

## Regulating digital labour platforms

### - the cooperative perspective -

#### Results from CICOPA's members survey

April 2024

#### Context

In recent years, there has been a fast expansion of digital/online platforms around the world. Business is increasingly done via websites and mobile applications. Some online platforms serve as marketplaces that connect buyers and sellers of goods and services (for instance AliExpress, Amazon, AirBnB). Other platforms, such as Uber, Swiggy, Rappi and Care.com, go beyond. These do not only serve communication purposes, like the previously mentioned platforms, but rather, these organise and control the work of a group of workers who provide a certain service. These platforms, referred to as digital labour platforms, sell a certain service to customers; they usually fix the price, define how the service must be performed, control the workers using an algorithm, directly collect the payments and reap the profits.

**Robin Food:** Based in Florence, Italy, Robin Food is a food delivery platform cooperative. Its founders are former riders for large food delivery companies who, having witnessed the challenges of working for these companies, were looking for a business model that is fairer. Robin Food's mission is to provide an ethical and sustainable solution to food delivery, where the worker-members have employment contracts and are guaranteed a salary.

**Patio:** Originally from Argentina, today Patio is a global community of over 80 tech cooperatives from over 20 countries. Patio aims to democratise the tech sector and provide socially responsible solutions. From full-stack development to machine learning, a variety of services can be requested online. The requests are then shared with Patio's entire community, which allows them to build the teams with the exact skills needed for the project.

**Up & Go:** The Up & Go platform cooperative was created by worker cooperatives in the cleaning sector in New York City, USA. Connecting worker-owners and customers, house-cleaning services can be ordered via the Up & Go app. The cooperative model means that the house cleaners, many of whom are immigrants, earn living wages.

Digital labour platforms established under the cooperative form have also started to emerge all around the globe. They usually apply higher work and social standards and suffer from unfair competition caused by aggressive and monopolistic behaviours caused by capitalistic digital labour platforms. In many cases, digital labour cooperative platforms have appeared in order to overcome social disruption linked to digital platforms, provide better work conditions to platform workers and to put technology at the services of the community, such as Robin Food, Patio, or Up & Go (see below).

Digital labour platforms have a rapidly growing influence on workers’ rights and the labour market. Essentially, they reshape the “future of work” for everyone. They are still not regulated in many countries, but we see that there is a tendency by some governments to do so. In April 2024, the European Union (EU) has adopted a Directive<sup>1</sup> ensuring a right classification of the employment status to platform workers and thus fighting bogus self-employment. It also regulates, for the first time ever in the EU, the use of algorithms in the workplace. Furthermore, the International Labour Organisation (ILO) is currently in the process of adopting international labour standards on decent work in the platform economy.

In order to gain a better understanding of digital labour platforms established under the cooperative form or according to the cooperative principles, CICOPA conducted a survey among its members. In particular, the digital labour cooperatives within the scope of the survey are those cooperatives that use algorithms to organise their workers (such as delivery drivers, teachers etc), either exclusively worker-owned or characterised by a multi-stakeholder ownership. Subsequently, digital marketplaces or cooperatives that sell goods or services online (such as Fairbnb, Fairmondo, etc), fall outside the scope of this survey.

The questionnaire focused on digital labour platforms that organise their workers via an app or a web-based platform (algorithms), their challenges, future prospects, and how they compete with the capitalistic labour platforms. It was addressed to CICOPA members (national federations representing cooperatives active in industry and services) and answers were collected in 2023. 20 responses were recorded across 18 countries: seven from Europe, six Asia Pacific, four from the Americas, and one from Africa.

### Is regulation needed?

The responses revealed that there is a **growing need for regulation** and specific legislation on digital labour platforms and cooperative digital labour platforms in particular. This is not only because of the increase in the number of such enterprises, but also to combat violations and unfair competition, stemming from lack of regulation. To this end, including at national level cooperative representatives in the discussions around platform work regulation is crucial.

More than half of the respondents (55%) reported that there are both capitalistic and cooperative platforms in their country, while 40% said that they only have capitalistic platforms in their country. The remaining 5% stated that there no digital labour platforms in their country. Multiple respondents pointed out that although there are cooperative platforms in their country, there are only a few as this is still a new type of enterprise.

