

COOPERATIVES FIGHT FOR BETTER WORKING CONDITIONS IN PLATFORM WORK



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INTRODUCTION

The European Commission launched its first stage social partners consultation on improving the working conditions in platform work. CECOP welcomes the analysis brought forward by the European Commission and the recently launched consultation with European social partners. CECOP supports a European legislative approach of the new Platform Work Initiative and highlights the important role that cooperatives are playing and could further play in the platform economy.

The European Commission's consultation documents published on February 24th 2021 rightfully identified seven areas in which actions are required: 1. employment status, 2. working conditions, 3. access to social protection, 4. access to collective representation and bargaining, 5. cross-border dimensions of platform work, 6. algorithmic management, 7. training and professional opportunities for people working through platforms.

Workers need the legal certainty on their working contracts that ensures access to social protection. As the consultation documents recognize, cooperatives have successfully created models which allow for social protection for workers and enabled better pay and working conditions.

CECOP and its members gained substantial experiences in addressing the needs of platform workers, developing cooperative solutions to the challenges of the platform economy and to improve working conditions for platform workers. Based on these experiences, CECOP calls for urgent legislative measures to address these issues. Without legislative effort, workers fall behind and enterprises that aspire the best possible working conditions are facing unfair competition based on social dumping.



THE LEGAL STATUS OF PLATFORM WORKERS

Platform workers, especially in sectors such as delivery and mobility, often have to work in precarious working conditions. They do not benefit from the advantages of genuine self-employment like autonomy and independence apart from choosing when they are available to work, which also depends on the platform. Most often, these platform workers are dependent on one platform, they cannot set their tariffs and have no direct autonomy on their activity: they are therefore closer to a bogus self-employment or dependent self-employment which denies them of several work-related rights on health and safety, and access to social protection, among others.

Many national administrations and court rulings, for example in Finland, Belgium and Italy have recognised the limited autonomy of riders and therefore judged the most adapted legal status of specifically platform riders and drivers should be the one of employee directly hired by the platforms. Platforms explain that this is not adapted because these contracts do not allow for flexible working time and duration. The example of Smart and Deliveroo commercial agreement shows that flexibility and employment status (minimum 3 consecutive hours, being paid by the hour and minimum wage) is possible. Platforms directly hiring their riders and drivers would uplift working conditions of platform workers without creating unfair competition to platforms who are socially conscious and chose to salary their workers, which is often case in cooperative enterprises, in line with the Fair Transition. CECOP therefore supports the European Commission's proposal to create legal certainty for platform workers. The standard here must be an employment relationship that guarantees the best possible protection of workers. This must be the overarching aim, regardless of the legal status of the worker.

ACCESS TO SOCIAL PROTECTION IS A FUNDAMENTAL RIGHT

While access to social protection and guarantees on rights at work need to remain a prerogative of the State and public decision makers, cooperatives across Europe have often filled the legal and policy gaps by responding to the challenges of platform work, through the development of successful business models (worker cooperatives multi-stakeholder cooperatives and cooperatives of independent workers) that provide good working conditions for workers in non-standard employment, including platform workers. CECOP, in line with the European Pillar of Social Rights, believes that **all workers should be entitled to rights at work and access to social protection, regardless of their employment status.**

PLATFORM COOPERATIVES AS A WAY TO PROVIDE DECENT WORK

To overcome social disruption linked to digital platforms while embracing technological evolution and local services provided by these models, some cooperatives have set up business models that help to provide decent work. Based on the principles of democracy and members' participation, cooperative enterprises by design are responsive to the needs and aspirations of its workers. But the responsibility of cooperatives does not stop there, they provide by essence: education, training and skill development of workers as well as safety and security frame. But cooperatives face competition that undercuts these standards. As cooperatives focus on providing good working conditions, they are a good solution against fraud carried out in digital platforms and related to undeclared work such as the subcontracting of accounts or swapping of accounts. The Platform Work Initiative therefore can be an important way to ensure upwards convergence in labour standards and a level playing field in the platform economy within and outside the single market.

