Platform cooperatives: An organisational model to counteract extractive and exploitative practices in the platform economy?

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Abstract

The platform economy has transformed experiences of everyday transactions, providing convenience and choice for consumers. However, platform companies have been criticised for exploitation of workers in the gig economy and extracting value from local communities. Drawing on three case studies, this chapter examines the potential of the cooperative organisational model to function as a barrier to extractive capitalism. Cooperatives are democratically controlled organisations that are owned and governed by their members. They espouse the values of self-help, self-responsibility, democracy, equality, equity, and solidarity (ICA, n.d.). Platform cooperatives are owned by their workers or service users and, therefore, they do not have to meet profit demands of external shareholders. This chapter demonstrates how platform cooperatives can enable a more democratic economy that embeds a wider distribution of ownership and benefits (Morozov and Bria, 2018), or an economy that is 'distributive by design' (Raworth, 2017). However, we contend that cooperatives are only part of the systemic response needed to counter the social and economic injustices that have emerged within the platform economy.

Keywords: platform economy, platform cooperatives, solidarity economy, democratic business models, extractive capitalism, cooperative organisation models.

Introduction

The platform economy has transformed our experiences of everyday transactions, providing competitive prices, convenience and choice for consumers, and a way for producers and service providers to market and deliver their products and services to consumers. Companies that have deployed digital technologies to create innovative businesses have grown their international operations and, such is their pervasiveness in daily life, many have become household names. However, Scholz (2016, p.4) has highlighted how platforms function as 'digital bridge builders', which extract value by inserting themselves as intermediaries between service owners/producers and their consumers. Platform enterprises embed "extractive processes into social interactions" as wealth is removed from the environment, the community, and labour (Scholz, 2016, p.4). They have been widely criticised for profiting from exploitative practices as many workers in the so-called 'gig economy' experience low wages, poor working conditions, weak occupational health and safety and social security, and employment precarity (ILO, 2021). The common practice of classifying platform workers as independent contractors transfers many of the costs, risks, and responsibilities to those workers, and leads to a "corrosive effect on working standards" (Fredman *et al.*, 2021, p.1).

Platform behemoths have become emblematic of the shareholder primacy that characterises the modern capitalist system and have become subject to a growing critique. In the academic and popular business literatures, increasing attention is focused on the need to transition from shareholder capitalism, where delivering a profit to shareholders is the primary consideration, towards stakeholder capitalism, which is less extractive (in environmental, social and economic terms) and distributes the benefits of capitalism more widely. Driven by the realisation of the potentially catastrophic impact of the climate crisis – not only environmental destruction but the associated societal and economic breakdown – calls to 'reimagine capitalism' (Henderson, 2021) and for businesses to make a 'net positive' contribution to society (Polman and Winston, 2021) are gaining momentum. The environmental and social challenges posed by the excesses of the capitalist system have focused attention on purpose-driven business and alternative ownership models that reward a wider variety of stakeholders, such as employees and producers. At the pinnacle of such business organisational models is the cooperative enterprise, which is collectively owned and democratically controlled by workers, producers, service users or multiple stakeholders. Cooperative enterprises are established by stakeholders to meet specific needs rather than generate profits. As such, they are often presented as an alternative to capitalism though, in practice, they co-exist, interact with, and are embedded in the capitalist system.

This chapter will examine the potential for platform cooperatives to provide an alternative organisational model and, using three case studies, will demonstrate how platform cooperatives already harness the technology of the platform economy in a way that distributes benefits and opportunities to a wider range of stakeholders, including the workers and the communities that generate value. It explains how platform cooperatives create local responses to the problems inherent in platform capitalism. The chapter will demonstrate how the structure, values and ethos of cooperative businesses (re)balance the negative impacts often associated with the platform economy by revalorising the local and creating barriers to extractive capitalism. Two of the platform cooperatives included in this chapter were established specifically to counteract some of the negative impacts of high-profile platforms in food delivery and in short-term rentals; the third was designed to create a new retail space that connects local food producers and consumers. The first case study focuses on the food delivery cooperative platform CoopCycle and demonstrates how the cooperative model enables benefits to be distributed more equally among value creators (including workers) in the platform economy. It also demonstrates how cooperative platforms can scale their operations to a point where they can aim to compete with mainstream platforms by pooling and sharing digital and technical expertise. The second case study, Fairbnb.coop highlights how the social impact of platforms that extract value from particular localities can be mitigated by adopting cooperative structures in the short-term rental market. The third case study, the Open Food Network (OFN), explores an emerging platform space for mostly primary food ingredients and outlines how it facilitates small-scale producers to connect with new markets by creating digital farmers' markets or food hubs. Again, like CoopCycle, central to this case study is the development of community-owned software which is shared with like-minded groups focused on selling food.