The majority, 75% of respondents reported that the capitalistic platforms in their countries **commit violations and compete dishonestly**, while the remaining 25% indicated that they have no information on this. One respondent pointed out that they cannot say that capitalistic platforms are treating workers unfairly or violating their rights because there is no legislation in their country that would regulate them. Another respondent mentioned that the biggest platforms in their country now have agreements with the trade unions and are trying to work in a legal way. Similarly, one of the members stated that not all capitalistic platforms commit violations in their country.

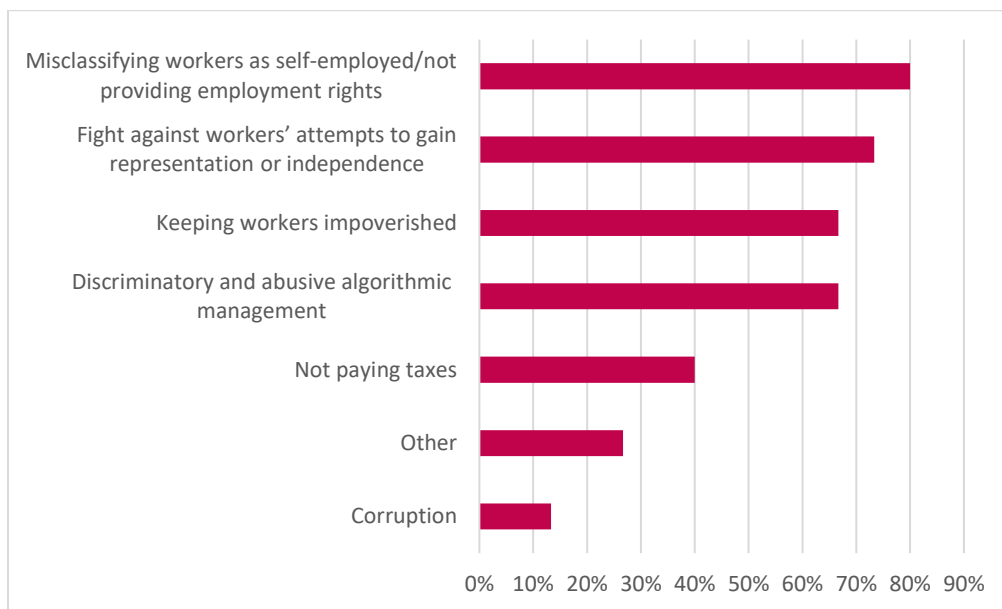
The respondents that reported that capitalistic platforms commit violations were asked to provide what type of violations they are aware of in their countries. As the figure below shows (Figure 1), the most

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<sup>1</sup> <https://www.europarl.europa.eu/news/en/press-room/20240419IPR20584/parliament-adopts-platform-work-directive>

indicated violation (80%) was **misclassifying workers as self-employed** when they should instead be treated as employees or **not providing employment rights** to workers that are entitled to it. This is followed by **fighting against workers' attempts to gain representation** or independence (via cooperatives or trade unions) with 73% of the respondents selecting this. 67% of respondents disclosed that capitalistic platforms keep workers impoverished, for instance by **paying below the poverty line** or **keeping workers in debt** for tools that they need for work (e.g., cars). Similarly, 67% of the respondents indicated that capitalistic platforms use **discriminatory and abusive algorithmic management**, such as automatically firing workers for mistakes or unfulfilled orders, lacking human review for other disciplinary measures, forcing workers to accept all orders coming from the platform, and discriminating against certain categories of workers. Furthermore, 30% of respondents indicated that capitalistic platforms **avoid paying taxes** or that they are engaged in corruption. The respondents also had the opportunity to provide additional types of violations they are aware of. Among these, the respondents mentioned **avoidance of insurance costs, lack of regard for occupational safety and health**. One respondent also flagged that in their country false cooperatives are sometimes created with the aim to avoid hiring workers.

Figure 1 What type of violations do capitalistic platforms commit in your country? (multiple answers possible)



An overwhelming majority of respondents (95%) agreed that digital labour platforms **need to be regulated and monitored more strictly**. Two respondents (10%) indicated that there is already specific legislation on platform businesses/digital labour platforms in their countries, however, the majority (74%) stated that they do not have specific legislation, while the rest (16%) does not know. One of the respondents, however, warned against over-regulation which could limit or prevent the development of these types of enterprises.

