national and international cooperative movements who have helped sharpen my thinking on platform cooperatives in particular. While it is not possible to mention all their names, I would like to extend my sincere thanks to Leo Sammallahiti, Danny Spitzberg, Mohit Dave and Santosh Kumar of the International Co-operative Alliance, Dr. Simel Esim of the ILO's Cooperatives Unit, Dr. Francesca Martinelli of DocServizi, Ludovica Rogers and James de le Vigne of Co-operatives UK, and Edward Potter and Dr. Willy Tadjudje of NCBA CLUSA International. In addition, I wish to show my appreciation to Professor Hagen Henry, Dr. Ger van der Sangen and Dr. Simon Pek for their kind and constructive comments on my research.

Most importantly, I want to express my appreciation and love for my family. Abba (Ambassador Mosud Mannan ndc) and Amma (Professor Nuzhat Amin Mannan) were both an immense source of inspiration. Their unwavering belief not only made me feel that completing such a daunting project would be possible, but it motivated me to be ambitious in how I approach my research. A son could not ask for more supportive parents. I am deeply grateful for the tremendous patience, understanding and encouragement of my wife, Malika Suleymanova. It is due to her humour and nurturing support that I have been able to complete this project.

At this time, I also remember my Nani (Munira Huq), who prayed for my health and well-being since I was born. It grieves me to say that she passed away before this project could be completed. I dedicate this dissertation to her memory.

Table of Contents

ACKNOWLEDGEMENTS	V
PREVIOUSLY PUBLISHED WORK	XI
EXECUTIVE SUMMARY	XIII
1 INTRODUCTION	1
1.1 Terminology and Research Questions	1
1.2 Limitations of Scope	5
1.2.1 Scope of Research on the Platform Economy	5
1.2.2 Scope of Research on Platform Regulation and Governance	6
1.2.3 Readership	8
1.2.4 Writing a Dissertation through Publications	10
1.3 Arrangement of Chapters	11
2 THEORIZING THE EMERGENCE OF PLATFORM COOPERATIVISM: LESSONS FROM ROLE-SET THEORY	13
2.1 Introduction	13
2.2 A Brief Tour of Platform Capitalism	15
2.2.1 Concentration of Power in Corporate Governance and Markets	21
2.2.2 Creation and Exploitation of Digital Profiles and Personae	24
2.2.3 Cultivation of Role and Role-Set Conflicts by blurring Statuses	25
2.3 Applying Role-Set Theory to Platform Users	26
2.4 The Coalescence of the Platform Cooperativism Movement	36
2.4.1 Origins	36
2.4.2 Positioning Platform Cooperativism in the Context of Earlier Movements	37
2.4.3 Distinguishing Platform Cooperatives from Cooperative-Run Platforms	39
2.4.4 Applying Role-Set Theory to Platform Cooperatives	46
2.5 Conclusion	49
3 ENHANCING PLATFORM WORKER PARTICIPATION IN PLATFORM COMPANIES: A 3-STAGE DELPHI STUDY	51
3.1 Introduction	51
3.2 Platform Worker Organization and Representation: A Review	52
3.3 Rationale for Research Methodology	57

3.3.1	Forecasting by Platform Workers about the Future of Platform Work	58
3.4	The Delphi Method	62
3.4.1	Round 1	64
3.4.2	Rounds 2 & 3	66
3.5	Results	68
3.5.1	Round 1	68
3.5.2	Round 2	72
3.5.3	Round 3	76
3.6	Discussion	77
3.7	Conclusion & Future Research	82
4	EXIT TO COMMUNITY: STRATEGIES FOR MULTI-STAKEHOLDER OWNERSHIP IN THE PLATFORM ECONOMY	83
4.1	Introduction	83
4.1.1	Existing Proposals for Platform Regulation & Governance	86
4.1.2	Defining Terms	97
4.1.3	The Case of CoSocial	101
4.2	Exit-to-Community Strategies	103
4.2.1	Option 1: Stockholding Trust	103
4.2.2	Option 2: Federation	115
4.2.3	Option 3: Tokenization	131
4.3	Discussion	142
4.4	Conclusion	148
5	A PROPOSAL FOR THE FORMATION AND GOVERNANCE OF USER TRUSTS IN THE PLATFORM ECONOMY	151
5.1	Introduction: Dismantling Walled Gardens	151
5.2	The Case for User Ownership and Governance	155
5.2.1	Surplus Value extracted from Social Media Users	157
5.2.2	Cultural Value of Social Media	160
5.2.3	Social Media Platform Companies as Political Entities	163
5.3	Proposal: Share Transfers for User Ownership & Participation	166
5.3.1	Making Organisational Choices	167
5.3.2	Non-Charitable Purpose Trusts	171
5.3.3	Stichting Administratiekantoor (STAK)	180
5.4	Developing a Good Governance Checklist for Representative User Bodies	185
5.5	Conclusion & Future Research	191
6	EVERYTHING OLD IS NEW AGAIN: EVALUATING THE LEGAL AND GOVERNANCE STRUCTURES OF 'SHARED-SERVICES PLATFORMS'	193
6.1	Introduction	193
6.2	Shared-Services Platforms	195
6.3	Research Methodology	202
6.4	Case Studies	205