Before considering these case studies, the next section outlines the ethos and principles that govern cooperative businesses and how the philosophy and ideology underpinning cooperatives makes them a suitable vehicle to provide a countervailing force to the current hegemony of platform capitalism.

The Cooperative Model

Cooperatives are different to conventional capitalist enterprises. The values underpinning the cooperative model are encapsulated in what are known as the seven cooperative principles. These are sometimes referred to as the Rochdale Principles and are based on ideals established by the Rochdale Society of Equitable Pioneers in Rochdale, UK, in 1844.[Footnote 1] Since then, they have formed the basis for internationally agreed principles, which are intended to guide all cooperatives endeavours. The most recent (re)articulation of the principles (Table 1) dates from the 1995 General Assembly of the International Cooperative Alliance (ICA, n.d.).

Table 1: The Seven Cooperative Principles
1. Voluntary and open membership Cooperatives are voluntary organisations, which are open to all who can use their services and are willing to accept the responsibilities of membership.
2. Democratic member control They are democratic organisations which are controlled by their members, who are actively involved in setting policies and making decisions. Flexible enough to adapt to meet the changing needs of members. Local/community ownership is key here.
3. Member economic participation Members contribute equitably to democratically control the capital of their cooperative. Surpluses are allocated by the members for several purposes: developing their cooperative, benefiting members in proportion to their transactions with the cooperative, and supporting other activities approved by the membership.
4. Autonomy and independence Cooperatives are autonomous, self-help organisations controlled by their members. Any agreements with other bodies must ensure continued democratic control by their members and the maintenance of the cooperative identity.
5. Education, training and information They provided education and training for their members, elected representatives, managers, and employees to ensure they can contribute effectively to the development of the cooperative. The importance of informing the general public about the nature and benefits of cooperatives is also recognised.
6. Cooperation among cooperatives Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, and international structures.
7. Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Source: Synopsised from ICA (n.d.) https://www.ica.coop/en/cooperatives/cooperative-identity [accessed 28/10/2022]

These principles comprise the critical features that differentiate cooperatives from conventional businesses and help explain their enduring appeal. Cooperatives start with a non-profit oriented purpose or mission. They are designed for use by their owners – whether the owners are users of the service, producers or workers, or members of a community. While cooperatives must generate revenues sufficient to ensure their viability, profit itself is not the reason for the cooperative's existence. They have more freedom to put purpose before profit and to reinvest in the locality, community and the cooperative enterprise. Although their roots are in the nineteenth century, cooperatives remain significant players in the global economy. Currently there are more than three million registered cooperatives across the world. These cooperatives have an estimated membership of approximately one billion people globally (ICA, n.d.)

Raworth (2017), the British economist who developed the concept of Doughnut Economics, argues that a critical challenge related to issues of sustainability is a transition to an economy that is distributive by design, that is, an economy that achieves a more equitable distribution of ownership, resources and benefits. Conventional capitalist enterprises have long tended to extract value by reducing costs and maximising profits to benefit major shareholders and senior executives. The importance of employee ownership has been highlighted as significant in facilitating a transition to a more democratic economy that benefits individuals in proportion to their contribution to value creation (Kelly & Howard, 2019). Given their guiding principles, cooperatives are the ultimate business organisational model in terms of distributed ownership, and they are the most profound expression of the type of generative enterprise needed for a more democratic economy. The "generative economy" is "life-serving" (Kelly, 2012). It supports employee ownership and local ownership. It is focused on paying decent wages, allowing the people who generate the wealth to benefit proportionately. The generative economy provides for the needs of communities to be served in an equitable and sustainable way. This contrasts with extractive capitalism, where wealth is extracted from the environment, community, and employees, and monopolised by a small financial elite.