The majority of respondents (70%) disclosed that there are **plans or demands in their country to introduce or adjust legislation specifically on platform businesses/digital labour platforms**. In particular, 35% of respondents stated that the government is planning to introduce or adjust legislation, and 60% reported that civil society or the business community is asking for it. 20% of respondents indicated that there are no discussions in their country about introducing or adjusting such legislation. The remaining respondents were not aware whether there are any plans or demands for such legislation. Additional information

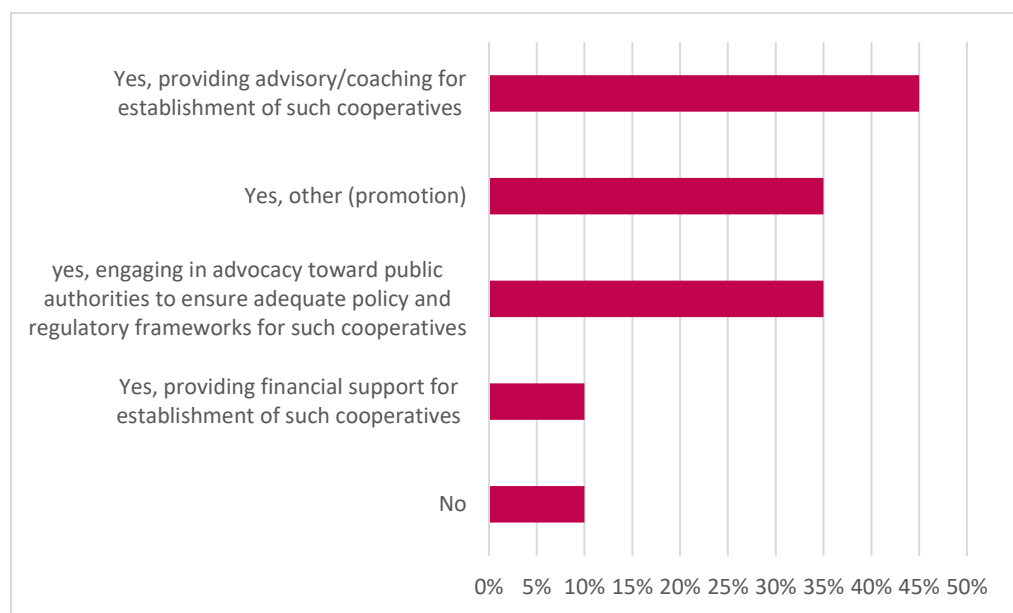
shared by the respondents shows that there is a growing demand for legislation and that the growing importance of these platforms requires specific regulations to address the challenges and protect workers' rights. Nevertheless, in some countries people do not see the lack of legislation as an issue at the national level.

### Obstacles for cooperative digital labour platforms

Specific questions were asked about cooperative digital labour platforms in the members' countries. 35% of the respondents stated that there are cooperative digital labour platforms in their countries, 30% indicated that there are not any, and 25% did not know. Nevertheless, the survey revealed that there is very little information available on the number of cooperative digital labour platforms: only two respondents could provide a rough estimate.

When asked whether their activities include the support or promotion of cooperative digital labour platforms, only two participants (10%) indicated that they did not. As the figure below shows (Figure 2), CICOPA's members provide advisory services/coaching for the establishment of such cooperatives (45%), engage in advocacy towards public authorities to ensure adequate policy and regulatory frameworks for such cooperatives (35%), and perform other activities, such as the promotion of such cooperatives (35%). Furthermore, 10% of the respondents declared that they even provide financial support for the establishment of such cooperatives.

Figure 2 Is your federation/organisation supporting or promoting cooperative digital labour platforms?