6.4.1	The Mobility Factory (TMF)	205
6.4.2	Eva	216
6.5	Discussion	230
6.6	Conclusion and Implications for Future Research	239
7	FOSTERING WORKER COOPERATIVES WITH BLOCKCHAIN TECHNOLOGY: LESSONS FROM THE COLONY PROJECT	241
7.1	Introduction	242
7.2	Labour Management and Ownership of Business	246
7.2.1	The Archetypical LMF: The Worker Cooperative	246
7.2.2	The Appeal of Worker Cooperatives to Workers	249
7.2.3	Worker Cooperatives as Competitive Firms	251
7.2.4	The Scarcity of Worker Cooperatives	254
7.3	Understanding the Technology: Smart Contracts and DAOs	257
7.4	Case Study of Colony	260
7.4.1	What Colony does	260
7.4.2	The Governance of Colony	260
7.4.3	Worker Cooperatives: Learning from the Colony Project	264
7.5	Conclusion	268
8	CONCLUSION	271
8.1	Scientific and Social Contributions of this Dissertation	271
8.2	Towards a Democratic Platform Economy: Recommendations for the Years Ahead	280
8.1.1	Short Term	280
8.1.2	Mid Term	283
8.1.3	Long Term	285
8.3	Future Research	286
9	EPILOGUE: A LEGAL FRAMEWORK BENCHMARKING STUDY FOR PLATFORM COOPERATIVES	289
9.1	'Friendliness' of a Legal Framework towards Platform Cooperatives: Scorecard	293
	SAMENVATTING (DUTCH SUMMARY)	303
	REFERENCES	309
	APPENDIX No. 1. Cooperative-Run Platforms (i.e., pre-existing cooperatives that build online intermediation and communication tools for the benefit of their members)	357
	APPENDIX No. 2. Platform Cooperatives (i.e., new enterprises whose primary economic activity is conducted through online intermediation and/or communication tools and who abide by the International Co-operative Alliance's Statement of Co-operative Identity)	364

Previously Published Work

This thesis contains unpublished, original work as well as previously published works, in whole or in part. The thesis contains and/or builds on the following previously published work by the author:

Chapter 2 draws on:

M. Mannan, 'Theorizing the Emergence of Platform Cooperativism: Lessons from Role-Set Theory' (2022) 2 *Ondernemingsrecht Tijdschrift* February issue, 64-71 [double peer review].

M. Mannan and S. Pek, 'Solidarity in the Sharing Economy: The Role of Platform Cooperatives at the Base of the Pyramid' (pp. 249-279) in: I Qureshi, B Bhatt & DM Shukla (eds.) *Sharing Economy at the Base of the Pyramid: Opportunities and Challenges* (Springer 2021). [review by book editors].

Chapter 4 draws on:

M. Mannan and N. Schneider, 'Exit to Community: Strategies for Multi-Stakeholder Ownership in the Platform Economy' (2021) 5 *Georgetown Law Technology Review* 1-71. [review by both student editors and faculty advisors]

Chapter 6 is based on:

M. Mannan, *Everything Old is New Again: Evaluating the Legal and Governance Structures of Shared-Services Platform Cooperatives* (Institute for the Cooperative Digital Economy 2020) [review by series editor].

Chapter 7 is based on:

M. Mannan, 'Fostering Worker Cooperatives with Blockchain Technology: Lessons from the Colony Project' (2018) 11 *Erasmus Law Review* 190-203. [double-blind peer-review].

Chapters 8 and 9 draws on:

T. Scholz, M. Mannan, J. Pentzien & H. Plotkin, *Policy Recommendations to Support Cooperative Ownership in the Digital Economy* (Berggruen Institute 2021) [review by series editors].