The ownership of conventional businesses that are listed on the stock market is dominated by major shareholders without ties to place. Senior executives' first allegiance and fiduciary duty is to these shareholders, not to places, communities or workforces. Decisions are made based on profit-maximisation and the self-interested perpetuation of the business. This contrasts fundamentally with cooperatives where the workers or producers who create the value, or the service users who own the cooperatives, make the decisions. In cooperatives, profits are more equitably distributed and there are significantly smaller differences in remuneration between senior management and other workers (Mayo, 2015). Decisions are made on the one-member, one-vote principle, regardless of the equity invested by individual members. Cooperative values and principles, which prioritise people over profit, underpin their governance.

Applying Cooperativist Ideas to the Platform Economy

By adopting alternative ownership and governance models, cooperatives aim to "remedy the corrosive effects of capitalism by creating a more collaborative and less exploitative economy" (Muldoon, 2020, p.5). We do not suggest that cooperatives provide a panacea for all the ills of the platform economy, or that they are likely to replace capitalism. Indeed, there are significant limitations to the extent to which co-operatives can have an impact in the current regulatory environment, where they have to compete with conventional, extractive enterprises (CECOP, 2021). However, the case studies presented below illustrate how the cooperative model provides a useful mechanism for those who seek to mitigate the worst excesses of extractive platform capitalism. [Footnote 2]

The remainder of this chapter is based on case studies of three cooperative platforms in the food and tourism sectors.

CoopCycle: Challenging worker exploitation and sharing digital technologies in the platform economy through the cooperative model

A key sector that has been profoundly transformed by the platform economy is courier and delivery services. The rapid evolution of this sector was accelerated by the COVID-19 pandemic as social distancing and restrictions on movement stimulated the market for online shopping and home food delivery (Ferreira *et al*., 2022; Fredman *et al*., 2021; Friedland & Balkin, 2022; ILO, 2021). In home delivery of prepared foods, the revenue model is usually based on commission paid by the restaurant and a delivery fee paid by the customer. Commission fees charged to restaurants by delivery platforms can range from 12 to 35%. In some cases, delivery platforms include exclusivity clauses in their contracts, which use discounted commission fees to incentivise restaurants and retailers to work exclusively with them. The customer is also charged a delivery fee, which may be a set minimum fee, or determined by distance or a percentage of the purchase price (ILO, 2021). To minimise costs, in most cases, food delivery workers are required to provide their own vehicles, smartphone, and thermal backpack (ILO, 2021).

In a comparative study of labour unrest across platforms providing a range of services, such as cleaning, repair, care, childminding and delivery, Joyce *et al*. (2020 in Trappmann *et al.* 2020) found labour unrest to be most prevalent in the food delivery sector. Trappmann *et al.*'s (2020, p.9) study of labour unrest in the platform-based food delivery sector concluded that, globally, between January 2017 and May 2020, the majority (63%) of labour unrest was related to "distributive concerns", specifically low pay. Employment status, working conditions, and health and safety were cited as reasons for unrest in approximately one-fifth of cases.

As a response to negative experiences of working for delivery platforms, some workers have established delivery cooperatives, which are collectively owned and managed, usually by the delivery workers themselves. Solidarity among workers underpins this movement. In contrast to many conventional platform companies, which operate task-based payments systems typical of the gig economy, workers are employed by the worker cooperative and paid a salary. This offers the double benefit of providing stability of employment and safeguarding entitlements to social security.

A key challenge for these cooperatives is developing or accessing the digital technologies that underpin the platform economy. Without these advanced technologies, it is difficult for small independent cooperatives to provide the standard of platform-based service levels expected by retailers, restaurants and customers. Addressing this challenge requires access to seed capital, technological acumen and social organisation. The problems of scale and lack of capital can be addressed through federations where member cooperatives pool resources for collective benefit to exploit economies of scale without compromising the autonomy of local cooperatives. CoopCycle, set up in France in 2017, is one such federation.