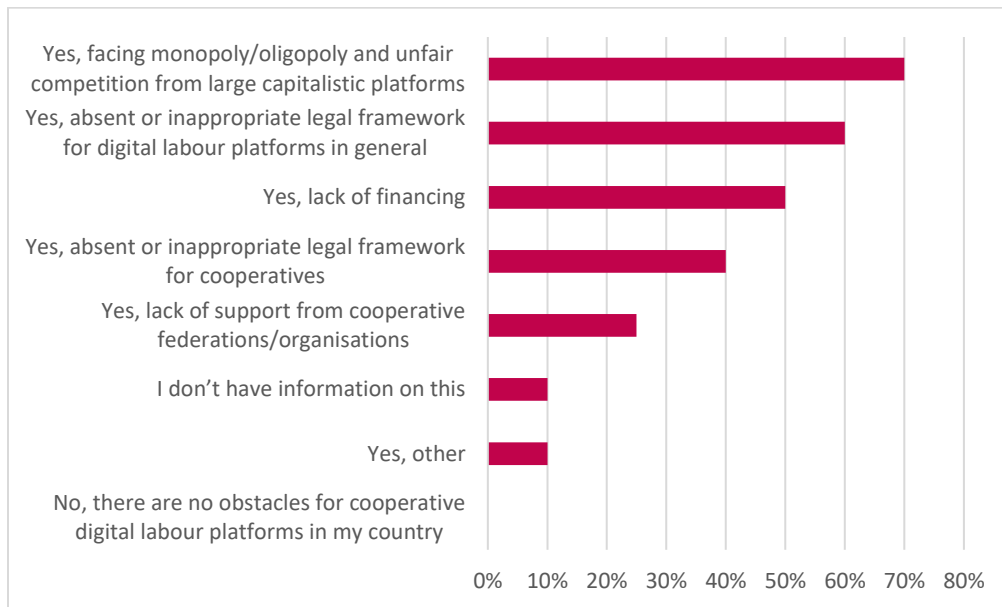


The survey also revealed that although there is no specific legislation on cooperative digital labour platforms in the countries of the respondents, cooperative enterprises are asking for it in at least two countries.

The respondents were also asked to provide the obstacles for establishing or operating cooperative digital labour platforms in their countries, if there are any. As the figure below shows (Figure 3), none of the respondents indicated that there are no obstacles, although 10% of respondents stated that they do not have information on this. On the other hand, 70% of respondents reported that cooperative digital labour

platforms face **monopoly/oligopoly and unfair competition from large capitalistic platforms**, such as abuse of workers' rights, not paying taxes, and other dishonest business practices by capitalistic platforms. Moreover, the responses show that there is a lack of (appropriate) legal framework for digital labour platforms (60% of respondents) and that there is a lack of (appropriate) legal framework for cooperatives in particular (40% of respondents). Respondents also marked lack of financing (50%) and lack of support from cooperative federations/organisations (25%) as obstacles for establishing or operating a cooperative digital labour platform. The respondents also shared additional obstacles, such as a lack of awareness, user attraction and demand, technology and platform development.

Figure 3 Are there obstacles for establishing or operating cooperative digital labour platforms in your country? If yes, what are they? (multiple answers possible)



The survey also revealed that most respondents (60%) are not in discussions or collaborations with trade unions on platform work issues. However, 75% of respondents are in discussions or collaborations with other stakeholders, such as universities, non-governmental organisations, municipalities/local authorities.

## Conclusions

Taking into account the rise of digital labour platforms, as well as cooperative digital labour platforms, the survey, disseminated among the members of CICOPA aimed to gather information about these enterprises, find out what the main challenges are that cooperative digital labour platforms face, and whether legal frameworks are or should be available. 18 countries were represented in the survey covering Europe, Asia Pacific, the Americas and Africa.

The growing ubiquity of digital labour platforms, including cooperative digital labour platforms, is demonstrated by the fact that almost all of the survey respondents reported that there are capitalistic platforms in their country, and over half of the survey respondents pointed out that their countries have at least a few cooperative platforms as well. At the same time, the survey revealed that capitalistic platforms tend to commit violations and compete dishonestly, particularly by misclassifying workers as self-employed or not providing employment rights to workers that are entitled to it, and fighting against workers' attempts to gain representation or independence.

In order to fight these violations, the respondents agreed that digital labour platforms must be regulated and monitored more strictly. In fact, the survey showed that having specific legislation on (digital labour) platforms is not the norm. Acknowledging these issues, civil society or the business community of many countries are already demanding the introduction or adjustment of legislation specifically on (digital labour) platforms, and even some governments are planning to make specific legislation. In some countries, cooperative organisations are even asking for specific legislation on cooperative digital labour platforms. To this end, collaboration with other stakeholders is essential. Furthermore, it is important to acknowledge that there is a need to include cooperative representatives in the discussions around platform work regulation.

The survey also showed that there is currently little information on the number of cooperative digital labour platforms. Nevertheless, CICOPA members are engaging with these enterprises, for instance, by providing advisory services or coaching for the establishment of such cooperatives and advocating for them at the national level.

Despite the increase in digital labour platforms, the survey also demonstrated that there are many obstacles for establishing or operating cooperative digital labour platforms. These obstacles include the existing monopoly/oligopoly and unfair competition from large capitalistic platforms, and, crucially, the lack of (appropriate) legal framework for digital labour platforms and for cooperatives in particular.