Co-operative approaches to improving work and livelihoods in the digital economy

About the project

Workers face a host of challenges in the digital economy, from precarious employment to weak social protections, discrimination, and a lack of voice on the job. The knowledge synthesis project *Co-operatives, Work, and the Digital Economy* identifies the potential of co-operatives to improve workers' conditions in the gig economy, tech sector, and digital creative industries.

Co-operatives are businesses democratically owned and governed by their members. Of the different types of co-operatives, this project focuses on worker-owned co-ops and multistakeholder co-ops with worker-members.

Co-ops deliver a specific benefit to a defined member group—to satisfy a need for a sustainable livelihood or meaningful work, for example. Co-ops differ from traditional business structures in how they spread decision-making power and economic rewards among their members. They also uphold a set of co-operative principles, including, but not limited to, concern for community and co-operation among co-operatives.

- What groups of workers are turning to the co-operative model in the digital economy?

- Can co-ops mitigate precarity, deepen worker engagement, and combat inequality in the digital economy?

- If co-ops are a promising means to improve livelihoods and democratize work, what are the obstacles to increasing their uptake?

- What policies and practices have been forwarded to grow co-operatives' presence in the digital age?

Guided by these questions, this project's methodology combines a scoping review and thematic analysis of 100 academic articles and book chapters, news stories, and reports published between 2015 and 2021.

Key findings

—— *Interest in the co-operative model is growing in digital economy contexts, particularly among three groups of workers:*

▒ **Platform workers in the on-demand economy** and their allies are developing co-operative platforms that match clients to workers who perform geographically bound services. Co-op alternatives to corporate platforms have emerged in services such as ridesharing, cleaning, and personal care.

▒ **Workers in digital creative industries** are forming worker co-operatives in a range of fields, from website development to video games and marketing communication design. In these co-ops, worker-owners jointly produce digital goods and services.

▒ **Self-employed workers** are using the co-op model to overcome challenges stemming from their employment status. These co-ops, sometimes called "freelancer co-ops" or "employment co-ops," provide mutualized services, often delivered online, to help project-based workers manage their careers (e.g., legal advice, payment collection).

—— *While many of the co-ops in these fields are new, preliminary research shows co-operatives are an effective tool to empower workers and mitigate precarity in the digital economy:*

▒ Gig workers can receive better compensation from co-op platforms than from incumbent platforms.

▒ Through freelancer co-ops, self-employed workers can access career supports and social protections without compromising their independence and flexibility: Legally, freelancer-members can become employees of the co-op, unlocking access to protections typically unavailable to self-employed workers (e.g., unemployment benefit).

▒ Increasingly, workers in Big Tech publicly protest being assigned to projects whose ethics they disagree with. In tech co-ops, in contrast, worker-owners can have a say over what clients and projects their business takes on.

—— *By giving workers a voice in business decisions, co-ops are more likely to use technology to improve, rather than degrade, working conditions:*

▒ Some co-op platforms do not allow individual workers to be rated, opting out of a standard feature of gig-economy apps that can exacerbate stress and facilitate discrimination.

- Co-op members can choose to cap the number of workers on a platform, potentially reducing competitive pressure on wages and protecting employment quality.

- Some tech co-ops specialize in producing software for democratic decision-making in the workplace.

— *Despite their promise to improve work and livelihoods, co-operatives' capacity and presence in the digital economy is constrained by structural challenges, including access to capital, public knowledge of co-ops, competition, and business development support.*

— *Co-ops require a supportive ecosystem to flourish. Innovative efforts to help co-ops start, survive, and scale in the digital economy are emerging:*

- Under the banner of "Exit to Community," advocates are exploring ways to: a) convert existing technology companies to community ownership; b) improve co-ops' access to investment without undermining their democratic structure.

- Platform co-ops are adopting a longstanding co-op model, the federation, where individual co-ops pool resources and set up shared infrastructure to serve member-co-ops' mutual needs. Co-ops in a common industry can reduce technology costs via federated ownership of digital infrastructure.

- Co-op supporters are adapting the tech sector concept of the startup incubator. Hubs, incubators, and accelerator programs provide co-op-tailored assistance to fledgling digital co-op projects (e.g., Platform Cooperativism Consortium, Start.coop, Unfound).

— *Canada is a site of co-operative innovation in the digital economy. Examples include: Stocksy United, an artist-owned stock photography platform; Eva, a ride-sharing co-op; Coopérative Belvédère, a communication agency co-owned by workers and clients; and Hypha, a technology services worker co-op.*

Policy implications

Recommendations for growing worker co-operatives' presence in the digital economy:

- Raise awareness of co-operatives among future founders by covering the co-op model in post-secondary business, technology, and creative industries programs.

Build knowledge of the co-op model at strategic sites of new business formation by holding workshops, hosted by co-operative associations, at tech incubators, cultural hubs, and coworking spaces.

Enhance publicly funded business development support for co-op projects by training frontline business advisors in the co-op model; by leveraging and expanding the co-op development capacities within co-operative associations; and by establishing co-op-centric incubators.

Lower the barriers to start a co-op platform by forming co-operative federations to develop, maintain, and cost-share digital infrastructure. (The possibilities are demonstrated by CoopCycle, a network of locally controlled delivery co-ops in Europe, and by how different credit unions in Canada share backend online banking infrastructure.)

Support freelancers by developing shared-services co-operatives that provide business support and facilitate access to social protections. The worker co-op Smart, which operates in several European countries, is an exemplar.

Foster an enabling environment for co-operative businesses by prioritizing co-ops in public procurement programs on the grounds of their beneficial social outcomes.

Build inter-co-op capacity by creating networks of digital co-ops for co-training and co-bidding on projects beyond the scope of a single co-op.

Increase the startup capital available to digital co-op projects by developing co-op-tailored investment frameworks that combine contributions from public funds, established co-ops, and social investors.

Deepen the partnership between co-ops and unions by identifying needs and opportunities for the co-development of co-operative platforms and union co-ops.

Further information

Greig de Peuter, Associate Professor, Department of Communication Studies, Wilfrid Laurier University

gdepeuter@wlu.ca

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culturalworkersorganize.org

Evidence Brief