CoopCycle was founded by gig economy workers as a collective response to their negative experiences, including poor pay and conditions and precarious work, and an interest in exploring how platform technology could be deployed to enable the empowerment of delivery workers. The development of technology was an integral component of this strategy. One of the founders deployed his web development and coding expertise to study and replicate the logistics and e-commerce software used by major delivery platform companies. Over time, and based on member feedback, this was modified to develop a software solution that suited the needs of delivery cooperatives. The software supports task management from the web or smartphone applications and real-time tracking of couriers and task status. Smartphone applications enable client restaurants to manage menus and allow customers to order food. It also provides a secure payments facility using Stripe. The software is protected by license to ensure it is used only by cooperatives in which workers are employees.

CoopCycle's main aim is "to empower couriers and, more generally workers" (CoopCycle, n.d.). While it is not open source, operating under the "Coopyleft" license, CoopCycle makes the software freely available, but only to organisations that adopt the cooperative model, give workers employee status, and align with the European Union's definition of social economy actors (CoopCycle, n.d.). According to the European Commission, the social economy encompasses "entities sharing the following main common principles and features: the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users ('collective interest') or society at large ('general interest') and democratic and/ or participatory governance" (European Commission, 2021, p.5). These may take the form of cooperatives, mutual benefit societies, associations (including charities), foundations and social enterprises.

While the software is the core advantage offered to member cooperatives, the software developer emphasises that "revolutions are made by the people, not by the apps" (CoopCycle, 2020). Therefore, in parallel with developments in digital technologies, the collective worked to organise a network of cooperatives interested in using the software and also availing of other shared services. These services include supporting cooperatives to develop their commercial offering, access to administrative and legal support, insurance, collective funding applications, collective buying, and training. CoopCycle also supports food delivery workers and other couriers to create their own worker-owned delivery cooperatives locally, which in turn federate to CoopCycle. Based on the democratic governance model adopted by cooperatives, each member cooperative has one vote in business decisions made by the federation.

The services offered by CoopCycle are funded by contributions from member cooperatives (51%), contributions by service users, i.e. restaurants and other businesses (13%), in-kind services (12%), public grants (12%), and volunteering (12%) (CoopCycle, n.d.). Decisions on contribution rates and management of funds are decided democratically by the member cooperatives. Importantly, the value created is retained locally and distributed to workers or reinvested in the individual cooperatives. This is in marked contrast to conventional, extractive platforms, whose profits, maximised through the exploitation of workers, are returned to boost the wealth of owners and shareholders. Other potential advantages include improved safety of delivery workers on the road as algorithms can be set to create less pressurised and more realistic delivery targets for workers.

CoopCycle has expanded in scale and geographical distribution, and, by October 2022, there were 71 member cooperatives. The vast majority (59) are in Europe, predominantly in France (35) but also in Spain (11), Germany (4), the UK (4), Belgium (2), Italy (2) and Denmark (1) (CoopCycle, n.d.). This is consistent with Trappmann *et al*.'s (2020) observation that collective organisation of platform food delivery workers tends to be most prevalent in Europe.

Fairbnb.coop: Challenging the social impact of platform-based short-term rentals

Another sector of the platform economy to be challenged by cooperatives is the short-term rental market. Several platforms have emerged to become the go-to websites for hotels and accommodation owners to sell room nights and for customers to book these rooms. Fairbnb.coop was established in direct response to Airbnb and, to understand the social and economic processes underpinning this cooperative platform, it is necessary to explain the perceived shortcomings of Airbnb. Since its establishment in San Francisco in 2008, Airbnb has become a global disruptor of the short-term lettings market. In its early inception, Airbnb may have been regarded as emblematic of the sharing economy, creating a digital platform to link hosts (individuals with a spare room or vacant property available to let) and guests. However, as the concept became popularised, and the business expanded globally, the profile of property owners shifted to owners of multiple properties, often corporate entities rather than individuals. Increasingly, the phenomenon of commercial short-term rental development is being observed, where investors buy up houses and apartments to rent out on platforms like Airbnb (Adamiak, 2012; Ke, 2017; Nieuwland and van Melik, 2018). For example, in London, 30 per cent of Airbnb hosts have three or more listings advertised on the platform (Temperton, 2020). One Airbnb host manages a portfolio of 204 properties in Barcelona (Burgen, 2018). In such situations, "the image of the welcoming host can be a fallacy. . . [and there is a move] away from any sense of the reciprocity implied by peer-to-peer exchange" (Richardson, 2015, p.125).