Cooperatives are an option for workers to engage in an entrepreneurial endeavour where collective ownership and democracy at work are at the core of the business model. As a cooperative solution to platform work, CECOP therefore recommends two different models based on the following legal frameworks: worker cooperatives active in the digital economy, or multi-stakeholder cooperatives. In both cases, the platform's aim is to provide delivery or mobility services on a given territory as well as decent working conditions through a democratically governed digital platform. They are examples of platform coops.

WORKER COOPERATIVES

In the context of platform work, worker cooperatives provide quality employment in sectors where grey zones are often the rule. Oftentimes, the worker cooperative develops its own digital platform for its worker-members which facilitates therefore match-making between the worker and the customer. These models often don't just seek to improve the working conditions of riders dependent on large scale digital platforms, but also replicate the technology behind these, allowing for the transparent applications of digital tools that distribute work among riders.

In France and other European countries, many of these platform cooperatives organized in federations that provide the digital infrastructure to build such platforms. One such federation is Coopcycle, that developed and shares the technology needed to establish a functioning cooperative platform for delivery riders.

Worker-led cooperatives are recognized explicitly in the European Commission as bottom-up approaches that allow for workers to improve their earnings and access to social protection. Where capital driven platforms often set prices without a say of the workers, the worker-ownership of platform cooperatives ensures that the workers' needs are reflected in these crucial business decisions.

MULTI-STAKEHOLDER COOPERATIVES

Multi-stakeholder cooperatives, such as the French *Société coopérative d'intérêt collectif* (SCIC), are owned by various stakeholders, such as workers, customers/users/beneficiaries and local authorities.

With open and voluntary membership and a democratic governance structure, these cooperatives can organise into digital platforms that allow the provision of high-quality services, whilst ensuring a fair use of data and transparent pricing for users and workers. The cooperative data ownership and management is crucial to ensure decent work, as transparent algorithms and work allocation can have adverse effects on the working conditions. Local authorities may be involved which allows to take into consideration the impact of the platform on the city or rural area (housing, mobility, small businesses...).

USING COOPERATIVES TO SALARY PLATFORM WORKER, A NON-SOLUTION

To overcome the lacking access to social protection and poor working conditions in capital driven platforms, there have been some attempts to salary platform workers through pre-existing cooperatives of independent workers. Whereas these solutions can be beneficial in cases where workers use this affiliation to achieve their entrepreneurial aspirations, CECOP does not recommend to national or European law makers to rely on such models as if they were automatic and sustainable solutions, as it was proposed in some member states, for example in France, at the highest levels of policy making. On the one hand, making such cooperatives mandatory for employees violates the cooperative principle of open and voluntary membership. On the other hand, it dismantles the ownership of workers to their working tool and maintains the benefits in hands of the platforms while throwing on the workers (even though collectively) all the entrepreneurial risks of non-payment. A cooperative is not an intermediary, it is a worker-owned and controlled company, it should not be institutionalised as a way for platforms to run away from their responsibilities and duties as any other business.

CONCLUSIONS

The Commission's European Green Deal and the Just Transition mechanism pave the way for policies that address the environmental and social challenges we have inherited from a capitalistic approach that considers humans as “a resource” and the planet as an unlimited reserve. The EU’s support to economic challenges linked to COVID pandemics prove capacity to innovate when addressing social and economic policies. To make sure the EU continues in this direction, when implementing any policy it is crucial to question deeply the consequences of such policies, in order to avoid preconceptions and habits which lead to business as usual. The Platform work initiative therefore comes in due time to make a social green and digital transition a reality in Europe.





No. 01 – **The digital transition needs to provide value for all**

When it comes to online platforms particularly, regarding the working conditions and status of workers, it is crucial to identify what prevails: economic arguments or the social ones? Has the economic impact of digital platforms for Member states been established? How much are these activities beneficial to member states in terms of corporate income tax, social contributions, VAT and other spill overs? On the other hand, what are the costs linked to such disruptive models (both in terms of social protection cost and loss, and impact with existing players)?