Short-term lettings, such as those facilitated by Airbnb, can have significant negative impacts on host communities. These include an exacerbation of local housing shortages where local people are priced out of the rental market, and the 'touristification' and gentrification of communities (Bugalski, 2020; Guttentag, 2015; Morozov and Bria, 2018; Robertson *et al*., 2020; Wachsmuth & Weisler, 2018). One of the key criticisms of Airbnb is that it extracts value from communities, particularly in places where there is a significant quantity of host properties. Focusing on the experience of urban centres in southern European tourist cities, Sequera and Nofre (2019) cite 'Airbnbisation' as "the newest, most aggressive form of urban accumulation by dispossession and spatial displacement against the working and middle-lower classes (both locals and migrants)". The associated 'touristification' can change the character of neighbourhoods as short-term rentals reduce the availability and affordability of long-term accommodation. This may render certain areas too expensive for locals and migrants who need longer-term residential accommodation. An investigation by *The Guardian* found some areas of the UK with one Airbnb listing for every four homes. This was highest in Edinburgh's Old Town, where 29 out of every 100 homes were on Airbnb active listings. (Kommenda *et al*., 2020).

Approximately one-third of Airbnb property listings are in coastal locations (Adamiak, 2022). Recent media coverage has attracted attention to the impact of short-term rentals on coastal communities. For example, in North Devon, in the UK, locals report being forced out of their rental accommodation by rising prices as hosting on Airbnb becomes more lucrative for property owners. Lack of affordable accommodation can force young professionals and workers in the tourism industry to move away (Morris, 2022).

The initiative that led to Fairbnb.coop emerged in 2016, created by people in the cities of Venice, Bologna and Amsterdam who were experiencing the negative impacts of short-term rentals. The Fairbnb.coop cooperative was established in 2018. The name is a bold challenge to the Airbnb model, its mission reinforced by its tagline - "community powered tourism". As of November 2022, Fairbnb.coop lists properties in nine European countries on its website – Belgium, Croatia, France, Germany, Italy, Netherlands, Portugal, Spain, and Switzerland; it also indicates upcoming property listings in the UK and Ireland.

Fairbnb.coop describes itself as "first and foremost a community of activists, coders, researchers and designers that aims to address this challenge [of extractivist short-term lettings platforms] by putting the 'share' back into the sharing economy. We want to offer a community-centred alternative that prioritizes people over profit and facilitates authentic, sustainable and intimate travel experiences" (Fairbnb.coop, n.d.).

In its manifesto, Fairbnb.coop sets out the key principles that underpin the model (Table 2). The cooperative was set up as a worker cooperative but has ambitions to become a multi-stakeholder-owned cooperative that will including hosts, guests, local business owners and neighbours.

Table 2: The Fairbnb.coop Manifesto
Collective ownership Our platform is owned not by faceless investors but by those who use it and are impacted by its use: hosts, guests, local business owners, neighbours. Created and governed by citizens, FairBnB.coop will keep profits in communities and ensure decisions are made for the good of neighbourhoods, not their exploitation. **Democratic governance** Collaboration and consensus are at the heart of our model. FairBnB.coop will provide a space where community members can come together and collectively decide how the platform will be run in their neighbourhood. FairBnB.coop will work with local government to promote regulations that encourage sustainable tourism. **Social sustainability** In order to rebuild community, profits will be reinvested in social projects that counter the negative effects of tourism. Locals will vote to support those projects they want to see in their neighbourhoods: food coops, playgrounds, green projects, community cafes. **Transparency and accountability** FairBnB.coop is committed to open data and compliance with local and regional legislation, which will be balanced with the privacy and security needs of platform members.

(Source: Fairbnb.coop, n.d.).

Fairbnb.coop, like other platforms, charges the customer a commission (in this case 15%), but what sets it apart from profit-driven platforms is that this commission is evenly split between Fairbnb.coop (to cover the costs of maintaining its operations) and local community projects (Fairbnb.coop, n.d.). Community organisations can propose that they be included in the list of local projects eligible to receive a percentage of the commission from each booking. Guests can also choose which project they want their commission to fund.

Another key differentiating factor is Fairbnb.coop's operation of a 'one host, one property' policy in most areas, depending on local conditions and regulations. This policy ensures the exclusion of large corporate real estate investors from the platform. Fairbnb.coop has a network of ambassadors, based in each of the cities or communities where Fairbnb.coop has rental listings. Their role is to use their local knowledge to set local rules for hosts, bring new hosts to the platform, identify local projects who could benefit from a share of the commission on bookings, and liaise with the local community.

Fairbnb.coop represents a significant step towards challenging the extractivism of the prevailing capitalist platform model. The Fairbnb.coop model, underpinned by shared ownership and limited investor influence, the embedding of investment in local community initiatives into the fee structure, and commitment to support sustainable tourism, are key differentiating factors. However, the extent to which it represents a significant divergence from the commodification of properties as sources of income remains a fundamental question (Commons Network, 2020). For example, a search of the website indicates listings in the popular tourist cities of Paris, Barcelona and Venice. It is not possible to determine whether any of the listed properties would be unoccupied long-term in the absence of short-term rentals and whether their release into the long-term rentals market could alleviate local housing shortages. However, it seems likely that Fairbnb.coop would not be an attractive model for owners of such properties and they would more logically choose to list on Airbnb or similar platforms. Some would argue that the solution to the negative impacts of short-term rentals is better local planning and market regulations.

A key challenge for Fairbnb.coop in realising its goals is the problem of developing their market in the face of competition from other shorter-term rental platforms, especially Airbnb. No doubt, Fairbnb.coop offers a unique value proposition but it depends on its ability to generate among travellers more awareness of the often-negative impact of short-term rentals on host communities, and persuading them to act in solidarity with these communities by choosing Fairbnb.coop over its mainstream competitors. While there is a growing market for ethical tourism, it is still only a small segment of a much bigger market.

Open Food Network: Harnessing platform technologies to (re)localise food systems

While the COVID-19 pandemic accelerated the growth of online options for purchasing ready-to-eat meals, it also expedited the consumer adoption of online food shopping (East, 2021). In the context of mobility restrictions, customers used supermarket websites or general trading websites like Amazon and e-Bay, and some specialist websites such as OCADO in the UK, which do not typically have a physical shop presence. In contrast to other platforms already discussed in the short-term rentals and ready-to-eat meals sectors, the online market for primary food ingredients is not dominated by a few large platform companies. However, there are emerging platforms, some with cooperative approaches and a cooperative ethos. The Open Food Network (OFN) is an example of a community owned software platform built for selling food.

Like other platforms, OFN is underpinned by innovative technologies. However, its distinctiveness lies in its values-driven ethos, which is embedded in its ownership, governance and relationships with producers. It is an online manifestation of initiatives that promote local enterprises such as farmers' markets, which form part of a movement to (re)connect local food producers and consumers in a food system that has become increasingly dominated by globalisation and mass production. It enables food producers to bring their produce to consumers through online channels and provides customers who are conscious of food provenance and/or who want to support local producers, to access such food more easily. Like mainstream platforms, such as Neighbourfood in Ireland and the UK, and Food Assembly (La Ruche qui dit Oui) in different parts of Europe, OFN provides an alternative way for producers to reach markets efficiently. All these 'digital farmers markets', or food hubs, allow for time efficiency for producers, as sales are made and recorded digitally in advance of the market day. This in turn offers the potential to save on the money spent employing staff, while potentially reducing waste by, for example, reducing the need for more vegetables to be harvested than are already sold.

OFN emerged in Australia, following the establishment of the Open Food Web Foundation as a registered charity in 2012. It emerged as a counterbalance to current centralising impulses in the global food system where consumers are increasingly both physically and psychologically disconnected from food production. In trying to promote a "Vision of a de-centralised, transparent food system", the OFN has developed nine core values which it describes as Global Commons; Relationships; Ecosystems; Transparency; Empowerment; Subsidiarity; People first; Constant evolution; and Systemic change (OFN, n.d.). These values are embedded in its mission to promote and enable ethical supply chains and to build resilient local food communities (OFN Ireland, n.d.).