Furthermore, what is the economic advantage for Member States and local communities to promote the major on-line platforms rather than more environmentally sustainable and socially oriented platforms such as platforms coops? If Europe must level up its digital competitiveness on the world, it can do it with its unique solidarity approach and promote a model that adapts technology to the needs of individuals and communities rather than for the sake of the newest widget.



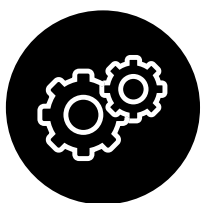
No. 02 – **Legislators need to learn and shape the new digital economy**

The growing appeal for and number of platform cooperatives should question public, and market led institutions are dealing with technology. Cooperatives are enterprises, the affiliation and membership are not only open and voluntary by principle, but the decision for workers to engage in such endeavour is an entrepreneurial choice. Cooperatives should be envisaged as a model most adapted to develop technology at the service of communities, promoting good working conditions and transparent use of data. Especially algorithm-based tools for work allocation and organizations can be problematic for providing decent work. Cooperatives often decided to not implement such tools in order to ensure a human responsibility over the working conditions and task allocation. This again reflects that the business model of cooperatives respects decent work, whereas capital driven platforms are designed to generate profits.



No. 03 – **Worker ownership is a crucial way forward**

Worker ownership, the peculiar employment relationship on which worker cooperatives are based should be recognised by European and national decision makers. It also means providing the market with fair competition law that distinguishes enterprises that provide good working conditions from those that dismantle them. This is the most direct way to promote social responsibility of enterprises. When taking into consideration capitalistic platforms and cooperative platforms today, the cooperative model is clearly penalised by its socially oriented practices. Cooperatives cannot either merely be considered as fall-back option for platform workers.



No. 04 – **The challenges of platform work are not isolated**

However, the discussion on platform workers should be considered in the frame of the wider frame of non-standard employment. Workers in a broad range of situations who experience isolation at work, need social protection, want to mutualise risks and benefits, strive for quality jobs, collective and democratic workplaces, can find in the cooperative model several tools at the disposal of their specific work pattern and entrepreneurial choice and in several countries cooperative federations ready to accompany them through the endeavour. These cooperatives provide shared services, better access to social protection and allow for collaboration with other independent and freelance workers. Several of these cooperative models from all across Europe are presented in CECOP's "All for One" report, such the *Coopérative d'activités et d'emploi* (CAE) in France and similar models in Belgium, Finland, Spain, and the UK.

The European Commission's proposal recognized the valuable contribution of worker cooperatives in addressing the manifold challenges for decent work that arose from the platform economy. CECOP and its members are looking forward to engage with social partners and the European institutions to develop legislative frameworks that ensure that the digital economy does not leave workers behind.

IN A NUTSHELL

CECOP calls on the European Commission to integrate in its upcoming Platform Work Directive:

- Employment relationship for platform workers should be at the core of the Directive.
- The burden of proof of the labour relations should be on the platform company (instead of the worker), in order to tackle false self-employment practices in platform economy.
- Access to social rights, social protection, and decent income should apply to all people working through platforms irrespective of their employment status.
- Cooperatives, and more specifically, worker cooperatives, and multi-stakeholder cooperatives, should be promoted as the most suitable business models to address the possible negative effects of platform work.
- Cooperatives should also be promoted as means to provide workers with data ownership and democratic management, which is crucial to ensure decent work, especially in platform economy.
- Cooperatives should not be institutionalised as a way for platforms to run away from their responsibilities and duties. A cooperative is not an intermediary, it is a worker-owned enterprise, making such cooperatives mandatory violates its principle of open and voluntary membership. Platform cooperatives are a sustainable solution for workers if workers co-own the platform.
- Access to training should be guaranteed for all those working through platforms.

ABOUT CECOP

CECOP, the European Confederation of industrial and services cooperatives, assembles 25 cooperative federations from 15 European countries and thereby gives voice to 40.000 enterprises and 1.3 million workers. Among CECOP members, three types of cooperatives can be identified: worker cooperatives, social cooperatives and cooperatives of independent workers. Whereas these models differ in their membership and governance, they are united by the principles of members' economic participation, and the democratic governance of the cooperative through its members.



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