The OFN platform is built on open-source software, which is free to use for small platforms - those operating at a turnover of under €500 per month. The code is owned and maintained by the charity, the Open Food Web Foundation Ltd. OFN describes itself as "a collaborative global network of local non-for-profit organisations who co-develop open source software and knowledge, and make it available to food hubs worldwide through localized online platforms" (OFN, n.d.). Providing access to this open-source software is central to OFN's mission. According to the terms of service of Open Food Network Australia (2021):

"the purpose of the Open Food Network ('Purpose') is to accumulate and protect a commons ('the open food web') of open source knowledge, code, applications and platforms to support the proliferation of fair and sustainable food systems across the globe. OFN is a platform co-operative in which members contribute to the commonwealth of the co-operative in line with their use of the service and their ability to pay" (p.1). As well as the platform, OFN provides a range of supports and training in running food hubs. This training covers areas like governance, administration, and marketing.

There are three distinctions between the OFN platform and conventional platform enterprises in this emerging retail space: firstly, OFN is structured so that it cannot be sold to external investors; secondly, it uses horizontal organisational structures; and finally, it uses solidarity approaches to some of its work and pricing structures. These core elements in effect allow OFN to function as a platform cooperative, buffered against some aspects of extractive capitalism.

The recent experience in the UK of food retail platforms provides a cautionary tale regarding the risks and limits of platforms, particularly where venture capitalists use their equity in the company to prioritise profit. The Food Assembly (La Ruche qui dit Oui) arrived in the UK from France as a digital farmers' market/digital food hub in 2014. In 2015, Food Assembly received venture capital funding of eight million euro. As the UK operation was not sufficiently profitable to satisfy the demands of the venture capital investors by 2018, Food Assembly decided to leave the UK market. Sixty digital farmers' markets were given three months to shut down and/or reopen on a different platform. Various options emerged to replace Food Assembly in the UK, and one of these was OFN, which absorbed many local markets (Weir, 2020). Also in the UK, four existing food enterprises operating as a collective, but using different software, came together to mutualise their retail offering. OFN again emerged as an appropriate option, being an existing platform with the necessary structures and functionalities.

According to Lynn Davis of OFN UK, OFN aspires to develop “a sociocratic model built around governance circles in areas of practice” (UnFound, 2021). Sociocracy enables a less hierarchical, more collective decision-making process, utilising democratic organisational structures, whereby circles (small thematic groups) make decisions based on the principle of consent (Czekaj *et al.,* 2020). Sociocracy emerged from the Quaker method of decision-making and the work of Gerard Endenburg in the Netherlands in the 1980s. OFN uses circles in the core work areas to maintain OFN as a global platform. These include delivery, design, stewardship, community building, onboarding, communications, product, and various national iterations where applicable.

Payment for work for OFN UK is tiered based on the Japanese “ShuHaRi” experience level system and includes cost of living in its pay scale. This is all negotiated internally within OFN (UnFound, 2021). Various solidarity pricing arrangements are also built in, which take into account current or historically embedded economic disparities stemming from colonialism. For example, OFN Australia and OFN Canada provide free access to the platform to enterprises that are owned by indigenous peoples, or not-for-profits where indigenous people account for more than 50 per cent of the leadership team (OFN Australia, n.d.; OFN Canada, n.d.).

Where the digital space becomes a substitute for physical farmers’ markets, there is some loss of the personal connection between producer and consumer. On the other hand, such platforms can also make local food more conveniently accessible. This was demonstrated during the COVID-19 pandemic, when in-person farmers’ markets in Ireland experienced restrictions and OFN Ireland was able to provide a channel to market that helped producers to sustain their incomes and enabled customers to access locally produced food.

By its development and use of open source code maintained by a charity, use of sociocracy in decision-making, embedding of solidarity pricing dimensions, and protection from sale to profit-seeking investors, OFN offers an alternative to the mainstream agri-food system and its emerging digital platforms. It is noteworthy that OFN is not yet competing with huge digital platforms. In this instance, the platform cooperative can be seen to be somewhat ahead of the curve.

Conclusion

Platform technologies have unleashed a profound transformation in how goods and services are accessed, delivered and consumed. Profit-driven enterprises have emerged to harness these technologies and realise the associated business opportunities. However, in general, the business models adopted by platform giants tend to reinforce and even exacerbate extractive practices within capitalism, to the detriment of workers and communities. Given that platforms are driving a "reorganisation of the economy", it is crucial that we focus attention on understanding "where the power and value will be concentrated and what the leverage points are for ensuring that marginalised groups can participate or capture some of the new value being created" (Kenney & Zysman, 2020, p.72).

This chapter has focused on cooperative business as an organisational model that enables a more equitable distribution of the benefits of value creation enabled by platform technologies. Whether developed as an alternative to exploitative work practices, as a way to mitigate the unintended negative impacts of short-term rentals, or as an innovative alternative to the globalised food system, among countless other applications, cooperatives can develop and use platform technologies to counteract extractive capitalism and build solidarity between workers, producers, consumers and communities.

Notwithstanding the potential advantages that platform cooperatives offer as a 'leverage point' in terms of achieving a fairer, more distributive economy, there are significant challenges. In particular, cooperatives that set themselves up as alternatives to the platform giants face the problem of persuading customers to switch to 'fairer' cooperative platforms. Highlighting how gig economy workers came to be viewed as 'heroic' and 'essential workers' during the COVID-19 pandemic, Friedland and Balkin (2022, p.11-12) contend that online labour platforms "that activate the moral self-awareness of their customers will tap into an invaluable resource for strengthening their brands by demonstrating their commitment to a shared social purpose that goes beyond mere financial interest" (Friedland & Balkin, pp 11-12). In theory, cooperatives, which are intended to have people-focused values at their core, would seem ideally placed to activate this awareness and capitalise on it. However, start-up cooperatives are at a disadvantage in relation to growing and popularising their brands, as well as competing for market share, with platform giants whose brands are ubiquitous and have become synonymous with particular service offerings.

We do not envisage that the cooperative model will supplant platform capitalism; rather it can disrupt it on the margins and in market niches. Co-operatives are emerging to create fairer platform alternatives in contexts of inadequate market and employment regulation. The extent to which they can succeed depends significantly on the degree to which policy makers, society and consumers demand change from the current platform practices and desire a shift towards genuinely less exploitative and more ethical capitalism. Governments, as policy makers, must legislate for more stringent regulation of the platform economy, for example, in relation to the protection of workers' rights and conditions. In the absence of such legislation, the aspiration of co-operatives to create better working conditions is stymied by unfair competition (CECOP, 2021).

The cooperative model can make a difference, but it is only one of the 'leverage points' that need to be activated in a wider systemic approach to countering the social and economic injustices that have emerged within the platform economy. Legislation and regulation are essential instruments in tackling some of the most profoundly negative impacts of platform capitalism. This would also create a more level playing field between profit-maximising conventional platforms, and co-operative platforms that aspire to generate better outcomes for workers and communities. It would support platform cooperatives to advance the agenda of enabling a more democratic economy that embeds a wider distribution of ownership and benefits (Morozov and Bria, 2018), or an economy that is 'distributive by design' (Raworth, 2017).

Footnote 1 – The Rochdale Pioneers were a group of textile workers who, having failed to secure wage increases through unionised strike action, pursued the alternative strategy of establishing their own cooperative retail store to increase the purchasing power of their wages. Collective purchasing enabled them to procure food at lower prices. Furthermore, it gave them more control over the quality of food during a period when food adulteration and adjusting weights in favour of the retailer were common practices (Briscoe and Ward, 2005).

Footnote 2 – Cooperatives are not usually viewed as a means to overturn capitalism. Indeed, some would argue that cooperativism is an alternative to, and a distraction from, the class struggle required to dismantle capitalism, while others would argue it is a pragmatic approach to achieving better livelihoods and conditions for workers, producers and consumers. Also, the cooperative principles represent the ways in which cooperatives are expected to live out the ethos. However, cooperatives are not insulated from the wider capitalist system, and this can challenge adherence to the principles. For Rosa Luxemburg, for instance, cooperatives represented "a hybrid form in the midst of capitalism . . . [which] can be described as small units of socialized production within capitalist exchange" (cited in Gasper, 2014). According to the theory of cooperative degeneration, over time the need to survive competition in a capitalist market may result in institutional isomorphism as cooperatives adopt the same practices as conventional enterprises.

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